Senator Catherine A. Osten
Abrams, Anwar, Cohen,
Formica, Hwang, Kushner,
Miner, Needleman
Baker, Buckbee, Case,
Dathan, Dauphinais,
Dillon, DiMassa, France,
Garibay, Gilchrest, Horn,
Johnson, Kokoruda,
Kupchick, Lanoue,
Lavielle, Nolan, Porter,
Reyes, Rochelle, Rotella,
Ryan, Simanski, Simmons,
Wood, Yaccarino, Zullo

Good afternoon, everybody. I want to call the public hearing for the Appropriations, Commerce, and Housing Committee to order for the Block Grant Allocation. To be clear, this is only about their plan. This is not about individual projects, so we'll be talking about the plan. If you could all take your seat. We have the commissioner of the Department of Housing. And if you would all just introduce yourselves for the record and then you could give us an overview of what you have and what we have in front of us.

Seila Mosquera-Bruno, the commissioner of the Department of Housing, and with me is --

Mike Santoro, the director of the Office of Policy, Research, and Housing Support.
MIGUEL RIVERA: Miguel Rivera. Manager of the Community Development Block Grant Small Cities Program.

SENATOR OSTEN (19TH): Thank you very much. And Commissioner, if you would just give us an overview of the plan in front of us.

SEILA MOSQUERA-BRUNO: Good afternoon, Good Chairs, Senator Osten, [inaudible 00:01:14], Anwar and Representative Walker, Simmons, and Dauphinais, and members of the Appropriations, Commerce, and Housing Committees. As I said before, my name is Seila Mosquera-Bruno. I'm the commissioner of the Department of Housing. Thank you for the opportunity to present for your approval the fiscal year 2019 allocation of grant funding for the Community Development Block Grant Small Cities Program. This allocation plan outlines the strategies and objectives that the state will use to meet the goals of Community Development Block Grant Small Cities Program.

The allocation plan was developed in accordance with the federal regulations and is consistent with the Connecticut 2015 and 2018 Consolidated Plan for Housing and Community Development. Federal eligibility for this program is limited to non-entitled communities, meaning communities with people with less than 50,000. The CDBG funding allocation for the period beginning July 1st, 2019, through June 30, 2020, is anticipated to be $13.2 million, which is a slight increase in funding from last year's allocation. The grant amount is determined by HUD and is based on a formula that incorporates the federal government's estimation of community need. Consistent with last year and in
accordance with the federal limitations for the program, DOH intends to set aside 15 percent of those funds for public service activities. Similar to last year, any eligible public service activity can be applied for; however, there will be an emphasis placed on shelter diversion activities, as well as crisis housing for young adults experiencing homelessness and foundation testing associated with the crumbling foundations issue in Connecticut. DOH continues to look for ways to improve the CDBG Small Cities Program. We seek input from our communities and our national partners relative to best practices and to make revisions to our program guidelines. The Department of Housing also distributes [inaudible 00:03:36] to and conducts workshops with our grantees and program consultants in response to any requirement by HUD all with regard to any programmatic changes that the department implements. With the Joint Committee's approval, we will submit out annual action plan, which includes this allocation plan for HUD's review and approval.

We anticipate the completion of the CDBG Small Cities application reviews to be done by the end of June. Once we receive final approval from HUD, we anticipate making award announcement to our communities within 30 days. We are hopeful that this will enable to communities to execute their contracts during the summer and access the funding immediately thereafter. In closing, the CDBG Small Program continues to be an extremely effective community development tool in Connecticut's smaller non-entitlement communities. Projects funded throughout the state have improved infrastructure, rehabilitated homes, provided ADA improvement, assisted in public housing with modernization,
created jobs, tested foundations, and gathered critical data related to crumbling foundations, as well as assisted the department in its recent health and welfare issues. The Department of Housing's administration of the CDBG Small City Programs has been exceptional, and we look forward to continuing this legacy while seeking to improve upon our success. Thank you. Should you have any questions, my team and I stand ready to answer those for you.

SENATOR OSTEN (19TH): Thank you very much, Commissioner. Does anybody have any questions about the plan at hand, not the individual projects, but the plan that we are approving today?

REP. LAVIELLE (143RD): Thank you very much, Madam Chair. Good afternoon. We've just seen you, but good afternoon. Thank you for the briefing that we had earlier. And I just would like to ask a couple of questions for clarification and for the record. So we did see the section on any changes from the way that the plan is constructed vis-à-vis last time. And I wondered if you could just go over those very briefly.

