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## OLR Bill Analysis

### sHB 6831

#### ***AN ACT CONCERNING TRANSIT-ORIENTED COMMUNITIES.***

#### **SUMMARY**

This bill creates a framework in which a municipality's priority for receiving certain discretionary state funding may be tied to its designation as a qualifying transit-oriented community (TOC). A municipality with a rapid transit station or bus station generally becomes a TOC by adopting zoning regulations creating a transit-oriented district (or "district") around the station that meets certain requirements, including allowing certain housing developments "as of right" (see BACKGROUND).

The bill allows certain municipalities without a rapid transit station to request that the Office of Responsible Growth (ORG) coordinator deem them qualifying transit-adjacent communities, after they create a district that meets the requirements applicable to TOC districts. If they are deemed qualifying transit-adjacent communities, they are entitled to any discretionary infrastructure funding that is available to TOCs, but are not TOCs themselves.

The bill also:

1. establishes an interagency council on housing development to advise and assist the ORG coordinator (§ 3);
2. allows the Office of Policy and Management (OPM) secretary to establish, within available funding, a program providing grants to regional councils of government for public transit, bicycle, or pedestrian infrastructure projects (§ 4);
3. establishes a public water and sewer rehabilitation or expansion account to fund water and sewer infrastructure projects for transit-oriented districts (§ 5); and

4. makes transit-oriented districts, as established under the bill, housing growth zones for the purposes of the Connecticut Municipal Redevelopment Authority (under existing law, municipalities cannot receive certain financial assistance from the authority until they enact approved housing growth zone regulations; see BACKGROUND) (§ 6).

The bill also makes conforming and technical changes.

EFFECTIVE DATE: October 1, 2025, except the provision establishing the interagency council is effective upon passage.

### **§§ 1 & 8 — PRIORITIZED FUNDING FOR TRANSIT-ORIENTED COMMUNITIES**

The bill makes qualifying TOCs eligible for prioritized discretionary infrastructure funding (“discretionary funding”) for use exclusively on improvements located within the district (but they may also benefit property outside the district). This funding includes certain state grants, loans, and other financial assistance, described below.

A municipality generally becomes a TOC by establishing a transit-oriented district meeting certain requirements the bill establishes, as described below. These requirements are generally aimed at enabling varied housing types to be developed near transit stations. The bill also restricts the regulations a municipality can adopt for their districts.

The OPM secretary, or his designee, determines a municipality’s compliance with the bill’s eligibility requirements. (The OPM secretary may delegate this and his other TOC-related authority under the bill to a designee.) To help a municipality adopt a conforming district, OPM may give (1) technical assistance on adopting regulations that substantially comply with OPM’s guidelines, described below, or (2) an interpretation or written guidance on whether a municipality’s regulations conform.

The secretary may waive certain requirements by granting an exemption (see below). The secretary cannot impose requirements additional to those in the bill and the law under which most

municipalities exercise zoning authority (i.e. CGS § 8-2).

The bill also specifies that the secretary cannot deem a municipality to be a qualifying TOC without the municipality's approval.

***Discretionary Infrastructure Funding***

Under the bill, to receive prioritized discretionary funding, TOCs (and municipalities that have adopted a resolution stating their intent to become one; see below), must apply to the OPM secretary in a form he sets. The secretary then makes recommendations to the agency that administers or manages the funding. If the funding type is permitted to be prioritized, and the municipality is eligible for the funding, the agency may give these municipalities priority status over other applicants that are not TOCs (or have not adopted a resolution). (As described below, it is unclear how this requirement aligns with the provisions in the bill concerning qualifying transit-adjacent communities, which under the bill are entitled to “any” discretionary infrastructure funding that is available to TOCs (§ 2, see below).)

Additionally, the bill requires administering agencies to give higher priority for discretionary funding to TOCs with a transit-oriented district located in an activity zone as designated in the state Plan of Conservation and Development for 2025-2030. In other words, it requires agencies to prioritize TOCs in which the district is in an activity zone above other TOCs as well as municipalities that are not TOCs.

Under the bill, “discretionary infrastructure funding” means any grant, loan, or other financial assistance that:

1. the state administers under the Clean Water Fund (to the extent it pays for municipal drinking water or sewerage system projects), Urban Act Grant Program, Main Street Investment Fund, Small Town Economic Assistance Program, and Incentive Housing Zone Program; or
2. OPM or the economic and community development or transportation commissioners manage for transit-oriented development purposes (see BACKGROUND).

The bill specifies that it does not make any municipalities ineligible for discretionary funding, even if they are not TOCs eligible for prioritized funding.

