

OFFICE OF FISCAL ANALYSIS

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sHB-5390

AN ACT CONCERNING TRANSIT-ORIENTED COMMUNITIES.

As Amended by House "A" (LCO 5392)

House Calendar No.: 178

Senate Calendar No.: 453

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 25 \$	FY 26 \$
Policy & Mgmt., Off.	GF - Potential Cost	See Below	See Below

Note: GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 25 \$	FY 26 \$
All Municipalities	Potential Revenue Gain	See Below	See Below

Explanation

The bill: (1) requires the Office of Policy and Management (OPM) to determine if transit-oriented communities (TOCs) are compliant with certain requirements and meet the restrictions on reasonable size, (2) requires OPM to adopt guidelines regarding the development of housing in a TOC, and (3) allows OPM to establish a grant program for regional councils of government for certain transit-related infrastructure. The magnitude and timing of the potential cost is dependent on the amount of funding made available, if any.

This results in a potential cost to OPM beginning in FY 25 to the extent one additional staff or a consultant is necessary to determine if a municipality is in compliance with the requirements of the amendment

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and develop guidelines regarding housing within a TOC. There is also a potential cost to OPM to provide grants to regional councils of governments for transit-related infrastructure.

The bill also: (1) permits municipalities to apply to OPM to be deemed compliant with the TOC requirements, (2) establishes the requirements for TOCs, (2) requires the communities to be prioritized for discretionary infrastructure funding, and (3) makes TOCs that adopt additional zoning criteria eligible for additional funding that OPM administers.¹ This may result in a potential revenue gain to various municipalities beginning in FY 25 to the extent they qualify for, or are prioritized for, discretionary infrastructure funding as a result of TOCs. To the extent municipalities are not compliant with the requirements within a TOC, the municipality may be required the return discretionary infrastructure funding if it was received as a result of the provisions within this bill.

Municipalities that adopt a resolution stating they intend to enact zoning regulations that would qualify them for a TOC may still be prioritized for discretionary infrastructure funding. This may result in a potential revenue gain beginning in FY 25 to the extent that municipalities adopt this resolution.

The bill also requires developments with ten or more units located within a TOC to either deed restrict a percentage of the units for a certain time period or make payments to an affordable housing development fund established by the TOC. This results in a potential revenue gain to municipalities beginning in FY 25 to the extent developers choose to make payments to the fund. These funds must be used to develop affordable housing within the municipality.

House "A" eliminates the original bill and its associated fiscal impact, and results in the impact described above.

¹ Discretionary infrastructure funding includes, but is not limited to, any source of funding that a state agency administers through a competitive process. This may include: the Urban Action Program and Small Town Economic Assistance Program.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation, funding awarded, and the amount of housing developer payments in lieu of deed restricted units.

The preceding Fiscal Impact statement is prepared for the benefit of the members of the General Assembly, solely for the purposes of information, summarization and explanation and does 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.