



Senate

General Assembly

File No. 308

February Session, 2004

Substitute Senate Bill No. 37

Senate, March 30, 2004

The Committee on Planning and Development reported through SEN. FONFARA of the 1st Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING HOUSING.

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

1 Section 1. Subdivision (3) of section 34 of public act 03-6 of the June
2 30 special session is repealed and the following is substituted in lieu
3 thereof (*Effective from passage*):

4 (3) "Housing revitalization plan" means the master plan of
5 development for the housing developments accepted by the housing
6 authority of the city of New Britain on March 13, 2002, and approved
7 by the commissioner pursuant to subsection (d) of section 35 of [this
8 act] public act 03-6 of the June 30 special session, as amended by this
9 act, as such plan may be amended from time to time.

10 Sec. 2. Section 35 of public act 03-6 of the June 30 special session is
11 amended by adding subsections (e) and (f) as follows (*Effective from*
12 *passage*):

13 (NEW) (e) The successor entity may, from time to time, amend an
14 approved revitalization plan, provided any such amendment shall
15 comply with this section and sections 34 and 36 of public act 03-6 of
16 the June 30 special session. Any such amendment shall be proposed
17 and approved pursuant to the provisions of subsections (c) and (d) of
18 this section, provided no such amendment may be submitted to the
19 commissioner for approval or approved by the commissioner unless it
20 is developed with the advice and consultation of the local planning
21 committee. The local planning committee shall be convened by the
22 successor entity. The executive director of the successor entity shall
23 designate the members of the local planning committee and its
24 chairperson, provided the membership of such planning committee
25 shall include not less than two residents of the developments including
26 residents selected by a resident association, and not less than two
27 representatives of organizations that advocate for public housing
28 residents. Each resident association representing residents of the
29 developments may select one representative to serve on the local
30 planning committee. The successor entity shall (1) assure that the
31 residents of the housing developments are able to fully participate in
32 the planning, review and implementation process, and (2) make
33 reasonable efforts to link residents to community resources so that
34 such residents will have access to expertise in tenant outreach,
35 training, organizing, legal rights and housing policy in order to
36 promote genuine tenant participation and to protect the interests of the
37 residents during the planning and implementation process. As used in
38 this subsection, "successor entity" means the Connecticut Housing
39 Finance Authority.

40 (NEW) (f) The local planning committee may propose amendments
41 to the housing revitalization plan. The committee shall hold at least
42 one public hearing prior to its approval of any amendment. At least
43 thirty days prior to the public hearing, the committee shall mail or
44 deliver notice to each resident household in the developments and to
45 each resident association representing residents in the developments.
46 In addition to any formal notice, any such public hearing shall be
47 publicized generally in the municipality through posted notices at the

48 developments and through publicity both through newspapers of
49 general circulation in the municipality and through weekly
50 community newspapers. A record shall be kept of all comments
51 received at such hearings and at the hearing held pursuant to
52 subsection (c) of this section, and a summary of all oral comments and
53 copies of all written comments shall be transmitted to the
54 commissioner at the time of submission of the proposed amendment to
55 the plan.

56 Sec. 3. Subdivision (44) of section 8-250 of the general statutes, as
57 amended by section 39 of public act 03-6 of the June 30 special session,
58 is repealed and the following is substituted in lieu thereof (*Effective*
59 *from passage*):

60 (44) Provide assistance, in such form and subject to such conditions
61 as the authority may determine, to a local housing authority or project
62 sponsor in connection with a housing revitalization project undertaken
63 pursuant to [this section] sections 34 to 38, inclusive, of public act 03-6
64 of the June 30 special session, as amended by this act.

