CITY OF HARTFORD

TAX ABATEMENT PROGRAM

For rental housing occupied by Low/Moderate-Income persons and/or households (Municipal Code of Ordinance 32-12)

Frequently Asked Questions and Answers

What is a Tax Abatement?

In accordance with Section 32-12 of the Hartford Municipal Code, the City of Hartford is authorized to enter into contracts for the abatement of real property taxes for residential properties when such housing is to be occupied solely by low/moderate-income households.

In short, a tax abatement is a reduction in real estate taxes for property owners of low to moderate income housing.

What is the purpose of a Tax Abatement?

Abated taxes must be used for one or more of the following purposes:

- To reduce rents below the levels that would otherwise have been in place in the absence of such tax abatement.
- To improve the quality and design of the housing.
- To effect occupancy of such housing by persons/families of varying low / moderate income levels.
- To provide necessary related facilities/services in such housing.

Who is eligible to apply?

- Any existing Hartford property owner, nonprofit or for profit developer (with site control), who intends to newly develop/rehabilitate rental property
- Property owners who can demonstrate by deed or mortgage instrument that units have rent and income restrictions that serve for low to moderate income households
- Owners must be willing to make a minimum investment of $3,000.00/unit for one (1) bedroom or smaller and $6,000.00/unit for two (2) bedroom unit or larger within a prescribed period of time in cases where renovations are proposed by property owners.

What is a Tax Abatement Agreement?

A tax abatement agreement is a contractual agreement between the City of Hartford and the owner of a rental property that states the terms and conditions which allows for the downward adjustment of payable taxes on an annual basis at a rate less than the fully assessed tax amount.

If granted a Tax Abatement how much can I expect my taxes to be reduced?

Standard policy requires the property owner to pay 60% of the assessed tax, resulting in a 40% abatement. Example: If the assessed tax is $50,000.00, under the tax abatement agreement the property owner would be responsible for paying $30,000.00 and $20,000.00 would be abated (forgiven).
When does a Tax Abatement Agreement expire?
Currently, standard policy dictates that tax abatement agreements not exceed a term of ten (10) years. At the City’s discretion, and only for extenuating circumstances would a longer term be considered.

When the tax abatement agreement expires can it be renewed?
Yes, the tax abatement agreement can be renewed. However, the property owner would be required to re-apply. In addition, the property owner must pay full property tax for one (1) calendar year until the new tax abatement agreement is approved and/or is in effect.

Can a tax abatement agreement be cancelled or terminated?
The owner may elect to cancel the agreement at any time with written notice to the City. The City of Hartford may terminate the agreement at any time if the owner is deemed to be in violation of the agreement and has failed to correct said violation(s) within a prescribed timeframe acceptable to the City. In each case, and when appropriate, the City reserves the right to seek re-payment of all abated taxes.

If the property is sold, can the agreement be transferred to the buyer?
All tax abatement agreements are non-transferable and non-assignable without written consent of the Mayor of the City of Hartford.

What happens if the property is sold or refinance during the term of the abatement agreement?
If the property is sold or refinanced while the tax abatement agreement is in effect, the contracted owner is required to pay the City of Hartford 10% of the net proceeds as defined in the agreement but not to exceed the total amount of the abated taxes.

If the property enjoys a HUD rental assistance contract (For example, Section 8), does the property qualify for a tax abatement?
Not necessarily. In order to qualify for a tax abatement under section 32-12 of the Hartford Municipal Code of Ordinances, the rental property must be income and/or rent restricted by a deed or mortgage instrument.

How can I learn more about the City of Hartford’s Tax Abatement Program?
For additional information – Contact Tonja D. Nelson, Program Supervisor with the Division of Housing at 860-757-9032 or by email at Nelst002@hartford.gov.