

# Legal Assistance Resource Center

## ❖ of Connecticut, Inc. ❖

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### S. B. 1066 -- Transfer of DECD housing functions to CHFA

Commerce Committee Public Hearing – March 5, 2009

Testimony of Raphael L. Podolsky

Recommended Legislative action: SERIOUS STUDY

This bill proposes to transfer the housing functions of the Department of Economic Development (DECD) to the Connecticut Housing Finance Authority (CHFA) so as to create a single housing agency. DECD is a "public" agency, while CHFA is a "quasi-public" agency with independent authority to issue bonds. I believe that there is much sentiment in the housing advocacy community in favor of improvement in the way in which the state handles housing development and housing regulation; but I also believe that there is no consensus in the housing advocacy community as to how that should be done. In each of the last two years there was an active proposal to recreate the Department of Housing by removing housing programs from DECD and putting them into a separate agency. Those proposals, however, left CHFA as an independent entity. S.B. 1066 combines DECD and CHFA. I do not know to what extent, if any, other states have combined their housing departments with their housing finance authorities and how successful or unsuccessful such combinations have been.

In light of the lack of consensus and the lack of information about the merger of housing with housing finance agencies, it seems to me it would be better to subject the issue to serious interim study before making a decision. Any such study should include (a) a review and analysis of the way in which other states deliver housing services, (b) an examination of the strengths and weaknesses of DECD and CHFA, including input from the customers of those agencies, and (c) a determination as to whether the combination of a housing agency with a housing finance authority will create any legal or financial problems. The study could be conducted by the Legislative Program Review and Investigations Committee or by the Office of Legislative Research.

It is also important that, in any merger of these two entities, it be made clear that certain rules that apply to DECD as a public agency will also apply to the merged agency, even if it is quasi-public in nature. These include:

(1) Regulations should be promulgated pursuant to the Uniform Administrative Procedure Act (UAPA). Quasi-public agencies presently adopt "procedures" instead of regulations, are required to have less public input, and are not subject to review by the legislature's Regulation Review Committee. A combined agency should be subject to the UAPA.

(2) The agency should be subject to the Uniform Relocation Assistance Act (C.G.S. 8-226 et seq.). We believe that CHFA is already covered, but it is not clear.

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(3) The state Residential Displacement Act (C.G.S. 8-371f) should apply to CHFA. This statute is omitted from the sections of the bill that substitute CHFA for DECD in Chapter 127c of the General Statutes.

(4) There should be a careful review of all DECD statutes concerning housing to make sure that all duties and responsibilities are transferred to CHFA.