***Bonus Funding.*** The bill makes TOCs eligible for additional funding under any program the OPM secretary administers if the TOC adopts additional zoning criteria (in addition to meeting all other TOC requirements discussed below), including (1) higher density development, (2) requiring greater housing unit affordability in certain larger proposed developments not allowed as of right than what the bill specifically requires, (3) developing public land or public housing, (4) implementing programs to encourage homeownership, and (5) other criteria the OPM secretary may set.

### ***Qualifying as a TOC***

Under the bill, a municipality is eligible for prioritized discretionary funding if it (1) qualifies as a TOC by establishing a reasonably sized transit-oriented district, (2) adopts a resolution stating its intent to become one, or (3) has a transit-oriented district that meets certain requirements by October 1, 2025.

### ***Transit-Oriented Districts***

Under the bill, a transit-oriented district is an area the municipality designates that is subject to zoning criteria designed to encourage increased development density (including mixed-use development) and a concentration of discretionary state investments.

TOCs are municipalities that have adopted a reasonably sized, as determined by the OPM secretary, transit-oriented district containing at least one of the following:

1. a regular bus service station (i.e. a bus stop with a bus stopping at least every 60 minutes during peak hours) operating no less than five days per week or
2. a rapid transit station or a planned station (i.e. any public transportation station serving any rail or rapid bus route).

Additionally, the district must (1) encompass all the land within a one-half mile radius of these stations or (2) be located within a reasonable distance, as determined by the OPM secretary, of any other transit service, a commercial corridor, or the municipality's downtown area (i.e. a central business district or other commercial area that, among other things, serves as a center of socioeconomic interaction).

***Reasonably Sized District.*** To qualify as a TOC, a municipality's transit-oriented district must be a reasonable size. Under the bill, the OPM secretary, in consultation with the zoning commission, is responsible for determining whether a district meets this requirement. To do so, the secretary must (1) determine whether the area can equitably support greater development density, based on the municipality's geographic characteristics, and (2) consider the municipality's and region's housing needs.

When making his determination, the OPM secretary cannot require the following land types to be included in the transit-oriented district:

1. special flood hazard areas on the National Flood Insurance Program's flood insurance rate map;
2. inland wetlands, as defined in state law;
3. existing or planned public park land;
4. land subject to conservation or preservation restrictions (e.g., an easement);
5. coastal resources protected by the Coastal Management Act;
6. areas needed to protect drinking water supplies; and
7. areas likely to be inundated during a 30-year flood event, as shown in the sea level change scenarios UConn's Marine Sciences Division publishes.

The zoning commission may consult with any town agency to determine whether the district is a reasonable size.

***Inland Wetlands Agency Consultation.*** A municipality's zoning commission must consult with its inland wetlands agency when establishing the district's boundaries. If a proposed activity in the district may qualify as a "regulated activity" under state law (e.g., filling or obstructing wetlands or watercourses), the commission must collaborate with the agency to determine whether it requires a permit.

***Qualifying by Resolution***

A municipality that is not a qualifying TOC is still eligible for prioritized discretionary funding if its legislative body adopts a resolution stating it intends to enact zoning regulations enabling it to qualify. It must actually enact the regulations within 18 months after adopting the resolution. A municipality that fails to do so must return any prioritized discretionary funding it received, unless the OPM secretary grants an extension at his discretion, and is also ineligible for additional prioritized funding until it enacts these zoning regulations.

***Districts Established by October 1, 2025***

Upon request, the OPM secretary may also deem a municipality a qualifying TOC if he determines that the municipality has a reasonably sized transit-oriented district containing a rapid transit station or regular bus service station by October 1, 2025.

To be a qualifying TOC, the bill generally requires that a district's regulations substantially comply with OPM's guidelines (see *Substantial Compliance Requirement and Exemptions* below). Although these guidelines may not necessarily be prepared by October 1, 2025 (making it unclear whether these early-adopted districts could comply with them), the OPM secretary can waive this requirement for any district, as described below. The bill additionally allows the secretary to waive as-of-right housing development and minimum set-aside requirements, but only for these early-adopted districts.

The bill specifies that a municipality's adoption of a transit-oriented district does not require that it be determined a qualifying TOC.

**Requirements for Developments in TOCs**

**As-of-Right Developments.** Qualifying TOCs must allow the following developments as of right (after an inland wetlands public hearing, if one is required) in the district:

1. middle housing developments with up to nine units;
2. developments with 10 or more units, at least 30% of which qualify as a § 8-30g set-aside development (see BACKGROUND); and
3. developments, with any number of units, if they are (a) built on land owned by the municipality, the state, the local public housing authority, a nonprofit, or a religious organization and (b) deed-restricted for at least 40 years to preserve them as units priced affordably for renters or buyers earning 60% or less of the lesser of the federally determined state or area median income (SMI or AMI) (i.e. for which these households would pay no more than 30% of their annual income).

