



# Senate

General Assembly

**File No. 34**

January Session, 2015

Senate Bill No. 892

*Senate, March 5, 2015*

The Committee on Housing reported through SEN. WINFIELD of the 10th Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

## **AN ACT CONCERNING HOUSING DEVELOPMENTS WITHIN INCENTIVE HOUSING ZONES.**

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

1 Section 1. Subdivision (2) of section 8-13m of the general statutes is  
2 repealed and the following is substituted in lieu thereof (*Effective*  
3 *October 1, 2015*):

4 (2) "Building permit payment" means the one-time payment, made  
5 pursuant to section 8-13s, as amended by this act, for each qualified  
6 [housing unit located within an] incentive housing development for  
7 which a building permit has been issued by the municipality.

8 Sec. 2. Subsection (b) of section 8-13n of the general statutes is  
9 repealed and the following is substituted in lieu thereof (*Effective*  
10 *October 1, 2015*):

11 (b) An incentive housing zone shall satisfy the following  
12 requirements:

13 (1) The zone shall be consistent with the state plan of conservation  
14 and development and be located in an eligible location.

15 (2) The regulations of the zone shall permit, as of right, incentive  
16 housing development.

17 (3) The minimum allowable density for incentive housing  
18 development, per acre of developable land, shall be: (A) Six units per  
19 acre for single-family detached housing; (B) ten units per acre for  
20 duplex or townhouse housing; and (C) twenty units per acre for  
21 multifamily housing, [provided that a municipality whose population  
22 as determined by the most recent federal decennial census is less than  
23 five thousand, when] except that the commissioner may waive any  
24 requirement under this subdivision and subdivision (4) of this  
25 subsection upon the request of a municipality that is applying to the  
26 commissioner for a letter of eligibility under section 8-13q. [ may  
27 request approval of minimum as of right densities of not less than four  
28 units per acre for single-family detached housing, not less than six  
29 units per acre for duplex or townhouse housing, and not less than ten  
30 units per acre for multifamily housing.] In making such request, the  
31 municipality shall [provide the Commissioner of Housing with] (i)  
32 provide the commissioner with evidence of sewage disposal, water  
33 supply, traffic safety or other existing, substantial infrastructure  
34 limitations that prevent adoption of the minimum densities set forth in  
35 this subdivision, or (ii) demonstrate that the land to be zoned for the  
36 incentive housing development is owned or controlled by the  
37 municipality or an agency thereof, or a land trust, housing trust fund  
38 or nonprofit housing agency or corporation. If the proposed incentive  
39 housing zone otherwise satisfies the requirements of this section, the  
40 commissioner may issue the requested letter of eligibility. [A  
41 municipality may request a waiver of the density requirements of this  
42 subdivision and the commissioner may grant a waiver if the  
43 municipality demonstrates in the application that the land to be zoned  
44 for incentive housing development is owned or controlled by the  
45 municipality itself, an agency thereof, or a land trust, housing trust  
46 fund or a nonprofit housing agency or corporation. The proposed

47 incentive housing zone regulation shall require, in an enforceable  
48 manner, that one hundred per cent of the proposed residential units  
49 will be subject to an incentive housing restriction, and the proposed  
50 incentive housing zone will otherwise satisfy the requirements of this  
51 section.]

52 (4) In order to qualify for financial incentive payments set forth in  
53 section 8-13s, as amended by this act, the regulations of an incentive  
54 housing zone concerning the minimum as of right densities set forth in  
55 subdivision (3) of this subsection shall constitute an increase of at least  
56 twenty-five per cent above the density allowed by the underlying  
57 zone, notwithstanding the provisions of said section 8-13s with regard  
58 to zone adoption and building permit payments, except that the  
59 commissioner may waive any requirement under this subdivision if  
60 the municipality submits evidence set forth in subdivision (3) of this  
61 subsection.

62 (5) The minimum densities prescribed in subdivision (3) of this  
63 subsection shall be subject only to site plan or subdivision procedures,  
64 submission requirements and approval standards of the municipality,  
65 and shall not be subject to special permit or special exception  
66 procedures, requirements or standards.

67 (6) An incentive housing zone may consist of one or more subzones,  
68 provided each subzone and the zone as a whole comply with the  
69 requirements of sections 8-13m to 8-13x, inclusive, as amended by this  
70 act.

