



# House of Representatives

General Assembly

**File No. 148**

January Session, 2021

House Bill No. 5681

*House of Representatives, March 29, 2021*

The Committee on Housing reported through REP. MCGEE of the 5th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

## **AN ACT CONCERNING MUNICIPAL OPPORTUNITY REIMBURSEMENT AND EDUCATIONAL EQUITY.**

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

1 Section 1. Section 10-285a of the general statutes is amended by  
2 adding subsection (k) as follows (*Effective from passage*):

3 (NEW) (k) The percentage determined pursuant to this section for a  
4 school building project grant, for a school under the jurisdiction of a  
5 local or regional board of education for a municipality that the  
6 Department of Housing has deemed to be an inclusive municipality,  
7 that is approved on or after July 1, 2023, shall be increased by ten  
8 percentage points. As used in this subsection, "inclusive municipality"  
9 means any town that: (1) Has a total population, as defined in section  
10 10-261, of greater than six thousand; (2) has less than ten per cent of its  
11 housing units determined by the Department of Housing to be  
12 affordable; (3) has adopted and maintained zoning regulations that (A)  
13 promote fair housing, as determined by said department, (B) provide a  
14 streamlined process for multifamily housing of three units or more, (C)

15 permit mixed-use development, and (D) allow accessory dwelling units;  
16 and (4) has constructed new affordable housing units that (A) are  
17 restricted, through deeds, covenants or other means, to individuals or  
18 families that are at or below eighty per cent of the state median income,  
19 and (B) equal at least one per cent of such town's total housing units in  
20 the three years immediately preceding the submission of an application  
21 under this section.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	10-285a

**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.

**OFA Fiscal Note**

**State Impact:**

Agency Affected	Fund-Effect	Out Years
Treasurer, Debt Serv.	GF - Potential Cost	See Below

Note: GF=General Fund

**Municipal Impact:**

Municipalities	Effect	Out Years
Various Municipalities	Potential Revenue Gain	See Below

**Explanation**

The bill, which increases school construction reimbursement rates for projects within "inclusive municipalities" after FY 23, represents a potential cost to the state and potential revenue gain to municipalities.

To the extent municipalities qualify and are named "inclusive municipalities" and undertake eligible school construction projects in or after FY 24, municipal reimbursements from the state for such projects would be 10 percentage points higher than they would be otherwise. To the extent additional bond funds are authorized and used due to the increased rates, there is potential for additional debt service costs paid by the state.

This bill does not approve school construction projects or authorize additional bond funds for school construction. Specific costs from eligible projects, including the marginal increase from increased

reimbursement rate, would be determined when projects are approved.

***The Out Years***

The ongoing fiscal impact identified above would continue subject to project approval and bond fund authorization.

**OLR Bill Analysis****HB 5681****AN ACT CONCERNING MUNICIPAL OPPORTUNITY REIMBURSEMENT AND EDUCATIONAL EQUITY.****SUMMARY**

This bill increases the rate at which the state reimburses certain towns for school building projects. Specifically, it increases a town's reimbursement rate by 10 percentage points for projects approved on or after July 1, 2023, if the Department of Housing (DOH) deems the town an "inclusive municipality" (e.g., a project that would normally receive a 50% reimbursement rate for eligible project costs would instead receive 60%). The bill establishes criteria for DOH to use in determining whether a town is an inclusive municipality but does not appear to establish any deadlines or frequency for DOH to make this determination.

By law, the Department of Administrative Services (DAS) provides towns and regional school districts with reimbursement grants for school building projects on a sliding scale depending on the town's property wealth (wealthy towns receive a lower reimbursement rate, while poorer towns receive a higher rate). Generally, for new construction, these rates range from 10% to 70% of eligible costs (CGS § 10-285a(a)). However, it is unclear how DAS would know that a town is considered an inclusive municipality, since the bill does not require DOH to notify DAS about eligible towns.

EFFECTIVE DATE: Upon passage

**INCLUSIVE MUNICIPALITY**

The bill defines an inclusive municipality as a town that has:

1. a population exceeding 6,000 people;

2. fewer than 10% of its housing units deemed affordable by DOH;
3. adopted and maintained zoning regulations that (a) promote fair housing, as determined by DOH, (b) provide a streamlined process for multifamily housing of at least three units, (c) permit mixed-use development, and (d) allow accessory dwelling units; and
4. constructed new affordable housing units (deed-restricted for households earning 80% of the state’s median income or less) that equal at least 1% of the municipality’s total housing units over the three years immediately preceding the municipality’s application.

**COMMITTEE ACTION**

Housing Committee

Joint Favorable

Yea 15    Nay 0    (03/11/2021)