



House of Representatives

General Assembly

File No. 501

February Session, 2014

Substitute House Bill No. 5539

House of Representatives, April 10, 2014

The Committee on Planning and Development reported through REP. ROJAS of the 9th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING THE REVITALIZATION OF HOUSING IN DISTRESSED MUNICIPALITIES.

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

1 Section 1. Subsections (a) and (b) of section 4-66c of the 2014
2 supplement to the general statutes are repealed and the following is
3 substituted in lieu thereof (*Effective July 1, 2014*):

4 (a) For the purposes of subsection (b) of this section, the State Bond
5 Commission shall have power, from time to time to authorize the
6 issuance of bonds of the state in one or more series and in principal
7 amounts not exceeding in the aggregate one billion three hundred
8 [fifty-nine] sixty million four hundred eighty-seven thousand five
9 hundred forty-four dollars, provided [fifty] fifty-one million dollars of
10 said authorization shall be effective July 1, 2014. All provisions of
11 section 3-20, or the exercise of any right or power granted thereby,
12 which are not inconsistent with the provisions of this section, are
13 hereby adopted and shall apply to all bonds authorized by the State

14 Bond Commission pursuant to this section, and temporary notes in
15 anticipation of the money to be derived from the sale of any such
16 bonds so authorized may be issued in accordance with said section 3-
17 20 and from time to time renewed. Such bonds shall mature at such
18 time or times not exceeding twenty years from their respective dates as
19 may be provided in or pursuant to the resolution or resolutions of the
20 State Bond Commission authorizing such bonds. None of said bonds
21 shall be authorized except upon a finding by the State Bond
22 Commission that there has been filed with it a request for such
23 authorization, which is signed by or on behalf of the Secretary of the
24 Office of Policy and Management and states such terms and conditions
25 as said commission in its discretion may require. Said bonds issued
26 pursuant to this section shall be general obligations of the state and the
27 full faith and credit of the state of Connecticut are pledged for the
28 payment of the principal of and interest on said bonds as the same
29 become due, and accordingly as part of the contract of the state with
30 the holders of said bonds, appropriation of all amounts necessary for
31 punctual payment of such principal and interest is hereby made, and
32 the Treasurer shall pay such principal and interest as the same become
33 due.

34 (b) (1) The proceeds of the sale of said bonds, to the extent
35 hereinafter stated, shall be used, subject to the provisions of
36 subsections (c) and (d) of this section, for the purpose of redirecting,
37 improving and expanding state activities which promote community
38 conservation and development and improve the quality of life for
39 urban residents of the state as hereinafter stated: (A) For the
40 Department of Economic and Community Development: Economic
41 and community development projects, including administrative costs
42 incurred by the Department of Economic and Community
43 Development, not exceeding sixty-seven million five hundred ninety-
44 one thousand six hundred forty-two dollars, one million dollars of
45 which shall be used for a grant to the development center program and
46 the nonprofit business consortium deployment center approved
47 pursuant to section 32-411; (B) for the Department of Transportation:
48 Urban mass transit, not exceeding two million dollars; (C) for the

49 Department of Energy and Environmental Protection: Recreation
50 development and solid waste disposal projects, not exceeding one
51 million nine hundred ninety-five thousand nine hundred two dollars;
52 (D) for the Department of Social Services: Child day care projects,
53 elderly centers, shelter facilities for victims of domestic violence,
54 emergency shelters and related facilities for the homeless,
55 multipurpose human resource centers and food distribution facilities,
56 not exceeding thirty-nine million one hundred thousand dollars,
57 provided four million dollars of said authorization shall be effective
58 July 1, 1994; (E) for the Department of Economic and Community
59 Development: Housing projects, not exceeding three million dollars;
60 (F) for the Office of Policy and Management: (i) Grants-in-aid to
61 municipalities for a pilot demonstration program to leverage private
62 contributions for redevelopment of designated historic preservation
63 areas, not exceeding one million dollars; (ii) grants-in-aid for urban
64 development projects including economic and community
65 development, transportation, environmental protection, public safety,
66 children and families and social services projects and programs,
67 including, in the case of economic and community development
68 projects administered on behalf of the Office of Policy and
69 Management by the Department of Economic and Community
70 Development, administrative costs incurred by the Department of
71 Economic and Community Development, not exceeding one billion
72 two hundred forty-four million eight hundred thousand dollars,
73 provided fifty million dollars of said authorization shall be effective
74 July 1, 2014; and (iii) grants-in-aid to municipalities for a pilot program
75 to provide loans to property owners for the revitalization of housing in
76 distressed municipalities, not exceeding one million dollars.

