Senate

General Assembly

File No. 203

January Session, 2023

Substitute Senate Bill No. 4

Senate, March 23, 2023

The Committee on Housing reported through SEN. MOORE of the 22nd Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING CONNECTICUT'S PRESENT AND FUTURE HOUSING NEEDS.

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

Section 1. Section 47a-23 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2023*):

(a) **[**When**]** Except as provided in subsection (f) of this section, when the owner or lessor, or the owner's or lessor's legal representative, or the owner's or lessor's attorney-at-law, or in-fact, desires to obtain possession or occupancy of any land or building, any apartment in any building, any dwelling unit, any trailer, or any land upon which a trailer is used or stands, and (1) when a rental agreement or lease of such property, whether in writing or by parol, terminates for any of the following reasons: (A) By lapse of time; (B) by reason of any expressed stipulation therein; (C) violation of the rental agreement or lease or of any rules or regulations adopted in accordance with section 47a-9 or 21-70; (D) nonpayment of rent within the grace period provided for residential property in section 47a-15a, as amended by this act, or 21-83;

(E) nonpayment of rent when due for commercial property; (F) violation of section 47a-11 or subsection (b) of section 21-82; (G) nuisance, as defined in section 47a-32, or serious nuisance, as defined in section 47a-15 or 21-80; or (2) when such premises, or any part thereof, is occupied by one who never had a right or privilege to occupy such premises; or (3) when one originally had the right or privilege to occupy such premises but such right or privilege has terminated; or (4) when an action of summary process or other action to dispossess a tenant is authorized under subsection (b) of section 47a-23c for any of the following reasons: (A) Refusal to agree to a fair and equitable rent increase, as defined in subsection (c) of section 47a-23c, (B) permanent removal by the landlord of the dwelling unit of such tenant from the housing market, or (C) bona fide intention by the landlord to use such dwelling unit as such landlord's principal residence; or (5) when a farm employee, as described in section 47a-30, or a domestic servant, caretaker, manager or other employee, as described in subsection (b) of section 47a-36, occupies such premises furnished by the employer and fails to vacate such premises after employment is terminated by such employee or the employer or after such employee fails to report for employment, such owner or lessor, or such owner's or lessor's legal representative, or such owner's or lessor's attorney-at-law, or in-fact, shall give notice to each lessee or occupant to quit possession or occupancy of such land, building, apartment or dwelling unit, at least three days before the termination of the rental agreement or lease, if any, or before the time specified in the notice for the lessee or occupant to quit possession or occupancy.

(b) The notice shall be in writing substantially in the following form: "I (or we) hereby give you notice that you are to quit possession or occupancy of the (land, building, apartment or dwelling unit, or of any trailer or any land upon which a trailer is used or stands, as the case may be), now occupied by you at (here insert the address, including apartment number or other designation, as applicable), on or before the (here insert the date) for the following reason (here insert the reason or reasons for the notice to quit possession or occupancy using the statutory language or words of similar import, also the date and place

of signing notice). A.B.". If the owner or lessor, or the owner's or lessor's legal representative, attorney-at-law or attorney-in-fact knows of the presence of an occupant but does not know the name of such occupant, the notice for such occupant may be addressed to such occupant as "John Doe", "Jane Doe" or some other alias which reasonably characterizes the person to be served.

(c) A copy of such notice shall be delivered to each lessee or occupant or left at such lessee's or occupant's place of residence or, if the rental agreement or lease concerns commercial property, at the place of the commercial establishment by a proper officer or indifferent person. Delivery of such notice may be made on any day of the week.

(d) With respect to a month-to-month or a week-to-week tenancy of a dwelling unit, a notice to quit possession based on nonpayment of rent shall, upon delivery, terminate the rental agreement for the month or week in which the notice is delivered, convert the month-to-month or week-to-week tenancy to a tenancy at sufferance and provide proper basis for a summary process action notwithstanding that such notice was delivered in the month or week after the month or week in which the rent is alleged to be unpaid.

(e) A termination notice required pursuant to federal law and regulations may be included in or combined with the notice required pursuant to this section and such inclusion or combination does not thereby render the notice required pursuant to this section equivocal, provided the rental agreement or lease shall not terminate until after the date specified in the notice for the lessee or occupant to quit possession or occupancy or the date of completion of the pretermination process, whichever is later. A use and occupancy disclaimer may be included in or combined with such notice, provided that such disclaimer does not take effect until after the date specified in the notice for the lessee or occupant to quit possession or occupancy or the date of the completion of the pretermination process, whichever is later. Such inclusion or combination does not thereby render the notice required pursuant to this section equivocal. Such disclaimer shall be in substantially the

following form: "Any payments tendered after the date specified to quit possession or occupancy, or the date of the completion of the pretermination process if that is later, will be accepted for use and occupancy only and not for rent, with full reservation of rights to continue with the eviction action."

(f) No owner or lessor, and no owner's or lessor's legal representative, or the owner's or lessor's attorney-at-law or attorney-in-fact, shall, between December first and March first of any year, deliver or cause to be delivered a notice to quit possession for any reason set forth in this chapter or chapter 812, except for serious nuisance, as defined in section 47a-15.

Sec. 2. Section 47a-42 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2023*):

(a) Whenever a judgment is entered against a defendant pursuant to section 47a-26, 47a-26a, 47a-26b or 47a-26d for the recovery of possession or occupancy of residential property, such defendant and any other occupant bound by the judgment by subsection (a) of section 47a-26h shall forthwith remove himself or herself, such defendant's or occupant's possessions and all personal effects unless execution has been stayed pursuant to sections 47a-35 to 47a-41, inclusive. If execution has been stayed, such defendant or occupant shall forthwith remove himself or herself, such defendant's or occupant's possessions and all personal effects upon the expiration of any stay of execution. If the defendant or occupant has not so removed himself or herself upon entry of a judgment pursuant to section 47a-26, 47a-26a, 47a-26b or 47a-26d, and upon expiration of any stay of execution, the plaintiff may obtain an execution upon such summary process judgment, and the defendant or other occupant bound by the judgment by subsection (a) of section 47a-26h and the possessions and personal effects of such defendant or other occupant may be removed by a state marshal, pursuant to such execution, and delivered to the place of storage designated by the chief executive officer for such purposes.

(b) Before any such removal, the state marshal charged with

executing upon any such judgment of eviction shall give the chief executive officer of the town twenty-four [hours] hours' notice of the eviction, stating the date, time and location of such eviction as well as a general description, if known, of the types and amount of property to be removed from the premises and delivered to the designated place of storage. Before giving such notice to the chief executive officer of the town, the state marshal shall use reasonable efforts to locate and notify the defendant of the date and time such eviction is to take place and of the possibility of a sale pursuant to subsection (c) of this section. Such notice shall include service upon each defendant and upon any other person in occupancy, either personally or at the premises, of a true copy of the summary process execution. Such execution shall be on a form prescribed by the Judicial Department, shall be in clear and simple language and in readable format, and shall contain, in addition to other notices given to the defendant in the execution, a conspicuous notice, in large boldface type, that a person who claims to have a right to continue to occupy the premises should immediately contact an attorney, and clear instructions as to how and where the defendant may reclaim any possessions and personal effects removed and stored pursuant to this section, including a telephone number that may be called to arrange release of such possessions and personal effects.

(c) Whenever the possessions and personal effects of a defendant are removed by a state marshal under this section, such possessions and effects shall be delivered by such marshal to the designated place of storage. The plaintiff shall pay the state marshal for such removal in accordance with the provisions of subsection (b) of section 52-261. Such removal and delivery shall be at the expense of the defendant and may be recovered by the plaintiff. If such possessions and effects are not reclaimed by the defendant and the expense of such storage is not paid to the chief executive officer [within] not later than fifteen days after such eviction, the chief executive officer shall sell the same at public auction, after using reasonable efforts to locate and notify the defendant of such sale and after posting notice of such sale for one week on the public signpost nearest to the place where the eviction was made, if any, or at some exterior place near the office of the town clerk. The chief

executive officer shall deliver to the defendant the net proceeds of such sale, if any, after deducting a reasonable charge for storage of such possessions and effects. If the defendant does not demand the net proceeds within thirty days after such sale, the chief executive officer shall turn over the net proceeds of the sale to the town treasury.

(d) Notwithstanding the provisions of this section, no state marshal may remove a defendant or occupant, or such defendant or occupant's possessions and effects, between December first and March first of any year unless the judgment of eviction binding upon such defendant or occupant to be executed by such marshal was entered due to serious nuisance, as defined in section 47a-15, by such defendant or occupant.

Sec. 3. (NEW) (*Effective October 1, 2023*) (a) As used in this section, "tenant screening report" means a credit report, a criminal background report, an employment history report or a rental history report, or any combination thereof, used by a landlord to determine the suitability of a prospective tenant.

(b) No landlord may demand from a prospective tenant any payment, fee or charge for the processing, review or acceptance of any rental application, or demand any other payment, fee or charge before or at the beginning of the tenancy, except a security deposit pursuant to section 47a-21 of the general statutes or a fee for a tenant screening report as provided by subsection (c) of this section.

(c) A landlord may charge a fee for a tenant screening report concerning a prospective tenant if the fee for such tenant screening report is not more than the actual cost paid by the landlord for such report. The landlord shall waive any fee for such report if the prospective tenant provides the landlord with a copy of a tenant screening report concerning the prospective tenant that was conducted not later than thirty days after the prospective tenant's rental application and that is satisfactory to the landlord.

(d) A landlord may not collect a tenant screening report fee from a prospective tenant until the landlord provides the prospective tenant

with (1) a copy of the tenant screening report, and (2) a copy of the receipt or invoice from the entity conducting the tenant screening report concerning the prospective tenant.

