

HB 5390 -- Redline

Raised Bill to File No. 237 -- AN ACT CONCERNING TRANSIT-ORIENTED COMMUNITIES.

Deletions ~~struck~~ · Insertions underlined

House of Representatives General Assembly ~~Raised~~File-Bill No.

~~5390~~237 February Session, 2024 ~~LCO~~Substitute House Bill No.

~~645390~~ Referred ~~House to~~ of Representatives, April 3, 2024 The Committee on ~~PLANNING~~Planning ~~AND~~and ~~DEVELOPMENT~~Development ~~Introduced~~reported by ~~through REP.~~

~~(PD)~~KAVROS ~~AN~~DEGRAW ~~ACT of~~ CONCERNING ~~the~~ TRANSIT-ORIENTED ~~17th~~ COMMUNITIES ~~Dist., Chairperson of the~~ Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING TRANSIT-ORIENTED COMMUNITIES.

Subsection (b) of section 8-1a of the general statutes is repealed and the following ~~is substituted~~is substituted in lieu thereof (Effective October 1, 2024):

(2) "Affordable accessory apartment" means an accessory apartment that is subject to binding recorded deeds which contain covenants or restrictions that require such accessory apartment be sold or rented at, ~~or~~SHB5390 below, ~~prices~~File ~~that will preserve the unit as housing for which, for a period of not less than ten years, persons and families pay thirty per cent or less of income, where such income is less than or equal to eighty per cent of the median income;~~

~~64237 1 of SHB5390 13~~ File Raised ~~No. Bill No. 5390~~ cent of the median income;

237 or below, prices that will preserve the unit as housing for which, for a period of not less than ten years, persons and families pay thirty per cent or less of income, where such income is less than or equal to eighty per cent of the median income;

(1) ~~"Coordinator"~~ "Discretionary infrastructure funding" means ~~the any Responsible grant, Growth loan Coordinator or within other financial assistance program administered by the Office of the state under the provisions of Policy sections 4-66c, 4-66h and Management;~~ 8-13m to 8-13x, inclusive, of the general statutes, or any grant, loan or financial assistance program SHB5390 / File No.

~~(2) 237 "Discretionary 2 infrastructure SHB5390 funding" File means any grant, loan or other financial assistance program administered by the state under the provisions of section 4-66c, section 4-66h, sections 8-13m to 8-13x, inclusive, subsection (g) of section 32-763 or section 32-765 of the general LCO No.~~

~~64237 2 of 13~~ Raised Bill No. 5390 ~~statutes, or any grant, loan, or financial assistance program managed by the Secretary of the Office of Policy and Management for the purpose of transit-oriented development, as defined in section 13b-790~~ 13b- 790 of the general statutes;

~~(3)~~ (2) "Downtown area" means a central business district or other commercial neighborhood area of a municipality that serves as a center of socioeconomic interaction in the municipality, characterized by a cohesive core of commercial and mixed-use buildings, often interspersed with civic, religious and residential buildings and public spaces, that are typically arranged along a main street and intersecting side streets and served by public infrastructure;

~~(4)~~ (3) "Middle housing development" means a residential building containing not fewer than two dwelling units but not greater than nine such units, including, but not limited to, townhomes, duplexes, triplexes, perfect sixes and cottage clusters;

~~(5) "Perfect six" means a three-story residential building with a central~~ (4) "Perfect six" means a three-story residential building with a central entrance containing two dwelling units per story;

~~(6)~~ (5) "Qualifying bus transit community" means any municipality that has not less than one regular bus service station operating not less than five days a week within a transit-oriented district adopted by such municipality, provided such transit-oriented district is of reasonable ~~size, as determined by the coordinator in accordance with the provisions~~ size, as determined by the secretary in accordance with the provisions of subsection (e) of this section, and (A) includes land of such municipality located within a one-half-mile radius of any such station, or (B) is located within a reasonable distance, as determined by the ~~coordinator,~~ secretary, of any other transit service, a commercial corridor or a downtown area of such municipality;

~~(7)~~ (6) "Qualifying rapid transit community" means any municipality that has not less than one rapid transit station or a planned rapid transit station, contained within a transit-oriented district adopted by such municipality, provided such transit-oriented district is of reasonable size, as determined by the ~~coordinator~~ secretary in accordance with subsection (e) ~~LCO~~ of this section, and (A) includes land of such municipality located within a SHB5390 / File No.

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~~of this section, and (A) includes land of such municipality located within a one-half-mile radius of any such station, or (B) is located within a reasonable distance, as determined by the coordinator, of any other transit service, a commercial corridor or the downtown area of such municipality;~~

~~(8)~~ 237 "Qualifying one-half-mile transit-oriented radius community" of means any municipality such

that station, or (B) is located within a qualifying reasonable rapid distance, as determined by the secretary, of any other transit community service, a commercial corridor or qualifying the bus downtown transit area community; of such municipality;

~~(9)(7)~~ "Rapid"Qualifying transittransit-oriented station"community" means any publicmunicipality transportationthat stationis servinga railqualifying rapid transit community or rapidqualifying bus routes;transit community;

~~(10)(8)~~ "Regular"Rapid bus transit service station" means any fixedpublic locationtransportation wherestation aserving busany willrail regularly stop for the loading or unloadingrapid ofbus passengersroute; along a defined route operating on a fixed schedule;

