
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

<i>Type of Dwelling Unit Approved for Construction by the Municipality During the Previous Fiscal Year</i>	<i>Point Value</i>
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)