

Report of the Majority Leaders' Roundtable on Affordable Housing

Pursuant to Public Act No. 23-207

Delivered to the Connecticut General Assembly Housing Committee

March 11, 2024

Contents

1. INTRODUCTION	2
2. RECOMMENDATIONS	3
3. APPENDICES	8

1. INTRODUCTION

Section 36 of Public Act 23-207 established the Majority Leaders' Roundtable Group on Affordable Housing to study existing affordable housing policies, the conversion of state properties into housing, the conversion of commercial properties into housing, best practices from other states and regions, and other topics related to the development of affordable housing in Connecticut.

Membership of the Roundtable consists of the Majority Leaders of both chambers of the Connecticut General Assembly who act as chairs, appointees from both Majority Leaders, the chairs and ranking members of the Housing and Planning and Development Committees, representatives from state agencies, including the Department of Administrative Services (DAS), Department of Housing (DOH), Department of Economic and Community Development (DECD), and the Department of Transportation (DOT), the Responsible Growth Coordinator, the executive director of the Connecticut Housing Finance Authority, a representative of the Connecticut Conference of Municipalities, and a representative of the Connecticut Council of Small Towns.

Public Act 23-207 required that the Roundtable submit a report on its findings and recommendations to the joint standing committee of the General Assembly having cognizance of matters related to housing.

Roundtable members were assigned to working groups charged with gathering information and submitting recommendations related to five topics:

1. Barriers to Affordable Housing
2. Conversion of Non-Residential Properties
3. Conversion of State Properties
4. Existing Affordable Housing Policies, Programs, and Initiatives
5. Successful Models and Best Practices from Other States and Regions

These working groups solicited information from subject matter experts and developed recommendations to the Roundtable based on factors including potential impact on Connecticut's housing market, economic viability, and political feasibility.

2. RECOMMENDATIONS

Barriers to Affordable Housing

The Barriers to Affordable Housing Working Group submitted recommendations to alleviate key challenges facing municipalities, homeowners, renters, and housing developers:

1. Meaningfully reward municipalities that adopt greater zoning density or allow residential zoning in mixed-use and commercial districts.
2. Reduce barriers to employment in the building trades by:
 - a. Expanding training opportunities in high schools and community colleges;
 - b. Enhancing pathways for nontraditional students;
 - c. Working with neighboring states to facilitate interstate labor opportunities;
 - d. Revisiting labor hiring and worksite requirements to address labor shortages;
3. Allow municipalities to retain a larger portion of existing conveyance tax revenues to be used for affordable housing development.
4. Create a homestead tax exemption or provide state tax credits for property tax paid to address rising homeownership costs.
5. Segregate a portion of Clean Water Act funds to be used on affordable housing developments.

Conversion of Non-Residential Properties

The Conversion of Non-Residential Properties Working Group submitted recommendations to further opportunities to convert underused commercial spaces to residential:

1. Commission a study of market conditions in the office, shopping mall, and hotel spaces.

- a. Data studied should include vacancy rates by city and region, physical occupancy rates, financial distress, and foreclosures.
2. Consider a small, dedicated funding round in 2024 to advance one commercial-to-residential conversion project.
 - a. Project would gather data on construction costs, design challenges, and environmental factors to inform future funding programs.
3. Consider a dedicated funding stream for adaptive reuse, potentially through the Connecticut Municipal Redevelopment Authority (MRDA).
4. Provide priority to adaptive reuse in existing financing programs.
 - a. Most state funding streams give little priority to adaptive reuse projects. For example, the Qualified Allocation Plan (QAP) used for Low Income Housing Tax Credit (LIHTC) allocations only awards three points out of 100 possible for adaptive reuse projects.
5. Expand sales tax exemptions to a wider group of adaptive reuse projects.
 - a. Currently, sales tax exemption is only available for material costs in a certified historical rehabilitation.

Conversion of State Properties

The Conversion of State Properties Working Group considered the state's current stock of underused or vacant properties and determined how they might be put to use as affordable housing:

1. Create a program for the "Conversion of State-Owned Land for Affordable Housing."
 - a. Provide new capital authorizations:
 - i. To the Department of Housing (DOH) for the Housing Trust Fund to support private affordable housing development on state-owned land,

- ii. To the Connecticut Housing Finance Authority (CHFA) for the LIHTC program to support new construction on state-owned land,
 - iii. To DOH to support sustainable and green housing initiatives to develop transit-oriented, climate-resilient multifamily housing,
 - iv. To the Department of Economic Community Development (DECD) to support brownfield redevelopment on state-owned land,
 - v. To the Office of Policy and Management (OPM) to support the demolition of vacant or derelict buildings on state-owned property,
 - vi. To OPM to support a PILOT program or tax tool that will carry developers through the construction period of affordable housing, and
 - vii. To the Capital Region Development Authority (CRDA), MRDA, or any lending body created by the Governor to support development on state-owned property,
- b. Draft language facilitating the issuance of 99-year leases for state-owned property for housing development.
- 2. Continue the use of LIHTC to fund affordable housing development.
- 3. Continue the practice of completing the surplus state land process and listing state-owned properties for sale.
- 4. Further explore:
 - a. Air rights, particularly at train stations.
 - b. Amending the International Building Code (IBC) to facilitate the conversion of office or state-owned buildings into housing.
 - c. Conversion of office space to residential.

