



Senate

General Assembly

File No. 460

February Session, 2014

Senate Bill No. 436

Senate, April 9, 2014

The Committee on Planning and Development reported through SEN. OSTEN of the 19th Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

AN ACT CONCERNING TAX ABATEMENTS TO ENCOURAGE MIXED-INCOME DEVELOPMENT.

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 Section 8-215 of the general statutes is repealed and the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 October 1, 2014*):

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

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

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2014</i>	8-215

PD *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact: None

Municipal Impact:

Municipalities	Effect	FY 15 \$	FY 16 \$
Various Municipalities	Grand List Reduction	None	Potential

Explanation

The bill expands an optional property tax exemption on low-or moderate-income housing. Municipalities that choose this option would experience a grand list reduction, which would result in a loss of tax levy, given a constant mill rate.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

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)