



House of Representatives

General Assembly

File No. 813

January Session, 2007

Substitute House Bill No. 6642

House of Representatives, May 9, 2007

The Committee on Commerce reported through REP. BERGER of the 73rd Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING THE SUSTAINABILITY OF STATE-ASSISTED HOUSING AND REQUIRING A COMPREHENSIVE PHYSICAL NEEDS ASSESSMENT FOR PUBLIC HOUSING.

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

1 Section 1. (NEW) (*Effective July 1, 2007*) As used in sections 2 to 4,
2 inclusive, of this act:

3 (1) "Authority" means the Connecticut Housing Finance Authority;

4 (2) "Eligible housing" means the housing that is in the housing loan
5 portfolio that was transferred from the Department of Economic and
6 Community Development to the Connecticut Housing Finance
7 Authority pursuant to section 8-37uu of the general statutes;

8 (3) "Financial assistance" means grants, deferred loans, no interest
9 and low interest loans, loan guarantees, interest subsidies and similar
10 financings; and

11 (4) "Fund" means the State-Assisted Housing Sustainability Fund
12 established pursuant to section 2 of this act.

13 Sec. 2. (NEW) (*Effective from passage*) (a) The Commissioner of
14 Economic and Community Development, in consultation with the
15 Connecticut Housing Finance Authority and the State-Assisted
16 Housing Sustainability Advisory Committee, established pursuant to
17 section 3 of this act, shall establish and maintain the State-Assisted
18 Housing Sustainability Fund for the purpose of the preservation of
19 eligible housing. The moneys of the fund shall be available to the
20 authority to provide financial assistance, consistent with the
21 recommendations of the State-Assisted Housing Sustainability
22 Advisory Committee, to the owners of eligible housing for the
23 maintenance, repair, rehabilitation, and modernization of eligible
24 housing and for other activities consistent with preservation of eligible
25 housing, including, but not limited to, (1) emergency repairs to abate
26 actual or imminent emergency conditions that would result in the loss
27 of habitable housing units, (2) major system repairs or upgrades,
28 including, but not limited to, repairs or upgrades to roofs, windows,
29 mechanical systems and security, (3) reduction of vacant units, (4)
30 remediation or abatement of hazardous materials, including lead, (5)
31 increases in development mobility and sensory impaired accessibility
32 in units, common areas and accessible routes, (6) relocation costs and
33 alternative housing for not more than sixty days, necessary because of
34 the failure of a major building system, and (7) a comprehensive
35 physical needs assessment. Financial assistance shall be awarded to
36 applicants consistent with the recommendations of the State-Assisted
37 Housing Sustainability Advisory Committee.

38 (b) In each of the fiscal years ending June 30, 2008, and June 30,
39 2009, the authority may expend not more than seven hundred fifty
40 thousand dollars from the fund for reasonable administrative costs
41 related to the operation of the fund, including the expenses of the
42 State-Assisted Housing Sustainability Advisory Committee, the
43 development of analytic tools and research concerning the capital and
44 operating needs of eligible housing for the purpose of advising the
45 General Assembly on policy regarding eligible housing and the study
46 required by section 5 of this act. Thereafter, the authority shall prepare
47 an administrative budget which shall be effective upon the approval of

48 said committee.

49 (c) The authority shall adopt written procedures in accordance with
50 section 1-121 of the general statutes to implement the provisions of this
51 section. Such procedures shall establish (1) guidelines for grants and
52 loans, and (2) a process for certifying an emergency condition in not
53 more than forty-eight hours and for committing emergency funds,
54 including costs of resident relocation, if necessary, not more than five
55 business days after application by the owner of eligible housing for
56 emergency repair financial assistance. The guidelines under
57 subdivision (1) of this subsection shall provide for deferred payment of
58 principal and interest upon approval of the committee.

