



General Assembly  
January Session, 2023

**Raised Bill No. 1192**  
LCO No. 5325

Referred to Committee on PLANNING AND DEVELOPMENT

Introduced by:  
(PD)

**AN ACT CONCERNING WORKFORCE HOUSING OPPORTUNITY  
DEVELOPMENT PROJECTS AND BROWNFIELD DEVELOPMENT  
PROJECTS.**

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

1 Section 1. (NEW) (*Effective October 1, 2023*) (a) As used in this section:

2 (1) "Commissioner" means the Commissioner of Housing.

3 (2) "Eligible workforce housing opportunity development project" or  
4 "project" means a project for the construction or substantial  
5 rehabilitation of rental housing (A) located within an opportunity zone  
6 in this state, (B) designated under subsection (f) of this section for certain  
7 professions that work within the municipality in which the project is  
8 located and for low and moderate-income families and individuals, (C)  
9 that may incorporate renewable energy technology, and (D) that is a  
10 transit-oriented development project, as defined in section 13b-79o of  
11 the general statutes.

12 (3) "Substantial rehabilitation" means either (A) the costs of any  
13 repair, replacement or improvement to a building that exceeds twenty-

14 five per cent of the value of such building after the completion of all  
15 such repairs, replacements or improvements, or (B) the replacement of  
16 two or more of the following: (i) Roof structures, (ii) ceilings, (iii) wall  
17 or floor structures, (iv) foundations, (v) plumbing systems, (vi) heating  
18 and air conditioning systems, or (vii) electrical systems.

19 (4) "Opportunity zone" means any area in a federally designated  
20 opportunity zone.

21 (5) "Eligible developer" or "developer" means (A) a nonprofit  
22 corporation; (B) any business corporation incorporated pursuant to  
23 chapter 601 of the general statutes, (i) having as one of its purposes the  
24 construction, rehabilitation, ownership or operation of housing, and (ii)  
25 either certified under this section or having articles of incorporation  
26 approved by the commissioner in accordance with regulations adopted  
27 pursuant to section 8-79a or 8-84 of the general statutes; (C) any  
28 partnership, limited partnership, limited liability partnership, joint  
29 venture, trust, limited liability company or association, (i) having as one  
30 of its purposes the construction, rehabilitation, ownership or operation  
31 of housing, and (ii) either certified under this section or having basic  
32 documents of organization approved by the commissioner in  
33 accordance with regulations adopted pursuant to section 8-79a or 8-84  
34 of the general statutes; (D) a housing authority; or (E) a municipal  
35 developer.

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

41 (7) "Nonprofit corporation" means a nonprofit corporation  
42 incorporated pursuant to chapter 602 of the general statutes or any  
43 predecessor statutes thereto, that has as one of its purposes the  
44 construction, rehabilitation, ownership or operation of housing and that  
45 has articles of incorporation approved by the Commissioner of Housing

46 in accordance with regulations adopted pursuant to section 8-79a or 8-  
47 84 of the general statutes or that is certified under this section.

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

54 (9) "Low and moderate-income families and individuals" means  
55 families or individuals who lack the amount of income necessary, as  
56 determined by the Commissioner of Housing, to enable such families or  
57 individuals to rent mixed-income housing without financial assistance.

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

61 (b) There is established a workforce housing opportunity  
62 development program to be administered by the Department of  
63 Housing under which individuals or entities who make cash  
64 contributions to an eligible developer for an eligible workforce housing  
65 opportunity development project located in a federally designated  
66 opportunity zone may be allowed a credit against the tax due under  
67 chapter 208 or 229 of the general statutes in an amount equal to the  
68 amount specified by the commissioner under this section. Any eligible  
69 developer of an eligible workforce housing opportunity development  
70 project shall be allowed an exemption from any fees under section 29-  
71 263 of the general statutes, as amended by this act, and any eligible  
72 workforce housing opportunity development project shall be assessed  
73 using the capitalization of net income method under subsection (b) of  
74 section 12-63b of the general statutes, as amended by this act.

