

April 1, 2024
Presentation based
on JF/JFS language

HOUSING AND LAND USE BILLS

BACKGROUND

Range of approaches

Housing cost drivers (good bills in parentheses):

- Labor (no bills this session)
- Materials (6, 269)
- Financing/funding (6, 270, 5167, 5278, 5337, 5477)
- Land/infrastructure (6, 270, 301)
- Regulation (5335, note NO bills addressing state regulation)
- Market factors (266, 267)

TYPES OF BILLS

Good

- Approach well thought out
- Language likely to be effective
- May benefit from some tweaks

Bad

- Concept has merit
- Language fail
- Needs rewrite to make supportable

Ugly

- Concept and wording both problematic
- Unacceptable negative impacts on state

5335

6

270

266

269

5337

5477

301

5167

5170

267

5278

146

THE GOOD

5335 (GOOD BUT NEEDS A TWEAK)

Housing hearing 3/5, on the House calendar (file #109)

Would give municipalities another pathway to achieve a moratorium under 8-30g, giving them $\frac{1}{4}$ housing unit-equivalent point for each unit duplex, triplex, quadplex built by right (with no income limit)

Problem: duplex, triplex, quadplex are ambiguous terms, e.g.: duplex can be:

- A lot with two dwelling units on it:
 - Where the units are stacked vertically in one building,
 - Where the units are stacked vertically in one building or attached horizontally in one building,
 - Where the units are stacked vertically in one building or attached horizontally in one building, or detached in separate buildings
- A lot with two dwelling units on it but there is only one title (each unit is not titled)
- Two units in two buildings on two building lots, with a shared wall

How to improve: define duplex as “a lot with two dwelling units on it”, triplex, quadplex similarly (covering the first bullet and three subbullets)

6 (GOOD BUT NEEDS TWEAKS)

Housing hearing 3/1, JFS 3/7, on the Senate calendar (#92)

Omnibus bill that does many things; of interest to municipalities

Enables housing authorities to work across municipal lines – language changed in JFS (thank you) to require buy-in of all municipalities involved (so not problematic unilateral approach as in 207)

Creates state Housing Growth Fund to fund affordable housing and TOD, with payments going to municipalities based on permits issued

Provides state tax credits to developers for the conversion of commercial buildings to housing (same as in 270; contrast with objectionable by-right approach in 416)

Raises conveyance tax on institutional buyers (same as in 266)

Reduces sales tax on inputs into large, multifamily housing projects (same as in 269)

270 (GOOD BUT COULD BE IMPROVED)

Housing hearing on 3/5, still in Committee

Gives state tax credits for the conversion of commercial buildings to residential use

Helps address financing gaps caused by high financing, labor, and materials costs

Preserves local planning (no by right), so municipalities can ensure that only buildings that are suitable and safe for residential use are converted

How to improve: include buildings that served institutional uses (e.g., health care, education) and structures that were converted to commercial uses under “commercial building”

266 (GOOD BUT NEEDS A TWEAK)

Housing hearing 3/5, still in Committee

Would apply a higher conveyance tax on homes bought by non-individual buyers, putting conveyance tax on buyers in this case

Addresses sharp rise in real estate investors, speculators – drive up housing cost and contributes to volatility in market (price spikes and crashes)

Problems

- Varying who pays the conveyance tax by buyer type complicates real estate transactions and may create perverse incentive to sell to institutional buyers (since seller would not pay tax in this case)
- Would create a penalty on any buyers who are not individuals, including married couples, unmarried couples, parent/child combos

How to improve: leave conveyance tax in place, charge higher buyer fees (e.g., filing fees) based on buyer type, direct additional revenues into local housing trust funds to create affordable housing and support rental assistance

269 (GOOD BUT NEEDS A TWEAK)

Housing hearing 3/5, still in Committee

Would reduce the sales tax to 3% on inputs for developments with at least 50 units affordable at 100% AMI (CGS 8-39a)

Good concept but problematic language

Limited impact – would exclude most housing construction

WestCOG submitted concerns – may not be workable or implemented by building suppliers due to complexity of varying sales tax on a purchase-by-purchase basis

How to improve: allow builders to claim a tax credit on their annual taxes

146 (GOOD)

Housing hearing 2/20, JFS 3/7, on the Senate calendar (file #91)

Reduces obstacles to using housing vouchers (it was reported that half of all vouchers have gone unused):