Sec. 4. Subsection (a) of section 47a-4 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2023*):

(a) A rental agreement shall not provide that the tenant: (1) Agrees to waive or forfeit rights or remedies under this chapter and sections 47a-21, 47a-23 to 47a-23b, inclusive, as amended by this act, 47a-26 to 47a-26g, inclusive, 47a-35 to 47a-35b, inclusive, 47a-41a, 47a-43 and 47a-46, or under any section of the general statutes or any municipal ordinance unless such section or ordinance expressly states that such rights may be waived; (2) authorizes the landlord to confess judgment on a claim arising out of the rental agreement; (3) agrees to the exculpation or limitation of any liability of the landlord arising under law or to indemnify the landlord for that liability or the costs connected therewith; (4) agrees to waive his right to the interest on the security deposit pursuant to section 47a-21; (5) agrees to permit the landlord to dispossess him without resort to court order; (6) consents to the distraint of his property for rent; (7) agrees to pay the landlord's attorney's fees in excess of fifteen per cent of any judgment against the tenant in any action in which money damages are awarded; (8) agrees to pay a late charge prior to the expiration of the grace period set forth in section 47a-15a, as amended by this act, or to pay rent in a reduced amount if such rent is paid prior to the expiration of such grace period; (9) agrees to pay a late charge on rent payments made subsequent to such grace period in an amount exceeding the amounts set forth in section 47a-15a, as amended by this act; or **[**(9)**]** (10) agrees to pay a heat or utilities surcharge if heat or utilities is included in the rental agreement.

Sec. 5. Section 47a-15a of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2023*):

(a) If rent is unpaid when due and the tenant fails to pay rent within nine days thereafter or, in the case of a one-week tenancy, within four

days thereafter, the landlord may terminate the rental agreement in accordance with the provisions of sections 47a-23 to 47a-23b, inclusive, as amended by this act. For purposes of this section, "grace period" means the nine-day or four-day time periods identified in this subsection, as applicable.

(b) If a rental agreement contains a valid written agreement to pay a late charge in accordance with subsection (a) of section 47a-4, as amended by this act, a landlord may assess a tenant such a late charge on a rent payment made subsequent to the grace period in accordance with this section. Such late charge may not exceed the lesser of (1) five dollars per day, up to a maximum of twenty-five dollars, or (2) five per cent of the delinquent rent payment or, in the case of a rental agreement paid in whole or in part by a governmental or charitable entity, five per cent of the tenant's share of the delinquent rent payment. The landlord may not assess more than one late charge upon a delinquent rent payment, regardless of how long the rent remains unpaid. Any rent payments received by the landlord shall be applied first to the most recent rent payment due.

Sec. 6. Subsections (a) and (b) of section 47a-6a of the general statutes are repealed and the following is substituted in lieu thereof (*Effective October 1, 2023*):

(a) As used in this section, (1) "address" means a location as described by the full street number, if any, the street name, the city or town, and the state, and not a mailing address such as a post office box, (2) "dwelling unit" means any house or building, or portion thereof, which is rented, leased or hired out to be occupied, or is arranged or designed to be occupied, or is occupied, as the home or residence of one or more persons, living independently of each other, and doing their cooking upon the premises, and having a common right in the halls, stairways or yards, (3) "agent in charge" or "agent" means one who manages real estate, including, but not limited to, the collection of rents and supervision of property, (4) "controlling participant" means **[**an individual or entity that exercises day-to-day financial or operational

control] a natural person who is not a minor and who, directly or indirectly and through any contract, arrangement, understanding or relationship, exercises substantial control of, or owns greater than twenty-five per cent of, a corporation, partnership, trust or other legally recognized entity owning rental real property in the state, and (5) "project-based housing provider" means a property owner who contracts with the United States Department of Housing and Urban Development to provide housing to tenants under the federal Housing Choice Voucher Program, 42 USC 1437f(o).

(b) Any municipality may require the nonresident owner or project-based housing provider of occupied or vacant rental real property to [maintain on file in the office of] report to the tax assessor, or other municipal office designated by the municipality, the current residential address of the nonresident owner or project-based housing provider of such property [,] if the nonresident owner or project-based housing provider is an individual, or the current residential address of the agent in charge of the building [,] if the nonresident owner or project-based housing provider is a corporation, partnership, trust or other legally recognized entity owning rental real property in the state. [In the case of a] If the nonresident owners or project-based housing [provider, such information] providers are a corporation, partnership, trust or other legally recognized entity owning rental real property in the state, such report shall also include identifying information and the current residential address of each controlling participant associated with the property. [, except that, if such controlling participant is a corporation, partnership, trust or other legally recognized entity, the project-based housing provider shall include the identifying information and the current residential address of an individual who exercises day-to-day financial or operational control of such entity.] If such residential address changes, notice of the new residential address shall be provided by such nonresident owner, project-based housing provider or agent in charge of the building to the office of the tax assessor or other designated municipal office not more than twenty-one days after the date that the address change occurred. If the nonresident owner, project-based housing provider or agent fails to file an address under this section, the

address to which the municipality mails property tax bills for the rental real property shall be deemed to be the nonresident owner, project-based housing provider or agent's current address. Such address may be used for compliance with the provisions of subsection (c) of this section.

Sec. 7. (NEW) (*Effective October 1, 2023*) The Commissioner of Housing shall, within existing appropriations, develop standardized rental agreement forms that may be used by landlords and tenants in the state. Such forms shall contain the essential terms of a rental agreement between any landlord and any tenant, be designed to be easily read and understood and include plain language explanations of all terms and conditions of the agreement, including, but not limited to, rent, fees, deposits and other charges. The commissioner shall make such forms available in both English and Spanish and shall post such forms on the Department of Housing's Internet web site not later than July 1, 2024, and shall revise such forms from time to time, at the commissioner's discretion.

Sec. 8. Section 47a-58 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2023*):

(a) Any enforcing agency may issue a notice of violation to any person who violates any provision of this chapter or a provision of a local housing code. If an enforcing agency issues an order to a registrant, such order may be delivered in accordance with section 7-148ii, provided nothing in this section shall preclude an enforcing agency from providing notice in another manner permitted by applicable law. Such notice shall specify each violation and specify the last day by which such violation shall be corrected. The date specified shall not be less than three weeks from the date of mailing of such notice, provided that in the case of a condition, which in the judgment of the enforcing agency is or in its effect is dangerous or detrimental to life or health, the date specified shall not be more than five days from the date of mailing of such notice. The enforcing agency may postpone the last day by which a violation shall be corrected upon a showing by the owner or other

responsible person that he has begun to correct the violation but that full correction of the violation cannot be completed within the time provided because of technical difficulties, inability to obtain necessary materials or labor or inability to gain access to the dwelling unit wherein the violation exists.

(b) When the owner or other responsible person has corrected such violation, the owner or other responsible person shall promptly, but not later than two weeks after such correction, report to the enforcing agency in writing, indicating the date when each violation was corrected. It shall be presumed that the violation was corrected on the date so indicated, unless a subsequent inspection by the enforcing agency again reveals the existence of the condition giving rise to the earlier notice of violation.

(c) Any person who fails to correct any violation prior to the date set forth in the notice of violation shall be subject to a cumulative civil penalty of five dollars per day for each violation from the date set for correction in the notice of violation to the date such violation is corrected, except that in any case, the penalty shall not exceed one hundred dollars per day and the total penalty shall not exceed seven thousand five hundred dollars. The penalty may be collected by the enforcing agency by action against the owner or other responsible person or by an action against the real property. An action against the owner may be joined with an action against the real property.

(d) In addition to the penalties specified in this section, the enforcing agency may enforce the provisions of this chapter or a local housing code by injunctive relief pursuant to chapter 916.

(e) (1) Any penalty imposed by an enforcing agency pursuant to the provisions of subsection (c) of this section, and remaining unpaid for a period of sixty days after its due date, shall constitute a lien upon the real property against which the penalty was imposed, provided a notice of violation is recorded in the land records and indexed in the name of the property owner no later than thirty days after the penalty was imposed.

(2) Each such notice of violation shall be effective from the time of the recording on the land records. Each lien shall take precedence over all transfers and encumbrances recorded after such time.

(3) Any municipal lien pursuant to the provisions of this section may be foreclosed in the same manner as a mortgage.

(4) Any municipal lien pursuant to this section may be discharged or dissolved in the manner provided in sections 49-35a to 49-37, inclusive.

(f) Any enforcing agency imposing a penalty pursuant to subsection (c) of this section shall maintain a current record of all properties with respect to which such penalty remains unpaid in the office of such agency. Such record shall be available for inspection by the public.

(g) Each enforcing agency empowered to enforce any provision of this chapter or any provision of a local housing code shall create and make available housing code violation complaint forms, written in both English and Spanish, for use by any occupant of a dwelling unit seeking to file a complaint against the owner of such unit, or other responsible party, concerning such violations.

Sec. 9. (NEW) (*Effective October 1, 2023*) (a) As used in this section:

(1) "Commissioner" means the Commissioner of Housing.

(2) "Eligible workforce housing opportunity development project" or "project" means a project for the construction or substantial rehabilitation of rental housing (A) located within an opportunity zone in this state, (B) designated under subsection (e) of this section for certain professions that work within the municipality in which the project is located and for low and moderate income families and individuals, and (C) that may incorporate renewable energy technology and be transit-oriented.

(3) "Substantial rehabilitation" means either (A) the costs of any repair, replacement or improvement to a building that exceeds twenty-five per cent of the value of such building after the completion of all

such repairs, replacements or improvements, or (B) the replacement of two or more of the following: (i) Roof structures, (ii) ceilings, (iii) wall or floor structures, (iv) foundations, (v) plumbing systems, (vi) heating and air conditioning systems, or (vii) electrical systems.

(4) "Opportunity zone" means an area designated as a qualified opportunity zone pursuant to the Tax Cuts and Jobs Act of 2017, P.L. 115-97, as amended from time to time.

(5) "Eligible developer" or "developer" means (A) a nonprofit corporation; (B) any business corporation incorporated pursuant to chapter 601 of the general statutes, (i) that has as one of its purposes the construction, rehabilitation, ownership or operation of housing, and (ii) either certified under this section or that has articles of incorporation approved by the commissioner in accordance with regulations adopted pursuant to section 8-79a or 8-84 of the general statutes; (C) any partnership, limited partnership, limited liability partnership, joint venture, trust, limited liability company or association, (i) that has as one of its purposes the construction, rehabilitation, ownership or operation of housing, and (ii) either certified under this section or that has basic documents of organization approved by the commissioner in accordance with regulations adopted pursuant to section 8-79a or 8-84 of the general statutes; (D) a housing authority; or (E) a municipal developer.

(6) "Authority" or "housing authority" means any of the public corporations created by section 8-40 of the general statutes, and the Connecticut Housing Authority when exercising the rights, powers, duties or privileges of, or subject to the immunities or limitations of, housing authorities pursuant to section 8-121 of the general statutes.

