



Senate

General Assembly

File No. 251

January Session, 2025

Substitute Senate Bill No. 12

Senate, March 26, 2025

The Committee on Housing reported through SEN. MARX of the 20th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING CONNECTICUT'S HOUSING NEEDS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (*Effective from passage*) (a) There is established a working
2 group to study existing barriers at both the state and municipal level to
3 building additional starter homes in the state. Such study shall include,
4 but need not be limited to, an examination of zoning restrictions,
5 subdivision requirements, building and fire safety codes and common
6 interest community regulations. For purposes of this section, "starter
7 homes" means affordable single-family residential dwellings.

8 (b) The working group shall consist of the chairpersons of the joint
9 standing committee of the General Assembly having cognizance of
10 matters relating to housing, who shall serve as chairpersons of the
11 working group, and any individuals who such chairpersons believe
12 may serve as sources of information and data to accomplish the
13 purposes of this section, including, but not limited to, the Commissioner
14 of Housing, or the commissioner's designee, and any professionals with
15 expertise in the areas of housing and state, regional or local planning.

16 (c) The chairpersons shall schedule the first meeting of the working
17 group, which shall be held not later than sixty days after the effective
18 date of this section.

19 (d) The administrative staff of the joint standing committee of the
20 General Assembly having cognizance of matters relating to housing
21 shall serve as the administrative staff of the working group.

22 (e) Not later than January 1, 2026, the working group shall submit a
23 report on its findings and recommendations to the joint standing
24 committee of the General Assembly having cognizance of matters
25 relating to housing, in accordance with the provisions of section 11-4a
26 of the general statutes. The working group shall terminate on the date
27 that it submits such report or January 1, 2026, whichever is later.

28 Sec. 2. Section 10-285a of the general statutes is amended by adding
29 subsection (l) as follows (*Effective July 1, 2025*):

30 (NEW) (l) On and after July 1, 2025, for applications submitted
31 pursuant to subsection (a) of section 10-283, the percentage of school
32 building project grant money a local board of education may be eligible
33 to receive shall be increased for a five-year period in accordance with
34 this subsection if, prior to December first of the year in which the board
35 submits an application for a grant, such board submits a written
36 determination issued by the Commissioner of Housing within such year
37 finding that the municipality in which the school building project is to
38 occur meets one of the thresholds of affordable housing, as provided in
39 section 8-30g, specified in subdivisions (1) to (3), inclusive, of this
40 subsection. A local board of education shall be eligible to receive the
41 following increase in such grant money: (1) Twenty per cent, if the
42 municipality for such board meets or exceeds a ten per cent threshold of
43 affordable housing, (2) eight per cent, if the municipality for such board
44 meets at least eight per cent but less than ten per cent of such threshold
45 of affordable housing, and (3) five per cent, if the municipality for such
46 board meets at least six per cent but less than eight per cent of such
47 threshold of affordable housing.

48 Sec. 3. (*Effective July 1, 2025*) (a) For the purposes described in
49 subsection (b) of this section, the State Bond Commission shall have the
50 power from time to time to authorize the issuance of bonds of the state
51 in one or more series and in principal amounts not exceeding in the
52 aggregate fifty million dollars.

53 (b) The proceeds of the sale of such bonds, to the extent of the amount
54 stated in subsection (a) of this section, shall be used by the Department
55 of Housing for the purpose of financing approved projects to create
56 employment opportunities in the construction industry to develop
57 affordable housing pursuant to section 4 of this act.

58 (c) All provisions of section 3-20 of the general statutes, or the exercise
59 of any right or power granted thereby, that are not inconsistent with the
60 provisions of this section are hereby adopted and shall apply to all
61 bonds authorized by the State Bond Commission pursuant to this
62 section. Temporary notes in anticipation of the money to be derived
63 from the sale of any such bonds so authorized may be issued in
64 accordance with section 3-20 of the general statutes and from time to
65 time renewed. Such bonds shall mature at such time or times not
66 exceeding twenty years from their respective dates as may be provided
67 in or pursuant to the resolution or resolutions of the State Bond
68 Commission authorizing such bonds. None of such bonds shall be
69 authorized except upon a finding by the State Bond Commission that
70 there has been filed with it a request for such authorization that is signed
71 by or on behalf of the Secretary of the Office of Policy and Management
72 and states such terms and conditions as said commission, in its
73 discretion, may require. Such bonds issued pursuant to this section shall
74 be general obligations of the state and the full faith and credit of the state
75 of Connecticut are pledged for the payment of the principal of and
76 interest on such bonds as the same become due, and accordingly and as
77 part of the contract of the state with the holders of such bonds,
78 appropriation of all amounts necessary for punctual payment of such
79 principal and interest is hereby made, and the State Treasurer shall pay
80 such principal and interest as the same become due.

