

**Commission on Local Government**

**Estimate of Local Fiscal Impact**

2022 General Assembly Session

**Bill:** HB635

**Special Session:**

**Patron:** Carr

**Date:** 1/21/2022

In accordance with the provisions of §30-19.03 of the Code of Virginia, the staff of the Commission on Local Government offers the following analysis of the above-referenced legislation:

**Bill Summary:**

Inclusionary housing; zoning. Requires cities and towns in the Commonwealth to develop and promulgate housing plans that address the supply of safe, sanitary, and affordable shelter for all current and anticipated residents of their communities. Such plans must connect economic development efforts that bring new jobs to the supply of safe, sanitary, and affordable shelter for all who will fill those jobs; the location of housing and the location of mobility resources; and the availability of accredited high-quality affordable education, parks, indoor and outdoor recreation, libraries, health care, and healthy living resources, including the availability of fresh food. Such housing plans shall be reviewed and revised no less frequently than every five years. Cities and towns that promulgate a housing plan may create, implement, and enforce inclusionary housing programs applicable to new housing development and conversions of previously nonresidential uses into residential uses. Counties utilizing the urban county executive form of government (Fairfax County) or the county manager plan of government (Arlington County) may also follow and use these provisions to provide inclusionary housing.

**Executive Summary:**

Localities have evaluated a negative fiscal impact ranging from \$0 - \$0.5 million.

Some localities reported that the bill would produce no fiscal impact, as their locality already complies with the requirements in the bill, or could easily modify their existing housing plans.

For those localities which did report a fiscal impact, the costs would stem from costs associated with completing and reviewing the studies (via contracting or in-house analysis), particularly if the locality did not already comply with the bill.

Furthermore, several towns noted that completing these studies would represent a significant fiscal impact and effort, as many with smaller populations have housing issues not, or not significantly, related to supply and zoning organization.

The proposed legislation impacts cities and towns only, as counties are not included in the bill's requirements.

**Local Analysis:**

**Locality:** Amherst

**Estimated Fiscal Impact:** \$0.00

does not apply to us

**Locality:** Augusta County

**Estimated Fiscal Impact:** \$0.00

We are already required to have a Housing Plan as part of our Comprehensive Plan. This looks to expand the language. Not too much of a cost concern as it is already a requirement.

**Locality:** City of Alexandria..

**Estimated Fiscal Impact:** \$0.00

The City of Alexandria believes it could include any missing housing plan elements as defined by this proposed bill within its existing Housing Master Plan. The piece that could add additional costs is the fact that the proposed bill mandates that housing plans shall be updated every 5 years.

**Locality:** City of Danville

**Estimated Fiscal Impact:** \$0.00

Staff estimates little impact from this bill. This would likely be included in plan updates and added to the requirements for the consultant.

**Locality:** City of Manassas

**Estimated Fiscal Impact:** \$0.00

The City of Manassas already has a housing plan in place. Because the proposed legislation provides for the option to implement the various programs and strategies listed, we do not believe there is a fiscal impact to the City of Manassas; however, there likely will be an indeterminate fiscal impact to housing developers. We support local control over land use decisions, including planning, zoning, and mitigating the impacts of new development on our residents, schools and other infrastructure, and believe local governing bodies are best positioned to make local land use decisions.

**Locality:** City of Roanoke

**Estimated Fiscal Impact:** \$30,000.00

These housing plans cost about \$150,000 when conducted every five years. \$30,000 represents the annualized cost.

**Locality:** County of Albemarle

**Estimated Fiscal Impact:** \$0.00

N/A to Albemarle County

**Locality:** County of Mecklenburg

**Estimated Fiscal Impact:** \$0.00

As a non-urban county, this bill will not have a fiscal impact upon Mecklenburg County.

**Locality:** Montgomery County

**Estimated Fiscal Impact:** \$5,000.00

The New River Regional Commission recently completed a Housing Study. Montgomery County could likely use a portion of that study to adopt as part of the Comprehensive Plan and currently has several of the suggested strategies in place; therefore, the fiscal impact for this item would be minimal.

