

Commission on Local Government

Estimate of Local Fiscal Impact

2020 General Assembly Session

Bill: HB545

Patron: Carr

Date: 1/10/2020

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 \$0.00 - \$175,000.00. Localities noted that the bill would require hiring a consultant to research and draft a housing plan, and require additional staff or staff time for oversight of consultant work, or for in-house work and implementation. Localities that didn't provide any cost also indicated that the bill would require additional staff or staff time to implement the program. Another locality noted that the requirements of the bill would be a burden for small communities, especially smaller towns. Other localities, many of which are larger cities, noted that there would be no additional cost as they already have a plan in place or they are already in compliance as a result of the requirements of HUD. It should be noted that most counties would not be affected by this bill.

\*\*\*\*\*

### Local Analysis:

**Locality:** City of Danville

**Estimated Fiscal Impact:** \$16,000.00

This will require a housing plan to be drafted and adopted. Cost will be that of a consultant to draft the plan. We anticipate \$16,000 or less, which would include consultant fees and staff time to draft ordinances.

~~~~~

Locality: City of Emporia

Estimated Fiscal Impact: \$100,000.00

Without full funding for all of the implied local and state funded agencies required to execute this proposed mandate, it places a substantial hardship on localities whose resources and foreseeable increases in revenue, if any, are inadequate to address all of the broad concerns. While the development of a plan is a conceivable improvement to a condition of its master plan, the implementation of a plan would require full funding consideration of all aspects of housing including but not limited to affordability for median income, rent control boards, homelessness, special needs, and the resources needed to stabilize families at risk. There are also additional needs to address systemic issues at the core of "inclusionary housing and zoning" in addition to fully funded accredited schools. There are needs to address transportation and traffic engineering, education and SOQ disparities, and the current conditions of communities that struggle with eradication of delapidated housing communities and trailer parks. Community ecosystems must me tailored to fully support the improvements and create sustainable resources for ongoing maintenance. A community study is estimated at >\$100K.

~~~~~  
**Locality:** City of Harrisonburg

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

Fiscal impacts would require the /City to hire consultants to research and prepare the plan. If consultants are not hired, then staff time would have to be prioritized to focus on creating the plan, which would then take our focus away from other issues and priorities or to hire additional new staff. Estimated fiscal impact is annual costs for additional staff.

~~~~~  
Locality: City of Norfolk

Estimated Fiscal Impact: \$0.00

It will have little fiscal impact on Norfolk as we already have a housing element in plaNorfolk2030. The possible implementation options could have costs associated, but they are all entirely discretionary so we would be able to consider fiscal impacts as a part of the implementation decisions. As an example, the St. Paul's Transformation project effort comports to the proposed legislation and costs would not be increased due to the adoption of the bill.

~~~~~

**Locality:** City of Roanoke

**Estimated Fiscal Impact:** \$175,000.00

The proposed bill covers activities that the City of Roanoke wants to do anyway and could result in implementation strategies that we have already discussed. Some positives of the bill are that it gives us clear statutory authority to implement programs that we may not have under current state enabling legislation. The bill is vague in that the broad scope is sweeping but it really doesn't cover minimum requirements, when the plan would need to be completed, or if there are really any minimum implementation requirements.

Our Planning Dept anticipates preparing a housing study following adoption of the comprehensive plan (targeted June 2020), and we will be submitting a supplemental budget offer to our City Manager for FY21 to help with that. Based on research for that budget offer and the proposed bill, we offer the following fiscal impact analysis:

Cost for City:

Housing Study - Budgetary Quotes for a housing analysis range from \$25,000 - \$45,000 based on the level of detail. If that consultant were to go further and develop specific affordability programs as part of that scope, the budget could roughly double.  
Consulting Fee: \$50,000 - \$90,000  
City staff to manage (15%): \$7,500 - \$13,500  
Total: \$57,500 - \$103,500

Implementation - Assuming that we are serious about program implementation, that could include inspection of affordable units and managing developments (presumably audits to confirm units properly rented, etc.). That could be 1 FTE for an inspector and 1 FTE for office staff.  
Code Compliance Inspector 1: \$33,735.52 - \$53,976.78 (Assumes the inspector tasks would be similar to codes compliance work)  
City Planner 1: \$40,264.38 - \$64,422.80 (Localities in Northern Virginia typically have a planner manage cash proffers, etc. - assume this would be a similar role).  
Total: \$73,999.90 - \$118,399.58

Based on the above, the estimated fiscal impact for Roanoke City could range from \$131,500 to \$221,900. For the purposes of our response, we will pick a number somewhere in the middle, \$175,000.