75 (c) The Commissioner of Housing shall determine eligibility criteria  
76 for such program and establish an application process for the program.  
77 The Department of Housing shall commence accepting applications for

78 such program not later than January 1, 2024. A developer may apply to  
79 the Department of Housing for certification as a developer qualified to  
80 receive cash investments eligible for a tax credit pursuant to this section  
81 in a manner and form prescribed by the commissioner. To the extent  
82 feasible, any eligible workforce housing opportunity development  
83 project shall incorporate renewable energy or other technology in order  
84 to lower utility costs for the tenants and be a transit-oriented  
85 development project, as defined in section 13b-79o of the general  
86 statutes. The commissioner shall designate two levels of eligible  
87 workforce housing opportunity development project, as follows, based  
88 on the percentage of housing developed for families or individuals of  
89 low and moderate-income in such project:

90 (1) A level one eligible workforce housing opportunity development  
91 project once constructed or substantially rehabilitated shall be rented as  
92 follows: (A) Fifty per cent of the units shall be rented at the market rate,  
93 (B) forty per cent of the units shall be rented to the workforce population  
94 designated under subsection (f) of this section, where such project is  
95 located at a rent not exceeding twenty per cent of the prevailing rent of  
96 the opportunity zone where such development is located, and (C) ten  
97 per cent of the units shall be rented to families or individuals of low and  
98 moderate-income receiving rental assistance under chapter 128 or 319uu  
99 of the general statutes or 42 USC 1437f, as amended from time to time.

100 (2) A level two eligible workforce housing opportunity development  
101 project once constructed or substantially rehabilitated shall be rented as  
102 follows: (A) Forty per cent of the units shall be rented at the market rate,  
103 (B) forty per cent of the units shall be rented to the workforce population  
104 designated under subsection (f) of this section, where such project is  
105 located at a rent not exceeding twenty per cent of the prevailing rent of  
106 the opportunity zone where such development is located, and (C)  
107 twenty per cent of the units shall be rented to families or individuals of  
108 low and moderate-income receiving rental assistance under chapter 128  
109 or 319uu of the general statutes or 42 USC 1437f, as amended from time  
110 to time.

111 (d) Such program shall provide for a method of selecting persons  
112 satisfying such income criteria to rent such units of housing from among  
113 a pool of applicants, which method shall not discriminate on the basis  
114 of race, creed, color, national origin, ancestry, sex, gender identity or  
115 expression, age or physical or intellectual disability.

116 (e) An eligible workforce housing opportunity development project  
117 shall be scheduled for completion not more than three years after the  
118 date of approval by the Department of Housing. Each developer of an  
119 eligible workforce housing opportunity development project shall  
120 submit to the commissioner quarterly progress reports and a final report  
121 upon completion, in a manner and form prescribed by the  
122 commissioner. If an eligible workforce housing opportunity  
123 development project fails to be completed on or before three years from  
124 the date of approval of such project, or at any time the commissioner  
125 determines that a project is unlikely to be completed, the commissioner  
126 may request the Attorney General to reclaim any remaining funds  
127 contributed to such project by individuals or entities under subsection  
128 (b) of this section and, upon receipt of any such remaining funds, the  
129 commissioner shall reallocate such funds to another eligible project.

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

143 (g) For taxable income years commencing on or after January 1, 2025,

144 the Commissioner of Revenue Services shall grant a credit against the  
145 tax imposed under chapter 208 or 229 of the general statutes, other than  
146 the liability imposed by section 12-707 of the general statutes, in an  
147 amount equal to the amount specified by the Commissioner of Housing  
148 in a tax credit voucher issued by the Commissioner of Housing pursuant  
149 to subsection (h) of this section.

