

**Department of Legislative Services**  
 Maryland General Assembly  
 2025 Session

**FISCAL AND POLICY NOTE**  
**First Reader**

House Bill 1061 (Delegate Moon)  
 Appropriations

**State-Owned Property - Inventory and Disposition - Housing and Solar Energy Production**

This bill requires, through efforts of the Maryland Department of Planning (MDP) (in consultation with the Department of Housing and Community Development (DHCD) and the Maryland Energy Administration (MEA)), and units of State government, (1) the establishment of an inventory of all State-owned real property and its suitability for use or redevelopment for affordable housing or solar energy production; (2) development of proposals to donate or sell excess State property for use or redevelopment for housing or solar energy production; and (3) consideration of leasing or using excess State property for solar energy production. The bill also requires specified amounts of housing units and solar energy production to be constructed/produced on former State land, by December 2030.

**Fiscal Summary**

**State Effect:** General and special fund expenditures increase, beginning in FY 2026, by a minimum of the amounts shown in the table below and shown and discussed in more detail in the Analysis section. Special and/or general fund revenues may increase.

(in dollars)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
SF/GF Rev.	-	-	-	-	-
GF Expenditure	\$272,200	\$204,900	\$214,400	\$223,600	\$233,000
SF Expenditure	\$100,000	\$0	\$0	\$0	\$0
Net Effect	-/(-)	-/(-)	-/(-)	-/(-)	-/(-)

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

**Local Effect:** The bill does not directly affect local government finances.

**Small Business Effect:** Potentially meaningful.

## Analysis

### **Bill Summary:**

#### *State-owned Real Property Inventory*

By December 31, 2027, and every five years thereafter, each unit of State government must provide to MDP an inventory of all State-owned real property used by or under the control of the unit. The inventory must contain a description of each property and how it is used by the unit.

MDP, in consultation with DHCD and MEA, must determine the suitability of each property in the inventory for use or redevelopment for (1) affordable housing, in whole or in part; (2) a mixed-use development containing affordable housing; or (3) solar energy production.

MDP must consider specified factors when determining if a property is suitable for use or redevelopment as housing (*e.g.*, size, access to public utilities, feasible ingress and egress points), and may only determine that a property is suitable for use or redevelopment as housing if it is located in an area zoned for residential or mixed use.

MDP may consider the suitability of property to be (1) leased for solar energy production and (2) used for solar energy production concurrently with a separate use of the property by the unit.

By July 1, 2028, and every five years thereafter, MDP must send the inventory to the Governor and the General Assembly.

#### *State-owned Excess Real Property*

No later than 60 days after MDP has notified DHCD and specified legislative committees, pursuant to existing law, of property identified by State government units as in excess of the needs of the unit that has not been disposed of, MDP, in consultation with DHCD and MEA, must identify which relevant properties in the inventory are suitable for use and redevelopment for housing or solar energy production. For each property identified as suitable for use or redevelopment for housing or solar energy production, MDP must give notice to the unit of State government that controls the property (and advise them of the requirements described below) and the State Treasurer. The list of properties identified as suitable for use or redevelopment for housing must be made available to the public.

### *Donation or Sale for Housing or Solar Energy Production*

On receipt of notice from MDP, the unit of State government must, in consultation with MDP, develop a proposal to submit to the Board of Public Works (BPW) to donate or sell the excess property by:

- if the property is determined to be suitable for housing, including affordable housing, (1) donating or selling the property to a nonprofit organization that contracts to use or redevelop the property in whole or in part for housing, with a priority for use as affordable housing or (2) selling the property to a buyer that contracts to use or redevelop the property in whole or in part as housing, with a priority for use as affordable housing; or
- if the property is determined to be suitable for solar energy production, selling the property to a person that contracts to use or redevelop the property for solar energy production.

If a property is determined to be suitable for more than one use, it must be offered for donation or sale in order of the above (donation or sale to a nonprofit organization for housing, sale to a buyer for housing, or sale to a person for solar energy production).

If, after reasonable effort, the unit is unable to identify a suitable nonprofit organization or buyer, the unit must develop a proposal to sell the property at auction.

When a property is donated or sold pursuant to a proposal, the unit must give notice of the disposition to MDP.

A unit may not propose to donate or sell a property if the donation or sale would (1) violate any covenant or applicable federal law or (2) in the opinion of the State Treasurer, adversely affect the tax-exempt status of any outstanding State bond, the proceeds of which were allocated to purchase or improve the property.

### *Lease or Use for Solar Energy Production*

If MDP determines that a property is not suitable for use as housing, but is suitable for use for solar energy production, the unit, in consultation with MDP, may consider (1) leasing the property for solar energy production or (2) using the property for solar energy production concurrently with a separate use of the property by the unit.