(7) "Nonprofit corporation" means a nonprofit corporation incorporated pursuant to chapter 602 of the general statutes or any predecessor statutes thereto, that has as one of its purposes the construction, rehabilitation, ownership or operation of housing and that has articles of incorporation approved by the Commissioner of Housing in accordance with regulations adopted pursuant to section 8-79a or 8-

84 of the general statutes or that is certified under this section.

(8) "Municipal developer" means a municipality that has not declared by resolution a need for a housing authority pursuant to section 8-40 of the general statutes, acting by and through its legislative body. "Municipal developer" means the board of selectmen if such board is authorized to act as the municipal developer by the town meeting or representative town meeting.

(9) "Low and moderate income families and individuals" means families or individuals who lack the amount of income necessary, as determined by the Commissioner of Housing, to enable such families or individuals to rent mixed-income housing without financial assistance.

(10) "Market rate" means the rental income that such property would most probably command on the open market as indicated by current rentals in the opportunity zone being paid for comparable space.

(b) There is established a workforce housing opportunity development program to be administered by the Department of Housing under which individuals or entities who make cash contributions to an eligible developer for an eligible workforce housing opportunity development project located in a federally designated opportunity zone may be allowed a credit against the tax due under chapter 208 or 229 of the general statutes in an amount equal to the amount specified by the commissioner under this section. Any developer of a workforce housing opportunity development project shall be allowed an exemption from any fees under section 29-263 of the general statutes, as amended by this act, and any eligible workforce housing opportunity development project shall be assessed using the capitalization of net income method under subsection (b) of section 12-63b of the general statutes, as amended by this act.

(c) The Commissioner of Housing shall determine eligibility criteria for such program and establish an application process for the program. The Department of Housing shall commence accepting applications for such program not later than January 1, 2024. A developer may apply to

the Department of Housing for certification as a developer qualified to receive cash investments eligible for a tax credit pursuant to this section in a manner and form prescribed by the commissioner. To the extent feasible, any eligible workforce housing opportunity development project shall incorporate renewable energy or other technology in order to lower utility costs for the tenants and be transit-oriented. Any eligible workforce housing opportunity development project once constructed or substantially rehabilitated shall be rented as follows: (1) Fifty per cent of the units shall be rented at the market rate, (2) forty per cent of the units shall be rented to the workforce population designated under subsection (e) of this section, where such project is located at a rent not exceeding twenty per cent of the prevailing rent of the opportunity zone where such development is located, and (3) ten per cent of the units shall be rented to families or individuals of low and moderate income receiving rental assistance under chapter 128 or 319uu of the general statutes or 42 USC 1437f, as amended from time to time. The program shall provide for a method of selecting persons satisfying such income criteria to rent such units of housing from among a pool of applicants, which method shall not discriminate on the basis of race, creed, color, national origin, ancestry, sex, gender identity or expression, age or physical or intellectual disability.

(d) A workforce housing opportunity development project shall be scheduled for completion not more than three years after the date of approval by the Department of Housing. Each developer of a workforce housing opportunity development project shall submit to the commissioner quarterly progress reports and a final report upon completion, in a manner and form prescribed by the commissioner. If a workforce housing opportunity development project fails to be completed on or before three years from the date of approval of such project, or at any time the commissioner determines that a project is unlikely to be completed, the commissioner may request the Attorney General to reclaim any remaining funds contributed to the project by individuals or entities under subsection (b) of this section and, upon receipt of any such remaining funds, the commissioner shall reallocate such funds to another eligible project.

(e) The developer shall obtain the approval of the zoning commission, as defined in section 8-13m of the general statutes, of the municipality and of any other applicable municipal agency for the proposed workforce housing opportunity development project. After all such approvals are granted, the municipality may, not later than thirty days after such approval, by vote of its legislative body or, in a municipality where the legislative body is a town meeting, by vote of the board of selectmen, designate the workforce population that forty per cent of the project shall be dedicated to. Such designation may include volunteer firefighters, teachers, police officers, emergency medical personnel or other professions of persons working in the municipality. If the municipality does not vote within such time period, the developer shall designate the workforce population.

(f) For taxable income years commencing on or after January 1, 2025, the Commissioner of Revenue Services shall grant a credit against the tax imposed under chapter 208 or 229 of the general statutes, other than the liability imposed by section 12-707 of the general statutes, in an amount equal to the amount specified by the Commissioner of Housing in a tax credit voucher issued by the Commissioner of Housing pursuant to subsection (g) of this section.

(g) (1) The Commissioner of Housing shall administer a system of tax credit vouchers within the resources, requirements and purposes of this section, for individuals and entities making cash contributions to an eligible developer for an eligible workforce housing opportunity development project. Such voucher may be used as a credit against the tax to which such individual or entity is subject under chapter 208 or 229 of the general statutes, other than the liability imposed by section 12-707 of the general statutes.

(2) In no event shall the total amount of all tax credits allowed to all individuals or entities pursuant to the provisions of this section exceed five million dollars in any one fiscal year.

(3) No tax credit shall be granted to any individual or entity for any individual amount contributed of less than two hundred fifty dollars.

(4) Any tax credit not used in the taxable income year during which the cash contribution was made may be carried forward or backward for the five immediately succeeding or preceding taxable or income years until the full credit has been allowed.

(5) If an entity claiming a credit under this section is an S corporation or an entity treated as a partnership for federal income tax purposes, the credit may be claimed by the entity's shareholders or partners. If the entity is a single member limited liability company that is disregarded as an entity separate from its owner, the credit may be claimed by such limited liability company's owner, provided such owner is subject to the tax imposed under chapter 208 or 229 of the general statutes.

(h) The Commissioner of Housing shall adopt regulations, in accordance with the provisions of chapter 54 of the general statutes, to implement the provisions of this section, including, but not limited to, the conditions for certification of a developer applying for assistance under this section.

Sec. 10. Section 12-63b of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2023, and applicable to assessment years commencing on or after October 1, 2023*):

(a) The assessor or board of assessors in any town, at any time, when determining the present true and actual value of real property as provided in section 12-63, which property is used primarily for the purpose of producing rental income, exclusive of such property used solely for residential purposes, containing not more than six dwelling units and in which the owner resides, shall determine such value on the basis of an appraisal which shall include to the extent applicable with respect to such property, consideration of each of the following methods of appraisal: (1) Replacement cost less depreciation, plus the market value of the land, (2) capitalization of net income based on market rent for similar property, and (3) a sales comparison approach based on current bona fide sales of comparable property. The provisions of this section shall not be applicable with respect to any housing assisted by the federal or state government except any such housing for which the

federal assistance directly related to rent for each unit in such housing is no less than the difference between the fair market rent for each such unit in the applicable area and the amount of rent payable by the tenant in each such unit, as determined under the federal program providing for such assistance.

(b) In the case of an eligible workforce housing opportunity development project, as defined in section 9 of this act, the assessor shall use the capitalization of net income method based on the actual rent received for the property.

[(b)**]** (c) For purposes of subdivision (2) of subsection (a) of this section and, generally, in its use as a factor in any appraisal with respect to real property used primarily for the purpose of producing rental income, the term "market rent" means the rental income that such property would most probably command on the open market as indicated by present rentals being paid for comparable space. In determining market rent the assessor shall consider the actual rental income applicable with respect to such real property under the terms of an existing contract of lease at the time of such determination.

Sec. 11. Section 8-395 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2023*):

(a) As used in this section, (1) "business firm" means any business entity authorized to do business in the state and subject to the corporation business tax imposed under chapter 208, or any company subject to a tax imposed under chapter 207, or any air carrier subject to the air carriers tax imposed under chapter 209, or any railroad company subject to the railroad companies tax imposed under chapter 210, or any regulated telecommunications service, express, cable or community antenna television company subject to the regulated telecommunications service, express, cable and community antenna television companies tax imposed under chapter 211, or any utility company subject to the utility companies tax imposed under chapter 212, **[**and**]** (2) "nonprofit corporation" means a nonprofit corporation incorporated pursuant to chapter 602 or any predecessor statutes

thereto, having as one of its purposes the construction, rehabilitation, ownership or operation of housing and having articles of incorporation approved by the executive director of the Connecticut Housing Finance Authority in accordance with regulations adopted pursuant to section 8-79a or 8-84, (3) "workforce housing development project" or "project" means the construction or substantial rehabilitation of dwelling units for rental housing where (A) ten per cent of the units are affordable housing, (B) forty per cent of the units are rented to the workforce population designated by the developer, in consultation with the municipality where such project is located, at a rent not exceeding twenty per cent of the prevailing rent of the area where such development is located, and (C) fifty per cent of the units are rented at a market rate and includes, but is not limited to, an eligible workforce housing opportunity development project, as defined in section 9 of this act, (4) "affordable housing" means rental housing for which persons and families pay thirty per cent or less of their annual income, where such income is less than or equal to the area median income for the municipality in which such housing is located, as determined by the United States Department of Housing and Urban Development, (5) "substantial rehabilitation" means either (A) the costs of any repair, replacement or improvement to a building that exceeds twenty-five per cent of the value of such building after the completion of all such repairs, replacements or improvements, or (B) the replacement of two or more of the following: (i) Roof structures, (ii) ceilings, (iii) wall or floor structures, (iv) foundations, (v) plumbing systems, (vi) heating and air conditioning systems, or (vii) electrical systems, and (6) "market rate" means the rental income that such unit would most probably command on the open market as indicated by present rentals being paid for comparable space in the area where the unit is located.

(b) The Commissioner of Revenue Services shall grant a credit against **[**any**]** the tax **[**due**]** imposed under **[**the provisions of**]** chapter 207, 208, 209, 210, 211 or 212 in an amount equal to the amount specified by the Connecticut Housing Finance Authority in any tax credit voucher issued by said authority pursuant to subsection (c) of this section.

