

Housing Committee JOINT FAVORABLE REPORT

Bill No.: HB-5337

AN ACT CONCERNING AFFORDABLE HOUSING DEVELOPMENT

Title: PRACTICES.

Vote Date: 3/7/2024

Vote Action: Joint Favorable

PH Date: 3/5/2024

File No.:

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SPONSORS OF BILL:

Housing Committee

REASONS FOR BILL:

This bill would give municipalities the opportunity to improve their existing housing infrastructure while maintaining affordability by requiring a surety bond from any developer who submits an affordable housing application, and by allowing a municipality to award funds for improvements to affordable housing.

RESPONSE FROM ADMINISTRATION/AGENCY:

None Expressed.

NATURE AND SOURCES OF SUPPORT:

[Representative Jason Rojas, House Majority Leader, Connecticut General Assembly \(CGA\):](#) Supports H.B. 5337 by stating that its major functions would be to ensure "an outcome that benefits the community in which an affordable housing application is filed," as well as address the problem of "an aging housing stock, and with that, a large quantity of units currently reserved for low-income families will become prohibitively expensive for their current occupants as deed restrictions expire." The bill would accomplish these goals in two ways. The first would be requiring a "surety bond of \$100,000" to "accompany an affordable housing application under CGS § 8-30g." The second is that Section 3 of the bill "allows for the use of tax increment financing outside of a tax increment financing district for projects rehabilitating deed-restricted properties that are slated to expire."

[Karen Fassuliotis](#): Supports the goals of this bill, specifically with regards to the overall "incentives to fund improvements to existing affordable housing to renew affordable covenants and restrictions to prevent affordable units from expiring." Karen urges amending the language of the bill by "changing the period of affordable under 8-30g from 40 years to 99 years as was enacted by the City of Stamford." Furthermore, lines 38-42 should also be changed because "Median income should be defined as the greater of the area median income and state median income, not the lesser of."

[Betsy Gara, Executive Director, Connecticut Council of Small Towns \(COST\)](#): Supports this bill by explaining that "Preserving existing affordable housing stock is critical to addressing the affordable housing needs of our communities." As outlined in Section 3, the bill "would allow municipalities to utilize tax increment districts to renovate or rehabilitate affordable housing units, including renewing any affordable housing deed restrictions that are due to expire," and this policy would "help ensure that these units remain affordable." COST also suggests that lawmakers amend the language of the bill to increase funding for current Connecticut Housing Finance Authority (CHFA) program(s), as well as award "8-30g points to municipalities that utilize state, federal or local funding to assist property owners in rehabilitating small, multi-family apartment buildings."

[Samuel Gold, Executive Director, Lower Connecticut River Valley Council of Governments \(RiverCOG\)](#): Supports H.B. 5337 stating that the bill "would help deter the abuse of section 8-30g applications for affordable housing developments" because under current law, "a developer can threaten an application for affordable housing under the Affordable Housing Appeals Act and fearmonger the impact of the threatened affordable housing development as leverage to get a commission to approve a market rate development." Furthermore, RiverCOG also supports the provision to "broaden municipalities' ability to raise funds to purchase extended affordability deed restrictions for properties that will soon to expire."

[John Hair](#): Supports the goals of this bill, specifically with regards to the overall "incentives to fund improvements to existing affordable housing to renew affordable covenants and restrictions to prevent affordable units from expiring." John urges amending the language of the bill by "changing the period of affordable under 8-30g from 40 years to 99 years as was enacted by the City of Stamford." Furthermore, lines 38-42 should also be changed because "Median income should be defined as the greater of the area median income and state median income, not the lesser of."

[Rose Kelly, Interim Director of HMIS and Strategic Analysis, Connecticut Coalition to End Homelessness \(CCEH\)](#): Supports this bill.

[Danielle Osullivan](#): Supports this bill.

[Francis Pickering, Executive Director, Western Connecticut Council of Governments \(WestCOG\)](#): Supports Section 3 of H.B. 5337 stating that it "would provide municipalities with another option to support the renovation or rehabilitation of affordable housing, including the renewal of deed restrictions that are set to expire." This is an issue that's "rising in salience as growing numbers of units approach 30 and 40 years in age." Furthermore, Section 3 "would specifically allow revenues from tax increment districts to cover these costs," and this would ensure "that as new development occurs, existing affordability is maintained."

