

OFFICE OF FISCAL ANALYSIS

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sSB-356

AN ACT ESTABLISHING AN ENERGY EFFICIENCY RETROFIT
GRANT PROGRAM FOR AFFORDABLE HOUSING.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 22 \$	FY 23 \$
Department of Housing	GF - Revenue Gain	1 - 3 million	1 - 3 million
Department of Housing	GF - Cost	127,500	131,000
State Comptroller - Fringe Benefits ¹	GF - Cost	52,500	54,000

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill requires the Department of Housing (DOH) to establish an energy efficiency retrofit grant program for affordable housing and funds it with a new \$5 fee on building permit applications. Building permit data is not centrally collected statewide, however, based on various town reports, there are at least 200,000 building permit applications filed annually. It is expected that the new fee will result in a revenue gain of \$1 to \$3 million and will vary based on the actual total number of building permit applications submitted annually.

To administer the grant program, it is assumed that DOH will need to hire a program manager and a part time (0.5 FTE) associate accountant at a FY 22 cost to the General Fund of \$180,000 (\$122,000

¹The 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 41.3% of payroll in FY 22 and FY 23.

and \$58,000, for each position respectively, for both salary and fringe benefit costs). FY 23 costs would be approximately \$185,000 (\$126,000 and \$59,000) for the same staff. It is anticipated that DOH could cover such costs with the program funding from the building permit fee.

It is unknown how much funding would be necessary to meet the program goals stated in the bill. For context, there are approximately 140,000 units of occupied "affordable" rental housing and 134,000 homeowners in "affordable" homes in Connecticut, according to data in the Connecticut Housing Finance Authority's Housing Needs Assessment that approximates the definition of affordable housing used in the bill.² Completing upgrades to five percent of such housing per year would require annual grants to upgrade 13,700 units.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to the volume of building permit applications and state employee wage and benefit cost increases.

Sources: *Department of Housing*
https://www.chfa.org/assets/1/6/Connecticut_HNA.pdf

² OFA calculations on Fig. 10 "Connecticut: Renter Cost Burden by Market Type" and Fig. 34 "Connecticut: Owner Cost Burden by Market Type"