150 (h) (1) The Commissioner of Housing shall administer a system of tax  
151 credit vouchers within the resources, requirements and purposes of this  
152 section, for individuals and entities making cash contributions to an  
153 eligible developer for an eligible workforce housing opportunity  
154 development project. The commissioner shall specify the amount of any  
155 tax credit voucher issued pursuant to this section, provided any such  
156 voucher issued based on a contribution to any eligible developer of a  
157 level two eligible workforce housing opportunity development project  
158 shall be of a greater amount than any such voucher issued based on a  
159 contribution to any eligible developer of a level one eligible workforce  
160 housing opportunity development project. Any such voucher may be  
161 used as a credit against the tax to which such individual or entity is  
162 subject under chapter 208 or 229 of the general statutes, other than the  
163 liability imposed by section 12-707 of the general statutes.

164 (2) In no event shall the total amount of all tax credits allowed to all  
165 individuals or entities pursuant to the provisions of this section exceed  
166 ten million dollars in any one fiscal year for level one eligible workforce  
167 housing opportunity development projects or eleven million dollars in  
168 any one fiscal year for level two eligible workforce housing opportunity  
169 development projects.

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

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

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

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

188 Sec. 2. Section 12-63b of the general statutes is repealed and the  
189 following is substituted in lieu thereof (*Effective October 1, 2023, and*  
190 *applicable to assessment years commencing on or after October 1, 2023*):

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

209 for such assistance.

210 (b) In the case of an eligible workforce housing opportunity  
211 development project, as defined in section 1 of this act, or a brownfield  
212 remediation project, as defined in section 32-765, as amended by this act,  
213 the assessor shall use the capitalization of net income method based on  
214 the actual rent received for the property.

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

224 Sec. 3. Section 29-263 of the general statutes is amended by adding  
225 subsection (e) as follows (*Effective October 1, 2023*):

226 (NEW) (e) Notwithstanding any municipal charter, home rule  
227 ordinance or special act, no municipality shall collect any fee for a  
228 building permit application for the construction or substantial  
229 rehabilitation of (1) an eligible workforce housing opportunity  
230 development project, as defined in section 1 of this act, or (2) a  
231 brownfield remediation project, as defined in section 32-765, as  
232 amended by this act.

233 Sec. 4. (NEW) (*Effective October 1, 2023, and applicable to assessment*  
234 *years commencing on or after October 1, 2023*) The legislative body of any  
235 municipality or, in a municipality where the legislative body is a town  
236 meeting, the board of selectmen may, by ordinance, exempt from real  
237 property tax any eligible workforce housing development project, as  
238 defined in section 1 of this act, or a brownfield remediation project, as  
239 defined in section 32-765 of the general statutes, as amended by this act,  
240 to the extent of seventy per cent of its valuation for purposes of



241 assessment in each of the seven full assessment years following the  
242 assessment year in which the construction or substantial rehabilitation,  
243 as defined in section 1 of this act is completed.

244       Sec. 5. (NEW) (*Effective October 1, 2023*) (a) Beginning with the fiscal  
245 year commencing July 1, 2026, the Secretary of the Office of Policy and  
246 Management shall pay a state grant in lieu of taxes to any municipality  
247 that has opted to partially exempt from real property tax an eligible  
248 workforce housing development project or a brownfield remediation  
249 project under section 4 of this act and submitted an application for such  
250 grant. A municipality shall apply for such grant annually on a form and  
251 in a manner prescribed by the secretary. On or before January first,  
252 annually, the secretary shall determine the amount due to such  
253 municipality, in accordance with this section.

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

266       Sec. 6. (NEW) (*Effective October 1, 2023*) The Connecticut Housing  
267 Finance Authority shall develop and administer a program of mortgage  
268 assistance for developers for the construction or substantial  
269 rehabilitation of eligible workforce housing opportunity development  
270 projects, as defined in section 1 of this act. In making mortgage  
271 assistance available under the program, the authority shall utilize any  
272 appropriate housing subsidies.

