

March 2, 2026

Esteemed Chairs Felipe and Marx,
Members of the Housing Committee:

On behalf of the Western Connecticut Council of Governments (WestCOG), I appreciate the opportunity to comment on Raised Bill 5366, *An Act Concerning Municipal Right of First Refusal*.

WestCOG does not take a position on the specific policy choice in this proposal. We generally support providing municipalities with additional options to address affordable housing challenges and to assume greater responsibility for housing production where appropriate. Our comments are offered in the spirit of implementation: if municipalities are given expanded authority to acquire land and directly produce affordable housing, how can we ensure that this authority translates into completed units?

Bill 5366 would allow a municipality, following the filing of an affordable housing application, to purchase the subject property and assume responsibility for producing a substantial portion of the proposed affordable units within eight years. If municipalities are expected to move from a primarily regulatory role to a direct development role, the success of that model will depend on the availability of predictable and scalable housing finance tools.

In 2024, WestCOG conducted a comprehensive [Affordable Housing Finance Study](#) examining the creation of affordable housing under §8-30g and related development models. That study found that affordable housing production is financially infeasible in most scenarios without subsidy. Density incentives alone rarely close the financing gap. Construction costs, financing costs, and required affordability levels typically necessitate some form of public participation or gap funding. In other words, affordable housing production depends on capital.

If municipalities are to acquire property on short timelines and deliver substantial numbers of deed-restricted units within eight years, predictable funding mechanisms will be essential to convert authority into housing outcomes. Providing municipalities with tools that align authority and revenue will increase the likelihood that units are built and occupied.

One such tool, explicitly supported by WestCOG, is the expansion of the local conveyance tax option statewide to support municipal or regional housing trust funds. Housing trust funds are a nationally common and proven mechanism for financing affordable housing, frequently supported by modest local or regional conveyance or transfer taxes. These funds allow municipalities to:

- Acquire land strategically,
- Provide gap financing to close feasibility gaps,
- Preserve existing affordable units, and
- Partner effectively with nonprofit and private developers.

While Connecticut law currently authorizes a limited 0.25% local conveyance tax option, that authority is not available in most municipalities — including many in high-cost housing markets where the affordability gap is greatest. Expanding this option to all 169 municipalities would not mandate its use but would allow communities to decide for themselves whether to establish and capitalize local housing trust funds capable of supporting affordable housing production.

Raised Bill 5366 presents an opportunity to examine not only the question of municipal authority, but also the broader question of municipal housing finance capacity. If the General Assembly wishes to increase direct municipal participation in affordable housing acquisition and development, pairing that authority with scalable local revenue tools would strengthen the likelihood of successful implementation.

WestCOG appreciates the Committee's leadership on housing issues and is ready to provide any additional information that may be helpful.

Sincerely,

A handwritten signature in black ink that reads "Francis Pickering". The signature is written in a cursive, flowing style with a long horizontal stroke at the bottom.

Francis R. Pickering
Executive Director