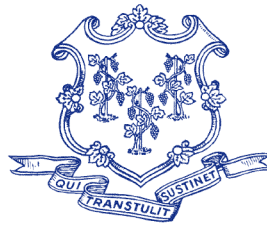


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March 15, 2021

TESTIMONY IN SUPPORT OF  
S.B. 172 AA ESTABLISHING A STATE-WIDE ASSESSMENT TO  
ENCOURAGE AFFORDABLE HOUSING IN THE STATE

Senator Fonfara, Representative Scanlon, Senator Martin, Representative Cheeseman and members of the Finance Revenue and Bonding Committee: I am submitting this testimony in support of SB 172, AA Establishing a State-Wide Assessment to Encourage Affordable Housing in the State. Having an affordable place to live is a critical piece of the American dream. For too many communities in Connecticut, that dream is still unattainable. Over 30 years after the passage of what we all refer to as "8-30g" only 30 cities and towns have reached the 10% threshold of affordable housing defined in statute.

Many communities have made significant strides towards this laudable goal. They have altered their zoning codes and have developed plans of conservation and development to maximize access to housing that working families can afford. These towns are inching closer and closer to the statutory goal. Still other towns have made very little progress, in fact there are 33 towns that fall short of having even 2% affordable housing within their borders.

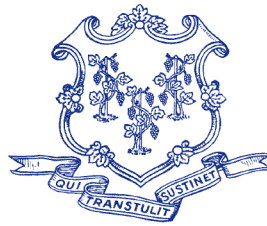
Something must be done to open these communities up to the housing that is so desperately needed for the families of Connecticut. We are, after all, one state and not 169 separate fiefdoms.

SB 172 encourages these towns to take action by creating a state-wide property tax based on the amount of affordable housing available within a city or town. Those municipalities that have already achieved the 10% goal will be exempted from any property tax assessment for their residents. The proposal exempts the first \$300,000 of assessed value from this tax. In Connecticut, because we assess at only 70% of the market value of a property, houses under \$430,000 in market value would see no tax whatsoever.

The bill assesses a mill rate scale based on the percentage of affordable housing in that community. Homeowners in towns closing in on the goal of

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10%, those with over 8% affordable housing, would be assessed 0.4 mills on properties. Those towns with 6-8% affordable housing would be assessed 0.8 mills on properties. The assessment goes up to 1.2 mills on properties in towns with 4-6% affordable housing. In towns with 2-4% affordable housing properties would be assessed 1.6 mills. Finally, the assessment on properties in towns with less than 2% affordable housing would be 2 mills. Towns would have the incentive to make progress toward the 10% affordable housing goal by moving to a lower taxed tier as the percentage of affordable housing increases.

How does this tax translate to the taxpayers in these towns? Again, in 30 cities and towns no property owner would pay any state-wide property tax. In the town of Naugatuck, where almost 9% of the properties are affordable according to 8-30g, property owners with a home valued at \$500,000 would be subject to \$20 in tax. It is important to note that according to data provided by the Office of Fiscal Analysis less than 3.1% of all the residential property in Naugatuck would be subject to the tax. Shelton, which has approximately 3.1% affordable housing would see an assessment of \$80 on a home valued at \$500,000. Because of the exemption built into this proposal, only 30% of the homes in Shelton would be subject to this tax. In Bolton, where there is approximately 1.4% affordable housing a home valued at \$500,000 would receive an assessment of \$100. Because of the exemption built into this bill, less than 17% of all homes in Bolton would receive any assessment.

This proposal can be seen as an alternative option to that contained in SB 171 AA Establishing a State-Wide Tax on Real Property, applying to a significantly smaller number of properties yet raising approximately \$40 million more in revenue.

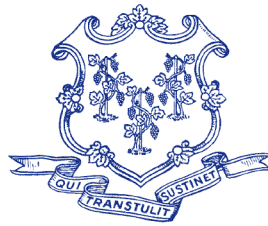
According to a preliminary estimate by OFA, this proposal could produce \$114 million in revenue per year. This money could be used to help build more housing that the State of Connecticut so desperately needs. Build more housing so our businesses can have the employees they need. Build more housing so that Connecticut can grow and prosper.

I thank you for your consideration of this bill. I would like to note that the intention of this bill was for the assessments to apply only to residential properties. I ask that when the committee fully drafts this bill that it be

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limited to residential properties, which is what the fiscal estimates I mentioned are based upon.