SEILA MOSQUERA-BRUNO: Yes. DOH intends to set aside up to 15 percent of those funds for public services. There will be emphasis placed on shelter diversion activities, as well as crisis housing for young adults experiencing homelessness and foundation testing associated with the crumbling foundations problem in Connecticut.

REP. LAVIELLE (143RD): And is that different from last time?
MICHAEL SANTORO: Representative, thank you. Again, Mike Santoro. So the -- There are very limited changes from last year as the commissioner referenced. If you look in the broader plan, you can find those specific changes in Section F, as in Frank. Similar to last year, we will allocate up to 15 percent for public service activities, again with the same focus on shelter diversion, as well as crisis housing for young adults experiencing homelessness and foundation testing, as the commissioner said. However, unlike last year, the funding will be part of our standard competitive funding process. Last year, we did two separate rounds. This year, we did it as one comprehensive application round. We did two separate notices so that the grantees would understand the differences between the two activities, but did allow applicants to come in all at one time. Also, in the past, we allowed communities to do one or the other public service activity or another activity. With this year's round, we allowed communities to apply for both a public service activity and an additional eligible activity.

REP. LAVIELLE (143RD): Thank you. That's very clear. Thank you very much. I understand as well that the -- there is approximately -- I'll speak approximately here -- $13 million dollars in federal grant money available for this. The applications that you have received so far total about $23 million. So given what has been applied for and that you won't be able to grant all of it, what will be your criteria for either elimination of the $10 million that you won't give or for the 13 that you will keep, at least a broad outline?
MIGUEL RIVERA: Hello, Representative. My name is Miguel Rivera. We have a two-stage rating and ranking.

SENATOR OSTEN (19TH): I'm sorry, sir. No one can hear you. Thank you.

MIGUEL RIVERA: Usually, that's not the problem. I'm sorry. So we have a two-phase rating and ranking system. The first is that we try to assure that applications are in compliance with the regulatory requirements established by HUD. From there, we do a rating and ranking in regards to the project need, the capacity of the organization. We also take a look at holistically in regards to projects such as public housing modernization, which was the bulk of the applications this year, to see where they are in their need's assessments. The reason I say that is that many of the projects are also funded and supported by the SSHP program, meaning the State-Sponsored Housing Program, and can also be eligible for other funding sources such as the National Housing Trust Fund. So we try to take a very holistic view of this to try to identify and prioritize the needs. We might have a municipality who just finished a project in the last two years that really isn't positioned to apply for another project. But again, we're looking at it holistically to see what exactly the needs are of the communities.

REP. LAVIELLE (143RD): And if I understand the process correctly, just for those who may be interested in what we're actually voting on today, is we are, we are not voting on your ultimate decision on where to allocate money. We are voting on your, your method of looking at the various
applications and basically your preparedness to do the job using reasonable criteria. Is that --

MIGUEL RIVERA: Yes, ma'am.

REP. LAVIELLE (143RD): Thank you. One final question. And it's about money, since I'm Appropriations here. I noticed that the general fund match for the federal grant would be about $267,000 dollars. There's also about $1.1 million in change for personnel expenses. And there are also some admin funds transferred. I'm not quite sure I understand that item. Is -- Was the total of those funds that I just mentioned provided for in the budget that we just passed?

MICHAEL SANTORO: Representative, again, Mike Santoro. So we are allocated a certain amount of every year's grant for administrative cost. We get $100,000 dollars plus up to 2 percent of that year's award, and as a state we are required to match the 2 percent dollar for dollar. So out of this year's current award, the most we get for administrative cost is $100,000 dollars plus the 2 percent. That being said, we have underspent in a number of prior years. So if you refer to, I believe it's Table A of the broader plan, you will see that we anticipate bringing $500,000 dollars of previously unspent federal administrative funds and bringing that into the program round for this year. So we're actually underspending admin and moving it into program. And we do that periodically. I believe we did it two or three years ago as well. So in answer to your question, we match the portion that we have to match. We don't actually anticipate expending a whole lot more on actual administrative cost. If you refer to Table B, which is found on page 20 --
REP. LAVIELLE (143RD): Yes.

MIGUEL RIVERA: A significant portion of the funds that we expect to spend are gonna be to cover technical assistants' costs. Technical assistants are consultants, workshops, training opportunities for our grantees to assist them in better operating their programs and in accessing both these and other potential resources.

