



General Assembly

January Session, 2007

Committee Bill No. 585

LCO No. 3659

* SB00585HSGPD_030607 *

Referred to Committee on Select Committee on Housing

Introduced by:
(HSG)

**AN ACT CONCERNING VALUATION FOR PURPOSES OF THE
PROGRAM OF STATE REIMBURSEMENT FOR MUNICIPAL TAX
ABATEMENTS FOR LOW OR MODERATE INCOME HOUSING.**

Be it enacted by the Senate and House of Representatives in General
Assembly convened:

1 Section 1. Section 8-215 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective July 1, 2007*):

3 Any municipality may by ordinance provide for the abatement in
4 part or in whole of real property taxes on any in housing [solely] that
5 includes rental units set aside for low or moderate-income persons or
6 families and may by ordinance classify the property on which such
7 housing is situated as property used for housing [solely] that includes
8 rental units set aside for low or moderate-income persons or families.
9 Such tax abatement shall be used for one or more of the following
10 purposes: (1) To reduce rents below the levels which would be
11 achieved in the absence of such abatement and to improve the quality
12 and design of such housing; (2) to effect occupancy of such housing by
13 persons and families of varying income levels within limits
14 determined by the Commissioner of Economic and Community
15 Development by regulation; [,] or (3) to provide necessary related

16 facilities or services in such housing. Such abatement shall be made
17 pursuant to a contract between the municipality and the owner of any
18 such housing, which contract shall provide the terms of such
19 abatement, that moneys equal to the amount of such abatement shall
20 be used for any one or more of the purposes herein stated, and that
21 such abatement shall terminate at any time when such [housing is not
22 solely] set aside units are not used for low or moderate-income persons
23 or families.

24 Sec. 2. Section 8-216 of the general statutes is repealed and the
25 following is substituted in lieu thereof (*Effective July 1, 2007*):

26 (a) The state, acting by and in the discretion of the Commissioner of
27 Economic and Community Development, may enter into a contract
28 with a municipality for state financial assistance for housing, or any
29 part thereof, [solely] that includes rental units set aside for low or
30 moderate-income persons or families, or for housing or any part
31 thereof, on property classified by the municipality pursuant to section
32 8-215, as amended by this act, for use for housing [solely] that includes
33 rental units set aside for low or moderate-income persons or families,
34 in the form of reimbursement for tax abatements under said section,
35 provided the construction or rehabilitation of such housing shall have
36 been commenced after July 1, 1967, or, in the case of apartment
37 buildings containing three or more stories, under construction on July
38 1, 1967. Such contract shall provide for state financial assistance in the
39 form of a state grant-in-aid to the municipality not to exceed the
40 amount of taxes abated by the municipality pursuant to section 8-215,
41 as amended by this act, provided no payment shall be made to any
42 municipality under any contract entered into on or after October 1,
43 1973, unless the assessment on such housing or part thereof is
44 determined as provided in section 8-216a, as amended by this act,
45 except when such contract is a modification, amendment, or
46 replacement of a contract already in existence on or before October 1,
47 1973. In such contract, the commissioner may require assurances that
48 the amount of tax abatement will be used for the purposes stated in

49 section 8-215, as amended by this act, and that the commissioner shall
50 have the right of inspection to determine that such purposes are being
51 achieved. With respect to housing for which tax abatement has been
52 provided pursuant to said section 8-215, such grant-in-aid shall be paid
53 to the municipality each year, in an amount not to exceed the tax
54 abatement for such year, as long as the housing continues to fulfill the
55 purposes stated in said section, but in no case shall payments of such
56 state financial assistance continue for more than forty consecutive
57 fiscal years of the municipality.

58 (b) The state, acting by and in the discretion of the Commissioner of
59 Economic and Community Development, may enter into a contract
60 with a municipality and the housing authority of the municipality or
61 with the Connecticut Housing Finance Authority or any subsidiary
62 created by the authority pursuant to section 8-242a or 8-244 to make
63 payments in lieu of taxes to the municipality on land and
64 improvements owned or leased by the housing authority or the
65 Connecticut Housing Finance Authority under the provisions of part II
66 of chapter 128. On and after July 1, 1997, the time period of the contract
67 may include the remaining years of operation of the project. Such
68 payments shall be made annually in an amount equal to the taxes that
69 would be paid on such property were the property not exempt from
70 taxation, and shall be calculated by multiplying the assessed value of
71 such property, which shall be determined by the tax assessor of such
72 municipality in the manner used by such assessor for assessing the
73 value of other real property, by the applicable tax rate of the
74 municipality. Such contract shall provide that, in consideration of such
75 grant-in-aid, the municipality shall waive during the period of such
76 contract any payments by the housing authority or the Connecticut
77 Housing Finance Authority to the municipality under the provisions of
78 section 8-71, and shall further provide that the amount of the payments
79 so waived shall be used by the housing authority or the Connecticut
80 Housing Finance Authority for a program of social and supplementary
81 services to the occupants or shall be applied to the operating costs or
82 reserves of the property, or shall be used to maintain or improve the

83 physical quality of the property.