5. Continue educating the public about the importance of housing use case studies and state demonstration projects.
6. Continue to explore portioning state-owned properties for lease or sale. Subdivide publicly owned parcels, depending on usage.
7. Expedite state-owned projects in West Haven, Stratford, Danbury, Berlin, Branford, Fairfield Metro, Fairfield, Bethel, and Wallingford.
8. Support capacity-building at the state level.
 - a. Commit resources to move transit-oriented development (TOD) forward at the state level.
 - b. Actively identify and set processes for housing development.
 - c. Request that the Governor champion the importance of housing development.
 - d. Create a collaborative working group for state agencies to identify potential parcels, obstacles, and solutions.

Existing Affordable Housing Policies, Programs, and Initiatives

The Existing Affordable Housing Policies, Programs, and Initiatives Working Group met with and collected information from a variety of other state agencies that currently exist to promote the development of housing. Based on the presentations from various agencies, individual working group members submitted recommendations for consideration by the group. Final recommendations were provided to the Roundtable for inclusion in the final report.

1. Encourage further coordination of resources between state agencies.

Successful Models and Best Practices from Other States and Regions:

The Successful Models and Best Practices from Other States and Regions Working Group studied legislation, programs, and policies throughout the country that have increased affordable housing stock.

1. Reduce the cost of title insurance by creating a nonprofit title insurance corporation.
2. Create a breakout property tax on rent so that it is federally tax deductible.
 - a Allow tenants to take a property tax credit on their state income tax.
3. Replace the 30 percent assessment exemption on homes with a "homestead" exemption of 30 percent.
4. Adopt Appendix AW of the International Residential Code (IRC) in the State Building Code to facilitate lower-cost construction through 3D printing.
5. Allow for preapproval of standardized building plans.
6. Impose a higher conveyance tax for transfers to corporate entities.
7. Adopt Montana Concept –towns are given a list of policies and practices that support the development of affordable housing and require that they adopt one.
8. Require that DOH create a trackable registry with the date of expiration of deed restrictions for all affordable housing units in the state.
9. Encourage unions to invest pensions funds in affordable housing construction by requiring project labor agreements if there is significant union investment.
10. Create an "Adaptive Reuse Tax Credit" to encourage commercial-to-residential conversions.

APPENDICES

- A. Public Act 23-207 Section 36
- B. Roundtable Membership
- C. Working Group Membership
- D. Dissenting/Minority Opinions

APPENDIX A



Substitute Senate Bill No. 998

Public Act No. 23-207 Section 36

AN ACT ESTABLISHING A TAX ABATEMENT FOR CERTAIN CONSERVATION EASEMENTS AND ADDRESSING HOUSING AFFORDABILITY FOR RESIDENTS IN THE STATE.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Sec. 36. (NEW) (Effective from passage) (a) There is established the majority leaders' roundtable group on affordable housing. The group shall study (1) existing affordable housing policies, programs and initiatives in the state, (2) the potential conversion of state properties into affordable housing developments, (3) successful models and best practices from other states or regions to inform potential policy recommendations, (4) the potential conversion of commercial properties such as hotels, malls and office buildings into residential buildings, and (5) any other topics related to the promotion and development of affordable housing in the state.

(b) The roundtable group shall consist of the following members:

(1) The cochairs and ranking members of the joint standing committees of the General Assembly having cognizance of matters relating to housing and planning and development; Substitute Senate Bill No. 998 Public Act No. 23-207 61 of 75

(2) The majority leader of the Senate;

