
OLR Bill Analysis

sSB 985

AN ACT INCENTIVIZING HOUSING PRODUCTION.

SUMMARY

This bill changes requirements for municipalities that work with the Connecticut Municipal Redevelopment Authority (MRDA) by (1) making collaboration with MRDA optional and (2) requiring those that work with MRDA to adopt zoning regulations that facilitate housing development in “development districts,” which under existing law are areas encompassing transit stations or downtowns.

In 2019, the legislature created MRDA as a quasi-public agency authorized to stimulate economic development and transit-oriented development in development districts by, among other things, developing property and managing facilities (see BACKGROUND). Currently, fiscally distressed municipalities must collaborate with MRDA as “member municipalities” to create a development district. The bill eliminates the provision in current law creating mandatory member municipalities and limiting membership to larger municipalities. In doing so, the bill allows any municipality outside the Capital Region Development Authority’s (CRDA) jurisdiction to become a member.

The bill requires municipalities that opt to collaborate with MRDA to adopt a “housing growth zone” (HGZ) before moving forward with a development district’s creation. A HGZ is the area of a development district (or a larger area) in which local zoning regulations facilitate substantial new housing development. MRDA is responsible for approving proposed HGZ regulations and the bill specifies factors that must be considered. Municipalities cannot receive financial assistance from MRDA for a development district project until they enact the approved HGZ regulations.

The bill also requires every municipality to report to the Department of Economic and Community Development (DECD) on the number of (1) new dwellings permitted that calendar year, including whether they are in single family, two-to-four family, or larger multifamily properties, and (2) dwelling units demolished. The first report, covering 2018-2022, is due December 31, 2023, with annual reports subsequently due by March 31 each year, beginning in 2024. DECD must publish the reports on its website. (In practice, DECD already collects and publishes similar data.)

If a municipality misses an annual filing deadline, DECD must notify it in writing that it has 60 days to submit the required information or it will be deemed ineligible for discretionary state funding that DECD administers until the next filing deadline. The DECD commissioner may waive this penalty if she finds good cause for failing to file.

Lastly, the bill requires the Office of Policy and Management (OPM) secretary, in consultation with the administrative services and transportation commissioners, to study whether any state-owned real property (excluding conserved lands) is available and suitable for developing as housing. The study must focus on property that is suited to transit-oriented and affordable housing development. The OPM secretary must report on the study to the governor and Housing and Planning and Development committees by January 1, 2024.

EFFECTIVE DATE: October 1, 2023, except the MRDA provisions (§§ 1-2) are effective July 1, 2023.

MEMBER MUNICIPALITIES

The bill eliminates current law's requirement that certain municipalities be deemed member municipalities and work with MRDA to create a development district. Specifically, the bill eliminates the requirement that municipalities classified by OPM as a designated Tier III or IV municipality (i.e., fiscally distressed municipalities subject to the Municipal Accountability Review Board's oversight) automatically be deemed member municipalities.

Currently, optional membership is limited to the following municipalities outside CRDA's jurisdiction:

1. municipalities with a population of at least 70,000 (as of the last decennial census), if their legislative bodies opt to become members, and
2. two or more municipalities with a combined population of at least 70,000 (as of the last decennial census), if their legislative bodies opt to jointly become members ("joint members").

The bill eliminates the population threshold for single-municipality membership, but retains it for joint members.

As under existing law, municipalities in the CRDA "capital region" are not eligible to become member municipalities (i.e., Bloomfield, East Hartford, Hartford, Newington, South Windsor, Wethersfield, West Hartford, and Windsor).

SUBMISSION OF PROPOSED HGZ

By law, member municipalities must enter into a memorandum of agreement (MOA) with MRDA to establish and delineate at least one development district near a central business district (downtown) or passenger transit station (railroad or bus rapid transit station). Under current law, before entering into an MOA to establish a development district, MRDA must review and approve the member's economic development master plan. The bill additionally requires the member's chief executive officer (or a joint member's chief executive officers) to make a HGZ proposal, including proposed zoning regulations, and submit it for MRDA's approval. The member municipality must also enact the approved HGZ regulations before MRDA can give it financial assistance for development projects.