65 Sec. 4. Subsection (a) of section 51 of public act 03-6 of the June 30
66 special session is repealed and the following is substituted in lieu
67 thereof (*Effective from passage*):

68 (a) As used in this section:

69 (1) "Commissioner" means the Commissioner of Economic and
70 Community Development;

71 (2) "Connecticut Housing Finance Authority" means the authority
72 created and operating pursuant to the provisions of chapter 134;

73 (3) "Financially distressed development" means a housing
74 development owned by a housing authority and subject to an asset
75 that was transferred from the Department of Economic and
76 Community Development to the Connecticut Housing Finance
77 Authority pursuant to [subsection (a) of this] section 8-37u or
78 subdivision (3) of section 32-11; and

79 (4) "Housing authority" means a local housing authority owning a
80 financially distressed development.

81 Sec. 5. Subsection (b) of section 8-216 of the general statutes is
82 repealed and the following is substituted in lieu thereof (*Effective from*
83 *passage*):

84 (b) The state, acting by and in the discretion of the Commissioner of
85 Economic and Community Development, may enter into a contract
86 with a municipality and the housing authority of the municipality or
87 with the Connecticut Housing Finance Authority or any subsidiary
88 created by the authority pursuant to section 8-242a or 8-244, as
89 amended, to make payments in lieu of taxes to the municipality on
90 land and improvements owned or leased by the housing authority or
91 the Connecticut Housing Finance Authority under the provisions of
92 part II of chapter 128 or under the provisions of sections 8-430 to 8-438,
93 inclusive. On and after July 1, 1997, the time period of the contract may
94 include the remaining years of operation of the project. Such payments
95 shall be made annually in an amount equal to the taxes that would be
96 paid on such property were the property not exempt from taxation,
97 and shall be calculated by multiplying the assessed value of such
98 property, which shall be determined by the tax assessor of such
99 municipality in the manner used by such assessor for assessing the
100 value of other real property, by the applicable tax rate of the
101 municipality. Such contract shall provide that, in consideration of such
102 grant-in-aid, the municipality shall waive during the period of such
103 contract any payments by the housing authority or the Connecticut
104 Housing Finance Authority to the municipality under the provisions of
105 section 8-71, and shall further provide that the amount of the payments
106 so waived shall be used by the housing authority or the Connecticut
107 Housing Finance Authority for a program of social and supplementary
108 services to the occupants or shall be applied to the operating costs or
109 reserves of the property, or shall be used to maintain or improve the
110 physical quality of the property.

111 Sec. 6. Section 8-68f of the general statutes is repealed and the

112 following is substituted in lieu thereof (*Effective July 1, 2004*):

113 Each housing authority which receives financial assistance under
 114 any state housing program, and the Connecticut Housing Finance
 115 Authority or its subsidiary when said authority or subsidiary is the
 116 successor owner of housing previously owned by a housing authority
 117 under part II or part VI of this chapter, shall, for housing which it owns
 118 and operates, (1) provide each of its tenants with a written lease, (2)
 119 adopt a procedure for hearing tenant complaints and grievances, (3)
 120 adopt procedures for soliciting tenant comment on proposed changes
 121 in housing authority policies and procedures, including changes to its
 122 lease and to its admission and occupancy policies, and (4) encourage
 123 tenant participation in the housing authority's operation of state
 124 housing programs, including, where appropriate, the facilitation of
 125 tenant participation in the management of housing projects. If such
 126 housing authority or the Connecticut Housing Finance Authority or its
 127 subsidiary operates both a federal and a state-assisted housing
 128 program, it shall use the same procedure for hearing tenant grievances
 129 in both programs. The Commissioner of Economic and Community
 130 Development shall adopt regulations in accordance with the
 131 provisions of chapter 54 to establish uniform minimum standards for
 132 the requirements in this section.

This act shall take effect as follows:	
Section 1	<i>from passage</i>
Sec. 2	<i>from passage</i>
Sec. 3	<i>from passage</i>
Sec. 4	<i>from passage</i>
Sec. 5	<i>from passage</i>
Sec. 6	<i>July 1, 2004</i>

Statement of Legislative Commissioners:

In subsection (f) of section 2, the time for notice was added for consistency with the public act and in subdivision (3) of section 4, "that was" was inserted before "transferred" for clarity.