~~(11)(9)~~ "Regularbus servicestation"meansanyfixedlocationwhereabus "Transit-orientedregularly district"stops meansfor atthe collectionloading ofor parcelsunloading of landpassengers inalong a municipalitydefined designatedroute byoperating suchon municipalitya andfixed subjectschedule; to zoning criteria designed to encourage increased density of development, including mixed-use development and concentration of discretionary infrastructure funding;

(10) "Secretary" means the Secretary of the Office of Policy and Management, or the secretary's designee;

(11) "Transit-oriented district" means a collection of parcels of land in a municipality designated by such municipality and subject to zoning criteria designed to encourage increased density of development, including mixed-use development, and concentration of discretionary infrastructure funding;

(b) Any qualifying transit-oriented community shall be eligible for prioritized discretionary infrastructure funding.

To receive such funding, funding on a priority basis, any such community, or any municipality that is not a qualifying transit-oriented community but has adopted a resolution pursuant to subsection (c) of this section, shall submit an application for such funding to the coordinatorsecretary in a form developed by the coordinatorsecretary.

The coordinatorsecretary shall make recommendations to the state agency responsible for administering such funding andand, suchif agencypriority maySHB5390 prioritize/ anyFile qualifying transit-oriented community for the receipt of such funding LCO No.

~~64237 4 ofSHB5390 13File RaisedNo. Bill No. 5390 over any municipality that is not a qualifying transit-oriented community or has not adopted a resolution pursuant to subsection (c) of this section.~~

~~(c)237 Anyfunding municipality that is notpermitted afor qualifying such transit-orientedfunding, communitysuch shallagency be may eligibleprioritize forany discretionaryqualifying infrastructuretransit-oriented fundingcommunity pursuantor tomunicipality thisthat sectionhasadopted ifsuch thea municipality, resolution actingfor through the zoningreceipt commission of such municipality, funding adoptsover any resolutionmunicipality stating that suchis commissionnot intends a toqualifying enacttransit-oriented zoningcommunity regulationsor that enablehas not adopted such municipalitya toresolution, becomebased aon qualifyingthe transit-orientedsecretary's community recommendations.~~

Such(c) commissionAny municipality that is not a qualifying transit-oriented community shall enactbe sucheligible zoningfor regulationsdiscretionary notinfrastructure laterfunding thanon eighteen monthspriority afterbasis pursuant to this section if the adoptionlegislative body of the municipality adopts a resolution stating that such resolutionmunicipality intends to enact zoning regulations that enable such municipality to become a qualifying transit-oriented community.

IfSuch suchmunicipality commissionshall does not enact such zoning regulations withinnot later than eighteen months after the adoption of such resolution, resolution. unless the coordinator grants an extension to such commission at the coordinator's discretion, such municipality shall return any discretionary infrastructure funding received and shall not be eligible for discretionary infrastructure funding until the zoning commission of such municipality enacts zoning regulations that enable the municipality to become a qualifying transit-oriented community.

If such municipality does not enact such regulations within eighteen months after the adoption of such resolution, unless the secretary grants an extension to such municipality at the secretary's discretion, such municipality shall return any discretionary infrastructure funding provided to such municipality on a priority basis pursuant to this section and such municipality shall be ineligible for discretionary infrastructure funding on a priority basis until such municipality enacts zoning regulations that enable the municipality to become a qualifying transit-oriented community.

Nothing in this section shall be construed to make a municipality that is not a qualifying transit-oriented community ineligible for discretionary infrastructure funding.

If any portion of any such proposed district is located in an area over which such agency exercises its authority, such commission shall collaborate with such agency to determine whether any portionportionof of such proposed district shall allow for the as-of-right development of middle housing and mixed-use developments.

(e) In determining whether a transit-oriented district is of reasonable size,SHB5390 the/ coordinator,File inNo. consultation with the zoning commission, shall (1) determine whether the area of

~~such district is adequate to support greater density of development in an equitable manner, as determined by the coordinator, considering the geographic characteristics of the municipality;~~
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237 size, the secretary, in consultation with the zoning commission of the municipality, shall (1) determine whether the area of such district is adequate to support greater density of development in an equitable manner, as determined by the secretary, considering the geographic characteristics of the municipality;

LCQ(A) No. Special flood hazard areas designated on a flood insurance rate map published by the National Flood Insurance Program, (B) wetlands, as defined in section 22a-29 of the general statutes, (C) land designated for use as a public park, (D) land subject to conservation or preservation restrictions, as defined in section 47-42a of the general statutes, (E) coastal resources, as defined in section 22a-93 of the general statutes, (F) areas necessary for the protection of drinking water supplies, and (G) areas designated as likely to be inundated during a thirty-year flood event by the Marine Sciences Division of The University of Connecticut pursuant to the division's responsibilities to conduct sea level change scenarios pursuant to subsection (b) of section 25-68o of the general statutes.

