Senate

General Assembly

File No. 212

January Session, 2025

Substitute Senate Bill No. 1361

Senate, March 25, 2025

The Committee on Housing reported through SEN. MARX of the 20th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT ESTABLISHING A HOUSING GROWTH FUND FOR A MUNICIPAL GRANT PROGRAM.

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

Section 1. (NEW) (*Effective October 1, 2025*) As used in this section and sections 2 to 4, inclusive, of this act:

(1) "Commissioner" means the Commissioner of Economic and Community Development;

(2) "Dwelling unit" has the same meaning as provided in section 47a-1 of the general statutes;

(3) "Housing authority" means a public body corporate and politic created pursuant to section 8-40 of the general statutes, as amended by this act, or any state entity providing funds for affordable housing or administering an affordable housing program;

(4) "Housing authority development" means a development that is, in whole or in part, owned, acquired or developed by a housing

authority;

(5) "Housing Growth Fund" or "fund" means the Housing Growth Fund established pursuant to section 2 of this act;

(6) "Housing growth score" means the sum of a municipality's total points calculated by the commissioner pursuant to section 3 of this act;

(7) "Mixed-income development" means a development in which some, but not all, dwelling units are sold or rented at prices at or below what would qualify as affordable housing, as defined in section 8-39a of the general statutes;

(8) "Mixed-use development" means a development containing one or more multifamily or single-family dwelling units and one or more commercial, public, institutional, retail, office or industrial uses;

(9) "Multifamily housing" means a building that contains two or more dwelling units, as defined in section 47a-1 of the general statutes;

(10) "Municipality" has the same meaning as provided in subsection (a) of section 7-148 of the general statutes;

(11) "Set-aside development" has the same meaning as provided in section 8-30g of the general statutes;

(12) "Total state-wide housing growth score" means the sum of the housing growth scores of all municipalities pursuant to section 3 of this act; and

(13) "Transit", "transit facility" and "transit-oriented development" have the same meanings as provided in section 7-339cc of the general statutes.

Sec. 2. (NEW) (*Effective October 1, 2025*) (a) There is established the Housing Growth Fund, which shall be developed and administered by the Commissioner of Economic and Community Development. The purpose of the fund shall be to provide grants to eligible municipalities in accordance with section 4 of this act for purposes of (1) increasing the

availability of affordable housing, as defined in section 8-39a of the general statutes, (2) promoting the production of housing that is affordable to families of low and moderate income, as defined in section 8-39 of the general statutes, as amended by this act, and (3) maximizing the amount of residential, commercial and leisure space within walking distance of transit facilities.

(b) The commissioner shall, within available appropriations, allocate fifty million dollars to the Housing Growth Fund on an annual basis.

Sec. 3. (NEW) (*Effective October 1, 2025*) (a) On or before March 1, 2026, and annually thereafter on or before March first, the Commissioner of Economic and Community Development shall calculate a housing growth score for each municipality in the state based on the number of dwelling units approved for construction within each municipality during the preceding fiscal year. The annual housing growth score for each municipality shall be posted on the Internet web site of the Department of Economic and Community Development.

(b) On or before December 1, 2025, and annually thereafter on or before December first, each municipality shall provide the commissioner any documentation deemed necessary by the commissioner for the calculation of such municipality's housing growth score. Any municipality that fails to submit such necessary information to the commissioner by December first shall be ineligible to receive any grant funding pursuant to section 4 of this act.

(c) The following point values shall be assigned by the commissioner to compute a municipality's housing growth score based on each dwelling unit approved for construction by the municipality during the preceding fiscal year:

(1) For each dwelling unit located in the municipality, one point shall be awarded;

(2) For each dwelling unit located within a mixed-used development, one and one-half points shall be awarded;

(3) For each dwelling unit located within a mixed-income development, one and one-half points shall be awarded;

(4) For each dwelling unit located within a transit-oriented development, two points shall be awarded;

(5) For each dwelling unit located within multifamily housing, two points shall be awarded;

(6) For each dwelling unit located within a housing authority development, two points shall be awarded;

(7) Except as provided in subsection (d) of this section, for each dwelling unit located within a set-aside development, three points shall be awarded; and

(8) For each dwelling unit that is or will be sold or rented at, or below, a cost in rent or mortgage payments equivalent to not more than thirty per cent of the annual income of individuals and families earning not more than thirty per cent of the median income of the state, three points shall be awarded.

