



# House of Representatives

## File No. 618

General Assembly

February Session, 2024

**(Reprint of File No. 33)**

Substitute House Bill No. 5153  
As Amended by House Amendment  
Schedule "A"

Approved by the Legislative Commissioner  
April 29, 2024

### **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3 repealed and the following is substituted in lieu thereof (*Effective June 1,*  
4 *2024*):

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, as amended by this act, (4) "affordable  
31 housing" means rental housing for which persons and families pay  
32 thirty per cent or less of their annual income, where such income is less  
33 than or equal to the area median income for the municipality in which  
34 such housing is located, as determined by the United States Department  
35 of Housing and Urban Development, (5) "substantial rehabilitation"  
36 means either (A) the costs of any repair, replacement or improvement to  
37 a building that exceeds twenty-five per cent of the value of such  
38 building after the completion of all such repairs, replacements or  
39 improvements, or (B) the replacement of two or more of the following:  
40 (i) Roof structures, (ii) ceilings, (iii) wall or floor structures, (iv)  
41 foundations, (v) plumbing systems, (vi) heating and air conditioning  
42 systems, or (vii) electrical systems, and (6) "market rate" means the  
43 rental income that such unit would most probably command on the  
44 open market as indicated by present rentals being paid for comparable  
45 space in the area where the unit is located.

46 Sec. 2. Subsection (e) of section 8-395a of the 2024 supplement to the  
47 general statutes is repealed and the following is substituted in lieu

48 thereof (*Effective June 1, 2024*):

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

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>June 1, 2024</i>	8-395(a)
Sec. 2	<i>June 1, 2024</i>	8-395a(e)

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 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.

House "A" makes technical and conforming changes related to the Department of Housing's Workforce Housing Opportunity Development Projects program, which have no fiscal impact.

### **The Out Years**

**State Impact:** None

**Municipal Impact:** None

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**OLR Bill Analysis****sHB 5153 (as amended by House "A")\******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.

\*House Amendment "A" changes the bill's effective date to June 1, 2024, rather than upon passage, and makes an additional technical change (§ 2).

EFFECTIVE DATE: June 1, 2024

**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)