- Extends the duration of housing vouchers
- Expedites unit inspections and payment to landlords
- Allows for documents to be electronically signed and submitted
- Creates transparency in voucher value
- Allows vouchers values to be raised to reflect higher rents
- Provides information about voucher portability to prospective tenants

5337 (GOOD)

Housing hearing 3/5, on the House calendar (file #65)

Would enable municipalities to direct TIF district revenues to renovate/rehabilitate affordable housing, including renewal of deed restrictions that are set to expire

Many deed-restricted units will come off the affordable housing appeals list in coming years; this bill will help protect these units

5477 (GOOD)

PD hearing 3/13, filed with LCO 3/25

Would allow municipalities to fix assessments for up to 30 years (from current 10), reducing property taxes on affordable housing and thus improving the economics of affordable housing proposals (however, it could also apply to other developments, residential, commercial, and industrial, if so desired)

Also would allow blight fines to be scaled to property size, so that they are a meaningful incentive for large properties

301 (GOOD BUT NEEDS IMPROVEMENT)

Environment hearing on 3/7, JFS 3/21, filed with LCO 3/22

Updates CT's plumbing fixture water efficiency standards

- CT's standards are the laxest in New England + New York
- Modern standards will reduce water use, enabling public water and sewage systems capacity potentially to stretch further (e.g., serve more homes)

Provides for grants in addition to loans to improve the energy efficiency of homes, remediate health and safety concerns, and access federal/state energy efficiency and retrofit programs

The bill would move CT from last in New England to 2nd last in water efficiency. This is inadequate. Instead, the bill should enact the same standards as New York Maine for plumbing fixtures and require pressure-regulated sprinklers NY, MA, RI and 8 other states have done.

5167 (GOOD BUT NEEDS IMPROVEMENT)

PD hearing 2/21, on the House calendar (file #35)

Enables municipalities to abate taxes for first-time buyers of a single-family home with a CHFA mortgage up to \$500 per year for the first five years

Notes

- May have minimal impact on the region due to most single-family homes exceeding the sales price limits that apply to CHFA loans
- In rural areas, USDA mortgages are often used instead of CHFA loans

How to improve: extend to condominiums and USDA mortgages, evaluate options to reduce/eliminate title insurance costs

5170 (GOOD)

PD hearing 2/21, JFS 3/1, on House calendar (file #3)

Would require all members of inland wetlands agencies to be trained, and provide for that training to be online (i.e., at their own convenience), within one year

Municipalities would have to report on compliance

No penalties for noncompliance

Note: language that would have shortened the extensions that land use commissions could grant and thus could have resulted in more denials was removed

Positive development that should support quality decisions by wetlands agencies

267 (GOOD)

Housing hearing 3/5, on Senate calendar (file #49)

Studies effects of short-term rentals on the state's housing market

Follows growing body of research that short-term rentals make conventional rentals less available and affordable

On the other hand, short-term rentals can also create a revenue stream that defrays the cost of homeownership and can provide needed lodging for contract workers, interns, and visitors in locations that are under- or unserved by hotels and motels

These impacts may vary by location (e.g., vacation destination versus suburb), tenure (owner living on premises vs. absent), and housing type (bedroom vs. entire home)

5278 (GOOD)

PD hearing 2/28, still in Committee

Would authorize DECD to make planning grants to municipalities to advance TOD
(state economic development policy is currently silent on TOD)

Would also factor TOD into delineation of areas eligible to receive state funding for
public transit and real estate development in state PoCD

5391

5473

5174

5390

THE BAD

5391 (BAD BUT FIXABLE) — PART I

PD hearing 3/6, still in Committee

Gives municipalities points for adopting specific regulations into their zoning

Number of points corresponds to tiers:

- Lowest tier (note potential conflicts with state regulations)
 - In areas with public water and sewer, municipality limited minimum lot size no smaller than 7,500 square feet AND all multifamily (regardless of size) must be approved by right
 - Accessory apartments by right everywhere, in any residence and zone
 - Required parking capped at 1 space per studio/1-bedroom and 2 spaces for homes above that
 - Minimum lot sizes in areas without public water and sewer no smaller than 1 acre
- Second tier
 - Nothing
- Third tier
 - Doubles housing-unit equivalent points
 - OPM funding for community and economic development projects
- Highest tier
 - Exempt from 8-30g

5391 (BAD BUT FIXABLE) — PART II

PD hearing 3/6, still in Committee

Good

- Provides municipalities another pathway out of 8-30g (a need given that meeting 10% threshold in substantial part depends on factors beyond zoning (e.g., where the state sends housing vouchers, where CHFA/USDA mortgages are available, whether developers are interested in building)
- Gets back to what the intent of 8-30g is: to give developers relief from local zoning when that zoning specifically is the impediment to affordable housing (and not other factors)

Bad

- Lowest tier is punitive and likely will conflict with state regulation, putting municipalities in a bind (should they follow regulation and be penalized for doing so, or not follow regulation and face potential legal sanctions?)