(d) The commissioner shall not assess a point value to a dwelling unit located within an affordable housing development, as defined in subsection (a) of section 8-30g of the general statutes, if such development was completed pursuant to a successful appeal of a denial of an affordable housing application in the Superior Court pursuant to section 8-30g of the general statutes.

(e) The commissioner shall calculate the sum total of each housing growth score determined for each municipality to determine the total state-wide housing growth score.

(f) The commissioner may request, inspect and audit any reports, books, records and any other financial or project-related information necessary for the calculation of a municipality's housing growth score as set forth in this section.

Sec. 4. (NEW) (*Effective October 1, 2025*) (a) On or before June 1, 2026, and annually thereafter on or before June first, the Commissioner of Economic and Community Development shall award a grant from the Housing Growth Fund to any municipality eligible for such grant pursuant to this section. The commissioner shall divide the eligible municipality's housing growth score by the total state-wide housing growth score and use the resulting percentage to determine each municipality's percentage of the annual available funds in the Housing Growth Fund for a grant.

(b) To be eligible for a grant under this section, a municipality shall submit to the commissioner any documentation required by the commissioner pursuant to subsection (b) of section 3 of this act, and shall (1) (A) have approved during the preceding fiscal year not less than two per cent of the total housing permits that were approved in the state as a whole, or (B) have a poverty rate that is above the state's poverty rate, as determined by the most recent federal decennial census; (2) have approved during the preceding fiscal year not less than triple the number of new housing permits as the number of demolition permits in the municipality; and (3) have approved during the preceding fiscal year not less than ten per cent of housing permits in the municipality for dwelling units that will be sold or rented at, or below, a cost in rent or mortgage payments equivalent to not more than thirty per cent of the annual income of individuals and families earning not more than thirty per cent of the median income of the state.

(c) The commissioner may adopt regulations, in accordance with the provisions of chapter 54 of the general statutes, to carry out the purposes of this section, and any such regulations shall be posted on the Internet web site of the Department of Economic and Community Development.

This act shall take effect as follows and shall amend the following sections:		
Section 1	*October 1, 2025*	New section
Sec. 2	*October 1, 2025*	New section
Sec. 3	*October 1, 2025*	New section

Sec. 4	*October 1, 2025*	New section

Statement of Legislative Commissioners:
In Section 3(c)(8) and 4(b)(3), "individuals and families earning thirty per cent" was changed to "individuals and families earning not more than thirty per cent" for accuracy.

HSG *Joint Favorable Subst.*

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 26 $	FY 27 $
Department of Economic & Community Development	GF - Cost	50.3 million	50.3 million
State Comptroller - Fringe Benefits[1]	GF - Cost	116,431	102,284

Note: GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 26 $	FY 27 $
Various Municipalities	Revenue Gain	$50 million	$50 million
Various Municipalities	Potential Cost	See Below	See Below

Explanation

The bill results in an annualized cost of $50.4 million to the Department of Economic and Community Development (DECD) by establishing the Housing Growth Fund. The bill requires $50 million to be allocated to the Housing Growth Fund annually.

The Department requires three full-time equivalent (FTE) staff, including two program administrators and one fiscal administrator, at an approximate cost of $355,000 in FY 26 to begin and administer the Housing Growth Fund ($251,250 salary and $102,284 fringe benefits). The ongoing annualized cost is approximately $405,000 ($286,000 salary

[1]The 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 40.71% of payroll in FY 26.

for three FTEs and $116,413 fringe benefits).

Municipal Impact

The bill also results in an annual revenue gain of up to $50 million to eligible municipalities aggregately beginning in FY 26 associated with grants from the Housing Growth Fund. The grant amount for each municipality is dependent on its housing growth score and the total available funds.

There is also a potential cost to municipalities beginning in FY 26 for providing documentation to DECD for the purpose of calculating the housing growth score. Any impact will be dependent on what information and documentation is requested by DECD.

The Out Years

The annualized ongoing fiscal impact associated with DECD's administrative costs would continue into the future subject to inflation.

OLR Bill Analysis

sSB 1361

AN ACT ESTABLISHING A HOUSING GROWTH FUND FOR A MUNICIPAL GRANT PROGRAM.