~~64 If deemed of necessary 13 Raised Bill No. 5390 (A) Special flood hazard areas designated on a flood insurance rate map published by the National zoning Flood commission Insurance to Program, determine (B) whether wetlands, as defined in section 22a-29 of the general statutes, (C) land designated for use as a public transit-oriented park, district (D) is land subject to conservation or preservation restrictions, as defined in section 47-42a of the reasonable general size, statutes, such commissions shall consult (E) with the inland coastal wetlands resources agency as defined in section 22a-93 of the general municipality statutes, (F) areas necessary for the protection of drinking water supplies, and (G) any areas other designated municipal as agency likely deemed to necessary be inundated during a thirty-year flood event by the such Marine commission Sciences Division of The University of Connecticut pursuant to the determine division's whether responsibilities such to district conduct is sea level change scenarios pursuant to subsection (b) of section reasonable 25-68o size. of the general statutes.~~

~~If deemed necessary by the zoning commission to determine whether a transit-oriented district is of reasonable size, such commission shall consult with the inland wetlands agency of the municipality and any other municipal agency deemed necessary by such commission.~~

~~(1) Middle housing developments, developments; if such development contains nine or fewer dwelling units; and (3) developments on land owned by (A) the municipality in which such land is located, (B) the state, (C) any public housing authority, (D) any not-for-profit entity, and (E) any religious organization, as defined in section 49-31k of the general statutes, if such development is composed entirely of units that qualify as a set-aside development pursuant to section 8-30g of the general statutes and not less than fifty per cent of such units shall be sold or rented at, or below, prices which will preserve the units as housings HB5390 for/ which File persons No. and families pay thirty per cent or less of their annual income, where such income is less than or equal to sixty per cent of the area median income established by the United States Department of Housing and Urban Development.~~

~~Notwithstanding 237 the 6 provisions HB5390 of File this subsection, if a proposed development is required to LCQ No.~~

64 237 6 housing off for 13 which Raised persons Bill and No. 5390 families have pay a thirty public per hearing cent in or the less inland wetlands agency of of the municipality, their annual income, where such proposed income development is must less receive than such or public equal to hearing sixty prior per to cent such of development's the approval area median income established by the United States Department of Housing and Urban Development.

~~(g) Notwithstanding Each the qualifying provisions transit-oriented of community this shall subsection, require if that a any proposed development that is contains required ten or more dwelling units that are not allowed as of right under subsection (f) of this section be subject to (1) have a deed public restriction hearing that by requires, for not less than forty years after the initial inland occupation wetlands of agency the proposed development, that a percentage of dwelling units, as set forth in subsection (h) of this section, shall be sold or rented at, or below, prices which will preserve the units municipality, as such housing proposed for development which must persons receive and families that pay thirty per cent or less of their annual income and where such income public is hearing less prior than or equal to eighty such per development's cent approval. of the area median income established by the United States Department of Housing and Urban Development;~~

(g) Each qualifying transit-oriented community shall require that any proposed development that contains ten or more dwelling units that are not allowed as of right under subsection (f) of this section be subject to (1) a deed restriction that requires, for not less than forty years after the initial occupation of the proposed development, that a percentage of dwelling units, as set forth in subsection (h) of this section, shall be sold or rented at, or below, prices which will preserve the units as housing for which persons and families will pay thirty per cent or less of their annual income and where

such income is less than or equal to eighty per cent of the area median income established by the United States Department of Housing and Urban Development;

and (4) sHB5390 Five/ perFile centNo. for any municipality designated Low Opportunity/Cooling Market.

(i) 237 Any7 qualifying sHB5390 transit-orientedFile community may establish a fund into which the developer of a proposed development that is not allowed LCO No.

64237 7(4) ofFive 13per Raisedcent Billfor No.5390any as municipality ofdesignated rightLow underOpportunity/Cooling subsectionMarket. (f) of this section may contribute funds to qualify for such as-of-right approval.

The(i) amountAny andqualifying durationtransit-oriented ofcommunity suchmay contributionsestablish shalla befund determinedinto bywhich the coordinatordeveloper andof anya contributionproposed agreementdevelopment enteredthat intois not allowed as of right under subsection (f) of this section may contribute funds in lieu of granting a deed restriction required pursuant to thissubdivision subsection(1) shallof besubsection approved(q) byof thethis coordinator-section.

The amount and duration of such contributions shall be determined by the secretary and any contribution agreement entered into pursuant to this subsection shall be approved by the secretary.

(j) The coordinatorsecretary shall determine any municipality's compliance with the provisions of this section.

The coordinatorsecretary may consult with the Commissioner of Housing to determine such compliance.

Any municipality that is not a qualifying rapid transit community or qualifying bus transit community may be deemed a qualifying transit- oriented community if the coordinatorsecretary determines that such municipality has adopted a transit-oriented district that contains any rapid transit station or regular bus service station and is of a reasonable size on or before October 1, 2025.

(k) Each qualifying transit-oriented community shall be eligible for additional funding pursuant to any program administered by the coordinatorsecretary if such community implements additional zoning criteria, including, but not limited to, higher density development, greater affordability of housing units than is required by subsection (h) of this section, the development of public land or public housing, the implementation of programs to encourage homeownership opportunities within such community and any additional criteria determined by the coordinator-secretary.

(l) No qualifying transit-oriented community shall adopt regulations concerning any transit-oriented district that conflict with any guidelines adopted by the coordinatorsecretary concerning parking requirements, lot size, lot coverage, sHB5390 setback/ requirements,File floor area ratio, height restrictions, inclusionary zoning requirements, development impact fees or other guidelines adopted by the coordinator concerning the development of housing in any such district, unless the coordinator, in collaboration with the qualifying transit-oriented community, approves such LCO No.