- (3) The majority leader of the House of Representatives;
 - (4) Three appointed by the majority leader of the House of Representatives, one of whom has expertise in public housing, one of whom represents a regional council of governments, and one of whom represents a business advocacy organization or regional chamber of commerce;
 - (5) Three appointed by the majority leader of the Senate, one of whom has expertise in regional planning, one of whom has expertise in local planning and zoning, and one of whom has expertise in housing development;
 - (6) The Commissioner of Administrative Services, or the commissioner's designee;
 - (7) The Commissioner of Housing, or the commissioner's designee;
 - (8) The Commissioner of Economic and Community Development, or the commissioner's designee;
 - (9) The Commissioner of Transportation, or the commissioner's designee;
 - (10) The Responsible Growth Coordinator, or the coordinator's designee;
 - (11) The executive director of the Connecticut Housing Finance Authority, or the executive director's designee;
 - (12) A representative of the Connecticut Conference of Municipalities; and
 - (13) A representative of the Connecticut Council of Small Towns. Substitute
- (c) Any member of the roundtable group appointed under subdivision (1), (2), (3) or (4) of subsection (b) of this section may be a member of the General Assembly.
 - (d) All initial appointments to the roundtable group shall be made not later than thirty days after the effective date of this section. Any vacancy shall be filled by the appointing authority.
 - (e) The majority leader of the Senate and the majority leader of the House of Representatives shall be the chairpersons for the roundtable group. The

chairpersons shall schedule the first meeting of the roundtable group, which shall be held not later than sixty days after the effective date of this section.

(f) The administrative staff of the joint standing committee of the General Assembly having cognizance of matters relating to housing shall serve as administrative staff of the roundtable group.

(g) Not later than January 1, 2024, and annually on January first thereafter, the roundtable group shall submit a report on its findings and recommendations to the joint standing committee of the General Assembly having cognizance of matters relating to housing, in accordance with the provisions of section 11-4a of the general statutes

APPENDIX B
Roundtable Membership

No.	Authority	Appointer	Specific Qualifications	Appointee
1	Senate Majority Leader	Duff, Bob	Senate Majority Leader	Duff, Bob Chair
2	Senate Majority Leader	Duff, Bob	An individual who has expertise in regional planning.	Kaplan-Macey, Melissa
3	Senate Majority Leader	Duff, Bob	An individual who has expertise in local planning and zoning.	Vonashek, Jessica
4	Senate Majority Leader	Duff, Bob	An individual who has expertise in housing development.	McCarthy, David
5	House Majority Leader	Rojas, Jason	House Majority Leader	Rojas, Jason Chair
6	House Majority Leader	Rojas, Jason	An individual who has expertise in public housing.	Griffin, Neil
7	House Majority Leader	Rojas, Jason	An individual who represents a regional council of governments.	Pickering, Francis

8	House Majority Leader	Rojas, Jason	An individual who represents a business advocacy organization or regional chamber of commerce.	Butts, Cynthia
9			Senate Chairperson, Housing Committee	Marilyn, Moore
10			House Chairperson, Housing Committee	Luxenberg, Geoff
11			Senate Ranking Member, Housing Committee	Sampson, Rob
12			House Ranking Member, Housing Committee	Scott, Tony
13			Senate Chairperson, Planning and Development Committee	Rahman, MD
14			House Chairperson, Planning and Development Committee	Kavros DeGraw, Eleni
15			Senate Ranking Member, Planning and Development Committee	Fazio, Ryan
16			House Ranking Member, Planning and Development Committee	Zullo, Joseph
17			Commissioner of Administrative Services, or Designee	Zvingilas, Peter
18			Commissioner of Housing, or Designee	Mosquera-Bruno, Seila
19			Commissioner of Economic and Community Development, or designee	Daum, Alexandra
20			Commissioner of Transportation, or designee	King, Laoise
21			Responsible Growth Coordinator, or designee	Augur, Rebecca
22			Executive Director of the Connecticut Housing Finance Authority, or designee	Natarajan, Nandini
23			A representative of the Connecticut Conference of Municipalities	O' Connor, Brian
24			A representative of the Connecticut Council of Small Towns	Marconi, Rudy

APPENDIX C
Working Group Assignments

Barriers to Affordable Housing

Rep. Jason Rojas **(chair)**
Rep. Geoff Luxenberg
Sen. Marilyn Moore
Sen. Rob Sampson
Rep. Eleni Kavros DeGraw
Sen. MD Rahman
Sen. Ryan Fazio
Peter Zvingilas
Comm. Seila Mosquera Bruno
Nandini Natarajan
Rudy Marconi
Francis Pickering
Cindy Butts

Conversion of Non-Residential Properties

David McCarthy **(chair)**
Rep. Geoff Luxenberg
Rep. Tony Scott
Rep. Eleni Kavros DeGraw
Peter Zvingilas

Conversion of State Properties

Jessica Vonashek **(chair)**
Rep. Geoff Luxenberg
Rep. Tony Scott
Comm. Alexandra Daum
Dep. Comm. Laoise King
Rebecca Augur
Melissa Kaplan-Macey
Neil Griffin Jr.
Cindy Butts

