OFFICE OF FISCAL ANALYSIS
Legislative Office Building, Room 5200
Hartford, CT 06106 ◇ (860) 240-0200
http://www.cga.ct.gov/ofa

HB-5002
AN ACT CONCERNING HOUSING AND THE NEEDS OF HOMELESS PERSONS.
As Amended by House "A" (LCO 8974), House "B" (LCO 9294)
House Calendar No.: 151
Senate Calendar No.: 550

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 26 $	FY 27 $
Department of Revenue Services	GF - Cost	None	Up to 175,000
Department of Housing; Treasurer, Debt Serv.; Policy & Mgmt., Off. ; Social Services, Dept.	GF - Potential Cost	See Below	See Below
Department of Administrative Services	GF - Cost	205,000	205,000
Social Services, Dept.	GF - Cost	at least 300,000	at least 200,000
State Comptroller - Fringe Benefits[1]	GF - Cost	170,656	170,656
Resources of the General Fund	GF - Potential Revenue Gain	See Below	See Below
Policy & Mgmt., Off.	GF - Cost	3,816,500	3,812,300

Note: GF=General Fund

Municipal Impact: See below

Explanation

The bill results in various impacts described below.

Section 1, which makes various changes to reporting requirements

[1]The fringe benefit costs for most state employees are budgeted centrally in accounts administered by the Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes is 40.71% of payroll in FY 26.

Primary Analyst: LG 5/28/25
Contributing Analyst(s):
Reviewer: RW

for housing authorities, is not anticipated to have a fiscal impact on the state or municipalities.[2]

Section 2 allows middle-housing developments on lots zoned for commercial use to be developed if it meets certain requirements. This may result in a grand list increase or decrease beginning in FY 27 which is dependent on how the land would have otherwise been used.

This section makes other various zoning requirements that do not result in a fiscal impact.

Section 3 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 4 results in a cost to the Department of Social Services (DSS) 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. DSS will incur cost of at least $300,000 in FY 26 and $200,000 in FY 27 to administer the pilot program.

Section 5 makes various changes to zoning regulations and the protest petitions process, which does not result in a fiscal impact.

Section 6 (1) changes requirements for municipal affordable housing plans, (2) requires that municipalities additionally submit a priority affordable housing plan, and (3) prioritizes municipalities for discretionary funding based on certain criteria.[3]

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[2] 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.

[3] The discretionary funding includes (1) Urban Action, (2) Small Town Economic Assistance Program, and (3) Main Street Investment Fund, to the extent such programs are (A) permitted to include a priority designation and (B) recommended to include prioritization by the OPM Secretary.

This may result in a cost to municipalities beginning in FY 26 to the extent they require additional resources to update the municipal affordable housing plans and priority affordable housing plans.

There is also a potential revenue shift associated with prioritizing discretionary funding. This may result in some towns receiving larger grants and some receiving smaller grants. Any shift is dependent on how funding is prioritized.

Section 6 also (1) makes the Office of Policy and Management (OPM) responsible for reviewing municipal affordable housing plans, and (2) allows them to require municipalities to submit a priority affordable housing plan. This results in a potential cost to OPM to the extent they require additional resources to review the municipal priority housing plans.

Section 7 requires OPM to determine a municipality's fair share of housing every ten years. The section also requires OPM to use a specified methodology established by "Connecticut Fair Share Housing Study, Housing Needs Methodology and Allocation." This may result in a potential cost to OPM beginning in FY 26 to the extent additional resources are necessary to meet these requirements.

The section also requires municipalities to submit a priority affordable housing plan by January 1, 2026. This may result in a potential cost to municipalities to the extent they require additional resources to meet these requirements.

Section 8 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 9 requires the Department of Housing (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.

Section 10 may result in a cost to DSS associated with the direct rental assistance pilot program. The section requires DSS to ensure that any direct rental assistance provided under the program does not adversely affect a recipient's eligibility for, or the amount of, any benefit provided under a state-administered public assistance program, including any program administered by a state or municipal agency that receives federal funding or assistance. DSS may incur related administrative costs to the extent they are required to assess the impact to benefits not provided directly by DSS. To the extent DSS disregards the direct rental assistance income and it makes participants eligible to participate in certain programs or provides higher benefits than they otherwise would have, the state or municipalities will incur related costs. The disregard will remain in place for the duration of the pilot.