81 Sec. 4. (*Effective July 1, 2025*) (a) The Commissioner of Housing shall,
82 within available bond authorizations, develop and establish a four-year
83 pilot program to provide funding for proposed projects that create
84 employment opportunities in the construction industry to develop
85 affordable housing.

86 (b) On and after July 1, 2025, a sponsor of a proposed project that is
87 eligible to receive funding under this section may submit an application,
88 in a form and manner provided by the commissioner, to receive funds
89 from the pilot program for such project. The commissioner shall
90 establish criteria for awarding funds pursuant to this section, including,
91 but not limited to, a requirement that (1) an applicant secure
92 coinvestment funding in the proposed project by a union pension fund
93 or comingled fund of union pension fund investments with a
94 demonstrated record of successful investment in the construction of
95 affordable housing, (2) the proposed project be covered by a project
96 labor agreement, and (3) an applicant be committed to workforce
97 training by adhering to state-registered apprenticeship standards and
98 apprenticeship readiness programs.

99 (c) All housing built with funds received from the pilot program
100 pursuant to this section shall remain affordable, through the use of
101 deeds containing covenants or restrictions that require such housing be
102 sold or rented at, or below, prices that will preserve the unit as housing,
103 for a period of not less than forty years, for which persons and families
104 pay thirty per cent or less of income, where such income is less than or
105 equal to eighty per cent of the median income or other means selected
106 by the commissioner.

107 (d) Not later than six months following the date of completion of the
108 pilot program, the Commissioner of Housing shall submit a report, in
109 accordance with the provisions of section 11-4a of the general statutes,
110 to the joint standing committee of the General Assembly having
111 cognizance of matters relating to housing. Such report shall include an
112 analysis of the efficacy of the pilot program administered pursuant to
113 this section and any recommendations for legislation to expand such

114 program or implement such program on a permanent basis.

115 Sec. 5. Section 47a-4 of the general statutes is repealed and the
116 following is substituted in lieu thereof (*Effective July 1, 2025*):

117 (a) A rental agreement shall not provide that the tenant: (1) Agrees to
118 waive or forfeit rights or remedies under this chapter and sections 47a-
119 21, 47a-23 to 47a-23b, inclusive, 47a-26 to 47a-26g, inclusive, 47a-35 to
120 47a-35b, inclusive, 47a-41a, 47a-43 and 47a-46, or under any section of
121 the general statutes or any municipal ordinance unless such section or
122 ordinance expressly states that such rights may be waived; (2)
123 authorizes the landlord to confess judgment on a claim arising out of the
124 rental agreement; (3) agrees to the exculpation or limitation of any
125 liability of the landlord arising under law or to indemnify the landlord
126 for that liability or the costs connected therewith; (4) agrees to waive
127 [his] such tenant's right to the interest on the security deposit pursuant
128 to section 47a-21; (5) agrees to permit the landlord to dispossess [him]
129 such tenant without resort to court order; (6) consents to the distraint of
130 [his] such tenant's property for rent; (7) agrees to pay the landlord's
131 attorney's fees in excess of fifteen per cent of any judgment against the
132 tenant in any action in which money damages are awarded; (8) agrees
133 to pay a late charge prior to the expiration of the grace period set forth
134 in section 47a-15a or to pay rent in a reduced amount if such rent is paid
135 prior to the expiration of such grace period; (9) agrees to pay a late
136 charge on rent payments made subsequent to such grace period in an
137 amount exceeding the amounts set forth in section 47a-15a; [or] (10)
138 agrees to pay a heat or utilities surcharge if heat or utilities is included
139 in the rental agreement; or (11) agrees to pay for utilities if no separate
140 meter for such utilities exists for such tenant's dwelling unit.

141 (b) A provision prohibited by subsection (a) of this section included
142 in a rental agreement is unenforceable.

143 Sec. 6. Section 7-148b of the general statutes is repealed and the
144 following is substituted in lieu thereof (*Effective July 1, 2025*):

145 (a) For purposes of this section and sections 7-148c to 7-148f,

146 inclusive, "seasonal basis" means housing accommodations rented for a
147 period or periods aggregating not more than one hundred twenty days
148 in any one calendar year and "rental charge" includes any fee or charge
149 in addition to rent that is imposed or sought to be imposed upon a
150 tenant by a landlord.

151 (b) Any town, city or borough [may, and any town, city or borough
152 with a population of twenty-five thousand or more, as determined by
153 the most recent decennial census,] shall, through its legislative body,
154 adopt an ordinance that creates a (1) fair rent commission, (2) joint fair
155 rent commission, pursuant to subsection (d) of this section, or (3)
156 regional fair rent commission, pursuant to subsection (e) of this section.
157 Any such commission shall make studies and investigations, conduct
158 hearings and receive complaints relative to rental charges on housing
159 accommodations, except those accommodations rented on a seasonal
160 basis, within its jurisdiction, which term shall include mobile
161 manufactured homes and mobile manufactured home park lots, in
162 order to control and eliminate excessive rental charges on such
163 accommodations, and to carry out the provisions of sections 7-148b to
164 7-148f, inclusive, as amended by this act, section 47a-20 and subsection
165 (b) of section 47a-23c. The commission, for such purposes, may compel
166 the attendance of persons at hearings, issue subpoenas and administer
167 oaths, issue orders and continue, review, amend, terminate or suspend
168 any of its orders and decisions. The commission may be empowered to
169 retain legal counsel to advise it.

