

OFFICE OF FISCAL ANALYSIS

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HB-5158

AN ACT CONCERNING THE STANDARDIZED VALUATION OF AFFORDABLE RENTAL HOUSING.

OFA Fiscal Note

State Impact: None

Municipal Impact:

Municipalities	Effect	FY 25 \$	FY 26 \$
Various Municipalities	Grand List Reduction	None	See Below

Explanation

The bill requires certain low- or moderate-income housing to be valued using the net rental income method of valuation.¹ To the extent municipalities are not already using this method of valuation, there will be a grand list reduction. A grand list reduction results in a revenue loss given a constant mill rate, however, it is likely that a municipality will adjust its mill rate to offset any predicted revenue loss.

The magnitude of the impact is dependent on (1) the difference between the current valuation method the municipality uses, and the net rental income method required under the bill, and (2) the number of properties in each municipality that must be valued differently under the bill.

This method of valuation currently exists as a local option. Municipalities that have already adopted this as a local ordinance will

¹ The bill impacts certain properties that are entirely affordable housing. The Department of Housing estimates that the valuation method requirement in the bill would apply to approximately 1,100 housing projects statewide.

see no fiscal impact.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation and the number of qualifying properties in each municipality that are currently valued using a different method.