



Senate

General Assembly

File No. 239

February Session, 2000

Substitute Senate Bill No. 356

Senate, March 27, 2000

The Committee on Planning and Development reported through SEN. COLEMAN of the 2nd Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

An Act Implementing The Recommendations Of The Blue Ribbon Commission To Study Affordable Housing Regarding Public Housing.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 8-64a of the general statutes is repealed and the
2 following is substituted in lieu thereof:

3 No housing authority which receives or has received any state
4 financial assistance may sell, lease, transfer or destroy, or contract to
5 sell, lease, transfer or destroy, any housing project or portion thereof in
6 any case where such project or portion thereof would no longer be
7 available for the purpose of low or moderate income rental housing as
8 a result of such sale, lease, transfer or destruction, except the
9 Commissioner of Economic and Community Development may grant
10 written approval for the sale, lease, transfer or destruction of a housing
11 project if the commissioner finds, after a public hearing, that (1) the

12 sale, lease, transfer or destruction is in the best interest of the state and
13 the municipality in which the project is located, (2) an adequate supply
14 of low or moderate income rental housing exists in the municipality in
15 which the project is located, (3) the housing authority has developed a
16 plan for the sale, lease, transfer or destruction of such project in
17 consultation with the residents of such project and representatives of
18 the municipality in which such project is situated and has made
19 adequate provision for said residents' and representatives'
20 participation in such plan, [and] (4) any person who is displaced as a
21 result of the sale, lease, transfer or destruction will be relocated to a
22 comparable dwelling unit of public or subsidized housing in the same
23 municipality or will receive a tenant-based rental subsidy and will
24 receive relocation assistance under chapter 135, as amended, and (5)
25 the housing project or portion of such project which is to be sold,
26 leased, transferred, or destroyed, regardless of whether the units are
27 occupied or vacant, has been or will be replaced with an equal number
28 of new or existing dwelling units, for which rent subsidies, deed
29 restrictions or other state or federal assistance will be available so such
30 units may be used for the purpose of low or moderate income housing,
31 except no replacement units shall be required (A) if the reduction in
32 the number of units is, in entirety, the result of reconfiguring existing
33 units, including vacant units, into a smaller number of larger units and
34 there is no reduction in the amount of total floor area in the housing
35 project devoted to low and moderate income housing, or (B) when rent
36 subsidies are issued which represent new and additional subsidies
37 which may be applied to any available dwelling unit in the state and
38 which shall continue to be available to other persons or families after
39 the initial holder of the rent subsidy becomes unable to use such rent
40 subsidy. The commissioner shall consider the extent to which the
41 housing units which are to be sold, leased, transferred or destroyed
42 will be replaced in ways which may include, but need not be limited
43 to, newly constructed housing, rehabilitation of housing which is
44 abandoned or has been vacant for at least one year, or new federal,

45 state or local tenant-based or project-based rental subsidies. The
 46 commissioner shall give the residents of the housing project or portion
 47 thereof which is to be sold, leased, transferred or destroyed written
 48 notice of said public hearing by first class mail not less than ninety
 49 days before the date of the hearing. Said written approval shall contain
 50 a statement of facts supporting the findings of the commissioner. This
 51 section shall not apply to the sale, lease, transfer or destruction of a
 52 housing project pursuant to the terms of any contract entered into
 53 before June 3, 1988. This section shall not apply to phase I of Father
 54 Panik Village in Bridgeport and Elm Haven in New Haven.

55 Sec. 2. Section 8-70a of the general statutes, as amended by section 7
 56 of public act 99-1 of the June special session, is repealed.

57 Sec. 3. This act shall take effect July 1, 2000.

HSG Committee Vote: Yea 11 Nay 0 JFS C/R PD

PD Committee Vote: Yea 10 Nay 6 JFS

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact: Yes

Affected Agencies: Department of Economic and Community Development

Municipal Impact: Yes

Explanation

State Impact:

This bill repeals the privatization pilot program that enables the Department of Economic and Community Development (DECD) to allow housing authorities to lease or sell moderate rental housing projects. This change is not expected to result in any immediate cost to the state, but may lead to increased bond costs in the future for the rehabilitation of units that housing authorities continue to own. As this pilot allowed only three towns to participate, the increased costs are not expected to be significant.

