



Senate

General Assembly

File No. 704

January Session, 2003

Substitute Senate Bill No. 1004

Senate, May 15, 2003

The Committee on Finance, Revenue and Bonding reported through SEN. DAILY of the 33rd Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING THE REVITALIZATION AND REDEVELOPMENT OF CERTAIN HOUSING PROJECTS.

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

1 Section 1. (*Effective from passage*) As used in this section and sections
2 2, 3 and 4 of this act:

3 (1) "Commissioner" means the Commissioner of Economic and
4 Community Development.

5 (2) "Housing disposition plan" means a plan that (A) is developed
6 by a local housing authority in Hartford, East Hartford, New Britain,
7 New London or Stamford, in consultation with the residents of such
8 project and representatives of the municipality in which such
9 development is situated, (B) addresses the disposition of one or more
10 state-assisted housing development or a portion of one or more state-
11 assisted housing development, originally built prior to 1970, which
12 was developed by a local housing authority pursuant to parts II and VI

13 of chapter 128 of the general statutes, and (C) describes the alternatives
14 considered by the local housing authority in planning for the future of
15 the existing housing development.

16 (3) "Sponsor" means (A) a housing authority created pursuant to
17 section 8-40 of the general statutes; (B) a nonprofit corporation
18 incorporated pursuant to chapter 602 of the general statutes, having as
19 one of its purposes the construction, rehabilitation, ownership or
20 operation of housing; (C) any business corporation incorporated
21 pursuant to chapter 601 of the general statutes, having as one of its
22 purposes the construction, rehabilitation, ownership or operation of
23 housing; (D) any limited liability company, partnership, limited
24 partnership, joint venture, sole proprietorship, trust or association
25 having as one of its purposes the construction, rehabilitation,
26 ownership or operation of housing; (E) a family or persons approved
27 by the commissioner as qualified to own, construct, rehabilitate,
28 manage and maintain housing; (F) a municipal developer; or (G) any
29 combination of the entities described in this subdivision.

30 (4) "Local planning committee" means a committee created by the
31 board of the local housing authority for the purpose of developing a
32 housing disposition plan and that is comprised of residents of the
33 development, representatives of the municipality in which the
34 development is located, representatives of the Department of
35 Economic and Community Development and the Connecticut Housing
36 Finance Authority and may include local community leaders,
37 including representatives of business, labor, education and social
38 services organizations and any other persons the board deems
39 necessary.

40 (5) "Housing authority" means the housing authority of the city of
41 New Britain, Hartford, New London, Stamford or East Hartford.

42 (6) "Housing costs" means the portion of rent, mortgage principal
43 and interest payments, estimated heat and utilities costs, home owner's
44 insurance and taxes paid by the renter or home owner.

45 Sec. 2. (*Effective from passage*) (a) The housing authority of the city of
46 New Britain, in cooperation with the Commissioner of Economic and
47 Community Development, may revitalize or redevelop the Corbin
48 Heights, Corbin Heights Extension, Pinnacle Heights and Pinnacle
49 Heights Extension developments only pursuant to a housing
50 disposition plan and in accordance with sections 1 to 3, inclusive, of
51 this act. A housing disposition plan created on or after January 1, 2002,
52 by a local planning committee shall provide for the rehabilitation,
53 reconstruction or reconfiguration of a development and may include
54 the demolition of some or all of the existing buildings in a
55 development and replacement of such buildings with fewer units of
56 newly constructed or rehabilitated housing in accordance with
57 subsection (b) of this section and chapter 135 of the general statutes.

58 (b) The city of New Britain shall assure that the number of
59 replacement units of assisted housing for low and moderate income
60 households, upon completion of the housing disposition plan, is not
61 less than six hundred thirty-five units. The replacement units may be
62 in the form of new construction, rehabilitation, renovation, or housing
63 pursuant to Section 8 of the United States Housing Act of 1937, as from
64 time to time amended, or state rental assistance program rent
65 subsidies. Except for rehabilitated or renovated units in state-assisted
66 housing developments, no rehabilitated or renovated unit shall
67 constitute a replacement unit, pursuant to this subsection, unless it has
68 been declared substandard by the city or vacant for at least one year
69 prior to said rehabilitation or renovation. Unit replacement
70 requirements shall be completed within the time frames established in
71 the housing disposition plan. Upon completion of the housing
72 disposition plan:

73 (1) Not less than two hundred seventy and not more than five
74 hundred fifty replacement units shall be within the existing state-
75 assisted development. Such units shall be rehabilitated or constructed
76 over a period of five years from the commencement of the
77 development under the housing disposition plan.

