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TESTIMONY

of the

CITY OF STAMFORD

to the

HOUSING COMMITTEE

February 19, 2009

Raised Senate Bill 868

If you have any questions, please contact Sandra L. Dennies, Director of Administration via email sdennies@ci.stamford.ct.us or via phone (203) 977-4182.

To: Senator Gomes, Chair
Representative Green, Chair

Re: SB 868 Payments in Lieu of Taxes For Public Housing and The Low And Moderate Income Tax Abatement Program

Good morning, my name is Sandra Dennies, and I am the Director of Administration of the City of Stamford. The City of Stamford has in the past received two grants totaling nearly \$700,000 that have provided funding support to offset taxes abated in support of several low and moderate-income housing projects in the City. I am here to indicate the City of Stamford's support for the bill with a proposed amendment to authorize the funding for 09/10 going forward as a regular part of the State budget. The bill currently calls for the funding to be made available for only for the year ending June 30, 2010.

The recently provided Governor's budget for fiscal year 09/10 and 10/11 did not include the DECD Tax Abatement Program which provides significant support to municipalities that provide tax relief to low and moderate-income housing in order to promote safe, decent and affordable dwellings. The City of Stamford has 971 units in seven properties which are subject to Tax Abatement Agreements. The Tax Abatement properties include Friendship House, St. John's Towers, Martin Luther King Apartments, Ludlow Townhouse Cooperative, Coleman Towers,

Cornerstone/Bayview Towers, and Pilgrim Towers. Under the terms of the original agreement between the City and the State, the City can receive up to \$450 dollars per dwelling unit or a total of \$436,950 to assist in making these units remain affordable; however, in 07/08 we received \$329,458 in reimbursement. Although the amount of reimbursement has declined substantially since the program initiated, the availability of the State grant has assisted the City in providing for those affordable units to remain available.

If the tax abatement grants were no longer available, the City is required to collect taxes based on various agreements with specific tax abated properties. Loss of the grant would result in increased rents for the residents. To get an idea as to what these increases mean, a tenant in a tax abated property, Martin Luther King Apartments, would owe an average of an additional \$91 more a month in rent.

The Governor's budget also does not include the DECD's Payment In Lieu of Taxes Program which provides for moderate-income housing at three sites in Stamford: Vidal Court, Lawn Hill Terrace and Oak Park. These properties provide an additional 588 units of moderate-income rental housing. In 07/08, the City received \$338,501 to enable continued assistance for these three properties.

For those properties, no longer benefiting from the PILOT grant, monthly rents would have to increase to cover the obligations included in the Cooperation Agreement between the City and the Housing Authority and it would increase rents by \$132 per month to cover the amount due. Unfortunately, the rents for those apartments are set annually by the State so that there is no mechanism to provide for an internal subsidy to cover the taxes due. Modest reserves of these properties are limited in use for maintenance activities. Therefore, there is no ability to cover the taxes that would become due with a loss of the PILOT Grant. Just this past year, as the original adopted State budget excluded the PILOT grant, so that the Housing Authority was billed for a total of \$318,812 for the three properties. It was not possible for them to raise rents to cover that bill. The legislature recognized the difficulty and returned the funding to the budget for this fiscal year. The funding for PILOT needs to continue as a regular part of the budget to make these projects for low and moderate-income wage earners work.

In a high cost community such as Stamford, these increases in rents make it especially difficult to provide the means to sustain its full workforce. As we are all aware, the cost of commutation for low and moderate-income groups is equally as difficult as affordable housing, so that our community truly needs to provide everyone with housing that they can afford in order to support all of our employees earning at all income levels. Low and moderate-income families are recognized for their part in keeping Stamford a thriving city capable of generating significant corporate tax income for the State.

The City of Stamford requires assistance to allow low and moderate-income individuals to continue to live in the City and to be a part of the Stamford workforce. Your assistance in allowing these individuals to remain in Stamford is being sought at this time. Both the DECD Programs, Tax Abatement and PILOT, must be adopted as a standing item included in the State budget prior to the conclusion of this legislative session.