170 (c) Any town, city or borough [required to create a fair rent
171 commission pursuant to subsection (b) of this section] shall adopt an
172 ordinance creating such fair rent commission on or before [July 1, 2023]
173 January 1, 2028. Not later than thirty days after the adoption of such
174 ordinance, the chief executive officer of such town, city or borough shall
175 (1) notify the Commissioner of Housing that such commission has been
176 created, and (2) transmit a copy of the ordinance adopted by the town,
177 city or borough to the commissioner.

178 (d) Any two or more towns, cities or boroughs [not subject to the

179 requirements of subsection (b) of this section] may, through their
180 legislative bodies, create a joint fair rent commission.

181 (e) Any towns, cities or boroughs that are members of a regional
182 council of governments formed pursuant to section 4-124j may, through
183 their legislative bodies and such regional council of governments, create
184 a regional fair rent commission.

185 Sec. 7. (NEW) (*Effective July 1, 2025*) (a) As used in this section:

186 (1) "As of right" has the same meaning as provided in section 8-1a of
187 the general statutes;

188 (2) "Commercial building" means a structure primarily designed or
189 used for nonresidential purposes, including, but not limited to, hotels,
190 retail space and office space. "Commercial building" does not include an
191 industrial building;

192 (3) "Dwelling unit" has the same meaning as provided in section 47a-
193 1 of the general statutes;

194 (4) "Industrial building" means a structure that is used primarily for
195 industrial activity and is generally not open to the public, including, but
196 not limited to, warehouses, factories and storage facilities; and

197 (5) "Residential development" means a structure or structures, or a
198 portion of a structure, that contains one or more dwelling units.

199 (b) Any zoning regulations adopted pursuant to section 8-2 of the
200 general statutes shall allow the conversion or partial conversion of any
201 commercial building into a residential development as of right.

202 (c) No municipality shall condition the approval of the conversion or
203 partial conversion of a commercial building into a residential
204 development on the correction of a nonconforming use, structure or lot.

205 (d) Nothing in this section shall be interpreted or enforced to exempt
206 the conversion or partial conversion of a commercial building into a
207 residential development from the requirements of any applicable

208 building code, fire safety code or fire prevention code. No municipality
209 shall unreasonably delay any inspection required in connection with
210 such conversion or partial conversion.

211 (e) The as-of-right permit application and review process for
212 approval of the conversion or partial conversion of a commercial
213 building into a residential development shall require that a decision on
214 any such application be rendered not later than sixty-five days after
215 receipt of such application by the applicable zoning commission, except
216 that an applicant may consent to one or more extensions of not more
217 than an additional sixty-five days or may withdraw such application.

218 (f) Notwithstanding the provisions of section 12-62 of the general
219 statutes, no municipality shall subject a commercial building that has
220 been converted or partially converted under this section to a
221 revaluation, as defined in section 12-62 of the general statutes, for a
222 period of not less than three years after a certificate of occupancy is
223 issued in connection with such conversion or partial conversion.

224 Sec. 8. (NEW) (*Effective July 1, 2025*) (a) The Connecticut Housing
225 Finance Authority shall, as part of the homeownership loan program
226 established pursuant to section 8-286 of the general statutes, and within
227 the resources allocated by the State Bond Commission to the
228 Department of Housing for the purposes of said program, develop and
229 administer a pilot program for certain mortgage borrowers with unpaid
230 student loan debt. Such program shall authorize the authority to
231 provide a rate reduction to eligible mortgage holders in the amount of
232 up to one and one hundred twenty-five thousandths per cent.

233 (b) The Connecticut Housing Finance Authority shall establish
234 guidelines for the program established pursuant to subsection (a) of this
235 section. Such guidelines shall include the eligibility requirements for
236 program participants and other guidelines as deemed necessary by the
237 authority.

238 (c) To be eligible for the program, a borrower shall:

239 (1) Be a first-time homebuyer or have not owned a home in the past
 240 three years unless purchasing in a targeted area, as defined in Section
 241 143 of the Internal Revenue Code of 1986, or any subsequent
 242 corresponding internal revenue code of the United States, as amended
 243 from time to time;

244 (2) Meet the income guidelines as established by the authority's
 245 income limits based on household size and have a gross income at or
 246 below one hundred per cent of the area median income;

247 (3) Have a combined student loan debt with at least a fifteen-
 248 thousand-dollar unpaid principal balance, provided such loan is in
 249 good standing with no past due amounts and may be in repayment or
 250 deferment status; and

251 (4) Meet other eligibility requirements as deemed necessary by the
 252 authority.