SUMMARY

This bill establishes the Housing Growth Fund, which the Department of Economic and Community Development (DECD) must develop and administer. The fund's purpose is to give grants to eligible municipalities for the following:

1. increasing affordable housing availability (i.e. that for which households earning no more than the federally determined area median income pay 30% or less of their annual income);

2. promoting housing production affordable to low- and moderate-income households (i.e. those lacking the income needed to rent or purchase moderate cost housing without financial assistance, as determined by the housing commissioner); and

3. maximizing residential, commercial, and leisure space within walking distance of transit facilities.

The bill requires DECD to annually allocate $50 million to the fund, within available appropriations. Under the bill, the department must annually calculate a housing growth score for the state and each municipality, and use the scores to proportionally award annual grants to municipalities meeting certain eligibility requirements.

The bill allows DECD to adopt related regulations and requires it to post them on the department's website.

EFFECTIVE DATE: October 1, 2025

HOUSING GROWTH SCORES

The bill requires DECD, by March 1, 2026, and then annually before March 1, to calculate a "housing growth score" for each municipality based on the number of dwelling units approved for construction (i.e. permitted) in the municipality during the previous fiscal year. Specifically, DECD must calculate (1) each municipality's housing growth score by totaling assigned point values for certain types of approved dwelling units, as described in the table below, and (2) a statewide housing growth score by totaling each municipality's score. The bill requires DECD to post the scores on its website. (It appears one dwelling unit could potentially qualify for point values in multiple categories.)

Table: Municipal Housing Growth Score Point Values

Type of Dwelling Unit Approved for Construction by the Municipality During the Previous Fiscal Year	*Point Value*
Dwelling unit	1.0
Dwelling unit in a mixed-use development (i.e. that also contains at least one commercial, public, institutional, retail, office, or industrial use)	1.5
Dwelling unit in a mixed-income development (i.e. a portion of units qualify as affordable housing, as defined above)	1.5
Dwelling unit in a transit-oriented development (i.e. generally those within ½ mile or walking distance of a transit facility, such as bus and train stations)	2.0
Dwelling unit in a multi-family housing building (i.e. that contains at least two dwelling units)	2.0
Dwelling unit in a housing authority development (i.e. that is owned, acquired, or developed by a housing authority, which also includes any state entity providing funds for affordable housing or an affordable housing program)	2.0
Dwelling unit in a set-aside development (i.e. one in which, for at least 40 years after initial occupancy, at least 30% of the units are deed restricted based on specified household income limits required under CGS § 8-30g)	3.0
Dwelling unit that is or will be sold or rented at or below a cost equal to no more than 30% of the annual household income of those earning no more than 30% of the state median income	3.0

Under the bill, dwelling units are not eligible for a point value if they are in an affordable housing development completed after a successful

court appeal under CGS § 8-30g. By law, an "affordable housing development" is either a set-aside development (see above) or certain government-assisted housing or housing occupied by people receiving certain government rental assistance (i.e. assisted housing).

The bill requires each municipality, by December 1, 2025, and then annually before December 1, to give DECD any documentation the department needs to calculate these scores. A municipality that fails to do so is ineligible for assistance from the fund. Under the bill, DECD may request, inspect, and audit certain information needed to calculate a municipality's score (i.e. reports, books, records, and other financial or project-related information).

MUNICIPAL GRANTS

Eligibility

The bill requires DECD, by June 1, 2026, and then annually before June 1, to award grants from the Housing Growth Fund to each eligible municipality. To be eligible, a municipality must have approved during the previous fiscal year:

1. at least 2% of the total housing permits that were approved statewide (or have a poverty rate greater than the state's based on the most recent decennial census);

2. at least three times more new housing permits than demolition permits; and

3. dwelling units that will be sold or rented at a price that results in the rent or mortgage payments equaling no more than 30% of the annual household income of those earning no more than 30% of the state median income, if these units make up at least 10% of the total units the municipality permitted.

Grant Calculation

To calculate annual municipal grant amounts, the bill requires DECD to divide an eligible municipality's housing growth score by the statewide score; the resulting percentage is equal to the percentage of

the available annual funding that the municipality will receive. (Because the statewide housing growth score equals the total of each municipality's score, rather than the total of only eligible municipalities, the bill's formula for calculating annual grants may result in unallocated moneys remaining in the fund.)

COMMITTEE ACTION

Housing Committee

Joint Favorable Substitute
Yea 13 Nay 5 (03/06/2025)