Impacts on development community/property managers are difficult to assess until we determine what measures make sense.

Impacts to the overall community are hard to quantify at this point.

We hope this information will be helpful. -- R. B. Lawhorn

~~~~~  
Locality: City of Virginia Beach

Estimated Fiscal Impact: \$0.00

The direct fiscal impact of this bill would be for the City to develop a housing plan. The City of Virginia Beach already conducts 5 Year housing plans (Consolidated Strategy Plans) as a result of the requirements of the United States Housing and Urban Development. Therefore, we anticipate any requirements that result from this bill would be incorporated into expenses already incurred by the City to maintain compliance with the federal government. In addition, such provisions as envisioned by this bill may be included in our comprehensive plan and subsequent plan revisions, which are documents that are already required by §15.2-2223 through 2232 of the Code of Virginia.

~~~~~

**Locality:** City of Winchester **Estimated Fiscal Impact:** \$0.00

Many of the goals of this bill are admirable but I believe it to be the wrong policy tool to achieve the means that are intended. My concern is that this would occupy staff time to focus on crafting statements of intent without actively working on the concerns the bill intends to address.

**Locality:** Henrico County. **Estimated Fiscal Impact:** \$0.00

Bill only applies to cities, towns, and Arlington and Fairfax counties.

**Locality:** Town of Ashland **Estimated Fiscal Impact:** \$90,000.00

Due to existing workload and a lack of staff expertise a consultant would need to be retained to create and maintain a housing plan. The estimated cost is based on the Town's experience in updating its Comprehensive Plan and Transportation Plan in recent years.

**Locality:** Town of Blacksburg **Estimated Fiscal Impact:** \$100,000.00

This would most likely need to be performed by an consultant and for our size Town, it would range between \$75,000 and \$100,000. It would be good use of funds if it give the authority to the locality to mandate affordable housing on a developer for a new housing developer. (Section C) when a plan is implemented. In a college town, high end housing and the lower end housing is available but middle range is being squeezed from the market.

**Locality:** Town of Buchanan **Estimated Fiscal Impact:** \$100,000.00

The idea of having cities and town create a new housing plan is simple in nature. However, the development of a new plan can be complex and tedious. For smaller towns with limited resources this law can create hardships as the Comprehensive Plan is in continuous development as well. Why can't this bill be an amendment for section; 15.2-2223? This would allow smaller localities to develop these requirements into their existing and ongoing Comprehensive Plan and not require a the development of a new plan. This bill, as written, would be burden to smaller localities as well as major populated ones.

**Locality:** Town of Scottsville

**Estimated Fiscal Impact:** \$28,000.00

Housing plans are new for small towns. Most address this issue only as part of their comprehensive plan, if at all.

- 1. Making a plan. Similarly scoped plans for this town require either a consultant contract or a significant investment of staff time. An estimate of \$20,000 is reasonable. As consultants become specialized in delivering code-compliant small-town housing plans, costs will fall.
- 2. Adopting an ordinance. Small towns often copy model ordinances from each other. The marginal town has much lower legal costs, with only the basic costs of advertising and codification. Similar programs in this town have been adopted for about \$3,000.
- 3. Advisory committee. Some towns will lack the specified resident expertise and may choose for their planning commission to serve double duty. This town could probably support a housing advisory committee. Recruiting, appointing, and orienting a committee has administrative costs. Even if members are not paid, staff time to support the meetings has a cost. Similar advisory bodies in town cost about \$5,000 annually to run.

This total is \$28,000 for a typical small town to comply with the law.

No analysis of the costs of running a housing program as detailed in the implementation section. It would depend on the policy tools chosen, local housing market, and local affordability goals.

No analysis of the medium- and long-term costs or benefits of the housing programs. There is wide disparity in the local tax structures, services provided, and housing program costs.

~~~~~