

VACo Environment, Energy and Land Use Steering Committee

August 14, 2025

Update on 2025 General Assembly Actions



2025 Virginia General Assembly Actions – Data Centers

Budget Bill - Directs the Joint Subcommittee on Tax Policy to study the data center sales and use tax exemption prior to the 2026 legislative session, to include reviewing competitive advantages provided by existing and future exemptions, approaches taken in other states, methods to attract data center investment to non-urbanized areas of the Commonwealth, the recommendations and options in the 2024 JLARC study of data centers, and the estimated direct and indirect economic benefits of data center investment in the Commonwealth.

HB 2084 - Directs SCC to determine whether Dominion Energy and Appalachian Power are using rates, tolls, charges, or schedules that contain reasonable classifications of utility customers.

HB 2644/ SB 1197 - Permits electric cooperatives, through one or more of their affiliates, to make unregulated sales of electric power to certain customers that contract for electric utility services to serve a demand that is reasonably expected to exceed 90 megawatts.

2025 Virginia General Assembly Failed Legislation – Data Centers

HB 1601/SB 1449 – Siting of data centers; high energy use facility

Would have required that prior to any approval of a rezoning application or special use permit for the siting of a new high energy use facility (HEUF), requiring 100 megawatts or more of electrical power, a locality shall require that an applicant perform and submit a site assessment to examine the sound profile of the HEUF on residential units and schools located within 500 feet of the HEUF property boundary. The bill also would have allowed a locality to require that a site assessment examine the effect of the proposed facility on

- ground and surface water resources;
- agricultural resources;
- parks;
- registered historic sites; and
- forestland.



Lastly, the provisions of the bill shall not be construed to prohibit, limit, or otherwise supersede existing local zoning authority.

2025 Virginia General Assembly Actions – Solar

HB 2024/SB 1165 - Prohibits the state and localities from including a provision in any request for proposal, procurement agreement, contract, ordinance, policy, permit, or accompanying document that directs the exclusion from use of any materials contained in or products associated with solar photovoltaic equipment and facilities that are manufactured in the United States.



2025 Virginia General Assembly Actions – Solar (cont.)

HB 2426 - Amends the definition of "small renewable energy project" for the purposes of obtaining a permit by rule (PBR) from the Department of Environmental Quality (DEQ) to include interconnection facilities, as defined in the bill. The bill requires that the DEQ and the State Corporation Commission(SCC) enter into a memorandum of understanding to implement the provisions of the bill. The bill has a delayed effective date of July 1, 2026.

Interconnection facilities" means generation tie lines, collector lines, substations, switching stations, and any other component required to connect an electrical generation facility with the electrical grid.



2025 Virginia General Assembly Failed Legislation – Solar

HB 2126/SB 1190 – Comprehensive Plans & Energy Targets

Requires targets for energy production and energy efficiency in comprehensive plans based on regional energy plans that PDCs would be required to adopt. The regional energy plans must include targets for the development of energy efficiency, distributed generation solar energy, shared solar, utility-scale solar, onshore and offshore wind, and battery energy storage. The targets are not developed by the PDCs and their member localities, but rather by the Virginia Department of Energy.

The legislation also prohibits (1) a locality from adopting a comprehensive plan or ordinance that unreasonably restricts or prohibits the development of any renewable energy facility; and (2) a locality from denying any permit or special exception application for a renewable energy facility without a reasonable basis.

VACo opposed the legislation.

2025 Virginia General Assembly Failed Legislation – Solar (cont.)

HB 2438/SB 1114 – Special Exceptions for Solar & Energy Storage

Requires a “special exception” (aka special use permit) for any a solar or energy storage project, and includes the following criteria to be in local zoning ordinances:

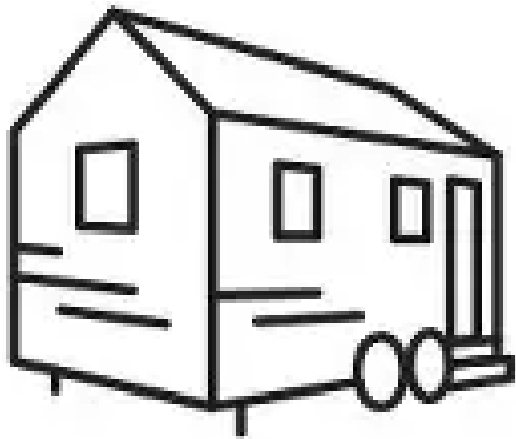
- Setback distances between (1) 150 and 300 feet from houses on adjacent properties; (2) 50 and 100 feet from any state-maintained road; and (3) 50 and 100 feet from edged of streams.
- Vegetative visual screening requirements shall not be required to exceed between three and four feet at planting and shall allow for consideration of preexisting natural or manmade visual barriers.
- Maximum 25-foot height for solar panels, except in cases where a height variance is necessary to allow for agrivoltaics activity below or in proximity to the panels.

