

City of Hartford
Tax Abatement Program
For Rental Housing Occupied by Low/Moderate-Income Households
Policy & Procedure Overview

1. **Enabling Legislation:** In accordance with Section 8-215 of the Connecticut General Statutes (CGS) and 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 persons or families as defined in Section 8-202 of the Connecticut General Statutes "Housing solely for low or moderate-income persons or families" means housing, the construction or rehabilitation of which is aided or assisted in any way by any federal or state statute, which housing is subject to regulation or supervision of rents, charges or sale prices and methods of operation by a governmental agency under a regulatory agreement or other instrument which restricts occupancy of such housing to persons or families whose incomes do not exceed prescribed limits.

2. **Definition:** A tax abatement agreement is a contractual agreement between the City of Hartford and the owner of a rental property that fixes taxes on an annual basis at a rate less than the full tax amount. Generally, the term of the abatement is ten (10) years.

3. **Eligibility:** Any property owner, nonprofit developer, or for-profit developer who intends to newly develop/rehabilitate their rental property can apply for tax abatement. Persons, organizations or developers who do not presently own the property, but can demonstrate site control can apply for tax abatement – but cannot enter into such an agreement until such time as they have taken title to the property.

4. **Utilization of Abated Tax Amount:** Abatements shall be used for one or more of the following purposes:
 - A. To reduce rents below the levels that would otherwise have been in place in the absence of such tax abatement.

 - B. To improve the quality and design of the housing.

 - C. To effect occupancy of such housing by persons/families of varying low/moderate income levels.

 - D. To provide necessary related facilities/services in such housing.

The abatement amount shall be used for any one or more of the purposes stated above. Abatements will be terminated at any time when such housing is not occupied by low/moderate-income households or ceases to fulfill the purpose(s) described above.

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5. Application Process:

A. The owner submits a proposal requesting tax abatement to the Director of Housing. The following information must be included in the proposal package:

- A completed and signed application which will require the applicant to include the address(es) of the property(ies) for which the tax abatement is requested
- Proof of ownership or demonstration of site control
- A detailed description of the property, including its condition & occupancy status
- Name of federal or state low/mod-income subsidy program supporting the rehabilitation or construction of housing units
- Term of deed restriction requiring low/mod-income housing (provide a copy of recorded regulatory agreement), if any
- Explanation of the basis/rationale for the tax abatement
- Rehabilitation/development plan
- Rehabilitation/development financing plan (sources & uses)
- Operating budget (income and expense projection)
- Proposed rent structure for all units after rehabilitation/new construction
- Operating Pro-Forma for the term of the proposed abatement
- The annual dollar amount of tax abatement requested

Note: For new construction or substantial rehabilitation projects the applicant must demonstrate that they have informed the appropriate neighborhood organization that they are requesting a tax abatement. Written feedback from the neighborhood organization must be included in the proposal.

B. Division of Housing staff will review the request for tax abatement to determine if the property is eligible and the abatement is in fact warranted. When applicable, staff will consult with the City Assessor to determine the assessed tax per unit. Staff's proposal analysis and recommendation is presented to the Division of Housing Director for review and approval.

C. If the Division of Housing Director determines that the application is complete, a recommendation is prepared and submitted to the Director of Development Services. Contingent upon his review and approval, it is then presented to the Committee on Abatement of Taxes and Assessments. The Committee, consists of the City Treasurer, Finance Director, and Corporation Counsel or their representatives.

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6. Tax Abatement Approval:

- A. If the Committee approves the application, the Division of Housing Director will draft and forward a resolution approving the abatement of taxes for inclusion on the City Council agenda. Both the Committee and the City Council must approve the application.
- B. The Court of Common Council has the authority to approve or reject the requested tax abatement. Usually, the City Council refers requests for tax abatement to its Operations, Management, Budget & Government Accountability Committee (OMBGA) for review.
- C. If the OMBGA committee concurs with the Mayor's recommendation, it will forward its recommendation for adoption of the resolution back to the Court of Common Council for its adoption.
- D. The City Council adopts a resolution which authorizes the Committee on abatement of taxes and assessments to prepare and execute a tax abatement agreement.
- E. The drafting of the actual tax abatement agreement is performed by the Corporation Counsel's Office. Once the abatement agreement is prepared, and signed by the property owner, the Mayor will execute the abatement agreement. The original executed agreement is stored in the Tax Collector's Tax Abatement files. A copy of the executed agreement is forwarded to the Division of Housing for implementation and monitoring purposes.

Notes: The processing timeline is approximately 90-120 days from the day the Division of Housing receives a complete application requesting tax abatement to the day a tax abatement agreement is executed.

From a procedural perspective, requests for term extensions to existing Tax Abatement Agreements will be treated like new tax abatement requests.

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7. Tax Abatement Implementation:

- A. The City will render bills for the taxes as they become due in accordance with the City's normal billing practices. The bills issued will include the reduction of the taxes in accordance with the tax abatement agreement.
- B. Each year of the abatement agreement, the property owner is responsible for submitting to the Division of Housing certified financial statements for the property(ies) receiving the abatement(s) - demonstrating what the abated dollars are being utilized for. Property owners must submit copies of Temporary Certificate of Occupancy(s) or Certificate of Occupancy(s) in addition to certified financial statements in support of the **first** year of the tax abatement term.
- C. Upon receipt of certified financial statements, the Division of Housing staff will review the statements and request the "total tax due" amount for the required reporting year from Tax Collector's Office. Once this information is received, the Division of Housing will complete the Tax Abatement Agreement Project Monitoring statement. The monitoring statement will indicate the total taxes due, the portion that the City will abate and the total taxes due after abatement.
- D. Once the Tax Abatement Agreement Project Monitoring statement is completed, the statement is then forwarded to the Tax Collector's Office for review.
- E. Upon review, the Tax Collector's Office will issue a letter to the owner. This communication will reflect the "final tax due" amount after abatement. A copy of the letter will be forwarded to the Division of Housing.
- F. The Tax Collector's Office will adjust the MUNIS system to reflect the abated amount and the tax amount due.