



House of Representatives

General Assembly

File No. 33

February Session, 2024

Substitute House Bill No. 5153

House of Representatives, March 14, 2024

The Committee on Housing reported through REP. FELIPE of the 130th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING ELIGIBILITY FOR WORKFORCE HOUSING DEVELOPMENT PROJECTS.

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

1 Section 1. Subsection (a) of section 8-395 of the 2024 supplement to
2 the general statutes, as amended by section 30 of public act 23-207, is
3 repealed and the following is substituted in lieu thereof (*Effective from*
4 *passage*):

5 (a) As used in this section, (1) "business firm" means (A) any business
6 entity authorized to do business in the state and subject to the
7 corporation business tax imposed under chapter 208, [or] (B) any
8 company subject to a tax imposed under chapter 207, [or] (C) any air
9 carrier subject to the air carriers tax imposed under chapter 209, [or] (D)
10 any railroad company subject to the railroad companies tax imposed
11 under chapter 210, [or] (E) any regulated telecommunications service,
12 express, cable or community antenna television company subject to the
13 regulated telecommunications service, express, cable and community
14 antenna television companies tax imposed under chapter 211, or (F) any

15 utility company subject to the utility companies tax imposed under
 16 chapter 212, (2) "nonprofit corporation" means a nonprofit corporation
 17 incorporated pursuant to chapter 602 or any predecessor statutes
 18 thereto, having as one of its purposes the construction, rehabilitation,
 19 ownership or operation of housing and having articles of incorporation
 20 approved by the executive director of the Connecticut Housing Finance
 21 Authority in accordance with regulations adopted pursuant to section
 22 8-79a or 8-84, (3) "workforce housing development project" or "project"
 23 means the construction or substantial rehabilitation of dwelling units for
 24 rental housing where (A) ten per cent of the units are affordable
 25 housing, (B) [forty] fifty per cent of the units are rented to the workforce
 26 population designated by the developer, in consultation with the
 27 municipality where such project is located, and (C) [fifty] forty per cent
 28 of the units are rented at a market rate and includes, but is not limited
 29 to, an eligible workforce housing opportunity development project, as
 30 defined in section 8-395a, (4) "affordable housing" means rental housing
 31 for which persons and families pay thirty per cent or less of their annual
 32 income, where such income is less than or equal to the area median
 33 income for the municipality in which such housing is located, as
 34 determined by the United States Department of Housing and Urban
 35 Development, (5) "substantial rehabilitation" means either (A) the costs
 36 of any repair, replacement or improvement to a building that exceeds
 37 twenty-five per cent of the value of such building after the completion
 38 of all such repairs, replacements or improvements, or (B) the
 39 replacement of two or more of the following: (i) Roof structures, (ii)
 40 ceilings, (iii) wall or floor structures, (iv) foundations, (v) plumbing
 41 systems, (vi) heating and air conditioning systems, or (vii) electrical
 42 systems, and (6) "market rate" means the rental income that such unit
 43 would most probably command on the open market as indicated by
 44 present rentals being paid for comparable space in the area where the
 45 unit is located.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	8-395(a)

Statement of Legislative Commissioners:

In Subsec. (a)(1), references to "or" were bracketed and Subpara. designators were added for consistency with standard drafting conventions.

HSG *Joint Favorable Subst. -LCO*

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.

OFA Fiscal Note

State Impact: None

Municipal Impact: None

Explanation

The bill makes a technical change to the state's Housing Tax Credit Contribution (HTCC) Program, which is not anticipated to have a fiscal impact.

The HTCC program currently reaches the existing and unchanged \$10 million aggregate cap on an annual basis. Under the bill and current law, workforce housing development projects continue to be one type, among others, of housing projects that are eligible to receive cash contributions under the HTCC program.

The Out Years

State Impact: None

Municipal Impact: None

OLR Bill Analysis**sHB 5153*****AN ACT CONCERNING ELIGIBILITY FOR WORKFORCE HOUSING DEVELOPMENT PROJECTS.*****SUMMARY**

PA 23-207, § 30, expressly makes investments in “workforce housing development projects” eligible for tax credits under the Connecticut Housing Finance Authority’s (CHFA) Housing Tax Credit Contribution (HTCC) program, effective June 1, 2024. This bill modifies the set-aside requirements for these projects. Specifically, the bill:

1. increases, from 40% to 50%, the share of units that must be rented to a designated workforce population (e.g., teachers and police officers) and
2. decreases, from 50% to 40%, the share of units that must be rented at market rate.

As under existing law, the remaining 10% of units must be affordable housing.

Under the HTCC program, CHFA administers tax credit vouchers for businesses that make cash contributions of at least \$250 to nonprofits that develop, sponsor, or manage housing programs benefitting low- and moderate-income households (e.g., affordable housing developments). The credits apply against various business taxes.

The bill generally aligns the HTCC program’s workforce population and market rate set-aside requirements for workforce housing development projects with those for a similar type of development project under a Department of Housing (DOH) tax credit program (see BACKGROUND).

The bill also makes technical changes.

EFFECTIVE DATE: Upon passage

BACKGROUND

Workforce Housing Developments

Among other things, PA 23-207 established a new DOH-administered tax credit for individuals or entities making cash contributions to eligible developers building or rehabilitating “workforce housing opportunity development projects” in federally designated opportunity zones. Under existing law, completed workforce housing opportunity development projects must generally be rented as follows: (1) 40% of the units at market rate, (2) 50% of the units to members of a designated workforce population meeting certain income requirements, and (3) 10% of the units to very low-income households.

COMMITTEE ACTION

Housing Committee

Joint Favorable

Yea 15 Nay 0 (02/29/2024)