REP. LAVIELLE (143RD): And all of that has been provided for in one way or another in the current state budget?

MIGUEL RIVERA: Yes.

REP. LAVIELLE (143RD): That's the one that we've passed for the next fiscal year?

MIGUEL RIVERA: Yes, Representative.

REP. LAVIELLE (143RD): Thank you very much. I appreciate the answers. Thank you, Madam Chair.

SENATOR OSTEN (19TH): Representative Simmons.

REP. SIMMONS (144TH): Thank you, Madam Chair. Thank you, Commissioner and to all of you for your testimony today. I have a couple of questions, not related to specific projects, but related to the overall distribution of funding. And I know that at least 70 percent of funds must be used to focus on benefitting low and moderate-income individuals. I'm wondering if you can speak to overall how we're ensuring that these grants are going to the communities most in need.

MIGUEL RIVERA: Thank you for the question, Representative. Again, my name is Miguel Rivera. It's an interesting question when you speak about
"most in need." The only set-aside that HUD allows for us to do is up to 15 percent for public services. Now again, the key word is "up to." From that -- From there, there are no requirements for us to allocate a set-aside for any other activity. So we can focus the majority of our funds to the areas that have been identified through the consolidated plan as the priorities. Seventy percent, as you said, does have to benefit low-mod-area individuals. And that's the key phrase. We need to benefit low-mod individuals, or low-moderate areas. So it also depends on what the municipalities are identifying as their projects. So someone can identify a public housing modernization project. But again, as part of our underwriting -- And even though we're providing grants or subsidized financing, we do need to do underwriting and assess some of the other needs such as: Have they had other work completed? How do they compare to other communities? Is the work that they're providing or requesting a real need? I mean, I -- A community in the past had asked for, we need new driveways. Well, on the face level of that, it's not necessarily the priority, but when we go out and do the inspection and we see that there has been no maintenance plan and that the driveways and walkways are actually a hazard now for the residents with age more so in place -- So we do try to take that into consideration. But again, the ConPlan and working with other departments and with the legislation helps us identify those priorities.

REP. SIMMONS (144TH): Thank you. And another question, I know that one of the national objectives is under the direct benefit, housing rehabilitation and job creation. I wondering if you have a sense of approximately how many jobs have been created
through these grants and how we measure up to other states.

MIGUEL RIVERA: So we don't have actual numbers. Typically, the industry standard when we try to evaluate job creation is about $50,000 dollars' worth of construction activity leads to one actual job. There are eligible economic development activities under the CDBG program, and that's tied to a different measure. We don't typically do much in terms of economic development with our CDBG money. But if you look at the investment in just housing rehabilitation, whether it's individual homeowners or a public housing modernization program, a reasonable standard is to say every $50,000 dollars will lead to at least one construction or other related job. We could generate those numbers for you if you'd like over whatever period of time you'd like. But in the broadest sense, it's just straight math at $50,000 a pop.

REP. SIMMONS (144TH): Great. Thank you. Thank you, Madam Chair.

SENATOR OSTEN (19TH): Thank you very much. Representative Dathan followed by Representative Case.

REP. DATHAN (142ND): Thank you very much, Madam Chair. And thank you to the commissioner and your team for doing a great job on the public hearing today. I'm new to the legislature and I'm trying to kind of understand a little bit more how your agency works and how the grants all work. So if I'm asking a question that I probably should know the answer to, it's because I'm new. So I'm trying to understand how the grants that we're talking about
today, these Community Development Block Grants, are different than the grants for high-opportunity areas. And in particular, there is something in my district that has gone under a CHAMP 13 grant process. And I was just wondering how that might fit in in relation to what we're doing here in the Small Cities Block Grant.

SEILA MOSQUERA-BRUNO: The Small Cities Program, CDBG, is actually a federal program, and we have criterias and we have guidelines that we have to follow by HUD. The CHAMP program in high opportunities is -- uses resources from the state. So once -- And that comes from the bonds.

REP. DATHAN (142ND): Got it. So this is, matches it 50 percent matching by the feds for the Community Development Block Grant?

MICHAEL SANTORO: No, there's -- There is no federal match associated with CDBG other than our administrative match.

REP. DATHAN (142ND): [crosstalk]

MICHAEL SANTORO: That is we have to match 50 -- We have to match dollar for dollar the administrative costs.

