

# Connecticut State Department of Housing

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## **Incentive Housing Zone Program/ Housing for Economic Growth (HEG) Program**

### **[Affordable Housing Plan Process Guidebook](#)**

**[Annual Report on Incentive Housing Zones 2022](#)**

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**[Annual Report on Incentive Housing Zones 2020](#)**

**[Annual Report on Incentive Housing Zones 2018](#)**

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**[Annual Report on Incentive Housing Zones 2015](#)**

**[Annual Report on Incentive Housing Zones 2014](#)**

**[Annual Report on Incentive Housing Zones 2013](#)**

### **Authorizing Statutes**

**[CGS Section 8-13 \(m-x\)](http://www.cga.ct.gov/current/pub/chap_124b.htm) ([http://www.cga.ct.gov/current/pub/chap\\_124b.htm](http://www.cga.ct.gov/current/pub/chap_124b.htm)), as amended, (herein after "the Statute")**

## **Application Material**

[Pre-Development Grant Application and Instructions](#)

[Sample IHZ Adoption Letter to Receive Final Approval from DOH](#)

[HEG Program Implementation Policies](#)

[Requisition for Payment](#)

[Zone Adoption Application and Instructions](#)

[Sample Verification Letter to Receive Compliance Certification from DOH](#)

## **Program Overview**

The Statute provides incentives to municipalities for creating Incentive Housing Zones (IHZ) in eligible locations, such as, near transit facilities, an area of concentrated development or an area because of existing, planned or proposed infrastructure that is suitable for development as an IHZ. Developable land excludes publicly and privately owned property slated for public uses, parks, recreation areas, dedicated open space land, other land where restrictions prohibit development, wetlands or watercourses and areas exceeding one-half or more acres of contiguous land where steep slopes or other topographic features make it unsuitable for development.

The Statute authorizes the Commissioner of the Department of Housing (DOH) to “make grants to municipalities for the purpose of providing technical assistance and pre-development funds in the planning of incentive housing zones, the adoption of incentive housing zone regulations and design standards, the review and revision as needed of applicable subdivision regulations and applications to the Secretary for preliminary or final approval”.

Incentive Housing Development (IHD) means a residential or mixed-use development that meets the following criteria – is located within an DOH approved IHZ, is eligible for financial incentive payments, and sets aside lower cost units for a minimum of 20% of the households earning 80% or less of the area median income (AMI) for minimum of 30 years. A unit is affordable if it costs no more than 30% of a person’s annual income to live there.

The municipality’s zoning commission must establish the IHZ as an overlay zone. The municipality receives the incentives only for IHDs that are developed in a state-approved IHZ.

## **Incentive Housing Zone Requirements (shall satisfy 1 thru. 7)**

1. The zone shall be consistent with the State Plan of Conservation and Development and be located in an eligible location
2. Regulations of the zone shall permit, as of right, incentive housing development
3. Zone must comply with minimum allowable density requirements

- 6 units/acre for single-family housing
- 10 units/acre for duplex or townhouse housing
- 20 units/acre for multifamily housing

For smaller communities – lower densities – 4/6/10 – DOH approval required. DOH may waive density requirements for land “owned or controlled” by a municipality, land trust, housing trust fund, or non-profit housing agency, provided development will be 100% set aside at 80% of AMI

4. Minimum as of right density allowed by the zone must increase the density allowed by the underlying zone by *at least 25%*
5. Minimum densities prescribed above shall be subject only to site plan or subdivision procedures, and shall not be subject to special permit or special exception procedures, requirements or standards
6. IHZ may consist of one or more sub-zones
7. IHZ land area may not exceed 10% of the total land area or aggregate area comprised of IHZ and sub-zones in a municipality may not exceed 25%

### **Other considerations**

In order to support the requirements of the IHZ, the zoning commission may modify, waive or delete dimensional standards contained in the zones that underlie the IHZ

- The regulations of an IHZ may allow for a mix of business, commercial or other nonresidential uses provided that these uses comply with the requirements of the Statute, and are consistent with the density requirements
- An IHZ may overlay all or any part of an existing historic district or districts
- An applicant for site plan or subdivision approval may exceed the minimum requirements of the IHZ
- A zoning commission, at the time of its adoption of regulations for an IHZ, may adopt design standards for the IHD

### **Funding Incentives**

Technical Assistance Grants and Pre-Development funds - Within available resources, the Commissioner may make grants to municipalities for providing technical assistance and predevelopment funds in planning of IHZs, the adoption of IHZ regulations and design standards, and the review and revision, as needed, of applicable subdivision regulations and applications.

