General Assembly

Substitute Bill No. 1004

January Session, 2003

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:

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

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

(2) "Housing disposition plan" means a plan that (A) is developed by a local housing authority in Hartford, East Hartford, New Britain, New London or Stamford, in consultation with the residents of such project and representatives of the municipality in which such development is situated, (B) addresses the disposition of one or more state-assisted housing development or a portion of one or more state-assisted housing development, originally built prior to 1970, which was developed by a local housing authority pursuant to parts II and VI of chapter 128 of the general statutes, and (C) describes the alternatives considered by the local housing authority in planning for the future of the existing housing development.

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

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

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

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

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

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

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

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

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

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

(6) A number of the replacement units located outside the existing state-assisted development shall be rented or sold to persons whose incomes are at or below the median area income adjusted for family size, which number shall not be less than the difference between the number of replacement units required pursuant to subdivision (4) of this subsection and the number of replacement units provided in the housing disposition plan pursuant to subdivision (5) of this subsection. The housing disposition plan shall provide that the city of New Britain require that no fewer than ten replacement units be constructed for occupancy for persons meeting the income requirements of this section every year that the housing disposition plan is in force and each year thereafter until the requirements of this section are fulfilled.
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(c) The housing authority of the city of New Britain shall hold a public hearing on the housing disposition plan. At least thirty days prior to the public hearing, the housing authority shall provide a written notice to each household in the development of the date, time, and place of the public hearing. Such notice shall inform each household that the housing disposition plan is on file and available for inspection at the housing authority’s office.

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

Sec. 3. (Effective from passage) (a) (1) In compliance with the provisions of sections 1 to 3, inclusive, of this act, the housing authority of the city of New Britain may, pursuant to the final housing disposition plan and with the approval of the commissioner, sell, lease or transfer, or take any combination of such actions, to a selected sponsor all or part of the premises and buildings comprising the Corbin Heights, Corbin Heights Extension, Pinnacle Heights and Pinnacle Heights Extension housing developments, for a housing use, or (2) the housing authority may, pursuant to the final housing disposition plan, sell or transfer, or take any combination of such actions with regard to a portion of the premises and buildings comprising said housing developments, "as is" to the city of New Britain, with the approval of the commissioner, or to an entity or entities designated and approved by the city of New Britain and the commissioner, for such alternative nonhousing uses as may be appropriate. As consideration for any such sale, lease or transfer, or combination of such actions, the state may cancel the outstanding notes and mortgages, including principal, interest and late charges, owed by the housing authority to the state with respect to said housing developments. The commissioner may also extend, renegotiate or modify, in whole or in part, the outstanding notes and mortgages and
grants which are owed or provided to the housing authority with respect to said housing developments and assign or transfer such notes, mortgages and grants, in whole or in part, to another sponsor, if such action by the commissioner will assist in the redevelopment of housing on all or part of said housing developments. The selection of a sponsor by the commissioner and the housing authority under subdivision (1) of this subsection to carry out all or a portion of the provisions of this section for a housing use shall be made on a competitive basis, from proposals solicited and submitted before or after the effective date of this section. Any proceeds from the sale of a housing development for a nonhousing use under this subdivision shall be used solely for the capital cost of the revitalization or redevelopment of the housing planned at said development and shall be deemed to be part of the state’s contribution to the implementation of the disposition plan.

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

(c) Eligible and qualified residents of the development shall have priority over other families for the purchase or rental of available housing units. If the number of eligible residents desiring to purchase or rent a housing unit is greater than the number of housing units available, the housing authority may devise an equitable system, by lottery or otherwise, for determining which prior residents shall be permitted to purchase or rent. For purposes of this section "eligible resident" means a family residing in a housing development on or after January 1, 2002.

(d) The sale or rental of housing units under subsection (c) of this section and subsection (b) of section 2 of this act to families of low and
moderate income shall be subject to deed restrictions approved by the

city of New Britain which shall require that, for thirty years:

(1) At the time of any subsequent purchase or rental of any such

housing units by new owners or tenant families, the city of New

Britain shall insure that the owners or families shall be families of low

and moderate income; and

(2) The resale price of each housing unit shall be limited to its

original purchase price, adjusted for inflation and improvements to the

housing unit, as determined by the city of New Britain.

(e) The housing authority and the sponsor, with assistance from the

Departments of Economic and Community Development and Social

Services, and the Connecticut Housing Finance Authority, shall

reasonably assist eligible residents to meet all qualifying conditions for

the purchase or rental of housing units under subsection (c) of this

section, including, but not limited to:

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

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

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

(f) Notwithstanding the provisions of chapters 59 and 60 of the
general statutes, the commissioner may, from the proceeds of any sale,

lease or transfer, or any combination of such actions, under subsection
(b) of this section, within available appropriations or within available

bond authorizations and bond fund consolidations, as provided in

section 29 of special act 95-20, section 9 of special act 97-1 of the June 5

special session, section 28 of special act 97-1 of the June 5 special

session, as amended by section 76 of special act 98-9, and section 9 of

public act 99-242, do all things necessary to carry out the provisions of
this section, including, but not limited to:

(1) Securing federal funds or program participation;

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

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

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

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

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

(1) The development is severely distressed or obsolete;

(2) The development is in a location that is no longer suitable for housing;

(3) The development has design or construction deficiencies that
make cost-effective rehabilitation impractical;

(4) Even if reasonable rehabilitation and management intervention for the development were to be completed and paid for, the anticipated revenue that would be derived from charging market-based rents in the development would not cover the anticipated operating costs and replacement reserves of the development at ninety-five per cent occupancy;

(5) Retention of the development is not in the best interests of the residents of the development because (A) developmental changes in the area surrounding the development adversely affect the health or safety of the residents or the operation of the development, (B) the sale or lease shall allow the acquisition, development or rehabilitation of other properties, (C) the existing units shall be more efficiently or effectively operated as mixed income housing, or (D) other factors, as determined by the commissioner, exist to make the sale or lease of the development consistent with the best interests of the residents and the state and not inconsistent with other provisions of this section; and

(6) Relocation plan and benefits are in accordance with chapter 135 of the general statutes.

(d) In the case of demolition of a portion of a development, the demolition shall help to ensure the remaining useful life of the remainder of the development; and any funds received through the revitalization or redevelopment shall be deposited with the commissioner to be used for creation or preservation of housing.

(e) In the case of a housing use, the housing disposition plan shall include a provision that the real property for which the plan was proposed, or portion of such real property, remain affordable housing, as defined in section 8-39a of the general statutes, for a period of at least thirty years after the date of initial occupancy of units after the revitalization or redevelopment, except that such requirement, at the discretion of the commissioner, may be subordinated in the case of a subsequent first mortgage of a governmental or quasi-governmental
agency or for the purposes of a governmental program relating to such real property.

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

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

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

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

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

(i) The commissioner may adopt regulations pursuant to subsection (g) of section 8-37x of the general statutes, for the purpose of implementing the provisions of this section.
This act shall take effect as follows:

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**Statement of Legislative Commissioners:**
In subdivision (2) of section 1 subparagraph designators were added for clarity. In section 1 the definition of "project area" was removed because it is not used. In section 3 the reference to "provisions of this act" was changed to "provisions of sections 1 to 3, inclusive, of this act" for clarity since section 4 deals with different cities. In subsection (i) of section 4 the cite to an existing section of the statutes was added since regulations are not adopted under special act sections.

**HSG**  Joint Favorable Subst. C/R  PD

**PD**   Joint Favorable Subst. C/R  FIN

**FIN**  Joint Favorable Subst.