AN ACT INCREASING OPPORTUNITIES FOR WORKFORCE HOUSING DEVELOPMENT IN THE STATE.

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

Section 1. (NEW) (Effective July 1, 2020) (a) As used in this section:

1. "Commissioner" means the Commissioner of Housing.

2. "Eligible workforce housing opportunity development project" or "project" means a project for the construction or substantial rehabilitation of rental housing (A) located within an opportunity zone in this state, (B) designated under subsection (e) of this section for certain professions that work within the municipality in which the project is located and for low and moderate income families and individuals, and (C) that may incorporate renewable energy technology and be transit-oriented.

3. "Substantial rehabilitation" means either (A) the costs of any repair, replacement or improvement to a building that exceeds twenty-five per cent of the value of such building after the completion of all such repairs, replacements or improvements, or (B) the replacement of two or more of the following: (i) Roof structures, (ii) ceilings, (iii) wall or floor structures, (iv) foundations, (v) plumbing systems, (vi) heating and air conditioning systems, or (vii) electrical systems.

4. "Opportunity zone" means an area designated as a qualified opportunity zone pursuant to the Tax Cuts and Jobs Act of 2017, P.L.
(5) "Eligible developer" or "developer" means (A) a nonprofit corporation; (B) any business corporation incorporated pursuant to chapter 601 of the general statutes, (i) having as one of its purposes the construction, rehabilitation, ownership or operation of housing, and (ii) either certified under this section or having articles of incorporation approved by the commissioner in accordance with regulations adopted pursuant to section 8-79a or 8-84 of the general statutes; (C) any partnership, limited partnership, limited liability partnership, joint venture, trust, limited liability company or association, (i) having as one of its purposes the construction, rehabilitation, ownership or operation of housing, and (ii) either certified under this section or having basic documents of organization approved by the commissioner in accordance with regulations adopted pursuant to section 8-79a or 8-84 of the general statutes; (D) a housing authority; or (E) a municipal developer.

(6) "Authority" or "housing authority" means any of the public corporations created by section 8-40 of the general statutes, and the Connecticut Housing Authority when exercising the rights, powers, duties or privileges of, or subject to the immunities or limitations of, housing authorities pursuant to section 8-121 of the general statutes.

(7) "Nonprofit corporation" means a nonprofit corporation incorporated pursuant to chapter 602 of the general statutes or any predecessor statutes thereto, having as one of its purposes the construction, rehabilitation, ownership or operation of housing and having articles of incorporation approved by the Commissioner of Housing in accordance with regulations adopted pursuant to section 8-79a or 8-84 of the general statutes or certified under this section.

(8) "Municipal developer" means a municipality which has not declared by resolution a need for a housing authority pursuant to section 8-40 of the general statutes, acting by and through its legislative body. "Municipal developer" means the board of selectmen if such
board is authorized to act as the municipal developer by the town
meeting or representative town meeting.

(9) "Low and moderate income" means individuals or families who
lack the amount of income which is necessary, as determined by the
Commissioner of Housing, to enable them to rent mixed income
housing without financial assistance.

(10) "Market rate" means the rental income that such property would
most probably command on the open market as indicated by present
rentals in the opportunity zone being paid for comparable space.

(b) There is established a workforce housing opportunity
development program administered by the Department of Housing
under which individuals or entities who make cash contributions to an
eligible developer for an eligible workforce housing opportunity
development project located in a federally designated opportunity zone
may be allowed a credit against the tax due under chapter 208 or 229 of
the general statutes in an amount equal to the amount specified by the
commissioner under this section. Any developer of a workforce housing
opportunity development project shall be allowed an exemption from
any fees under section 29-263 of the general statutes, as amended by this
act, and any eligible workforce housing opportunity development
project shall be assessed using the capitalization of net income method
under subsection (b) of section 12-63b of the general statutes, as
amended by this act.

(c) The Commissioner of Housing shall determine eligibility criteria
for such program and establish an application process for the program.
The Department of Housing shall commence accepting applications for
such program not later than January 1, 2022. A developer may apply to
the Department of Housing for certification as a developer qualified to
receive cash investments eligible for a tax credit pursuant to this section
in a manner and form prescribed by the commissioner. To the extent
feasible, any eligible workforce housing opportunity development
project shall incorporate renewable energy or other technology in order
to lower utility costs for the tenants and be transit-oriented. Any eligible workforce housing opportunity development project once constructed or substantially rehabilitated shall be rented as follows: (1) Fifty per cent of the units shall be rented at the market rate, (2) forty per cent of the units shall be rented to the workforce population designated under subsection (e) of this section, where such project is located at a rent not exceeding twenty per cent of the prevailing rent of the opportunity zone where such development is located, and (3) ten per cent of the units shall be rented to families or individuals of low and moderate income receiving rental assistance under chapter 128 or 319uu of the general statutes or 42 USC 1437f, as amended from time to time. Any such program shall provide for a method of selecting persons satisfying such income criteria to rent such units of housing from among a pool of applicants, which method shall not discriminate on the basis of race, creed, color, national origin, ancestry, sex, gender identity or expression, age or physical or intellectual disability.

