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

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Bill Number: HB2149E **Patron:** Carr
Bill Title: Zoning for Housing Production Pilot Program created; affordable dwelling unit policy incentives; report.

Bill Summary: Creates the Zoning for Housing Production Pilot Program to be administered by the Department of Housing and Community Development (DHCD). To be eligible for a grant from the Program, an eligible locality, as named in the bill, is required to make a change to its zoning policies to allow for by-right development that is expected to further the goal of creating and maintaining mixed-income communities, affordable housing, and moderately priced housing, as those terms are defined in the bill. DHCD is required to establish certain guidelines for the Program and to notify eligible localities of the existence and purpose of the Program no later than February 1, 2026. The bill has an expiration date of July 1, 2028.

Budget Amendment Necessary: **YES** **Items Impacted:** **102 (DHCD)**
Explanation: This bill involves DHCD. An amendment would be required to establish the new program. The amount would depend on the size and scale of the overall program. See the "Fiscal Analysis" section, below.

Fiscal Summary: It is anticipated that general fund support and positions would be needed to implement the program established in this bill. The amount is dependent upon the size of the program. However, based on two existing programs, DHCD estimates that three positions would be required to administer the program; an estimate of funding needed for grants is not available.

Fiscal Analysis: The fiscal impact of this bill on DHCD depends on the level of funding that is provided for the pilot program. Based on work on similar programs, the agency anticipates the administrative impact of this bill to include work related to program development, implementation, and monitoring. DHCD anticipates that the program in the bill is to mirror the agency's Industrial Revitalization Fund and Enterprise Zone programs. Two FTEs are currently tied to each of these programs, with one additional supervisory position. The Enterprise Zone Program has a general fund budget of $16.3 million in 2025 and $15.3 million in 2026; the Industrial Revitalization Program has a general fund budget of $9.0 million in 2025 and $5.0 million in 2026. DHCD states that management of the program described in the bill requires the expertise of zoning specialists, and that this expertise is not on staff. An addition of up to three positions including an administrator and two program specialists, is anticipated to cost $365,000 annually.

Amendments to HB1600/SB800 proposed by the House Appropriations Committee include $1.5 million from the general fund in the second year to carry out the requirements of this bill, as well as language allowing DHCD to use a portion of these funds toward administrative costs.

Other: None.