



General Assembly

February Session, 2008

Substitute Bill No. 5634

* HB05634PD_FIN031408 *

AN ACT CONCERNING HOUSING DEVELOPMENT ZONES.

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

1 Section 1. Section 8-376 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective July 1, 2008*):

3 (a) As used in this section and section 8-378, as amended by this act,
4 "blighted property" means any structure or vacant or unimproved lot
5 or parcel (1) that has significant unremedied building, housing or
6 health code violations; (2) that has a high vacancy rate or is
7 abandoned, vacant or unoccupied; (3) for which taxes are delinquent;
8 or (4) that has been deemed a public nuisance under any provision of
9 the general statutes or any local ordinance; and

10 (b) Any municipality [which is a distressed municipality as defined
11 in subsection (b) of section 32-9p, on October 1, 1987,] in which at least
12 fifteen per cent of the real property in one or two contiguous United
13 States census tracts or a portion of an individual census tract as
14 determined in accordance with the most recent United States census is
15 blighted property may apply to the Commissioner of Economic and
16 Community Development to designate an area of such municipality as
17 a housing development zone. [Any such area shall consist of one or
18 two contiguous United States census tracts or a portion of an
19 individual census tract as determined in accordance with the most
20 recent United States census.] Any municipality that has one or two

21 contiguous census tracts or a portion of an individual census tract as
22 determined in accordance with the most recent United States census in
23 which at least fifteen per cent of the real property is blighted property
24 shall designate such census tracts as the housing development zone. At
25 least twenty-five per cent of the designated area shall be zoned or
26 allow for multifamily residential dwellings.

27 Sec. 2. Section 8-378 of the general statutes is repealed and the
28 following is substituted in lieu thereof (*Effective July 1, 2008*):

29 (a) The Commissioner of Economic and Community Development
30 may approve the designation of [up to three areas in the state]
31 qualified portions of a municipality as housing development zones,
32 provided the commissioner shall not approve the designation of more
33 than one housing development zone in any municipality. [Proposals
34 for financial assistance received by the commissioner from eligible
35 developers, as defined in section 8-39, for programs or projects
36 authorized pursuant to chapter 128, 130, 133 or 138 which will be
37 located in a housing development zone shall be accorded a high
38 priority to receive financial assistance from the commissioner.] A
39 municipality applying for approval of the designation shall include
40 information in such application sufficient for the commissioner to
41 determine that such municipality has at least fifteen per cent of the real
42 property in one or two contiguous United States census tracts or a
43 portion of an individual census tract as determined in accordance with
44 the most recent United States census in the municipality is blighted
45 property. The commissioner may remove the designation of any area
46 which has been approved as a housing development zone if such area
47 no longer meets the criteria for designation as such a zone set forth in
48 sections 8-376, as amended by this act, and 8-377 or in regulations
49 adopted pursuant to section 8-381, provided no such designation shall
50 be removed less than ten years from the original date of approval of
51 such zone.

52 (b) The commissioner shall give immediate consideration for
53 financial assistance pursuant to chapter 128, 130, 133, 138 or 588/ or

54 section 8-37pp or section 8-336p of the 2008 supplement to the general
55 statutes to proposals from eligible developers, as defined in section 8-
56 39, that will be located in a housing development zone. If a project to
57 be located in a housing development zone is comparable to a project
58 that will not be located in a housing development zone, the
59 commissioner shall give priority to authorization of the project in the
60 housing development zone.

61 Sec. 3. Section 32-1m of the 2008 supplement to the general statutes
62 is amended by adding subdivision (17) as follows (*Effective July 1,*
63 *2008*):

64 (NEW) (17) A detailed summary of projects funded in housing
65 development zones, along with a description of the priority the
66 projects received, the number of projects funded and the amount of
67 funds awarded.

68 Sec. 4. Subsection (v) of section 32-222 of the general statutes is
69 repealed and the following is substituted in lieu thereof (*Effective July*
70 *1, 2008*):

71 (v) "Targeted investment community" means a municipality which
72 contains an enterprise zone designated pursuant to section 32-70 or a
73 housing development zone designated pursuant to section 8-378, as
74 amended by this act.