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**Locality:** Norfolk

**Estimated Fiscal Impact:** \$100,000.00

The estimated fiscal impact is for the cost of the study and development of the housing plan.

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**Locality:** Prince George County

**Estimated Fiscal Impact:** \$0.00

This legislation will not impact Prince George County (applies only to Cities and Towns).

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**Locality:** Rappahannock County

**Estimated Fiscal Impact:** \$1.00

I do not know what this might cost cities and towns, but the fiscal impact for now in a rural county will be zero.

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**Locality:** Richmond County

**Estimated Fiscal Impact:** \$0.00

n/a - does not affect counties.

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**Locality:** Town of Amherst

**Estimated Fiscal Impact:** \$10,000.00

This will require an additional element to the Comprehensive Plan and additional research to be done. For rural small towns, this requirement is not even applicable. Housing costs are low here and there is plenty of open space in the area.

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**Locality:** Town of Blacksburg

**Estimated Fiscal Impact:** \$500,000.00

Ongoing concern of the Town's governing body. This cost includes additional staff and consultants that will be necessary to develop and monitor these housing plans.

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**Locality:** Town of Christiansburg

**Estimated Fiscal Impact:** \$50,000.00

A Housing Plan document would require a significant amount of staff time and possibly the hiring of a consultant. I would estimate \$50,000 for the development of a stand-alone plan and an additional \$5,000 to \$10,000 annually in maintenance.

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**Locality:** Town of Leesburg

**Estimated Fiscal Impact:** \$75,000.00

Inclusionary zoning is already in our Zoning Ordinance, but the Affordable Housing Plan effort would likely recommend expansion of the affordable housing 'tools' beyond the ADU ordinance that we currently have. It only targets 30-70% average median income and we have unmet housing needs deeper than that.

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**Locality:** Town of Luray

**Estimated Fiscal Impact:** \$125,000.00

Requiring small communities that welcome any housing stock could further limit development within them counter to the intent of this bill.

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**Locality:** Town of Marion.

**Estimated Fiscal Impact:** \$0.00

In place

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**Locality:** Town of Scottsville

**Estimated Fiscal Impact:** \$50,000.00

This would be a significant policy change for Scottsville and similarly situated small towns.

The cost shown is a single year startup cost to make a compliant plan and zoning updates. The ongoing operating cost is modest and can probably be handled alongside the comprehensive plan update every five years.

There is a good volume of data in the region related to housing needs. But the Town has little precedent or experience working with housing markets in the ways described. Drafting the housing plan and zoning updates would probably require consultant support and a degree of public engagement. The cost shown is for a consultant necessary to do the work.

To avoid duplication of effort and delays as the many towns take on similar projects, it would be extremely helpful if DHCD could promulgate model policies for this topic. DCR does this with a Model Floodplain Ordinance, very effectively. Sharing consistent policy to localities would also set a more predictable framework for investors in the housing industry.

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**Locality:** Town of Victoria

**Estimated Fiscal Impact:** \$50,000.00

This bill would require localities to develop another plan that will require 5 year revisions. If there is a true need for this type of plan it could be incorporated into the comprehensive plan.

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**Professional and Other Organization Analysis:**

**Organization:** PDC

This should be included within the scope of the Comprehensive plan and be elective based on the locality's desire to enact an inclusionary zoning program. Cities and Towns that elect to pursue this should be deemed compliant if they are a participant in a regional housing plan that fulfills the scope of this legislation. the cost to perform such plans should be eligible through planning funds administered by the Department of Housing and Community Development regardless of participation in the CDBG Entitlement program so as to provide appropriate funding to meet this requirement. Are the references to Fairfax and Arlington intended to be exemplary or exhaustive of those counties who fit that criteria? Such a plan would cost at least \$50k to develop to cover all of the needed components; the frequency of review and revision makes this a recurring cost only likely to increase.

