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STATE OF CONNECTICUT
DEPARTMENT OF HOUSING



TESTIMONY BEFORE THE PLANNING AND DEVELOPMENT COMMITTEE

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Good morning Senator Cassano, Senator Logan, Representative Lemar, and members of the Planning and Development Committee. My name is Evonne Klein and I am the Commissioner of the Department of Housing (DOH). Thank you for the opportunity to appear before you today.

In Connecticut we have much to be proud of when we talk about our progress in preventing and ending homelessness as well as our progress in preserving, rehabilitating and creating affordable housing. Since 2011, together with the Connecticut Housing Finance Authority, we have helped build, have under construction, or have funding commitments in place for nearly 20,000 units of housing. Approximately, 18,500 of those units have restrictions which require them to be affordable. In the past three years alone, we have made great strides in ending homelessness for our veterans and we are the only state to have matched every chronically homeless person with housing. Connecticut is a credited, national leader for these accomplishments. Yet, there is still more work to be done. The 2015 US Census Data shows that 49.1% of Connecticut's population is rent burdened and that 30% of homeowners are housing cost burdened. When we say that someone is housing cost burdened, we use the HUD definition, which states "families who pay more than 30 percent of their income for housing are considered cost burdened and may have difficulty affording necessities such as food, clothing, transportation and medical care." All too often, we have heard personal stories about the tough choices people are forced to make when they are housing cost burdened. By providing housing choice, by providing affordable housing options, we, as elected and appointed officials, are addressing this issue. Looking at this from a community development perspective—vibrant communities are multi-generational, multi-racial and socially and economically diverse—and they are vibrant because they have housing options. These communities have the ability to attract and retain young people, including young families, which are a large part of our workforce. And housing choice gives seniors the option to stay in the community in which they've lived for 50 years or more.

As I've travelled across the state, meeting with chief elected officials and their staff, each has expressed a desire that we, as a Department, understand the unique needs of their communities and work to develop housing policy that reflects the unique qualities of Connecticut. With input from a great number of elected officials, both governmental and non-governmental agencies, members of quasi-governmental agencies, and community members at large we have, in Connecticut, developed housing policy and systems that have been recognized as a model for other states. With one of the policy proposals before your committee today, it is my hope, we can expand on that great success. That being said, I am here today to offer testimony on two proposed bills.

DOH Opposes Raised Bill 7297: AN ACT ESTABLISHING A PRIVATE RIGHT OF ACTION IN THE DUTY TO PROMOTE FAIR HOUSING AND REQUIRING A STUDY OF CONNECTICUT'S HOUSING INVENTORY AND CURRENT AND FUTURE HOUSING NEEDS

DOH continues to be committed to affirmatively furthering fair housing. DOH will be four years old in July and in that short timeframe, we have already made a big impact. This proposal, which would add C.G.S. 8-37cc to the list of statutes for which a person can file suit and claim to be aggrieved, would expose the Department of Housing and the Connecticut Housing Finance Authority to frivolous lawsuits by private individuals and entities. Any individual that does not receive any housing assistance they have requested, regardless of the availability of resources for those services, would be able to claim that they are aggrieved under 8-37cc, and could file suit against DOH or CHFA claiming that the state is not doing enough to meet its federal obligation to affirmatively further fair housing. Let me reassure members of this committee that DOH takes its obligation to affirmatively further fair housing very seriously. In just the past few years alone we have incorporated new opportunity points into the qualified allocation plan at CHFA, which sets the criteria for how we can award the federal Low Income Housing Tax Credits. The opportunity point changes awards a preference to developments that are located in areas of opportunity. The highest number of points are awarded to very high opportunity areas. Within DOH, we have structured our rating and ranking criteria to reflect the needs of Connecticut residents. The types of applications we receive and developments that are now being built as a result of our ability to respond to residents' needs are more appropriate. The following is included in our rating and ranking criteria. The highest number of points are awarded to municipalities where less than 10% of their housing stock is deed restricted affordable. More points are awarded to a project that has units with a longer affordability period. The lower the income of the person to be housed, the higher the points they are awarded. A development achieves fair housing goals by including the following: 1. Type and tenure under-represented in the census tract (ownership, rental, etc.); 2. At least 20% of the development's units are large family units (3+ bedrooms); 3. Developments serves an income range under-represented in the census tract. Lastly, the higher points are awarded to developments that have more than 10% and up to 30% of supportive housing units which are made available to those who are experiencing homelessness or people at risk of homelessness.

