

**TESTIMONY SUBMITTED TO THE HOUSING COMMITTEE**  
**February 19, 2013**

*Eric Chatman, President-Executive Director*  
*Connecticut Housing Finance Authority*

---

Senator Bartolomeo, Representative Butler and members of the Housing Committee, my name is Eric Chatman, President-Executive Director of the Connecticut Housing Finance Authority (CHFA). On behalf of CHFA, I am providing my comments on legislation before the Housing Committee.

**Proposed Senate Bill 335 An Act Providing Incentives for Certain Connecticut Housing Finance Authority Projects**

Proposed Bill No. 335 would require CHFA to allocate a 9% tax credit to any project that would save the state from making a payment in lieu of taxes or provide more revenue to a municipality. *CHFA does not support this legislation.* Requiring CHFA to allocate tax credits specifically based on cost savings for the state is contradictory to the intent of the competitive process of allocating the 9% federal Low-Income Housing tax Credits (LIHTC). These credits, part of the Internal Revenue Code, are awarded based on compliance with the Qualified Allocation Plan (QAP), which supports the state's housing priorities.

CHFA administers the 9% federal Low-Income Housing Tax Credit (LIHTC) program for housing developments in the State of Connecticut. The LIHTC program is contained within Section 42 of the Internal Revenue Code (26 U.S.C. Section 42) as a tax incentive program to stimulate investments in affordable housing. The LIHTC program provides investment incentives for developers to acquire rehabilitate and/or build low-income housing through the allocation of federal tax credits that may be sold to corporations or investor groups to raise equity for a project. In exchange for these tax credits, developers and owners are required to provide and maintain lower cost rental units in their housing development.

There is the Qualified Allocation Plan (QAP) for Connecticut as required by the LIHTC program for the allocation of housing tax credits to promote an expansion of low-to moderate income rental housing in the state by establishing the guidelines and procedures for the acceptance, scoring and competitive ranking of LIHTC applications and the administration of the program. The QAP is updated every year and is published for public comment before its adoption. The plan is to be relevant to the housing needs and consistent with the housing priorities of Connecticut as defined in the current State of Connecticut Consolidation Plan for Housing and Community Development ("ConPlan") and the current Annual Action Plan, as required by the National Affordable Housing Act of 1990. The ConPlan is required to be consistent with the State of Connecticut current Conservation and Development Plan ("C&D Policies Plan") The C&D Policies plan includes policies for the development of affordable rental housing. .

Thank you for the opportunity to provide this testimony to the Housing Committee.