VACo opposed the legislation.

2025 Virginia General Assembly Actions – Housing & Land Use

HB 2153 - Directs the DHCD to develop a document describing options for alteration or waiver of requirements for zoning permits, site plan application incentives, and other considerations that a locality may consider when implementing an ordinance to stimulate affordable housing and include strategies on property owned by a property tax-exempt nonprofit organization.

HB 2533 - Permits a locality to include accessory dwelling units (ADUs) and “tiny homes” in designated areas of an adopted comprehensive plan.



2025 Virginia General Assembly Actions – Housing & Land Use (cont.)

HB 2660 - Shortens timeframes for approval of subdivision plats and site plans, and directs Virginia Code Commission to convene a work group consisting of various stakeholders, including VACo, to review existing provisions related to the submission, review, and approval of subdivision plats and site plans. The work group shall develop recommendations to:

- organize procedural steps in a clear, logical, and sequential order to enhance ease of reference;
- clarify the processes, requirements, and timelines applicable to each type of plat or plan;
- standardize terminology to ensure consistency, reduce ambiguity, and minimize misinterpretation; and
- identify and eliminate redundant or duplicative provisions to streamline the Code and improve its usability

2025 Virginia General Assembly Actions – Housing & Land Use (cont.)

SB 974 - Removes planning commission and governing body approval authority for the administrative review process for subdivision plats and site plans and assigns such authority solely to a designated agent, defined in the bill. However, the bill provides that the local planning commission may serve as the designated agent of any locality with a population of 5,000 or less. The bill also expedites the review process by shortening the timeframe for forwarding subdivision plats and site plans to state agencies for review.

NOTE: The workgroup created by HB 2660 is currently reviewing how the provisions of both pieces of legislation could be integrated to resolve conflicts with implementation.

2025 Virginia General Assembly Failed Legislation – Housing

HB 2641/SB 975 – Housing Growth Plans

Establishes a three-member Housing Approval Board with authority to overturn local land use decisions and to automatically approve such applications that will have the effect of increasing the supply of housing in a locality, if a locality has not made a “good faith effort” to meet required housing targets of at least 7.5 percent over the five-year period beginning January 1, 2027. The legislation also required every locality to develop a housing growth plan to include at least three of nine actions to be “deemed” at making a “good faith effort” to meet a housing.

VACo opposed the legislation.

2025 Virginia General Assembly Failed Legislation – Housing (cont.)

HB 2641/SB 975 – Housing Growth Plans – 9 actions

- Eliminate minimum lot size requirements or reduce such requirements by at least 25 percent.
- Increase building height limits for dwelling units by at least 25 percent.
- Simplify the permitting procedures for multifamily housing and shorten the average time to receive final approval for multifamily housing projects by at least 25 percent.
- Modify zoning ordinances to allow for high-density housing, including multifamily units such as apartments and condominiums, on land previously zoned for single-family use.
- Allow multifamily housing as a permitted use in all office, retail, or commercial districts.
- Rezone land for higher-density housing near transit stations, places of employment, higher education facilities, and other appropriate population centers.
- Implement a plan to repurpose underutilized office parks and strip malls for multifamily housing.
- Eliminate requirements for off-street parking minimums per dwelling unit or reduce such requirements by at least 25 percent.
- Eliminate aesthetic, material, shape, bulk, size, floor area, and other massing requirements for multifamily developments.

2025 Virginia General Assembly Failed Legislation – Housing (cont.)

SB 1313 – Affordable Dwelling Unit Ordinances

Expands to all localities the ability to provide optional increases in density to meet affordable housing needs in the Commonwealth. Currently this authority is only provided to seven jurisdictions and has proven successful in developing affordable housing units where developers have chosen this option. The legislation also lays out additional implementation measures and tools for localities to consider when developing a successful program. These include lot size reductions, accessory housing unit allowances, conversion of vacant office and commercial space to multi-family apartments, and allowance for lower-cost home construction alternatives such as manufactured homes and duplex manufactured homes. Vetoes by the Governor.

VACo supported the legislation.