253 Sec. 9. (*Effective July 1, 2025*) The sum of four million two hundred
 254 thousand dollars is appropriated to the Department of Housing from
 255 the General Fund, for the fiscal year ending June 30, 2026, to increase
 256 rental assistance certificates issued to elderly or disabled persons
 257 pursuant to section 8-119kk of the general statutes by at least four
 258 hundred twenty-five certificates.

259 Sec. 10. (*Effective July 1, 2025*) The sum of four million five hundred
 260 thousand dollars is appropriated to the Department of Housing from
 261 the General Fund, for the fiscal year ending June 30, 2026, to provide a
 262 grant-in-aid to the Head Start on Housing Program in order to increase
 263 rental assistance program certificates issued to families participating in
 264 Head Start by at least two hundred seventy-five certificates.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>from passage</i>	New section
Sec. 2	<i>July 1, 2025</i>	10-285a(l)
Sec. 3	<i>July 1, 2025</i>	New section

Sec. 4	<i>July 1, 2025</i>	New section
Sec. 5	<i>July 1, 2025</i>	47a-4
Sec. 6	<i>July 1, 2025</i>	7-148b
Sec. 7	<i>July 1, 2025</i>	New section
Sec. 8	<i>July 1, 2025</i>	New section
Sec. 9	<i>July 1, 2025</i>	New section
Sec. 10	<i>July 1, 2025</i>	New section

Statement of Legislative Commissioners:

Sections 1(a) and 4(b) were rewritten for clarity, and in Section 7(f), "not less than" was added for clarity.

HSG *Joint Favorable Subst. -LCO*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 26 \$	FY 27 \$
Treasurer, Debt Serv.	GF - Cost	See Below	See Below
Connecticut Housing Finance Authority (CHFA)	CHFA - Potential Cost	See Below	See Below
Department of Housing	GF - Cost	8.7 million	See Below

Note: GF=General Fund; CHFA=Resources of CHFA

Municipal Impact:

Municipalities	Effect	FY 26 \$	FY 27 \$
Various Municipalities	Precludes Potential Revenue Gain	See Below	See Below
Various Municipalities	Potential Savings	See Below	See Below
Various Municipalities	Potential Cost	See Below	See Below
Various Municipalities	Potential Revenue Gain	Minimal	Minimal
Various Municipalities	Grand List Increase/Decrease	None	See Below

Explanation

The bill (1) authorizes \$50 million in new General Obligation (GO) Bonds, (2) appropriates \$8.7 million to DOH in FY 26 for new Rental Assistance Program (RAP) certificates, (3) requires municipalities to form or join a fair rent commission which results in a potential cost to various municipalities beginning in FY 26, (4) increases the reimbursement rate for certain school construction projects which results in a potential increase in revenue to some municipalities and a potentially precludes revenue gain to other municipalities beginning in FY 26, (5) prohibits municipalities from reevaluating certain properties

for three years which results in a potential impact to the grand list, potential savings, and a potential revenue gain to various municipalities beginning in FY 27, and (6) expands a homeownership program administered by the Connecticut Housing and Finance Authority (CHFA) resulting in a potential cost to CHFA's own resources beginning in FY 26.

The following describes these impacts in more detail by section.

Section 1 creates a working group to study existing barriers to the construction of starter homes, which does not result in a fiscal impact as the group has the capacity and expertise to meet the requirements of the bill.

Section 2 increases the reimbursement rate for some school construction projects if the project is within a municipality that the Commissioner of Housing has determined meets the bill's affordable housing thresholds. To the extent projects qualify for the reimbursement increase and such projects are proposed, approved, and completed, there would be increased costs to the state¹ 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.

Sections 3 and 4 authorize \$50 million in General Obligation bonds for the purpose of financing approved projects to create employment opportunities in the construction industry to develop affordable housing, to be administered by the Department of Housing. To the extent bonds are fully allocated when available, total debt repayment is anticipated to be approximately \$71.5 million over the 20-year duration of the bonds, with the earliest annual payment of up to \$2.5 million possible in FY 27.

Section 5 prohibits landlords for charging a tenant for utilities if such

¹ These are paid by currently authorized General Obligation bonds, leading to an increase in General Fund debt service.

utilities are not separately metered, which does not result in a fiscal impact as the state is not a direct residential landlord.

Section 6 requires all municipalities to adopt an ordinance creating a fair rent commission by January 1, 2028. This may result in a cost to municipalities beginning in FY 28 to the extent they do not already have a fair rent commission.² The bill allows two or more municipalities to form a joint fair rent commission which may reduce any cost associated with this provision.

