



General Assembly

***Amendment***

***January Session, 2025***

**LCO No. 9796**



Offered by:  
SEN. SAMPSON, 16<sup>th</sup> Dist.

To: House Bill No. 5002

File No. 973

Cal. No. 550

***"AN ACT CONCERNING HOUSING AND THE NEEDS OF HOMELESS PERSONS."***

1 Strike everything after the enacting clause and substitute the  
2 following in lieu thereof:

3 "Section 1. (NEW) (*Effective July 1, 2025, and applicable to taxable years*  
4 *commencing on and after July 1, 2025*) (a) As used in this section:

5 (1) "Affordable housing" has the same meaning as provided in section  
6 8-39a of the general statutes;

7 (2) "Commercial building" means a structure primarily designed or  
8 used for nonresidential purposes, including, but not limited to, hotels,  
9 retail space, office space or an industrial building;

10 (3) "Commissioner" means the Commissioner of Housing;

11 (4) "Conversion plan" means any construction plan and specifications  
12 for the proposed conversion of a commercial building into a residential  
13 development that contains sufficient detail to enable the commissioner

14 to evaluate compliance with the standards developed pursuant to  
15 subsections (c) and (k) of this section;

16 (5) "Dwelling unit" has the same meaning as provided in section 47a-  
17 1 of the general statutes;

18 (6) "Industrial building" means a structure that is used primarily for  
19 industrial activity and that is generally not open to the public, including  
20 but not limited to, warehouses, factories and storage facilities;

21 (7) "Nonprofit corporation" means a nonprofit corporation  
22 incorporated pursuant to chapter 602 of the general statutes or any  
23 predecessor statutes thereto, and having as one of its purposes the  
24 construction, conversion, ownership or operation of housing;

25 (8) "Owner" means (A) any taxpayer filing a state of Connecticut tax  
26 return who possesses title to a commercial building, or prospective title  
27 in the form of a purchase agreement or option to purchase a commercial  
28 building to be converted into a residential development, or (B) a  
29 nonprofit corporation that possesses such title or prospective title;

30 (9) "Qualified conversion expenditures" means any costs incurred for  
31 the physical construction involved in the conversion of a commercial  
32 building into a residential development. "Qualified conversion  
33 expenditures" does not include: (A) The owner's personal labor, (B) the  
34 cost of site improvements, unless to provide building access to persons  
35 with disabilities, (C) the cost of a new addition, except as may be  
36 required to comply with any provision of the State Building Code, State  
37 Fire Prevention Code or the State Fire Safety Code, (D) any cost  
38 associated with the conversion of an outbuilding, unless such building  
39 contains one or more dwelling units, and (E) any nonconstruction cost  
40 such as architectural fees, legal fees and financing fees; and

41 (10) "Residential development" means a structure that contains one  
42 or more dwelling units.

43 (b) Not later than January 1, 2026, the Commissioner of Housing shall

44 establish a program to administer a system of tax credit vouchers within  
45 the resources, requirements and purposes of this section for owners  
46 converting commercial buildings into residential developments or  
47 taxpayers making contributions that are qualified conversion  
48 expenditures. Any owner eligible to apply for a tax credit voucher  
49 pursuant to this section shall be eligible for such voucher in an amount  
50 equal to ten per cent of the total qualified conversion expenditure.

51 (c) Not later than January 1, 2026, the commissioner shall develop  
52 standards for the approval of tax credit vouchers for the conversion of  
53 commercial buildings into residential developments for which a tax  
54 credit voucher is sought. Any such standards shall require that not less  
55 than ten per cent of the dwelling units created in any such conversion  
56 be affordable housing. The commissioner shall post such regulations on  
57 the Department of Housing's Internet web site.

58 (d) Prior to beginning any conversion work on a commercial building  
59 for which an owner will seek a tax credit voucher pursuant to this  
60 section, such owner shall submit to the commissioner (1) a conversion  
61 plan for a determination of whether such plan meets any standards  
62 developed pursuant to subsections (c) and (k) of this section, (2) an  
63 estimate of the qualified conversion expenditures made, and (3) any  
64 other information prescribed by the commissioner. Not later than sixty  
65 days after receipt of such plan, estimate and other information, the  
66 commissioner shall determine whether such plan conforms to the  
67 standards developed pursuant to subsections (c) and (k) of this section.

68 (e) If the commissioner certifies that the conversion plan conforms to  
69 the standards developed pursuant to subsections (c) and (k) of this  
70 section, the commissioner shall reserve for the benefit of the owner an  
71 allocation for a tax credit equivalent to ten per cent of the projected  
72 qualified conversion expenditures.

73 (f) Following the completion of the conversion of a commercial  
74 building into a residential development, the owner shall notify the  
75 commissioner that such conversion has been completed. The owner

76 shall provide the commissioner with documentation of any work  
77 performed on the commercial building and shall certify the cost  
78 incurred in converting such building into a residential development.  
79 The commissioner shall review such conversion work and verify its  
80 compliance with the conversion plan. Following such verification, the  
81 commissioner shall issue a tax credit voucher to either the owner  
82 converting the commercial building or to the taxpayer named by the  
83 owner as contributing to the conversion. The tax credit voucher shall be  
84 in an amount equivalent to the lesser of (1) the tax credit reserved upon  
85 certification of the conversion plan pursuant to subsection (e) of this  
86 section, or (2) ten per cent of the actual qualified conversion  
87 expenditures. In order to obtain a credit against any state tax due that is  
88 specified in subsection (h) of this section, the holder of the tax credit  
89 voucher shall file the voucher with the holder's state tax return.