64237 8 of sHB5390 13File RaisedNo. Bill No.5390 conflicting regulations based on local factors identified by such community.

(m) 237 Notwithstandingcoverage, thesetback provisionsrequirements, offloor subsectionarea (b)ratio, ofheight thisrestrictions, section,inclusionary transit-orientedzoning districtsrequirements, locateddevelopment inimpact priorityfees fundingor areas, other asguidelines definedadopted inby sectionthe 16a-35csecretary ofconcerning the generaldevelopment statutes, of shallhousing bein awardedany discretionary such infrastructuredistrict, fundingunless by the agencysecretary, administeringin anycollaboration suchwith fundingthe onqualifying atransit-oriented prioritycommunity, basisapproves uponsuch theconflicting requestregulations ofbased aon qualifyinglocal transit-orientedfactors identified by such community.

(m) Notwithstanding the provisions of subsection (b) of this section, any qualifying transit-oriented community with one or more transit- oriented districts that are located in priority funding areas, as defined in section 16a-35c of the general statutes, shall be awarded discretionary infrastructure funding by the agency administering any such funding at a higher priority than a qualifying transit-oriented community without such district located in such funding areas.

(b) The councilshallconsistofthefollowingregularmembers:(1)councilshallconsistofthefollowingregularmembers:(1)The The State Responsible Growth Coordinator;

(d) sHB5390 The/ chairpersonFile ofNo. the council shall be the State Responsible Growth Coordinator.

(e) 237 The9 councilsHB5390 shallFile convene not later than July 1, 2024, and meet not LCO No.

64237 9(d) ofThe 13chairperson Raisedof Billthe No.5390council lessshall thanbe once every six months and more often upon the callState ofResponsible theGrowth chairperson,Coordinator. -to-

(e) The council shall convene not later than July 1, 2024, and meet not less than once every six months and more often upon the call of the chairperson, to:

and (6) Develop guidelines concerning the adoption and development of transit-oriented districts, which shall include, but need not belimited to, (A) prioritizing mixed-use and mixed-income developments, (B) increasing sHB5390 the/ availabilityFile of affordable housing, (C) ensuring proper environmental considerations in the development of such districts, with an emphasis on the analysis of any potential

~~impacts on environmental LCO No.~~

~~64237 10 of sHB5390 13 File Raised No. Bill No. 5300 justice communities, as defined in section 22a-20a of the general statutes, (D) increasing ridership on mass transit systems, (E) increasing the feasibility of walking, biking and utilizing other means of mobility other than motor vehicle travel, (F) reducing the need for motor vehicle travel, (G) maximizing developable land, (H) increasing the economic viability of development projects, and (I) reducing the length of time necessary to approve applications for development.~~

237 increasing the availability of affordable housing, (C) ensuring proper environmental considerations in the development of such districts, with an emphasis on the analysis of any potential impacts on environmental justice communities, as defined in section 22a-20a of the general statutes, (D) increasing ridership on mass transit systems, (E) increasing the feasibility of walking, biking and utilizing other means of mobility other than motor vehicle travel, (F) reducing the need for motor vehicle travel, (G) maximizing developable land, (H) increasing the economic viability of development projects, and (I) reducing the length of time necessary to approve applications for development.

Moneys in the account shall be expended by the State Secretary Responsible of Growth the Coordinator Office of Policy and Management for the purposes of rehabilitating or expanding public water and sewerage infrastructure for any transit-oriented district established by a municipality pursuant to section 2 of this act.

~~Proceeds from sHB5390 such/ account File may be provided to any qualifying rapid transit community, a bus transit community or any owner of real property in a development approved for such funding at the discretion of the coordinator located LCO No.~~

~~64237 11 of sHB5390 13 File Raised No. Bill No. 5300 within a transit-oriented district.~~

237 from such account may be provided to any qualifying rapid transit community, qualifying bus transit community or any owner of real property in a development approved for such funding at the discretion of the secretary located within a transit-oriented district.

(NEW) (Effective (NEW) October 1, 2024) The (Effective State October Responsible 1, Growth 2024) Coordinator The Secretary of the Office of Policy and Management may establish, within available appropriations, a program to provide grants to any regional council of governments for the development of projects related to public transit infrastructure, bicycle infrastructure or pedestrian infrastructure.

(1) First holds a public hearing in accordance with the provisions of section 8-7d on such proposed opt-out, (2) affirmatively decides to opt out of the provisions of said subsections within the period of time permitted under section 8-7d, (3) states [upon its] in the records of such commission the reasons for such decision, sHB5390 and/ (4) File publishes No. notice of such decision in a newspaper having a substantial circulation in the municipality not later than fifteen days after such decision has been rendered.

Thereafter, 237 the 12 LCO sHB5390 File No.

64237 12 decision, and (4) publishes notice of 13 such Raised decision Bill in No. a newspaper having a substantial circulation in the municipality not later than fifteen days after such decision has been rendered.

