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EMERGENCY CERTIFICATION

HB-8002
AN ACT CONCERNING HOUSING GROWTH.

OFA Fiscal Note

State Impact: See below

Municipal Impact: See below

Explanation

The bill results in an impact to the Department of Revenue Services (DRS), the Office of Policy and management (OPM), the Department of Housing (DOH), the Department of Social Services (DSS), the Office of the Attorney General (OAG), the Department of Administrative Services (DAS), and municipalities described below.

Sections 1 – 3 establish a first-time homebuyer savings account program and associated personal income tax deduction and business tax credit. This results in (1) a General Fund revenue loss of up to $713,000 in FY 28 and up to $970,000 in FY 29 and (2) a one-time cost of up to $175,000 to the Department of Revenue Services (DRS) in FY 27 associated with programming updates to the CTax tax administration system and myconneCT online portal, form modification, and printing/mailing costs.

Sections 4 – 6 requires all municipalities to (1) prepare and adopt a municipal housing growth plan or comply with a regional housing growth plan, and (2) submit this plan to the Office of Policy and Management (OPM) beginning June 1, 2028. This results in a potential cost to municipalities beginning in FY 28 to the extent they require

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additional resources to develop these plans.

The sections also make a municipality ineligible for a future moratorium under the affordable housing appeal procedure for failure to submit a municipal housing growth plan within the time frame. The municipality will remain ineligible until they submit a plan, and the plan is approved. This may preclude any savings to a municipality that is associated with a moratorium.[1]

The sections also result in a potential savings to OPM to the extent a Council of Government (COG) fails to submit a regional housing growth plan in the required time as this would make the COGs ineligible for funding from the Regional Planning Incentive Account (RPIA).

There is a potential cost to OPM beginning in FY 26 to the extent they require additional resources to (1) issue guidelines for municipal and regional housing growth plans by March 1, 2026, and (2) approve or reject each municipal and regional housing growth plan submitted.

Section 7 requires OPM to (1) establish a regional housing needs program to provide municipalities with certain housing information, (2) evaluate and monitor certain housing information every ten years, and (3) approve or reject regional housing needs assessment and recommended affordable housing goals from COGs. This may result in a cost to OPM beginning in FY 27 to the extent additional resources are necessary to meet these requirements.

Sections 8 - 10 establish guidelines for priority housing development zones. This may result in a potential cost to municipalities beginning in FY 26 to the extent that they require additional resources to develop plans for the priority housing development zone. This may also result in a potential grand list increase or decrease beginning in FY 27 that is dependent on how the land would have otherwise been developed and a potential savings to the extent there are fewer public hearings as a

[1] Several municipalities reported spending up to $215,000 on legal costs, appeals, and litigations related to CGS 8-30g projects within the past two years.

result of as of right development.

These sections also result in a potential savings to municipalities beginning in FY 26 to the extent they receive a final letter of eligibility from the Department of Housing (DOH) which makes them eligible for a moratorium under the affordable housing appeals procedure.

Section 11 requires OPM to (1) determine if a transit-oriented community (TOC) meets various requirements, (2) develop guidelines with the Council on Housing Development regarding TOCs, and (3) review applications from TOCs to adopt various other guidelines. This may result in a potential cost to OPM to the extent they require additional resources to meet these requirements. The section may also result in a potential cost to municipalities associated with establishing and meeting the requirements for a TOC.

The section also allows TOCs to apply for funding from the housing growth program and makes transit-oriented communities eligible for additional funding from any program administered by OPM. This results in a potential revenue gain to municipalities beginning in FY 26 to the extent they qualify for additional funding.

The section may also result in a grand list impact to various municipalities that is dependent on any as-of-right development that occurs as a result of the transit-oriented community. This may also result in a potential savings to municipalities to the extent there are fewer public hearings as a result of as of right development.

Section 12 results in a potential revenue gain to municipalities beginning in FY 26 to the extent they qualify for the Connecticut Municipal Development Authority (CMDA) assistance as a TOC.

Section 13 allows construction of certain accessory apartments. This may result in a grand list impact beginning in FY 28 that is dependent on if these would have otherwise been constructed.

Section 15 requires OPM to establish and administer a housing growth program by July 1, 2028, to provide grants-in-aid to municipalities for costs associated with public infrastructure and submit an annual report regarding the grants program. This will result in a cost to OPM beginning in FY 29 associated with the grants awarded and a corresponding revenue gain to municipalities.

It is not anticipated that a OPM will incur a cost to administer the grant program as the Council on Housing Development will assist in approving or denying applications.

Section 16 modifies what type of middle housing may qualify for housing unit-equivalent points toward a moratorium under the affordable housing appeals procedure. Any impact will be dependent on which housing units are counted toward a moratorium.

The section makes other various changes to zoning laws that do not result in a fiscal impact.

