



Senate

General Assembly

File No. 142

January Session, 2021

Substitute Senate Bill No. 356

Senate, March 25, 2021

The Committee on Housing reported through SEN. LOPES of the 6th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

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

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

1 Section 1. (NEW) (*Effective from passage*) (a) Not later than September
2 1, 2021, the Department of Housing shall establish an energy efficiency
3 retrofit grant program. Such program shall award grants to fund the
4 installation of energy efficient upgrades to affordable housing, as
5 defined in section 8-39a of the general statutes, including, but not
6 limited to, property of a housing authority, as defined in section 8-39 of
7 the general statutes. Such upgrades shall include, but not be limited to,
8 the installation of rooftop solar photovoltaic panels, heat pumps and
9 balanced ventilation and other devices to mitigate gas leaks, mold,
10 vermiculite and asbestos.

11 (b) The Department of Housing shall develop standards for the
12 energy efficiency retrofit grant program. The department may consult
13 with other state agencies and quasi-public agencies, and shall consider
14 the energy performance standards developed pursuant to section 16a-

15 38 of the general statutes, in establishing the standards for the grant
16 program. The department may coordinate with other state agencies to
17 implement the grant program in conjunction with other existing state
18 programs that have the purpose of installing or otherwise assisting state
19 residents to obtain energy efficient upgrades.

20 (c) A grant applicant shall submit an application to the Commissioner
21 of Housing on forms prescribed by the commissioner, which shall
22 include, but not be limited to: (1) A description of the proposed project;
23 (2) an explanation of the expected benefits of the project in relation to
24 the purposes of this section; (3) information concerning the financial and
25 technical capacity of the applicant to undertake the proposed project; (4)
26 a project budget; and (5) any other information deemed necessary by the
27 commissioner. The commissioner shall prioritize grants to applicants
28 who (A) use the services of certified home energy auditors and local
29 contractors with project labor agreements who pay the prevailing wage
30 and who make good faith efforts to hire, or cause to be hired, available
31 and qualified minority business enterprises, as defined in section 4a-60g
32 of the general statutes, and (B) upgrade affordable housing for families
33 with a cumulative annual income of not more than fifty thousand
34 dollars.

35 (d) The energy efficiency retrofit grant program shall be funded by
36 the fee collected pursuant to section 29-263 of the general statutes, as
37 amended by this act, and shall provide grants with the goal of
38 completing energy efficient retrofits in five per cent of affordable
39 housing units in 2021, five per cent of affordable housing units in 2022,
40 five per cent of affordable housing units in 2023, ten per cent of
41 affordable housing units in 2024 and ten per cent of affordable housing
42 units in 2025.

43 (e) Not later than January 1, 2022, and annually thereafter, the
44 Commissioner of Housing shall submit a report, in accordance with the
45 provisions of section 11-4a of the general statutes, to the joint standing
46 committee of the General Assembly having cognizance of matters
47 relating to housing. Such report shall include data relating to progress

48 made in attaining the goals of the program.

49 Sec. 2. Section 29-263 of the general statutes is repealed and the
50 following is substituted in lieu thereof (*Effective from passage*):

51 (a) Except as provided in subsection (h) of section 29-252a and the
52 State Building Code adopted pursuant to subsection (a) of section 29-
53 252, after October 1, 1970, no building or structure shall be constructed
54 or altered until an application has been filed with the building official
55 and a permit issued. Such permit shall be issued or refused, in whole or
56 in part, within thirty days after the date of an application. No permit
57 shall be issued except upon application of the owner of the premises
58 affected or the owner's authorized agent. No permit shall be issued to a
59 contractor who is required to be registered pursuant to chapter 400, for
60 work to be performed by such contractor, unless the name, business
61 address and Department of Consumer Protection registration number
62 of such contractor is clearly marked on the application for the permit,
63 and the contractor has presented such contractor's certificate of
64 registration as a home improvement contractor. Prior to the issuance of
65 a permit and within said thirty-day period, the building official shall
66 review the plans of buildings or structures to be constructed or altered,
67 including, but not limited to, plans prepared by an architect licensed
68 pursuant to chapter 390, a professional engineer licensed pursuant to
69 chapter 391 or an interior designer registered pursuant to chapter 396a
70 acting within the scope of such license or registration, to determine their
71 compliance with the requirements of the State Building Code and,
72 where applicable, the local fire marshal shall review such plans to
73 determine their compliance with the Fire Safety Code. Such plans
74 submitted for review shall be in substantial compliance with the
75 provisions of the State Building Code and, where applicable, with the
76 provisions of the Fire Safety Code.