REP. DATHAN (142ND): Administrative. So when you have this $500,000 coming over, it's because you have -- from the feds -- it's because you have saved a lot of money? Is that what I'm hearing?

MICHAEL SANTORO: That's a way to say it. We have underspent administrative costs in prior years. So we've accumulated federal dollars that could be spent on administrative costs. We got to a point where in the -- based on our current year
expenditures and our current staff levels, we are comfortable moving what we could have spent on admin, to the tune of about a half a million dollars, into program-related activity.

REP. DATHAN (142ND): So if there is no matching for the federal grant normally, do we risk moving this administrative grant match into programs by -- Or is it by --

MICHAEL SANTORO: So --

REP. DATHAN (142ND): Maybe it's because I'm not understanding the purpose.

MICHAEL SANTORO: That's okay. I think you're thinking about it almost in reverse. If we use money for admin, we have to match it dollar for dollar. If we decide not to use it for admin and use a new program, the match goes away.

REP. DATHAN (142ND): Okay. So you --

MICHAEL SANTORO: So the $500,000 dollars that we are moving from what we could spend in admin into the program, you could see a savings stay at a half a million dollars in match because we chose not to spend it on admin.

REP. DATHAN (142ND): Okay. So going forward, do we have to worry about any federal money received that we -- for administrative -- not using that? Or is it okay for us to keep diverting it to programs?

MICHAEL SANTORO: There's no harm. That is, it doesn't affect the formula allocation if we move money from admin to program.

REP. DATHAN (142ND): Okay.
MICHAEL SANTORO: And we aren't allowed to spend more than --

REP. DATHAN (142ND): A certain amount.

MICHAEL SANTORO: -- the annual amount.

REP. DATHAN (142ND): Got it.

MICHAEL SANTORO: So it's actually -- From the federal perspective, they're very happy with us not spending on admin and in fact putting it into program.

REP. DATHAN (142ND): That's what I wanted to hear. Thank you very much. Thank you, Madam Chair.

SENATOR OSTEN (19TH): Thank you very much. Representative Case followed by Representative Reyes.

REP. CASE (63RD): Thank you, Madam Chair. Good afternoon. Good afternoon, Commissioner. Good to see you. Question for you. And just on the generality of this allocation, we've seen it many times and I believe there's now three funding sources for the crumbling foundation section of this. My curiosity is, we have one town that's in here that has applied for some testing. But we did talk about some other things during session on testing. Have we looked at all of those avenues? Because I believe we've put dollars forward outside of housing on an insurance policy for everybody in the state. But only 85 percent of that is going towards crumbling foundation issues and 15 percent is going towards others. I'm just curious on how one community, and then this is another funding source for that issue as far as testing.
SEILA MOSQUERA-BRUNO: So for the test -- So this funding is for testing and that was for the allocation of 2018 actually that the towns apply. [off mic discussion] So the funding was for 2017 and 2018, and those were for testing only for the crumbling foundation.

REP. CASE (63RD): So in this allocation that we're doing, there's no other testing for foundation, for crumbling foundation testing?

SEILA MOSQUERA-BRUNO: Let me ask Miguel.

MIGUEL RIVERA: Thank you, Commissioner. Representative, the process that was implemented to solicit public service applications, which included crumbling foundations, was off cycle. So when I say that our calendar year, our fiscal year for programs starts July 1st and ends June 30th, a couple of things. We provide grants that have a, up to a 24-month performance period. So when we say 2017 and 2018, we would just add that they would be eligible to continue spending dollars from the original '17 all the way through '19 and then all the way through 2020. We can also amend the contract to add an additional 12 months so that we can go up to 36 months. The latest application that was spearheaded by the town of Vernon, which incorporates two other municipalities in their area, was accepted in September of 2018, which is off cycle, when we typically accept applications in April. Because they received $480,000 dollars for the initial 24-month period which would cover the fiscal year '19 through '20 and subsequently '21 to -- I'm sorry, '20 through '21, they felt at this time it was not necessary to apply for additional funds. Does that help you answer the question, sir?
REP. CASE (63RD): Okay, so there are not dollars in here for testing?

MIGUEL RIVERA: At this point, there are no dollars because there, the municipalities that have applied have sufficient access to almost $480,000 dollars.

REP. CASE (63RD): So the $250,000 we see in here for carpentry is left over from 2017?

