



Senate

General Assembly

File No. 670

January Session, 2005

Substitute Senate Bill No. 1056

Senate, May 4, 2005

The Committee on Appropriations reported through SEN. HARP of the 10th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT PROVIDING FOR ADDITIONAL UNITS FOR THE SUPPORTIVE HOUSING INITIATIVE AND FOR FINANCING OF THE INITIATIVE BY THE CONNECTICUT HOUSING FINANCE AUTHORITY.

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

1 Section 1. Section 17a-485c of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective July 1, 2005*):

3 (a) The Commissioner of Mental Health and Addiction Services, in
4 collaboration with the Commissioners of Social Services, Children and
5 Families and Economic and Community Development and the
6 Connecticut Housing Finance Authority, shall establish a Supportive
7 Housing [Pilots] Initiative to provide additional units of affordable
8 housing and support services to eligible persons. The Supportive
9 Housing Initiative shall be implemented in two phases with the first
10 phase to be known as the Supportive Housing Pilots Initiative and the
11 second phase to be known as the Next Steps Initiative.

12 (b) The Supportive Housing Pilots Initiative shall provide up to six

13 hundred fifty additional units of affordable housing and support
14 services to eligible households, as defined in section 17a-484a, and to
15 persons with serious mental health needs who are community-
16 supervised offenders supervised by the executive or judicial branch.
17 Such housing shall be permanent supportive housing or transitional
18 living programs, and the permanent supportive housing may include
19 both individuals and families with special needs and individuals and
20 families without such needs.

21 [(b)] (c) [The Supportive Housing Pilots Initiative shall provide up
22 to six hundred fifty dwelling units.] Not later than January 1, 2002, the
23 Secretary of the Office of Policy and Management and the
24 Commissioner of Mental Health and Addiction Services shall enter
25 into a memorandum of understanding with the Departments of Social
26 Services and Economic and Community Development and the
27 Connecticut Housing Finance Authority. The memorandum of
28 understanding shall provide that: (1) A collaborative plan shall be
29 submitted with specific timetables to create up to six hundred fifty
30 dwelling units of supportive housing, which may include the
31 construction of up to three hundred new units of supportive housing;
32 (2) the Department of Social Services may provide project-based rental
33 subsidy certificates; (3) the Connecticut Housing Finance Authority
34 and the Department of Economic and Community Development shall
35 provide grants, mortgage loans and tax credits that offer a viable
36 financing package, including capitalized operating reserves, for the
37 construction of up to three hundred new units of supportive housing;
38 (4) the Department of Mental Health and Addiction Services shall
39 provide annual grants to the projects for supportive services during
40 the term of any mortgage loan; (5) there shall be a plan for private and
41 federal predevelopment financing and financing from nonstate sources
42 for grants and loans from private investment through federal and state
43 tax credit programs and federal project-based rental subsidies; and (6)
44 not later than July 1, 2002, the Connecticut Housing Finance Authority
45 shall issue a request for proposals by persons or entities interested in
46 participating in such initiative with priority given to applicants that
47 include organizations deemed qualified to provide services by the

48 Department of Mental Health and Addiction Services pursuant to a
49 request for qualifications. The Connecticut Housing Finance Authority
50 shall review and underwrite projects developed under the Supportive
51 Housing Pilots Initiative.

52 (d) The Next Steps Initiative shall provide up to five hundred
53 additional units of affordable housing and support services to: (1)
54 Eligible households, as defined in section 17a-484a; (2) families who
55 are eligible for assistance under the federal temporary assistance for
56 needy families program and whose participation in the Next Steps
57 Initiative would not constitute assistance under federal temporary
58 assistance for needy families program regulations; (3) adults who are
59 eighteen to twenty-three years of age, inclusive, and who are homeless,
60 or at risk for becoming homeless because they are transitioning from
61 foster care or other residential programs; and (4) persons with serious
62 mental health needs who are community-supervised offenders
63 supervised by the executive or judicial branch. Such housing shall be
64 permanent supportive housing or transitional living programs, and the
65 permanent supportive housing may include both individuals and
66 families with special needs and individuals and families without such
67 needs.