Pre-Development funding - Municipalities are eligible for seeking funds for Phase I and Phase II of the predevelopment costs.

Phase I pre-dev – up to \$20,000 - activities include legal/planning expenses for drafting/adoption of IHZ regulations or design standards, feasibility studies for septic systems, other minor engineering studies.

Phase II pre-dev – up to \$50,000 for mixed income housing project specific activities, DOH may increase the limit on a case by case basis – activities include costs for land purchase options, planning/design costs, certain preliminary engineering costs, appraisals, legal and financial expenses, costs of permits and approvals, and other preliminary project costs as approved by the Commissioner.

This funding will be provided to the municipality for their project use or if there is a developer, to pass through the funds to the project developers.

This funding is for municipalities for projects (municipal or private) meeting the requirements of CGS Section 8-13 (m-x).

In case of pass through, municipalities will be required to have an agreement with the private developer or property owner to return the funds to the municipality if the project does not result in construction of a mixed income housing project as described in the application.

### **Application Deadline**

There is no application deadline to apply, applications are accepted on an ongoing basis beginning August 1, 2014.

### **Zone Adoption Grants – on a first come first served basis**

Subject to availability of funds, DOH shall make a zone adoption payment in the amount up to \$50,000 to each municipality that has complied with the requirements of the Statute. If a municipality has received a zone adoption payment, such municipality shall not be eligible to receive a subsequent zone adoption payment until construction has started in the housing incentive zone for which the municipality has received the previous zone adoption payment.

### **Building Permit Grants - on a first come first served basis**

Subject to availability of funds and municipal compliance with the Statute, the Commissioner shall issue a one-time building permit payment for each building permit issued for a residential housing unit in an approved IHD

- The amount shall be up to \$2,000 for each multifamily housing unit, duplex unit or townhouse unit
- The amount shall be up to \$5,000 for each single-family detached unit
- Such payments shall be made no later than 60 days after receipt of proof as required by the statute
- Residential units related to housing for older persons permitted by the federal Fair Housing Act, or sections 46a-64c and 46a-64d of the CGS shall not be eligible for payments under this statute

NOTE: Please refer to the HEG Implementation Policy for \$ amounts available for disbursement and disbursement rates.

### **Zone Adoption Application Process**

- On or before June 30, 2017, a municipality may file an application for preliminary determination of eligibility for a zone adoption payment
- Applicant shall meet the requirements of the Statutes
- 60 days after receipt, DOH issues in writing, a preliminary determination of the eligibility of the municipality for the financial incentive payments
- 30 days before such determination, the Commissioner shall electronically give notice of the application to all persons who have provided the Secretary with a current electronic mail address and a written request to receive such notices
- If determination is made that the application is not eligible, incomplete, etc., the Commissioner must notify the municipality of the reasons for such determination within 60 days
- Municipality may reapply after addressing the reasons for ineligibility

- The Commissioner's failure to issue a written response within 60 days of receipt shall be deemed to be a disapproval, and the municipality may reapply
- After receipt of the preliminary letter of eligibility, the zoning commission may adopt the IHZ regulations and design standards
- Within 30 days after receipt from the municipality of a written statement that its zoning commission has adopted the proposed regulations and standards, the Commissioner shall issue a letter of final approval of the IHZ
- Amendments to the regulations or design standards – the municipality shall notify the Commissioner of any amendments and the Secretary shall approve or disapprove such amendments within 60 days
- Any municipality intending to file an application for preliminary determination of eligibility for a zone adoption payment may ask for a waiving its right to receive such a payment.
- Any municipality that intends to waive such right shall provide to the Commissioner a written notice of its intent with the statement that its zoning commission has adopted IHZ regulations and design standards.

### **Certificate of Compliance**

Each municipality whose zoning commission has received a final determination of eligibility from DOH and has adopted an approved IHZ shall apply annually to the Commissioner for an IHZ certificate of compliance. To receive the certificate, the municipality shall verify by the last Friday of August of every year that it complies with the requirements of CGS Section 8-13r(a). Please use this [sample verification letter](#)

The certificate will be issued by October 1<sup>st</sup> annually by the Commissioner. Non compliance with this requirement will deem the applicant ineligible for receiving incentives under this program.