How to fix: needs further review – at minimum, align with state regulation and ensure that points correlate with policy choices that affect housing affordability

5473 (BAD BUT FIXABLE) — PART I

PD hearing 3/13, JFS 3/22

Would have study elimination of municipal design review authority

Design review is strongest tool we have for historic preservation and for creating places that people want to live, work, and play; it is a critical to form-based codes

Unlikely to have much impact on housing supply given that design review only affects a very small percentage of land in state

Expanding design review could mitigate a principal local concern re development, namely new housing not 'blending in' to existing neighborhoods

How to fix: get rid of study. Instead, allow municipalities to grant density bonuses to applications that satisfy design review criteria (e.g., so that a triplex blends in seamlessly in an existing single-family neighborhood)

5473 (BAD BUT FIXABLE) — PART II

JFS surprise: would require nearly every municipality to plan for sewer expansion, and provide funds to build for it

- Makes no environmental or economic sense;
- Sewers would be underground “bridges to nowhere” – huge public expense with low private ROI
- We Can't Afford to Maintain Our Water and Sewer Infrastructure...Unless We Build More Productive Places: “how we can increase the amount of private investment without substantially increasing our public investment... ‘Our challenge now is not about expanding our infrastructure networks but making better use of what we’ve already built.’ Building more productive places will increase water and sewer system revenues from new customers while adding few if any new liabilities. This is the opposite approach of the suburban experiment, which merely replicates the least financially sustainable aspects of our current development patterns and kicks the can down the road”

How to fix: change to study of a) where there is excess water/sewer capacity, b) where there are financial needs in these systems, c) how we can focus development in these areas to utilize this capacity and create long-term solvency

5174 (BAD)

Housing hearing 2/21, JFS 3/22, filed with LCO 3/25

Allows religious organizations to put temporary homeless shelters on their property as an accessory use to a house of worship at least 1,000 feet from school or cemetery

Shelters are prefabricated units (manufactured/trailers)

By right approvals of no fewer than eight such units on a parcel of any size

- Municipality can limit residency of any person to no more than 12 consecutive months – but what about individuals that are protected from eviction?
- Will these become permanent? No expiration date for approvals
- What if property does not have adequate utilities, parking, etc. for eight units (could be 40 persons)? Municipality cannot require adequate water and sewer/septic, parking, etc.

5390 (BAD)

PD hearing 3/6, JFS 3/15, referred to OFA

Would give municipalities priority in state discretionary funding programs if they adopt zoning regulations to create a “transit-oriented district”

- OPM determines eligibility, including acceptability of local parking requirements, lot size, lot coverage, setback requirements, floor area ratio, height restrictions, inclusionary zoning requirements, development impact fees or other guidelines
- Various provisions of bill are not legal (e.g., impact fees, “perfect sixes”)
- Other provisions do not make sense (e.g., tying to CHFA Housing Needs Assessment)
- Strange by-right accessory apartment language for persons who have owned property for 3 years
- JFS language provides for Municipal Redevelopment Authority to fund “transit-oriented districts” under this bill in addition to “housing growth zones” as specified under the budget implementer

Not clear bill adds anything of value

5336

5475

416

207

THE UGLY

207 (UGLY)

Housing hearing on 2/27, JFS on 2/29, on House calendar (file #40)

Would allow housing authorities to expand into other municipalities, without the invitation of the other municipalities

- Sets a concerning precedent for the unilateral expansion of municipal departments and agencies into other municipalities
- Municipalities into which housing authority expands would have no role in governance or operations (no seat on board, no financial contribution)
- Could result in two or more housing authorities operating in one municipality, creating duplication of services and an inefficient use of public resources (including state funding)

Regional housing authorities, modeled on regional health districts – which 130 municipalities have voluntarily joined, with a role in governance and operations – would be a more democratically accountable and efficient approach

416 (UGLY)

