

## **Senate Bill 549 – New Proffer Legislation**

### Effect:

- Created Virginia Code § 15.2-2303.4, which limits the ability of local governments to request/accept proffers for residential rezonings/proffer amendments.<sup>1</sup>

### Applicability:

- Applies only to residential rezonings and to the residential component of mixed-use rezonings.
- Does not apply to commercial rezonings or the commercial component of mixed-use rezonings.
- Does not apply to special use permits.
- Applies only to applications/cases filed on or after July 1, 2016; does not apply applications/cases filed before July 1, 2016.

### Elements of the New Statute:

- Prohibits localities, including Prince William County, from requesting or accepting any “unreasonable” proffer.
- Prohibits localities from denying any rezoning where such denial is based in whole or in part on an applicant’s failure to submit an “unreasonable proffer.”

### What Makes a Proffer “Unreasonable?”

- The statute deems proffered conditions unreasonable unless:
  - The condition addresses an impact that is “specifically attributable” to the proposed use.
    - Previously, courts have only required a reasonable “nexus” between the impacts of the proposed use and the conditions proffered to mitigate those impacts.

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<sup>1</sup> This outline will only use the term “rezoning,” but in each instance, that term is meant to include proffer amendment applications.

- In addition to meeting the “specifically attributable” standard, proffers related to off-site improvements are deemed unreasonable unless they address an impact to an offsite public facility such that:
  - the proposed use creates a need or identifiable portion of need for a public facility improvement in excess of existing public facility capacity

AND

  - the proposed use receives a “direct and material benefit” from a proffer for a public facility improvement.

**Note that under the statute, all cash contributions are considered off-site proffers.**

Consequences of Suggesting, Requesting or Requiring an Unreasonable Proffer:

- The new statute states that:
 

“In any action in which a locality has denied a rezoning or an amendment to an existing proffer and the aggrieved applicant proves by a preponderance of the evidence that it refused or failed to submit an unreasonable proffer or proffer condition amendment that it has proven was suggested, requested, or required by the locality, the court shall presume, absent clear and convincing evidence to the contrary, that such refusal or failure was the controlling basis for the denial.”
- This impacts the long-used and well-understood “fairly debatable” standard historically applied by Virginia courts in such cases. It establishes a higher burden on the locality to defend its actions if an unreasonable proffer has been “suggested, requested or required.”
- It is therefore very important that the County avoid suggesting, requesting or requiring proffers deemed unreasonable under the statute.

Many Typical Proffers Are Still Acceptable:

- Reasonable proffers establishing use restrictions, maximum density, site layout, design and architecture are still acceptable under the new statute.

Board/County Response:

In response to SB 549, the Board adopted a resolution on May 17, 2016, which did the following:

1. Repealed the residential portion of the County's Policy Guide for Monetary Contributions, effective July 1, 2016;
2. Directed County staff to research and prepare new policies to address the mitigation of impacts of residential rezonings;
3. Directed County staff to require applicants in residential rezoning cases to identify all impacts of their proposed use, propose detailed mitigation strategies to address those impacts, state whether those mitigation strategies are consistent with the new proffer statute, and to demonstrate the validity of those mitigation strategies using professional best accepted practices and criteria;
4. Initiated a review of residential rezoning and proffer amendment application fees to determine the costs of reviewing the impact analysis required as part of the application;
5. Initiated a Comprehensive Plan Amendment to review all levels-of-service standards, including the capacity of various types of County infrastructure; and
6. Directed staff to close out all outstanding Comprehensive Plan map amendments with residential components by June 30, 2016, unless a concurrent rezoning application has been filed.

As directed by the Board, County staff has begun the process of researching, reviewing and preparing new policies to mitigate the impacts of residential rezonings.

# VIRGINIA ACTS OF ASSEMBLY -- 2016 SESSION

## CHAPTER 322

An Act to amend the Code of Virginia by adding a section numbered 15.2-2303.4, relating to conditional zoning.

[S 549]

Approved March 8, 2016

**Be it enacted by the General Assembly of Virginia:**

**1. That the Code of Virginia is amended by adding a section numbered 15.2-2303.4 as follows:**

**§ 15.2-2303.4. Provisions applicable to certain conditional rezoning proffers.**

A. For purposes of this section, unless the context requires a different meaning:

"New residential development" means any construction or building expansion on residentially zoned property, including a residential component of a mixed-use development, that results in either one or more additional residential dwelling units or, otherwise, fewer residential dwelling units, beyond what may be permitted by right under the then-existing zoning of the property, when such new residential development requires a rezoning or proffer condition amendment.

"New residential use" means any use of residentially zoned property that requires a rezoning or that requires a proffer condition amendment to allow for new residential development.

"Offsite proffer" means a proffer addressing an impact outside the boundaries of the property to be developed and shall include all cash proffers.

"Onsite proffer" means a proffer addressing an impact within the boundaries of the property to be developed and shall not include any cash proffers.

"Proffer condition amendment" means an amendment to an existing proffer statement applicable to a property or properties.

"Public facilities" means public transportation facilities, public safety facilities, public school facilities, or public parks.