(c) The Connecticut Housing Finance Authority shall administer a system of tax credit vouchers within the resources, requirements and purposes of this section, for business firms making cash contributions to housing programs developed, sponsored or managed by a nonprofit corporation, as defined in subsection (a) of this section, which benefit low and moderate income persons or families which have been approved prior to the date of any such cash contribution by the authority, including, but not limited to, contributions for a workforce housing development project. Such vouchers may be used as a credit against any of the taxes to which such business firm is subject and which are enumerated in subsection (b) of this section. For taxable or income years commencing on or after January 1, 1998, to be eligible for approval a housing program shall be scheduled for completion not more than three years from the date of approval. For taxable or income years commencing on or after January 1, 2024, to be eligible for approval, a workforce housing development project shall be scheduled for completion not more than three years from the date of approval. Each program or developer of a workforce housing development project shall submit to the authority quarterly progress reports and a final report upon completion, in a manner and form prescribed by the authority. If a program or workforce housing development project fails to be completed **[**after**]** on or before three years from the date of approval of the project, or at any time the authority determines that a program or project is unlikely to be completed, the authority may reclaim any remaining funds contributed by business firms and reallocate such funds to another eligible program or project.

(d) No business firm shall receive a credit pursuant to both this section and chapter 228a in relation to the same cash contribution.

(e) Nothing in this section shall be construed to prevent two or more business firms from participating jointly in one or more programs or projects under the provisions of this section. Such joint programs or projects shall be submitted, and acted upon, as a single program or project by the business firms involved.

(f) No tax credit shall be granted to any business firm for any individual amount contributed of less than two hundred fifty dollars.

(g) Any tax credit not used in the **[**period**]** taxable income year during which the cash contribution was made may be carried forward or backward for the five immediately succeeding or preceding taxable or income years until the full credit has been allowed.

(h) In no event shall the total amount of all tax credits allowed to all business firms pursuant to the provisions of this section exceed ten million dollars in any one fiscal year, provided, each year until the date sixty days after the date the Connecticut Housing Finance Authority publishes the list of housing programs or workforce housing development projects that will receive tax credit reservations, two million dollars of the total amount of all tax credits under this section shall be set aside for permanent supportive housing initiatives established pursuant to section 17a-485c, and one million dollars of the total amount of all tax credits under this section shall be set aside for workforce housing, as defined by the Connecticut Housing Finance Authority through written procedures adopted pursuant to subsection (k) of this section. Each year, on or after the date sixty days after the date the Connecticut Housing Finance Authority publishes the list of housing programs or projects that will receive tax credit reservations, any unused portion of such tax credits shall become available for any housing program or project eligible for tax credits pursuant to this section.

(i) No organization conducting a housing program or **[**programs**]** project eligible for funding with respect to which tax credits may be allowed under this section shall be allowed to receive an aggregate amount of such funding for any such program or **[**programs**]** project in excess of five hundred thousand dollars for any fiscal year.

(j) Nothing in this section shall be construed to prevent a business firm from making any cash contribution to a housing program or project to which tax credits may be applied which cash contribution may result in the business firm having a limited equity interest in the program or

project.

(k) The Connecticut Housing Finance Authority, with the approval of the Commissioner of Revenue Services, shall adopt written procedures in accordance with section 1-121 to implement the provisions of this section. Such procedures shall include provisions for issuing tax credit vouchers for cash contributions to housing programs or projects based on a system of ranking housing programs. In establishing such ranking system, the authority shall consider the following: (1) The readiness of the project to be built; (2) use of the funds to build or rehabilitate a specific housing project or to capitalize a revolving loan fund providing low-cost loans for housing construction, repair or rehabilitation to benefit persons of very low, low and moderate income; (3) the extent the project will benefit families at or below twenty-five per cent of the area median income and families with incomes between twenty-five per cent and fifty per cent of the area median income, as defined by the United States Department of Housing and Urban Development; (4) evidence of the general administrative capability of the nonprofit corporation to build or rehabilitate housing; (5) evidence that any funds received by the nonprofit corporation for which a voucher was issued were used to accomplish the goals set forth in the application; and (6) with respect to any income year commencing on or after January 1, 1998: (A) Use of the funds to provide housing opportunities in urban areas and the impact of such funds on neighborhood revitalization; and (B) the extent to which tax credit funds are leveraged by other funds.

(l) Vouchers issued or reserved by the Department of Housing under the provisions of this section prior to July 1, 1995, shall be valid on and after July 1, 1995, to the same extent as they would be valid under the provisions of this section in effect on June 30, 1995.

(m) The credit which is sought by the business firm shall first be claimed on the tax return for such business firm's taxable income or year during which the cash contribution to which the tax credit voucher relates was paid.

Sec. 12. Section 29-263 of the general statutes is repealed and the

following is substituted in lieu thereof (*Effective October 1, 2023*):

(a) Except as provided in subsection (h) of section 29-252a and the State Building Code adopted pursuant to subsection (a) of section 29-252, after October 1, 1970, no building or structure shall be constructed or altered until an application has been filed with the building official and a permit issued. Such application shall be filed in person, by mail or electronic mail, in a manner prescribed by the building official. Such permit shall be issued or refused, in whole or in part, within thirty days after the date of an application. No permit shall be issued except upon application of the owner of the premises affected or the owner's authorized agent. No permit shall be issued to a contractor who is required to be registered pursuant to chapter 400, for work to be performed by such contractor, unless the name, business address and Department of Consumer Protection registration number of such contractor is clearly marked on the application for the permit, and the contractor has presented such contractor's certificate of registration as a home improvement contractor. Prior to the issuance of a permit and within said thirty-day period, the building official shall review the plans of buildings or structures to be constructed or altered, including, but not limited to, plans prepared by an architect licensed pursuant to chapter 390, a professional engineer licensed pursuant to chapter 391 or an interior designer registered pursuant to chapter 396a acting within the scope of such license or registration, to determine their compliance with the requirements of the State Building Code and, where applicable, the local fire marshal shall review such plans to determine their compliance with the Fire Safety Code. Such plans submitted for review shall be in substantial compliance with the provisions of the State Building Code and, where applicable, with the provisions of the Fire Safety Code.

(b) On and after July 1, 1999, the building official shall assess an education fee on each building permit application. During the fiscal year commencing July 1, 1999, the amount of such fee shall be sixteen cents per one thousand dollars of construction value as declared on the building permit application and the building official shall remit such fees quarterly to the Department of Administrative Services, for deposit

in the General Fund. Upon deposit in the General Fund, the amount of such fees shall be credited to the appropriation to the Department of Administrative Services and shall be used for the code training and educational programs established pursuant to section 29-251c and the educational programs required in subsections (a) and (b) of section 29-262. On and after July 1, 2000, the assessment shall be made in accordance with regulations adopted pursuant to subsection (d) of section 29-251c. All fees collected pursuant to this subsection shall be maintained in a separate account by the local building department. During the fiscal year commencing July 1, 1999, the local building department may retain two per cent of such fees for administrative costs incurred in collecting such fees and maintaining such account. On and after July 1, 2000, the portion of such fees which may be retained by a local building department shall be determined in accordance with regulations adopted pursuant to subsection (d) of section 29-251c. No building official shall assess such education fee on a building permit application to repair or replace a concrete foundation that has deteriorated due to the presence of pyrrhotite.

(c) Any municipality may, by ordinance adopted by its legislative body, exempt Class I renewable energy source projects from payment of building permit fees imposed by the municipality.

(d) Notwithstanding any municipal charter, home rule ordinance or special act, no municipality shall collect an application fee on a building permit application to repair or replace a concrete foundation that has deteriorated due to the presence of pyrrhotite.

(e) Notwithstanding any municipal charter, home rule ordinance or special act, no municipality shall collect any fee for a building permit application for the construction or substantial rehabilitation of (1) an eligible workforce housing opportunity development project, as defined in section 9 of this act, or (2) a workforce housing development project, as defined in section 8-395, as amended by this act.

Sec. 13. (NEW) (*Effective October 1, 2023, and applicable to assessment years commencing on or after October 1, 2023*) The legislative body of any

municipality or, in a municipality where the legislative body is a town meeting, the board of selectmen may, by ordinance, exempt from real property tax any workforce housing development project, as defined in section 8-395 of the general statutes, as amended by this act, to the extent of seventy per cent of its valuation for purposes of assessment in each of the seven full assessment years following the assessment year in which the construction or substantial rehabilitation, as defined in section 8-395 of the general statutes, as amended by this act, is completed.

Sec. 14. (NEW) (*Effective October 1, 2023*) (a) Beginning with the fiscal year commencing July 1, 2025, the Secretary of the Office of Policy and Management shall pay a state grant in lieu of taxes to any municipality that has opted to partially exempt from real property tax a workforce housing development project under section 13 of this act and submitted an application for such grant. A municipality shall apply for such grant annually on a form and in a manner prescribed by the secretary. On or before January first, annually, the Secretary of the Office of Policy and Management shall determine the amount due to such municipality, in accordance with this section.

(b) Any grant payable to any municipality that applies for a grant under the provisions of this section shall be equal to seventy per cent of the property taxes that, except for any exemption applicable to any such housing authority property under the provisions of chapter 128 of the general statutes, would have been paid with respect to such exempt real property on the assessment list in such municipality for the assessment date two years prior to the commencement of the state fiscal year in which such grant is payable, for a maximum of seven assessment years. The amount of the grant payable to each municipality in any year in accordance with this section shall be reduced proportionately in the event that the total of such grants in such year exceeds the amount appropriated for the purposes of this section with respect to such year.

Sec. 15. (NEW) (*Effective October 1, 2023*) The Connecticut Housing Finance Authority shall develop and administer a program of mortgage

assistance for (1) developers for the construction or substantial rehabilitation of eligible workforce housing opportunity development projects, as defined in section 9 of this act, and (2) developers for the construction or substantial rehabilitation of workforce housing development projects, as defined in section 8-395 of the general statutes, as amended by this act. In making mortgage assistance available under the program, the authority shall utilize any appropriate housing subsidies.

Sec. 16. (*Effective from passage*) The Department of Housing shall, within available appropriations, conduct a study on methods to (1) increase housing options for apprentices and other newly hired employees, and (2) enable such apprentices and other newly hired employees to reside in the municipalities in which they work. Not later than January 1, 2024, the Commissioner of Housing shall submit a report, in accordance with the provisions of section 11-4a of the general statutes, to the joint standing committee of the General Assembly having cognizance of matters relating to housing. Such report shall include recommendations on methods to increase such housing options and any legislation necessary to implement such recommendations.