77 (2) (A) Five million dollars of the grants-in-aid authorized in
78 subparagraph (F)(ii) of subdivision (1) of this subsection may be made
79 available to private nonprofit organizations for the purposes described
80 in said subparagraph (F)(ii). (B) Twelve million dollars of the grants-in-
81 aid authorized in subparagraph (F)(ii) of subdivision (1) of this
82 subsection may be made available for necessary renovations and
83 improvements of libraries. (C) Five million dollars of the grants-in-aid

84 authorized in subparagraph (F)(ii) of subdivision (1) of this subsection
85 shall be made available for small business gap financing. (D) Ten
86 million dollars of the grants-in-aid authorized in subparagraph (F)(ii)
87 of subdivision (1) of this subsection may be made available for regional
88 economic development revolving loan funds. (E) One million four
89 hundred thousand dollars of the grants-in-aid authorized in
90 subparagraph (F)(ii) of subdivision (1) of this subsection shall be made
91 available for rehabilitation and renovation of the Black Rock Library in
92 Bridgeport. (F) Two million five hundred thousand dollars of the
93 grants-in-aid authorized in subparagraph (F)(ii) of subdivision (1) of
94 this subsection shall be made available for site acquisition, renovation
95 and rehabilitation for the Institute for the Hispanic Family in Hartford.
96 (G) Three million dollars of the grants-in-aid authorized in
97 subparagraph (F)(ii) of subdivision (1) of this subsection shall be made
98 available for the acquisition of land and the development of
99 commercial or retail property in New Haven. (H) Seven hundred fifty
100 thousand dollars of the grants-in-aid authorized in subparagraph
101 (F)(ii) of subdivision (1) of this subsection shall be made available for
102 repairs and replacement of the fishing pier at Cummings Park in
103 Stamford.

104 Sec. 2. (NEW) (*Effective July 1, 2014*) (a) For the fiscal years ending
105 June 30, 2015, June 30, 2016, and June 30, 2017, the Secretary of the
106 Office of Policy and Management shall establish a housing
107 revitalization program in distressed municipalities, as defined in
108 section 32-9p of the general statutes, and in municipalities eligible to
109 receive a community development block grant pursuant to the
110 provisions of 42 USC 5301 et seq. The purpose of the program shall be
111 to provide to persons who own residential property within such
112 municipalities loans for the purpose of making home repairs,
113 including, but not limited to, installing siding or other exterior finishes,
114 replacing windows and replacing or repairing furnaces and roofs. Any
115 available funds for the program shall be divided equally among the
116 eligible municipalities.

117 (b) The chief executive officer of each eligible municipality that

118 participates in the housing revitalization program shall designate a
 119 municipal officer or employee to administer the program. Such
 120 administrator shall make such loans available to persons who own
 121 residential property in census tracts (1) in which twenty-five per cent
 122 or more of individuals or families have income below the poverty
 123 level, as determined by the most recent United States census, as
 124 officially updated by the appropriate state agency or institution, and
 125 (2) identified by the municipality as suitable for the program. Any
 126 such loan shall be repaid by means of a special assessment placed on
 127 the residential property.

128 (c) To receive a loan pursuant to the housing revitalization pilot
 129 program, applicants shall submit an application to the administrator
 130 on a form approved by the secretary together with any documentation
 131 required by the administrator demonstrating that the applicant meets
 132 the eligibility criteria set forth in subsection (a) of this section.

133 (d) On or before February 1, 2017, the secretary shall make a report
 134 on the status of the housing revitalization pilot program, in accordance
 135 with the provisions of section 11-4a of the general statutes, to the joint
 136 standing committees of the General Assembly having cognizance of
 137 matters relating to local governments, housing and finance, revenue
 138 and bonding.

This act shall take effect as follows and shall amend the following sections:		
Section 1	July 1, 2014	4-66c(a) and (b)
Sec. 2	July 1, 2014	New section

PD *Joint Favorable Subst.*

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.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 15 \$	FY 16 \$
Treasurer, Debt Serv.	GF - Cost	None	100,000

Municipal Impact:

Municipalities	Effect	FY 15 \$	FY 16 \$
Various Municipalities	Revenue Gain	One million	None

Explanation

The bill authorizes \$1.0 million in General Obligation (GO) bonds under the Urban Action Program for providing grants-in-aid to distressed municipalities for a housing revitalization pilot program. The fiscal impact is summarized in the table below. Assuming that \$1.0 million is allocated through the State Bond Commission during FY 15 and the Office of the State Treasurer issues the bonds before the end of FY 15, the debt service cost in FY 16 will be \$100,000.

