

OFFICE OF FISCAL ANALYSIS

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HB-5204

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

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 23 \$	FY 24 \$
State Comptroller - Fringe Benefits ¹	GF - Cost	Up to 70,566	Up to 141,112
Policy & Mgmt., Off.	GF - Cost	Up to 374,083	Up to \$348,166

Note: GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 23 \$	FY 24 \$
Various Municipalities	STATE MANDATE ² - Cost	See Below	See Below

Explanation

The bill requires the Office of Policy and Management (OPM), in consultation with the Department of Housing (DOH), to establish and administer a program of new affordable housing goals statewide.

The bill requires OPM to 1) establish a methodology for determining

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 40.53% of payroll in FY 23.

² State mandate is defined in Sec. 2-32b(2) of the Connecticut General Statutes, "state mandate" means any state initiated constitutional, statutory or executive action that requires a local government to establish, expand or modify its activities in such a way as to necessitate additional expenditures from local revenues.

each municipality's fair share of affordable housing units; 2) establish a process for municipalities to create and submit plans for attaining their fair share, and; 3) provide assistance and training to municipalities to assist them in complying with the bill's requirements.

It is anticipated that OPM will need to hire a community development director, staff attorney and planning specialist, for an annual cost of \$489,278 (\$348,166 in salary and \$141,122 in fringe). It is anticipated that annualized costs would first occur in FY 24. Costs of up to \$244,639 could be incurred in FY 23, depending on the timing of hiring.

The bill additionally results in up to \$200,000 in FY 23 consulting costs associated with initial development of the fair share housing methodology.

The bill requires municipalities to develop plans for achieving its fair share housing goals. Small municipalities with limited administrative capacity may need to hire additional staff to develop these plans.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to implementation of municipal fair share housing plans.