(d) A workforce housing opportunity development project shall be scheduled for completion not more than three years after the date of approval by the Department of Housing. Each developer of a workforce housing opportunity development project shall submit to the commissioner quarterly progress reports and a final report upon completion, in a manner and form prescribed by the commissioner. If a workforce housing opportunity development project fails to be completed on or before three years from the date of approval of such project, or at any time the commissioner determines that a project is unlikely to be completed, the commissioner may request the Attorney General to reclaim any remaining funds contributed by individuals or entities under subsection (b) of this section and reallocate such funds to another eligible project.

(e) The developer shall obtain the approval of the zoning commission, as defined in section 8-13m of the general statutes, of the municipality and of any other applicable municipal agency for the proposed workforce housing opportunity development project. After all such
approvals are granted, the municipality may, not later than thirty days
after such approval, by vote of its legislative body or, in a municipality
where the legislative body is a town meeting, by vote of the board of
selectmen, designate the workforce population that forty per cent of the
project shall be dedicated to. Such designation may include volunteer
firefighters, teachers, police officers, emergency medical personnel or
other professions of persons working in the municipality. If the
municipality does not vote within such time period, the developer shall
designate the workforce population.

(f) For taxable or income years commencing on or after January 1,
2022, the Commissioner of Revenue Services shall grant a credit against
the tax imposed under chapter 208 or 229 of the general statutes, other
than the liability imposed by section 12-707 of the general statutes, in an
amount equal to the amount specified by the Commissioner of Housing
in a tax credit voucher issued by the Commissioner of Housing pursuant
to subsection (g) of this section.

(g) (1) The Commissioner of Housing shall administer a system of tax
credit vouchers within the resources, requirements and purposes of this
section, for individuals or entities making cash contributions to an
eligible developer for an eligible workforce housing opportunity
development project. Such voucher may be used as a credit against the
tax to which such individual or entity is subject under chapter 208 or 229
of the general statutes, other than the liability imposed by section 12-707
of the general statutes.

(2) In no event shall the total amount of all tax credits allowed to all
individuals or entities pursuant to the provisions of this section exceed
five million dollars in any one fiscal year.

(3) No tax credit shall be granted to any individual or entity for any
individual amount contributed of less than two hundred fifty dollars.

(4) Any tax credit not used in the taxable or income year during which
the cash contribution was made may be carried forward or backward
for the five immediately succeeding or preceding taxable or income
years until the full credit has been allowed.

(5) If an entity claiming a credit under this section is an S corporation
or an entity treated as a partnership for federal income tax purposes, the
credit may be claimed by the entity's shareholders or partners. If the
entity is a single member limited liability company that is disregarded
as an entity separate from its owner, the credit may be claimed by such
limited liability company's owner, provided such owner is subject to the
tax imposed under chapter 208 or 229 of the general statutes.

(h) The Commissioner of Housing shall adopt regulations in
accordance with the provisions of chapter 54 of the general statutes to
implement the provisions of this section, including, but not limited to,
the conditions for certification of a developer applying for assistance
under this section.

Sec. 2. Section 12-63b of the general statutes is repealed and the
following is substituted in lieu thereof (Effective July 1, 2020):

(a) The assessor or board of assessors in any town, at any time, when
determining the present true and actual value of real property as
provided in section 12-63, which property is used primarily for the
purpose of producing rental income, exclusive of such property used
solely for residential purposes, containing not more than six dwelling
units and in which the owner resides, shall determine such value on the
basis of an appraisal which shall include to the extent applicable with
respect to such property, consideration of each of the following methods
of appraisal: (1) Replacement cost less depreciation, plus the market
value of the land, (2) capitalization of net income based on market rent
for similar property, and (3) a sales comparison approach based on
current bona fide sales of comparable property. The provisions of this
section shall not be applicable with respect to any housing assisted by
the federal or state government except any such housing for which the
federal assistance directly related to rent for each unit in such housing
is no less than the difference between the fair market rent for each such
unit in the applicable area and the amount of rent payable by the tenant in each such unit, as determined under the federal program providing for such assistance.

