

NEW HAVEN CITY PLAN COMMISSION ADVISORY REPORT

RE: ORDINANCE AMENDMENT, to the New Haven Code of Ordinances providing abatement of real estate property taxes for Mutual Housing Association of SCCT, Inc. dba as Neighborworks New Horizons and authorizing the Mayor to enter into a tax abatement agreement in accordance with Sections 8-215 of the Connecticut General Statutes and Section 8-24 of the City of New Haven Code of General Ordinances. New Haven (Executive Director of NeighborWorks New Horizons).

REPORT: 1453-07

ADVICE: Leave to withdraw, insufficient information submitted. No policy rationale for granting an abatement has been given. No specific property addresses have been submitted. No time period for the abatement has been specified. No schedule of PILOT payments has been suggested. No draft abatement agreement has been submitted.

BACKGROUND

Mutual Housing Association of SCCT, Inc. dba as Neighborworks New Horizons has submitted a proposed Order to the Board of Aldermen. There is no further explanation and no details given... No property addresses are given, no abatement period proposed, no PILOT payments are proposed. It appears that the organization is asking for a general abatement of all taxes for all their properties in New Haven.

PLANNING CONSIDERATIONS

Tax abatement is a tool used by governments to attract investment, to financially assist desired development or to help create jobs by reducing business costs. Real estate tax abatements are empowered by State statutes and local ordinances, and can be partial or complete, covering real estate and/or personal property. Some state statutes enabling abatements provide for reimbursement to the City by the State of revenues that are abated (or "lost"), others do not.

Tax abatements for housing are generally given to incentivize certain types of housing, in order to reduce the housing cost to the resident, making them more affordable to lower income household or individuals. New Haven has given tax abatements or exemptions to the Housing Authority of New Haven (HANH) as they provide what is often called "housing of last resort", that is the least expensive rental housing in the City. Over the last five years, even in HANH projects, the City has encouraged mixed-income developments and generally looks to support these types of projects (William T., Rowe and West Rock are the latest examples). The rationale for not developing 100% low-income projects is to encourage of mix of income in developments and within neighborhoods but also to best position the project itself for its long term operations.

New Haven has a very high proportion of assisted housing, 27.5 %, compared with other Connecticut cities, and compared with the region and with the state as a whole, which has under 11% assisted units. (2009 Affordable Housing Appeals List). The City must balance the housing needs of its citizens, and the services it provides; with the need to have a less skewed housing stock.

It would seem prudent, given the City's strained revenue, that any abatement request be thoroughly reviewed by departments having the relevant knowledge to make recommendations so that the abatement granted is the minimum necessary (in total amount and period of time) to make the project fundable and viable over the long term. In this case LCI should review the rehabilitation costs, the recapitalization and the operating pro formas, and establish a PILOT.

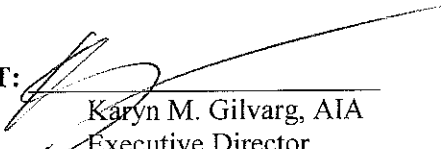
The assessor should review the request to confirm the tax exempt status of the remaining two units.

The Commission recommends that Board of Alderman ask the Economic Development Administration to develop policy and procedures guidelines for reviewing tax abatement requests, including asking LCI to review the construction and rehabilitation budgets, financing, and the operational development financials of each property for which an abatement is requested to determine the least amount of abatement necessary to make the project financially aid in the long term operating viability of the project . The Commission recommends that the Board of Aldermen wait until these reports are received before acting on any abatement request.

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ADOPTED: June 15, 2011
Roy Smith, Jr.
Vice Chair

ATTEST: 
Karyn M. Gilvarg, AIA
Executive Director