

Commission on Local Government

Estimate of Local Fiscal Impact

2023 General Assembly Session | 01/20/23

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 legislation impacting local governments.

HB 2047: Affordable housing; amending local zoning ordinance authority. (Patron Delegate Betsy B. Carr)

Bill Summary: Affordable housing; local zoning ordinance authority; comprehensive plan. Authorizes any locality in the Commonwealth to provide for an affordable housing dwelling unit program by amending the zoning ordinance of such locality. Current law restricts such authorization to counties with an urban county executive form of government or county manager plan of government and certain other localities. The bill also requires the comprehensive plan of each locality to show the connection between affordable housing and other needs of its residents, such as job creation, educational opportunities, and parks and recreational activities.

Local Fiscal Impact: Net Additional Expenditure: X Net Reduction of Revenues:

Summary Analysis:

Number of Localities Responding: 8 Cities, 5 Counties, 3 Towns, 0 Other

Localities estimated a negative fiscal impact ranging from \$0 to \$30,000 over the biennium. Three localities offered numerical estimates ranging from \$10,000 to \$30,000.

Most localities reported that the bill would produce no fiscal impact, as their comprehensive plans already addressed the added requirements, or because they could assume the costs with current resources.

Localities who did identify a fiscal impact noted the net increase in expenditures needed to meet the new requirements for their Comprehensive Plans (in this instance, demonstrating the connection between affordable housing and other needs of their residents). These localities stated they would need to hire additional consultants or contract services as a onetime operational cost.

As introduced, this bill is identical to SB 1331 (McClellan and Hashmi).

Locality	Expenditure Narrative by Responding Localities
City of Alexandria	<p>The City's Office of housing notes that Alexandria has already implemented most of the measures and tools prescribed by the bill. Alexandria Planning and Zoning notes that it extends beyond authority related to Bonus Height and could be helpful for Z4H elements. The list of tools noted by Housing include:</p> <p>In addition to optional increases in density, the program 22 may also include any combination of the following implementation measures and tools:</p> <ol style="list-style-type: none"> 1. Lot size reductions, dimensional and form modifications, or floor area ratio increases for the production of affordable housing units, or any combination thereof; 2. Contribution to a local housing trust fund in lieu of construction of affordable housing units; 3. Accessory housing unit allowances; 4. Required set-asides for affordable housing units in market-rate development, provided that required set-asides for market housing units in affordable tax-credit development are also provided, up to a maximum ratio, so as to prevent concentrations of areas with affordable housing or areas with no affordable housing; 5. Housing inspection programs designed to ensure the quality and safety of affordable housing constructed in accordance with the locality's comprehensive plan; 6. Design control, including prohibiting the use of specific building materials, even if such materials are permitted under the Uniform Statewide Building Code, on affordable housing, constructed in accordance with the locality's comprehensive plan; 7. Allowance of duplexes, triplexes, and quadruplexes in areas with primarily single-family detached homes for the purpose of providing affordable housing and creating mixed-income homeownership options; 8. Allowance of conversion of office, light industrial, and commercial space to multifamily use; 9. Encouragement of transit-oriented development; 10. Provision of financial incentives or removal of financial disincentives to promote development of new affordable housing where such development would not otherwise occur under existing conditions; and 11. Other policies, measures, or tools that are materially similar to those listed in this section and that have a positive impact on the production and maintenance of affordable housing units
City of Chesapeake	<p>The Affordable Housing Dwelling Unit program is not mandated, but is permitted, so no anticipated fiscal impact from this part. The second part regarding the Comp Plan and showing the connection between affordable housing, while would be an additional analysis in the Comprehensive Plan and would require some staff time to complete, is not anticipated to add any noticeable expense.</p>
City of Danville	<p>It's a may, not a shall. Allows us to add affordable housing regulations, but doesn't require us to.</p>

Locality	Expenditure Narrative by Responding Localities
City of Harrisonburg	Required revisions to the comprehensive plan always result in additional expenditures. Added expenditures would come in the form of costs from hiring a consultant to help update the comprehensive plan or costs from the equivalent staff time required to update the comprehensive plan.
City of Manassas	
City of Norfolk	To the best of our knowledge, the city is already in compliance with this bill. The city of Norfolk already invests significant resources into affordable housing, and economic development works to foster enterprise in all communities in Norfolk. We do not anticipate a direct fiscal impact from this legislation.
City of Richmond	While the legislation does not require the City to make an amendment, there will be nominal one-time expenses if the City elects to move forward with a zoning change.
City of Winchester	
Augusta County	Comprehensive Plan requirement will add a bit of burden to that effort, not expected to be significant. Amount above is for public hearing advertisement for ordinance change.
Mecklenburg County	As the proposed amendments to 15.2-2304 are optional, no cost would occur unless the Board chose to provide an affordable housing dwelling unit program that would correspondingly need staff to manage or operate the program.
Prince George County	This legislation would result in modification to comprehensive plan, and would increase consulting services by approximately \$12,000.
Rappahannock County	
Roanoke County	This may have a fiscal impact due to the staffing required to accomplish these requirements.
Northern Neck PDC	Planning districts have no jurisdiction over local zoning.
Town of Blacksburg	No fiscal impact on town expenditures.
Town of Luray	
Town of Marion	

* Penny value is defined as the amount a locality would need to raise their real estate tax rate to cover the fiscal impacts of the bill, assuming no other changes to revenues or expenditures. It is represented in terms of dollars (e.g., 0.01 is a one cent increase in the real estate tax rate, etc.).