Section 11 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 12 results in a cost of $3.6 million to OPM beginning in FY 26 to increase the regional service grant each Council of Government receives from the Regional Planning Incentive Account by $400,000.[4]

Sections 13 – 15 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

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

in FY 28 and up to $970,000 in FY 29[5] and (2) a one-time cost of up to $175,000 to the Department of Revenue Services in FY 27 associated with programming updates to the CTax tax administration system and myconneCT online portal, form modification, and printing/mailing costs.

Section 16 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 17 may result in a cost to municipalities beginning in FY 26 to the extent they are required to pay attorney's fees.

Section 18 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.

Sections 19 – 25 require OPM to: (1) determine if transit-oriented communities (TOCs) are compliant with certain requirements and meet the restrictions on reasonable size, and (2) establish a grant program to regional councils of government for certain transit projects.

This results in an annual cost of approximately $212,300 to OPM beginning in FY 26 for two additional positions and a one-time cost of $4,200 in FY 26 for equipment. There is also a corresponding annual cost of $87,200 to the Office of the State Comptroller (OSC) beginning in FY 26 for fringe benefits.

There is also a potential cost to OPM beginning in FY 26 for a grant program to regional councils of government. The bill does not specify a source of funds for the grants.

[5] The revenue loss will grow in FY 30 and beyond subject to program utilization rates.

The sections also: (1) establish requirements for TOCs, (2) require the communities to be prioritized for discretionary infrastructure funding, and (3) make TOCs that adopt additional zoning criteria eligible for additional bonus funding that OPM administers. This may also result in a potential cost to municipalities associated with establishing and meeting the requirements for a TOC.[6]

There may also be a revenue shift that is dependent on how discretionary infrastructure is prioritized as a result of TOCs.

Section 26 requires OPM to conduct a study in coordination with the interagency 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.

Section 27 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.

Section 28 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.[7] 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

[6] The discretionary funding includes (1) Urban Act, (2) Small Town Economic Assistance Program, and (3) Main Street Investment Fund, to the extent such programs are (A) permitted to include a priority designation and (B) recommended to include prioritizations by the OPM Secretary.

[7] 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.

Section 29 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.[8]

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 30 – 32 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 33 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.

Section 34 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

[8] 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.

savings to municipalities beginning in FY 26 for legal costs to the extent that more municipalities are awarded a moratorium.[9,10]

Section 35 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 36 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.

Sections 37 – 39 establishes 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.

The sections will have no impact on any municipality that does not elect to establish a priority housing development zone.

Section 40 makes certain municipalities prioritized for discretionary infrastructure funding over others. This may result in a revenue shift that is dependent on how discretionary infrastructure is prioritized as a result.

Section 41 which expands the purpose of the Healthy Homes Fund to include radon mitigation, is not anticipated to result in a fiscal impact to the state or to municipalities.

The Healthy Homes Fund currently supports 1) the Crumbling

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[9] 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.

[10] As of 2024, 28 towns had at least 10% affordable housing.

Foundations Assistance Fund and 2) a program for lead removal, remediation, and abatement activities. By expanding the allowable use to include radon mitigation, this bill potentially reduces the funds available for these programs.

Section 42 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 a provision that allows municipalities to opt out of limitations on parking spaces which does not result in a fiscal impact.

House "A" strikes the underlying bill and its associated fiscal impact resulting in the fiscal impact described above.

House "B" makes various change to the underlying bill as amended by House "A" including eliminating various sections.

The Out Years

The annualized ongoing fiscal impact identified above will continue into the future subject to 1) inflation, 2) grants issued, 3) income subject to disregard, 4) actual revenue lost due to home buyer savings accounts, 5) violations of the provisions of the bill, and 6) the discretion of various state agencies and municipalities.