Sec. 17. (NEW) (*Effective October 1, 2023*) (a) As used in this section:

(1) "Affordable housing deed restrictions" means deed restrictions filed on the land records of the municipality, containing covenants or restrictions that require the dwelling units in a multifamily building to be sold or rented only to low-income residents;

(2) "Environmental justice community" has the same meaning as provided in section 22a-20a of the general statutes;

(3) "Family violence" has the same meaning as provided in section 46b-38a of the general statutes; and

(4) "Low-income resident" means, after adjustments for family size, individuals or families whose income is not greater than eighty per cent of (A) the state median income, or (B) the area median income,

whichever is less, for the area in which the resident resides, as determined by the United States Department of Housing and Urban Development.

(b) The Commissioner of Energy and Environmental Protection, in coordination with the Commissioner of Housing, shall establish a pilot program to provide grants for retrofitting projects for multifamily residences built before 1980 and located in environmental justice communities that (1) improve the energy efficiency of such residences, including, but not limited to, the installation of heat pumps, solar power generating systems, improved roofing, storm doors and windows and improved insulation, or (2) remediate health and safety concerns, such as mold, vermiculite, asbestos, lead and radon.

(c) On and after January 1, 2024, the Commissioner of Energy and Environmental Protection shall accept applications, in a form to be specified by the commissioner, from any owner of a residential dwelling unit for a grant under the program. Any such grant may be awarded to an owner of a residential dwelling unit that is (1) subject to binding affordable housing deed restrictions, (2) not owner-occupied, and (3) occupied by a tenant, or if vacant, to be occupied by a tenant not more than one hundred eighty days after the award of such grant. If such dwelling unit is not occupied within one hundred eighty days of the award of the grant, the owner shall return any funds received by the owner under such grant to the commissioner.

(d) The Commissioner of Energy and Environmental Protection shall prioritize the awarding of grants for projects that benefit any resident or prospective resident who is (1) a low-income resident, (2) a veteran, (3) a victim of family violence, or (4) experiencing homelessness or who has experienced homelessness.

(e) The commissioner shall exclude from the program any owner of a residential dwelling unit determined by the commissioner to be in violation of chapter 830 of the general statutes.

(f) The commissioner shall seek to expend the funds appropriated to

the Department of Energy and Environmental Protection for the pilot program equally on an annual basis for the term of the pilot program.

(g) On or before October 1, 2027, the commissioner shall file a report, in accordance with the provisions of section 11-4a of the general statutes, with the joint standing committee of the General Assembly having cognizance of matters relating to housing (1) analyzing the success of the pilot program, and (2) recommending whether a permanent program should be established in the state and, if so, any proposed legislation for such program.

(h) The pilot program established pursuant to this section shall terminate on September 30, 2028.

Sec. 18. (*Effective from passage*) The Commissioner of Housing shall, within available appropriations, establish a pilot program to provide temporary housing for (1) persons experiencing homelessness, or (2) veterans who need respite care. Such program shall be implemented in not fewer than three municipalities, each with a population of not less than seventy-five thousand, and shall provide not fewer than twenty housing units for eligible persons who need respite care because they are recovering from injury or illness. The commissioner shall establish eligibility criteria for persons eligible to participate in the pilot program. The commissioner may contract with one or more nonprofit organizations to administer the program. Not later than January 1, 2025, the commissioner shall submit a report on the pilot program, in accordance with the provisions of section 11-4a of the general statutes, to the joint standing committee of the General Assembly having cognizance of matters relating to housing. The pilot program shall terminate on January 1, 2025.

Sec. 19. (*Effective from passage*) (a) There is established a task force to study the potential growth of affordable housing in the state through the conversion of underutilized commercial and retail properties, including, but not limited to, shopping malls, hotels and warehouses, into such housing.

(b) The task force shall consist of the following members:

(1) Two appointed by the speaker of the House of Representatives, one of whom represents an affordable housing advocacy organization;

(2) Two appointed by the president pro tempore of the Senate, one of whom represents a community development corporation;

(3) One appointed by the majority leader of the House of Representatives;

(4) One appointed by the majority leader of the Senate;

(5) One appointed by the minority leader of the House of Representatives, who represents retail or commercial property owners;

(6) One appointed by the minority leader of the Senate, who represents a local chamber of commerce;

(7) The Commissioner of Housing, or the commissioner's designee; and

(8) The Commissioner of Economic and Community Development, or the commissioner's designee.

(c) Any member of the task force appointed under subdivision (1), (2), (3), (4), (5) or (6) of subsection (b) of this section may be a member of the General Assembly.

(d) All initial appointments to the task force shall be made not later than thirty days after the effective date of this section. Any vacancy shall be filled by the appointing authority.

(e) The speaker of the House of Representatives and the president pro tempore of the Senate shall select the chairpersons of the task force from among the members of the task force. Such chairpersons shall schedule the first meeting of the task force, which shall be held not later than sixty days after the effective date of this section.

(f) The administrative staff of the joint standing committee of the General Assembly having cognizance of matters relating to housing shall serve as administrative staff of the task force.

(g) Not later than January 1, 2024, the task force shall submit a report on its findings and recommendations to the joint standing committee of the General Assembly having cognizance of matters relating to housing, in accordance with the provisions of section 11-4a of the general statutes. The task force shall terminate on the date that it submits such report or January 1, 2024, whichever is later.

Sec. 20. (*Effective July 1, 2023*) The sum of six hundred million dollars is appropriated to the Department of Energy and Environmental Protection from the General Fund, for the fiscal year ending June 30, 2024, for providing grants for retrofitting projects for multifamily residences pursuant to the pilot program established under section 17 of this act.

This act shall take effect as follows and shall amend the following sections:		
Section 1	*October 1, 2023*	47a-23
Sec. 2	*October 1, 2023*	47a-42
Sec. 3	*October 1, 2023*	New section
Sec. 4	*October 1, 2023*	47a-4(a)
Sec. 5	*October 1, 2023*	47a-15a
Sec. 6	*October 1, 2023*	47a-6a(a) and (b)
Sec. 7	*October 1, 2023*	New section
Sec. 8	*October 1, 2023*	47a-58
Sec. 9	*October 1, 2023*	New section
Sec. 10	*October 1, 2023, and applicable to assessment years commencing on or after October 1, 2023*	12-63b
Sec. 11	*October 1, 2023*	8-395
Sec. 12	*October 1, 2023*	29-263
Sec. 13	*October 1, 2023, and applicable to assessment years commencing on or after October 1, 2023*	New section

Sec. 14	*October 1, 2023*	New section
Sec. 15	*October 1, 2023*	New section
Sec. 16	*from passage*	New section
Sec. 17	*October 1, 2023*	New section
Sec. 18	*from passage*	New section
Sec. 19	*from passage*	New section
Sec. 20	*July 1, 2023*	New section

Statement of Legislative Commissioners:

In Section 1(a) an exception was added and in Section 1(f) the notwithstanding phrase was deleted for consistency with standard drafting conventions; in Section 5(a), a definition of "grace period" was added for clarity; in Section 6(a)(3), "or "agent"" was added for clarity; in Section 9(a)(9), "them" was changed to "such families or individuals" for clarity; in Section 9(a)(10), "present" was changed to "current" for accuracy; in Section 17(c) "paid" was changed to "returned" and such sentence rephrased for clarity; in Section 17(d), "for projects" was added for clarity; and Section 20 was rewritten for consistency with standard drafting conventions.

HSG *Joint Favorable Subst.*

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	FY 24 $	FY 25 $
Department of Energy and Environmental Protection	GF - Cost	600 million	None
Department of Housing	GF - Cost	423,500 to 528,500	403,175 to 503,175
State Comptroller - Fringe Benefits[1]	GF - Cost	52,883	108,410
Policy & Mgmt., Off.	GF - Cost	None	See Below
Department of Revenue Services	GF - Cost	None	Up to 75,000
Department of Revenue Services	GF - Revenue Loss	None	None
CHFA	Resources of CHFA - Cost	See Below	See Below

Note: GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 24 $	FY 25 $
Various Municipalities	Potential Cost	Less than $5,000	Less than $5,000
Various Municipalities	Revenue Loss	Potential	Potential
Various Municipalities	Precludes Grand List Growth	None	See Below
Various Municipalities	Precludes Revenue Gain	None	See Below

[1]The 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 42.82% of payroll in FY 24.

Explanation

The bill establishes several new housing-related programs and pilot programs, some of which include (1) providing $600 million in FY 24 for a pilot program to make grants for certain multifamily retrofitting projects, (2) establishing a new $5 million workforce housing opportunity development tax credit program, and (3) establishing a homeless and veteran temporary housing respite pilot program. The bill contains various other provisions that do not have a fiscal impact.

The bill's provisions resulting in a fiscal impact to the state or municipalities are described by the section below.

Section 7 results in a minimal one-time cost of less than $5,000 to the Department of Housing (DOH) in FY 24 only to translate into Spanish the standardized rental agreement forms the agency must develop.

Section 8 results in a potential minimal cost of less than $5,000 to municipalities in FY 24 and FY 25 to provide housing code violation complaint forms in English and Spanish.

Section 9 establishes a new $5 million tax credit program, to be administered by DOH, to subsidize the creation or rehabilitation of workforce housing opportunity development projects, located in federally designated opportunity zones. As DOH does not currently administer a tax credit program or have capacity within existing staff, this section results in program administration costs to the General Fund of $226,383 in FY 24 and of $361,585 in FY 25, and annually thereafter, associated with three new staff. The FY 24 cost includes $50,000 for consultants to assist DOH in adopting regulations as required by the bill.

It is anticipated that DOH would need to hire, by January 1, 2024, (i.e., half year personnel costs in FY 24): (1) a housing and community development manager (salary and fringe benefits of $71,410 in FY 24 and $146,391 in FY 25), an accountant (salary and fringe benefits of $53,558 in FY 24 and $109,793 in FY 25), and a housing specialist (salary

and fringe benefits of $51,415 in FY 24 and $105,401 in FY 25) to operate the program.

Section 9 also results in a one-time cost of up to $75,000 to the Department of Revenue Services in FY 25 only associated with programming updates to the CTax tax administration system and myconneCT online portal, and form modification.

Section 11 expands the CHFA's Housing Program Contribution tax credit program, but does not increase the existing $10 million annual aggregate credit cap. This does not result in any fiscal impact as the program currently reaches the cap on an annual basis, and there is no cost to CHFA from this provision.

Section 12 results in a revenue loss to municipalities as it exempts 1) certain workforce housing opportunity development projects, and 2) workforce housing development projects from building permit application fees.

