



STATE OF CONNECTICUT  
OFFICE OF POLICY AND MANAGEMENT

*TESTIMONY PRESENTED TO THE HOUSING COMMITTEE  
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and  
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Testimony Opposing Senate Bill No. 155

AN ACT CONCERNING THE ALLOCATION OF LOW-INCOME HOUSING TAX CREDITS

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Senator Winfield, Representative Butler and distinguished members of the Housing Committee, thank you for the opportunity to submit testimony opposing Senate Bill No. 155, An Act Concerning the Allocation of Low-Income Housing Tax Credits.

The Connecticut Housing Finance Authority (CHFA) is governed by a sixteen member Board of Directors, including a designee from the Office of Policy and Management. CHFA is a self-funded, quasi-public organization, which uses its resources to provide below-market interest rate mortgages for first-time single-family homebuyers and for the development of affordable multifamily rental housing. For more than four decades, CHFA has helped alleviate the shortage of affordable housing for low- and moderate-income families and persons Connecticut through its administration of numerous programs, including the federal Low Income Housing Tax Credit program.

The federal Low Income Housing Tax Credit (LIHTC) program expands financing options for the construction or rehabilitation of affordable, high-quality apartments throughout the state. These LIHTCs are a critical source of equity for developers. In order to receive LIHTCS, housing developments must meet specific criteria set forth in the Qualified Allocation Plan (QAP). The QAP is reviewed annually through a robust public input process, which includes opportunities for public comment, public hearings, and the opportunity to address the Board directly prior to its adoption.

Senate Bill No. 155 circumvents the well-established and rigorous QAP process by statutorily requiring the inclusion of certain priority tiers within the QAP. Any proposed change to the current QAP should be submitted through the existing public input procedure, so it can receive full consideration by the Board. The rating and ranking of points in the QAP reflects the diverse priorities of the state's housing stakeholders. The

inclusion of absolute set-asides through statute will negatively impact the integrity of the existing process which weighs numerous, and often competing, considerations when assigning point values. This proposal also inhibits the ability of the Board to be flexible and change the QAP on a year to year basis based on changes in best practices, housing policy, and the market.

I respectfully request that the committee oppose this bill. I would like to again thank the committee for the opportunity to submit this testimony, and please feel free to contact me if you have any questions.