59 (d) In reviewing applications and providing financial assistance
60 under this section, the authority, in consultation with the State-
61 Assisted Housing Sustainability Advisory Committee, shall consider
62 the long term viability of the eligible housing and the likelihood that
63 financial assistance will assure such long term viability. As used in this
64 section, "viability" includes, but is not limited to, continuous
65 habitability and adequate operating cash flow to maintain the existing
66 physical plant and any capital improvements and to provide basic
67 services required under the lease and otherwise required by local
68 codes and ordinances.

69 (e) On or before February 1, 2009, and annually thereafter, the
70 authority, in consultation with the State-Assisted Housing
71 Sustainability Advisory Committee, shall submit a report on the
72 operation of the fund, for the previous calendar year, to the General
73 Assembly, in accordance with section 11-4a of the general statutes. The
74 report shall include an analysis of the distribution of funds and an
75 evaluation of the performance of said fund and may include
76 recommendations for modification to the program.

77 Sec. 3. (NEW) (*Effective July 1, 2007*) (a) (1) There is established a
78 State-Assisted Housing Sustainability Advisory Committee. The
79 committee shall consist of the following members:

80 (A) The chairpersons and ranking members of the select committee
81 of the General Assembly having cognizance of matters relating to
82 housing;

83 (B) The chairpersons and ranking members of the joint standing
84 committees of the General Assembly having cognizance of matters
85 relating to planning and development and commerce;

86 (C) One appointed by the speaker of the House of Representatives
87 who shall represent a housing authority with one hundred or more
88 units of eligible housing but less than two hundred fifty units and be
89 appointed from a list submitted by the Connecticut Chapter of the
90 National Association of Housing and Redevelopment Officials;

91 (D) One appointed by the president pro tempore of the Senate who
92 shall represent a housing authority with two hundred fifty or more
93 units of eligible housing and be appointed from a list submitted by the
94 Connecticut Chapter of the National Association of Housing and
95 Redevelopment Officials;

96 (E) One appointed by the majority leader of the House of
97 Representatives who shall represent a housing authority with one
98 hundred or more but less than two hundred fifty units of eligible
99 housing and be appointed from a list submitted by the Connecticut
100 Chapter of the National Association of Housing and Redevelopment
101 Officials;

102 (F) One appointed by the majority leader of the Senate who shall
103 represent a housing authority with one hundred or less units of
104 eligible housing and be appointed from a list submitted by the
105 Connecticut Chapter of the National Association of Housing and
106 Redevelopment Officials by the majority leader of the Senate;

107 (G) One appointed by the minority leader of the House of
108 Representatives who shall represent a housing authority with one
109 hundred or more but less than two hundred fifty units of eligible
110 housing and be appointed from a list submitted by the Connecticut

111 Chapter of the National Association of Housing and Redevelopment
112 Officials;

113 (H) One appointed by the minority leader of the Senate who shall
114 represent a housing authority with one hundred or less units of
115 eligible housing and be appointed from a list submitted by the
116 Connecticut Chapter of the National Association of Housing and
117 Redevelopment Officials; and

118 (I) Eight appointed by the executive director of the Connecticut
119 Housing Finance Authority as follows: (i) Two representing
120 organizations that advocate for residents of state-funded public
121 housing; (ii) two residents of state-funded public housing; (iii) two
122 who are advocates for persons with disabilities; (iv) one representing a
123 nonprofit housing organization; and (v) one representing a for-profit
124 housing organization.

125 (2) The appointments made pursuant to subparagraphs (C) to (H),
126 inclusive, of subdivision (1) of this subsection shall be made from a list
127 submitted by the Connecticut Chapter of the National Association of
128 Housing and Redevelopment Officials as follows: Three shall represent
129 a housing authority with less than one hundred units; three shall
130 represent a housing authority with more than one hundred units but
131 less than two hundred fifty units and three shall represent a housing
132 authority with more than two hundred fifty units.

133 (b) The committee shall meet at least quarterly and shall advise the
134 executive director of the Connecticut Housing Finance Authority on
135 the administration, management, procedures and objectives of the
136 financial assistance provided pursuant to section 2 of this act,
137 including, but not limited to, the establishment of criteria, priorities
138 and procedures for such financial assistance.