During our four years, the Department has made great progress in affirmatively furthering fair housing, with more work to be done. Exposing the Department as well as CHFA to costly litigation would take valuable resources and time away from our main mission: which is creating affordable housing, thereby creating inclusive communities and putting an end to homelessness. We are fortunate to invest approximately \$200 million each year in Connecticut's cities and towns to expand access to affordable housing. I encourage members of this committee to review our [funding schedule](#).

This proposal would also require CHFA, in cooperation with DOH, to conduct a study analyzing the gap between the statewide housing inventory and the state's current housing needs and projected housing needs over the next several years. While that study may be well intentioned, DOH must oppose this legislation because of the associated and unnecessary cost to the state, as well as the redundancy of this study.

The Governor's proposed budget did not include an appropriation to cover these required costs, and a study this comprehensive would require additional staffing at both CHFA and DOH. In

addition, it would also require DOH to hire consultants to gather a significant portion of the information that is not readily available.

DOH Strongly Supports Raised Bill 7298: AN ACT CONCERNING INCLUSIONARY ZONING

Many local leaders would like to build more affordable housing, but they do not know the best way to go about doing that. This proposal, which was introduced at the request of my Department, would enact statewide inclusionary zoning in Connecticut. Inclusionary zoning is another tool in the toolbox to help communities increase their affordable housing stock. Simply said, this proposal would require that any new multifamily housing development containing five (5) or more units set aside a portion of those units as deed-restricted affordable housing. Twenty-nine (29) municipalities in the State of Connecticut currently have some type of inclusionary zoning, but each communities' ordinances vary in what they require. This proposal would help to bring uniformity, while expanding access to affordable housing in our communities.

As drafted, this proposal allows for three separate options in the number of affordable units that would be required to be set-aside in a multifamily housing development. If the units are reserved as deeply affordable, meaning that they would only be rented to person's whose income does not exceed 30% of the area median income (AMI), then less units would need to be restricted. In this case 15% of the units would be restricted. If the units are reserved for persons whose income does not exceed 60% of AMI, then 20% of the development would need to be restricted. And if the units are reserved for persons whose income does not exceed 80% of AMI, then 30% of the development would need to be restricted.

This proposal also grants protections so that the affordable units created as a result will not be located in undesirable or separate locations on a property. They must be evenly integrated into a development. DOH is allowed to reserve a portion of its bond funding to specifically help create affordable units that are required as a result of this proposal. While developers would still be able to apply for any of our regular funding rounds such as the Competitive Housing Assistance for Multifamily Properties (CHAMP) round, this bill allows DOH to prioritize its bond authorizations to create a rolling round for developers to use in deed restricting these affordable units. I was a First Selectman, I've sat on the opposite side of the table, and I do not believe in creating unfunded state mandates. That's why we plan to reserve this funding stream for development.

In some communities we know that gentrification is a real concern. As redevelopment occurs, we are seeing some existing residents priced out of certain neighborhoods. In other cases, even where communities do have an inclusionary zoning ordinance, we are seeing developers opt to pay into a housing trust fund instead of building on-site affordable units. Under C.G.S. 8-2i, which is the existing statute that allows municipalities to enact inclusionary zoning, developers can pay into a housing trust fund—a fund used specifically for the development of affordable housing—instead of deed restricting their units. While this is well intended because it generates a funding stream to build affordable housing, this does not address the issue of gentrification. What tends to happen is—instead of creating more affordable units in all newly created housing developments—the affordable units are getting concentrated into one part of a municipality. Under our proposal we have eliminated the pay-in system, except in the case of smaller housing developments, with less than five units. Under C.G.S. 8-2i, developers are also allowed to build any required affordable units off-site, instead of including them in their newly created developments. We have eliminated this provision as well, by requiring the units to be included on-

site, in the development. Offsite building provisions have the same effect of concentrating lower income units in one part of a community over another.

The intent of this proposal is to ensure that any new multifamily housing developments will also include affordable units in their design. While this proposal will not compel a planning and zoning commission to have to approve a development, it will require that any multifamily, residential proposals that are approved to have affordable units. This will result in stronger, more vibrant communities who have a diverse housing stock and who are actively addressing their affordable housing needs.

Thank you for the opportunity to provide testimony before your committee. Should any committee members have additional questions, my staff and I stand ready to answer those for you at this time.