



House of Representatives

General Assembly

File No. 290

February Session, 2004

Substitute House Bill No. 5191

House of Representatives, March 29, 2004

The Committee on Planning and Development reported through REP. WALLACE of the 109th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT PROHIBITING THE SALE OF A LOW OR MODERATE INCOME HOUSING PROJECT BY A HOUSING AUTHORITY WITHOUT A HEARING AND THE APPROVAL OF THE LEGISLATIVE BODY OF THE MUNICIPALITY IN WHICH THE PROJECT IS LOCATED.

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

1 Section 1. (NEW) (*Effective from passage*) (a) No housing authority
2 that, with state financial assistance or funds from any other source, has
3 constructed a low or moderate income rental housing project, or
4 purchased property for use as a low or moderate income rental
5 housing project may sell, lease, transfer or destroy, or contract to sell,
6 lease, transfer or destroy, such housing project or a portion of the
7 project where such project or portion would no longer be available for
8 low or moderate income rental housing, unless the legislative body of
9 the municipality approves, in writing, such sale, lease, transfer or
10 destruction. The legislative body may approve said sale, lease, transfer
11 or destruction if it finds, after a public hearing, that (1) the sale, lease,

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: None

Municipal Impact:

Municipalities	Effect	FY 05 \$	FY 06 \$
Various Municipalities	STATE MANDATE - Cost	See Below	See Below

Explanation

Requiring a town to hold a public hearing on a housing authority's disposal plan, and providing written notice to the residents of the affected housing through first class mail is anticipated to cost affected municipalities approximately \$1200 per hearing, based on past experience. In addition, requiring the town or the housing authority where the development is located to provide assistance under the Uniform Relocation Assistance Act to any tenant displaced due to the disposal of all or part of the development will increase costs to an impacted municipality. Relocation costs may average \$4,000 per household.

OLR Bill Analysis

sHB 5191

AN ACT PROHIBITING THE SALE OF A LOW OR MODERATE INCOME HOUSING PROJECT BY A HOUSING AUTHORITY WITHOUT A HEARING AND THE APPROVAL OF THE LEGISLATIVE BODY OF THE MUNICIPALITY IN WHICH THE PROJECT IS LOCATED**SUMMARY:**

This bill requires a local housing authority (LHA) to obtain written approval from the town's legislative body before disposing of (selling, leasing, transferring, destroying, or contracting to do so) all or part of a low- or moderate-income development that it purchased or constructed to be affordable to low- or moderate-income individuals if the development's new use will no longer be affordable to them.

The town's legislative body may approve of such disposal only after holding a public hearing and under certain conditions. As under current law, the Department of Economic and Community Development (DECD) must approve a disposal by a LHA that receives state assistance.

The bill also requires the town or LHA to provide assistance under the Uniform Relocation Assistance Act (URAA) to anyone displaced as a result of the LHA's disposal of a development (or portion of a development).

EFFECTIVE DATE: Upon Passage

TOWN RESPONSIBILITIES***Public Hearing and Findings***

The bill requires a town's legislative body to hold a public hearing on its LHA's disposal plan. It may approve the plan if it finds, after the public hearing, that:

1. the sale, lease, transfer or destruction is in the best interest of the LHA and the town and

2. the LHA (a) developed the plan in consultation with the project's residents and town representatives and (b) adequately provided for resident and representative participation in planning.

Public Hearing Notice

The bill requires the town's legislative body to give the residents of the affected housing development (or portion of it) written notice of the public hearing by first class mail at least 30 days before the hearing. No more than 10 business days after the hearing, the town's legislative body must issue its (1) findings and (2) decision to approve, modify, or reject the HA's proposed action.

BACKGROUND

LHAs, Towns, and DECD

LHAs are nonprofit public corporations that Connecticut law allows towns to establish. Although established by the towns, LHAs are separate entities, not political subdivisions of the towns. LHAs sponsor low-income public housing (including housing for seniors) construction and own and administer the housing. They receive state or federal financing for various projects and contract with developers.

Connecticut law prohibits an LHA that has received state financial assistance from selling, leasing, transferring, or destroying a housing project or any portion of it if doing so would make it no longer be available for low- or moderate-income rental housing, with one exception. The DECD commissioner can approve such a transaction if he finds that (1) it is in the best interest of the state and the municipality where the property is located; (2) the municipality has an adequate supply of low-and moderate-income housing; (3) the housing authority has, with residents' participation, developed a plan for the project; and (4) people displaced by the transaction will be relocated to a comparable dwelling or will receive a tenant-based rental subsidy and relocation assistance.

URAA

By law, URAA establishes policies for people who are displaced from their dwellings or businesses by state and local government programs.

A person is eligible for assistance if his home or business is displaced by housing rehabilitation programs, code enforcement activities, or land acquisition programs. The URAA requires the displacing agency to provide advisory assistance and financial benefits. People who are displaced from their homes or apartments are entitled to benefits in addition to any amount the displacing agency must pay the property owner when it condemns or otherwise acquires property.

COMMITTEE ACTION

Select Committee on Housing

Joint Favorable Change of Reference
Yea 13 Nay 0

Planning and Development Committee

Joint Favorable Substitute
Yea 16 Nay 0