

The CT Coalition for Urban Revitalization

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March 4, 2010

Honorable members of the Housing Committee, my name is Robert DeCosmo and I am here today to offer this testimony in support of Urban Homesteading and SB #319.

I want to personally thank Representative Larry Butler for taking time to meet with me last week and discuss this matter. I also want to thank the Housing Committee for giving Urban Homesteading a public hearing this afternoon as well as the members of the CT Coalition for Urban Revitalization who have been working to gain support for the Homesteading concept.

I have been active in real estate since 1982 and have worn many hats during that time-span. From property manager and maintenance man, Realtor, Home Improvement Contractor to Chairman of the Brooklyn Neighborhood NRZ, President of the Waterbury Property Owners Association and Legislative liaison acting on matters pertaining to housing, I see real estate through a very wide angle lens.

With the collapse of the real estate market in Connecticut, and foreclosures still occurring at alarmingly high rates we are in precarious times for urban housing and Multi-family properties are the most troubling.

The reason is most investors have been forced out of the multi-family market due to lack of mortgage financing. Combine limited financing with high vacancies and collection loss rates plus rapidly escalating operating expenses, especially property tax increases, you have the ingredients for more blight and urban decay. Today many neighborhoods have for rent; for sale or for public auction signs posted on every other house, now is the time for an Urban Homesteading program.

It is clear to me that unless we think outside the box and take some bold action, many neighborhoods will continue to decay at a rapid pace. Worse, if we can not stabilize multi-family prices and stem urban blight and sprawl, there must be an inevitable shift in the property tax burden unto single family homeowners who may soon be paying over \$10,000 a year in property taxes to enjoy "City living."

The concept of Urban Homesteading is based on two simple beliefs; #1 an owner occupied dwellings will be better maintained than investor controlled and #2 residents already living within these neighborhoods would be appreciative of the opportunity to own their own home.

We realize that the concept needs to be fully propped up and supported with pre and post purchase involvement from agencies and groups, but we have identified agencies that can supply the essential services that I believe are required for the homesteading to be a success.

Further, it has been my experience that renovation work is contagious and if we approach homesteading from a "targeted approach" and create more ownership in the neighborhood, many properties on those targeted streets will begin to be better maintained by their current owners.

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I can see both short and long-term benefits from Urban Homesteading if we succeed in "Turning the clock back" in these neighborhoods 50 or so years. I believe that Urban Homesteaders will rent to their friends and family members. Homesteading will create stability in these neighborhoods, the same stability I had growing up in a multi-family in Waterbury in the 1960's with the same neighbors living next door for many years .

I would prefer not to believe that this is a last chance opportunity to do things the right way, but seeing how the NRZ movement from the mid 90's never materialize as many hoped, I fear that Homesteading may be close to a last chance for some neighborhoods.

As a real estate investor, I can say there is little to encourage me back into a mode of rehabilitating an urban multi-family dwelling and being a Landlord. The risks now outweigh the potential rewards unless I knew I had a potential buyer for the newly renovated property so I am not managing rental property. However, Multi-family buildings can provide the utility of living in a safe and decent building while collecting revenue from your renter to defer operating costs, which is a dual benefit that an owner occupant can enjoy.

Urban Homesteading will empower neighborhood groups, bring for profit and non-profit groups together, it will give children a long term stable address and create a chance of economic prosperity to the homesteaders while cleaning up urban blight and stabilizing neighborhoods. These facts and a strong belief backed up by years of front line experience and these are the reasons I believe we need to create an Urban Homesteading along the lines I am submitting as Schedule A with this written testimony.

Sincerely,

Robert DeCosmo
Housing Director, CT Coalition for Urban Revitalization

Schedule A

AN ACT CONCERNING AN URBAN HOMESTEADING PILOT PROGRAM.

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

Section 1 (*effective July 1, 2010*) (a) The Connecticut Housing Finance Authority, in consultation with the Department of Economic and Community Development, shall establish a pilot program to promote the revitalization and stabilization of urban neighborhoods through the promotion of home ownership by persons who become owner-occupants of two- to four-family homes and the linkage to wrap-around support services to maximize the likelihood of their success in maintaining home ownership on a long-term basis.

(b) The program established by subsection (a) shall include the following elements:

(1) It shall be implemented in up to two municipalities that are recipients of grants under the federal Neighborhood Stabilization Program 1 pursuant to Title III of the Housing and Economic Recovery Act of 2008, or under the federal Neighborhood Stabilization Program 2 pursuant to the American Recovery and Reinvestment Act of 2009.

(3) The Connecticut Housing Finance Authority may administer the pilot program through one or more non-profit agencies.

(4) The program's goal shall be to increase home ownership in targeted neighborhoods with high proportions of two- to four-family buildings, with priority for buildings that are vacant, bank-owned, or investor-owned.

(5) The program shall assist in identifying resources to obtain site control over eligible buildings and to repair or rehabilitate such buildings as necessary for owner-occupancy. It shall explore incentives to lenders, including Community Reinvestment Act credit, to participate in the program.

(6) The program shall assist participants in the program in finding purchase financing and shall arrange for the provision of both pre-purchase and post-purchase counseling and assistance, including training in skills necessary to be an effective landlord and assistance in resolving problems that may arise post-purchase. The provision of support may be through community-based non-profit agencies or through other entities.

(7) The program shall encourage and recruit community stakeholders, such as local banks, local boards of realtors, neighborhood revitalization zone committees, other community groups and similar entities to provide active support for the pilot program.

(8) Persons participating in the program shall be required to agree to occupy the building as their primary residence for at least seven years. The program shall explore mortgage financing that makes loans partially forgivable upon compliance with this requirement. Priority may be given to persons who will become first-time homebuyers and to persons who are already living in a neighborhood that is being targeted by the pilot program.

(c) The Connecticut Housing Finance Authority shall establish the parameters of the program by October 1, 2010, and shall designate one or two municipalities to participate in the pilot program by January 1, 2011. It shall provide to the committee of the General Assembly with jurisdiction over housing matters a status report by February 1, 2011, an interim report by January 1, 2012, and a final report by January 1, 2013.

Statement of purpose: To establish a pilot program to promote owner occupancy in small multi-family buildings in areas of low homeownership.