5300 Thereafter, the municipality's legislative body or, in a municipality where the legislative body is a town meeting, [its] such municipality's board of selectmen, by a two-thirds vote, may complete the process by which such municipality opts out of the provisions of subsections (a) to (d), inclusive, of this section, except that, on and after January 1, 2023, no municipality may opt out of the provisions of said subsections.

(g) Sec. Notwithstanding any prior action of the municipality to opt out of the provisions of subsections (a) to (d), inclusive, of this section, pursuant to subsection (f) of this section, any owner of real property located within a transit-oriented district, as defined in section 2 of this act, who has owned real property in the municipality for not fewer than three years may construct an accessory apartment as of right on such real property.

8.

Section 8-2o of the general statutes is amended by adding subsection (g) as follows (Effective October 1, 2024):

(NEW) (g) Notwithstanding any prior action of the municipality to opt out of the provisions of subsections (a) to (d), inclusive, of this section, pursuant to subsection (f) of this section, any owner of real property located within a transit-oriented district, as defined in section 2 of this act, who has owned real property in the municipality for not fewer than three years may construct an accessory apartment as of right on such real property.

7 October 1, 2024 8-2o(f) Statement Sec. of Purpose:

To 8 (1) October provide 1, financial 2024 incentives 8-2o(g) for Statement municipalities that adopt certain transit-oriented development policies and to coordinate related state funds through the Office of Responsible Legislative Growth, Commissioners: (2) establish the interagency council on housing development, (3) direct the State Responsible Growth Coordinator to establish a fund for the expansion

~~of water and sewerage infrastructure, (4) to allow the coordinator to provide additional funding for certain infrastructure projects, and (5) to include transit-oriented districts in the definition of housing growth zones.~~

~~[Proposed In deletions Section are 2(a)(9), enclosed "will in irregularly brackets stop" was changed to "regularly stops" for accuracy;~~

~~Proposed in additions Section are 2(b), indicated "on by a underline, priority except basis" that was when added the after entire "funding" text for of accuracy, a "or bill municipality or that resolution has or adopted such a section resolution" of was added bill after or "community" resolution for is clarity, new, and it in is the not last underlined.] two LCO lines No. "pursuant to subsection (c) of this section" was deleted for clarity;~~

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~~237 13 sHB5390 File No.~~

~~237 in Section 2(e), in the first sentence, "of the municipality" was added after "commission" for clarity, and in the final sentence, "to determine whether such district is of reasonable size" was added after "commission" for clarity;~~

~~in Section 2(f)(1), ", if such development contains nine or fewer dwelling units" was deleted for consistency with a defined term;~~

~~in Section 2(f), in the final sentence, "in" was changed to "by" for accuracy;~~

~~in Section 2(g), "that pay" was changed to "will pay" for clarity;~~

~~in Section 2(i), "required" was added before "pursuant to" for clarity;~~

~~in Section 2(m), "communities" was changed to "community" and "that are" was added before "located" for clarity;~~

~~in Section 4, "a bus transit community" was changed to "qualifying bus transit community" for consistency with a defined term;~~

~~in Section 7, Subsec.~~

~~(g) was deleted for consistency with standard drafting conventions;~~

~~and Section 8 was added for consistency with standard drafting conventions.~~

~~PD Joint Favorable Subst.~~

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~~237 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 25 \$ FY 26 \$ Policy & Mgmt., Off.~~

~~GF - Cost 173,000 170,000 Policy & Mgmt., Off.~~

~~GF - Cost See Below See Below State Comptroller - Fringe GF - Cost 70,000 70,000 Benefits1 Note:~~

~~GF=General Fund Municipal Impact:~~

~~Municipalities Effect FY 25 \$ FY 26 \$ Various Municipalities Potential See Below See Below Revenue Gain Explanation The bill results in a potential revenue gain to various municipalities, a cost to the Office of Policy and Management (OPM), and a cost to the Office of the State Comptroller (OSC), beginning in FY 25 related to transit-oriented communities described below.~~

~~Office of Policy and Management The bill requires OPM to:~~

~~(1) determine if transit-oriented communities (TOCs) are compliant with certain requirements and meet the restrictions on reasonable size, (2) establish a separate, non-lapsing, public water and sewer rehabilitation or expansion account, and (3) 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 41.25% of payroll in FY 25.~~

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~~237 establish a grant program for regional councils of government for certain transit-related infrastructure.~~

~~This results in a cost of approximately \$173,000 in FY 25 and \$170,000 in FY 26 to OPM for two additional staff and associated training and supplies to meet these requirements.~~

There is also a corresponding cost of \$70,000 in both FY 25 and FY 26 to OSC for associated fringe benefits.

There is an additional cost to OPM beginning in FY 25 to fund both the public water and sewer rehabilitation or expansion account and potentially the grant program for regional councils of government.

The bill does not specify a source of funds for the grants.

Municipalities The bill:

(1) establishes requirements for TOCs, (2) requires the communities to be prioritized for discretionary infrastructure funding, and (3) makes TOCs that adopt additional zoning criteria eligible for additional funding that OPM administers.

This may result in a potential revenue gain to various municipalities beginning in FY 25 to the extent they qualify for, or are prioritized for, discretionary infrastructure funding as a result of TOCs.

Municipalities that adopt a resolution stating they intend to enact zoning regulations that would qualify them for a TOC may still be prioritized for discretionary infrastructure funding.