Under the bill, “middle housing developments” generally include duplexes, triplexes, townhomes, and perfect sixes (three-story buildings with two units per story).

**Accessory Apartments Allowed.** Under the bill, a person who owns real property in a transit-oriented district, and has owned property in the municipality for at least three years, may build an accessory apartment as of right on his or her property. (It appears that the accessory apartment must be built on property in the district, but the bill does not specify this.)

These property owners may do so even if the municipality voted to opt out of the state law generally allowing accessory apartments as of right on lots with single-family homes in all municipalities. Under the bill, the accessory apartment must comply with any structural or architectural zoning requirements adopted pursuant to CGS § 8-2, which is the law most municipalities exercise zoning authority under.

Under existing law, “accessory apartment” means a separate dwelling unit that (1) is located on the same lot as a principal dwelling unit of greater square footage; (2) has cooking facilities; and (3) complies with or is otherwise exempt from any applicable building code, fire code, and health and safety regulations (CGS § 8-1a).

***Developments Not Allowed as of Right and Required Set-Asides.***

TOCs must allow for mixed-use development (i.e. a building containing both residential and non-residential uses) on any lot in a district, subject to an inland wetlands hearing if one is required (but the bill does not specifically require mixed-use development to be allowed as of right).

TOCs must require developers proposing developments with 10 or more units (unless allowed as of right as described above) to either (1) deed-restrict a certain percentage of the units for 40 years after initial occupancy (see the table below) so they are affordable for renters or buyers earning no more than 60% of the lesser of the SMI or AMI or (2) enter into a contribution agreement. (The bill does not include a framework for these contribution agreements.)

Under the bill, the percentage of units that a developer must deed-restrict (set aside) varies with the strength of the area’s housing market and its quality of life (“opportunity”), as determined by the Connecticut Housing Finance Authority’s (CHFA) most recent Housing Needs Assessment. The table below shows the classifications and corresponding percentages of units that must be restricted under the bill.

**Table: Deed-Restriction Requirements**

<b><i>CHFA’s Census Tract Designation</i></b>	<b><i>Restricted Units</i></b>
High Opportunity/Heating Market	10%
High Opportunity/Cooling Market	10%
Low Opportunity/Cooling Market	5%

***District Guidelines Adopted in Consultation With Interagency Housing Development Council***

The secretary, in consultation with the interagency council on



housing development (see § 3), must develop guidelines on TOC districts. The guidelines must, at minimum, address:

1. prioritizing mixed-use and mixed-income developments;
2. increasing affordable housing availability;
3. ensuring appropriate environmental considerations are made, with an emphasis on analyzing potential impacts on environmental justice communities (as defined in state law);
4. increasing (a) ridership of mass transit systems and (b) the feasibility of walking, biking, and other means of mobility other than motor vehicle travel;
5. reducing the need for motor vehicle travel;
6. maximizing the availability of developable land;
7. increasing the economic viability of development projects;
8. reducing the length of time necessary to approve development applications;
9. parking requirements, lot size, lot coverage, setback requirements, floor area ratio, and height restrictions; and
10. inclusionary zoning requirements.

The bill specifies that the guidelines may include model ordinances, regulations, or bylaws for municipalities exercising zoning powers under CGS § 8-2.

***Substantial Compliance Requirement and Exemptions.*** The bill generally prohibits TOCs from adopting any regulations for their transit-oriented districts that do not substantially comply with OPM's guidelines on these districts. However, the OPM secretary may approve conflicting regulations, upon a municipality's application, based on factors the application identifies. The secretary must make a decision within 60 days of receiving the application and is prohibited from

“unreasonably withholding” exemption approvals. If the request is denied, the municipality can opt out of the bill’s TOC provisions and must return any discretionary infrastructure funding it already received.

## **§ 2 — QUALIFYING TRANSIT-ADJACENT COMMUNITIES**

The bill allows certain municipalities to request, by resolution of their legislative bodies, that the ORG coordinator deem them qualifying transit-adjacent communities, after they adopt a transit-oriented district that meets the requirements applicable to TOCs as described above.

Specifically, a qualifying transit-adjacent community must (1) lack a rapid transit station, (2) border a municipality that has one or more rapid transit stations or regular bus service stations, and (3) create a transit-oriented district in or adjacent to a downtown area in its jurisdiction. The community cannot be a TOC.

If the ORG coordinator deems it a qualifying transit-adjacent community, it is entitled to any discretionary infrastructure funding that is available to TOCs. The bill does not specify whether they are prioritized for this funding, as TOCs are.

