
OLR Bill Analysis

sHB 5508

AN ACT CONCERNING HISTORIC DISTRICTS AND HISTORIC PRESERVATION.

SUMMARY

The bill makes several changes to the law on local historic district commissions (HDCs), including:

1. making HDC decisions on a certificate of appropriateness application initially appealable to the local zoning board of appeals (ZBA), rather than Superior Court;
2. subjecting municipalities to a new non-binding review process, rather than requiring them to apply to the HDC for a certificate of appropriateness;
3. requiring HDCs to live broadcast their meetings online; and
4. making explicit the existing rule that state agencies are not subject to HDCs' review processes.

The bill also expands the state's Historic Rehabilitation Tax Credit Program, which generally provides a 25% tax credit for rehabilitating a (1) residential building with at least five dwellings or (2) mixed-use or non-residential building. Under the bill, eligible projects also include rehabilitating a two- to four-family home, if the dwellings will be income producing (rental units). The bill also (1) annually reserves \$5 million of the program's tax credits for these projects; (2) caps per-project credits for these homes at \$100,000; and (3) excludes certain smaller projects on these homes from the program.

The bill also specifies that the duties of the newly created State Historical Commission (see BACKGROUND) include collaborating with the State Commission on Capitol Preservation and Restoration on

issues related to the capitol building and grounds (§ 5).

The bill also makes technical and conforming changes.

EFFECTIVE DATE: October 1, 2026, except the tax credit provisions are effective July 1, 2026, and applicable to tax years beginning on or after January 1, 2027.

LOCAL HISTORIC DISTRICT COMMISSIONS

By law, municipalities that establish historic districts must establish historic district commissions to govern their operation. Buildings in the district cannot be demolished, erected, or altered until the commission grants a certificate of appropriateness (after holding a public hearing). The commission also has jurisdiction over non-residential parking areas and outdoor advertisements within the district.

Online Broadcast of Hearings (§ 1)

The bill requires HDCs to live broadcast their public hearings on certificates of appropriateness online. When the HDC publishes the required public hearing notice in a newspaper, it must include the website for accessing the live broadcast. (The bill does not specify the broadcast format (such as audio or video), only that it be contemporaneous and continuous.)

Appealing HDC Decisions to ZBA (§ 2)

While current law allows an HDC's decision on a certificate of appropriateness application to immediately be appealed to court, the bill instead requires ZBAs to hear these appeals. In making this change, the bill appears to change the standard of review for an appeal of an HDC's decision from "substantial evidence" to "de novo." The bill retains current law's deadline for appealing an HDC decision (15 days).

By law, ZBAs have the power to (1) grant a variance of the zoning regulations and (2) decide appeals related to zoning enforcement or similar officials' decisions. In some municipalities, they also decide requests for special permits and special exemptions. ZBAs may be elected or appointed bodies, and their decisions may be appealed in court. Under the bill, this includes ZBA decisions on certificate of

appropriateness appeals.

Currently, appealing an HDC's decision to court is like appealing a ZBA's decision to court: the court reviews the record and determines if the decision was supported by substantial evidence in the record. But when a ZBA decides an appeal, it generally looks at the applicable regulations and decides for itself how they apply to the circumstances (not whether the appealed decision is supported by substantial evidence in the record). The bill appears to change, by shifting the initial appeal from court to the ZBA, the standard of review for the HDC's decision to a de novo review.

(As under existing law, HDC regulations can be enforced by filing an action in court for an injunction or civil or criminal penalties (see CGS § 7-147h).)

Oversight of Government Projects (§ 3)

Non-binding Opinion on Municipal Proposal. The bill generally exempts municipally owned property from HDCs' jurisdiction and instead creates a process for HDCs to give a non-binding opinion on a municipality's building or demolition plans.

Under the bill, before starting a project that would currently require a certificate of appropriateness from the local HDC, municipalities must give the HDC:

1. the plans, elevations, specifications, and list of materials that will be used, or
2. if demolition is involved, a statement of the proposed condition and appearance of the property after the demolition.

The bill gives HDCs 65 days to issue a non-binding opinion on the project's appropriateness, including feedback on the proposed design and materials. If the HDC decides the project is not appropriate, it must say why. (Presumably, a municipality must wait until the opinion is issued or 65 days pass before beginning the project.)

State Agency Property. The bill clarifies that state agency property is not subject to HDCs' jurisdiction. (Generally, the state's use of its own property is immune from municipal land use controls.) Existing law also exempts from HDCs' jurisdiction property owned by nonprofit higher education institutions.

(Under existing law, unchanged by the bill, the Connecticut Environmental Policy Act and a similar federal law generally require state agencies to identify whether state actions could adversely affect the environment, including historic structures and landmarks. If a state agency determines its actions could adversely affect the environment, the agency must consider whether to avoid or mitigate the effects.)

EXPANDED HISTORIC REHABILITATION TAX CREDIT PROGRAM (§ 4)

Under current law, the historic rehabilitation tax credit applies to rehabilitation of historic structures for (1) residential use of five units or more, (2) mixed residential and non-residential uses, or (3) non-residential use consistent with the property's or district's historic character. Under the bill, eligible projects also include rehabilitating a two- to four-family home, if the dwellings will be income producing (rental units). The existing historic eligibility rules and application procedures also apply to tax credits for these homes (see BACKGROUND).

By law, the credit equals 25% of qualified rehabilitation expenditures, or 30% if the project (1) includes a specified percentage of affordable units or (2) is in an opportunity zone. Currently, no project may receive more than \$4.5 million in credits and total program credits are capped at \$31.7 million per year. The bill (1) annually reserves \$5 million of the total program credits for two- to four-family projects and (2) caps per-project credits for these homes at \$100,000. Rehabilitation of these homes is eligible for the tax credit only if anticipated qualified expenditures are at least \$15,000.

(Under existing law, there is also a Historic Homes Rehabilitation Tax Credit for rehabilitating a one- to four-family historic home that will

have at least one owner-occupied unit. The credit equals 30% of qualified expenditures and the minimum expenditure is \$15,000. The credits are generally capped at \$30,000 for homeowners and \$50,000 for certain nonprofits (CGS § 10-416.)

BACKGROUND

Historic Rehabilitation Tax Credit (CGS § 10-416c)

This tax credit is only for work on property (1) listed on the national or state Register of Historic Places or (2) located in a historic district on the national or state register and certified as contributing to the district's historic character.

By law, owners seeking a tax credit under this program must provide the state with certain information before beginning rehabilitation work, including a rehabilitation plan. In order for the project to qualify for credits, the state must determine that the rehabilitation work meets the U.S. interior secretary's standards for rehabilitation. If it does, the state reserves tax credits for the owner. When the rehabilitation is complete, the state reviews the project for compliance with the approved rehabilitation plan before issuing the owner a tax credit voucher. The tax credit may be applied against the air carriers tax, community antenna and satellite television companies tax, corporation business tax, insurance companies tax, railroad companies tax, or utility companies tax.

State Historical Commission

PA 25-174, §§ 206-208, created a 12-member State Historical Commission to examine and make recommendations to the legislative, executive, and judicial branches on questions of memorialization and commemoration related to Connecticut and U.S. history. The law also required the commission to develop a (1) plan to install placards or other signs around the capitol to give the public information on the statues and other markers on the building's exterior and (2) process for identifying and commissioning additional statues that reflect the state's diversity, character, and accomplishments.

COMMITTEE ACTION

Planning and Development Committee

Joint Favorable Substitute

Yea 21 Nay 0 (03/13/2026)