71 (7) The land area of an incentive housing zone shall not exceed ten  
72 per cent of the total land area in the municipality. The aggregate land  
73 area of all incentive housing zones and subzones in a municipality  
74 shall not exceed twenty-five per cent of the total land area in the  
75 municipality.

76 Sec. 3. Subsection (b) of section 8-13s of the general statutes is  
77 repealed and the following is substituted in lieu thereof (*Effective*  
78 *October 1, 2015*):

79 (b) Subject to the availability of funds, the commissioner shall issue  
80 to the municipality a one-time building permit payment for each  
81 building permit for [a residential housing unit in] an approved  
82 incentive housing development upon submission by a municipality to  
83 the commissioner of proof of issuance of such building permit and  
84 after determining that (1) no appeal from or challenge to such building  
85 permit has been filed or is pending, and (2) such building permit was  
86 issued for housing in an incentive housing development not later than  
87 five years after the date of the final adoption of incentive housing zone  
88 regulations by the zoning commission in accordance with the  
89 provisions of subsection (b) of section 8-13q. The amount of payment  
90 shall be up to [two thousand] one hundred fifty thousand dollars for  
91 each multifamily, [housing unit, duplex unit or townhouse unit and up  
92 to five thousand dollars for each single-family detached unit] duplex,  
93 townhouse or single-family housing development, provided such  
94 payments shall be used for infrastructure related to the proposed  
95 development within the approved incentive housing zone. Such  
96 payment shall be made by the commissioner after receipt of proof of  
97 the issuance of building permits and verification of the absence of any  
98 appeal or challenge.

99 Sec. 4. Section 8-13x of the general statutes is repealed and the  
100 following is substituted in lieu thereof (*Effective October 1, 2015*):

101 Within available appropriations, the Commissioner of Housing may  
102 make grants to municipalities, nonprofit housing assistance  
103 organizations or nonprofit housing development organizations in  
104 order to support technical assistance planning, predevelopment,  
105 development, construction and management of housing developments  
106 within approved incentive housing zones. The commissioner may  
107 adopt regulations, in accordance with the provisions of chapter 54, to  
108 implement the provisions of this section.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2015</i>	8-13m(2)

Sec. 2	<i>October 1, 2015</i>	8-13n(b)
Sec. 3	<i>October 1, 2015</i>	8-13s(b)
Sec. 4	<i>October 1, 2015</i>	8-13x

**HSG**      *Joint Favorable*

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.

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**OFA Fiscal Note**

**State Impact:**

Agency Affected	Fund-Effect	FY 16 \$	FY 17 \$
Treasurer, Debt Serv.	GF - Acceleration of Debt Service Costs	Potential	Potential

**Municipal Impact:** None

**Explanation**

The bill modifies the Housing for Economic Growth Program (also known as the Incentive Housing Zone program) but does not change General Obligation (GO) bond authorizations relevant to the program.

The bill, among other changes, (1) expands eligibility for grant recipients to municipalities and (2) modifies the building permit grant amounts available to recipients. Future General Fund debt service costs may be incurred sooner under the bill to the degree that the bill causes authorized GO bond funds to be expended more rapidly than they otherwise would have been.

The Incentive Housing Zone program is funded through GO bonds authorized to the Department of Housing. As of March 4, 2015, the unallocated bond balance for the Incentive Housing Zone program is \$3.5 million.

**The Out Years**

The potential shift in debt service costs indicated above would impact the outyears.

**OLR Bill Analysis****SB 892*****AN ACT CONCERNING HOUSING DEVELOPMENTS WITHIN INCENTIVE HOUSING ZONES.*****SUMMARY:**

This bill makes changes in the Housing for Economic Growth (HEG) Program. This program provides financial incentives to municipalities to create incentive housing developments (IHDs) in state-approved incentive housing zones (IHZs) (see BACKGROUND). Generally, the bill:

1. eliminates an option for certain municipalities to request Department of Housing (DOH) approval for IHZ minimum densities lower than those required by law;
2. adds a condition under which the DOH commissioner may, upon a municipality's request, waive the IHZ minimum density requirements;
3. authorizes the commissioner to waive the requirement that IHZ regulations set minimum densities at least 25% higher than an underlying zone's densities;
4. (a) increases the maximum building permit grant amounts and (b) makes these grants payable to municipalities for each IHD, rather than each housing unit located within a development; and
5. makes municipalities eligible recipients of certain DOH housing development grants.

Finally, the bill makes technical and conforming changes.

