



General Assembly 2026 Update/2027 Look Forward

Science Museum of Virginia · Richmond



Budget Update & Outlook



Look Back

2026 General Assembly Session



Look Forward

2027 General Assembly Priorities



2026 GENERAL ASSEMBLY

A Session Defined by Historic Shifts




- The 2026 General Assembly "long session"
- Massive legislative workload
- Of the **2,366 bills introduced** (1,530 House bills and 836 Senate bills), **1,156 passed both chambers** and advanced to the Governor's desk
- Tone change with sweeping attention to deferred constitutional and social policy issues
- Counterintuitive: the legislative/executive dynamic

Budget Update & Fiscal Outlook

Where Things Stand

- State budget negotiations and a final budget are proving elusive.
- Local governments cannot finalize budgets until state budget in place

 Revenues through March 2026 are running **3.2% above forecast**

Forward-Looking Cautions

While current numbers are strong, the economic picture ahead carries real uncertainty:

- Ongoing conflict in Iran affecting oil and gas prices
- National economic ripple effects from federal policy shifts
- Consumer spending remains healthy — but fragile
- Recent federal tax policy changes generate cautious optimism

These dynamics make a case for **state budget conservatism** — protecting Virginia cities from revenue volatility.

STATE BUDGET

VFC Budget Amendments



We wait on the budget for final disposition



UP-Cubed in flux



Hold great hope that the Main Street program administrative cap will be removed



CDFI Fund will likely pick up steam and dollars but not in this budget

VFC INITIATED BUDGET AMENDMENTS

May 8, 2026

Bills	Patron House/Senate	Bill #s Budget Amendment #s	In House Budget	In Senate Budget
UPPPRF	Del. G. Bulova	103 #2h \$10 million FY 27 \$10 million FY 28	-----	-----
	Sen. Locke	103 #13s \$5 million FY 2027		
CDFI Fund	Del. Cousins	103 #3h \$7.5 million FY 27 \$7.5 million FY 28	-----	-----
	Sen. Favola	103 #12s		
Main Street Program Language only	Del. Bloxom	103 #13h Out of this amount, include \$360k in FY 2027 and FY 28	103 #3h Decreases program budget by \$140,000 So \$990,000 of which \$360,000 is to maintain needed staffing	103 #1s Removes the cap on admin. expenses and holds funding at Gov. Introduced level of \$
	Sen. Deeds	Item 103 #11s Out of this amount, include \$360k in FY 2027 and FY 28		
Aid to Localities				25 #3s Directs JLARC to include, on a every 4 year rotation, analysis of state spending ATL as part of its State Spending report
HB 599	Del. McQuinn Sen. Deeds	396 #1h 396 #1s	-----	-----
Safer Communities		394 #3h 394 #15s	394 #4h Eliminates Operation Ceasefire and shifts OC \$10 million GF to Safer Communities. Expands the program to Cities of Danville, Hampton, Hopewell, NN and Petersburg	394 #3s \$6.5m GF each year to expand to Hampton & NN Language requires that localities prioritize support for community-led solutions; prohibits funding from being used for school safety or school resource officers.

Housing Policy: A Landmark Year



New Units & Supply

- **HB 655** — No zoning barriers for manufactured housing
- **HB 1279** — Faith in Housing for religious & nonprofits
- **HB 888** — Minimum off-street parking relief in targeted areas
- **HB 1058** — IDAs in Danville, Martinsville & others empowered for affordable housing bonds (Carried Over)



Expedited Approvals

- **HB 594** — Administrative fast-track for affordable housing rezonings, enabling localities to act by ordinance without full public hearing process
- **HB 820** — Mixed-income housing two-year pilot providing loan origination support
- **HB 356** — Updated local government reporting to DHCD on housing and zoning changes


Housing Access, Tax Incentives & What's Coming Back

Expanding Housing Access

- **HB 352** — Any locality with an EDA/IDA may establish an affordable housing grant program by ordinance
- **HB 164** — Homeownership grants for local employees
- **HB 196** — Mixed-income housing pilot with loan origination support
- **HB 951** — Requires DHCD Board to formally evaluate all proposals from ad hoc advisory committees, including building and fire regulation changes
- **HB 910** — Comprehensive statewide housing needs assessment, including review of parcels held by investment trusts
- **SB 666** — DHCD housing development database established

Property Tax Incentives

- **HB 854** — Localities may exempt nonprofit-owned property from real or personal property taxes by local ordinance
- **SB 181** — Partial real estate tax exemptions for structures repurposed for residential use at or below 80% area median income

 **Watch for 2027: Urban Public Private Partnership (SB 285/Aird)** - Signed into law in a very different form in which it began. Now directs DHCD to review and develop criteria and guidelines for the administration of the UP3 grant program


