OFFICE OF FISCAL ANALYSIS

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sSB-985
AN ACT INCENTIVIZING HOUSING PRODUCTION.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 24 $	FY 25 $
Treasurer, Debt Serv.	GF - Savings	Potential	Potential

Note: GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 24 $	FY 25 $
All Municipalities	See Below	See Below	See Below
Various Municipalities	Revenue Gain	Potential	Potential

Explanation

The bill changes requirements for municipalities that work with the Municipal Redevelopment Authority (MRDA) and implements mandatory reporting. This precludes a revenue gain and results in a potential revenue gain for municipalities beginning in FY 24. There are also potential impacts to debt service.

Sections 1 and 2 eliminate mandatory MRDA membership for fiscally distressed municipalities and expand eligibility for certain other municipalities to collaborate with the MRDA. This results in a potential revenue gain beginning in FY 24 for municipalities that choose to collaborate with the MRDA.

Municipalities that opt to collaborate with the MRDA must adopt a housing growth zone that meets the requirements set by the MRDA. Municipalities that meet these requirements and are approved by the

MRDA will be eligible to receive financial assistance, which results in a potential revenue gain beginning in FY 24.

Section 3 requires all municipalities to report certain changes in housing to the Department of Economic and Community Development (DECD). Failure to submit this information will make the municipality ineligible for discretionary state funding from DECD. This precludes a revenue gain for municipalities beginning in FY 24.

Section 3 has no state fiscal impact by requiring the DECD to collect and report municipal housing data. This provision can be accommodated with existing staff and resources.

Section 3 could result in a decreased or slower use of previously authorized bond funds for various bond-funded competitive grants programs. Future debt service costs may be incurred later or to a lesser extent under the section to the degree that it causes authorized bond funds to not be expended or to be expended more slowly than they otherwise would have been. To the extent municipalities are ineligible for competitive grants because of the provisions of the bill, the ineligible municipalities would potentially receive less revenue from the state than they otherwise would. If competitive awards are shifted from ineligible municipalities to eligible municipalities, the eligible municipalities would potentially receive more revenue from the state than they otherwise would.

Section 4 requires the Office of Policy and Management to study real property owned by the state and submit a report by January 1, 2024. This results in no fiscal impact as this can be accommodated with existing staff and resources.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation and which municipalities choose to collaborate with the MRDA.