



# Senate

General Assembly

**File No. 198**

January Session, 2023

Substitute Senate Bill No. 1084

*Senate, March 23, 2023*

The Committee on Banking reported through SEN. MILLER of the 27th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

***AN ACT CONCERNING THE LOW-INCOME HOUSING TAX CREDIT PROGRAM ADMINISTERED BY THE CONNECTICUT HOUSING FINANCE AUTHORITY.***

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

1 Section 1. (NEW) (*Effective October 1, 2023*) Notwithstanding any  
2 provision of the general statutes, the following requirements shall apply  
3 to the low-income housing tax credit program administered by the  
4 Connecticut Housing Finance Authority:

5 (1) There shall be not less than two resident meetings outlining any  
6 development and relocation, which shall be held prior to approval by  
7 the board of directors of the authority of any development having  
8 existing residents. At the first of such two resident meetings, all  
9 residents shall be provided a copy of the "Connecticut Housing Finance  
10 Authority Tenants' Guide to Section 42 Low-Income Housing Tax  
11 Credit";

12 (2) Proof that resident participation has been completed shall be

13 reviewed by the staff of the authority and submitted to the board of  
14 directors of the authority for development approval;

15 (3) All low-income housing tax credit program relocations shall be  
16 conducted in accordance with the Uniform Relocation Assistance and  
17 Real Property Acquisition Policies Act of 1970, P.L. 91-646, as amended  
18 from time to time;

19 (4) All leases for low-income housing tax credit properties shall  
20 include the following statement: "Under the Section 42 Low-Income  
21 Housing Tax Credit (LIHTC) program, the tenant may not be evicted or  
22 not permitted to renew without good cause, which is generally defined  
23 as material violations of the lease, such as nonpayment of rent, damage  
24 to property, failure to follow property rules, interference with other  
25 tenants, or fraud, and is subject to determination through applicable  
26 legal process.";

27 (5) The chief executive officers of all local municipalities and  
28 legislators of the district shall be notified of all low-income housing tax  
29 credit projects not later than ten days after the approval of any authority  
30 loan;

31 (6) Signage indicating all funding sources shall be posted at the  
32 project construction or rehabilitation site not more than thirty days after  
33 the approval of any authority loan, which signage shall be visible from  
34 the street and not less than thirty-two square feet in surface area;

35 (7) All existing residents of the project shall be eligible for relocation  
36 payments or other relocation assistance in accordance with the Uniform  
37 Relocation Assistance and Real Property Acquisition Policies Act of  
38 1970, P.L. 91-646, as amended from time to time;

39 (8) All developers shall receive approval by the authority for any  
40 development having existing residents;

41 (9) All developers shall work with management agents or persons  
42 acting as agent owners and shall have not less than five years of low-  
43 income housing tax credit program management experience, including

44 specific experience with the requirements imposed by the Uniform  
45 Relocation Assistance and Real Property Acquisition Policies Act of  
46 1970, P.L. 91-646, as amended from time to time; and

47 (10) Any owner, developer or consultant who is not in good standing  
48 with the authority or the Department of Housing shall not be eligible to  
49 receive any new funding from the authority until such owner, developer  
50 or consultant is in good standing with respect to all outstanding projects  
51 involving such owner, developer or consultant.

|   |                 |             |
|---|-----------------|-------------|
| This act shall take effect as follows and shall amend the following sections: |                 |             |
| Section 1   | October 1, 2023 | New section |

**Statement of Legislative Commissioners:**

In Subdiv. (1), "outlining the development" was changed to "outlining any development" for clarity; and in Subdiv. (5), "officer" was changed to "officers" for clarity.

**BA**            *Joint Favorable Subst.*

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*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.*

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## **OFA Fiscal Note**

**State Impact:** None

**Municipal Impact:** None

### **Explanation**

The bill, which makes changes to the federally funded Low Income Housing Tax Credit (LIHTC) Program, is not anticipated to have a fiscal impact.

LIHTC is administered in Connecticut by the Connecticut Housing Finance Authority (CHFA), a quasi-public agency. Among other things, the bill requires that developers under the program have at least five years of specialized experience. This is likely to reduce demand by excluding less experienced developers, but it is not anticipated to reduce the total amount of federal tax credits awarded, given the current demand.

In FY 22, CHFA received 15 applications requesting more than \$21 million in tax credits and awarded \$11.1 million in tax credits for 8 projects.<sup>1</sup>

### **The Out Years**

**State Impact:** None

**Municipal Impact:** None

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<sup>1</sup> CHFA press release, April 28, 2022, *CHFA Awards \$11.1 Million in Federal Tax Credits for Affordable Housing Development.*

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**OLR Bill Analysis****sSB 1084*****AN ACT CONCERNING THE LOW-INCOME HOUSING TAX CREDIT PROGRAM ADMINISTERED BY THE CONNECTICUT HOUSING FINANCE AUTHORITY.*****SUMMARY**

This bill imposes several requirements surrounding the Connecticut Housing Finance Authority's (CHFA) administration of the federal Low-Income Housing Tax Credit (LIHTC) program (see BACKGROUND).

The bill prohibits owners, developers, and consultants from receiving any new funding from CHFA if they are not in good standing with CHFA or the Department of Housing for all outstanding projects they are involved with. The bill also requires that all developers (1) receive CHFA approval for any development with existing residents, (2) work with management agents or people acting as agent owners, and (3) have at least five years of LIHTC management experience that includes specific experience with federal Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 requirements.

The bill requires that all local municipality chief executive officers and district legislators be notified (presumably by CHFA) of all LIHTC projects within 10 days after the approval of any CHFA loan. Signs indicating all funding sources must be (1) posted at the project construction or rehabilitation site within 30 days after the approval of any CHFA loan, (2) visible from the street, and (3) at least 32 square feet in surface area.

Under the bill, before CHFA's board of directors approves a development that has existing residents, at least two resident meetings must be held outlining any development and relocation. At the first meeting, all residents must be given a copy of CHFA's Tenants' Guide to Section 42 Low-Income Housing Tax Credits. Proof that resident

participation has been completed must be reviewed by CHFA staff and submitted to the board for development approval. (It is unclear what constitutes resident participation or who is responsible for preparing the proof.)

The bill further requires that all LIHTC program relocations be conducted under the federal Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970. Also, all existing residents of a program project must be eligible for relocation payments or other relocation assistance under that law.

Finally, the bill requires all leases for LIHTC properties to include the following statement: “Under the Section 42 Low-Income Housing Tax Credit (LIHTC) program, the tenant may not be evicted or not permitted to renew without good cause, which is generally defined as material violations of the lease, such as nonpayment of rent, damage to property, failure to follow property rules, interference with other tenants, or fraud, and is subject to determination through applicable legal process.” (It is unclear if this requirement applies to current leases or just to prospective ones after the bill’s effective date.)

EFFECTIVE DATE: October 1, 2023

## **BACKGROUND**

### ***LIHTC Program***

The LIHTC program is a federal policy tool for developing affordable rental housing. LIHTCs are awarded to eligible developers to offset the cost of constructing rental housing in exchange for agreeing to reserve a specified fraction of rent-restricted units for lower-income households. The program is primarily administered by state housing finance agencies that award the tax credits to developers. In Connecticut, CHFA is the allocating agency.

## **COMMITTEE ACTION**

Banking Committee

Joint Favorable Substitute

Yea 12 Nay 0 (03/07/2023)