Existing Affordable Housing Policies, Programs, and Initiatives

Comm. Seila Mosquera-Bruno
Rep. Geoff Luxenberg
Sen. Rob Sampson
Comm. Alexandra Daum
Rebecca Augur
Melissa Kaplan-Macey
David McCarthy
Neil Griffin Jr.
Cindy Butts

*Successful Models and Best Practices
from Other States and Regions*

Sen. Bob Duff (**chair**)

Rep. Geoff Luxenberg

Sen. Marilyn Moore

Rep. Eleni Kavros DeGraw

Sen. MD Rahman

Sen. Ryan Fazio

Dep. Comm. Laoise King

Peter Zvingilas

Nandini Natarajan

Rudy Marconi

Jessica Vonashek

Francis Pickering

APPENDIX D
Dissenting/Other Opinions

Cindy Butts:

1. In reference to Conversion of State-Owned Properties, Item 1:
 - a. Expand the program to include town-owned land.
2. In reference to Successful Models and Best Practices from Other States and Regions, Item 2:
 - a. The development of this would result in rent increases should landlords lose a federal deduction in the costs they pay for owning a property and paying property tax.
3. In reference to Successful Models and Best Practices from Other States and Regions, Item 6:
 - a. Increasing the amount of conveyance tax paid by corporate entities would drive up the cost of rents as costs associated with taxes would be passed on to tenants.

- b. Many small commercial property owners already struggle to stay in business with current tax obligations.

Francis Pickering:

1. In reference to Successful Models and Best Practices from Other States and Regions, Item 9:
 - a. If every project has a project labor agreement, it will not serve as an incentive for investment and may depress affordable housing creation should it cause a rise in labor costs. Project labor agreements should be provided in exchange for investment.
2. In reference to Successful Models and Best Practices from Other States and Regions, Item 8:
 - a. Developing a property registry for affordable housing instead of deed-restriction timelines could provide the same tracking while reducing closing costs.
 - b. Require that all new 8-30g units, CHFA-financed units, etc. be entered into said property registry so that they will never be subject to title search and title insurance.
3. In reference to Barriers to Affordable Housing, Item 5:
 - a. Raises concerns over federal funding eligibility for these types of projects.
4. In reference to Barriers to Affordable Housing, Item 1:
 - a. Suggests that municipalities be provided with the option to incorporate design review standards to integrate multifamily housing into existing neighborhoods.
 - b. [State law](#) allows municipalities to create [village districts](#) that can regulate aspects of building and landscape design. This is limited to "areas of distinctive character, landscape, or historic value that are specifically identified" in the local plan of conservation and

development. This does not extend to instances where a municipality may be interested in incorporating middle housing into an existing neighborhood.

Design features	Density bonus
NONE	0%
Colonial with single front door	100%*
Barn-style structure (attached or detached)	100%*
All of the above	200%* (maximum density bonus)
* General conditions: units must share a driveway; parking for extra units to be screened from the road; adequate water supply to be documented if on well, etc.	

Simplified density-bonus, design-standard concept.

- c. Enable local zoning to grant density bonuses outside of village districts (i.e., townwide) to proposals that satisfy local design standards.

5. In reference to Successful Models and Best Practices from Other States and Regions, Item 1:

- a. Ideally, the state would move towards a Torrens title system, replacing paper deeds with a modern, digital land registry. The state would maintain an authoritative database of who owns every piece of real estate. This would reduce questions of ownership and the need for title searches, significantly reducing transaction costs and time. Additionally, municipalities would no longer need to maintain deed vaults, resulting in a substantial reduction in workload for local government.
- b. Suggests adopting one of two options:
 - i The Ontario approach, where the province has paid to have all deeds converted to land titles.
 - ii The New Brunswick and Nova Scotia (incremental) approach, where the provinces stipulated that every time deeded real property is sold, that deed be converted into a land title. A closeout title search is done, which quiets the title forever, after which the title is entered into the land registry. The cost of this conversion is borne by the purchaser, reducing the cost to the province.

- c. Setting up a nonprofit title insurance corporation might benefit buyers by resulting in lower costs. Such a program might be run by CHFA. The program could provide buyers with the option to convert their properties into the digital registry following a closeout title search.
- d. A table of all title insurance rates should be posted publicly, and real estate buyer's agents should be required to provide a sheet with all rates to assist buyers in making informed decisions.
- e. Prevent title insurance from being required when refinancing, assuming no material changes have been made to the deed.

In summary, Mr. Pickering recommends that the state eliminate title insurance on most, if not all, refinancings, create a publicly-available, easy-to-use comparison table of title insurance premiums to assist homebuyers in making informed purchases, establish a nonprofit option for title insurance, and set a goal of phasing out paper deeds and record vaults in favor of an all-digital, authoritative land registry, beginning with a limited registry for certain types of housing where low closing costs are more critical.