139 (c) The speaker of the House of Representatives and the president
140 pro tempore of the Senate shall select the chairpersons of the task
141 force, from among the members of the task force. The chairperson, or
142 the vice-chairperson in the absence of the chairperson, may establish

143 subcommittees and working groups of the members as needed to the
144 chairperson of such subcommittees.

145 (d) The initial term of the members appointed to the committee
146 pursuant to subparagraphs (C) to (I), inclusive, of subdivision (1) of
147 subsection (a) shall be staggered by lottery conducted by the
148 committee. After the initial term, the terms of all members shall be
149 three years. Members may be reappointed for an unlimited number of
150 terms.

151 Sec. 4. (NEW) (*Effective July 1, 2007*) (a) The Connecticut Housing
152 Finance Authority shall design and administer a program of grants to
153 owners of eligible housing to pay the cost of a comprehensive physical
154 needs assessment for each eligible housing development. The final
155 design of this program shall be subject to the review and approval by
156 the State-Assisted Housing Sustainability Advisory Committee
157 established pursuant to section 3 of this act. Such assessment shall be a
158 twenty-year life cycle analysis covering all physical elements, adjusted
159 for observed conditions, and shall include, at a minimum, an
160 evaluation of (1) dwelling units; building interiors and building
161 envelopes; community buildings and amenities; site circulation and
162 parking; site amenities such as lots; mechanical systems, including an
163 analysis of technological options to reduce energy consumption and
164 pay-back periods on new systems that produce heat and domestic hot
165 water; and site conditions, (2) compliance with physical accessibility
166 guidelines under Title II of the federal Americans with Disabilities Act,
167 and (3) hazardous materials abatement, including lead paint
168 abatement. The costs of such needs assessments shall be paid from the
169 fund.

170 (b) A copy of each completed comprehensive physical needs
171 assessment shall be submitted to the Connecticut Housing Finance
172 Authority in a format prescribed by the authority. The format shall be
173 designed by the authority so that a baseline of existing and
174 standardized conditions of eligible housing can be prepared and
175 annually updated to reflect changes in the consumer price index and

176 annual construction costs.

177 Sec. 5. (*Effective July 1, 2007*) The State-Assisted Housing
 178 Sustainability Advisory Committee, established pursuant to section 3
 179 of this act, shall study and make recommendations concerning
 180 modifications to the program of rental assistance for elderly and
 181 disabled persons established pursuant to section 8-119kk of the general
 182 statutes. In conducting such study, the committee shall consider
 183 expanding to other eligible housing or replacing such program with
 184 another program designed to assure the long-term viability of all
 185 eligible housing, as defined in section 1 of this act, with minimal
 186 impact on low and moderate income households. The committee shall
 187 submit its report on or before July 1, 2009, to the select committee of
 188 the General Assembly having cognizance of matters relating to
 189 housing, in accordance with the provisions of section 11-4a of the
 190 general statutes.

191 Sec. 6. (*Effective July 1, 2007*) The sum of one hundred twenty million
 192 dollars is hereby appropriated from the surplus in the General Fund
 193 for the fiscal year ending June 30, 2007, to the Department of Economic
 194 and Community Development for the purpose of a grant-in-aid to the
 195 Connecticut Housing Finance Authority to capitalize the State-Assisted
 196 Housing Sustainability Fund established pursuant to section 2 of this
 197 act.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2007</i>	New section
Sec. 2	<i>from passage</i>	New section
Sec. 3	<i>July 1, 2007</i>	New section
Sec. 4	<i>July 1, 2007</i>	New section
Sec. 5	<i>July 1, 2007</i>	New section
Sec. 6	<i>July 1, 2007</i>	New section

CE *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 chamber thereof for any purpose:

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 08 \$	FY 09 \$
CHFA (quasi-public)	GF - Cost	See Below	See Below
Department of Economic & Community Development	GF - Cost	See Below	See Below