78 (2) Not less than twenty-five per cent of the replacement units
79 within the existing state-assisted development shall be rented or sold
80 to persons whose incomes are below sixty per cent of the median area
81 income adjusted for family size. Housing costs for such units shall not
82 exceed eighteen per cent of the median area income adjusted for family
83 size.

84 (3) Not less than five per cent of the replacement units within the
85 existing state-assisted development shall be rented or sold to persons
86 whose incomes are below the federal poverty level adjusted for family
87 size.

88 (4) A number of replacement units may be located outside the
89 existing state-assisted development, which number shall not be less
90 than the difference between six hundred thirty-five and the number of
91 replacement units to be within the existing state-assisted development.
92 Neither the commissioner nor the Connecticut Housing Finance
93 Authority shall be obligated to finance any units located outside of the
94 existing state-assisted development.

95 (5) Not less than five per cent of the replacement units located
96 outside the existing state-assisted development shall be rented or sold
97 to persons whose incomes are below the federal poverty level for the
98 program established pursuant to Section 8 of the United States
99 Housing Act of 1937. The housing disposition plan shall provide that
100 the city of New Britain require that no fewer than ten replacement
101 units be constructed for occupancy for persons meeting the income
102 requirements of this section every year that the housing disposition
103 plan is in force and each year thereafter until the requirements of this
104 section are fulfilled.

105 (6) A number of the replacement units located outside the existing
106 state-assisted development shall be rented or sold to persons whose
107 incomes are at or below the median area income adjusted for family
108 size, which number shall not be less than the difference between the
109 number of replacement units required pursuant to subdivision (4) of
110 this subsection and the number of replacement units provided in the

111 housing disposition plan pursuant to subdivision (5) of this subsection.
112 The housing disposition plan shall provide that the city of New Britain
113 require that no fewer than ten replacement units be constructed for
114 occupancy for persons meeting the income requirements of this section
115 every year that the housing disposition plan is in force and each year
116 thereafter until the requirements of this section are fulfilled.

117 (c) The housing authority of the city of New Britain shall hold a
118 public hearing on the housing disposition plan. At least thirty days
119 prior to the public hearing, the housing authority shall provide a
120 written notice to each household in the development of the date, time,
121 and place of the public hearing. Such notice shall inform each
122 household that the housing disposition plan is on file and available for
123 inspection at the housing authority's office.

124 (d) The commissioner may provide funds, for the purpose of this
125 section, from bond funds authorized prior to the effective date of this
126 section, but not yet allocated, provided such funds shall be used solely
127 for capital costs and that replacement units described in subdivision
128 (1) of subsection (b) of this section shall have priority in the awarding
129 of funds.

130 Sec. 3. (*Effective from passage*) (a) (1) In compliance with the
131 provisions of sections 1 to 3, inclusive, of this act, the housing
132 authority of the city of New Britain may, pursuant to the final housing
133 disposition plan and with the approval of the commissioner, sell, lease
134 or transfer, or take any combination of such actions, to a selected
135 sponsor all or part of the premises and buildings comprising the
136 Corbin Heights, Corbin Heights Extension, Pinnacle Heights and
137 Pinnacle Heights Extension housing developments, for a housing use,
138 or (2) the housing authority may, pursuant to the final housing
139 disposition plan, sell or transfer, or take any combination of such
140 actions with regard to a portion of the premises and buildings
141 comprising said housing developments, "as is" to the city of New
142 Britain, with the approval of the commissioner, or to an entity or
143 entities designated and approved by the city of New Britain and the

144 commissioner, for such alternative nonhousing uses as may be
145 appropriate. As consideration for any such sale, lease or transfer, or
146 combination of such actions, the state may cancel the outstanding
147 notes and mortgages, including principal, interest and late charges,
148 owed by the housing authority to the state with respect to said housing
149 developments. The commissioner may also extend, renegotiate or
150 modify, in whole or in part, the outstanding notes and mortgages and
151 grants which are owed or provided to the housing authority with
152 respect to said housing developments and assign or transfer such
153 notes, mortgages and grants, in whole or in part, to another sponsor, if
154 such action by the commissioner will assist in the redevelopment of
155 housing on all or part of said housing developments. The selection of a
156 sponsor by the commissioner and the housing authority under
157 subdivision (1) of this subsection to carry out all or a portion of the
158 provisions of this section for a housing use shall be made on a
159 competitive basis, from proposals solicited and submitted before or
160 after the effective date of this section. Any proceeds from the sale of a
161 housing development for a nonhousing use under this subdivision
162 shall be used solely for the capital cost of the revitalization or
163 redevelopment of the housing planned at said development and shall
164 be deemed to be part of the state's contribution to the implementation
165 of the disposition plan.