Expanding Affordability & Tenant Protections

Affordable Housing Tools

- **HB 4** — Affordable Housing Right of First Refusal; framework for starter-home districts and lot-size analysis
- **HB 181** — ADU/Inclusionary Zoning for City of Roanoke
- **HB 867/SB 74** — Inclusionary zoning authority expanded statewide, effective July 1, 2027
- **SB 531** — ADUs required as permitted use in single-family districts, effective July 1, 2027
- **HB 3** — Income-qualified energy efficiency and weatherization support

Tenant & Rental Protections

- **HB 15** — Extends pre-eviction notice period from 5 to 14 days for nonpayment
- **SB 373** — Uninhabitable conditions allowed as eviction defense
- **HB 527** — Eviction Reduction Program formalized
- **HB 837** — Expanded eligibility and reduced barriers for Eviction Diversion Program
- **HB 616** — Tenant records updated to reflect utility payment history

 **Housing Near Jobs** (HB 816/SB 454) failed this session but will return in 2027

Localities, Statewide Housing Targets (HB 804/SB 488) Only failed because HB 816/SB 454 were thought to be moving

Key Legislation That Passed in 2026

Data Centers — HB 153/SB 94

Applicants proposing new high-energy-use facilities must submit a **site assessment** evaluating noise impacts within 500 feet of homes and schools, plus environmental and land-use effects. Localities retain zoning authority. Existing approved facilities with expansions under 100 megawatts are exempt.

Gun Violence Prevention

A comprehensive package: strengthened safe storage laws, ban on ghost guns, improved firearm relinquishment for those under protective orders, expanded misdemeanor domestic violence requirements, improved Substantial Risk Order process, and a new **Virginia Gun Violence Prevention Center** work group.

Environmental Justice — HB 256/SB 425

Beginning July 1, 2026, cities over 20,000 and counties over 100,000 must consider adopting an **environmental justice strategy** during their next comprehensive plan review — identifying fence-line communities, establishing health baselines, and developing targeted policies.

Land Use: Comp Plans & Public Health — HB 257

Localities **may** leverage social determinants of health data to evaluate how comprehensive plans affect public health outcomes and healthcare access — a new dimension of planning authority.

Casinos/Gaming — Vetoed

SB 661 (electronic skill gaming devices) and **SB 756** (Fairfax County casino) both passed the General Assembly but were **vetoed by the Governor**. Expect these issues to resurface in 2027.

Labor, Public Employees & Traffic Safety

Labor & Workforce

- **HB 5 — Paid Sick Leave:** Employers must provide paid sick leave at one hour per 30 hours worked. Includes state and local governments. *Awaiting Governor's action.*
- **HB 238 — Minimum Wage:** Employers subject to civil action for wage, overtime, misclassification, and prevailing wage violations.
- **HB 1263/SB 378 — Collective Bargaining:** Repeals the ban on public employee collective bargaining. Establishes the Public Employee Relations Board. Regulations due by July 1, 2028. *Awaiting Governor's action.*
- **HB 642/SB 542 — Cannabis:** Establishes a framework for a retail marijuana market. *Awaiting Governor's action.*

Traffic Safety Cameras

- **HB 1220** — Traffic camera revenue restricted to photo monitoring programs and local safety initiatives. Standard summons form required by Jan. 1, 2027.
- **HB 684/SB 49** — Officers affirming traffic camera summonses must complete DCJS training by July 1, 2027.
- **HB 994** — Localities may deploy photo speed monitoring in designated "safety red zones," with civil penalties, signage, data retention, and vendor requirements codified.
- **SB 84** — Cameras may now monitor pedestrian crossing and stop sign violations in school crossings and highway work zones.

Preparing for the 2027 General Assembly

The 2027 session will be a **short 45-day session**



Political Context: 2027

- All 100 House of Delegates seats are up for election in November 2027 — the 2027 session will be shaped by campaign dynamics and messaging
- Governor Spanberger is expected to maintain her focus on affordability and pragmatic implementation, particularly on complex legislation
- A "pragmatic moderate" approach is anticipated — modifying legislation to ensure it is workable and implementable



A New Senate Local Government Chair/Newish House CCT Chair

- Early engagement
- Precise, targeted outreach
- Prepared and coalesced



Sharpen Internal Processes for Maximum Effectiveness

Disciplined, focused legislative agendas that position VFC as the organized voice for Virginia's historic cities.



Key Issues Dominating the 2027 Agenda



Data Center Regulation

Continued scrutiny covering energy demand, water usage, land use, and tax exemptions



Energy Costs & Grid Stability

Debates on utility costs will continue, including legislation on residential solar generation and standardized solar permitting to reduce homeowner costs and ease grid pressure.



Land Use & Housing Creation

The **Housing Targets** and **Housing Near Jobs** bills return ? If so, early discussion of proffers and \$\$ for infrastructure. Untenable for Virginia cities



Labor & Public Sector Unionization

Focus on local budget impacts and potential amendments ??



Transportation Funding

Statewide mass transit and Metro funding discussions will continue, regional taxes, fees and policy to sustain infrastructure investments across Virginia.



VFC will be present, prepared, and heard. Historic cities. New opportunities.