Section 7 requires municipalities that exercise zoning powers under CGS 8-2 to adopt regulations allowing the conversion or partial conversion of commercial buildings into residential developments as of right and prohibits municipalities from conducting a revaluation on these properties for at least three years. This may result in a grand list increase or decrease beginning in FY 27 that is dependent on how the buildings would have otherwise been used and valued.

This may also result in a potential savings to municipalities beginning in FY 26 associated with a fewer number of public hearings since as of right developments do not require a public hearing. This section may result in a potential cost to municipalities beginning in FY 26 associated with (1) developing the application and review process for these conversion projects and (2) additional resources to approve these projects. There is also a potential revenue gain to municipalities to the extent more building permits are issued.

Section 8 expands a 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.³

² This provision should only impact municipalities with a population of less than 25,000 as current law already requires municipalities with a population of 25,000 or more to have a fair rent commission by July 1, 2023.

³ 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.

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 program.

Sections 9 and 10 appropriate a total of \$8.7 million in FY 26 to the Department of Housing (DOH) for at least 700 new Rental Assistance Program (RAP) certificates. These certificates will be administered by DOH's vendor, J. D'Amelia & Associates (JDA).⁴

This cost is likely to continue into FY 27 and beyond. DOH typically does not remove households from the RAP program unless the household is no longer eligible for the RAP certificate.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation and the terms of any bonds issued.

Sources:

<https://portal.ct.gov/doh/doh/programs/rental-assistance-program#:~:text=In%20general%2C%20the%20family's%20income,by%20location%20throughout%20the%20state.>

⁴ DOH compensates JDA through a monthly fee (currently \$48) for each unit under administration. These RAP admin fees totaled \$3,757,056 in FY 24.

OLR Bill Analysis**SB 12*****AN ACT CONCERNING CONNECTICUT'S HOUSING NEEDS.***

TABLE OF CONTENTS:

[SUMMARY](#)[§ 1 — STARTER HOMES WORKING GROUP](#)

Establishes a working group, chaired by the Housing Committee chairpersons, to study barriers to building more starter homes in the state and report to the Housing Committee by January 1, 2026

[§ 2 — SCHOOL CONSTRUCTION GRANT REIMBURSEMENT RATE](#)

Beginning July 1, 2025, makes boards of education eligible for increases to their school construction grant reimbursement rate based on municipalities' affordable housing levels under 8-30g

[§§ 3 & 4 — AFFORDABLE HOUSING PILOT PROGRAM FOR CONSTRUCTION INDUSTRY EMPLOYMENT](#)

Requires DOH to (1) create a four-year pilot program that funds proposed affordable housing development projects creating employment opportunities in the construction industry and meeting certain affordability criteria, (2) set criteria for awarding funds under the program, and (3) report on the program to the Housing Committee after it concludes; authorizes \$50 million in GO bonds for the program

[§ 5 — TENANT UTILITY CHARGES](#)

Prohibits residential rental agreements from requiring that tenants pay for utilities if their dwelling unit does not have a separate meter for the utilities

[§ 6 — MUNICIPALITIES THAT MUST HAVE A FAIR RENT COMMISSION](#)

Requires every municipality, by January 1, 2028, to establish a fair rent commission, joint fair rent commission, or regional fair rent commission through their COG

[§ 7 — AS-OF-RIGHT COMMERCIAL TO RESIDENTIAL CONVERSIONS](#)

Requires municipalities that zone under CGS § 8-2 to adopt regulations allowing the as-of-right conversion of commercial

buildings into residential developments and sets related requirements; prohibits municipalities from conducting a revaluation of a conversion for a three-year period beginning after a certificate of occupancy is issued

§ 8 — CHFA STUDENT LOAN DEBT PILOT PROGRAM

Requires CHFA to develop and administer a pilot program for eligible borrowers with unpaid student loan debt that provides an interest rate reduction, similar to its existing Smart Rate Pilot Interest Rate Reduction Program

§§ 9 & 10 — DOH RENTAL ASSISTANCE APPROPRIATIONS

Appropriates to DOH from the General Fund for FY 26 (1) \$4.2 million for at least 425 additional rental assistance certificates for ERAP and (2) \$4.5 million for at least 275 additional RAP certificates for families participating in the Head Start program

SUMMARY

This bill (1) makes various changes in housing-related laws, such as prohibiting leases from requiring tenants to pay for utilities that are not separately metered and generally requiring all municipalities to have fair rent commissions; (2) creates new housing development and mortgage pilot programs and a starter homes working group; (3) makes appropriations to the Department of Housing (DOH) for rental assistance; (4) makes boards of education eligible for increases to their state grant reimbursement rate for school building projects based on municipalities' affordable housing levels; and (5) requires most municipalities to allow the as-of-right conversion of commercial buildings into residential developments. A section-by-section analysis follows.