PD *Joint Favorable Subst.*

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:

Agency Affected	Fund-Effect	FY 05 \$	FY 06 \$
Department of Economic & Community Development	GF - Cost	See Below	See Below
CT Housing Finance Authority (quasi-public)	None	See Below	See Below

Note: GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 05 \$	FY 06 \$
Various Municipalities	Precludes Revenue Loss	See Below	See Below

Explanation

Allowing the state to enter into a contract with the Connecticut Housing Finance Authority (CHFA) and the municipality where the property a housing authority transferred to CHFA is located, to make payments in lieu of taxes (PILOT), will result in the continuation of a payment from the Department of Economic and Community Development (DECD) to New Britain. New Britain received a \$282,127 PILOT payment in FY 03 and the FY 04 payment is estimated to be similar. This provision could preclude potential future state savings and a municipal revenue loss to future impacted projects. The exact impact would depend upon which, if any, additional housing authority properties CHFA is the successor entity to, and the amount of funds appropriated for the PILOT program administered by DECD.

Other provisions of this legislation specify and clarify the duties of CHFA as a result of previous legislation.

OLR Bill Analysis

sSB 37

AN ACT CONCERNING HOUSING**SUMMARY:**

This bill specifies the Connecticut Housing Finance Authority's (CHFA) duties and powers regarding certain housing developments throughout the state.

In 2003, the Department of Economic and Community Development (DECD) transferred its housing loan portfolio to CHFA. By law, local housing authorities may transfer ownership of financially distressed properties subject to the 2003 transfer to CHFA, with the DECD commissioner's approval. For properties a housing authority transfers to CHFA, the bill specifies that:

1. CHFA's activities regarding them must be consistent with DECD's state housing plan,
2. DECD may transfer funds and assets concerning them to CHFA,
3. CHFA must comply with the law under which housing authorities give tenants living there written leases and encourage the tenants to participate in state-funded housing programs that it operates, and
4. the state may enter a contract with CHFA and the municipality where the property is located to make payments in lieu of taxes (PILOTs) to the municipality.

For certain housing authority properties in New Britain, the bill specifies that CHFA is the successor entity, which means it is authorized to take title or control of those properties. The bill allows CHFA, as the successor entity, to amend New Britain's original housing redevelopment master plan approved under existing law for those properties, but requires a local planning committee to participate in creating the amendment. The bill requires CHFA to convene a local planning committee and allows the committee to propose to amend New Britain's housing redevelopment master plan. It specifies that the committee must include tenants and their advocates in the process. Any such amendment is subject to certain requirements, including

meeting criteria necessary for the DECD commissioner's approval.

The bill also specifies that CHFA may provide financial assistance to a local housing authority or redevelopment entity for housing redevelopment projects in New Britain or Stamford.

EFFECTIVE DATE: Upon passage, except for the provision adding CHFA to housing authorities as entities that must provide tenants written leases among other things, which takes effect July 1, 2004.

NEW BRITAIN'S MODERATE-INCOME RENTAL AND ELDERLY HOUSING

Redevelopment Plan and Successor Entity

By law, New Britain and its housing authority, in cooperation with DECD and CHFA, may redevelop Corbin Heights, Corbin Heights Extension, Pinnacle Heights, and Pinnacle Heights Extension. New Britain must assure that the number of replacement apartments is consistent with its housing redevelopment master plan, which had to be completed by the local redevelopment planning committee and approved at the local and state levels.

The law specifies that a successor entity that obtains title to or control of the housing development in the master plan has all of the housing authority's rights, powers, and responsibilities. It defines a "successor entity" as a public body, including CHFA, which obtains title to, or control of, the developments from DECD or the housing authority. Under that law, CHFA became the successor. The bill defines CHFA as the successor entity.

