
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)