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## Maryland DEPARTMENT OF PLANNING

**HEARING DATE:** February 25th at 1:00 PM

**BILL NO:** HB 1061

**COMMITTEE:** Appropriations

**POSITION:** Informational

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

**BILL ANALYSIS:**

If passed, HB 1061 would accomplish two things. First, it would alter the existing process by which DHCD determines the suitability of excess state property for use as affordable housing. That process was established by SB 744 in the 2022 session and is codified at § 2-203 of the Housing and Community Development Article. It requires DHCD to determine whether state property no longer needed by a State agency is suitable for use as affordable housing and, if so, it requires the agency to develop a proposal to (a) donate the excess property to a nonprofit for use as affordable housing or, failing that, (b) sell the excess property to a buyer for use as affordable housing. If neither option proves feasible, the State agency must (c) develop a proposal to auction the excess property. This bill would alter all three parts of this existing process. It would require the State agency that is excessing the property to consider donating the property for mixed-use development that *contains* affordable housing (i.e., not just affordable housing alone). Failing that, the bill would require the agency to consider selling the property for *housing* (i.e., not *affordable* housing) or mixed-use development that includes housing. If neither option proves feasible, the bill would add a new step to the process, requiring the State agency to develop a proposal to lease the property for solar energy production if MDP, under another provision added elsewhere in the bill (and discussed in the next paragraph), has determined that the property is suitable for that purpose.

Second, the bill would create a wholly new process by which MDP would determine the suitability of *all* state property--i.e., not just excess state property--for use as affordable housing,

mixed-use development that contains affordable housing, or solar energy production. This new process is modelled closely on the one described above. The first step in this new process would be to require all State agencies to provide MDP--by December 31, 2027, and every five years thereafter--with an inventory of all state properties under their control, including a description of how the properties are used. MDP then determines the suitability of each state property for use as affordable housing, in whole or in part, or solar energy production, and specifies as much in the inventory. Once the inventory is in place, each time MDP notifies DHCD of excess property--which triggers the existing process described above--MDP must identify "which relevant properties in the inventory are suitable for use or redevelopment for housing or solar energy production" and notify the excessing agency of the same. If MDP has identified the property as suitable for housing, the excessing State agency must develop a proposal to (a) donate or sell the property to a nonprofit for housing, "with a priority for use as affordable housing," and failing that, selling the property for use as housing, again with a "priority" for affordable housing. With respect to properties that MDP has identified as suitable for solar energy production, the excessing State agency would have to develop a proposal to sell the property for that use. Finally, the bill would require MDP to report--by December 31, 2025, and annually thereafter--about the number of properties disposed of under this new process.

#### **POSITION AND RATIONALE:**

MDP is providing informational testimony on HB 1061 that focuses on 1) the fiscal and operational impact on the department, and 2) on issues and inconsistencies MDP has noticed within the bill and in its relation to current statute. HB 1061 would place significant database coordination responsibilities on MDP, necessitating MDP to hire a new position to maintain the state-owned property database and to coordinate with state agencies on how each state-owned property is used. This position would also need to coordinate extensively with DHCD and MEA to complete the suitability analysis of state properties for housing or solar energy production. MDP does not have subject matter expertise to complete the suitability analysis on its own. Additionally, MDP does not have the software needed to track state-owned properties to the level required by this bill. A consultant contract is needed to develop the software application. MDP will also have ongoing expenses to maintain the required data.

Also, MDP has identified some issues regarding the following components of HB 1061 that require clarification:

1. The existing process set out in § 2-203 of the Housing and Community Development Article, as amended by this bill, would require DHCD to determine the suitability of excess State property for use or redevelopment as housing, and yet it requires *MDP* to make that same determination when compiling the new inventory of state properties. It's not clear why MDP would be making that determination when it is DHCD that possesses the relevant expertise and when DHCD is already charged with making that same determination in the existing process.
2. It is not clear from the bill whether MDP's new obligation to notify State agencies of the suitability of their properties for housing or solar applies to *all* the properties identified as such in the inventory or only those *excess* properties that are the subject of the § 5-310(d) notice. Unless one reads the word "relevant" as referring only to *excess* properties, lines

1-6 of page 7 of HB 1061 would appear to require MDP to repeat the suitability analysis for *all* state properties every time MDP provides notice to DHCD of excess state properties. Under the existing process, MDP provides this notice to DHCD on a monthly basis, which would require MDP to regenerate the inventory every month. That seems unnecessary.

3. Lines 27-29 on page 5 indicate that MDP must determine the suitability of all state properties for use or redevelopment for "affordable housing, in whole or in part; or mixed-use development containing affordable housing." By contrast, lines 4-6 of page 7 requires MDP to identify those properties in the inventory that it has determined to be suitable for use or redevelopment for "housing or solar energy production," with no mention of affordable housing. These two sections appear to be inconsistent with each other.
4. Lines 10-12 on page 9 provides that MDP's obligation to report on the number of properties disposed of under the new process begins on December 31, 2025, when the inventory that forms the basis for that reporting would not, under the bill's terms, be in place until July 1, 2028.
5. Section 2 of the bill provides that, by the end of 2030, at least 10,000 housing units and 55 megawatts of solar energy "shall" be produced on land that was owned by the State on the bill's effective date. It is not clear from the bill how that mandate would be enforced.