EFFECTIVE DATE: July 1, 2025, except the starter homes working group provisions are effective upon passage.

§ 1 — STARTER HOMES WORKING GROUP

Establishes a working group, chaired by the Housing Committee chairpersons, to study barriers to building more starter homes in the state and report to the Housing Committee by January 1, 2026

The bill establishes a working group to study existing state and municipal barriers to building additional starter homes in the state (i.e.

affordable single-family residential dwellings), including zoning restrictions, subdivision requirements, building and fire safety codes, and common interest community regulations.

Under the bill, the working group consists of the Housing Committee chairpersons (who also serve as the working group chairpersons) and anyone who they believe may provide relevant information and data, including (1) the DOH commissioner or her designee and (2) professionals with expertise in housing and planning.

The chairpersons must schedule the working group's first meeting, which they must hold within 60 days after the bill's passage. The Housing Committee's administrative staff serve as the staff of the working group.

The bill additionally requires the working group, by January 1, 2026, to submit its findings and recommendations to the Housing Committee. The group ends on the date it does so, or January 1, 2026, whichever is later.

§ 2 — SCHOOL CONSTRUCTION GRANT REIMBURSEMENT RATE

Beginning July 1, 2025, makes boards of education eligible for increases to their school construction grant reimbursement rate based on municipalities' affordable housing levels under 8-30g

Beginning July 1, 2025, the bill makes local or regional boards of education in certain municipalities eligible for a five-year increase to their state school construction grant reimbursement rate. To receive the rate increase, before December 1 of the year in which the board submits a reimbursement application, it must also submit a written DOH determination for that year finding that the municipality where the school building project will occur meets specified affordable housing thresholds under the affordable housing land use appeals procedure (CGS § 8-30g; see *Background*).

Under the bill, the 8-30g affordable housing thresholds and accompanying reimbursement rate increases are as follows:

1. for municipalities with at least 10% affordable housing, the board

receives a 20% increase;

2. for municipalities with at least 8% but less than 10% affordable housing, the board receives an 8% increase; and
3. for municipalities with at least 6% but less than 8% affordable housing, the board receives a 5% increase.

According to DOH's 2024 Affordable Housing Appeals List, 28 municipalities have an affordable housing stock of at least 10%, 15 municipalities have between 8% and 10%, and 18 have between 6% and 8%.

Background

Affordable Housing Appeals List and 8-30g. DOH annually publishes a list identifying the housing stock in each municipality that qualifies as affordable housing under 8-30g for the purpose of establishing which municipalities are exempt from the appeals procedure (i.e. those that meet the 10% threshold). DOH uses data from the most recent U.S. decennial census to determine the total number of housing units in each municipality. Data on the number of affordable units comes from various sources (see CGS §§ 8-30g(k) & 8-37qq(a)(2)(D); Conn. Agencies Regs., § 8-30g-2).

Related Bills. HB 6950 and sHB 7031, both reported favorably by the Housing Committee, (1) change the definition of "set-aside development" used in 8-30g and (2) count any accessory apartments toward the 8-30g exemption threshold, respectively.

§§ 3 & 4 — AFFORDABLE HOUSING PILOT PROGRAM FOR CONSTRUCTION INDUSTRY EMPLOYMENT

Requires DOH to (1) create a four-year pilot program that funds proposed affordable housing development projects creating employment opportunities in the construction industry and meeting certain affordability criteria, (2) set criteria for awarding funds under the program, and (3) report on the program to the Housing Committee after it concludes; authorizes \$50 million in GO bonds for the program

The bill requires DOH, within available bond authorizations, to develop and establish a four-year pilot program that funds proposed affordable housing development projects creating employment

opportunities in the construction industry. It also (1) requires DOH to set criteria for awards, (2) sets housing affordability requirements, (3) requires DOH to report on the program to the Housing Committee, and (4) authorizes up to \$50 million in state general obligation (GO) bonds for the program.

Under the bill, beginning July 1, 2025, sponsors of eligible proposed projects can apply, as prescribed by DOH, to receive pilot program funding.

Criteria for Awarding Funds

The bill requires DOH to set criteria for awarding funds, which at a minimum must require the following:

1. the applicant to secure co-investment funding from a union pension fund (or comingled fund of union pension fund investments) with a demonstrated record of successful investment in affordable housing construction,
2. the proposed project to be covered by a project labor agreement, and
3. the applicant to be committed to workforce training by following state-registered apprenticeship standards and apprenticeship readiness programs.

Affordability Requirements

The bill requires all housing built with pilot program funding to have affordability restrictions (i.e. deed restrictions) that apply for at least 40 years and limit occupancy to households earning up to 80% of the median income, or other means DOH selects. These affordability restrictions must require the housing to be sold or rented at a price that is not more than 30% of an eligible household's income. (Presumably, DOH must determine whether "median income" means state or area median income.)