84 (c) The state, after it has entered into a contract with a municipality
85 for financial assistance under this section, shall have the right to appeal
86 or make application for relief from any assessment of any real property
87 with respect to which reimbursement for tax abatement or a payment
88 in lieu of taxes is made, in the manner provided by sections 12-111 to
89 12-119, inclusive, and no increase in assessed valuation of such
90 property after such contract has been entered into shall be binding
91 upon the commissioner unless notice of such increase has been given
92 to the commissioner in the manner provided for giving notice of such
93 an increase to the owners of real property. In any such proceeding the
94 state shall have the same procedural rights as the owner of such
95 property and shall act in accordance with the procedures and rules of
96 law applicable to such owner.

97 (d) The state, acting by and in the discretion of the Commissioner of
98 Economic and Community Development, may enter into a contract
99 with a municipality to make payments in lieu of taxes to the
100 municipality on land and improvements owned or leased by said
101 commissioner pursuant to chapter 129. Such payments shall be made
102 annually in an amount equal to the taxes that would be paid on such
103 property were the property not exempt from taxation, and shall be
104 calculated by multiplying the assessed value of such property, which
105 shall be determined by the tax assessor of such municipality in the
106 manner used by such assessor for assessing the value of other real
107 property, by the applicable tax rate of the municipality. Such contract
108 shall provide that, in consideration of such grant-in-aid the
109 municipality shall waive any payments by the state to the municipality
110 under the provisions of a cooperation agreement between the
111 municipality and said commissioner.

112 (e) The financial assistance authorized by subsection (a) of this
113 section shall not be extended to assist housing sponsored by a profit-
114 motivated sponsor, unless the commissioner, upon advice by the
115 United States Department of Housing and Urban Development or the

116 Connecticut Housing Finance Authority shall determine that the
117 mortgage loan financing such housing would not be insurable or
118 feasible in the absence of such assistance.

119 (f) The Commissioner of Economic and Community Development
120 may amend any contracts entered into prior to October 1, 1969, under
121 subsection (a) of this section, by increasing, up to a maximum of forty
122 consecutive fiscal years of the municipality, the term of reimbursement
123 for tax abatements provided for therein.

124 Sec. 3. Section 8-216a of the general statutes is repealed and the
125 following is substituted in lieu thereof (*Effective July 1, 2007*):

126 (a) The provisions of any other general statute or special act to the
127 contrary notwithstanding, the present true and actual value of the real
128 property classified as property used for housing [solely for low or
129 moderate-income persons or families pursuant to section 8-215,] that
130 includes rental units set aside for low or moderate income persons or
131 families or on which rents or carrying charges are limited by
132 regulatory agreement with, or otherwise regulated by, the federal or
133 state government or department or agency thereof, shall be based
134 upon and shall not exceed the capitalized value of the net rental
135 income [of the housing project] as provided in this section. For
136 purposes of sections 8-215, as amended by this act, 8-216, as amended
137 by this act, and this section, such net rental income means the gross
138 income [of the project] attributable to the set-aside units, as limited by
139 the schedule of rents or carrying charges, less a per cent of the
140 property's reasonable operating expenses [and property taxes] that is
141 equal to the net rental square footage of such set-aside units, not
142 adjusted by depreciation.

143 (b) Any modification, amendment, or replacement of a contract
144 already in existence on or before [October 1, 1973,] the effective date of
145 this section shall not be subject to the provisions of subsection (a) of
146 this section without the mutual consent of the parties thereto.

147 (c) Annually, on or before April first, the Commissioner of
148 Economic and Community Development shall determine and publish
149 a capitalization rate of the purposes of subsection (a) of this section.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2007</i>	8-215
Sec. 2	<i>July 1, 2007</i>	8-216
Sec. 3	<i>July 1, 2007</i>	8-216a

HSG

Joint Favorable C/R

PD