(b) In the case of an eligible workforce housing opportunity development project, as defined in section 1 of this act, the assessor shall use the capitalization of net income method based on the actual rent received for the property.

[(b)] (c) For purposes of subdivision (2) of subsection (a) of this section and, generally, in its use as a factor in any appraisal with respect to real property used primarily for the purpose of producing rental income, the term "market rent" means the rental income that such property would most probably command on the open market as indicated by present rentals being paid for comparable space. In determining market rent the assessor shall consider the actual rental income applicable with respect to such real property under the terms of an existing contract of lease at the time of such determination.

Sec. 3. Section 8-395 of the general statutes is repealed and the following is substituted in lieu thereof (Effective July 1, 2020):

(a) As used in this section, (1) "business firm" means any business entity authorized to do business in the state and subject to the corporation business tax imposed under chapter 208, or any company subject to a tax imposed under chapter 207, or any air carrier subject to the air carriers tax imposed under chapter 209, or any railroad company subject to the railroad companies tax imposed under chapter 210, or any regulated telecommunications service, express, cable or community antenna television company subject to the regulated telecommunications service, express, cable and community antenna television companies tax imposed under chapter 211, or any utility company subject to the utility companies tax imposed under chapter 212, [and] (2) "nonprofit corporation" means a nonprofit corporation incorporated pursuant to chapter 602 or any predecessor statutes thereto, having as one of its purposes the construction, rehabilitation,
ownership or operation of housing and having articles of incorporation
approved by the executive director of the Connecticut Housing Finance
Authority in accordance with regulations adopted pursuant to section
8-79a or 8-84, (3) "workforce housing development project" or "project"
means the construction or substantial rehabilitation of dwelling units for
rental housing where ten per cent of the units are affordable housing,
forty per cent of the units are rented to the workforce population
designated by the developer, in consultation with the municipality
where such project is located, at a rent not exceeding twenty per cent of
the prevailing rent of the area where such development is located and
fifty per cent of the units are rented at market rate and includes, but is
not limited to, an eligible workforce housing opportunity development
project, as defined in section 1 of this act, (4) "affordable housing" means
rental housing for which persons and families pay thirty per cent or less
of their annual income, where such income is less than or equal to the
area median income for the municipality in which such housing is
located, as determined by the United States Department of Housing and
Urban Development, (5) "substantial rehabilitation" means either (A) the
costs of any repair, replacement or improvement to a building that
exceeds twenty-five per cent of the value of such building after the
completion of all such repairs, replacements or improvements, or (B) the
replacement of two or more of the following: (i) Roof structures, (ii)
ceilings, (iii) wall or floor structures, (iv) foundations, (v) plumbing
systems, (vi) heating and air conditioning systems, or (vii) electrical
systems, and (6) "market rate" means the rental income that such unit
would most probably command on the open market as indicated by
present rentals being paid for comparable space in the area where the
unit is located.

(b) The Commissioner of Revenue Services shall grant a credit against
any tax imposed under the provisions of chapter 207, 208, 209, 210, 211 or 212 in an amount equal to the amount specified by the
Connecticut Housing Finance Authority in any tax credit voucher
issued by said authority pursuant to subsection (c) of this section.
(c) The Connecticut Housing Finance Authority shall administer a system of tax credit vouchers within the resources, requirements and purposes of this section, for business firms making cash contributions to housing programs developed, sponsored or managed by a nonprofit corporation, as defined in subsection (a) of this section, which benefit low and moderate income persons or families which have been approved prior to the date of any such cash contribution by the authority, including, but not limited to, contributions for a workforce housing development project. Such vouchers may be used as a credit against any of the taxes to which such business firm is subject and which are enumerated in subsection (b) of this section. For taxable or income years commencing on or after January 1, 1998, to be eligible for approval a housing program shall be scheduled for completion not more than three years from the date of approval. For taxable or income years commencing on or after January 1, 2021, to be eligible for approval, a workforce housing development project shall be scheduled for completion not more than three years from the date of approval. Each program or developer of a workforce housing development project shall submit to the authority quarterly progress reports and a final report upon completion, in a manner and form prescribed by the authority. If a program or workforce housing development project fails to be completed [after] on or before three years from the date of approval of the project, or at any time the authority determines that a program or project is unlikely to be completed, the authority may reclaim any remaining funds contributed by business firms and reallocate such funds to another eligible program or project.

