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HB-5002
AN ACT CONCERNING HOUSING AND THE NEEDS OF HOMELESS PERSONS.

AMENDMENT

LCO No.: 8974
File Copy No.: 222
House Calendar No.: 151

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 26 $	FY 27 $
Policy & Mgmt., Off.	GF - Cost	3,816,500	3,812,300
Social Services, Dept.	GF - Cost	at least 300,000	at least 200,000
Department of Administrative Services	GF - Cost	205,000	205,000
State Comptroller - Fringe Benefits[1]	GF - Cost	170,656	170,656
Department of Revenue Services	GF - Cost	None	Up to 175,000
Resources of the General Fund	GF - Potential Revenue Gain	See Below	See Below
Department of Housing	GF - Potential Cost	86,068 - 98,695	86,068 - 98,695
State Comptroller - Fringe Benefits	GF - Potential Cost	35,038 - 40,179	35,038 - 40,179
CHFA	CHFA - Potential Cost	125,000 - 140,000	125,000 - 140,000
Department of Housing; Treasurer, Debt Serv.; Policy & Mgmt., Off. ; Social Services, Dept.	GF - Potential Cost	See Below	See Below

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

Municipal Impact: See Below

[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.

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Reviewer: PR

Explanation

The amendment strikes the underlying bill and its associated fiscal impact. The impact of the amendment is described below by section.

Section 1, which makes various changes to reporting requirements for housing authorities, is not anticipated to have a fiscal impact on the state or municipalities.[2]

Sections 2 – 4 make changes to who is responsible for appointing commissioners to a housing authority's board. This does not result in a fiscal impact to the state or municipalities.

Section 5 allows residential or mixed-use development 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 6 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 of if the applications would have otherwise been rejected.

Section 7 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 8 makes various changes to zoning regulations and the

[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.

protest petitions process, which does not result in a fiscal impact.

Section 9 (1) changes requirements for municipal affordable housing plans, (2) requires that municipalities additionally submit a priority affordable housing plan, (3) prioritizes municipalities for discretionary funding based on certain criteria, and (4) makes grants available to municipalities to comply with this section.[3]

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. This cost may be partially offset by any grants that are administered to support these requirements.

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 9 also (1) makes OPM responsible for reviewing municipal affordable housing plans, (2) allows them to require municipalities to submit a priority affordable housing plan, and (3) requires OPM to make grants available to municipalities or to designate the Department of Housing (DOH) or the Connecticut Housing Finance Authority (CHFA) to administer the program.

This results in a potential cost to OPM to the extent they require additional resources to review the municipal priority housing plans. There is also a potential cost to OPM to the extent they make grants available to municipalities. If OPM chooses to designate DOH or CHFA to administer this grant program it will not result in a fiscal impact to OPM.

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[3] The discretionary funding includes (1) Small Town Economic Assistance Program, (2) Main Street Investment Fund, (3) Incentive Housing Zone Program, and (4) Town Aid Road, to the extent such programs are (A) permitted to include a priority designation and (B) recommended to include prioritization by the OPM Secretary.

If the program is administered by DOH, they will require one full-time employee which results in a cost of $86,068 - $98,695 to DOH for salary and $35,038 - $40,179 to the State Comptroller for fringe benefits.[4] DOH will also incur additional costs for grants to municipalities.

If the program is administered by CHFA, they may hire one full-time employee which results in an approximate cost of $125,000 - $140,000 annually for salary and fringe benefits to CHFA's own resources.[5] CHFA will also incur additional costs for grants to municipalities.

It is unlikely that both CHFA and DOH will administer the program.

Section 10 requires OPM to determine the minimum need for affordable housing units for each planning region and a municipal fair share allocation for each municipality within each planning region. This may result in a potential cost to OPM every ten years to the extent a planning/research consultant is necessary update these estimates using the appropriate methodology.

Section 11 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 12 requires 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

[4] DOH may hire a Housing Specialist 2 for $86,068 annually or Housing and Community Development Manager for $98,695 annually or a similar position.
[5] 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.

program.

Section 13 may result in a cost to DSS associated with the direct rental assistance pilot program. The amendment 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 14 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 would 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 15 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.[6]

Sections 16 – 18 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 in FY 28 and up to $970,000 in FY 29[7] and (2) a one-time cost of up to $175,000 to the Department of Revenue Services in FY 27 associated with

[6] There are nine regional councils of government in Connecticut.
[7] The revenue loss would grow in FY 30 and beyond subject to program utilization rates.

programming updates to the CTax tax administration system and myconneCT online portal, form modification, and printing/mailing costs.

Section 19 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 20 may result in a cost to municipalities beginning in FY 26 to the extent they are required to pay attorney's fees.

Section 21 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 22 – 28 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 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.

The sections also: (1) establishes requirements for TOCs, (2) requires the communities to be prioritized for discretionary infrastructure funding, and (3) makes 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.[8]

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

Section 29 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 30 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 state[9] 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.

Section 31 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 32 requires all municipalities to adopt an ordinance creating a fair rent commission or a joint fair rent commission by January 1, 2028.

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[8] The discretionary funding includes (1) Urban Act, (2) Small Town Economic Assistance Program, (3) Main Street Investment Fund, (4) Incentive Housing Zone Program, and (5) Town Aid Road, to the extent such programs are (A) permitted to include a priority designation and (B) recommended to include prioritizations by the OPM Secretary.

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

This may result in a cost to municipalities beginning in FY 28 to the extent they do not already have a fair rent commission.[10] The bill allows two or more municipalities to form a joint fair rent commission which may reduce any cost associated with this provision.

Section 33 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 the summary review process does 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 34 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[11] the provision of a funding source for the loan subsidy.[12]

While there are no bond fund authorizations specific to the proposed

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[10] 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

[11] 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.

[12] 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.

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 35 – 37 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 38 results in a cost of $205,000 to 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 39 allows (1) municipalities that have received a final letter of eligibility from the DOH commissioner 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 savings to municipalities beginning in FY 26 for legal costs to the extent that more municipalities are awarded a moratorium.[13,14]

Section 40 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 amendment.

Section 41 requires DOH to establish and administer an Affordable

[13] 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.
[14] As of 2024, 28 towns had at least 10% affordable housing.

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 42 – 44 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 45 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 46 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 Foundations Assistance Fund and 2) a program for lead removal, remediation, and abatement activities. By expanding to include radon mitigation, this bill potentially reduces the funds available for these programs.

Section 47 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.

The Out Years

The annualized ongoing fiscal impact identified above would 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.