This may result in a potential revenue gain beginning in FY 25 to the extent that municipalities adopt this resolution.

There is also a potential revenue gain to municipalities beginning in FY 25 to the extent that they receive funds from the public water and sewer rehabilitation or expansion account.

The bill also requires developments with ten or more units located Discretionary infrastructure funding includes, but is not limited to, any source of funding that a state agency administers through a competitive process.

This may include:

the Urban Action Program, Small Town Economic Assistance Program, Main Street Investment Fund, and Incentive Housing Zone Program.

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237 within a TOC to either deed restrict a percentage of the units for a certain time period or make payments to an affordable housing development fund established by the TOC.

This results in a potential revenue gain to municipalities beginning in FY 25 to the extent developers choose to make payments to the fund.

These funds must be used to develop affordable housing within the municipality.

Municipal Redevelopment Authority The bill has no fiscal impact by modifying the definition of "housing growth zone" to include transit-oriented districts.

As the Municipal Redevelopment Authority (MRDA) is tasked with stimulating and supporting transit-oriented developments under current law, there is not anticipated to be an increase in funding necessary for this provision.

Currently, MRDA has an unallocated bond balance of \$60 million available.

The Out Years The annualized ongoing fiscal impact identified above would continue into the future subject to grants and funding awarded, and the amount of housing developer payments in lieu of deed restricted units.

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237 OLR Bill Analysis SHB 5390 AN ACT CONCERNING TRANSIT-ORIENTED COMMUNITIES.

SUMMARY This bill creates a framework in which a municipality's priority for receiving certain discretionary state funding may be tied to its designation as a qualifying transit-oriented community (TOC).

A municipality generally becomes a TOC by establishing a transit-oriented district (or "district") that meets certain requirements, including containing a rapid transit station or bus station.

TOCs must, among other requirements, allow certain multifamily and deed-restricted (i.e., affordable) housing developments throughout the municipality "as of right" (see BACKGROUND).

The bill also:

1.

establishes an interagency council on housing development to advise and assist the Office of Responsible Growth coordinator;

2.

establishes a public water and sewer rehabilitation or expansion account to fund water and sewer infrastructure projects for transit-oriented districts;

3.

requires the Office of Policy and Management (OPM) secretary to establish, within available funding, a

program providing grants to regional councils of government for public transit, bicycle, or pedestrian infrastructure projects (Sec. 5);
and 4.

makes transit-oriented districts, as established under the bill, housing growth zones for the purposes of the Connecticut Municipal Redevelopment Authority (under existing law,
municipalities cannot receive certain financial assistance from the SHB5390 / File No.

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237 authority until they enact approved housing growth zone regulations;
see BACKGROUND) (Sec. 6).

The bill also makes conforming and technical changes.

EFFECTIVE DATE:

October 1, 2024, except the provision establishing the interagency council is effective upon passage.

Sec. Sec. 1, 2 & 8 -- PRIORITIZED FUNDING FOR TRANSIT-ORIENTED COMMUNITIES The bill makes qualifying TOCs eligible for prioritized discretionary infrastructure funding ("discretionary funding"), which includes certain state grants, loans, and other financial assistance.

A municipality generally becomes a TOC by establishing a transit-oriented district meeting certain requirements, as described below.

Additionally, the bill requires TOCs to allow certain housing developments as of right and establish deed-restriction requirements for other developments not allowed as of right.

It also restricts TOCs from adopting certain regulations for their districts.

The OPM secretary determines a municipality's compliance with the bill's requirements and, in doing so, may consult with the Department of Housing commissioner.

Discretionary Infrastructure Funding Under the bill, to receive prioritized discretionary funding, TOCs (and municipalities that have adopted a resolution stating their intent to become one;

see below), must apply to the OPM secretary in a form he sets.

The secretary then makes recommendations to the agency that administers the funding.

If the funding type is permitted to be prioritized, the agency may give these municipalities priority status over other applicants that are not TOCs (or have not adopted a resolution).

Additionally, the bill requires administering agencies to give higher priority for discretionary funding to TOCs with a transit-oriented district located in a priority funding area (i.e., areas designated in the SHB5390 / File No.

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237 state Plan of Conservation and Development within which certain state-funded growth-related projects may generally be undertaken).

In other words, it requires agencies to prioritize these priority funding area TOCs above other TOCs as well as municipalities that are not TOCs.

Under the bill, "discretionary infrastructure funding" means any grant, loan, or other financial assistance that (1) the state administers under the Urban Act Grant Program, Main Street Investment Fund, and Incentive Housing Zone Program or (2) OPM manages for transit-oriented development purposes (see BACKGROUND).

The bill specifies that it does not make any municipalities ineligible for discretionary funding, even if they are not TOCs eligible for prioritized funding.

Bonus Funding.

The bill makes TOCs eligible for additional funding under any program the OPM secretary administers if the TOC adopts additional zoning criteria (in addition to meeting all other TOC requirements discussed below), including (1) higher density development, (2) requiring greater housing unit affordability in certain larger proposed developments not allowed as of right than what the bill specifically requires, (3) developing public land or public housing, (4) implementing programs to encourage homeownership, and (5) other criteria the OPM secretary may set.