68 (e) Not later than October 1, 2005, the Secretary of the Office of
69 Policy and Management and the Commissioner of Mental Health and
70 Addiction Services shall enter into a memorandum of understanding
71 with the Departments of Social Services, Children and Families and
72 Economic and Community Development and the Connecticut Housing
73 Finance Authority. The memorandum of understanding shall provide
74 that: (1) A collaborative plan shall be submitted with specific
75 timetables to create up to five hundred dwelling units of supportive
76 housing under the Next Steps Initiative; (2) the Department of Social
77 Services may provide subsidies, including, but not limited to, project-
78 based rental subsidy certificates during the term of any mortgage loan;
79 (3) the Connecticut Housing Finance Authority and the Department of
80 Economic and Community Development shall provide grants,
81 mortgage loans and tax credits that offer a viable financing package,

82 including capitalized operating reserves; (4) after January 1, 2006, the
83 State Treasurer and the Secretary of the Office of Policy and
84 Management may enter into a debt service agreement to provide
85 funding for debt service costs for Section 501(c)(3) of the Internal
86 Revenue Code bonds issued by the Connecticut Housing Finance
87 Authority; (5) the Department of Mental Health and Addiction
88 Services shall provide annual grants to the projects for supportive
89 services during the term of any mortgage loan; and (6) there shall be a
90 plan for private and federal predevelopment financing and financing
91 from nonstate sources for grants and loans from private investment
92 through federal and state tax credit programs and federal project-
93 based rental subsidies. Not later than January 1, 2006, the Connecticut
94 Housing Finance Authority shall issue a request for proposals by
95 persons or entities interested in participating in such initiative with
96 priority given to applicants that include organizations deemed
97 qualified to provide services by the Departments of Mental Health and
98 Addiction Services, Social Services and Children and Families
99 pursuant to a request for qualifications. The Connecticut Housing
100 Finance Authority shall review and underwrite projects developed
101 under the Supportive Housing Initiative.

102 [(c)] (f) Not later than January 1, [2004] 2006, the Commissioners of
103 Mental Health and Addiction Services, Children and Families and
104 Economic and Community Development and the Connecticut Housing
105 Finance Authority shall submit an interim status report relative to the
106 Supportive Housing [Pilots] Initiative established under this section to
107 the joint standing committees of the General Assembly having
108 cognizance of matters relating to public health, human services,
109 finance, revenue and bonding and appropriations and the budgets of
110 state agencies. Not later than January 1, [2006] 2007, the
111 Commissioners of Mental Health and Addiction Services, Children
112 and Families and Economic and Community Development and the
113 Connecticut Housing Finance Authority shall submit a final report to
114 said committees with respect to the Supportive Housing [Pilots]
115 Initiative and the report shall include, but not be limited to,
116 information indicating (1) the number and location of the units of

117 supportive housing created, (2) the number of individuals served, (3)
118 the number and type of services offered, and (4) the estimated amount
119 of cost avoidance achieved as a direct result of such initiative.

120 Sec. 2. (NEW) (*Effective July 1, 2005*) (a) For purposes of this section
121 "state assistance" means a payment by the state of actual debt service,
122 comprised of principal, interest and reasonable operating reserves.