The HGZ must encompass the development district but may extend beyond it. (The bill requires members to submit the HGZ proposal to MRDA before it enters into an MOA delineating the development district's boundaries. Presumably, the HGZ proposal and draft regulations must state that they apply to any development district

boundaries later delineated.) The HGZ must be designed to facilitate substantial development of new dwelling units.

(The bill specifies that HGZs are areas designated in local zoning regulations adopted by municipalities exercising zoning powers under the Zoning Enabling Act (CGS § 8-2). It is unclear if the bill's HGZ requirements apply to municipalities that zone under authority granted by a special act.)

MRDA's Review of HGZ Proposal

Under the bill, MRDA must approve a HGZ proposal if it determines the proposal will likely substantially increase the production of dwellings that meet regional housing demand. MRDA must consider several factors when reviewing HGZ proposals to determine if they will increase housing stock, including whether proposals:

1. allow new dwelling units to be developed without correspondingly requiring new off-street parking spaces;
2. generally promote residential diversity; and
3. for applications that will create a net increase of at least 10 dwelling units, require 10% of new units to be considered set-aside units under CGS § 8-30g.

(Presumably, the last criterion, by referring to the CGS § 8-30g appeals procedure, incorporates that law's affordability and deed restriction requirements for units in set-aside developments (see BACKGROUND).)

If a proposal includes the following components, MRDA must presume it will substantially increase dwelling unit production:

1. permits middle housing (i.e., duplexes, triplexes, quadplexes, cottage clusters and townhouses) as of right (i.e., subject only to an administrative review) and
2. requires only the zoning board of appeals' (ZBA) approval for applicable permits to engage in an activity creating a net increase

in dwelling units other than middle housing units.

The bill further requires that for the latter criterion on the ZBA's all-encompassing approval authority, the ZBA must:

1. have the same power to issue a permit or approval as any other municipal body or official that would otherwise act on the application;
2. hold one public hearing within 30 days after receiving an application;
3. decide whether to approve or deny the application, by majority vote, within 30 days after the hearing; and
4. be able to act without getting separate approval from the local planning and zoning commission, sewer commission, water commission, municipal wetlands commission, municipal conservation commission or board, or municipal historic preservation commission (but the extent to which a ZBA can act on behalf of these entities' is unclear, as the bill does not make conforming changes to the statutes on these entities duties).

BACKGROUND

CGS § 8-30g Set-Aside Developments

Under the affordable housing land use appeals procedure law, a "set-aside development" is one in which at least 30% of the units are deed restricted for at least 40 years after initial occupancy. Specifically, at least:

1. 15% of the units must be deed restricted to households earning 60% or less of the area median income (AMI) or state median income (SMI), whichever is less, and
2. 15% of the units must be deed restricted to households earning 80% or less of the AMI or SMI, whichever is less.

MRDA's Role in Development Districts

By law, member municipalities must enter into a MOA with MRDA

to establish at least one development district near existing infrastructure. MRDA can engage in development and redevelopment activities, including designing and constructing transit-oriented development; rehabilitating structures to create housing; and demolishing vacant buildings (“development projects”). To do so, it can acquire, finance, operate, and market facilities, as well as borrow money and issue bonds. MRDA must coordinate all state, municipal, and quasi-public agency planning and financial resources that are allocated for a development district project in which it is involved (CGS §§ 8-169hh to 8-169ss).

Related Bills

sSB 1227, reported favorably by the Government Administration and Elections Committee, (1) limits MRDA’s bonding authority, generally aligning it with other quasi-public agencies, and (2) allows MRDA to establish one or more special capital reserve funds in connection with its bonds.

sHB 6781, reported favorably by the Housing Committee, awards municipalities points toward a moratorium from the CGS § 8-30g affordable housing appeals procedure for certain middle housing units located within ¼ mile of a transit district (§§ 26 & 27).

sHB 6890, reported favorably by the Planning and Development Committee, creates a framework in which a municipality’s priority for certain discretionary state funding is tied to its adoption of zoning regulations creating a transit-oriented district in which greater housing density is allowed.

COMMITTEE ACTION

Planning and Development Committee

Joint Favorable Substitute

Yea 12 Nay 9 (03/24/2023)