Sections 10, 13-14 preclude an increase in grand list growth in certain municipalities by establishing incentives for workforce housing development projects that reduce their potential property tax liability. The bill: 1) requires certain projects to be assessed below market value, and 2) allows municipalities to partially exempt such projects from property taxes for seven assessment years following project completion. The impact will be dependent on the value of such projects.

The bill requires the Office of Policy and Management to reimburse municipalities for 70% of the revenue loss they experience if they choose to partially exempt workforce housing developments beginning in FY 26. If the total to be reimbursed to municipalities exceeds the appropriation, then the reimbursements will be reduced proportionately. This partially offsets any revenue loss municipalities experience as a result of the bill.

Section 15 requires CHFA to create a new mortgage assistance program for certain developers, which will result in additional staffing

costs for the quasi-public agency. Such programs are anticipated to be funded within CHFA's resources, which include a combination of tax-exempt private activity bonds and taxable market-rate bonds.

To the extent the new program extends the uses of CHFA's resources, there is some possibility of either reduced use of such resources for existing programs or of greater reliance on taxable bonds to increase overall resources available for the CHFA's programs. Borrowing through the use of taxable bonds is typically slightly more expensive than the issuance of tax-exempt bonds – it is anticipated that any increase in borrowing costs to CHFA from additional use of taxable bonds would be passed on to assistance recipients.

Other mortgage assistance programs administered by CHFA have been supported by General Obligation (GO) bonds. The bill does not authorize new GO bond authorizations for this program, and outstanding bond authorizations for CHFA do not appear applicable to the newly created program, so no change in the General Fund debt service is anticipated from the bill.

Section 16 requires DOH to (1) conduct a study on ways to both increase housing for apprentices and new employees and enable them to live in the municipalities where they work, and (2) to report on it by January 1, 2024. Given the limited research staff at DOH, their other job duties, and the time allowed, this results in a one-time cost of up to $100,000 in FY 24 to contract with a third party to complete the study and report.

Sections 17 and 20 appropriate $600 million in FY 24 to fund grants through the Department of Energy and Environmental Protection to support retrofitting projects for multifamily homes concentrating primarily on distressed and environmental justice communities. The bill requires that the appropriation be spent equally each fiscal year between FY 24 and FY 29 ($100 million annually).

Section 18 requires DOH to establish a temporary housing respite pilot program for the homeless and veterans recovering from injury or

illness that provides at least 20 housing units across three cities. Assuming the program (1) utilizes existing private housing units (i.e., studios) with wrap-around services or temporary housing facilities and (2) runs from January 1, 2024, to January 1, 2025, the one-time cost to DOH of $300,000 to $500,000 is estimated to be spread equally across FY 24 and FY 25.

The bill also makes various other changes that are technical or conforming in nature, do not apply to the state or municipalities, or can be accomplished with current agency expertise, and therefore have no fiscal impact.

The Out Years

In addition to out years impacts described above, **Section 9** establishes a new tax credit against the personal income and corporation business taxes for individuals or entities making cash contributions to eligible developers constructing or rehabilitating eligible workforce housing opportunity development projects in federally designated opportunity zones. This results in a revenue loss of up to $5 million annually beginning in FY 26.[2]

Otherwise, the annualized ongoing fiscal impact identified above would continue into the future subject to inflation and state employee wage and fringe benefit costs.

Sources: Department of Revenue Services Annual Report Fiscal Year 2021-2022

[2] Tax credit vouchers may be claimed against state corporation business and personal income taxes for taxable income years beginning in 2025; it is anticipated that the timing of the claiming of credits would limit the revenue impact to FY 26 and beyond. The bill caps the total amount of credits allowed per fiscal year at $5 million.

OLR Bill Analysis

sSB 4

AN ACT CONCERNING CONNECTICUT'S PRESENT AND FUTURE HOUSING NEEDS.

TABLE OF CONTENTS:

agencies to create housing code violation complaint forms for tenants, and (3) that both forms be made available in English and Spanish

§§ 9-16 — WORKFORCE HOUSING DEVELOPMENTS

Establishes various state and local financial incentives for individuals and businesses investing in, and developing rental units set aside for, designated workforce populations and low- and moderate-income households under these programs

§§ 17 & 20 — PILOT GRANT PROGRAM FOR MULTI-FAMILY RETROFITTING PROJECTS IN ENVIRONMENTAL JUSTICE COMMUNITIES

Requires the DEEP commissioner, in coordination with the DOH commissioner, to establish a pilot program providing grants for certain multi-family retrofitting projects that (1) improve energy efficiency or remediate health and safety concerns and (2) are undertaken in properties meeting certain requirements, including being located in an environmental justice community; appropriates $600 million to DEEP for FY 24 from the General Fund for the program

§ 18 — DOH TEMPORARY HOUSING PILOT PROGRAM

Requires DOH, within available appropriations, to establish a pilot program to provide temporary housing to individuals experiencing homelessness and veterans who need respite care

§ 19 — TASK FORCE ON CONVERTING UNDERUTILIZED COMMERCIAL AND RETAIL PROPERTIES INTO AFFORDABLE HOUSING

Establishes a 10-member task force to study converting underutilized commercial and retail properties into affordable housing and requires it to report to the Housing Committee by January 1, 2024

SUMMARY

This bill (1) makes changes to various laws on tenants and landlords, (2) establishes several new housing-related programs and pilot programs, and (3) creates a new task force to study converting underutilized commercial and retail properties into affordable housing. A section-by-section analysis follows.

The bill also makes technical and conforming changes.

EFFECTIVE DATE: Various, see below

§§ 1 & 2 — PROHIBITION OF COLD-WEATHER EVICTIONS

Prohibits, between December 1 and March 1 of any year, and with the exception of serious nuisance, (1) landlords from initiating evictions and (2) state marshals from executing evictions

The bill prohibits owners or lessors (i.e., landlords) and their legal representatives or attorneys, between December 1 and March 1 of any year, from delivering tenants a notice to quit possession for any reason other than serious nuisance (see *Background*). Additionally, it prohibits state marshals from executing evictions during this time period unless the court entered judgement against the tenant for serious nuisance.

EFFECTIVE DATE: October 1, 2023

Background — Summary Process Procedure and Serious Nuisance

By law, once a landlord has established a ground for eviction, he or she begins the process by serving the tenant with a notice to quit possession. If the tenant fails to respond to this notice by refusing to move from the rented premises, the landlord may start proceedings in Superior Court by filing a summons and complaint. The tenant may respond to the complaint; if he or she contests the action, the court may try the case and enter judgment. If the court rules for the landlord, it orders the judgment executed, and a state marshal removes the tenant and his or her belongings.

By law, serious nuisance occurs when a tenant:

1. assaults (or credibly threatens to do so) a landlord or another tenant,

2. purposefully causes substantial destruction to the premises,

3. engages in conduct that is an immediate and serious safety hazard for the landlord or another tenant, or

4. uses (or allows to be used) the leased premises for prostitution or to illegally sell drugs (CGS § 47a-15).

§ 3 — LIMITS ON RENTAL APPLICATION-RELATED FEES

Limits rental application-related fees and payments that landlords may require from prospective tenants to reimbursements for tenant screening reports and security deposits; requires landlords to (1) provide prospective tenants with these reports and a receipt or invoice and (2) waive the fee if the prospective tenant provides a recent screening report that is satisfactory to the landlord

The bill generally prohibits landlords from requiring prospective tenants to (1) pay any fees, charges, or payments for reviewing, processing, or accepting a rental application or (2) make any other payments before or at the start of tenancy. The bill excludes from this prohibition a security deposit and the fee for a tenant screening report, except that in the latter case it limits the fee to the landlord's actual cost for the report. Under the bill, a "tenant screening report" means a credit report, a criminal background report, an employment history report, a rental history report, or any combination of these that a landlord uses to determine a prospective tenant's suitability.

The bill prohibits landlords from collecting a tenant screening report fee until after they give the prospective tenant a copy of the (1) screening report and (2) receipt or invoice from the entity that did the report. Additionally, the bill requires landlords to waive the tenant screening report fee if a prospective tenant provides a copy of a screening report that is satisfactory to the landlord and was done within 30 days of his or her rental application.

EFFECTIVE DATE: October 1, 2023

Background — Related Bill

sHB 6781, § 4, reported favorably by the Housing Committee, contains nearly identical provisions.

§§ 4 & 5 — LIMITS ON LATE CHARGES FOR OVERDUE RENT

Limits late charges that landlords may impose for overdue rent; prohibits rental agreements from requiring any late fees that exceed these amounts; requires landlords to apply any rent payments they receive to the most recent payment due

By law, if a rental agreement includes a provision requiring tenants to pay a late charge for overdue rent, it must allow tenants a nine-day grace period (or four days for week-to-week tenancies), before imposing

the charge. The bill limits the late charges landlords may impose after this grace period has passed. Under the bill, if a rental agreement contains a valid written agreement to pay late charges after the grace period, the charges may not exceed the lesser of (1) $5 per day, up to a $25 maximum, or (2) 5% of the overdue rent or 5% of the tenant's share of the rent in the case of rental agreements that are partially paid by a government or charitable entity.

The bill prohibits rental agreements from requiring tenants to agree to late charges that exceed these limits. Additionally, the bill prohibits landlords from assessing more than one late charge on an overdue rent payment, regardless of the length of time for which the rent is overdue, and requires that they apply new rent payments to the most recent payment due.

EFFECTIVE DATE: October 1, 2023

§ 6 — MUNICIPAL LANDLORD IDENTIFICATION REQUIREMENTS

Modifies the current municipal landlord identification requirements, including generally extending the requirements for landlords participating in the federal Housing Choice Voucher program to nonresident rental property owners

Under existing law, generally unchanged by the bill, municipalities may require nonresident owners and landlords renting to Housing Choice Voucher (HCV) program participants (also known as project-based housing providers or PBHPs) to provide (1) their current residential addresses or (2) the current residential address of the agent in charge of the building if the owners are a business entity that owns rental property (i.e., a corporation, partnership, trust, or other legally recognized entity).

Current law includes an additional "controlling participant" requirement for PBHPs. It requires that they provide identifying information and the current residential address of each controlling participant associated with the property, meaning an individual or entity that exercises day-to-day financial or operational control. If a controlling participant is a business entity, the PBHP must identify and provide the residential address for a natural person who exercises

control over that entity.