123 (b) The state, acting by and through the Secretary of the Office of
124 Policy and Management and State Treasurer, may enter into a contract
125 or contracts with the Connecticut Housing Finance Authority that
126 provide for the state to pay actual debt service, comprised of principal,
127 interest and reasonable operating repair and replacement reserves to
128 the authority on mortgage loans made by the authority pursuant to the
129 provisions of section 17a-485c of the general statutes, as amended by
130 this act. Any such contract entered into pursuant to this section shall
131 include provisions that the Secretary of the Office of Policy and
132 Management and the State Treasurer find: (1) Necessary to assure the
133 effectuation of the Supportive Housing Initiative, (2) appropriate for
134 repayment of the state assistance to the state as a result of payment of
135 mortgage loans made by the authority from federal or other sources of
136 revenues, if any, and (3) are in the best interests of the state to allow
137 such state assistance be paid by the state directly to the trustee or
138 paying agent for any bonds or refunding bonds, as applicable, with
139 respect to which the state assistance is provided. Any provision of such
140 a contract entered into providing for payments equal to annual debt
141 service shall be deemed a contract of the state with the holders of any
142 bonds or refunding bonds, as applicable, and appropriation of all
143 amounts necessary to meet punctually the terms of such provision is
144 hereby made and the State Treasurer shall pay such amount as the
145 same become due. The Connecticut Housing Finance Authority may
146 pledge such state assistance as security for the payment of such bonds
147 or refunding bonds issued by said authority. Any bonds so issued for
148 the Supportive Housing Initiative by the Connecticut Housing Finance
149 Authority and at any time outstanding may at any time or from time to
150 time be refunded, in whole or in part, by the Connecticut Housing

151 Finance Authority by the issuance of its refunding bonds in such
152 amounts as the authority may deem necessary or appropriate but not
153 exceeding an amount sufficient to refund the principal amount of the
154 bonds to be so refunded, any unpaid interest thereon, and any
155 premiums, commissions and costs of issuance necessary to be paid in
156 connection therewith. Any such refunding may be effected whether
157 the bonds to be refunded shall have matured or shall thereafter
158 mature.

159 Sec. 3. Section 17b-812 of the general statutes is repealed and the
160 following is substituted in lieu thereof (*Effective July 1, 2005*):

161 (a) The Commissioner of Social Services shall implement and
162 administer a program of rental assistance for low-income families
163 living in privately-owned rental housing. For the purposes of this
164 section, a low-income family is one whose income does not exceed fifty
165 per cent of the median family income for the area of the state in which
166 such family lives, as determined by the commissioner.

167 (b) Housing eligible for participation in the program shall comply
168 with applicable state and local health, housing, building and safety
169 codes.

170 (c) In addition to an element in which rental assistance certificates
171 are made available to qualified tenants, to be used in eligible housing
172 which such tenants are able to locate, the program may include a
173 housing support element in which rental assistance for tenants is
174 linked to participation by the property owner in other municipal, state
175 or federal housing repair, rehabilitation or financing programs. The
176 commissioner shall use rental assistance under this section so as to
177 encourage the preservation of existing housing and the revitalization
178 of neighborhoods or the creation of additional rental housing.

179 (d) The commissioner may designate a portion of the rental
180 assistance certificates available under the program for tenant-based
181 and project-based supportive housing units. To the extent practicable
182 rental assistance certificates issued for supportive housing shall adhere

183 to the requirements of the federal Housing Choice Voucher program,
 184 42 USC 1437f(o), relative to calculating the tenant's share of the rent to
 185 be paid.

186 [(d)] (e) The commissioner shall administer the program under this
 187 section to promote housing choice for certificate holders and
 188 encourage racial and economic integration. The commissioner shall
 189 establish maximum rent levels for each municipality in a manner that
 190 promotes the use of the program in all municipalities. Any certificate
 191 issued pursuant to this section may be used for housing in any
 192 municipality in the state. The commissioner shall inform certificate
 193 holders that a certificate may be used in any municipality and, to the
 194 extent practicable, the commissioner shall assist certificate holders in
 195 finding housing in the municipality of their choice.

196 [(e)] (f) Nothing in this section shall give any person a right to
 197 continued receipt of rental assistance at any time that the program is
 198 not funded.