Note: GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 08 \$	FY 09 \$
Various Municipal Housing Authorities	Cost Avoidance	See Below	See Below

Explanation

The bill requires the Department of Economic and Community Development (DECD) to establish and maintain the State Assisted Housing Sustainability Fund. The bill appropriates \$120 million from the surplus in the General Fund for the fiscal year ending June 30, 2007, to the DECD to provide grants to the Connecticut Housing Finance Authority (CHFA) to capitalize the fund. The bill authorizes CHFA to expend no more than \$750,000 in each FY 08 and FY 09 from the fund for specific expenses associated with the funds maintenance outlined in the bill. This appropriation will reduce the current year surplus by \$120 million dollars. It should be noted that sHB 7077, the Appropriations Act, as favorably reported by the Appropriations Committee does not contain \$120 million for this purpose. The Act provides \$10,000,000 in FY 08 from the FY 07 surplus for deferred maintenance of public housing.

It is also anticipated that the DECD will require 3 additional positions starting in FY 08 at a cost of \$180,000 for salaries plus fringe

benefits¹. The positions are needed to support the advisory committee and the administration of the fund for application and contract administration including support for architectural and construction monitoring services. To the extent that the DECD could leverage federal housing dollars to offset part of these expenses, costs would be reduced.

There are 405 properties with approximately 14,500 housing units in the portfolio that would be eligible under the program. The current estimated unfunded capital needs to address emergency, deferred maintenance, and rehabilitation is approximately \$152,000,000 as reported by owners, compiled and categorized and for the most part verified by CHFA. In addition 17 housing authorities are in discussions concerning the redevelopment of 23 properties which could cost approximately \$300,000,000.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

¹ The fringe benefit costs for state employees are budgeted centrally in the Miscellaneous Accounts administered by the Comptroller. The estimated first year fringe benefit rate for a new employee as a percentage of average salary is 25.8%, effective July 1, 2006. The first year fringe benefit costs for new positions do not include pension costs. The state's pension contribution is based upon the prior year's certification by the actuary for the State Employees Retirement System (SERS). The SERS 2006-07 fringe benefit rate is 34.4%, which when combined with the non pension fringe benefit rate totals 60.2%.

OLR Bill Analysis

sHB 6642

AN ACT CONCERNING THE SUSTAINABILITY OF STATE-ASSISTED HOUSING AND REQUIRING A COMPREHENSIVE PHYSICAL NEEDS ASSESSMENT FOR PUBLIC HOUSING.

SUMMARY:

This bill requires the Department of Economic and Community Development (DECD) to establish and maintain the State-Assisted Housing Sustainability Fund to preserve eligible housing. DECD must do so in consultation with the Connecticut Housing Finance Authority (CHFA) and the State-Assisted Housing Sustainability Advisory Committee, which the bill creates. The bill appropriates \$120 million from the FY 07 General Fund surplus to DECD to provide grants to CHFA to capitalize the sustainability fund.

Under the bill, “eligible housing” means developments that are part of the state affordable rental housing loan portfolio, which DECD transferred to CHFA in 2002 as authorized by law.

The bill requires the 26-member advisory committee to advise CHFA on the fund’s use for its various preservation and assessment purposes (although, under the bill, DECD maintains the fund). The committee must also study and recommend modifications to the state’s rental assistance program for the elderly and people with disabilities (see BACKGROUND). In conducting the study, the committee must consider expanding the program to other eligible housing or replacing it with another program designed to assure the long-term viability of all eligible housing, as the bill defines it, with minimal impact on low- and moderate-income households. The committee must submit its report, by July 1, 2009, to the Housing Committee.

The bill also requires CHFA, in consultation with the advisory committee, to submit a report on the sustainability fund's operation for the previous year by February 1, 2009, and annually thereafter. The report must include an analysis of the sustainability fund's distribution and an evaluation of its performance. It may also include recommendations for program modifications. (Presumably, CHFA would also work in consultation with DECD on the report.)

EFFECTIVE DATE: July 1, 2007, except for the sustainability fund's establishment, which is effective upon passage.

