

# Planning and Development Committee

## JOINT FAVORABLE REPORT

**Bill No.:** HB-5167

AN ACT CONCERNING PROPERTY TAX ABATEMENT FOR CERTAIN FIRST-

**Title:** TIME HOMEBUYERS.

**Vote Date:** 3/1/2024

**Vote Action:** Joint Favorable

**PH Date:** 2/21/2024

**File No.:**

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### SPONSORS OF BILL:

Planning and Development Committee

### REASONS FOR BILL:

The bill would authorize municipalities to abate up to five hundred dollars per assessment year of property taxes for certain first-time homebuyers who obtain a loan from the Connecticut Housing Finance Authority. As housing prices increase, first-time homebuyers struggle to enter the real estate market. By providing a tax abatement the barriers to purchasing a home will be eased for first-time homebuyers.

### RESPONSE FROM ADMINISTRATION/AGENCY:

None Expressed.

### NATURE AND SOURCES OF SUPPORT:

[Deputy Speaker, CT General Assembly, Alphonse Paolillo Jr.](#) supports passing a tax exemption for police officers and firefighters to present an incentive to settle and afford the communities in which they serve.

[Public Policy Associate, CBIA, Pete Myers](#) CBIA supports the legislation because it would help create more affordable housing options for workers in the state. The legislation would also serve "as a tool for businesses to recruit and retain workers by helping to make homeownership more affordable."

[CEO, HBRA of CT, Jim Perras](#) supports the bill as it would promote "responsible homeownership but also addresses the pressing need for increased housing development."

Tax abatements would encourage first-time homebuyers to enter the real estate market "stimulating economic growth and revitalizing local communities."

[Adonis Diaz](#) supports the bill as it would support first-time homeowners finding suitable houses in a market where housing prices have skyrocketed.

#### **NATURE AND SOURCES OF OPPOSITION:**

[Executive Director, COST, Betsy Gara](#) opposes the bill as a local tax abatement may "shift a greater burden to other homeowners and property owners." Gara states that there other bills this session that impact property tax exemptions which "would further erode the municipal property tax base, undermining efforts to fund the delivery of critical services, including education, transportation, and public health and safety." Other costs will also impact first-time homebuyers outside of the property tax of their local municipality. Cost supports efforts to encourage homeownership through homebuyers purchasing homes with first-time homebuyer savings accounts.

[Advocacy Manager, CCM, Zachary McKeown](#) opposes the bill due to its opposition to " de facto" mandates on towns and cities. CCM believes these mandates provide relief to a select few at the expense of local taxpayers. They suggest a better path forward would be to "have an income tax credit of \$500 for first time home buyers for five years rather than enacting another property tax exemption."

[Executive Director, WestCOG, Francis Pickering](#) suggests reducing closing costs is a "more effective way of lowering barriers to purchase than providing a tax refund a year later" as closing costs averaged around \$8,821 in Connecticut for 2021. Additionally, expanding applicability to condominiums would ensure that benefits are available statewide. WestCOG suggests that the tax abatement should also apply to homes that carry a USDA mortgage.

**Reported by: Mario Volpe**

**Date: 03/11/2024**