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## OLR Bill Analysis

### sHB 6950

#### ***AN ACT CONCERNING THE INCOME THRESHOLD FOR TENANTS RENTING A DWELLING UNIT IN A SET-ASIDE DEVELOPMENT.***

#### **SUMMARY**

This bill changes the definition of “set-aside development” used in the affordable housing land use appeals procedure (CGS § 8-30g, see BACKGROUND). The change appears to give certain tenant-households the right to renew a lease (potentially multiple times) for an income-restricted dwelling unit in a set-aside development after the household becomes income-ineligible. The bill specifically states the household must be allowed to continue renting the unit for “not more than three years.” It is unclear (1) who determines the term and (2) whether under the bill, landlords can terminate or opt not to renew the lease for reasons other than the household’s failure to be income-qualified.

As described below, it appears the bill’s applicability is limited to rental developments in which a deed restriction designates specific units to be income-restricted affordable units for purposes of qualifying as a set-aside development. In practice, it appears that set-aside developments generally do not designate specific rental units in this way, after establishing initial occupancy.

It is unclear whether the bill requires a landlord to continue renting the unit to the formerly income-qualified household at the rental rate applicable to income-restricted units under current law (see BACKGROUND). But it appears that units rented to these households will count (1) toward meeting a set-aside development’s affordability requirements and (2) as affordable housing for the purpose of establishing an § 8-30g exemption (for up to three years in both cases, see above).

EFFECTIVE DATE: July 1, 2025

## **IMPACTED DEVELOPMENTS**

The bill's requirement for renewing a formerly income-qualified household's lease appears to apply only to rental housing in which a deed restriction designates specific units as income-restricted (affordable) for purposes of qualifying as a set-aside development. So, it would not apply to most set-aside developments (see below).

In practice, rental set-aside developments are generally subject to deed restrictions that require a specific percentage of units to be rented to income-qualified households. When a household's income disqualifies it for an income-restricted unit, the developer, owner, or manager must rent the next available unit in the development to an income-qualified household. Existing law does not require households to vacate a unit, which when they commenced the tenancy counted as an income-restricted unit in the development, when they are no longer income-qualified (CGS § 8-30h; see also model deed restriction in Conn. Agencies Regs., § 8-30g-9).

## **BACKGROUND**

### **§ 8-30g**

The affordable housing land use appeals procedure is a set of rules that allows developers to appeal local planning and zoning commission decisions denying affordable housing developments or approving them with costly conditions to Superior Court. In traditional zoning appeals, the developer must convince the court that the commission (i.e. municipality) acted illegally, arbitrarily, or abused its discretion. The § 8-30g appeals procedure instead places the burden of proof on the municipality. Only municipalities in which less than 10% of the housing stock is affordable, and that have not qualified for a moratorium, are subject to the procedure.

### ***Affordable Housing Developments***

By law, an affordable housing development under § 8-30g means "assisted housing" or a "set-aside development." The former is generally certain government-assisted housing or housing occupied by

people receiving rental assistance. The latter is a development in which, for at least 40 years after initial occupancy, at least 30% of the units are deed-restricted based on specified household income limits.

### ***Maximum Housing Payment in Set-Aside Developments***

Department of Housing regulations set the formula for determining the maximum housing payment for deed-restricted units in set-aside developments. The maximum payment is generally not based on the specific household income of a qualifying household, rather, it is generally determined by (1) calculating 30% of the applicable median income restriction, adjusted for family size; (2) dividing by 12; and (3) adjusting for a reasonable estimate of certain tenant-paid monthly utilities (Conn. Agencies Regs., § 8-30g-8). However, by law, these maximum monthly payments cannot exceed certain thresholds (CGS § 8-30g(d)).

### ***Related Bills***

sHB 7031, favorably reported by the Housing Committee, broadens the unit types that count toward a municipality's exemption from § 8-30g.

## **COMMITTEE ACTION**

Housing Committee

Joint Favorable

Yea    17    Nay    1    (03/06/2025)