EFFECTIVE DATE: October 1, 2015

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**§ 2—DENSITY REQUIREMENTS**

The law sets minimum densities that municipalities must incorporate in their IHZ regulations. They are (1) six units per acre for single-family detached homes, (2) 10 units per acre for duplex or townhouses, and (3) 20 units per acre for multifamily housing.

***Reduced Minimum Densities***

The bill eliminates an option for municipalities with fewer than 5,000 people, according to the most recent federal decennial census, to request lower minimum densities of (1) four units per acre for single-family detached homes, (2) six units per acre for duplex or townhouses, and (3) 10 units per acre for multifamily housing.

Currently, the DOH commissioner may approve these requests if a municipality shows that the proposed IHZ (1) lacks the sewage disposal; water supply; traffic safety; and other existing, substantial infrastructure needed to support housing at the higher minimum densities and (2) meets the program's other requirements.

***Waivers: Minimum Densities***

By law, a municipality may request a waiver from the minimum density requirements, and the DOH commissioner may grant one, if certain conditions are met. The bill potentially increases access to the waivers by modifying these conditions.

The bill authorizes the commissioner to grant a waiver to a municipality that provides evidence of sewage disposal; water supply; traffic safety; or other existing, substantial infrastructure limitations preventing adoption of the minimum densities. Current law does not provide this option.

The law authorizes the commissioner to also grant a waiver if the municipality, one of its agencies, a land or housing trust, or a nonprofit housing organization owns or controls the land in the proposed IHZ. The bill removes the additional requirement that, as a condition of receiving this waiver, the municipality's proposed IHZ regulations (1) require that all residential units be affordable and (2) provide a

mechanism to enforce the requirement.

Existing law, unchanged by the bill, requires that a proposed IHZ meet the program's other requirements before a municipality can qualify for a waiver.

**Waivers: 25% Higher Densities**

The law requires an IHZ's densities to be at least 25% greater than the densities of its underlying zone. The bill retains this requirement but authorizes the DOH commissioner to waive it for the same reasons she may waive the above minimum density requirements (e.g., a nonprofit housing organization controls the land, or water supply limitations prevent adoption of the minimum densities).

Under this requirement, a municipality may have to set IHZ densities that are higher than the minimum density requirements set by law. In other words, the municipality can adopt the law's minimum density for single-family detached homes (i.e., six units per acre) if the density for these structures in the underlying zone is four or fewer units per acre, but it must set a higher minimum density if the density in the underlying zone is five or more units per acre.

**§§ 1 & 3—BUILDING PERMIT GRANTS**

A municipality can qualify for a one-time building permit grant, subject to funds availability, after adopting an IHZ and demonstrating that it complies with the program's other requirements. The bill increases these grants to a maximum of \$150,000 and makes them payable for each qualified multifamily, duplex, townhouse, or single-family IHD. Currently, the grants are up to \$2,000 for each multifamily, duplex, or townhouse unit, and up to \$5,000 for each single-family detached unit.

**§ 4—HOUSING DEVELOPMENT GRANTS**

The bill makes municipalities eligible recipients of DOH grants for technical assistance planning, predevelopment, development, construction, and management of housing developments within approved IHZs. Currently, the commissioner may issue the grants to

nonprofit housing assistance organizations or nonprofit housing development organizations. The law does not set amounts for these grants, but it requires the commissioner to issue them within available appropriations.

## **BACKGROUND**

### ***IHD Requirements***

By law, an IHD is a residential or mixed-use development (1) located within a DOH-approved IHZ and (2) eligible for financial incentive payments. Additionally, at least 20% of the units must be affordable, for at least 30 years, to households earning 80% or less of the area median income. A unit is considered affordable if it costs no more than 30% of a person's annual income to live there.

### ***IHZ Requirements***

Among other things, the HEG program requires an IHZ to be consistent with the State Plan of Conservation and Development and located in an eligible location (e.g., near a mass transit facility or where homes, stores, and offices are located close together). The municipal zoning commission must establish the IHZ as an overlay zone, and the regulations must permit, as of right, incentive housing development.

The municipality may establish separate IHZs and subdivide them into subzones, but the law limits their size. Each zone may cover no more than 10% of the municipality's total land area, and all the zones and subzones together can cover no more than 25% of that area.

## **COMMITTEE ACTION**

Housing Committee

Joint Favorable

Yea 13    Nay 0    (02/19/2015)