This bill also requires local housing authorities to replace, on a one-for-one basis, any unit that is sold, leased transferred or destroyed. This will lead to potential significant bond costs to the department if the change requires the construction of more public housing units than would have been built without the bill.

Municipal Impact:

Housing Authorities

The repeal of the privatization program may lead to continued operating costs for certain local housing authorities as they will not have the option of turning over the management of moderate housing developments to a private manager.

The one-for-one replacement requirement will lead to potentially significant increased costs to the housing authorities, as they will have to replace any such unit without regard to existing capital plans or the continued needs of the community. The extent of these increased costs will depend how the one-for-one requirements alters the authorities' current plans. The debts and liabilities of a housing authority are not those of the municipality in which it is located. Therefore, these potential additional costs to the housing authorities are not a cost to the municipalities.

OLR Bill Analysis

sSB 356

AN ACT IMPLEMENTING THE RECOMMENDATIONS OF THE BLUE RIBBON COMMISSION TO STUDY AFFORDABLE HOUSING REGARDING PUBLIC HOUSING.**SUMMARY:**

This bill eliminates the pilot program allowing for the privatization of housing authority rental units. It also adds an additional requirement before the Commissioner of Economic and Community Development (DECD) can allow for the sale, lease, or demolition of public housing units. The bill requires any decrease in the number of public housing units, including vacant units, to be replaced with an equal number of units that are rent subsidized, deed restricted, or in some other way publicly assisted so as to be available for low- and moderate-income residents. The bill also provides two exceptions to this one-for-one replacement.

EFFECTIVE DATE: July 1, 2000

PRIVATIZATION PROGRAM

The bill repeals the privatization pilot program that allows DECD to authorize housing authorities to lease or sell moderate rental housing projects. The lease or sale of such units requires the developer to (1) rehabilitate the projects and (2) keep them as moderate rental housing for 15 years or until any financial assistance provided by the state or the housing authority is paid back, whichever is longer. The pilot program also allows DECD or the housing authority to provide grants, loans, or deferred loans to the private developer.

SALE, LEASE, OR DEMOLITION OF UNITS

State statutes already include a number of criteria the DECD commissioner must meet before DECD can authorize the sale, lease,

transfer, or demolition of a public housing project. This bill requires that any sold, leased, transferred, or demolished units, occupied or vacant, be replaced with an equal number of new rent subsidized, deed restricted, or otherwise publicly assisted units that accommodate low- and moderate-income residents.

The bill provides two exceptions to the one-for-one unit replacement requirement. The first allows for a reduction in the number of units if it is completely the result of reconfiguring existing public housing dwelling space into a smaller number of larger units dedicated to low- and moderate-income housing. This reconfiguring must not reduce the amount of floor space devoted to dwelling units. The second exception allows for a reduction of units if “new and additional” rent subsidies are issued that may be applied to any available unit in the state and which are available to new individuals or families after the initial holder is no longer eligible or is unable to use such rent subsidy. The transferable nature of the subsidy means it will remain part of the overall number of state housing subsidies. Also, this subsidy would move with the tenant to the rental unit he chooses.

BACKGROUND

Under existing criteria DECD must find that: (1) the municipality that hosts the project has an adequate supply of low- and moderate-income rental housing; (2) the residents of the housing project had full opportunity to participate in the sale, lease or demolition plan; and (3) any displaced person will be relocated in a comparable unit or will receive a tenant rental subsidy. The DECD commissioner must also hold a public hearing on the matter.

COMMITTEE ACTION

Select Committee on Housing

Joint Favorable Substitute Change of Reference
Yea 11 Nay 0

Planning and Development Committee

Joint Favorable Substitute

Yea 10 Nay 6