The bill modifies this "controlling participant" disclosure requirement by (1) limiting it to PBHPs that are business entities and (2) extending it to nonresident owners that are business entities. It also redefines controlling participant to mean a natural person who (1) is not a minor and (2) directly or indirectly and through any contract, arrangement, understanding, or relationship, exercises substantial control of, or owns more than 25% of, a business entity that owns rental property.

EFFECTIVE DATE: October 1, 2023

Background

HCV Program and PBHPs. The HCV program is the federal government's main program for helping very low-income families afford private market housing (42 U.S.C. § 1437f(o)). Eligible households that are issued a housing voucher must find housing that meets the program's requirements. The U.S. Department of Housing and Urban Development (HUD) funds the program and it is administered locally by housing authorities and statewide by the Department of Housing (DOH).

State law defines PBHPs as property owners who contract with HUD to provide housing to tenants under the HCV program.

Related Bills. SB 996, § 3, and sHB 6781, § 9, both reported favorably by the Housing Committee, contain nearly identical provisions regarding municipal landlord identification requirements.

§§ 7 & 8 — STANDARDIZED RENTAL AGREEMENT AND HOUSING CODE VIOLATION FORMS IN ENGLISH AND SPANISH

Requires (1) DOH to develop standardized rental agreement forms that landlords and tenants may use, (2) municipal code enforcement agencies to create housing code violation complaint forms for tenants, and (3) that both forms be made available in English and Spanish

The bill requires the DOH commissioner, within existing appropriations, to develop standardized rental agreement forms that

landlords and tenants may use. The forms must (1) contain the essential terms of a rental agreement; (2) be easily readable; and (3) include plain-language explanations of all the terms and conditions, including rent, fees, deposits, and other charges. DOH must post the forms on its website by July 1, 2024, and make them available in both English and Spanish. The bill requires the department to revise the forms at the commissioner's discretion.

The bill also requires agencies empowered to enforce municipal health and safety standards or the local housing code (i.e., the board of health or other designated authorities) to create and make available housing code violation complaint forms, in both English and Spanish, for tenants to use.

EFFECTIVE DATE: October 1, 2023

§§ 9-16 — WORKFORCE HOUSING DEVELOPMENTS

Establishes various state and local financial incentives for individuals and businesses investing in, and developing rental units set aside for, designated workforce populations and low- and moderate-income households under these programs

The bill establishes various state and local financial incentives for individuals and businesses investing in and developing rental units set aside for designated workforce populations and low- and moderate-income households under these programs. Specifically, the bill does the following:

1. establishes a new tax credit against the personal income and corporation business taxes, administered by DOH, for individuals or entities making cash contributions to eligible developers constructing or rehabilitating eligible "workforce housing opportunity development projects" in federally designated opportunity zones (see *Background*) (§ 9);

2. expressly allows businesses making cash contributions to nonprofits developing eligible "workforce housing development projects," including those in an opportunity zone, to qualify for tax credits under the Connecticut Housing Finance Authority's

(CHFA) Housing Tax Credit Contribution (HTCC) program (§ 11);

3. requires municipal tax assessors to assess workforce housing opportunity development projects using the capitalization of net income method based on actual rent received for property tax assessment purposes (§ 10);

4. exempts both of these categories of workforce housing projects from building permit application fees (§ 12);

5. allows municipalities to provide up to a seven-year, 70% property tax exemption for workforce housing development projects, offset by a 70% state grant in lieu of taxes (§§ 13 & 14);

6. requires CHFA to develop and administer a mortgage assistance program for developers of both categories of these projects (§ 15); and

7. requires DOH to conduct a workforce housing study and report to the Housing Committee (§ 16).

EFFECTIVE DATE: October 1, 2023, except for the DOH workforce housing study provision, which is effective upon passage; the property tax assessment requirements and local option exemption are applicable to assessment years beginning on or after October 1, 2023.

Workforce Housing Opportunity Development Tax Credit (§ 9)

Administration. The bill requires DOH to administer a new program providing tax credit vouchers to individuals or entities making cash contributions to eligible developers constructing or rehabilitating eligible housing projects in opportunity zones. The department must begin accepting applications from eligible developers by January 1, 2024. Under the bill, the DOH commissioner must determine the program's additional eligibility criteria, certification conditions, and application guidelines. The bill requires the commissioner to adopt regulations to implement the program, including conditions for

certifying developers.

Eligible Projects. Under the bill, an eligible workforce housing opportunity development project is a project to build or substantially rehabilitate rental housing that is (1) located in an opportunity zone in the state and (2) partially designated for certain targeted residents (see "Rental Requirements"). Additionally, the bill requires that these projects, to the extent feasible, incorporate renewable energy and be transit-oriented.

In the case of rehabilitation projects, the bill requires that (1) a building's repairs, replacements, or improvements exceed 25% of the building's value when rehabilitation is complete or (2) the project replace two or more major components of the building (i.e., roof structures, wall or floor structures, plumbing systems, heating and air conditioning systems, electrical systems, ceilings, or foundations).

Eligible Developers. The bill authorizes developers to apply to DOH, as the commissioner prescribes, to be certified to receive credit-eligible cash investments under the program. Under the bill, the following entities may qualify as eligible developers:

1. nonprofits and business corporations incorporated in Connecticut and other business entities (i.e., partnerships, limited partnerships, limited liability partnerships, joint ventures, trusts, limited liability companies (LLCs), or associations) that (a) construct, rehabilitate, own, or operate housing and (b) are either certified by DOH under the program or whose articles of incorporation or organizational documents, as applicable, have been approved by DOH in keeping with its regulations for the moderate rental housing or moderate cost program;

2. municipal housing authorities (and the Connecticut Housing Authority, although it is no longer active); and

3. municipal developers.

Under the bill, a "municipal developer" is the legislative body of a municipality that has not established a housing authority; it may be the municipality's board of selectmen if the town meeting or representative town meeting authorized the board to act as a developer.

Rental Requirements. The bill requires that completed workforce housing opportunity development projects be rented as follows:

1. 50% of the units at market rate (i.e., the rate the property would most probably command on the open market based on current comparable rentals in the opportunity zone);

2. 40% of the units to a designated workforce population (as described below) at a rate of up to 20% of the prevailing rent of the opportunity zone in which the development is located (the bill does not specify how the prevailing rent is measured); and

3. 10% of the units to low- and moderate-income households (i.e., those that lack the income to rent mixed-income housing without financial assistance, as determined by the DOH commissioner) that also receive rental assistance through certain state programs or HUD's federal section 8 program.

Under the bill, the program must establish a method for selecting tenants who meet the income criteria that does not discriminate on the basis of race, creed, color, national origin, ancestry, sex, gender identity or expression, age, or physical or intellectual disability.

Designation of Workforce Population. The bill requires that eligible developers receive municipal approval for proposed workforce housing opportunity development projects from zoning commissions and other applicable municipal agencies. No later than 30 days after a municipality approves a project, its legislative body (or board of selectmen if its legislative body is a town meeting) may vote to designate the workforce population the project will serve. The bill allows developers to make this designation if municipalities fail to do so within the given time limit. Under the bill, the designated workforce

population may include volunteer firefighters, teachers, police officers, emergency medical personnel, and any other professions working in the town where the project is located.

Timeframe for Completion. The bill requires eligible developers to (1) schedule the workforce housing opportunity development projects for completion within three years of DOH's project approval and (2) submit quarterly progress reports and a final report to the DOH commissioner. If a project is not completed within the three-year timeframe, or at any time if the DOH commissioner determines that it is unlikely to be completed, the bill allows the commissioner to ask the attorney general to reclaim any remaining contributions made by individuals and entities to the developer and reallocate the funds to another eligible project.

Tax Credits for Qualifying Contributions. The bill requires the DOH commissioner to administer the tax credit vouchers, similar to CHFA's existing HTCC program, for individuals or entities that make a cash contribution of at least $250 to an eligible developer for the eligible projects described above. The vouchers may be claimed against state corporation business and personal income taxes, except for the withholding tax, for taxable income years beginning in 2025 (presumably, for tax years or income years beginning in 2025). The Department of Revenue Services must grant the credits in the amount specified by DOH in the tax credit vouchers.

The bill caps the total amount of credits allowed per fiscal year at $5 million. Taxpayers may claim the credits in the taxable income year in which they made the cash contribution and may carry unused credits forward or back for five years. In the case of S corporations or entities treated as a partnership for federal tax purposes, the entity's shareholders or partners may claim the credits. If the entity is a single-member LLC that is disregarded as an entity separate from its owner, only the owner may claim the credit.

CHFA HTCC Program (§ 11)

The bill expressly makes investments in "workforce housing development projects" eligible for HTCC tax credits. Under this program, CHFA administers tax credit vouchers for businesses that make cash contributions of at least $250 to nonprofits that develop, sponsor, or manage housing programs benefiting low- and moderate-income households (e.g., affordable housing developments). The credits apply against various business taxes, including the insurance premiums, corporation business, and utility companies taxes.

Under the bill, "workforce housing development projects" are generally similar to the workforce housing opportunity projects described above, except that they are not limited to opportunity zones. (It is unclear whether projects that meet the eligibility criteria for both programs would qualify for both credits for the same cash contributions.) Starting with tax or income years beginning on or after January 1, 2024, workforce housing development projects must be scheduled for completion within three years of approval.

Specifically, workforce housing development projects are to construct or substantially rehabilitate rental housing where:

1. 50% of the units are market rate units (i.e., the rate the unit would probably command on the open market based on comparable units in the same area);

2. 40% are rented to the workforce population designated by the developer in consultation with the host municipality; and

3. 10% are affordable housing (i.e., when households earning no more than the host municipality's area median income, as determined by HUD, spend 30% or less of their annual income on it).

Under the bill, "substantial rehabilitation" has the same definition as described above for workforce housing opportunity development projects. An eligible "workforce housing opportunity development" project is also considered an eligible "workforce housing development"

project.

By law, unchanged by the bill, the total amount of tax credits allowed to businesses under the program is capped at $10 million per fiscal year, and $1 million of these credits must be set aside each year for workforce housing as defined in CHFA's written procedures (i.e., affordable housing for low- and moderate-income wage or salaried workers in the municipalities where they work). The bill also makes various conforming changes to the HTCC program.