(d) No business firm shall receive a credit pursuant to both this section and chapter 228a in relation to the same cash contribution.

(e) Nothing in this section shall be construed to prevent two or more business firms from participating jointly in one or more programs or projects under the provisions of this section. Such joint programs or projects shall be submitted, and acted upon, as a single program or project by the business firms involved.
(f) No tax credit shall be granted to any business firm for any individual amount contributed of less than two hundred fifty dollars.

(g) Any tax credit not used in the [period] taxable or income year during which the cash contribution was made may be carried forward or backward for the five immediately succeeding or preceding taxable or income years until the full credit has been allowed.

(h) In no event shall the total amount of all tax credits allowed to all business firms pursuant to the provisions of this section exceed ten million dollars in any one fiscal year, provided, each year until the date sixty days after the date the Connecticut Housing Finance Authority publishes the list of housing programs or workforce housing development projects that will receive tax credit reservations, two million dollars of the total amount of all tax credits under this section shall be set aside for permanent supportive housing initiatives established pursuant to section 17a-485c, and one million dollars of the total amount of all tax credits under this section shall be set aside for workforce housing, as defined by the Connecticut Housing Finance Authority through written procedures adopted pursuant to subsection (k) of this section. Each year, on or after the date sixty days after the date the Connecticut Housing Finance Authority publishes the list of housing programs or projects that will receive tax credit reservations, any unused portion of such tax credits shall become available for any housing program or project eligible for tax credits pursuant to this section.

(i) No organization conducting a housing program or [programs] project eligible for funding with respect to which tax credits may be allowed under this section shall be allowed to receive an aggregate amount of such funding for any such program or [programs] project in excess of five hundred thousand dollars for any fiscal year.

(j) Nothing in this section shall be construed to prevent a business firm from making any cash contribution to a housing program or project to which tax credits may be applied which cash contribution may result
in the business firm having a limited equity interest in the program or project.

(k) The Connecticut Housing Finance Authority, with the approval of the Commissioner of Revenue Services, shall adopt written procedures in accordance with section 1-121 to implement the provisions of this section. Such procedures shall include provisions for issuing tax credit vouchers for cash contributions to housing programs or projects based on a system of ranking housing programs. In establishing such ranking system, the authority shall consider the following: (1) The readiness of the project to be built; (2) use of the funds to build or rehabilitate a specific housing project or to capitalize a revolving loan fund providing low-cost loans for housing construction, repair or rehabilitation to benefit persons of very low, low and moderate income; (3) the extent the project will benefit families at or below twenty-five per cent of the area median income and families with incomes between twenty-five per cent and fifty per cent of the area median income, as defined by the United States Department of Housing and Urban Development; (4) evidence of the general administrative capability of the nonprofit corporation to build or rehabilitate housing; (5) evidence that any funds received by the nonprofit corporation for which a voucher was issued were used to accomplish the goals set forth in the application; and (6) with respect to any income year commencing on or after January 1, 1998: (A) Use of the funds to provide housing opportunities in urban areas and the impact of such funds on neighborhood revitalization; and (B) the extent to which tax credit funds are leveraged by other funds.

(l) Vouchers issued or reserved by the Department of Housing under the provisions of this section prior to July 1, 1995, shall be valid on and after July 1, 1995, to the same extent as they would be valid under the provisions of this section in effect on June 30, 1995.

(m) The credit which is sought by the business firm shall first be claimed on the tax return for such business firm's taxable income or year during which the cash contribution to which the tax credit voucher
relates was paid.

Sec. 4. Section 29-263 of the general statutes is repealed and the following is substituted in lieu thereof (Effective July 1, 2020):

(a) Except as provided in subsection (h) of section 29-252a and the State Building Code adopted pursuant to subsection (a) of section 29-252, after October 1, 1970, no building or structure shall be constructed or altered until an application has been filed with the building official and a permit issued. Such permit shall be issued or refused, in whole or in part, within thirty days after the date of an application. No permit shall be issued except upon application of the owner of the premises affected or the owner's authorized agent. No permit shall be issued to a contractor who is required to be registered pursuant to chapter 400, for work to be performed by such contractor, unless the name, business address and Department of Consumer Protection registration number of such contractor is clearly marked on the application for the permit, and the contractor has presented such contractor's certificate of registration as a home improvement contractor. Prior to the issuance of a permit and within said thirty-day period, the building official shall review the plans of buildings or structures to be constructed or altered, including, but not limited to, plans prepared by an architect licensed pursuant to chapter 390, a professional engineer licensed pursuant to chapter 391 or an interior designer registered pursuant to chapter 396a acting within the scope of such license or registration, to determine their compliance with the requirements of the State Building Code and, where applicable, the local fire marshal shall review such plans to determine their compliance with the Fire Safety Code. Such plans submitted for review shall be in substantial compliance with the provisions of the State Building Code and, where applicable, with the provisions of the Fire Safety Code.