Section 17 expands what qualifies for summary review. This may result in a savings to municipalities to the extent fewer public hearings are held.

Section 19 prevents development applications from being rejected by local planning or zoning commissions on the basis that they do not conform with off-street parking requirements. Any impact is dependent on if the applications would have otherwise been rejected.

Section 21 modifies a provision that allows certain applicants to pay a fee in lieu of a requirement to provide parking spaces by limiting this provision to certain residential or mixed-used developments or any commercial developments. Any impact to municipalities is dependent on who would have otherwise paid this fee.

Section 23 results in a cost to DOH associated with developing and administering a pilot program to provide portable showers and laundry facilities to persons experiencing homelessness in at least three municipalities. The pilot program terminates on January 1, 2027. DOH will incur cost of at least $300,000 in FY 26 and $200,000 in FY 27 to administer the pilot program.

Section 25 allows OPM to establish a program to provide grants to regional councils of government for public transit infrastructure projects. This results in a potential cost to OPM beginning in FY 26 to the extent they award grants to COGs. Any cost is dependent on the grant awarded.

Section 26 prohibits municipalities from installing or constructing certain hostile architecture. This may result in a potential savings to municipalities beginning in FY 26 to the extent they would have otherwise installed this architecture.

The section also requires municipalities to investigate alleged violations and remove any buildings or structures that are deemed in violation. This results in a potential cost to municipalities beginning in FY 26 to the extent they must investigate and remove structures.

Section 27 requires DOH to develop and administer a middle housing developing grant program. The cost of the program is contingent upon the provision of a funding source for the grant program. A total of $100 million ($50 million in each of FY 26 and FY 27) of General Obligation bonds was authorized in PA 25-174 for this purpose. No bonds have been allocated to date.

Section 28 results in a potential significant cost to DOH for direct rental assistance grants and for administrative costs. The third-party contractor who administers a similar program charges the state $51 per month per voucher. It is not clear to what extent DOH and/or other organizations will provide this assistance to eligible households.

This section may also result in a cost to the Department of Social Services (DSS) associated with ensuring that any direct rental assistance provided under the program does not impact client eligibility for any state- administered public assistance programs. DSS may incur (1) administrative costs to the extent they are required to assess the impact to benefits the agency does not directly provide, and (2) programmatic costs to the extent disregarded benefits make participants eligible to participate in certain programs or provide higher benefit levels than they otherwise would have. The disregard will remain in place for the duration of the pilot.

Section 29 re-establishes the Open Choice Voucher pilot program and is not anticipated to result in a fiscal impact to the state or to municipalities. These vouchers will be reserved for certain students and their families as part of the Rental Assistance Program (RAP). RAP issues new certificates based upon available funding. This pilot may change which households receive a RAP certificate, but it does not make changes to the cost of such certificates.

Section 30 results in a cost of $3.6 million to OPM beginning in FY 26 to increase the regional service grant each COG receives from the Regional Planning Incentive Account by $400,000.[2]

The section also allows OPM to provide the distribution of these funds on a prorated basis for the FY 26. This may reduce the $3.6 million cost to OPM in FY 26.

Section 31 expands the office of the Attorney Generals (OAG) existing judicial relief for the states housing and public accommodation antidiscrimination laws, which includes issuing a civil penalty of $10,000 to $50,000, resulting in a potential revenue gain to the state to the extent violations occur.

Section 32 makes it a violation of the Connecticut Antitrust Act to use a revenue management device to set rental rates or occupancy levels, and subject's violators to a civil penalty of up to $100,000 for an individual and up to $1 million for a business resulting in a potential revenue gain to the state to the extent violations occur.

Section 33 requires OPM to conduct a study in coordination with the council on housing development of wastewater and submit a report by July 1, 2026. This may result in a potential one-time cost to OPM in FY 26 to the extent they require a consultant to assist in the study.

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[2] There are nine regional councils of government in Connecticut.

Section 34 requires DOH to develop and establish a four-year pilot program to create employment opportunities within the field of affordable housing construction and requires DOH to submit a report on the efficacy of the program after the pilot is completed. The cost of the program is contingent upon the provision of a funding source for the grant program. A total of $50 million ($12.5 million in each of FY 26 through FY 29) of General Obligation bonds was authorized in PA 25-174 for this purpose. No bonds have been allocated to date.

Section 35 expands a provision that requires all municipalities with a population of 25,000 or more to include all municipalities with a population of 15,000 or more, to adopt an ordinance creating a fair rent commission or a joint fair rent commission by January 1, 2028.3 This may result in a cost to municipalities beginning in FY 28 to the extent they do not already have a fair rent commission. The bill allows two or more municipalities to form a joint fair rent commission which may reduce any cost associated with this provision.