[Maria Weingarten, Founder, CT169Strong](#): Supports the bill, as well as the "state's efforts to increase affordable housing in CT." CT169Strong recommends two adjustments to the language of the bill, including "changing the period of affordable under 8-30g from 40 years to 99 years as was enacted by the City of Stamford," and lines 38-42 of the bill should also be changed because "Median income should be defined as the greater of the area median income and state median income, not the lesser of."

NATURE AND SOURCES OF OPPOSITION:

[Gary Corigliano](#): Opposes this bill.

[Penny Cozza](#): Opposes this bill.

[Sean Ghio, Policy Director, Partnership for Strong Communities](#): Opposes H.B. 5337, specifically Section 2 of the bill, and states that "Requiring a surety bond of affordable housing developers serves to make it more difficult and expensive to develop affordable homes." This could also "discourage investment in much-needed projects, exacerbating the shortage of affordable homes," and Partnership for Strong Communities recommends striking Section 2 of H.B. 5337.

[Janice Miner, Chief Operating Officer, MCR Property Management Inc.](#): Opposes this bill on the basis that "If the project is not viable the developer loses the \$100,000," and this policy, if enacted, will be an "unavoidable roadblock for Developers and Investors to submit an affordable application, thus penalizing the renter instead."

[Jim Perras, CEO, Home Builders & Remodelers Association of Connecticut, Inc. \(HRBA\)](#): Opposes H.B. 5337 as it is currently written, stating that Section 2 "sends the wrong message and undermines the state's commitment to addressing the housing crisis," as well as "disproportionately [affecting] smaller developers, hindering their ability to contribute to affordable housing solutions." HRBA explains how instead, "The focus should be on fostering collaboration between developers and municipalities, not creating financial barriers." Therefore, HRBA recommends striking Section 2 but preserving Section 3 of H.B. 5337.

[Anthony Petrella](#): Opposes this bill stating that "Localities know more about their needs than larger jurisdictions of which they are a part and they should respect that."

[Raphael Podolsky, Attorney and Policy Advocate, Connecticut Legal Services](#): Opposes this bill stating that it is discriminatory "against the development of long-term affordable housing," "it restricts the negotiations that often occur between a developer and a municipality to try to find a mutually agreeable solution," and, "if a bond is called, the town is not required to use the bond for affordable housing development, i.e., to produce some form of the product that the developer had initially proposed to build." Therefore, Connecticut Legal Services recommends that "these provisions...be changed so that it does not become a tool to block affordable housing developments."

[Andrea Sandor](#): Opposes H.B. 5337 but supports the goals of this bill, specifically with regards to the overall "incentives to fund improvements to existing affordable housing to renew affordable covenants and restrictions to prevent affordable units from expiring." Andrea urges amending the language of the bill by "changing the period of affordable under 8-30g

from 40 years to 99 years as was enacted by the City of Stamford." Furthermore, lines 38-42 should also be changed because "Median income should be defined as the greater of the area median income and state median income, not the lesser of."

[Carol Scully, Director of Advocacy, Arc of Connecticut, Inc.:](#) Opposes this bill stating that H.B. 5337 "contradicts Connecticut's policy goal to increase the supply of affordable housing," as it could "potentially disincentivize developers of affordable housing projects." This policy could further exacerbate "the shortage of affordable homes," and the Arc of Connecticut "requests that Section 2 of the bill be eliminated."

[Warren Serenbetz:](#) Opposes H.B. 5337 but supports the goals of this bill, specifically with regards to the overall "incentives to fund improvements to existing affordable housing to renew affordable covenants and restrictions to prevent affordable units from expiring." Warren urges amending the language of the bill by "changing the period of affordable under 8-30g from 40 years to 99 years as was enacted by the City of Stamford." Furthermore, lines 38-42 should also be changed because "Median income should be defined as the greater of the area median income and state median income, not the lesser of."

[Jessica Stauder:](#) Opposes this bill.

[Patricia Thatcher:](#) Opposes this bill.

Reported by: Austin Hyatt

Date: 3/18/2024