STATE-ASSISTED HOUSING SUSTAINABILITY FUND

The bill specifies that funds must be available to CHFA to provide financial assistance, consistent with the recommendations of the advisory committee (see below), to eligible housing owners for maintaining, repairing, rehabilitating, and modernizing of eligible housing and for other activities consistent with its preservation. Other activities include:

1. emergency repairs to abate actual or imminent emergency conditions that would result in the loss of habitable housing units,
2. major system repairs or upgrades, including repairs or upgrades to roofs, windows, mechanical systems, and security, and relocation costs, and alternative housing for no more than 60 days, necessary because of the failure of a major building system;
3. vacant unit reduction;
4. remediation or abatement of hazardous material, including lead;
5. increases in development mobility and sensory-impaired accessibility in units, common areas, and accessible routes; and
6. a comprehensive physical needs assessment (see below).

CHFA must award financial assistance to applicants consistent with the recommendations of the sustainability advisory committee (and presumably DECD as well).

The bill authorizes CHFA to expend no more than \$750,000 annually in FY 08 and FY 09 from the fund for reasonable administrative expenses associated with maintaining the fund. This includes:

1. the sustainability advisory committee's expenses,
2. the development of analytic tools and research concerning the capital and operating needs of eligible housing to advise the legislature regarding eligible housing policy, and
3. the study under the bill.

As of FY 10, CHFA must prepare an administrative budget that takes effect when the advisory committee approves it.

Written Procedures, Including for Emergency Repairs

CHFA must adopt written procedures to implement the handling of the fund. The procedures must establish:

1. guidelines for grants and loans, including providing for deferred payment of principal and interest upon approval of the committee, and
2. a process for certifying an emergency condition within 48 hours and for committing emergency funds, including costs of relocating a resident, if necessary, not more than five business days after the eligible housing owner applies for emergency repair financial assistance.

Emergency Loan Viability Review

Under the bill, in reviewing applications and providing financial assistance, CHFA, in consultation with the advisory committee, must consider the long-term viability of eligible housing and the likelihood

that financial assistance will ensure long-term viability. The bill specifies that “viability” includes (1) continuous habitability and adequate operating cash flow to maintain the existing physical plant and any capital improvements and (2) providing basic services required under the lease and otherwise required by local codes and ordinances.

Comprehensive Physical Needs Assessments

CHFA must design and administer a grant program for eligible housing owners to pay for comprehensive physical needs assessments for each eligible housing development. The final design of this program is subject to the advisory committee’s review and approval. The assessment must be a 20-year life-cycle analysis covering all physical elements, adjusted for observed conditions, and must at least evaluate:

1. dwelling units, building interiors and envelopes, community buildings and amenities, site circulation and parking, site amenities such as lots, mechanical systems, including an analysis of technological options to reduce energy consumption and pay-back periods on new systems that produce heat and domestic hot water, and site conditions;
2. compliance with physical accessibility guidelines under Title II of the federal Americans with Disabilities Act, (which prohibits discrimination on the basis of disability by public entities); and
3. hazardous material abatement, including lead paint abatement.

A copy of each needs assessment must be submitted to CHFA in a format it prescribes. CHFA must design the format so that a baseline of existing and standardized conditions of eligible housing can be prepared and annually updated to reflect changes in the consumer price index and annual construction costs.

STATE-ASSISTED HOUSING SUSTAINABILITY ADVISORY COMMITTEE

To advise CHFA (and, presumably, DECD) on use of the sustainability fund, the bill establishes an advisory committee, which consists of the following members:

1. the chairpersons and ranking members of the Housing, Planning and Development, and Commerce committees;
2. one, appointed by the House speaker, who represents a housing authority with between 100 and 250 eligible housing units;
3. one, appointed by the Senate president pro tempore, who represents a housing authority with 250 or more eligible housing units;
4. one, appointed by the House majority leader, who represents a housing authority with between 100 and 250 eligible housing units;
5. one, appointed by the Senate majority leader, who represents a housing authority with 100 or fewer housing units;
6. one, appointed by the House minority leader, who represents a housing authority with between 100 and 250 housing units;
7. one, appointed by the Senate minority leader, who represents a housing authority with 100 or fewer eligible housing units; and
8. eight appointed by the CHFA's executive director as follows: (a) two representing organizations that advocate for residents of state-funded public housing, (b) two state-funded public housing residents, (c) two who are advocates for people with disabilities, (d) one representing a nonprofit housing organization, and (e) one representing a for-profit housing organization.

