



# Senate

General Assembly

**File No. 143**

*January Session, 2009*

Senate Bill No. 251

*Senate, March 24, 2009*

The Committee on Housing reported through SEN. GOMES of the 23rd Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

## **AN ACT CONCERNING HOUSING DEVELOPMENT IN ENTERPRISE ZONES.**

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

1 Section 1. Section 32-70e of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective October 1, 2009*):

3 (a) The Commissioner of Economic and Community Development  
4 shall establish a program of financial assistance for job development  
5 and creation, neighborhood revitalization and the promotion of  
6 business stability and development within enterprise zones designated  
7 under section 32-70.

8 (b) The Commissioner of Economic and Community Development  
9 shall solicit applications from community development organizations  
10 located within an enterprise zone for the operation of such program.  
11 Applicants shall indicate a strategy to achieve neighborhood economic  
12 development in the enterprise zone.

13 (c) The commissioner shall enter into a contract with and provide  
 14 grants, within available funds, to qualified community development  
 15 organizations to implement the program established under this section  
 16 and section 32-70f. The grant may be used to pay the cost of activities  
 17 that (1) assist in the expansion, retention and development of small  
 18 businesses located within enterprise zones that have trained and  
 19 employed or will train and employ, as part of their workforce,  
 20 residents of an enterprise zone, (2) build or rehabilitate decent [or  
 21 affordable] rental or owner-occupied housing located in an enterprise  
 22 zone for persons of low and moderate income, or (3) assist  
 23 organizations in job-training and career development training for  
 24 existing or projected job opportunities. The community development  
 25 organization may use such grant to provide grants, loans or deferred  
 26 loans to eligible applicants.

27 (d) The Commissioner of Economic and Community Development  
 28 shall adopt regulations in accordance with the provisions of chapter 54  
 29 to implement the provisions of this section. Such regulations shall  
 30 provide criteria for eligible applicants and eligible activities.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2009	32-70e

**HSG**      *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

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***OFA Fiscal Note***

***State Impact:*** None

***Municipal Impact:*** None

***Explanation***

The bill specifies that grants to community development organizations in enterprise zones may be used to build or rehabilitate decent housing for low and moderate income individuals, and will not result in a fiscal impact.

**OLR Bill Analysis****SB 251*****AN ACT CONCERNING HOUSING DEVELOPMENT IN ENTERPRISE ZONES.*****SUMMARY:**

This bill specifies that Department of Economic and Community Development (DECD) grants to community development organizations in enterprise zones may be used to build or rehabilitate decent housing only for low- and moderate-income people.

EFFECTIVE DATE: October 1, 2009

**PURPOSE OF DECD GRANTS**

Under current law, DECD community development grants in enterprise zones may be used to build or rehabilitate decent or affordable rental or owner-occupied housing. The bill eliminates the reference to “or affordable” and instead refers just to building or rehabilitating decent housing for low- and moderate-income people. Thus, it explicitly targets projects that may receive grants to those for low- and moderate-income people, as opposed to those for affordable housing, which potentially can serve people with slightly higher incomes (although current law on its face does not appear to exclude from grant funds projects for low- or moderate-income families).

“Affordable” housing includes housing for people with slightly higher incomes because Connecticut law defines affordability based on the proportion of income a family earns and spends on housing. By law, a housing unit is affordable if a family earning no more than the municipality's area median income (AMI), according to the federal Department of Housing and urban Development, pays no more than 30% of its income for the housing.

Low- and moderate-income housing, on the other hand, typically refers to residences for people earning 80% or less of AMI (with low-income referring more specifically to those earning 60% or less of AMI).

## **BACKGROUND**

### ***Community Development Grants***

The law requires DECD to establish a financial assistance program for job development and creation, neighborhood revitalization, and business stability and development promotion in enterprise zones. DECD's commissioner must solicit applications from community development organizations (which the statute does not define) located in enterprise zones to operate the programs. Applicants must indicate a strategy to achieve neighborhood economic development in the zone.

Under the law, the commissioner must contract with and provide grants within available funds, to qualified community development organizations. The organizations may provide grants, loans, or deferred loans to eligible applicants. The law requires the DECD commissioner to set criteria for eligible applicants and activities.

### ***Enterprise Zones***

The law explicitly authorizes 15 enterprise zones, all of which have been designated. It also authorizes the designation of additional zones under narrow criteria, and two of these have been designated. The municipalities with enterprise zones are: Bridgeport, Bristol, East Hartford, Groton, Hamden, Hartford, Meriden, Middletown, New Britain, New Haven, New London, Norwalk, Norwich, Southington, Stamford, Waterbury, and Windham.

By law, these zones offer generally the same types of incentives—property tax exemptions and corporation business tax credits. In most cases, a business must improve property and create new jobs.

## **COMMITTEE ACTION**

Housing Committee

Joint Favorable

Yea 10 Nay 0 (03/10/2009)