

CT SB 6: Housing Growth Fund

- Would establish a Housing Growth Fund to provide grants to municipalities that meet certain eligibility criteria
- Eligible municipalities would receive grant funds based on a Housing Growth Score
- Housing Growth Score is based on the number of dwelling units permitted in the previous fiscal year, with certain unit types assigned higher point values

Table: Municipal Housing Growth Score Point Values

<i>Type of Dwelling Unit Approved for Construction by the Municipality During the Previous Fiscal Year</i>	<i>Point Value</i>
Dwelling unit	1.0
Dwelling unit in a mixed-use development (i.e., that also contains at least one commercial, public, institutional, retail, office, or industrial use)	1.5
Dwelling unit in a mixed-income development (i.e., a portion of units qualify as affordable housing, as defined above)	1.5
Dwelling unit in a transit-oriented development (i.e., generally those within ½ mile or walking distance of a transit facility, such as bus and train stations)	2.0
Dwelling unit in a multi-family housing building (i.e., that contains at least two dwelling units)	2.0
Dwelling unit in a housing authority development (i.e., that is owned, acquired, or developed by a housing authority, which also includes any state entity providing funds for affordable housing or an affordable housing program)	2.0
Dwelling unit in a set-aside development (i.e., one in which, for at least 40 years after initial occupancy, at least 30% of the units are deed restricted based on specified household income limits)	3.0
Dwelling unit that is or will be sold or rented at or below a cost equal to no more than 30% of the annual household income of those earning 30% of the state median income	3.0

Municipal Eligibility Criteria

- The municipality must have approved 2% of the state's total housing permits in the previous fiscal year, **OR** the town's poverty rate must be above the state's average;
- The number of units permitted for construction in the previous year is three times greater than the number of permits for demolition;
- 10% of the town's permitted units are affordable for households making 30% of the state's Area Median Income (AMI)

Grant Calculation

- Each municipality's growth score is added to produce a statewide housing score
- To be eligible, a municipality's housing growth score is divided by the statewide housing growth score
- The resulting percentage is equal to the percentage of available funding the municipality will receive
- Bill does not address what grants can be used for; potential ideas*:
 - Funding for infrastructure to support affordable housing development
 - Funding to offset local fee waivers
- The Commissioner of Economic and Community Development shall, "within available appropriations," allocate \$50 million annually to the fund

*These ideas are suggestions for how a similar fund might be spent in Delaware based on costs/barriers identified in other AHPTF subcommittee meetings. They were shared for consideration by the subcommittee members, and do not represent an approved subcommittee recommendation.

Montgomery County, Maryland

- Right of First Refusal (ROFR): Enacted in 1980, ROFR preserves affordable housing and prevents tenant displacement by requiring that the County, the Housing Opportunities Commission, or any certified tenant organization (in that order) must be offered the opportunity to buy any multifamily rental housing development of 4 or more units before the owner sells to another party. In 2024, [Expedited Bill No 38-23](#) allows the County to assign its ROFR to qualified affordable housing developers.
- Tax-Exempt Bond Financing: Available for non-profit organizations and selected for-profit businesses seeking to locate or expand their operations within the County on a case by case basis. Montgomery County participates in both the Maryland Industrial Development Financing Authority (MIDFA) and Economic Development Revenue Bond (EDRB) programs. Examples include:
 - LEO Impact Capital, JBG SMITH's workforce housing investment management platform, placed \$13 million bond on Franklin Apartments (180 senior units) and Earle Manor (140 units) from the Montgomery County Revenue Authority.
 - University of Maryland P3 graduate student housing (465 units), \$148.8 million.

New Jersey

- Payment in Lieu of Taxes ([PILOT](#)) program is a tax incentive. Developers, that meet specific criteria, can pay a calculated tax fee based on a low percentage of revenue or a set percentage of construction costs, rather than the traditional property tax bill.
 - Terms range from 5 years for the short-term plan and 10-30 years for the long-term tax exemption plan
 - Developers that use PILOT for affordable housing (construction, acquisition or rehab) also receive an exemption for the property (and not just the improvements)
 - Municipalities can opt in to participation and identify areas of blight or those in need of rehabilitation that eligible development can occur
 - Developers are encouraged to engage an attorney or tax specialist to assist with the application
 - Municipalities retain 95% of the taxes remitted under PILOT, the Counties receive 5% and the school districts receive no portion of the payments, but the agreement negotiated with each developer can include school taxes
 - Affordable housing must remain affordable for 30 years

New Jersey

- Long Term Option:
 - Not less than 10% of the project's gross annual revenue is paid; or, not less than 2 percent of the project costs are paid annually
 - Verification of the basis is calculated periodically for accuracy
 - After 15 years, there is a minimum step-up roughly five years before the abatement period ends at 20% increase/year until the 100% level is reached
- Short Term (5 YR) Option
 - Used for an area in need of rehabilitation
 - The first year is tax exempt with a 20% step increase a year until the 100% level is reached
- Other Tools:
 - Municipal bonds for infrastructure improvements
 - Special Redevelopment Area Bonds
- 2023 Data
 - On average, municipalities had 7.9 affordable housing PILOT projects
 - Average taxes per municipality were billed at \$396,533 for PILOT projects vs. \$1,156,409 if billed at regular rate

Colorado

- [Colorado Housing Investment Fund](#)
 - Created with \$36mm from the Attorney General's custodial funds through a settlement with mortgage servicing companies to address affordable rental housing
 - Provides 1) short term, low interest bridge loans, while allowing a portion to remain with the project as long-term debt, and 2) short term loan guarantees for new construction and rehabilitation
- [Proposition 123](#): State Affordable Housing Funds
 - 40% of funds are allocated to the Department of Local Affairs and 60% are overseen by the Office of Economic Development and International Trade and managed by the Colorado Housing and Finance Authority
 - Provides grants and loans to nonprofits agencies, CLTs, developers and local governments
 - Passed in 2022, approximately \$300 million is available
 - All state revenues collected from an existing tax on 1/10 of 1% on federal taxable income, as modified by law, of every individual, estate, trust and corporation, as defined in law, shall be deposited into the fund by the State Treasurer.

Florida

- Catalyst Program
 - Provides community based organizations and state and local governments with technical assistance and training, including project financing, leveraging and meeting state and federal compliance requirements.
 - Funded annually through proviso language by the legislature
- Special Needs Housing
 - Florida Housing Finance Corporation made \$40 million in preliminary financing available to three Permanent Supportive Housing (PSH) properties.
 - 20% of units or a minimum of 15 units will house persons that are high users of public behavioral health crisis services or are a high priority for diversion from acute health care services and institutional settings
- Grants to Serve Persons with Developmental Disabilities
 - Made to nonprofits to renovate or develop community residential homes
 - Competitive grants that evaluate community partnerships and services to residents