

Department of Legislative Services  
 Maryland General Assembly  
 2005 Session

FISCAL AND POLICY NOTE

House Bill 880 (Delegate McIntosh, *et al.*)  
 Environmental Matters

Land Use - Comprehensive Plans - Workforce Housing Elements

This bill requires local planning commissions to include a workforce housing element in their local comprehensive plans, except under specified conditions. The workforce housing element must contain goals, objectives, principles, and policies designed to support the availability of workforce housing. The bill requires the Maryland Department of Planning (MDP) to establish a task force on workforce housing to provide the counties and municipal corporations with technical assistance, the development of best practices, and general guidance. MDP must annually report to the General Assembly on the bill’s implementation.

The bill takes effect October 1, 2006.

Fiscal Summary

**State Effect:** General fund expenditure increase of \$51,300 in FY 2007 for MDP to provide local governments with technical assistance and staff the task force. Future year estimates are annualized, adjusted for inflation, and reflect ongoing operating costs. Revenues would not be directly affected.

(in dollars)	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	0	51,300	67,500	71,500	75,700
Net Effect	\$0	(\$51,300)	(\$67,500)	(\$71,500)	(\$75,700)

*Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect*

**Local Effect:** Local expenditures could increase to include a workforce housing element in local comprehensive plans. Costs would likely vary by jurisdiction, but could be significant. **This bill imposes a mandate on a unit of local government.**

**Small Business Effect:** None. The bill would not directly affect small businesses.

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## Analysis

**Bill Summary:** Except under specified conditions, beginning October 1, 2006, the workforce housing element must be incorporated into any new comprehensive plan and any amendment or addition adopted to a comprehensive plan in effect on October 1, 2005. The bill provides that the workforce housing element is a tool for planning purposes only and does not have the force of law.

“Workforce housing” means housing for households with an income that is greater than 50% but does not exceed 120% of the median household income for households within a jurisdiction as calculated each year by MDP.

**Current Law:** Article 66B governs planning and zoning in the State; among other things, it specifies various elements that local planning commissions must include in their comprehensive plans. In charter counties and in Baltimore City, a planning commission must include a transportation plan element, a mineral resources plan element, an element that contains the planning commission’s recommendation for land development regulations, and a sensitive areas element. The required elements applicable to other counties include those elements as well as others, such as a land use plan element and a community facilities plan element.

**Background:** The availability of affordable housing in Maryland has become a concern in recent years. According to information from MDP and the Maryland Association of Realtors, average home prices statewide increased 38.3% from 2000 to 2003, while average household income increased only 6%.

**State Expenditures:** General fund expenditures could increase by an estimated \$51,312 in fiscal 2007, which accounts for the bill’s October 1, 2006 effective date. This estimate reflects the cost of hiring one planner within MDP to provide technical assistance to local governments, staff the task force established by the bill, and conduct housing demographic data reporting. It includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Salary and Fringe Benefits	\$48,942
Equipment/Operating Expenses	<u>2,370</u>
<b>Total FY 2007 State Expenditures</b>	<b>\$51,312</b>

Future year expenditures reflect: (1) a full salary with 4.6% annual increases and 3% employee turnover; and (2) 1% annual increases in ongoing operating expenses.

**Local Expenditures:** Local expenditures could increase to include a workforce housing element in their comprehensive plans. For example, Garrett County reports that the additional costs to the planning process could total \$15,000 in fiscal 2007 (\$10,000 in additional consultant costs related to plan development and \$5,000 in staff time) and \$5,000 annually thereafter to implement new programs and policies developed for housing needs.

MDP advises that costs to local jurisdictions would likely vary by jurisdiction. According to MDP, for most local jurisdictions, dealing with workforce housing issues from a planning perspective would be a new activity. Accordingly, costs could be significant.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Maryland Department of Planning, Garrett County, Prince George's County, Department of Legislative Services

**Fiscal Note History:** First Reader - March 1, 2005  
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