

# Legal Assistance Resource Center of Connecticut, Inc.

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## S.B. 2, S.B. 495, and H.B. 5712 -- Public Housing PILOT and Low-Income Tax Abatement programs

Planning and Development Committee public hearing – March 3, 2008  
Testimony of Raphael L. Podolsky

**Recommended Committee action: APPROVAL OF S.B. 2**  
(with two suggested additions)

We urge you to restore funding for both FY 2008 and FY 2009 to the Public Housing Payment in Lieu of Taxes (PILOT) Program (\$2,204,000) and the Low-Income Tax Abatement Program (\$1,704,890). These 40-year-old programs under General Statutes 8-216 provide critical assistance to hold rents down in more than 10,000 units of low-income housing in certain state-financed or government-assisted housing developments. A list of affected developments and towns is attached.

We also support two additional changes to these bills recommended by the Connecticut Housing Coalition:

(1) Repeal 40-year limit on tax abatements: The restriction in 8-216(a) limiting abatements in the Tax Abatement Program to 40 consecutive years should be repealed, since we now expect this housing to remain affordable forever and not just for 40 years.

(2) Apply PILOT to successor owners of revitalized Moderate Rental Housing developments: The legislature should provide that the PILOT program will continue to apply to a successor owner of Moderate Rental Housing, since revitalization of these developments often transfers the ownership of the development from a housing authority to an LLC, as is happening in a number of towns. This change is essential to keep the housing affordable to the current residents, who are supposed to be the prime beneficiaries of these restructurings.

Last year's budget defunded both PILOT and Tax Abatement due to what appears to have been a misunderstanding. Based on conversations with legislators, we believe that the General Assembly thought that these properties were not subject to local property tax, so that the termination of funding for these two programs would not impact rents. To the contrary, both the housing authorities covered by PILOT and the non-profits covered by Tax Abatement must make payments to municipalities if the state does not pay under 8-216. These higher costs will be passed on to the tenants in the rent. The Seymour and Enfield Housing Authorities, for example, implemented large rent increases on January 1 for this explicit purpose. In public housing, the entire increase in the base rent is borne by the lowest income tenants in the development -- an average of \$68 per month per unit to cover

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the lost PILOT payments. In the Tax Abatement program, though the average rent increase is smaller, the tenants of more than 6,000 units of elderly and family housing owned by non-profits are affected. In some cases, such as Tower One in New Haven, the defunding causes not only a loss of state assistance but also the termination of a companion tax abatement agreement with the city that is conditioned on the state program, resulting in potential rent increases of more than \$150 per month per tenant. In the long run, the necessary rent increases will drive the lowest income residents – the very ones for whom the housing is most needed – out of these developments.

These three bills deal with the issue in slightly different ways. Sections 4 through 7 of S.B. 2 appropriate funding for PILOT and Tax Abatement for FY 2008 and FY 2009. This is the most important part of the proposal to pass, and we support it strongly. S.B. 495 prohibits towns from imposing taxes in FY 2008 that would otherwise have been covered by these abatements, but it fails to fund the programs. We support the protective language in S.B. 495 that assures a rollback of any rents increases already implemented, but we do so in conjunction with the provision of S.B. 2 for funding of the programs for both FY 2008 and FY 2009. Section 2 of H.B. 5712 funds PILOT and Tax Abatement for FY 2009 only. We urge the legislature to restore funding for both years of the biennium.

Likely Moderate Rental Monthly Base Rent Increase Due to Non-Funding of  
Moderate Rental PILOT

