

LOCAL BONDING MORATORIUM/DEFERRAL OPTION

House Bill 2411, by Delegate Scott Lingamfelter

The Home Builders Association of Virginia would appreciate your support for House Bill 2411. The measure has been assigned to the House Counties, Cities and Towns Committee.

During the 2009 Session of the Virginia General Assembly, legislation was enacted which extended the validity of local government approved preliminary plans, final plans, special exception, conditional use permit and rezoning actions that were valid on January 1, 2009 until July 1, 2014. The legislation was enacted to assist the housing industry through an historic downturn in new home starts and sales.

During the consideration of the legislation in 2009, HBAV agreed that the plan extensions would only remain valid, provided that the property owner maintained in force performance bonds and agreements or other financial guarantees for the projects.

Several localities have now expressed a willingness to waive the performance bonds and other financial guarantees on the extended projects through the local enactment of a bonding moratorium or deferral option. UNFORTUNATELY, THE 2009 LEGISLATION DOES NOT PROVIDE THE FLEXIBILITY TO LOCAL GOVERNMENTS TO WAIVE THE BONDS AND OTHER FINANCIAL GUARANTEES ON THE EXTENDED PROJECTS.

Therefore, Delegate Scott Lingamfelter has introduced **House Bill 2411**, which will simply provide the flexibility to local governments to enact a bonding moratorium or deferral option on extended, but inactive development plans. The legislation would also require the landowner or developer to comply the terms of any bonding moratorium or deferral agreement for the period of the plan validity extension.

House Bill 2411 only creates an Option for those local governments desiring to defer bonding and financial guarantees for idle projects. It does NOT require localities to temporarily waive or defer performance bonds and guarantees during the extension period.

In this historic downturn for the housing industry, this measure could be very helpful to those landowners who have had to put significant and timely development plans on hold. Performance bonds and other guarantees are expensive for landowners to maintain, especially when there is no development activity on the property. Cash flow is critically low for many landowners and developers during this unprecedented housing decline. Any expense relief would be helpful to the business.

The members of HBAV would greatly appreciate your support for **House Bill 2411**.