75 Sec. 5. Subsection (d) of section 10-416 of the general statutes is
76 repealed and the following is substituted in lieu thereof (*Effective July*
77 *1, 2008*):

78 (d) The commission shall, in consultation with the Commissioner of
79 Revenue Services, adopt regulations, in accordance with chapter 54, to
80 carry out the purposes of this section. Such regulations shall provide if
81 an historic home located in a housing development zone approved
82 pursuant to section 8-378, as amended by this act, is comparable to an
83 historic home that is not located in a housing development zone,
84 priority for issuance of tax credit vouchers shall be given to the historic

85 home located in the housing development zone. Priority for issuing
86 such vouchers shall also be given to historic homes located in a
87 housing development zone that is served by mass transit and sewers.

88 Sec. 6. Subsection (d) of section 10-416a of the 2008 supplement to
89 the general statutes is repealed and the following is substituted in lieu
90 thereof (*Effective July 1, 2008*):

91 (d) The commission shall adopt regulations, in accordance with
92 chapter 54, to carry out the purposes of this section. Such regulations
93 shall include provisions for filing of applications, rating criteria and for
94 timely approval by the commission. Such regulations shall provide if a
95 certified historic structure located in a housing development zone
96 approved pursuant to section 8-378, as amended by this act, is
97 comparable to a certified historic structure that is not located in a
98 housing development zone, priority for issuance of tax credit vouchers
99 shall be given to the certified historic structure located in the housing
100 development zone. Priority for issuing such vouchers shall also be
101 given to certified historic structures located in housing development
102 zone that are served by mass transit and sewers.

103 Sec. 7. Subsection (k) of section 8-395 of the general statutes is
104 repealed and the following is substituted in lieu thereof (*Effective July*
105 *1, 2008*):

106 (k) The Connecticut Housing Finance Authority, with the approval
107 of the Commissioner of Revenue Services, shall adopt written
108 procedures in accordance with section 1-121 to implement the
109 provisions of this section. Such procedures shall include provisions for
110 issuing tax credit vouchers for cash contributions to housing programs
111 based on a system of ranking housing programs. In establishing such
112 ranking system, the authority shall consider the following: (1) The
113 readiness of the project to be built; (2) use of the funds to build or
114 rehabilitate a specific housing project or to capitalize a revolving loan
115 fund providing low-cost loans for housing construction, repair or
116 rehabilitation to benefit persons of very low, low and moderate

117 income; (3) the extent the project will benefit families at or below
118 twenty-five per cent of the area median income and families with
119 incomes between twenty-five per cent and fifty per cent of the area
120 median income, as defined by the United States Department of
121 Housing and Urban Development; (4) evidence of the general
122 administrative capability of the nonprofit corporation to build or
123 rehabilitate housing; (5) evidence that any funds received by the
124 nonprofit corporation for which a voucher was issued were used to
125 accomplish the goals set forth in the application; [and] (6) with respect
126 to any income year commencing on or after January 1, 1998: (A) Use of
127 the funds to provide housing opportunities in urban areas and the
128 impact of such funds on neighborhood revitalization; and (B) the
129 extent to which tax credit funds are leveraged by other funds; and (7) if
130 the project is located in a housing development zone approved under
131 section 8-378, as amended by this act. The ranking system shall give
132 priority to projects located in housing development zones designated
133 under said section 8-378.

134 Sec. 8. (NEW) (*Effective July 1, 2008*) On or before February 1, 2009,
135 and annually thereafter, the Commission on Culture and Tourism shall
136 submit a report to the joint standing committee of the General
137 Assembly having cognizance of matters relating to planning and
138 development and to the select committee of the General Assembly
139 having cognizance of matters relating to housing on the issuance of tax
140 credit vouchers for historic homes located in housing development
141 zones pursuant to section 10-416 of the general statutes, as amended by
142 this act, and certified historic structures in housing development
143 zones, pursuant to section 10-426a of the general statutes. Such report
144 shall include detailed information on the vouchers issued for historic
145 homes and certified historic structures located in housing development
146 zones, along with a description of the priority such vouchers received,
147 the number and the amount of such vouchers issued.

148 Sec. 9. (NEW) (*Effective July 1, 2008*) In issuing tax credits under the
149 Low Income Tax Credit Program, 26 USC 42, the Connecticut Housing

150 Finance Authority shall give priority to projects located in housing
151 development zones approved under section 8-378 of the general
152 statutes, as amended by this act.