The legislators must select appointees from a list the Connecticut Chapter of the National Association of Housing and Redevelopment Officials (CONN-NAHRO) submits. The list must have: (1) three

candidates representing a housing authority with less than 100 units, (2) three representing a housing authority with between 100 and 250 units, and (3) three representing a housing authority with more than 250 units.

The House speaker and Senate president pro tem must choose chairpersons from the committee's members. The chairperson, or the vice-chairperson in the chairperson's absence, may establish subcommittees and member working groups as needed by subcommittee chairpersons.

The initial terms of all of the appointed members are staggered by a lottery conducted by the committee. After the initial term, the members' terms are three years. Members may be reappointed for an unlimited number of terms.

The committee must meet at least quarterly and advise CHFA's executive director on the administration, management, procedures, and objectives of the bill's financial assistance, including the establishment criteria, priorities, and procedures for the sustainability fund.

BACKGROUND

State Affordable Rental Housing Loan Portfolio

The portfolio consists of state-financed rental housing for low- or moderate-income people. It consists of approximately 17,776 units in 412 developments, including elderly and congregate housing (7,698 units) and family public housing (5,486 units).

In 2003, DECD transferred its state-financed housing loan portfolio (for which it had oversight) to CHFA, and CHFA gave \$85 million to the state in return, as authorized under PA 02-1 and PA 02-5, May 9 Special Session.

DECD's Elderly Rental Assistance Program

DECD's Elderly Rental Assistance Program provides "project-based" rental assistance to low-income seniors over age 62 and

younger disabled people living in state-funded elderly housing developments. To qualify, seniors must spend more than 30% of their income on rent and utilities. The assistance amount is the difference between 30% of their adjusted gross income, less a utility allowance, and the base rent.

Related Bill

SB 1129 authorizes a total of up to \$119 million in general obligation bonds for emergency repairs, redevelopment, and demolition of state-assisted housing. Specifically, it (1) authorizes up to \$100 million in bonds to DECD for redevelopment, demolition, or capital improvement at state-assisted housing, with \$10 million effective each July 1 between 2007 and 2016, and (2) authorizes up to \$19 million in bonds for housing development and rehabilitation, lead abatement, and emergency repairs of state-assisted housing. The bonds are subject to standard statutory bond issuance and repayment requirements.

SB 1129 creates a State-Assisted Housing Emergency Repair Fund, which DECD's commissioner must use to finance emergency repairs. The commissioner determines the terms and conditions to which the fund is subject. The bill establishes an emergency repair fund advisory committee to advise DECD's commissioner on emergency grants and loans from the fund.

SB 1129 authorizes any bonds authorized for housing, other than for the Housing Trust Fund, to capitalize the State-Assisted Housing Emergency Repair Fund with the governor's and bond commissioner's approval.

Legislative History

The House referred the bill (File 419) to the Commerce Committee, which favorably reported this substitute (1) requiring DECD to establish and maintain the sustainability fund instead of CHFA, which DECD must consult under the substitute bill and (2) adding the Commerce Committee chairpersons and ranking members to the housing sustainability advisory committee.

COMMITTEE ACTION

Select Committee on Housing

Joint Favorable Change of Reference

Yea 10 Nay 0 (03/06/2007)

Planning and Development Committee

Joint Favorable Substitute

Yea 19 Nay 0 (03/21/2007)

Commerce Committee

Joint Favorable Substitute

Yea 11 Nay 7 (04/26/2007)