199 [(f)] (g) The commissioner shall adopt regulations in accordance
 200 with the provisions of chapter 54 to carry out the purposes of this
 201 section. The regulations shall establish maximum income eligibility
 202 guidelines for such rental assistance and criteria for determining the
 203 amount of rental assistance which shall be provided to eligible
 204 families.

This act shall take effect as follows and shall amend the following sections:		
Section 1	July 1, 2005	17a-485c
Sec. 2	July 1, 2005	New section
Sec. 3	July 1, 2005	17b-812

Statement of Legislative Commissioners:

Technical revisions were made to section 2(b) for clarity.

PH

Joint Favorable Subst. C/R

APP

APP *Joint Favorable Subst.-LCO*

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 06 \$	FY 07 \$
Department of Social Services	GF - Cost	Significant	Significant
Department of Mental Health & Addiction Services	GF - Cost	Significant	Significant
Department of Children & Families	GF - Cost	Significant	Significant

Municipal Impact: None

Explanation

This bill expands the existing Supportive Housing Pilots Initiative to create 500 new units by the end of FY07. An additional 500 units would be created as part of the Next Steps Initiative by the end of FY10. This initiative utilizes the bonding authority of the Connecticut Housing Finance Authority (CHFA), community mental health services from the Department of Mental Health and Addiction Services (DMHAS) and the Department of Children and Families (DCF), and Rental Assistance Program (RAP) certificates from the Department of Social Services (DSS). The budget bill (sHB 6671, as approved by the Appropriations Committee) contains \$750,000 in FY06 and \$1,562,500 in FY07 under DMHAS, \$140,000 in FY 06 and \$175,000 in FY 07 under DCF, and \$688,500 in FY06 and \$1,579,250 in FY07 under DSS to implement this expansion. The estimated annual state cost of this initiative when fully implemented by 2010 is \$24 million.

OLR Bill Analysis

sSB 1056

AN ACT PROVIDING FOR ADDITIONAL UNITS FOR THE SUPPORTIVE HOUSING INITIATIVE AND FOR FINANCING OF THE INITIATIVE BY THE CONNECTICUT HOUSING FINANCE AUTHORITY**SUMMARY:**

This bill requires the Department of Mental Health and Addiction Services (DMHAS) commissioner to provide for up to 500 additional units of affordable, supportive housing for people with mental illness. These units are a second, "Next Steps," phase of the Supportive Housing Initiative. The first phase, the Supportive Housing Pilots Initiative, was instituted in 2001 to create 650 units.

Like the pilot initiative, the Next Steps Initiative is funded through mortgages, tax credits, and grants from the Connecticut Housing Finance Authority (CHFA) and the Department of Economic and Community Development (DECD); rent subsidies from the Department of Social Services; and DMHAS grants for support services. The bill permits the state to pay debt service on tax-exempt bonds CHFA issues for the program.

EFFECTIVE DATE: July 1, 2005

ELIGIBLE INDIVIDUALS AND HOUSING

Under the bill, Next Steps housing is for:

1. people or families affected by psychiatric disabilities, chemical dependency, or both who are homeless or at risk of homelessness (including people living on the streets or in shelters or unsafe, abusive, or overcrowded environments; paying more than 50% of their income for rent; leaving homeless programs or transitional housing with no permanent housing; or needing supportive services to maintain permanent housing);

2. families who are eligible for temporary family assistance, if participation in the Next Steps Initiative would not constitute assistance under federal regulations;
3. 18- to 23-year olds who are homeless or at risk of homelessness because they are transitioning out of foster care or other residential programs; and
4. community-supervised offenders with serious mental health needs who are under the jurisdiction of the Judicial Branch or the Correction Department.

Like the pilot initiative, supportive housing developed under the bill can be permanent or transitional; permanent housing can include individuals and families with or without special needs.