Qualifying for Prioritized Funding Under the bill, a municipality is eligible for prioritized discretionary funding if it qualifies as a TOC or adopts a resolution stating its intent to become one.

However, the OPM secretary may also deem a municipality a qualifying TOC if he determines that the municipality has a reasonably sized transit-oriented district containing a rapid transit station or regular bus service station by October 1, 2025.

Qualifying as a TOC.

TOCs are generally municipalities that have adopted a reasonably sized, as determined by the OPM secretary, transit-oriented district (see Transit-Oriented Districts), containing at least one of the following:

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237 1.

a regular bus service station (i.e., bus stop) operating no less than five days per week or 2.
a rapid transit station or a planned station (i.e., any public transportation station serving any rail
or rapid bus route).

Additionally, the district must (1) encompass all the land within a one-half mile radius of these
stations or (2) be located within a reasonable distance, as determined by the secretary, of any other
transit service, a commercial corridor, or the municipality's downtown area (i.e., a central business
district or other commercial area that, among other things, serves as a center of socioeconomic
interaction).

Adopting a Resolution.

A municipality that is not a qualifying TOC is still eligible for prioritized discretionary funding if
its legislative body adopts a resolution stating it intends to enact zoning regulations enabling it to
qualify.

It must actually enact the regulations within 18 months after adopting the resolution.

A municipality that fails to do so must return any prioritized discretionary funding it received, unless
the OPM secretary grants an extension at his discretion, and is also ineligible for additional
prioritized funding until it enacts these zoning regulations.

Requirements for Developments in TOCs As-of-Right Developments.

Qualifying TOCs must allow the following developments as of right (after an inland wetlands public
hearing, if one is required) anywhere in the municipality:

1.

middle housing developments with up to nine units;

2.

developments with 10 or more units, at least 30% of which qualify as an 8-30g set-aside development (see
BACKGROUND);

and 3.

developments, with any number of units, if they are (a) built on land owned by the municipality, the
state, a public housing authority, a nonprofit, or a religious organization and (b) sHB5390 / File No.

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237 composed entirely of units that qualify as 8-30g set-aside developments, with at least half the
units priced affordably for renters or buyers earning 60% or less of the federally determined area
median income (AMI) (i.e., for which these households would pay no more than 30% of their annual
income).

Under the bill, "middle housing developments" generally include duplexes, triplexes, townhomes, and
perfect sixes (three-story buildings with two units per story).

Developments Not Allowed As-of-Right.

TOCs must require developers proposing developments with 10 or more units (unless
allowed as of right as described above) to either (1) deed restrict a certain percentage of the units for 40 years
after initial occupancy (see the table below) so they are affordable for renters or buyers earning no
more than 80% of the AMI or (2) enter into a contribution agreement to make payments to a fund that the
TOC may establish under the bill and use only to develop affordable housing in the municipality
("affordable housing development fund").

Under the bill, the percentage of units that a developer must deed restrict varies with the strength of
the area's housing market and its quality of life ("opportunity"), as determined by the Connecticut
Housing Finance Authority's (CHFA) most recent Housing Needs Assessment.

The table below shows the classifications and corresponding percentage of units that must be restricted
under the bill.

Table:

Deed-Restriction Requirements CHFA's Census Tract Designation Restricted Units High Opportunity/Heating
Market 15% High Opportunity/Cooling Market 15% Low Opportunity/Heating Market 10% Low
Opportunity/Cooling Market 5% If a town has established an affordable housing development fund,
developers subject to these deed-restriction requirements can make payments to the fund instead of deed
restricting units.

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237 secretary determines the payment amounts and duration and must also approve the contribution
agreements.

Accessory Apartments.

Under the bill, a person who owns real property in a transit-oriented district, and has owned property in

the municipality for at least three years, may build an accessory apartment as of right on his or her property.

These owners may do so even if the municipality voted to opt out of the state law generally allowing accessory apartments as of right on lots with single-family homes in all municipalities.

(It is unclear whether the property owner can build the accessory apartment only in the district or anywhere in the municipality.) Under existing law, "accessory apartment" means a separate dwelling unit that (1) is located on the same lot as a principal dwelling unit of greater square footage;

(2) has cooking facilities;

and (3) complies with or is otherwise exempt from any applicable building code, fire code, and health and safety regulations.

Transit-Oriented Districts Under the bill, a transit-oriented district is an area the municipality designates that is subject to zoning criteria designed to encourage increased development density (including mixed-use development) and a concentration of discretionary state investments.

Inland Wetlands Agency Consultation.

A municipality's zoning commission must consult with its inland wetlands agency when establishing the district's boundaries.

If the proposed district includes an area over which the agency has authority (e.g., wetlands), the commission must collaborate with the agency to determine whether as-of-right middle housing and mixed-use developments should be allowed in any part of the district.

The zoning commission may also consult with the agency, and other town agencies, to determine whether the district is a reasonable size (see below).

Reasonable Size.

To qualify as a TOC, a municipality's transit-oriented district must be a reasonable size.

Under the bill, the OPM SHB5390 / File No.

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237 secretary, in consultation with the zoning commission, is responsible for determining whether a district meets this requirement.

To do so, the secretary must (1) determine whether the area can equitably support greater development density, based on the municipality's geographic characteristics, and (2) consider the municipality's and region's housing needs.