Successor Entity's Authority and Obligations Under the Bill

Under the bill, CHFA may amend the approved redevelopment plan. But any amendment must be proposed and approved subject to the requirements of existing law for developing the original plan (e.g., holding a public hearing and meeting the criteria to qualify for the DECD commissioner's approval). An amendment may not be submitted for approval or approved by the commissioner unless it is developed with the advice of, and in consultation with, the local planning committee.

The bill requires CHFA to:

1. assure that the residents of the housing developments are able to participate fully in the planning, review, and implementation process and
2. provide reasonable support so that such residents will have access to expertise in tenant outreach, training, organizing, legal rights, and housing policy to (a) promote genuine tenant participation and (b) protect the interests of residents during the planning and implementation process.

The bill also requires (1) CHFA to convene a new local planning committee and (2) CHFA's executive director to designate the minimum number of committee members. The committee must include at least two residents of the developments, including residents selected by a resident association, and at least two representatives of organizations that advocate for public housing residents. In addition, each resident association of the affected developments may select one representative. CHFA's executive director designates the committee's chairperson.

The bill allows the committee to propose amendments to the original housing redevelopment master plan. The committee must hold at least one public hearing before approving any amendments. Public hearing notices must be mailed or delivered to each tenant association representing tenants in the development and to each tenant household in the development. In addition to any formal notice, each public hearing must be publicized in the municipality where the development is located through posted notices at the development and in both general circulation newspapers in the municipality and in weekly community newspapers.

Additionally, the committee must keep a record of all comments received (1) at the hearings and (2) at the hearing on the redevelopment plan before submitting it to the DECD commissioner for approval (as required for the original plan under existing law). The oral and written comments must be attached to the amendment.

PILOTS

By law, DECD can enter into contracts with a municipality and its housing authority to make PILOTs to the municipality for real

property the authority owns or leases under DECD's moderate rental and primary housing programs. The PILOT must equal the amount of taxes the properties would generate if they were not tax exempt. The contract must provide that, in consideration for this PILOT, the municipality must waive the PILOT provisions that would otherwise apply, which equals 12.5% of the rent it receives for occupied costs or certain other authorized purposes.

The bill extends these provisions to property CHFA owns or leases under the two programs. It is not clear whether the PILOT provision applies to property CHFA owns or leases pursuant to PA 03-6, June Special Session.

BACKGROUND

Transfer to CHFA of Financially Distressed Properties

By law, a housing authority, with DECD approval, may transfer a financially distressed property to CHFA under certain conditions. A financially distressed property is defined as a housing development owned by a housing authority and subject to an asset transferred in 2003 from DECD to CHFA. DECD transferred its housing loan portfolio (moderate-income rental housing developments and other assets) in 2003 to CHFA, which paid the state \$ 85 million for it, as authorized under PA 02-1 and PA 02-5 of the May 9 Special Session.

The commissioner may approve a transfer if he finds (1) the housing authority is financially unable to maintain the development, (2) it is clear that the housing authority will not be able to maintain the property in the future, (3) the housing authority has requested to transfer the development, and (4) CHFA is prepared to accept the transfer.

Tenant's Rights and Grievance Procedures

By law, local housing authorities that operate state-funded projects must give tenants written leases and encourage them to participate in state-funded housing programs that the authorities operate. The authorities must also help tenants become involved in managing their projects where appropriate.

The law requires authorities to adopt procedures for hearing tenants'

complaints and grievances. Those that also operate federally funded projects must adopt the same grievance procedure for both types of projects, thus giving tenants in state-funded projects the same substantive and procedural rights as those in federally funded projects. The authorities must also adopt procedures for soliciting comments from tenants on proposed policy and procedural changes, including those regarding admission and occupancy requirements.

DECD's commissioner must adopt regulations setting minimum standards for the practices and procedures the law requires.

COMMITTEE ACTION

Planning and Development Committee

Joint Favorable Substitute
Yea 19 Nay 0