273 Sec. 7. (*Effective from passage*) The Department of Housing shall,  
274 within available appropriations, conduct a study on methods to (1)  
275 increase housing options for apprentices and other newly hired  
276 employees, and (2) enable such apprentices and other newly hired  
277 employees to reside in the municipalities in which they work. Not later  
278 than January 1, 2024, the Commissioner of Housing shall submit a  
279 report, in accordance with the provisions of section 11-4a of the general  
280 statutes, to the joint standing committee of the General Assembly  
281 having cognizance of matters relating to housing. Such report shall  
282 include recommendations on methods to increase such housing options  
283 and any legislation necessary to implement such recommendations.

284 Sec. 8. Section 32-765 of the general statutes is repealed and the  
285 following is substituted in lieu thereof (*Effective October 1, 2023*):

286 (a) As used in this section, "brownfield remediation project" means  
287 any project to develop any brownfield for the purpose of reducing blight  
288 or for industrial, commercial, residential or mixed-use development,  
289 provided that such use is approved for such brownfield.

290 (b) The [Department] Commissioner of Economic and Community  
291 Development shall establish a targeted brownfield development [loan]  
292 grant program to provide [low-interest loans] funds for the eligible costs  
293 of any brownfield remediation [projects] project to potential brownfield  
294 purchasers and current brownfield owners who [(1)] have no direct or  
295 related liability for the conditions of the brownfield. [, and (2) seek to  
296 develop brownfields for purposes of reducing blight or for industrial,  
297 commercial, residential or mixed use development.]

298 [(b)] (c) Notwithstanding subsection [(a)] (b) of this section, a current  
299 owner of a brownfield on which a manufacturing facility is located shall  
300 be eligible for a [loan] grant under this section, provided neither such  
301 owner nor any partner, member, officer, manager, director, shareholder,  
302 subsidiary or affiliate of such owner (1) is liable under section 22a-427,  
303 22a-432, 22a-433, 22a-451 or 22a-452 with respect to the property; (2) is  
304 otherwise responsible, directly or indirectly, for the discharge, spillage,

305 uncontrolled loss, seepage or filtration of the hazardous substance,  
306 material or waste; (3) is a member, officer, manager, director,  
307 shareholder, subsidiary, successor of, or affiliated with, directly or  
308 indirectly, the person who is otherwise liable under section 22a-427, 22a-  
309 432, 22a-433, 22a-451 or 22a-452 with respect to the property; or (4) has  
310 been found guilty of knowingly or wilfully violating any environmental  
311 law.

312 [(c)] (d) An applicant for a [loan] grant pursuant to this section shall  
313 submit an application to the [Commissioner of Economic and  
314 Community Development] commissioner on forms provided by the  
315 commissioner and with such information the commissioner deems  
316 necessary, including, but not limited to: (1) A description of the  
317 proposed project; (2) an explanation of the expected benefits of the  
318 project in relation to the purposes of this section; (3) information  
319 concerning the financial and technical capacity of the applicant to  
320 undertake the proposed project; (4) a project budget; and (5) a  
321 description of the condition of the brownfield involved, including the  
322 results of any environmental assessment of the brownfield in the  
323 possession of or available to the applicant. The commissioner shall  
324 provide [loans] a grant based upon project merit and viability, the  
325 economic and community development opportunity, municipal  
326 support, contribution to the community's tax base, past experience of  
327 the applicant, compliance history and ability to pay. For applications  
328 received on and after July 1, [2019] 2024, the commissioner shall give  
329 priority to proposed projects located in federally designated  
330 opportunity zones.

331 [(d)] (e) If a [loan] grant recipient is not subject to section 22a-134a,  
332 such recipient shall enter a program for remediation of the property  
333 pursuant to either section 22a-133x, 22a-133y, 32-768 or 32-769, as  
334 determined by the commissioner, except if the [loan] grant funds are  
335 used for the abatement of hazardous building materials and such  
336 recipient demonstrates to the satisfaction of the Commissioners of  
337 Economic and Community Development and Energy and  
338 Environmental Protection that such hazardous building materials

339 represent the sole or sole remaining environmental contamination on  
340 the property.

