



Testimony of Jeffrey Freiser
Executive Director, Connecticut Housing Coalition

Support:

S.B. 996 - An Act Establishing the Connecticut Emergency Economic Investment Commission

Recommended Amendment:

Lines 80-81: Delete: “(b) No grants shall be made from said fund for the purchase of land, buildings or capital equipment.”

Lines 181-182: Delete: “(2) The proceeds of the sale of said bonds may not be used for the acquisition of land, buildings or capital equipment.”

The Connecticut Housing Coalition represents the broad, vibrant network of community-based affordable housing activity across the state. Our more than 250 member organizations include nonprofit developers, human service agencies, resident associations, and diverse other housing practitioners and advocates. Founded in 1981, the Coalition works to expand housing opportunity and to increase the quantity and quality of affordable housing in Connecticut.

Our Coalition strongly supports S.B. 996, An Act Establishing the Connecticut Emergency Economic Investment Commission, which will provide new resources for housing and other essential investments in Connecticut’s future.

As Connecticut grapples with an economic downturn and a substantial budget deficit, we must more than ever maintain and expand our housing commitments. Our most vulnerable residents face even greater pressures in these very difficult times. Further, housing is a critical strategy for our economic recovery. Housing investment yields a unique combination of economic stimulus, job creation and community benefit. The National Association of Home Builders calculates that the construction of one thousand multi-family housing units produces 1,160 jobs and \$33,494,000 in new tax revenue.

S.B. 996 is particularly important in the context of Governor Rell’s proposed budget. Her budget would inflict wide-ranging harm to the state’s affordable housing programs. It would:

- eliminate PILOTs for public housing
- eliminate Tax Abatement Grants for nonprofit housing
- eliminate funding for new supportive housing
- take away almost all funding from the Community Investment Act (including Housing Connections Technical Assistance and UR Home)
- suspend the Historic Home Tax Credit
- provide no new bonding for the Connecticut Housing Trust Fund
- provide no new bonding for the DECD Affordable Housing (“Flex”) Program
- provide no new funding for the HOMEConnecticut program
- eliminate funding for the Connecticut Fair Housing Center

(over...)

- terminate the Housing Sustainability Fund
- terminate the Citizens Advisory Council for Housing Matters (Housing Court)
- terminate the Mobile Manufactured Home Advisory Council

Our housing needs remain urgent. Even though housing prices have softened, the cost of housing continues to break the budgets of hundreds of thousands of hard-working Connecticut families:

- On average in Connecticut, a full-time worker needs to earn \$21.11/hour to afford a modest 2-bedroom apartment.
- Housing is the #1 subject of all calls for help to Infoline/211.
- Connecticut lost a higher percentage of 20-34 year-old population – the future of our workforce – than any other state; and high housing costs are a major reason why they are leaving.

Across the state, there is housing waiting to be built. A preliminary survey of Connecticut Housing Coalition members identified 32 affordable housing initiatives that were shovel ready, representing over \$311 million in total development activity, but stalled for lack of gap financing from the state.

For example, this past August, the Connecticut Housing Finance Authority awarded Low Income Housing Tax Credits for six housing development proposals, but turned away twelve other worthy applications for lack of sufficient resources. The next three initiatives on the list, which were not able to move forward, were: mixed-income housing in Norwalk that would have included a set-aside of apartments with support services for homeless veterans; revitalization of blighted public housing for struggling families in Meriden; and housing for low-income seniors in high-cost Wilton.

Over more than thirty years, we have built a community development industry in Connecticut – comprised of nonprofits that are rooted in their cities and towns, that construct and rehabilitate housing that is high quality, small scale, well-managed and responsive to local needs and conditions. This essential segment of our small business sector is now in danger. Just like any small business, a nonprofit housing developer needs ongoing activity to survive. As state financing for affordable housing dries up, the very survival of these development organizations that we had so carefully nurtured is now at risk.

The Connecticut Economic Recovery Fund, created by S.B. 996, is precisely the right response in this time of financial crisis. The alternative response, blind disinvestment in Connecticut's future, is like eating the seed corn. Without these investments, when we emerge from this economic downturn, we would have sacrificed the very quality of life that allows our state to attract and retain businesses and workers.

Drafting comment: S.B. 996, at lines 80-81 and lines 181-182, prohibits the use of funds for the purchase of land, buildings or capital equipment – apparently in an attempt to maximize job creation. However, housing development often involves the acquisition of land and buildings, such as smart-growth oriented projects involving adaptive re-use of old factories and mills. These absolute prohibitions should be deleted, so that the Connecticut Emergency Economic Investment Commission may have the discretion to create flexible rules that allow such worthy projects to be considered.