FINANCING

Memorandum of Understanding (MOU)

The act requires the DMHAS commissioner and OPM secretary to enter into an MOU with the department of Children and Families (DCF), DSS, and DECD and CHFA by October 1, 2005. That memorandum must provide for:

1. submission of a collaborative plan and timetables for creating up to 500 supported units;
2. an option for DSS to provide subsidies, including project-based rent subsidies during the term of any mortgage;
3. CHFA and DECD to offer viable financing through grants, mortgages, and tax credits, including capitalized operating reserves;
4. the treasurer and OPM secretary's ability to enter into an agreement, after January 1, 2006, to pay debt service on any tax-exempt bonds CHFA issues for the units;
5. DMHAS to provide annual grants for supportive services during the term of any mortgage; and

6. a plan for private and federal predevelopment financing and for grants and loans from nonstate sources generated by federal and state tax credits and federal project-based rent subsidies.

The bill requires CHFA, by January 1, 2006, to issue a request for proposals (RFP) for participation in the initiative. The RFP process must give priority to applicants that include organizations that DMHAS and DCF, following a request for qualifications process, deem qualified to provide services. It also requires CHFA to review and underwrite projects developed under both the pilot and Next Steps initiatives.

Debt Service Agreement

The bill permits the treasurer and OPM secretary, on behalf of the state, to contract with CHFA to pay principal and interest and reasonable operating and replacement reserves on CHFA mortgages issued under both phases of the Supportive Housing Initiative. The contract must contain provisions they find (1) needed to assure the initiative is put into effect, (2) appropriate for repaying the state when CHFA receives mortgage payments from federal or other sources, and (3) in the state's best interests by allowing direct payment to the bond trustee or paying agent.

The bill makes any contract provision for the state's paying an amount equal to the annual debt service a state contract with bondholders, appropriates all amounts needed to pay promptly, and requires the treasurer to make payments when due. It allows CHFA to pledge the state's payment as security for the bonds. And it allows CHFA to issue refunding bonds at any time.

DSS Rent Certificates

The bill allows the DSS commissioner to set aside some of its rent assistance certificates for tenant- and project-based supportive housing units. Tenant-based certificates go to individuals who secure private housing; project-based certificates go to property owners who participate in government housing development programs. The bill requires, to the extent practicable, that the tenant's share of rent under a certificate for supportive housing be calculated based on federal Housing Choice Voucher Program regulations. These call for a tenant to pay 30% of the family's adjusted monthly income for a unit that

rents for up to the fair market price set by the Department of Housing and Urban Development.

REPORTING

The bill requires DMHAS, DECD, DCF, and CHFA to submit an interim report on the entire Supportive Housing Initiative by January 1, 2006. (DMHAS, DECD, and CHFA were previously required to submit an interim report on the pilot initiative by January 1, 2004.) And it extends by one year, to January 1, 2007, the date by which these agencies (plus DCF, which was not previously part of the reporting requirement) must submit a final report. Both reports go to the Public Health, Human Services, Finance, and Appropriations committees.

BACKGROUND

“Assistance” for Temporary Assistance to Needy Families (TANF)

Federal TANF regulations define assistance to include “cash, payments, vouchers, and other forms of benefits designed to meet a family’s ongoing needs (i.e., for food, clothing, shelter, utilities, household goods, personal care items, and general incidental expenses).” It also includes supportive services such as transportation and childcare to non-employed families (45 CFR 260.31(a)). Assistance does not include services such as counseling, case management, peer support, and transitional services; supportive services like transportation and child care to employed families; or nonrecurring, short-term (four or fewer months) benefits designed to deal with a specific situation or episode (45 CFR 260.30(b)).

Related Bill

sSB 1237 (File 418) requires CHFA to finance 1,000 additional supportive housing units by July 1, 2008, 700 of which must be new or substantially rehabilitated units while 300 may be leased, existing units. Three hundred of the units are designated for families and 700 for single adults.

COMMITTEE ACTION

Public Health Committee

Joint Favorable Substitute Change of Reference

Yea 23 Nay 0

Appropriations Committee

Joint Favorable Report

Yea 50 Nay 0