



House Bill 7028

AN ACT INCREASING THE REIMBURSEMENT PERCENTAGE FOR SCHOOL BUILDING PROJECT GRANTS FOR MUNICIPALITIES THAT MEET CERTAIN AFFORDABLE HOUSING THRESHOLDS

Testimony of the Department of Administrative Services

Housing Committee

February 27, 2025

Senator Marx, Representative Felipe, Senator Sampson, Representative Scott, and distinguished members of the Housing Committee, thank you for the opportunity to submit testimony on **House Bill 7028: An Act Increasing the Reimbursement Percentage for School Building Project Grants for Municipalities that Meet Certain Affordable Housing Thresholds**.

House Bill 7028 would increase the reimbursement percentage for school building project grants for municipalities that meet certain affordable housing thresholds as determined by the Commissioner of Housing. The increase would provide the local Board of Education with an additional 5-20% reimbursement depending on the percentage of the affordable housing thresholds the municipality meets.

The Department of Administrative Services (DAS) is committed to the principles of affordable housing. After the legislature passed a provision granting a 5% increase in the reimbursement rate for school building projects in municipalities that meet certain criteria related to affordable housing in PA 23-207 (as amended by PA 24-151), DAS worked with the Department of Housing to coordinate implementation of this incentive. To date, no district has applied for the new affordable housing reimbursement rate increase. Rather than create a second, duplicative approach to incentivizing affordable housing through the school building project grant program, we recommend monitoring how the existing incentive is utilized in the coming years to evaluate the effectiveness of this approach.

In addition, the proposed incentive could substantially increase the state reimbursement for school building projects in municipalities that meet the bill's requirements, the cost of which is not currently accounted for in the Governor's budget. As written, the proposal could also negatively impact existing resources within DAS' grants team.

For the above reasons, we urge the Committee to oppose House Bill 7028.