166 (b) The housing authority may participate as a partner with the
167 designated sponsor in any disposition plan approved by the
168 commissioner and may, if agreed to by the sponsor and the housing
169 authority, provide such functions as maintenance, tenant selection,
170 billing, payroll and other related services. When the housing authority
171 enters into such an agreement with a sponsor, such services may be
172 provided by employees of the housing authority.

173 (c) Eligible and qualified residents of the development shall have
174 priority over other families for the purchase or rental of available
175 housing units. If the number of eligible residents desiring to purchase
176 or rent a housing unit is greater than the number of housing units
177 available, the housing authority may devise an equitable system, by

178 lottery or otherwise, for determining which prior residents shall be
179 permitted to purchase or rent. For purposes of this section "eligible
180 resident" means a family residing in a housing development on or after
181 January 1, 2002.

182 (d) The sale or rental of housing units under subsection (c) of this
183 section and subsection (b) of section 2 of this act to families of low and
184 moderate income shall be subject to deed restrictions approved by the
185 city of New Britain which shall require that, for thirty years:

186 (1) At the time of any subsequent purchase or rental of any such
187 housing units by new owners or tenant families, the city of New
188 Britain shall insure that the owners or families shall be families of low
189 and moderate income; and

190 (2) The resale price of each housing unit shall be limited to its
191 original purchase price, adjusted for inflation and improvements to the
192 housing unit, as determined by the city of New Britain.

193 (e) The housing authority and the sponsor, with assistance from the
194 Departments of Economic and Community Development and Social
195 Services, and the Connecticut Housing Finance Authority, shall
196 reasonably assist eligible residents to meet all qualifying conditions for
197 the purchase or rental of housing units under subsection (c) of this
198 section, including, but not limited to:

199 (1) Linking eligible residents to public or private mortgage and
200 down payment assistance programs;

201 (2) Providing eligible residents with or linking eligible residents to
202 state or federal rental assistance; and

203 (3) Engaging in other reasonable actions to make it possible for
204 eligible residents to purchase or rent such housing units.

205 (f) Notwithstanding the provisions of chapters 59 and 60 of the
206 general statutes, the commissioner may, from the proceeds of any sale,
207 lease or transfer, or any combination of such actions, under subsection

208 (b) of this section, within available appropriations or within available
209 bond authorizations and bond fund consolidations, as provided in
210 section 29 of special act 95-20, section 9 of special act 97-1 of the June 5
211 special session, section 28 of special act 97-1 of the June 5 special
212 session, as amended by section 76 of special act 98-9, and section 9 of
213 public act 99-242, do all things necessary to carry out the provisions of
214 this section, including, but not limited to:

215 (1) Securing federal funds or program participation;

216 (2) Providing for relocation assistance in accordance with the
217 Uniform Relocation Assistance Act and other applicable laws
218 regarding the displacement of tenants; and

219 (3) Acting as an eligible developer, as defined in section 8-39 of the
220 general statutes, if necessary, in the event of a default.

221 Sec. 4. (*Effective from passage*) (a) Notwithstanding any provision of
222 the general statutes, a sponsor, in conjunction with a housing authority
223 in the cities of Hartford, East Hartford, New London or Stamford and
224 in cooperation with the Commissioner of Economic and Community
225 Development, may undertake the revitalization or redevelopment of a
226 development provided the housing disposition plan contains some
227 continued affordable housing use within the municipality.

228 (b) The local housing authority shall hold a public hearing on the
229 housing disposition plan. At least thirty days prior to the public
230 hearing, the local housing authority shall provide a written notice to
231 each household in the development of the date, time and place of the
232 public hearing. Such notice shall inform each household that the
233 housing disposition plan is on file and available for inspection at the
234 local housing authority's office.

235 (c) The commissioner may approve the revitalization or
236 redevelopment of a development after the housing authority's public
237 hearing, provided the housing disposition plan submitted to the
238 commissioner provides sufficient evidence that:

