



PA 25-164—SB 1444

Planning and Development Committee

**AN ACT CONCERNING THE CONVERSION OF COMMERCIAL REAL
PROPERTY FOR RESIDENTIAL USE**

SUMMARY: This act allows municipalities that exercise their zoning powers under the statutes (rather than a special act) to allow the conversion (or partial conversion) of commercial buildings into residential developments subject only to a “summary review.” To be eligible, the building owner must certify in writing to the municipality that the building (1) has been vacant or (2) had an average occupancy rate under 50% over the one-year period immediately before the summary review application was submitted.

As under existing law, a “summary review” allows an application to be approved without requiring (1) a public hearing; (2) a variance, special permit, or special exception; or (3) any other discretionary zoning action, except for a determination that a site plan conforms with applicable zoning regulations and that public health and safety will not be substantially impacted.

The act also (1) sets related requirements for the summary review application and review process and municipal property revaluations of these conversions and (2) gives municipalities that adopt zoning regulations allowing for these conversions priority funding under the greyfield revitalization program the Department of Economic and Community Development (DECD) is authorized to create. (Although the act references SB 1247 (2025), the legislature authorized the greyfield revitalization program under different legislation enacted in 2025 (see BACKGROUND).)

Under the act, commercial buildings are those designed or used primarily for non-residential purposes, including hotels, retail space, and office space. They do not include industrial buildings, meaning those used primarily for industrial activity and generally not open to the public, including warehouses, factories, and storage facilities. Residential developments are structures (or a portion of one) with at least one dwelling unit.

EFFECTIVE DATE: October 1, 2025

APPLICATION REVIEW

The act requires planning, zoning, or combined planning and zoning commissions to review and decide on each summary review conversion application within 65 days after receiving it, but the applicant may agree to extensions of up to an additional 65 days or withdraw its application.

The act prohibits municipalities from conditioning a conversion’s approval on the correction of a nonconforming use, structure, or lot. The act also specifies that its provisions do not exempt these conversions from the requirements of applicable

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building and fire codes. However, it prohibits municipalities from unreasonably delaying inspections required for conversions.

MUNICIPAL PROPERTY REVALUATIONS

The act prohibits municipalities from conducting a revaluation of these converted buildings for a three-year period from the date a certificate of occupancy is issued for the conversion. This prohibition applies regardless of existing law on municipal property revaluations, which requires municipalities to do revaluations every five years based on a rotating schedule the Office of Policy and Management sets.

BACKGROUND

Greyfield Revitalization Program

PA 25-174, §§ 112 & 113, generally allows DECD to create a greyfield revitalization program using bond funds and available resources to give a total of \$50 million in grants or loans for the repurposing of greyfields.

Under the act, a “greyfield” is any previously developed commercial retail or office property that is (1) economically nonviable in its current state and has conditions that significantly complicate its redevelopment or reuse, as determined by the DECD commissioner, and (2) not currently eligible for any state brownfield remediation and development program.

Related Act

PA 25-49, § 2, (VETOED) would have required zoning regulations in most municipalities to allow middle housing developments on any lot zoned for commercial use, as of right.