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## **OLR Bill Analysis**

### **SB 356**

#### ***AN ACT ESTABLISHING AN ENERGY EFFICIENCY RETROFIT GRANT PROGRAM FOR AFFORDABLE HOUSING.***

#### **SUMMARY**

This bill requires the Department of Housing (DOH), by September 1, 2021, to establish an energy efficiency retrofit grant program, and imposes a new \$5 building permit application fee to fund it. Generally, the bill requires that the program (1) award grants for installing energy efficient upgrades to affordable housing, including housing authority property, and (2) set goals for upgrades to affordable housing units, from 2021 to 2025.

By January 1, 2022, and annually thereafter, the DOH commissioner must submit a report to the legislature's Housing Committee. The report must include data on progress made in meeting the grant program's goals.

Under the bill, as under existing law, housing is defined as "affordable" when people earning no more than the area median income for the municipality where the housing is located, as determined by the U.S. Department of Housing and Urban Development, spend no more than 30% of their income on it (CGS § 8-39a).

**EFFECTIVE DATE:** Upon passage, except that a conforming change is effective October 1, 2021.

#### **PROGRAM PURPOSE AND STANDARDS**

Under the bill, the energy efficiency retrofit grant program's purpose is to award grants for installing energy efficient upgrades to affordable housing, including housing authority property. The upgrades must cover the installation of rooftop solar photovoltaic panels, heat pumps, and balanced ventilation and other devices to

mitigate gas leaks, mold, vermiculite, and asbestos.

The bill requires DOH to develop program standards. When doing so, the department (1) may consult with other agencies, including quasi-public agencies, and (2) must consider the energy performance standards developed by the economic and community development and energy and environmental protection commissioners for state-owned and state-financed housing projects, among other buildings. In addition, DOH may coordinate with other state agencies to implement the program in conjunction with existing state programs that help state residents install or obtain energy efficient upgrades.

### **APPLICATION PROCESS**

Under the bill, grant applicants apply to the DOH commissioner on forms she prescribes. The forms must require applicants to provide the following information:

1. a description of the proposed project and its budget,
2. an explanation of the project's expected benefits from energy efficient upgrades,
3. the applicant's financial and technical capacity to undertake the project, and
4. any other information the commissioner deems necessary.

### **GRANT PRIORITIZATION AND RETROFIT GOALS**

The bill requires the commissioner to prioritize grants to applicants that (1) upgrade affordable housing for families with a cumulative annual income of \$50,000 or less and (2) use certified home energy auditors and local contractors with project labor agreements that pay the prevailing wage and who make good faith efforts to hire, or cause to be hired, available and qualified minority business enterprises (MBEs) (see BACKGROUND).

The bill establishes goals for upgrades to affordable housing units, for 2021 to 2025. Specifically, it sets a goal of retrofitting 5% of

affordable housing units per year from 2021 through 2023, 10% in 2024, and 10% in 2025. (The bill uses the definition of affordable housing under CGS § 8-39a, which defines affordability by how much of their income people spend on housing, not in terms of housing units or types. Thus, it is unclear how the program will measure or achieve these retrofit goals.)

## **FUNDING**

Beginning July 1, 2021, the bill requires local building officials to assess a \$5 fee on building permit applications. The fee is in addition to an existing fee, set annually by the Public Safety commissioner, that goes toward training and education on the State Building Code (Conn. Agencies Regs., § 29-251c-1).

Under the bill, local building officials must maintain the fees in a separate account and remit them quarterly to the Department of Administrative Services for deposit in the General Fund. Upon deposit in the General Fund, the fees must be credited to DOH and used to fund the energy efficiency grant program.

## **BACKGROUND**

### ***MBEs***

By law, MBEs are small contractors owned by women, minorities, or people with disabilities. The owner must have managerial and technical competence and experience directly related to his or her principal business activities. A “small contractor” is a business that (1) maintains its principal place of business in Connecticut, (2) had gross revenues of \$15 million or less during its most recent fiscal year, and (3) is independent (CGS § 4a-60g(a)).

## **COMMITTEE ACTION**

Housing Committee

Joint Favorable

Yea 15 Nay 0 (03/09/2021)