### *Modification of Existing Affordable Housing Provisions*

The bill modifies existing provisions – that are similar to the bill’s provisions applicable to MDP determinations of suitability of excess property for use or redevelopment for housing

or solar energy production – but which require DHCD, rather than MDP, to determine if excess property is suitable for use or redevelopment as affordable housing. The bill modifies the provisions by specifying that:

- proposals by State government units, pursuant to DHCD determinations, for donation or sale to a nonprofit organization for use or redevelopment as affordable housing can be for use or redevelopment *in whole or in part* as affordable housing, or *as mixed-use development containing affordable housing*;
- proposals for sale to a buyer can simply be for housing (as opposed to affordable housing) or a mixed-use development containing housing; and
- if, after reasonable effort, a suitable nonprofit organization or buyer is not able to be identified and MDP has determined the property is suitable for use for solar energy production, the unit must develop a proposal to attempt to lease the property for solar energy production before selling the property at auction.

#### *Maryland Department of Planning – Reporting Requirements*

By December 31, 2025, and each December 31 thereafter, MDP must report to the General Assembly:

- the number of proposals submitted to BPW for donation or sale of property for housing or solar energy production under the bill’s provisions;
- the number of properties that were donated and sold; and
- the number of properties that were leased or used for solar energy production concurrently with a unit.

#### *Requirements for Housing and Solar Energy Production on Former State Land*

The bill requires, in uncodified language, that by December 31, 2030, (1) at least 10,000 housing units be constructed on land that was owned by the State on the effective date of the bill and (2) at least 55 megawatts of solar energy be produced on land that was owned by the State on the effective date of the bill.

#### **Current Law:**

##### *Donation or Sale of Excess State Property for Affordable Housing*

Chapters 336 and 337 of 2022 require MDP to notify DHCD and specified legislative committees of property identified by State government units as in excess of the needs of the unit that has not been disposed of. DHCD must, in consultation with the State government units, (1) determine if such property is suitable for use or redevelopment

as affordable housing according to specified considerations; (2) compile and regularly update a list of such properties determined to be suitable; and (3) give notice to the State government units that control the properties, and the State Treasurer.

A State government unit, in consultation with DHCD and MDP, must develop a proposal to submit to BPW to (1) donate or sell a listed property to a nonprofit organization that contracts to use or redevelop the property as affordable housing or (2) sell the property to a buyer that contracts to use or redevelop the property for affordable housing. If, after reasonable effort, the unit is unable to identify a suitable nonprofit organization or buyer, the unit must develop a proposal to sell the property at auction. By December 31 of each year, DHCD must report to the General Assembly (1) the number of proposals submitted to BPW and (2) the number of properties donated and sold.

### *Maryland Department of Planning*

#### *State-owned Property*

MDP must (1) be a repository and clearinghouse for information about real property available for public use and (2) correlate information concerning real property owned by the State or any subdivision of the State. MDP must maintain a current, updated list of real property owned by the State or any political subdivision of the State. The list must include pertinent details concerning size, facilities, and value. A copy of the list and any related information must be provided to any State agency and the General Assembly upon request.

#### *Excess Real Property – Notification and Reporting*

Each unit of State government must notify MDP in writing of any real property that is in excess of the needs of the unit, or any substantial change to any real property owned by the State. MDP must (1) study the proper disposition of the property; (2) determine whether any local government or unit of the State government is interested in the property; and (3) make an appropriate recommendation to the using unit of the State government and to BPW. As mentioned above, Chapters 336 and 337 require MDP to notify DHCD and specified legislative committees of such property that has not been disposed of.

#### *Transfers of State Property*

In general, any real or personal property owned by the State, or a unit of State government may be sold, leased, transferred, exchanged, granted, or otherwise disposed of to (1) any person, the federal government or any of its units, or any unit of State government for consideration that BPW deems adequate or (2) any county or municipal corporation in the State, subject to conditions imposed by BPW.

If BPW has declared property surplus, (1) BPW must sell the property to the federal government, a local government, or a unit of federal or local government for \$1.00, if the government or unit has indicated its interest in acquiring the land and a specified restrictive covenant is placed on the deed of transfer and (2) pursuant to Chapter 336 and 337, BPW must donate or sell property determined by DHCD to be suitable for use or redevelopment as affordable housing.

Generally, if cash is received as consideration for the disposition of a capital asset of the State or any unit of the State government, the cash must be applied to the State Annuity Bond Fund (ABF) Account for the payment of the principal of and interest on the bonded indebtedness of the State; however, if a capital asset was originally purchased with special funds, the cash must be applied to the special fund.

**State Fiscal Effect:** General and special fund expenditures increase, beginning in fiscal 2026, by a minimum of the amounts shown in **Exhibit 1**. Special and/or general fund revenues may increase, as discussed below.