- 239 (1) The development is severely distressed or obsolete;
- 240 (2) The development is in a location that is no longer suitable for
241 housing;
- 242 (3) The development has design or construction deficiencies that
243 make cost-effective rehabilitation impractical;
- 244 (4) Even if reasonable rehabilitation and management intervention
245 for the development were to be completed and paid for, the
246 anticipated revenue that would be derived from charging market-
247 based rents in the development would not cover the anticipated
248 operating costs and replacement reserves of the development at
249 ninety-five per cent occupancy;
- 250 (5) Retention of the development is not in the best interests of the
251 residents of the development because (A) developmental changes in
252 the area surrounding the development adversely affect the health or
253 safety of the residents or the operation of the development, (B) the sale
254 or lease shall allow the acquisition, development or rehabilitation of
255 other properties, (C) the existing units shall be more efficiently or
256 effectively operated as mixed income housing, or (D) other factors, as
257 determined by the commissioner, exist to make the sale or lease of the
258 development consistent with the best interests of the residents and the
259 state and not inconsistent with other provisions of this section; and
- 260 (6) Relocation plan and benefits are in accordance with chapter 135
261 of the general statutes.
- 262 (d) In the case of demolition of a portion of a development, the
263 demolition shall help to ensure the remaining useful life of the
264 remainder of the development; and any funds received through the
265 revitalization or redevelopment shall be deposited with the
266 commissioner to be used for creation or preservation of housing.
- 267 (e) In the case of a housing use, the housing disposition plan shall
268 include a provision that the real property for which the plan was
269 proposed, or portion of such real property, remain affordable housing,

270 as defined in section 8-39a of the general statutes, for a period of at
271 least thirty years after the date of initial occupancy of units after the
272 revitalization or redevelopment, except that such requirement, at the
273 discretion of the commissioner, may be subordinated in the case of a
274 subsequent first mortgage of a governmental or quasi-governmental
275 agency or for the purposes of a governmental program relating to such
276 real property.

277 (f) Any housing units developed, redeveloped or revitalized under
278 the provisions of this section may be sold or rented to families who
279 meet minimum eligibility standards. Eligible residents of said
280 developments shall have priority over other families for the purchase
281 or rental of available housing units. If the number of eligible residents
282 desiring to purchase or rent a housing unit is greater than the number
283 of housing units available, the commissioner and the housing
284 authority may devise an equitable system, by lottery or otherwise, for
285 determining which prior residents shall be permitted to purchase or
286 rent. For purposes of this section, "eligible resident" means a family
287 residing in a housing development on or after January 1, 2002.

288 (g) In the case of a nonhousing use, the housing disposition plan
289 shall provide that the real property be used only for, or in conjunction
290 with, activities related to, or similar to, any program administered by
291 the commissioner pursuant to state or federal law, provided the
292 activities primarily benefit low and moderate income persons or
293 families.

294 (h) The Departments of Economic and Community Development
295 and Social Services and the Connecticut Housing Finance Authority
296 shall reasonably assist prior residents to meet all qualifying conditions
297 for the purchase or rental of housing units under subsection (e) of this
298 section, including, but not limited to:

299 (1) Linking prior residents to public or private mortgage and
300 downpayment assistance programs; and

301 (2) Linking prior residents to state or federal rental assistance.

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: See Explanation Below

Municipal Impact: None

Explanation

The bill allows a sponsor, in cooperation with the Department of Economic and Community Development (DECD), to revitalize and redevelop specified state-assisted moderate rental and elderly housing projects built prior to 1970 in five municipalities. This change is anticipated to reduce both potential capital costs and administrative costs to the state. The legislation would enable DECD to seek other funds and investors for the properties involved. Without this authority, it is estimated that the state could require GO bond authorizations in excess of \$300 million over a ten-year time period. With the legislation, it is assumed the state's share of the costs would decrease. Any decrease in the need for additional bond authorizations would result in a decrease in future indeterminate costs for debt service. The decrease in costs is unknown at this time. Assuming a 25% state share, the cost to the state over this time period for the New Britain project would be approximately \$16.5 million, the Hartford project would be \$19.3 million, the East Hartford project would be \$6.3 million, the new London project would be \$8.3 million and the Stamford project would be \$37 million. The legislation does not provide specific funds for the projects. It is unclear what funds would be available at this time.

In addition, without the authority provided in the legislation, administrative costs could be incurred by DECD due to the hiring of management companies to manage the properties if DECD were

responsible for their revitalization and redevelopment. The legislation could also preclude potential state costs under the uniform relocation assistance act due to reducing the costs of the projects to the state. Under this act, each displaced person would be entitled to \$4,000 and assistance from DECD in relocating in the event the development ceased to operate. The potential savings associated is not known at this time.

OLR Bill Analysis

sSB-1004

AN ACT CONCERNING THE REVITALIZATION AND REDEVELOPMENT OF CERTAIN HOUSING PROJECTS.

SUMMARY:

The Office of Legislative Research does not analyze Special Acts.

COMMITTEE ACTION

Select Committee on Housing

Joint Favorable Change of Reference Planning and Development Committee

Yea 13 Nay 0

Planning and Development Committee

Joint Favorable Change of Reference Finance, Revenue and Bonding Committee

Yea 16 Nay 0

Finance, Revenue and Bonding Committee

Joint Favorable Substitute

Yea 44 Nay 0