90 (g) The owner of a commercial building converted into a residential  
91 development shall not be eligible for a tax credit voucher pursuant to  
92 subsections (f) and (h) of this section, unless the owner incurs qualified  
93 conversion expenditures exceeding fifteen thousand dollars.

94 (h) (1) The Commissioner of Revenue Services shall grant a credit  
95 against the tax imposed pursuant to chapter 208a or 229 of the general  
96 statutes, as applicable, in accordance with the following:

97 (A) (i) For a taxpayer described in subparagraph (A) of subdivision  
98 (8) of subsection (a) of this section holding a tax credit voucher issued  
99 on or after January 1, 2026, pursuant to subsections (b) to (g), inclusive,  
100 of this section, against the tax imposed pursuant to chapter 229 of the  
101 general statutes in the amount specified in the tax credit voucher.

102 (ii) If the amount of the tax credit voucher exceeds the taxpayer's  
103 liability for the tax imposed pursuant to chapter 229 of the general  
104 statutes, the Commissioner of Revenue Services shall treat such excess  
105 as an overpayment and, except as provided in section 12-739 or 12-742  
106 of the general statutes, shall refund the amount of such excess, without  
107 interest, to the taxpayer; and

108 (B) (i) For an owner that is a nonprofit corporation holding a tax credit  
109 voucher issued on or after January 1, 2026, under subsections (b) to (g),  
110 inclusive, of this section, against the tax due pursuant to chapter 208a of  
111 the general statutes in the amount specified in the tax credit voucher.

112 (ii) Any unused portion of such credit pursuant to this subparagraph  
113 may be carried forward to any or all of the four income years following  
114 the year in which the tax credit voucher is issued.

115 (2) The Commissioner of Housing shall provide a copy of the voucher  
116 to the Commissioner of Revenue Services upon the request of the  
117 Commissioner of Revenue Services.

118 (i) A credit issued pursuant to this section shall not exceed thirty  
119 thousand dollars per dwelling unit for a commercial building converted  
120 into a residential development for an owner that is not a nonprofit  
121 corporation or not exceed fifty thousand dollars per such dwelling unit  
122 for an owner that is a nonprofit corporation.

123 (j) The aggregate amount of all tax credits that may be reserved by  
124 the Commissioner of Housing upon certification of conversion plans  
125 pursuant to subsections (b) to (d), inclusive, of this section shall not  
126 exceed three million dollars in any one fiscal year.

127 (k) The Commissioner of Housing may, in consultation with the  
128 Commissioner of Revenue Services, adopt regulations in accordance  
129 with the provisions of chapter 54 of the general statutes to carry out the  
130 purposes of this section.

131 Sec. 2. Subdivision (6) of subsection (l) of section 8-30g of the general  
132 statutes is repealed and the following is substituted in lieu thereof  
133 (*Effective October 1, 2025*):

134 (6) For the purposes of this subsection, housing unit-equivalent  
135 points shall be determined by the commissioner as follows: (A) No  
136 points shall be awarded for a unit unless its occupancy is restricted to  
137 persons and families whose income is equal to or less than eighty per

138 cent of the median income, except that (i) unrestricted units in a set-  
139 aside development shall be awarded one-quarter point each; and (ii)  
140 dwelling units in middle housing developed as of right pursuant to  
141 section 8-2s shall be awarded one-quarter point each. (B) Family units  
142 restricted to persons and families whose income is equal to or less than  
143 eighty per cent of the median income shall be awarded one point if an  
144 ownership unit and one and one-half points if a rental unit. (C) Family  
145 units restricted to persons and families whose income is equal to or less  
146 than sixty per cent of the median income shall be awarded one and one-  
147 half points if an ownership unit and two points if a rental unit. (D)  
148 Family units restricted to persons and families whose income is equal to  
149 or less than forty per cent of the median income shall be awarded two  
150 points if an ownership unit and two and one-half points if a rental unit.  
151 (E) Elderly units restricted to persons and families whose income is  
152 equal to or less than eighty per cent of the median income shall be  
153 awarded one-half point. (F) A set-aside development containing family  
154 units which are rental units shall be awarded additional points equal to  
155 twenty-two per cent of the total points awarded to such development,  
156 provided the application for such development was filed with the  
157 commission prior to July 6, 1995. (G) A mobile manufactured home in a  
158 resident-owned mobile manufactured home park shall be awarded  
159 points as follows: One and one-half points when occupied by persons  
160 and families with an income equal to or less than eighty per cent of the  
161 median income; two points when occupied by persons and families with  
162 an income equal to or less than sixty per cent of the median income; and  
163 one-fourth point for the remaining units. (H) Dwelling units that are not  
164 subject to any affordable deed restriction, as defined in section 12-81bb,  
165 that are created as a result of the conversion of any commercial building  
166 into a residential development shall be awarded one-quarter point."

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>July 1, 2025, and applicable to taxable years commencing on and after July 1, 2025</i>	New section
Sec. 2	<i>October 1, 2025</i>	8-30g(l)(6)