New GO Bond Authorization and Estimated Debt Service Cost \$ millions

Fiscal Year	Authorization Amount	Total Debt Service Cost*	Interest	Principal
FY 15	1.0	1.5	0.5	1.0

*Figures assume that bonds are issued at 5.0% over 20 year term

The bill will result in a \$1.0 million revenue gain for municipalities that receive grants-in-aid for housing revitalization loans to certain property owners.

There is no cost to the Office of Policy and Management to establish the program described in the bill because the agency already administers a variety of municipal grant-in-aid programs.

The Out Years

The General Fund debt service impact identified above would continue over the 20 year term of issuance for the bonds.

OLR Bill Analysis**sHB 5539*****AN ACT CONCERNING THE REVITALIZATION OF HOUSING IN DISTRESSED MUNICIPALITIES.*****SUMMARY:**

This bill increases, by \$1 million, the bond authorization for the Urban Action program and earmarks the additional bonds for a three-year pilot program, overseen by the Office of Policy and Management (OPM) secretary, providing home repair loans to homeowners in low-income census tracts.

The OPM secretary must report on the program to the Housing; Planning and Development; and Finance, Revenue and Bonding committees by February 1, 2017.

EFFECTIVE DATE: July 1, 2014

HOUSING REVITALIZATION PILOT PROGRAM

The OPM secretary must establish a housing revitalization pilot program for FY 15, FY 16, and FY 17. Available funding must be divided equally among eligible municipalities (see COMMENT).

Eligible Municipalities

Under the bill, municipalities are eligible to participate in the program if they are (1) distressed municipalities or (2) eligible for federal community development block grant (CDBG) funds (see BACKGROUND).

Program's Purpose

Participating municipalities must use the funds to make loans to property owners for home repairs, including:

1. installing siding or other exterior finishes,

2. replacing windows, and
3. replacing or repairing furnaces and roofs.

Eligible Loan Applicants

Under the bill, a property owner is eligible for a loan if he or she owns residential property in a census tract (1) in which 25% or more of individuals or families have income below the poverty level based on the last census, as updated by the appropriate state agency or institution and (2) identified by the municipality as suitable for the program. (Presumably, a property owner must use the loan to make repairs to the property that makes him or her eligible for a loan, as opposed to another property he or she owns in an ineligible census tract.)

Application Procedure

Each participating municipality’s chief executive officer must designate a municipal officer or employee to administer the program. Property owners must apply to the designated administrator for a loan on an OPM-approved form and provide any documentation the administrator requires to prove eligibility.

Special Assessment

Property owners who receive a loan must repay it through a special assessment on the property that made them eligible for the loan. The bill does not specify (1) how delinquent assessments are to be treated or (2) how funds the municipality receives through the special assessments are to be used.

BACKGROUND

Distressed Municipalities

The Department of Economic and Community Development commissioner annually scores and ranks municipalities based on demographic and economic distress criteria and designates the 25 municipalities with the highest scores as distressed (CGS § 32-9p). The criteria are based on:

1. per capita income;
2. poverty rate;
3. unemployment rate;
4. change in population, employment rate, and per capita income;
5. the percentage of housing units built before 1939;
6. the percentage of residents with at least a high school diploma;
and
7. the adjusted equalized net grand list per capita.

The commissioner can also designate a municipality as distressed for two years if it suffers a major plant closing, relocation, or layoff. A municipality that drops off the list retains the distressed municipality designation for five years, unless it elects to terminate its designation.

CDBG Program

The federal Department of Housing and Urban Development (HUD) provides funding for community development projects through the CDBG program (e.g., public facilities and improvements, housing services). All 169 Connecticut municipalities are eligible for CDBG funds. Larger municipalities (“entitlement communities”) receive funding directly from HUD and smaller municipalities compete for funding through the state-administered Small Cities CDBG program.

COMMENT

Bond Authorization Earmark Conflicts with Provisions Concerning Distribution of Funds

The bill’s requirements for the pilot program funding include that it must be divided equally among eligible municipalities, which are municipalities (1) classified as distressed or (2) eligible for CDBG funding. But, the bill’s bond authorization earmark limits funding recipients to distressed municipalities only. All 169 municipalities are

eligible for CDBG funding.

COMMITTEE ACTION

Planning and Development Committee

Joint Favorable Substitute

Yea 13 Nay 7 (03/25/2014)