77 (b) On and after July 1, 1999, the building official shall assess an
78 education fee on each building permit application. During the fiscal year
79 commencing July 1, 1999, the amount of such fee shall be sixteen cents
80 per one thousand dollars of construction value as declared on the

81 building permit application and the building official shall remit such
82 fees quarterly to the Department of Administrative Services, for deposit
83 in the General Fund. Upon deposit in the General Fund, the amount of
84 such fees shall be credited to the appropriation to the Department of
85 Administrative Services and shall be used for the code training and
86 educational programs established pursuant to section 29-251c and the
87 educational programs required in subsections (a) and (b) of section 29-
88 262. On and after July 1, 2000, the assessment shall be made in
89 accordance with regulations adopted pursuant to subsection (d) of
90 section 29-251c. All fees collected pursuant to this subsection shall be
91 maintained in a separate account by the local building department.
92 During the fiscal year commencing July 1, 1999, the local building
93 department may retain two per cent of such fees for administrative costs
94 incurred in collecting such fees and maintaining such account. On and
95 after July 1, 2000, the portion of such fees which may be retained by a
96 local building department shall be determined in accordance with
97 regulations adopted pursuant to subsection (d) of section 29-251c. No
98 building official shall assess such education fee on a building permit
99 application to repair or replace a concrete foundation that has
100 deteriorated due to the presence of pyrrhotite.

101 (c) On and after July 1, 2021, the building official shall assess an
102 additional fee of five dollars on each building permit application. The
103 building official shall remit such fees quarterly to the Department of
104 Administrative Services for deposit in the General Fund. Upon deposit
105 in the General Fund, the amount of such fees shall be credited to the
106 appropriation to the Department of Housing and shall be used to fund
107 the energy efficiency retrofit grant program established under section 1
108 of this act. All fees collected pursuant to this subsection shall be
109 maintained in a separate account by the local building department.

110 [(c)] (d) Any municipality may, by ordinance adopted by its
111 legislative body, exempt Class I renewable energy source projects from
112 payment of building permit fees imposed by the municipality.

113 [(d)] (e) Notwithstanding any municipal charter, home rule

114 ordinance or special act, no municipality shall collect an application fee
115 on a building permit application to repair or replace a concrete
116 foundation that has deteriorated due to the presence of pyrrhotite.

117 Sec. 3. Subsection (b) of section 16-245nn of the general statutes is
118 repealed and the following is substituted in lieu thereof (*Effective October*
119 *1, 2021*):

120 (b) Not later than January 1, 2016, each municipality shall incorporate
121 residential solar photovoltaic systems in its building permit application
122 process or utilize a residential solar photovoltaic system permit
123 application supplement. Each municipality may (1) develop and post on
124 the municipality's Internet web site a permit application for the
125 installation of a residential solar photovoltaic system, (2) allow for
126 electronic submission of such application, and (3) exempt such system
127 from payment of permit fees pursuant to subsection [(c)] (d) of section
128 29-263, as amended by this act.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	New section
Sec. 2	<i>from passage</i>	29-263
Sec. 3	<i>October 1, 2021</i>	16-245nn(b)

Statement of Legislative Commissioners:

Section 3 was added for consistency with the changes being made in Section 2.

HSG Joint Favorable Subst. -LCO

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 22 \$	FY 23 \$
Department of Housing	GF - Revenue Gain	1 - 3 million	1 - 3 million
Department of Housing	GF - Cost	127,500	131,000
State Comptroller - Fringe Benefits ¹	GF - Cost	52,500	54,000

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill requires the Department of Housing (DOH) to establish an energy efficiency retrofit grant program for affordable housing and funds it with a new \$5 fee on building permit applications. Building permit data is not centrally collected statewide, however, based on various town reports, there are at least 200,000 building permit applications filed annually. It is expected that the new fee will result in a revenue gain of \$1 to \$3 million and will vary based on the actual total number of building permit applications submitted annually.

To administer the grant program, it is assumed that DOH will need to hire a program manager and a part time (0.5 FTE) associate accountant at a FY 22 cost to the General Fund of \$180,000 (\$122,000 and \$58,000, for each position respectively, for both salary and fringe benefit costs). FY 23 costs would be approximately \$185,000 (\$126,000 and

¹The 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 41.3% of payroll in FY 22 and FY 23.

\$59,000) for the same staff. It is anticipated that DOH could cover such costs with the program funding from the building permit fee.

It is unknown how much funding would be necessary to meet the program goals stated in the bill. For context, there are approximately 140,000 units of occupied "affordable" rental housing and 134,000 homeowners in "affordable" homes in Connecticut, according to data in the Connecticut Housing Finance Authority's Housing Needs Assessment that approximates the definition of affordable housing used in the bill.² Completing upgrades to five percent of such housing per year would require annual grants to upgrade 13,700 units.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to the volume of building permit applications and state employee wage and benefit cost increases.

*Sources: Department of Housing
https://www.chfa.org/assets/1/6/Connecticut_HNA.pdf*

² OFA calculations on Fig. 10 "Connecticut: Renter Cost Burden by Market Type" and Fig. 34 "Connecticut: Owner Cost Burden by Market Type"

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)