
OLR Bill Analysis**SB 436*****AN ACT CONCERNING TAX ABATEMENTS TO ENCOURAGE MIXED-INCOME DEVELOPMENT.*****SUMMARY:**

This bill expands the local option property tax abatement for low- and moderate-income housing to include certain mixed-income housing developments.

Current law allows towns to adopt an ordinance abating all or part of the property taxes on housing that is (1) constructed or rehabilitated with state or federal funds and (2) restricted to low- and moderate-income individuals and families under a regulatory agreement that prescribes income limits (i.e., housing solely for low- or moderate-income persons or families).

The bill allows the ordinance to apply to any housing in which 20% or more of the dwelling units are designated for low- or moderate-income individuals or families. (The bill does not define low- or moderate-income.) As under existing law, the abatement must be made under a contract between the municipality and the property owner specifying the terms of the abatement. By law, the owner must use the abatement to (1) reduce rents and improve the housing's quality and design, (2) achieve mixed-income occupancy, or (3) provide related facilities and services. Under the bill, the abatement ends if the owner does not meet the 20% threshold.

Under existing law, unchanged by the bill, the Department of Economic and Community Development may enter into contracts with municipalities to reimburse them for the revenue loss associated with the abatements for housing solely for low- or moderate-income persons or families.

EFFECTIVE DATE: October 1, 2014

COMMITTEE ACTION

Planning and Development Committee

Joint Favorable

Yea 14 Nay 6 (03/25/2014)