Program Reporting

The bill requires DOH to report to the Housing Committee within six months after the pilot program ends. This report must include an analysis of the program's effectiveness and any recommendations for permanently implementing or expanding it.

Bond Authorization

The bill authorizes up to \$50 million in state GO bonds and requires DOH to use the proceeds to finance approved projects under the pilot program, as described above. The bonds are subject to standard statutory bond issuance procedures and repayment requirements.

§ 5 — TENANT UTILITY CHARGES

Prohibits residential rental agreements from requiring that tenants pay for utilities if their dwelling unit does not have a separate meter for the utilities

The bill prohibits residential rental agreements from requiring that tenants pay for "utilities" if their dwelling unit does not have a separate meter for the utilities. (It does not define "utilities.") By law, statutorily prohibited rental agreement provisions are unenforceable.

Existing law makes the owner, agent, lessor, or manager of a residential dwelling (i.e. the "landlord") liable for the costs of a utility service (specifically, electric, gas, water, or heating fuel) provided to the building, unless the utility company provides the service (1) to a dwelling unit of the building on an individually metered or billed basis and (2) for the exclusive use of the unit's occupants (CGS § 16-262e(c)).

Background — Related Bill

sHB 6943 (§ 2), reported favorably by the Housing Committee, prohibits rental agreements from requiring that tenants pay a surcharge or rent increase for occupying a dwelling unit under a month-to-month lease or holding over beyond the lease term.

§ 6 — MUNICIPALITIES THAT MUST HAVE A FAIR RENT COMMISSION

Requires every municipality, by January 1, 2028, to establish a fair rent commission, joint fair rent commission, or regional fair rent commission through their COG

The bill requires the legislative body of every municipality (i.e. town,

city, and borough), by January 1, 2028, to adopt an ordinance creating a fair rent commission, joint fair rent commission, or regional fair rent commission (see *Background*). Current law (1) required all municipalities with a population of at least 25,000 to have a commission by July 1, 2023, and (2) allows others to have them.

Under the bill, any two or more municipalities may form a joint fair rent commission through their legislative bodies; current law limits this option only to municipalities under the population threshold discussed above. The bill also allows any municipalities that are members of a regional council of governments (COG), through their legislative bodies and their COG, to create a regional fair rent commission.

Existing law, unchanged by the bill, requires a municipality's chief executive officer to notify DOH that the municipality has established a fair rent commission and send the department a copy of its ordinance, within 30 days after it is adopted. (Presumably, this requirement applies to the joint or regional fair rent commissions the bill authorizes.)

Background

Fair Rent Commissions. By law, fair rent commissions are generally empowered to (1) control and eliminate excessive (i.e. harsh and unconscionable) rental charges and (2) enforce landlord-tenant statutes prohibiting landlord retaliation and establishing eviction protections for certain protected tenants. Among other things, commissions may receive rent complaints and hold hearings on them (CGS § 7-148b et seq.). According to DOH, 38 municipalities currently have a fair rent commission.

Related Bills. sSB 1264, reported favorably by the Housing Committee, requires (1) a fair rent commission to notify parties to any of its proceedings of their rights and the scope of the commission's lawful authority and (2) DOH to create a model notice.

sSB 1266 (File 72), reported favorably by the Housing Committee, (1) requires municipalities with a fair rent commission to post on their website a copy of the commission's adopted bylaws and (2) specifies

that fair rent commission hearings must be open to the public.

HB 6892, reported favorably by the Housing Committee, modifies the factors that fair rent commissions must consider when determining whether a rental charge or proposed rent increase is excessive (to include consideration of the percentage in rent increase for an accommodation that changed ownership within the last year).

sHB 6943 (§ 3), reported favorably by the Housing Committee, requires a landlord's rent increase notice to include a statement that the tenant has the right to file a complaint with the fair rent commission to dispute the increase if the dwelling unit is in a municipality with a commission.

§ 7 — AS-OF-RIGHT COMMERCIAL TO RESIDENTIAL CONVERSIONS

Requires municipalities that zone under CGS § 8-2 to adopt regulations allowing the as-of-right conversion of commercial buildings into residential developments and sets related requirements; prohibits municipalities from conducting a revaluation of a conversion for a three-year period beginning after a certificate of occupancy is issued

The bill requires municipalities that exercise powers under the Zoning Enabling Act (CGS § 8-2) to adopt regulations allowing the conversion (or partial conversion) of commercial buildings into residential developments as of right. As under existing law, "as of right" means able to be approved without requiring (1) a public hearing; (2) a variance, special permit, or special exception; or (3) other discretionary zoning action, other than a determination that a site plan conforms with applicable zoning regulations. The bill also generally sets related requirements for (1) the as-of-right permit application and review process and (2) municipal property revaluations of conversions.