Section 36 expands a Connecticut Housing and Finance Authority (CHFA) homeownership program under CGS 8-286 by allowing CHFA to lower mortgage rates for borrowers with eligible student loan debt. The cost of the program is contingent upon the provision of a funding source for the loan subsidy.4 While there are no bond fund authorizations specific to the proposed program, there are several bond-funded housing programs that may be used for the purpose described. Should those existing authorizations be used for this program, future General Fund debt service costs may be incurred sooner under the bill to the degree that it causes authorized GO bond funds to be expended or to be expended more rapidly than they otherwise would have been. The bill does not change GO bond authorizations available for this

[3] According to the Department of Public Health 2023 population estimates, 44 municipalities have a population of 25,000 or more and 76 municipalities have a population of 15,000 or more. any cost associated with this provision.

[4] CHFA is a quasi-public authority that issues its own federally tax-exempt and taxable mortgage revenue bonds. The authority pays its operating expenses using funds derived from the excess of interest income from loans over bond interest expenses.

program.

Sections 37 - 39 may result in a potential savings to municipalities associated with storing less possessions of evicted tenants, beginning in FY 26 to the extent the section results in fewer evictions.

Section 40 results in a cost of $205,000 to the Department of Administrative Services (DAS) in FY 26 and FY 27 for salary expenses and $83,456 in FY 26 and FY 27 to the State Comptroller – Fringe Benefits to hire two elevator inspectors to inspect each elevator in privately owned multifamily projects in the state every twelve months or a cost to hire contracted inspectors.

Section 41 allows (1) municipalities that have received a final letter of eligibility from DOH for priority housing development zones to qualify for a moratorium under the affordable housing appeals procedures, and (2) certain housing constructed by or in conjunction with a housing authority of a neighboring municipality to be awarded an additional one-quarter point toward a moratorium under the affordable housing appeal procedures. This results in a potential savings to municipalities beginning in FY 26 for legal costs to the extent that more municipalities are awarded a moratorium.

Section 42 requires the majority leader's roundtable group on affordable housing to conduct a study resulting in no fiscal impact to the state because the roundtable has the expertise to meet the requirements of the section.

Section 43 requires DOH to establish and administer an Affordable Housing Real Estate Investment Trust pilot program. The cost of the program is contingent upon the provision of a funding source for the grant program. $2 million of General Obligation bonds were authorized in PA 25-174 for this purpose. No bonds have been allocated to date.

Section 44, which makes various changes to reporting requirements for housing authorities, is not anticipated to have a fiscal impact on the state or municipalities.[5]

Section 46 increases school construction reimbursement rates by five percentage points for school districts meeting specified criteria. To the extent projects are eligible for the reimbursement increase and relevant projects are proposed, approved, and completed, there would be increased costs to the state (paid using General Obligation bonds, leading to a long-term increase in General Fund debt service) and increased revenue to involved municipalities. The impact of the increased reimbursements for future projects on the school construction priority list will be reflected when such projects are considered by the legislature in the future.

Section 47 requires OPM to establish and administer a loan program by July 1, 2028, for certain municipalities with populations of more than 50,000 to assist with water quality projects. This results in a cost to OPM beginning in FY 28 and corresponding revenue gain to municipalities associated with the loan. There is also a cost to municipalities associated with repayment of the loan at one-half percent interest rate per annum beginning in FY 29.[6] The bill does not specify a source of funding for the program.

Section 48 allows DOH to act as a housing authority, including the ability to develop housing projects among other things. In addition to expenses related to such projects, DOH may incur costs associated with administering such programs up to $500,000 annually for salaries for about three full time employees and other operating expenses.

While there are no bond authorizations specific to the proposed program, there are several bond-funded housing programs that may be used for the purpose described. Should those existing authorizations be used for this program, the annual program expenses would be incurred

[5] Local housing authorities are autonomous public corporations, which are generally funded by the U.S. Department of Housing and Urban Development (HUD) but may also receive state funding.

[6] According to the Department of Public Health's 2024 population estimates, 19 municipalities in Connecticut have a population of 50,000 or greater.

over a longer-term time frame as General Fund debt service.

Section 49 allows municipalities that have already adopted certain zoning regulations to qualify for funding under the Department of Economic and Community Development's Greyfield Revitalization Program. This may result in a revenue gain to certain municipalities to the extent that any qualify for funding under this bill.

Section 53 eliminates a provision that allows municipalities to adopt regulations on paying fees in lieu of providing parking. This may result in a revenue loss to municipalities beginning in FY 26 to the extent fewer fees are collected.

The section also eliminates affordable housing plans that currently must be submitted to OPM every five years. This results in a potential savings to OPM and municipalities beginning in FY 26 associated with the creation, submission, and approval of these plans.

The bill makes other various changes that do not result in a fiscal impact.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.