

# Legal Assistance Resource Center

## ❖ of Connecticut, Inc. ❖

363 Main St., Suite 301 ❖ Hartford, Connecticut 06106  
cell (860) 836-6355 ❖ office (860) 616-4472 ❖ RPodolsky@LARCC.org

### Department of Housing BUDGET -- Public housing PILOT, low-income housing tax abatement program, and PHRN

Appropriations Committee public hearing – March 2, 2015

Testimony of Raphael L. Podolsky

I urge you to retain funding for FY 2016 and FY 2017 for the Public Housing Payment in Lieu of Taxes (PILOT) Program and the Low-Income Housing Tax Abatement Program, which together total about \$3 million. These programs, which have helped low-income tenants since 1967 by holding down subsidized rents, are critical to making state public housing and state-assisted non-profit housing developments affordable for their lowest income residents. The defunding of these programs proposed in the budget will transfer their cost to the lowest income tenants in each development (not to the towns) and can be expected to result in major rent increases for those tenants. The impact of PILOT is especially severe.

(1) PILOT: State family public housing (known as Moderate Rental Housing) is required by statute to make payments to their municipalities in lieu of property taxes (PILOT), based on a percentage of the rents that the housing authority collects. Housing authorities receive no operating subsidy for state public housing, so the money must come from rents. The state-funded PILOT program covers this “in lieu of” expense for the housing authorities, thereby holding down “base rents,” which are the rents paid by the lowest income residents in each development. Defunding the state PILOT program will force a huge increase in base rents -- a median increase of almost \$100 per month per apartment for those lowest income tenants is projected. This is because, in state public housing, tenants pay the higher of a flat base rent or a rent based on a percentage of their income (usually 30% of income). The only tenants paying base rent are thus those with the least income -- those for whom base rent is more than 30% of income. These tenants -- almost half of the tenants living in Moderate Rental Housing -- will absorb the entirety of base rent increases. If the state program is terminated, the local PILOT becomes a housing authority expense to be paid by the poorest residents of state family public housing through higher base rents. The higher base rents, which now are mostly in the \$300 to \$500 range, will drive out the very tenants who most need this very low-cost public housing.

(2) Tax abatement: The tenants of almost 6,000 units of elderly and family housing owned by non-profits will be affected by the defunding of the Tax Abatement Program. Their rent increases will tend to be smaller than from the loss of PILOT; but in some cases, such as Tower One in New Haven, the defunding may result not only in a loss of state assistance but also in the termination of a companion tax abatement agreement with the city that is conditioned on the state program, resulting in much larger rent increases.

(continued on reverse side)

(3) Publically-Assisted Housing Resident Network (PHRN): PHRN is the voice of public housing residents in Connecticut. It is the only existing statewide organization through which they can speak. It works with public housing residents at the local level to help make sure that resident views and concerns are taken into consideration by housing authorities. It has played an especially important role in organizing the tenant participation in the revitalization and redevelopment of public housing that is mandated by statute, as well as in implementing the right of public housing residents to elect one of the five members of each housing authority board. The Governor's budget removes the \$150,000 per year appropriation that the state provides to help fund PHRN. This cut could effectively eliminate the key support that is essential for public housing residents to be able to speak for themselves before the housing authority.

**Towns and housing developments affected by defunding of Public Housing PILOT**

Bristol -- Zbikowski Park  
Danbury -- Coal Pit, Fairfield Ridge, Mill Ridge  
East Hartford -- King Court  
Enfield -- Laurel Park, Green Valley Village  
Greenwich -- Adams Garden, Armstrong, McKinney Terrace (Manor at Byrum)  
Hartford -- Bowles Park, Westbrook Village  
Mansfield -- Holinko Estates  
Meriden -- Johnson Farms, Yale  
Middletown -- Sunset Ridge, Rockwood Acres, Santangelo Circle  
Norwich -- Melrose Park, J.F. Kennedy Heights, Hillside Terrace, Sunset Park  
Seymour -- Smith Acres, Hoffman Heights, Castle Heights  
Sharon -- Sharon Ridge  
Stamford -- Lawnhill Terrace, Oak Park  
Stratford -- Meadowview Manor  
Wethersfield -- Highvue Terrace  
Windham -- Eastman Curran Terrace, Terry Court

**Towns and housing developments affected by defunding of Tax Abatement Program**

Ansonia -- Liberty Park  
Bethel -- Augustana Homes  
Bloomfield -- Interfaith Homes, Wintonbury II  
Bridgeport -- Sycamore Place, Seaview Gardens, Cedar Park, Marionville, Washington Heights, Unity Heights  
Danbury -- Beaver Street  
Granby -- Stony Hill Village  
Hartford -- Lower Garden, Main/Nelson, Main/Pavilion, Mansfield/Edgewood, Barbour/Kensington, Martin Luther King Co-op, Sheldon Oak Co-op, Clearview, Vinewood, Immanuel House, Capitol Towers, Plaza Terrace, Upper Garden, Tuscan Brotherhood, Dart Garden, South Arsenal  
Kent -- Templeton Farm  
Middletown -- Wadsworth Grove, Stoneycrest Towers, Newfield Towers  
New Britain -- Interfaith Housing  
New Haven -- Bella Vista I and II, Seabury, University Row, Friendship Homes, Dwight Co-op, Jewish Elderly/Tower I,  
Norwalk -- Leonard St. (Robert Wood Co-op), King's Daughters, St. Paul's  
Stamford -- St. Johns Towers, Friendship House, Coleman Towers, Martin Luther King, Bayview Towers, Ludlow Town House, Pilgrim Towers  
Waterbury -- Robin Ridge, Prospect Towers, Lambda RHO Apts., Savings Towers, Frost Homestead