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**Exhibit 1**  
**Minimum Expenditures, and Potential Revenues, Under the Bill**

<u>Agency</u>	<u>Description</u>	<u>Type</u>	<u>FY 2026</u>	<u>FY 2027</u>	<u>FY 2028</u>	<u>FY 2029</u>	<u>FY 2030</u>
MDP	Additional Staff	GF Expenditures	\$86,109	\$102,464	\$107,012	\$111,782	\$116,549
		<i>GF Pos's (New)</i>	<i>1.0</i>				
	Software Development	GF Expenditures	100,000				
DGS	Additional Staff	GF Expenditures	86,109	102,464	107,012	111,782	116,549
		<i>GF Pos's (New)</i>	<i>1.0</i>				
MEA	Consultant	SF Expenditures	100,000				
	Sale/Lease of						
Multiple	Property	SF/GF Revenues	-	-	-	-	-
		<i>GF Net Effect</i>	<i>(272,218)</i>	<i>(204,928)</i>	<i>(214,024)</i>	<i>(223,564)</i>	<i>(233,098)</i>
		<i>SF Net Effect</i>	<i>(100,000)</i>				
		<i>SF/GF Net Effect</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
		<b>State Net Effect</b>	<b>-/(-)</b>	<b>-/(-)</b>	<b>-/(-)</b>	<b>-/(-)</b>	<b>-/(-)</b>

DGS: Department of General Services  
 GF: general fund  
 MDP: Maryland Department of Planning  
 MEA: Maryland Energy Administration  
 Pos's: positions  
 SF: special fund  
 -: indeterminate increase  
 -/(-): indeterminate increase/decrease

Source: Department of Legislative Services

The estimate of minimum expenditures in Exhibit 1 is based on the following assumptions:

- **Coordinating staff are needed at least within MDP and the Department of General Services (DGS)** – MDP currently serves as a repository for State-owned property information but accomplishes that function through analysis of the State Department of Assessments and Taxation information. In order to implement the bill and gather and evaluate information received directly from State government units, the department needs to hire a geographic information systems analyst/database coordinator to manage a new database of the received property information and coordinate with State agencies to collect and maintain the information. In addition, DGS’ Office of Real Estate does not have sufficient existing personnel to manage disposition of State property pursuant to the bill and needs an additional procurement officer to manage disposition of DGS property under the bill’s expansion of efforts to use or redevelop excess State property, for purposes beyond affordable housing, including mixed-use development and solar energy production. The Maryland Department of Transportation (MDOT) also indicates that it requires an additional position; however, the Department of Legislative Services (DLS) advises it is unclear to what extent the bill requires efforts beyond existing efforts of the department’s Office of Real Estate and Economic Development (ORED) to inventory and evaluate the department’s land holdings for other uses.
- **MDP and MEA require contractual services** – MDP needs to hire a consultant to assist in developing the database of State property information used for evaluation of properties for use or redevelopment for housing or solar energy production. MEA also needs to hire a consultant to assist the agency in making initial determinations of suitability of properties for solar energy production, for various types of buildings and configurations. MDOT has indicated a need for a consultant to prepare the inventory of all of its property to provide to MDP, but DLS advises it appears the preparation of the inventory may be able to be provided by ORED with existing resources.
- **Additional staff may be required** – Other agencies that MDP identifies as owners of significant State property, the Department of Natural Resources and the University of Maryland, presumably may also need additional staff to coordinate the agencies’ efforts to inventory information on their lands required by MDP for its determinations, and/or to develop proposals for any properties MDP identifies as suitable for use or redevelopment for housing or solar energy production. In addition, the Department of Public Safety and Correctional Services, has indicated a potential need for additional resources to inventory, and develop proposals for, its land, but the extent of any additional resources needed has not been quantified. DHCD can handle the bill’s changes with existing resources.

- **Efforts begin in fiscal 2026** – Despite the deadline under the bill for State government units to provide an inventory of all State-owned property used by or under the control of the units being December 31, 2027, this analysis assumes efforts to inventory, evaluate, and develop proposals for State-owned property suitable for use or redevelopment for housing or solar energy production by MDP, DGS, and other agencies begin in fiscal 2026 to meet the housing and solar energy production goals under the bill by December 31, 2030.

To the extent that efforts under the bill result in the sale or leasing of State land for housing or solar production, that is not otherwise sold or leased, State special and/or general fund revenues increase. The extent of any increase, however, cannot be reliably estimated. This analysis assumes that any such revenues are deposited in the ABF (see Current Law), another special fund (such as the Transportation Trust Fund), or in the case of solar lease revenues, potentially in the general fund.

**Small Business Effect:** Small businesses involved in housing or solar energy development may meaningfully benefit to the extent the bill increases disposition or use of State land for housing and solar energy development.

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### **Additional Information**

**Recent Prior Introductions:** Similar legislation has not been introduced within the last three years.

**Designated Cross File:** None.

**Information Source(s):** Maryland Municipal League; Maryland State Treasurer’s Office; Judiciary (Administrative Office of the Courts); Baltimore City Community College; University System of Maryland; Morgan State University; Department of General Services; Department of Housing and Community Development; Department of Natural Resources; Maryland Department of Planning; Department of Public Safety and Correctional Services; Board of Public Works; Maryland Department of Transportation; Maryland Energy Administration; Department of Legislative Services

**Fiscal Note History:** First Reader - February 25, 2025  
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