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## OLR Bill Analysis

### HB 5204

#### ***AN ACT CONCERNING A NEEDS ASSESSMENT AND FAIR SHARE PLANS FOR MUNICIPALITIES TO INCREASE AFFORDABLE HOUSING.***

#### **SUMMARY**

This bill requires the Office of Policy and Management (OPM) secretary and the Department of Housing (DOH) commissioner to assess the affordable housing need in each of the state's planning regions, allocate this need to municipalities, and require that municipalities plan to meet the affordable housing need allocated to them. In carrying out certain requirements under the bill, the OPM secretary must consult with experts, advocates, and organizations with expertise in affordable housing, fair housing, and planning and zoning, as determined by the secretary (hereafter, "housing experts").

Specifically, the bill requires the OPM secretary, in consultation with the DOH commissioner and housing experts, to do the following by July 1, 2024:

1. establish a fair share methodology for (a) determining the minimum need for affordable housing units in each of the state's planning regions and (b) fairly allocating a portion of this need to the municipalities within each planning region to ensure adequate housing choice (i.e., setting municipal fair share goals);
2. establish a process requiring municipalities to develop, adopt, and submit to the secretary and commissioner plans to meet their municipal fair share goals (i.e., municipal fair share plans); and
3. (a) publish and disseminate technical assistance materials and arrange for related briefings, trainings, and webinars to assist municipalities in complying with the bill's requirements and (b) provide this technical assistance and training every ten years

thereafter.

The bill requires the OPM secretary, in consultation with the DOH commissioner, to determine by July 1, 2024, the minimum need for affordable housing units in each planning region and corresponding municipal fair share goals using the fair share methodology. The number of affordable housing units set by these goals cannot exceed 20% of a municipality's occupied dwelling units and must be recalculated every ten years. Under the bill, an "affordable housing unit" is a dwelling unit conveyed by an instrument containing a covenant or restriction (i.e., restrictive deed) that requires that the unit be sold or rented at or below a price intended to preserve the unit for a low-income household.

Additionally, the bill requires each municipality, by January 1, 2025, and every ten years thereafter, to prepare and adopt a municipal fair share plan that creates a realistic opportunity for achieving the municipality's fair share goal.

Finally, the bill requires the OPM secretary, in consultation with the DOH commissioner and housing experts, to report to the Housing and Planning and Development committees by January 1, 2026, on (1) the implementation of the bill's requirements; (2) the status of municipalities' compliance; and (3) recommendations for implementation, compliance, and enforcement, including approaches used in other states where municipalities have similar obligations.

EFFECTIVE DATE: July 1, 2022

## **FAIR SHARE METHODOLOGY**

### ***Development***

In developing the fair share methodology, the bill requires the OPM secretary, in consultation with the DOH commissioner, to consider the following:

1. appropriate metrics of the minimum need for affordable housing units in a planning region, including the number of extremely low-income households in the region, to ensure adequate

housing choice and

2. appropriate factors for fairly allocating this need among the municipalities within each planning region to set municipal fair share goals, including a municipality's compliance with statutes requiring its zoning regulations and plan of conservation and development to promote economic housing diversity and provide for the development of multifamily housing opportunities.

Under the bill, "low-," "very low-," and "extremely low-income households" mean those with an income at or below 80%, 50%, or 30%, respectively, of the state median income or the U.S. Department of Housing and Urban Development's (HUD) area median income, whichever is less.

### ***Required Components***

The bill requires that under the fair share methodology, a municipal fair share goal generally be increased, relative to other municipalities in the planning region, based on the following factors:

1. higher equalized net grand list (i.e., an estimate of the market value of all taxable property in a municipality);
2. higher median income;
3. lower federal poverty rate; and
4. lower population share residing in multifamily housing (i.e., residential buildings with at least three dwelling units).

These data must come from the most recent U.S. decennial census or a similar source, except for the equalized net grand list data, which must be based on OPM's calculations of these figures for the purpose of educational equalization grants.

The fair share methodology must generally rely on figures from HUD's Comprehensive Housing Affordability Strategy data set or a similar source as determined by the OPM secretary.

## **MUNICIPAL FAIR SHARE PLANS**

### ***Required Components***

The bill requires the OPM secretary, in consultation with the DOH commissioner and housing experts, to establish the following by July 1, 2024:

1. a process requiring municipalities to develop and adopt municipal fair share plans and submit them to the secretary and commissioner;
2. requirements for the content and submission of these plans;
3. requirements ensuring that each plan provides for the creation of enough affordable housing for the municipality to meet its municipal fair share goal, including (a) rental units; (b) units available to families, including those with two, three, or more bedrooms; (c) units affordable to very low- and extremely low-income households; and (d) affordable housing units available to individuals or families with special needs or that are homeless or at risk of homelessness (i.e., supportive housing); and
4. policies ensuring that no municipal fair share plan creates undue concentrations of households living in poverty within a planning region as determined by the OPM secretary.

## **BACKGROUND**

### ***Planning Regions***

In practice, the boundaries of the state's nine planning regions are the same as those of its regional councils of government, which serve as the formal governance structures of the planning regions.

## **COMMITTEE ACTION**

Housing Committee

Joint Favorable

Yea 10    Nay 5    (03/15/2022)