153 Sec. 10. (NEW) (*Effective July 1, 2008*) On or before February 1, 2009,
154 and annually thereafter, the Connecticut Housing Finance Authority
155 shall submit a report on the issuance of tax credits under section 8-395
156 of the general statutes, as amended by this act, and under the Low
157 Income Tax Credit Program, 26 USC 42 to the joint standing committee
158 of the General Assembly having cognizance of matters relating to
159 planning and development and to the select committee of the General
160 Assembly having cognizance of matters relating to housing, in
161 accordance with section 11-4a of the general statutes. Such report shall
162 include detailed information on the vouchers issued for housing
163 located in housing development zones approved under section 8-378
164 of the general statutes, as amended by this act, along with a
165 description of the priority such vouchers received, the number and
166 amount of such vouchers issued.

167 Sec. 11. (NEW) (*Effective October 1, 2008*) (a) Any municipality that is
168 eligible for small town economic assistance under section 4-66g of the
169 2008 supplement to the general statutes may designate, by ordinance
170 adopted by its legislative body, a nutmeg zone within the
171 municipality. Such ordinance shall identify a specific geographic area
172 as such zone and shall establish criteria and goals for economic activity
173 in the zone.

174 (b) Upon designation of a nutmeg zone under subsection (a) of this
175 section, the municipality may apply to the Commissioner of Economic
176 and Community Development for state approval of the designation.
177 The municipality seeking the approval of the commissioner for
178 designation of an area of the municipality as a nutmeg zone shall file
179 with the commissioner a preliminary application. Not later than sixty
180 days after receipt of such a preliminary application, the commissioner
181 shall indicate to the municipality, in writing, any recommendations for
182 improving the municipality's application. On or before July 1, 2009,

183 and annually thereafter, the commissioner shall conduct a lottery to
184 select ten nutmeg zones in the state.

185 (c) The amount of property taxes due under chapter 203 of the
186 general statutes for a facility that is acquired, constructed, substantially
187 renovated or expanded in a nutmeg zone, on or after the effective date
188 of this section, shall be reduced by ten per cent for a period of ten
189 assessment years following the assessment year in which the
190 acquisition, construction, renovation or expansion of the facility is
191 completed. The state, acting by and in the discretion of the
192 Commissioner of Economic and Community Development, shall enter
193 into a contract with the municipality in which the nutmeg zone is
194 located to provide a grant to the municipality in an amount equal to
195 ten per cent of the amount that would have been due for property
196 taxes except for the provisions of this section. Such grant shall be made
197 annually for the ten assessment years that the taxes due for the facility
198 are reduced.

199 (d) The Commissioner of Economic and Community Development
200 may adopt regulations, in accordance with chapter 54 of the general
201 statutes, to implement this section.

202 Sec. 12. Subsection (b) of section 32-71 of the general statutes is
203 repealed and the following is substituted in lieu thereof (*Effective July*
204 *1, 2008*):

205 (b) Any fixed assessment on any residential property shall cease if:
206 (1) For any residential rental property, any dwelling unit in such
207 property is rented to any person whose income exceeds two hundred
208 per cent of the median [family income of the municipality] income, as
209 determined by the United States Department of Housing and Urban
210 Development, for the area in which the municipality containing the
211 residential rental property is located; or (2) for any conversion
212 condominium declared after the designation of the enterprise zone,
213 any unit is sold to any person whose income exceeds two hundred per
214 cent of the median [family income of the municipality] income, as

215 determined by the United States Department of Housing and Urban
216 Development, for the area in which the municipality containing the
217 residential rental property is located.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2008</i>	8-376
Sec. 2	<i>July 1, 2008</i>	8-378
Sec. 3	<i>July 1, 2008</i>	32-1m
Sec. 4	<i>July 1, 2008</i>	32-222(v)
Sec. 5	<i>July 1, 2008</i>	10-416(d)
Sec. 6	<i>July 1, 2008</i>	10-416a(d)
Sec. 7	<i>July 1, 2008</i>	8-395(k)
Sec. 8	<i>July 1, 2008</i>	New section
Sec. 9	<i>July 1, 2008</i>	New section
Sec. 10	<i>July 1, 2008</i>	New section
Sec. 11	<i>October 1, 2008</i>	New section
Sec. 12	<i>July 1, 2008</i>	32-71(b)

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Joint Favorable Subst. C/R

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