341 [(e) Loans] (f) Any grant made pursuant to this section shall have  
342 such terms and conditions and be subject to such eligibility and [loan]  
343 approval criteria as determined by the commissioner. [Such loans shall  
344 be for a period not to exceed thirty years.]

345 [(f)] (g) If a [loan] recipient of a loan pursuant to this section prior to  
346 October 1, 2023, sells a property subject to [a] such loan [granted  
347 pursuant to this section] before the loan is repaid, the loan shall be  
348 payable upon closing of such sale, according to [its] the terms of the  
349 loan, unless the commissioner agrees otherwise. The commissioner may  
350 carry the loan forward as an encumbrance to the purchaser of such  
351 property with the same terms and conditions as the original loan.

352 [(g) A loan recipient may be eligible for a loan of not more than four  
353 million dollars per year, subject to agency underwriting and reasonable  
354 and customary requirements to assure performance. If additional funds  
355 are required, the commissioner may recommend that the project be  
356 funded through other programs administered by the commissioner.]

357 (h) The commissioner may modify the terms of any loan made  
358 pursuant to this section prior to October 1, 2023, to provide for  
359 forgiveness of interest, principal, or both, or delay in repayment of  
360 interest, principal, or both, when the commissioner determines such  
361 forgiveness or delay is in the best interest of the state from an economic  
362 or community development perspective.

363 (i) The provisions of sections 32-5a and 32-701 shall not apply to  
364 [loans] any loan provided pursuant to this section prior to October 1,  
365 2023.

366 (j) Notwithstanding any provision of this section, the terms and  
367 conditions of any loan provided by the commissioner to a loan recipient  
368 pursuant to this section prior to October 1, 2023, shall remain in effect  
369 unless modified by the commissioner pursuant to this section.

370       Sec. 9. Subsection (b) of section 22a-133u of the general statutes is  
 371 repealed and the following is substituted in lieu thereof (*Effective October*  
 372 *1, 2023*):

373       (b) The Commissioner of Economic and Community Development  
 374 may use any funds deposited into the Special Contaminated Property  
 375 Remediation and Insurance Fund pursuant to section 3 of public act  
 376 96-250 for (1) loans to municipalities, individuals or firms for Phase II  
 377 environmental site assessments, Phase III investigations of real property  
 378 or for any costs of demolition, including related lead and asbestos  
 379 removal or abatement costs or costs related to the remediation of  
 380 environmental pollution, undertaken to prepare contaminated real  
 381 property for development subsequent to any Phase III investigation, (2)  
 382 expenses related to administration of this subsection provided such  
 383 expenses may not exceed one hundred twenty-five thousand dollars per  
 384 year, (3) funding the remedial action and redevelopment municipal  
 385 grant program established pursuant to section 32-763, and (4) funding  
 386 the targeted brownfield development [loan] grant program developed  
 387 pursuant to section 32-765, as amended by this act.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2023</i>	New section
Sec. 2	<i>October 1, 2023, and applicable to assessment years commencing on or after October 1, 2023</i>	12-63b
Sec. 3	<i>October 1, 2023</i>	29-263(e)
Sec. 4	<i>October 1, 2023, and applicable to assessment years commencing on or after October 1, 2023</i>	New section
Sec. 5	<i>October 1, 2023</i>	New section
Sec. 6	<i>October 1, 2023</i>	New section
Sec. 7	<i>from passage</i>	New section
Sec. 8	<i>October 1, 2023</i>	32-765
Sec. 9	<i>October 1, 2023</i>	22a-133u(b)

***Statement of Purpose:***

To (1) establish the workforce housing opportunity development program in opportunity zones, (2) to provide tax credits and other incentives for such developments, and (3) to provide grants for brownfield development projects.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*