

## NEW HAVEN CITY PLAN COMMISSION ADVISORY REPORT

**RE: ORDINANCE AMENDMENT**, to provide an Abatement of Real Estate Taxes for the properties known as **50-52 HOWE STREET, 1252 CHAPEL STREET AND 139 DWIGHT STREET**; Authorization for the Mayor to enter into a tax abatement agreement with the owner of the properties pursuant to Connecticut General Statutes Section 8-215 (Central Connecticut Coast Young men's Christian Association., Inc.) :

**REPORT:** 1453-08

**ADVICE: No Advice on this matter at this time. Establish policy guidelines and review procedures for tax abatements.** The Commission recommends that Board of Aldermen ask LCI to review the rehabilitation and operation development financials of the housing portion of the condominium to determine the least amount of abatement necessary to make the project financially viable; that the Assessor review the tax status of the two other units, to confirm or refute their exempt status; and that Corporation Counsel review for compliance with Code and Statute. **The Commission recommends that the Board of Aldermen wait until these reports are received before acting on the abatement request.**

### BACKGROUND

The properties a at 50-52 Howe Street, 1252 Chapel Street and 139 Dwight Street are known as The West Village Apartments and provide 148 housing and supportive housing units; defined as separate condominium units there are also a second unit which houses CCCYMCA athletic facilities, and a third which houses the CCCYMCA offices.. The cover letter submitted with this request states that Howe Street Limited Partnership entered into a seventeen (17) year tax abatement agreement with the City of New Haven on January 7,1993, though the Grand List of October 1, 2010 (the present Grand List on which current tax bills are based). Central Connecticut Coast Young Men's Christian Association, which is a member of the Howe Street Limited Partnership, is now requesting a new abatement to commence with the next Grand List (October 1, 2011). This would effectively extend the current abatement for the property for an additional seven teen years (17) for the housing condominium. The applicants also state that they wish to confirm that the second and third units owned by CCCYMCA will be declared tax exempt by the Assessor.

### 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 statues 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 as they provide what is often called “housing of last resort”, that is the least expensive rental housing in the City.

Abatements have been given over the years to elderly housing projects because it has been assumed that many of the residents have fixed incomes, or rely solely on government assistance, and the abatement will help the property owner keep rents at an affordable level.

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 to make the project fundable and viable. 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. Corporation Counsel should review for compliance with ordinance and statute, stated deadlines, and the PILOT.

**ADVICE**

The Commission recommends that Board of Alderman ask LCI to review the rehabilitation and operation development financials of the housing portion of the condominium to determine the least amount of abatement necessary to make the project financially viable; and that the Assessor review the tax status of the two other units, to confirm or refute their exempt status. The Commission recommends that the Board of Aldermen wait until these reports are received before acting on the abatement request.

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

**ATTEST:**   
Karyn M. Gilvarg, AIA  
Executive Director