"Public facility improvement" means an offsite public transportation facility improvement, a public safety facility improvement, a public school facility improvement, or an improvement to or construction of a public park. No public facility improvement shall include any operating expense of an existing public facility, such as ordinary maintenance or repair, or any capital improvement to an existing public facility, such as a renovation or technology upgrade, that does not expand the capacity of such facility. For purposes of this section, the term "public park" shall include playgrounds and other recreational facilities.

"Public safety facility improvement" means construction of new law-enforcement, fire, emergency medical, and rescue facilities or expansion of existing public safety facilities, to include all buildings, structures, parking, and other costs directly related thereto.

"Public school facility improvement" means construction of new primary and secondary public schools or expansion of existing primary and secondary public schools, to include all buildings, structures, parking, and other costs directly related thereto.

"Public transportation facility improvement" means (i) construction of new roads; (ii) improvement or expansion of existing roads and related appurtenances as required by applicable standards of the Virginia Department of Transportation, or the applicable standards of a locality; and (iii) construction, improvement, or expansion of buildings, structures, parking, and other facilities directly related to transit.

"Residentially zoned property" means property zoned or proposed to be zoned for either single-family or multifamily housing.

"Small area comprehensive plan" means that portion of a comprehensive plan adopted pursuant to § 15.2-2223 that is specifically applicable to a delineated area within a locality rather than the locality as a whole.

B. Notwithstanding any other provision of law, general or special, no locality shall (i) request or accept any unreasonable proffer, as described in subsection C, in connection with a rezoning or a proffer condition amendment as a condition of approval of a new residential development or new residential use or (ii) deny any rezoning application or proffer condition amendment for a new residential development or new residential use where such denial is based in whole or in part on an applicant's failure or refusal to submit an unreasonable proffer or proffer condition amendment.

C. Notwithstanding any other provision of law, general or special, (i) as used in this chapter, a proffer, or proffer condition amendment, whether onsite or offsite, offered voluntarily pursuant to § 15.2-2297, 15.2-2298, 15.2-2303, or 15.2-2303.1, shall be deemed unreasonable unless it addresses an impact that is specifically attributable to a proposed new residential development or other new residential use applied for and (ii) an offsite proffer shall be deemed unreasonable pursuant to

subdivision (i) unless it addresses an impact to an offsite public facility, such that (a) the new residential development or new residential use creates a need, or an identifiable portion of a need, for one or more public facility improvements in excess of existing public facility capacity at the time of the rezoning or proffer condition amendment and (b) each such new residential development or new residential use applied for receives a direct and material benefit from a proffer made with respect to any such public facility improvements. For the purposes of this section, a locality may base its assessment of public facility capacity on the projected impacts specifically attributable to the new residential development or new residential use.

D. Notwithstanding any other provision of law, general or special:

1. Actions brought to contest the action of a locality in violation of this section shall be brought only by the aggrieved applicant or the owner of the property subject to a rezoning or proffer condition amendment pursuant to subsection F of § 15.2-2285.

2. In any action in which a locality has denied a rezoning or an amendment to an existing proffer and the aggrieved applicant proves by a preponderance of the evidence that it refused or failed to submit an unreasonable proffer or proffer condition amendment that it has proven was suggested, requested, or required by the locality, the court shall presume, absent clear and convincing evidence to the contrary, that such refusal or failure was the controlling basis for the denial.

3. In any successful action brought pursuant to this section contesting an action of a locality in violation of this section, the applicant may be entitled to an award of reasonable attorney fees and costs and to an order remanding the matter to the governing body with a direction to approve the rezoning or proffer condition amendment without the inclusion of any unreasonable proffer. If the locality fails or refuses to approve the rezoning or proffer condition amendment within a reasonable time not to exceed 90 days from the date of the court's order to do so, the court shall enjoin the locality from interfering with the use of the property as applied for without the unreasonable proffer. Upon remand to the local governing body pursuant to this subsection, the requirements of § 15.2-2204 shall not apply.

E. The provisions of this section shall not apply to any new residential development or new residential use occurring within any of the following areas: (i) an approved small area comprehensive plan in which the delineated area is designated as a revitalization area, encompasses mass transit as defined in § 33.2-100, includes mixed use development, and allows a density of at least 3.0 floor area ratio in a portion thereof; (ii) an approved small area comprehensive plan that encompasses an existing or planned Metrorail station, or is adjacent to a Metrorail station located in a neighboring locality, and allows additional density within the vicinity of such existing or planned station; or (iii) an approved service district created pursuant to § 15.2-2400 that encompasses an existing or planned Metrorail station.

**2. That this act shall be construed as supplementary to any existing provisions limiting or curtailing proffers or proffer condition amendments for new residential development or new residential use that are consistent with its terms and shall be construed to supersede any existing statutory provision with respect to proffers or proffer condition amendments for new residential development or new residential use that are inconsistent with its terms.**

**3. That this act is prospective only and shall not be construed to apply to any application for rezoning filed prior to July 1, 2016, or to any application for a proffer condition amendment amending a rezoning for which the application was filed prior to that date.**