<u>Town</u>	<u>Moderate Rental developments</u>	<u>Units</u>	<u>Units @ base rent</u>	<u>Average monthly increase</u>	<u>PILOT dollars</u>
Bristol	Dutton Heights/Zbikowski Park	174	120	\$ 39	\$ 81,997
Danbury	Coal Pit/Fairfield Ridge/Mill Ridge	290	103	\$ 107	\$ 170,472
Darien	Allen O'Neill	53	20	\$ 125	\$ 74,941
East Hartford	King Court	80	20	\$ 103	\$ 48,602
Enfield	Laurel Park/Green Valley Village	174	110	\$ 54	\$ 132,967
Greenwich	Adams Garden/Armstrong/McKenny	245	109	\$ 101	\$ 76,221
Hartford	Bowles Park/Westbrook Village	770	313	\$ 64	\$ 255,602
Mansfield	Holinko Estates	35	29	\$ 64	\$ 13,731
Meriden	Johnson Farms/Yale	214	157	\$ 45	\$ 127,287
Middletown	Sunset Ridge/Rockwood Acres	198	37	\$ 174	\$ 125,434
New Britain	Corbin Heights/Pinnacle Heights	391	267	\$ 34	\$ 218,485
New Canaan	Mill Apartments	16	16	\$ 51	\$ 9,691
New London	Bates Woods/Briarcliff	302	123	\$ 74	\$ 107,420
Norwich	Melrose Park/Kennedy/Hillside/Sunset	286	191	\$ 65	\$ 139,597
Ridgefield	Prospect Ridge	14	11	\$ 68	\$ 18,962
Seymour	Smith Acres/Hoffman/Castle	81	58	\$ 53	\$ 67,688
Sharon	Sharon Ridge	20	14	\$ 6	\$ 7,710
Stamford	Vidal/Oak Park/Lawn Hill	590	289	\$ 94	\$ 372,683
Stratford	Meadowview	100	60	\$ 64	\$ 54,079
Westport	Sasco Creek/Hales Court	75	55	\$ 67	\$ 22,615
Wethersfield	Highvue Terrace	28	20	\$ 44	\$ 16,188
Windham	Eastman Curran/Terry Court	146	75	\$ 63	\$ 61,628
Total		4,282	2,197	\$ 68	\$2,204,000

Projects in the Tax Abatement Program, by town

<u>Town</u>	<u>Name of projects</u>	<u>Fam units</u>	<u>Eld units</u>	<u>Total units</u>	<u>Tax abatement dollars</u>
Ansonia	Liberty Park	30	0	30	\$ 10,060
Bethel	Augustana Homes	0	101	101	\$ 33,870
Bloomfield	Interfaith Homes, Wintonbury II	0	130	130	\$ 43,595
Bridgeport	Sycamore Place, Seaview Gardens, Union Village, Cedar Park, Marionville, Washington Heights, Unity Heights	106	262	368	\$ 123,407
Danbury	Beaver Street	70	0	70	\$ 12,296
Granby	Stony Hill Village	0	30	30	\$ 9,688
Hartford	Lower Garden, Main/Nelson, Main/ Pavilion, Mansfield/Edgewood, Barbour/ Kensington, Martin Luther King Co-op, Clearview, Vinewood, Immanuel House, Capitol Towers, Marshall House, St. Christopher Apts., Plaza Terrace, Upper Garden, Tuscan Brotherhood, Dart Garden, South Arsenal	938	684	1,622	\$ 493,930
Kent	Templeton Farm	0	19	19	\$ 5,118
Middletown	Wadsworth Grove, Stoneycrest Towers, Newfield Towers	45	200	245	\$ 67,255
New Britain	Interfaith Housing	84	0	84	\$ 28,169
New Haven	Bella Vista I and II, Seabury, University Row, Friendship Homes, Dwight Co-op, Jewish Elderly/Tower I, Canterbury Gardens, Fairbank, BellaVista	280	1,423	1,734	\$ 322,770
Norwalk	Leonard Street, King's Daughters, St. Paul's	96	128	314	\$ 39,566
Stamford	St. Johns Towers, Friendship House, Coleman Towers, Martin Luther King, Bayview Towers, Ludlow Town House, Pilgrim Towers	896	75	971	\$ 321,335
Waterbury	Robin Ridge, Prospect Towers, Lambda RHO Apts., Savings Towers, Frost Homestead	63	515	578	\$ 193,831
Total		3,567	2,608	6,175	\$1,704,890