Statement of Richard D. Fox
Executive Director of Stamford Housing Authority

Ladies and gentlemen, my name is Richard Fox, Executive Director of the Stamford Housing Authority. I would like to testify in favor of Senate Bill 2 --An Act Concerning an Emergency Relief Plan for Connecticut Families for Housing Costs, which seeks to restore restore the State's 30-year commitment of Payment in Lieu of Taxes (i.e. "PILOT") funding for the State Moderate Rent Program and tax abatement payments for nonprofit sponsored housing. I will speak specifically to the restoration of PILOT funding to the State Moderate Rental Program and its importance to the Stamford Housing Authority.

The 2008 state budget eliminated the PILOT program, causing a fiscal crisis for both local housing authorities and their residents. In speaking to several state legislators, we have learned that many did not know that PILOT had been eliminated from the state budget up until the time of its passage. Consequently, neither housing authorities nor residents were made aware that PILOT was to be eliminated until the state budget was finalized.

The elimination of the State's PILOT commitment shifts the burden for this significant financial obligation onto our low and moderate income residents - struggling households that have relied on the restricted rent of State public housing to make ends meet. These households are typically hard working members of our communities' services sector – the backbone of our local economies. In order for residents to now assume this obligation in the form of a sharp increase in their rental rate – often of between 10% and 50% - the local housing authority must implement the change promptly so that much of the annual burden may be prorated over 12 months rather than appear as a *lump sum* obligation. The State's elimination of its PILOT commitment during the last days of the 2007 legislative session, along with subsequent attempts to revive it, provided very little time for residents to assume this obligation.

The process of increasing rental rates in a State Moderate Rent facility, beyond the normal inflation factor, is lengthy and cumbersome, involving numerous notices, public hearings and other matters: it typically takes between three and six months. If a rental increase of the magnitude described above is not implemented immediately, each month of delay will increase the amount of the monthly increase. What would have been a 17% - or $100/month – increase in the first month quickly mushrooms into a 50% increase due to the period of time required to implement the change. This radical increase in rental rates creates an enormous hardship for our neediest working families. Many are not be able to pay the increased amount, a circumstance that leads to increased rates of eviction, an increase in homelessness and elevated vacancy rates. Our properties have already suffered deterioration due to the State's capital disinvestments and they currently have little or no market appeal to families of

greater means than low and moderate income residents. Already awash in red ink, our properties will further deteriorate contributing to the decline of their surrounding neighborhoods.

Most low-income housing programs receive an operating subsidy to make up the difference between the residents' effective ability to pay and the real cost of operating the complex. This is the case in the Federal low income housing program, Federal Section 8 program and the State RAP program. The only subsidy for the State Moderate Rent Program to help fill this gap had been the PILOT program, and now that has been eliminated.

I urge you, on behalf of Connecticut NAHRO and the Stamford Housing Authority, to restore the PILOT, with two years of funding retroactive to July of 2007, so residents and our vital housing infrastructure are not harmed. The cost is **$2,204,000 each year for two years for PILOT**, and **$1,704,890 each year for two years for tax abatement for non-profit properties**.

The elimination of the State's PILOT commitment affects residents in 31 municipalities throughout the state. Ironically we are punishing the very municipalities that have stepped up to the plate to deliver affordable housing. Terminating the PILOT, a program in existence for over 30 years, sends the message to other municipalities that the State may curtail its previously expressed commitment to other programs that encourage towns to provide affordable housing.

Connecticut NAHRO and the Stamford Housing Authority request that the Connecticut General Assembly restore the PILOT program and Tax Abatement Program for the residents of Connecticut.

Thank you.
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