(b) On and after July 1, 1999, the building official shall assess an education fee on each building permit application. During the fiscal year commencing July 1, 1999, the amount of such fee shall be sixteen cents
per one thousand dollars of construction value as declared on the
building permit application and the building official shall remit such
fees quarterly to the Department of Administrative Services, for deposit
in the General Fund. Upon deposit in the General Fund, the amount of
such fees shall be credited to the appropriation to the Department of
Administrative Services and shall be used for the code training and
educational programs established pursuant to section 29-251c and the
educational programs required in subsections (a) and (b) of section 29-
262. On and after July 1, 2000, the assessment shall be made in
accordance with regulations adopted pursuant to subsection (d) of
section 29-251c. All fees collected pursuant to this subsection shall be
maintained in a separate account by the local building department.
During the fiscal year commencing July 1, 1999, the local building
department may retain two per cent of such fees for administrative costs
incurred in collecting such fees and maintaining such account. On and
after July 1, 2000, the portion of such fees which may be retained by a
local building department shall be determined in accordance with
regulations adopted pursuant to subsection (d) of section 29-251c. No
building official shall assess such education fee on a building permit
application to repair or replace a concrete foundation that has
deteriorated due to the presence of pyrrhotite.

(c) Any municipality may, by ordinance adopted by its legislative
body, exempt Class I renewable energy source projects from payment
of building permit fees imposed by the municipality.

(d) Notwithstanding any municipal charter, home rule ordinance or
special act, no municipality shall collect an application fee on a building
permit application to repair or replace a concrete foundation that has
deteriorated due to the presence of pyrrhotite.

(e) Notwithstanding any municipal charter, home rule ordinance or
special act, no municipality shall collect any fee for a building permit
application for the construction or substantial rehabilitation of (1) an
eligible workforce housing opportunity development project, as defined
in section 1 of this act, or (2) a workforce housing development project, as defined in section 8-395, as amended by this act.

Sec. 5. (NEW) (Effective October 1, 2020, and applicable to assessment years commencing on or after October 1, 2020) The legislative body of any municipality or, in a municipality where the legislative body is a town meeting, the board of selectmen, may, by ordinance, exempt from real property tax any workforce housing development project, as defined in section 8-395 of the general statutes, as amended by this act, to the extent of seventy per cent of its valuation for purposes of assessment in each of the seven full assessment years following the assessment year in which the construction or substantial rehabilitation, as defined in section 8-395, as amended by this act, is completed.

Sec. 6. (NEW) (Effective October 1, 2020) (a) The Secretary of the Office of Policy and Management shall pay a state grant in lieu of taxes to any municipality that has opted to partially exempt from real property tax a workforce housing development project under section 5 of this act and submitted an application for such grant. A municipality shall apply for such grant annually on a form and in a manner prescribed by the secretary. On or before January first, annually, the Secretary of the Office of Policy and Management shall determine the amount due to such municipalities, in accordance with this section.

(b) Beginning with the fiscal year commencing July 1, 2022, the grant payable to any municipality that applies for a grant under the provisions of this section shall be equal to seventy per cent of the property taxes which, except for any exemption applicable to any such housing authority property under the provisions of chapter 128 of the general statutes, would have been paid with respect to such exempt real property on the assessment list in such municipality for the assessment date two years prior to the commencement of the state fiscal year in which such grant is payable, for a maximum of seven assessment years. The amount of the grant payable to each municipality in any year in accordance with this section shall be reduced proportionately in the
event that the total of such grants in such year exceeds the amount
appropriated for the purposes of this section with respect to such year.

Sec. 7. (NEW) (Effective October 1, 2020) The Connecticut Housing
Finance Authority shall develop and administer a program of mortgage
assistance for (1) developers for the construction or substantial
rehabilitation of eligible workforce housing opportunity development
projects, as defined in section 1 of this act, and (2) developers for the
construction or substantial rehabilitation of workforce housing
development projects, as defined in section 8-395 of the general statutes,
as amended by this act. In making mortgage assistance available under
the program, the authority shall utilize any appropriate housing
subsidies.

This act shall take effect as follows and shall amend the following
sections:

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