Property Tax Assessment for Workforce Housing Opportunity Development Projects (§ 10)

The bill requires assessors to determine the value of workforce housing opportunity development projects for property tax purposes by using the capitalization of net income method based on actual rent received. This means assessors must consider net rental income, rather than market rent for similar property, when determining the project's gross potential income. Under the capitalization of net income method, all else being equal, a property with a lower gross potential income will also have a lower valuation.

Under current law, assessors must consider three methods when assessing the fair market value of rental properties (with certain exceptions):

1. replacement cost less depreciation, plus the land's market value;
2. capitalization of net income based on market rent for similar property; and
3. comparable sales.

For property tax assessment purposes, the bill treats workforce housing opportunity development projects the same as properties used solely for housing low- or moderate-income individuals and families located in municipalities that have chosen to abate property taxes on

these properties (CGS §§ 8-215 & 8-216a).

Building Permit Fee Exemption (§ 12)

The bill exempts both categories of workforce housing development projects (i.e., workforce housing development and workforce housing opportunity development projects) from all building permit application fees. In doing so, it supersedes any municipal charters, home rule ordinances, and special acts.

Local Option Property Tax Exemption and State Reimbursement (§§ 13 & 14)

The bill allows a municipality's legislative body (or board of selectmen if the legislative body is a town meeting) to provide up to a seven-year, 70% property tax exemption to the workforce housing development projects eligible for the HTCC credit. Under the bill, the property tax exemption may begin in the first full assessment year after the project's construction or rehabilitation is complete.

Additionally, the bill requires the Office of Policy and Management (OPM) secretary, beginning in FY 26, to pay a state grant in lieu of taxes to municipalities that (1) provide this local option exemption and (2) submit an annual grant application to OPM, as the secretary prescribes. OPM must determine the amount due to these municipalities annually by January 1.

Under the bill, the grant in lieu of taxes equals 70% of the property taxes that would have been paid for the assessment year two years before the fiscal year in which the grant is paid (excluding exemptions for certain housing authority properties). The grants are payable for a maximum of seven assessment years and may be reduced proportionately if the total of all grants in a fiscal year exceeds state appropriations for the grants.

CHFA Mortgage Assistance Program (§ 15)

The bill requires CHFA to (1) develop and administer a mortgage

assistance program for developers of both categories of workforce housing projects under the bill (i.e., workforce housing development and workforce housing opportunity development) and (2) use any appropriate housing subsidies in providing this mortgage assistance.

DOH Workforce Housing Study (§ 16)

The bill requires DOH to conduct a study, within available appropriations, on ways to (1) increase housing options for apprentices and newly hired employees and (2) enable this population to live in the municipalities where they work. The DOH commissioner must submit a report to the Housing Committee, including recommendations and legislation necessary for implementation, by January 1, 2024.

Background — Opportunity Zones

The federal Opportunity Zone program, created as part of the 2017 federal Tax Cuts and Jobs Act (P.L. 115-97), is designed to spur economic development and job creation in distressed communities by providing federal tax benefits for private investments in the zones. The program's tax benefits are available to investors that reinvest gains earned on prior investments in a qualified opportunity zone fund that invests in zone businesses. Investors may receive additional tax benefits if they hold their investments in the fund for at least five, seven, or 10 years.

Connecticut has 72 opportunity zones in 27 municipalities that were approved by the U.S. Treasury Department in 2018.

§§ 17 & 20 — PILOT GRANT PROGRAM FOR MULTI-FAMILY RETROFITTING PROJECTS IN ENVIRONMENTAL JUSTICE COMMUNITIES

Requires the DEEP commissioner, in coordination with the DOH commissioner, to establish a pilot program providing grants for certain multi-family retrofitting projects that (1) improve energy efficiency or remediate health and safety concerns and (2) are undertaken in properties meeting certain requirements, including being located in an environmental justice community; appropriates $600 million to DEEP for FY 24 from the General Fund for the program

The bill requires the Department of Energy and Environmental Protection (DEEP) commissioner, in coordination with the DOH commissioner, to start a pilot program providing grants for retrofitting

projects in units located in multi-family homes built before 1980 and located in environmental justice communities (see *Background*). These projects must improve a home's energy efficiency (e.g., by installing heat pumps, solar power generating systems, improved roofing, storm doors and windows, and improved insulation) or remediate health and safety concerns (e.g., mold, vermiculite, asbestos, lead, and radon).

Under the bill, the DEEP commissioner must (1) begin accepting grant applications from owners of eligible units, in the form she specifies, by January 1, 2024, and (2) submit a report on the pilot program to the Housing Committee by October 1, 2027, that (a) analyzes the program's success and (b) recommends whether to make the program permanent, including any related legislative proposals.

The bill (1) appropriates $600 million to DEEP from the General Fund for FY 24 for the program and (2) requires the commissioner attempt to expend these pilot program funds equally on an annual basis for the program's duration. Under the bill, the pilot program terminates on September 30, 2028.

EFFECTIVE DATE: October 1, 2023, except the FY 24 DEEP appropriation is effective July 1, 2023.

Eligibility Criteria and Priority Populations

To be eligible for a grant under the pilot program, a dwelling unit must be:

1. subject to a binding affordable housing deed restriction, which is filed on the municipality's land record and requires that units be sold or rented only to low-income residents;

2. not owner-occupied; and

3. currently occupied by a tenant, or will be occupied by a tenant within 180 days after the commissioner awards the owner a grant. (The bill requires an owner to repay DEEP all grant funds he or she receives under the program if this criteria is not met.)

Under the bill, the DEEP commissioner must exclude from the program any landlords that have violated their statutory responsibilities. It also requires the commissioner to prioritize grants that benefit current or prospective residents who are:

1. low-income (i.e., households with an income of no more than 80% of the state or area median income, whichever is less, as determined by HUD);

2. veterans;

3. family violence victims (i.e., victims of (1) an incident between family or household members resulting in physical harm, bodily injury, or assault or (2) an act of threatened violence between family or household members causing fear of imminent physical harm, bodily injury, or assault); or

4. currently experiencing, or have previously experienced, homelessness.

(It is unclear how the DEEP commissioner would attain this information on current or prospective tenants.)

Background

Environmental Justice Communities

By law, an "environmental justice community" is (1) any U.S. census block group, as determined by the most recent census, for which at least 30% of the population consists of low-income people who are not institutionalized and have an income below 200% of the federal poverty level or (2) a distressed municipality (CGS § 22a-20a).

The Department of Economic and Community Development annually designates distressed municipalities, based on high unemployment and poverty, aging housing stock, and low or declining rates of job, population, and per capita income growth (CGS § 32-9p). The current (2022) distressed municipalities are Ansonia, Bridgeport, Bristol, Chaplin, Derby, East Hartford, East Haven, Griswold, Groton,

Hartford, Meriden, Montville, New Britain, New London, North Stonington, Norwich, Plainfield, Putnam, Sprague, Sterling, Torrington, Waterbury, West Haven, Winchester, and Windham (CGS § 22a-20a).

Towns with current designated census blocks (that are not also distressed municipalities) are Bethel, Bloomfield, Branford, Brooklyn, Canaan, Clinton, Columbia, Coventry, Cromwell, Danbury, East Haddam, East Lyme, East Windsor, Ellington, Enfield, Essex, Fairfield, Farmington, Glastonbury, Greenwich, Haddam, Hamden, Killingly, Ledyard, Lisbon, Manchester, Mansfield, Middletown, Milford, Naugatuck, New Fairfield, New Haven, New Milford, Newington, North Canaan, Norwalk, Plainville, Portland, Preston, Ridgefield, Rocky Hill, Sharon, Shelton, Simsbury, Southington, Stafford, Stamford, Stonington, Stratford, Thomaston, Thompson, Vernon, Wallingford, Waterford, Watertown, West Hartford, Wethersfield, Willington, Windsor Locks, and Windsor.

§ 18 — DOH TEMPORARY HOUSING PILOT PROGRAM

Requires DOH, within available appropriations, to establish a pilot program to provide temporary housing to individuals experiencing homelessness and veterans who need respite care

The bill requires DOH, within available appropriations, to start a pilot program to provide temporary housing to individuals experiencing homelessness and veterans who need respite care. Under the bill, the program must (1) be implemented in at least three municipalities with populations of 75,000 or more and (2) provide at least 20 housing units for eligible individuals in need of respite care due to injury or illness. The bill requires the DOH commissioner to establish program eligibility criteria and allows the department to contract with nonprofit organizations to administer it.

The bill terminates the pilot program on January 1, 2025, by which time DOH must report on the pilot program to the Housing Committee.

EFFECTIVE DATE: Upon passage

§ 19 — TASK FORCE ON CONVERTING UNDERUTILIZED COMMERCIAL AND RETAIL PROPERTIES INTO AFFORDABLE HOUSING

Establishes a 10-member task force to study converting underutilized commercial and retail properties into affordable housing and requires it to report to the Housing Committee by January 1, 2024

The bill establishes a 10-member task force to study converting underutilized commercial and retail properties (e.g., shopping malls, hotels, and warehouses) into affordable housing.

EFFECTIVE DATE: Upon passage

Membership, Initial Appointments, and Vacancies

Under the bill, the task force members must include the DOH and Department of Economic and Community Development commissioners, or their designees, and eight members whom the legislative leaders appoint, as shown in the table below. The legislative appointees may be General Assembly members. The legislative leaders must make the initial task force appointments no later than 30 days after the bill's passage, and appointing authorities fill vacancies.

Table: Task Force Members — Legislative Appointees

Appointing Authority	*Number of Appointments*	*Required Qualifications*
House speaker	2	One must represent an affordable housing advocacy organization
Senate president pro tempore	2	One must represent a community development corporation
House majority leader	1	None
Senate majority leader	1	None
House minority leader	1	Must represent retail or commercial property owners
Senate minority leader	1	Must represent a local chamber of commerce

Chairpersons, Meetings, and Reporting Requirement

The bill requires the House speaker and Senate president pro tempore to select the task force chairpersons. The chairpersons must schedule the task force's first meeting for no later than 60 days after the bill's passage.

The bill requires the task force, by January 1, 2024, to report on its findings and recommendations to the Housing Committee. The task force terminates when it submits this report or January 1, 2024, whichever is later. The Housing Committee's administrative staff must serve as the task force's administrative staff.

COMMITTEE ACTION

Housing Committee

Joint Favorable Substitute
Yea 10 Nay 5 (03/02/2023)