Under the bill, commercial buildings are those primarily designed or used 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) containing at least one dwelling unit.

Application Review

The bill requires regulations to establish an as-of-right permit application and review process for these conversion projects. The process must require the zoning or planning and zoning commissions to decide within 65 days after an application is received unless an applicant approves an extension or extensions of up to 65 days total or withdraws the application.

The bill prohibits municipalities from conditioning a conversion's (or partial conversion's) approval on the correction of a nonconforming use, structure, or lot. (A nonconforming use is a property use that legally exists at the time a zoning restriction prohibiting or limiting it is adopted. The term also generally applies to lots and structures that do not comply with zoning regulations.) The bill also specifies that its provisions do not exempt these conversions from the requirements of applicable building and fire codes, however, it prohibits municipalities from unreasonably delaying inspections required in connection with conversions.

Municipal Property Revaluations

The bill prohibits municipalities from conducting a revaluation of a conversion or partial conversion for at least a three-year period beginning after a certificate of occupancy is issued in connection with the conversion. This prohibition applies regardless of existing law on municipal property revaluations, which requires municipalities to perform revaluations every five years based on a rotating schedule the Office of Policy and Management prescribes.

Related Bills

sSB 1263, reported favorably by the Housing Committee, requires DOH to establish a tax credit program for owners that convert commercial buildings into residential developments or taxpayers that make contributions toward the conversion.

SB 1444, reported favorably by the Planning and Development Committee, generally has the same provisions as this bill.

§ 8 — CHFA STUDENT LOAN DEBT PILOT PROGRAM

Requires CHFA to develop and administer a pilot program for eligible borrowers with unpaid student loan debt that provides an interest rate reduction, similar to its existing Smart Rate Pilot Interest Rate Reduction Program

The bill requires the Connecticut Housing Finance Authority (CHFA) to develop and administer a pilot program for certain mortgage borrowers with unpaid student loan debt (similar to its existing Smart Rate Pilot Interest Rate Reduction Program; see below). It must do so as part of its existing homeownership loan program and within resources allocated to DOH by the State Bond Commission for this program.

Under the pilot program, CHFA is authorized to provide up to a 1.125% interest rate reduction to eligible mortgage holders. The bill requires CHFA to establish program guidelines it determines are needed, including the eligibility requirements described below. To be eligible for the pilot program, a borrower must meet the following requirements:

1. be a first-time homebuyer or have not owned a home in the past three years, unless purchasing in federal “targeted areas” (i.e. areas recognized by the federal government as likely to benefit from an increase in homeownership based on certain metrics);
2. meet CHFA’s household size-adjusted income limits and have a gross income that does not exceed the area median income;
3. have a combined student loan debt with at least a \$15,000 unpaid principal balance (the student loan must be in good standing and may be in repayment or deferment); and
4. meet any other eligibility requirements CHFA determines are needed.

(While the bill’s pilot program is similar to CHFA’s existing, administratively established Smart Rate Pilot Interest Rate Reduction Program, the latter is currently closed due to the allotted funds being fully reserved.)

§§ 9 & 10 — DOH RENTAL ASSISTANCE APPROPRIATIONS

Appropriates to DOH from the General Fund for FY 26 (1) \$4.2 million for at least 425 additional rental assistance certificates for ERAP and (2) \$4.5 million for at least 275 additional RAP certificates for families participating in the Head Start program

The bill makes the following appropriations to DOH from the General Fund for FY 26:

1. \$4.2 million for at least 425 additional rental assistance certificates issued to people with disabilities or who are elderly under the department's Elderly Rental Assistance Program (ERAP); and
2. \$4.5 million for a grant to the Head Start on Housing program for at least 275 additional Rental Assistance Program (RAP) certificates issued to families participating in Head Start.

ERAP provides rental assistance to low-income elderly people living in state-assisted elderly rental housing. The Head Start on Housing program provides housing vouchers to Early Head Start or Head Start families to prevent homelessness and support family success. Early Head Start and Head Start generally provide a range of early learning and development services and supports for income-eligible young children and their families.

Background — Related Bills

sHB 6890, reported favorably by the Housing Committee, makes several changes to DOH's administration of RAP.

sHB 6941, reported favorably by the Housing Committee, requires DOH's regulations on RAP income eligibility to exempt from the program's gross income calculation up to \$100,000 annually earned by a child (until he or she reaches age 24) residing with an applicant.

sHB 7112 (§§ 15 & 18), reported favorably by the Housing Committee, requires DOH to establish a pilot program to give direct cash rental assistance to recipients who are eligible for a RAP certificate and are currently on the waiting list for the federal Housing Choice Voucher program (instead of a housing choice voucher). It appropriates \$2.23 million to DOH from the General Fund for FY 26 in support of the

program.

COMMITTEE ACTION

Housing Committee

Joint Favorable

Yea 12 Nay 6 (03/06/2025)