Department of Planning and Budget 2025 General Assembly Session State Fiscal Impact Statement

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Bill Number: HB2641 Patron: Helmer

Bill Title: Statewide housing targets for localities.

Bill Summary: Requires localities to increase their total housing stock by at least 7.5 percent over the five-year period beginning January 1, 2026. Requires localities to develop a housing growth plan that may include any of various listed housing growth strategies. The bill further provides that, after January 1, 2031, an applicant who seeks local government approval for a residential development that will have the effect of increasing the supply of housing in a locality and has that application rejected may, in addition to other remedies, appeal such decision to the Housing Approval Board, which shall be established by the Director of the Department of Housing and Community Development. The bill authorizes the Housing Approval Board to overturn local decisions and approve applications under certain circumstances. However, if the Housing Approval Board determines that a locality has in good faith implemented at least three of the housing growth strategies listed in the bill and has not rejected more than 25 percent of new housing development proposals over the previous five years, the Housing Approval Board shall allow the local decision to stand. Finally, the bill provides that the Housing Approval Board shall give extra weight for increases in affordable housing and for the rehabilitation of current, underutilized housing stock.

Budget Amendment Necessary: Yes. Items Impacted: 106 (DHCD)

Explanation: This bill involves the Department of Housing and Community Development (DHCD) and the

Virginia Housing Development Authority (VHDA). An amendment is required for DHCD to

carry out the requirements in the bill.

Fiscal Summary: The estimated impact to the general fund is \$149,000 annually starting in FY 2026, and one position. See the "Fiscal Analysis" section.

General Fund Expenditure Impact:

	Agency	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030
_	D HCD	\$ 0	\$ 149,000				
	TOTAL	\$ 0	\$ 149,000				

Position Impact:

<u>Agency</u>	<u>FY2025</u>	<u>FY2026</u>	<u>FY2027</u>	<u>FY2028</u>	<u>FY2029</u>	FY2030
D HCD	0	1	1	1	1	1
TOTAL	0	1	1	1	1	1

Fiscal Analysis: This impact statement is preliminary. The bill requires DHCD to establish a three-member Housing Approval Board with authority to overturn certain local land use decisions and to automatically

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approve certain local land use applications. The Board is required to meet as needed in response to appeals. The bill tasks DHCD with staffing the Board. In establishing the Board, the DHCD Director is required to set criteria and regulations to ensure that localities meet growth targets as required in the bill.

DHCD anticipates an unabsorbable impact as a result of this bill, pertaining to staffing the Board and to carrying out the tracking and reporting work with localities. In addition, there is an indeterminate cost component tied to the Board's task of meeting as needed to address an unknown number of appeals that may take place once new processes are established. The anticipated cost of hiring a Program Administrator within the agency's Policy Office for up to \$144,000 annually, including benefits and administrative costs. The Program Administrator will be in charge of communicating with every locality, and with assessing their housing target activities or allowable extensions. The number of localities that do not achieve the goals set in the bill is unknown. Each of such localities will require additional administrative activities.

DHCD cannot with certainty estimate the number of Board meetings that will take place, given that they are required upon the initiation of an appeal. The agency estimates that \$5,000 will be sufficient to cover the costs of one meeting per year, but the amount may increase if more than one appeal is made in a given year. The cost of one annual meeting is included in this impact statement.

Other: None.