When making its determination, the OPM secretary cannot require the following land types to be included in the transit-oriented district:

1.

special flood hazard areas on the National Flood Insurance Program's flood insurance rate map;

2.

wetlands, as defined in state law;

3.

existing or planned public park land;

4.

land subject to conservation or preservation restrictions (e.g., an easement);

5.

coastal resources protected by the Coastal Management Act;

6.

areas needed to protect drinking water supplies;

and 7.

areas likely to be inundated during a 30-year flood event, as shown in the sea level change scenarios UConn's Marine Sciences Division publishes.

Prohibited Regulations.

The bill generally prohibits TOCs from adopting any regulations for their transit-oriented districts that conflict with any OPM guidelines on developing housing in these districts (e.g., parking and setback requirements, lot size and coverage, inclusionary zoning requirements, and development impact fees).

However, the OPM secretary may approve conflicting regulations based on local factors the TOC identifies.

Sec. 3 -- INTERAGENCY COUNCIL ON HOUSING DEVELOPMENT The bill establishes an interagency housing development council to advise the Office of Responsible Growth (ORG) coordinator and help SHB5390 / File No.

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237 her review regulations, develop guidelines, and establish programs to support responsible housing growth in the state.

Purpose The council must first meet by July 1, 2024, and then at least every six months to:

1. evaluate state and quasi-public agencies' plans, programs, regulations, and policies for opportunities to combine their efforts and resources to increase housing development;
2. develop methods to consistently report and document housing development data;
3. develop approaches to housing growth that balance conservation needs (e.g., natural resources protection) and development needs (e.g., housing, economic growth, and infrastructure);
4. review whether discretionary state grant programs adhere to the state Plan of Conservation and Development's goals and make recommendations to agencies and quasi-public agencies, including on ways to increase deed-restricted developments in transit-oriented districts and middle housing;
5. recommend zoning and land use policies for municipalities to increase housing (e.g., model ordinances, regulations, and bylaws);
- and 6. create guidelines on adopting and developing transit-oriented districts, including prioritizing mixed-use and mixed-income developments, increasing affordable housing availability, environmental (particularly environmental justice) considerations, increasing mass transit ridership and other means of mobility (e.g., walking and biking) while reducing the need for motor vehicles, maximizing developable land, increasing developments' economic viability, and reducing the time needed to approve development applications.

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237 Reporting Requirements Beginning by October 1, 2025, the ORG coordinator must annually submit the council's recommendations to the Planning and Development and Housing committees.

By the same date, the coordinator must also submit the council's zoning and land use policy recommendations and transit-oriented district guidelines, described above, to these legislative committees and post this information on OPM's website.

Members In addition to the ORG coordinator (who serves as the chairperson), and any ad hoc members she determines are needed, the council consists of the following ex officio members or their designees:

1. OPM secretary,
2. Department of Housing commissioner,
3. Department of Economic and Community Development commissioner,
4. Department of Energy and Environmental Protection commissioner,
5. Department of Public Health commissioner,
6. Department of Transportation commissioner, and
7. CHFA chief executive officer.

Sec. 4 -- PUBLIC WATER AND SEWER REHABILITATION OR EXPANSION ACCOUNT The bill establishes a public water and sewer rehabilitation or expansion account within the General Fund.

This separate, nonlapsing account must be funded with any money the law requires and the OPM secretary must use it to rehabilitate or expand public water and sewer infrastructure for transit-oriented districts established under the bill.

The account's proceeds may go to TOCs or certain other property SHB5390 / File No.

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237 owners in transit-oriented districts at the OPM secretary's discretion (presumably, property developers in transit-oriented districts that receive OPM approval for this funding).

BACKGROUND As-of-Right Developments By law, "as of right" means able to be approved without requiring (1) a public hearing;

(2) a variance, special permit, or special exception;

or (3) other discretionary zoning action, other than a determination that a site plan conforms with applicable zoning regulations.

MRDA Housing Growth Zones The Municipal Redevelopment Authority (MRDA) is a quasi-public agency authorized to stimulate economic development and transit-oriented development, including by giving financial support and technical assistance to municipalities to develop "housing growth zones." These are areas around a central business district or passenger transit station in which local zoning regulations facilitate substantial new housing development (CGS Sec. 8-169h et seq., as amended by PA

23-204).

Transit-Oriented Development By law, transit-oriented development is defined as developing residential, commercial, and employment centers within one-half mile or walking distance of public transportation facilities (including rail and bus rapid transit and services) that meet transit supportive standards for land uses, built environment densities, and walkable environments, in order to facilitate and encourage the use of transit services (CGS Sec. 13b-79o).

8-30g Set-Aside Development Under the affordable housing land use appeals procedure (referred to as "8-30g"), a set-aside development means a development in which, for at least 40 years after initial occupancy, at least 30% of the units are deed restricted.

Specifically, at least (1) 15% of the units must be deed restricted to households earning 60% or less of the AMI or state median income (SMI), whichever is less, and (2) 15% of the units must be deed restricted to households earning 80% or less of the AMI or SMI, SHB5390 / File No.

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237 whichever is less.

COMMITTEE ACTION Planning and Development Committee Joint Favorable Substitute Yea 12 Nay 8 (03/15/2024) SHB5390 / File No.

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