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July 10, 2008

TO: TJPD Commissioners
FROM: David C. Blount, Legislative Liaison
RE: "Mayor and Chairs" discussion of SB 768

At the "Mayor and Chairs" meeting in late April, the cash proffer bill (SB 768) from this past General Assembly session emerged as the top discussion item. As a reminder, that bill would have eliminated local cash proffer authority in lieu of capped (at \$7,500) impact fees for roads/transit, and public safety and public school facilities. It was carried over for the year in the House Rules Committee. The group asked to have representatives of the homebuilding industry present at the next meeting for a more in-depth discussion of the bill.

When the group met on June 27, each locality represented briefly explained their existing cash proffer policy, if any, or discussions held about one. Then, the executive vice president/chief lobbyist for the Homebuilders Association of Virginia (HBAV), Mike Toalson, presented his organization's rationale for bringing the bill forward. He cited an "out of control" proffer system that lacks accountability and that was in need of repeal or reform. He did recognize that the building community has an obligation to contribute to local infrastructure projects. He also indicated that while the HBAV will participate in talks with local government representatives about the bill, as agreed to when the bill was carried over, it probably will not seek to move forward with the measure during the next session. Instead, they presently are looking at about five other possible alternatives, including a cap on proffers and a mandated formula for calculating proffers. It also should be noted that the statewide local government organizations (VACo, VML, Coalition of High Growth Communities) have assembled various local staff to serve as technical advisors and data collectors for the team that will be meeting with HBAV.

The local government concern with this measure expressed during the legislative session and at this meeting was that the bill moved "too far, too fast," and that localities need time to properly review and analyze any proposal brought forward. Local government representatives at this meeting expressed an interest in continuing to look at alternatives to provide dollars for infrastructure needs necessitated by new development, and requested that our region's localities be partners in any such discussions.

Attachments: HBAV presentation, SB 768 summary