## **§ 3 — INTERAGENCY COUNCIL ON HOUSING DEVELOPMENT**

The bill establishes an interagency housing development council to advise the ORG coordinator and help her review regulations, develop guidelines, and establish programs on transit-oriented districts to support responsible housing growth in the state.

### ***Purpose***

The council must first meet by July 1, 2025, and then at least every six months, to:

1. evaluate state and quasi-public agencies’ plans, programs, regulations, and policies for opportunities to combine their efforts and resources to increase housing development;
2. develop methods to consistently report and document housing development data;

3. develop approaches to housing growth that balance conservation needs (e.g., natural resources protection) and development needs (e.g., housing, economic growth, and infrastructure);
4. review whether discretionary state grant programs adhere to the state Plan of Conservation and Development's goals and make recommendations to agencies and quasi-public agencies, including on ways to increase deed-restricted developments in transit-oriented districts and middle housing; and
5. create guidelines, in consultation with the OPM secretary and as described above, on adopting and developing transit-oriented districts within TOCs (e.g., prioritizing mixed-use and mixed-income developments and reducing the need for motor vehicle travel).

### ***Reporting Requirements***

Beginning by October 1, 2026, the council must annually submit its recommendations to the Planning and Development and Housing committees. By the same date, the council must also submit its recommendations on the above-listed items 4 and 5 (including its district guidelines) to these legislative committees and post this information on OPM's website.

### ***Members***

In addition to the ORG coordinator (who serves as the chairperson) and any ad hoc members she determines are needed, the council consists of the following ex officio members or their designees:

1. OPM secretary,
2. Department of Housing commissioner,
3. Department of Economic and Community Development commissioner,
4. Department of Energy and Environmental Protection commissioner,

5. Department of Public Health commissioner,
6. Department of Transportation commissioner,
7. Municipal Redevelopment Authority (see BACKGROUND) chief executive officer, and
8. CHFA chief executive officer.

## **§ 5 — PUBLIC WATER AND SEWER REHABILITATION OR EXPANSION ACCOUNT**

The bill establishes a public water and sewer rehabilitation or expansion account within the General Fund. This separate, nonlapsing account must be funded with any moneys the law requires and the public health commissioner or her designee must use it to rehabilitate or expand public water and sewer infrastructure for transit-oriented districts established under the bill. The account's proceeds may go to TOCs or certain property owners in transit-oriented districts at the commissioner's discretion (presumably, property developers in transit-oriented districts that receive OPM approval for this funding).

## **BACKGROUND**

### ***As-of-Right Developments***

For purposes of the laws on zoning, an "as-of-right development" is a development that is 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 (CGS § 8-1a).

### ***Housing Growth Zones***

The Connecticut Municipal Redevelopment Authority, which in practice is now officially referred to as the Connecticut Municipal Development Authority, is a quasi-public agency authorized to stimulate economic development and transit-oriented development, including by giving financial support and technical assistance to municipalities to develop "housing growth zones." These are areas around a central business district or passenger transit station in which local zoning regulations facilitate substantial new housing development

(CGS § 8-169hh et seq.).

### ***Transit-Oriented Development***

By law, transit-oriented development is defined as developing residential, commercial, and employment centers within one-half mile or walking distance of public transportation facilities (including rail and bus rapid transit and services) that meet transit supportive standards for land uses, built environment densities, and walkable environments, in order to facilitate and encourage the use of transit services (CGS § 13b-79o).

### ***§ 8-30g Set-Aside Development***

Under the affordable housing land use appeals procedure (referred to as “§ 8-30g”), a set-aside development means a development in which, for at least 40 years after initial occupancy, at least 30% of the units are deed-restricted. Specifically, at least (1) 15% of the units must be deed-restricted to households earning 60% or less of the AMI or SMI, whichever is less, and (2) 15% of the units must be deed-restricted to households earning 80% or less of the AMI or SMI, whichever is less.

### ***Related Bills***

sSB 1313 (File 255), favorably reported by the Planning and Development Committee, requires most municipalities to allow proposed housing developments with a minimum density of 15 units per acre as of right within a one-half-mile radius of certain transit stations.

HB 6960 (File 269), favorably reported by the Planning and Development Committee, requires, in years in which funding is available, OPM to administer a grant program for municipal public infrastructure projects associated with affordable housing construction.

sHB 7112 (File 274), § 3, favorably reported by the Housing Committee, requires OPM, within available appropriations, to administer a grant program giving funds to certain municipalities and developers to connect affordable housing to sewer infrastructure, among other things.

**COMMITTEE ACTION**

Planning and Development Committee

Joint Favorable Substitute

Yea 12 Nay 8 (03/12/2025)