PD hearing 3/13, filed with LCO 3/25

By right conversion of any commercial building to residential use, regardless of suitability

- Could be offices, storefronts, hospitality, whether standalone or in mixed use, regardless of whether local plan supports conversion to residential (could lose local businesses that make center vibrant)
- Could also be OR could be gas station, dry cleaner, or indoor firing range – or main street shops
- Cannot condition conversion on, say, cleanup of property
- Recipe for chaos – and substandard living arrangements, potential loss of main streets

Compare with 8-30g:

- 8-30g already allows conversion of commercial, but requires 30% affordable; 416 does not require any affordability. Possible outcome of bill: shift in commercial conversions with affordability set-aside → conversions with no affordability
- 8-30g considers “health, safety, or other matters”; 416 does not protect health or safety beyond what is in state building code, fire safety code, or fire prevention code – omits health/safety concerns such as flooding, air and noise pollution, environmental contamination

5475 (UGLY) — PART I

PD hearing 3/13, JFS 3/22, filed with LCO 3/25

Would limit intervenor status on residential applications to persons who own property within 100 feet

- Eliminates the ability of residents to intervene in cases of “unreasonably polluting, impairing or destroying the public trust in the air, water, or other natural resources of the state”
- Imagine a hypothetical development that is filling wetlands or dumping sewage into the sound — statewide environmental group would no longer be able to intervene

Eliminates the ability of neighbors to protest a rezoning and compel a supermajority of the zoning commission

- Most rezonings initiated at request of the owners of property to be rezoned
- Removes ability of people most likely to be adversely impacted by zone change to be heard

5475 (UGLY) — PART II

Would allow “any” development in an area with public water or sewer, or that the local PoCD deems “appropriate for increased development” to be exempted from any wetlands review by ordinance

- Would set back decades of environmental progress
- Return CT to an area where filling of wetlands, with no consideration of ecological impacts, was the norm, and where neighbors and downstream properties were flooded as a consequence

Would require allowing by-right conversion of “vacant” nursing homes into multifamily housing

- Would create an incentives for a) nursing homes to close, displacing residents so they become “vacant” and thus can convert, or b) to ‘game’ the system – build a nursing home, never occupy it, then convert immediately to multifamily residential

5336 (UGLISSIMO) — PART I

Housing hearing 3/5, JFS 3/7, on House calendar (#110)

Would require Low-income Housing Tax Credits – which are federal tax credit that is vital affordable housing projects – be distributed using fair share housing allocations

This change would

- Reduce federally-required public input into how these credits are distributed
- Potentially strand many of these valuable credits in locations where they will not get used, directing the construction of affordable housing to areas where it is not needed and reducing overall the construction of affordable housing (leaving federal money on the table)
- Establish fair share in state law even though the allocations have not been calculated, let alone reviewed by the legislature, and the legislative has not enacted fair share
- **Redline most of the state's cities**
- Run counter to state plans and policies (see next page)

5336 (UGLISSIMO) — PART II

Current locational factors considered in LIHTC allocation:

Applications that include the following locational characteristics are more competitive for funding:

1. Concentrated settlement
2. Proximity to rail and bus rapid transit
3. Local bus service
4. Close to grocery stores, shopping, pharmacies, medical and dental facilities, hospitals, doctor's offices, clinics, day care, and banks
5. Close to parks, playgrounds, playing courts, trails, schools, libraries, community centers, etc.
6. Sewer service
7. Public water service
8. High poverty or low incomes
9. Shortage of existing income-restricted housing
10. High-opportunity area

Under 5336, only these locational factors would be considered:

The characteristics to the left would be replaced with:

1. Higher grand list
2. Higher median income
3. Lower poverty rate
4. Less multifamily housing

In other words – communities whose residents have expensive homes and high incomes, and where there are few poor people – would be more competitive for tax credits.

5336 (UGLISSIMO) — PART III

Fair share includes an allocation of 0 (ZERO) for municipalities with poverty rates of 20%+

5336 would apply this to LIHTC – deprioritizing the following municipalities from receiving federal tax credits for housing construction or rehabilitation:

- Bridgeport
- Hartford
- New Britain
- New Haven
- New London
- Waterbury
- North Canaan
- Windham

5336 could cause problems for the state with the DoJ as redlining (a discriminatory practice where financial assistance is withheld from neighborhoods that have significant numbers of racial and ethnic minorities) has been found by the courts to be illegal.