MIGUEL RIVERA: Correct, sir. And carpentry, as of December, was struggling with trying to identify sufficient low-moderate homeowners that would be participating in the testing program. It uses a simple majority, that 51 percent of the applicant owners would have to be low-income. So what they've decided to do with their communities is to reach out to other communities to expand the encashment area and broaden that net even further. So were hopeful that as we continue to bring in even more communities that they will show a need for additional funding.

REP. CASE (63RD): Okay. My concern was, we always see these dollars, and it is, you know, a big issue in the state of Connecticut. But we have three avenues now for funding for the crumbling foundations. And the first one, which was the dollar a month taken out of insurance policies of every state insurance payer, and only 85 percent of that is going to crumbling foundations, and 15 percent is used for other. So that was my concern, that how many pots are we gonna have. And I just want to make sure that when they're allocated, the pots, those pots are used and they're used for that specific request. And that's what I was trying to get at. Because our first one wasn't.
MIGUEL RIVERA: Yeah. Well, I agree with you, sir. I just would say that we have to have a lot of tools in the toolbox to be able to meet all the needs of all of our families, be them working families or high-income, or low-mod. The problem of crumbling foundations is not just limited to Connecticut, but it's international, as we know. So you know, we're preparing for the long haul.

REP. CASE (63RD): Okay. Thank you. Thank you, Madam Chair.

SENATOR OSTEN (19TH): Thank you very much, Representative Reyes followed by Senator Miner.

REP. REYES (75TH): Thank you, Madam Chair. Good afternoon, folks. I have a couple of general questions. So this round, the CDBG funds for small cities, you're saying it's a slight increase, up to $13.2 million, and I guess I have a couple questions. So there's a lot of small towns in the state of Connecticut. How many of these towns actually benefited from the last round of CDBG roughly? Roughly?

MICHAEL SANTORO: Sure. If you look in the larger plan, specifically on page 18, that will tell you who we funded last year. I can count them up real quick.

UNKNOWN: Do we have anything?

MICHAEL SANTORO: Twenty-two communities were awarded funds last year out of last year's CDBG allocation.

REP. REYES (75TH): And how many towns actually applied for CDBG funding? For the last round of funding?
MICHAEL SANTORO: Last year, as it happens, there were 22 who applied last year. Everyone who applied last year actually received an award.

REP. REYES (75TH): Wow.

SENATOR OSTEN (19TH): Representative Rey --

MICHAEL SANTORO: Oh, [crosstalk]

REP. REYES (75TH): Yep.

SENATOR OSTEN (19TH): I just wanted to let you know, Representative Reyes, that we're also asked -- The housing commissioner is going to send us the list of direct entitlements to the direct towns that get those so that we'll have that information. And that's going to Madam Administrator and she'll be sending it out to everybody so we can get those dollars too.

REP. REYES (75TH): Thank you, Madam Chair.

SENATOR OSTEN (19TH): Didn't mean to interrupt.

REP. REYES (75TH): Just one last question. Thank you, Madam Chair. So on the small city application process, after -- in section -- after Section 9, so you have a statement of compliance, after the "must be compliant with all existing DOH agreements and cannot default under any CHFA or HUD-administered programs." The last piece there, "applicants terminated for cause in the last five years are ineligible," and I'd like to know what, what are the reason -- What is "terminated for cause"? What is -- What are a couple of reasons for those?

MICHAEL SANTORO: So if you think in terms of program administration, a community would be terminated for cause if there was a violation of
federal regulation on the administration of their program. They sat on money for more than a reasonable period of time and didn't expend it. As an example, we had a number of communities which had gotten housing rehabilitation blocks of money, you know, 3, 4, $500,000 dollars, and hadn't spent any of it in a couple of years. We would give them the opportunity to re-up their program, and if they were unable to do so, we would recapture those funds. That community would be looked at somewhat negatively if they were to then turn around and come back and try to get more of the money that they didn't already spend.

REP. REYES (75TH): Thank you, Mr. Santoro. And I have to believe that that's not common practice that people are going to be sitting on 3, $400,000 dollars.

MIGUEL RIVERA: Representative, hi. My name is Miguel Rivera.

REP. REYES (75TH): [crosstalk]

MIGUEL RIVERA: So I will use specifically a housing rehabilitation program that was applied for by a municipality in 2016. One of the things is that the program is structured as a deferred loan. So when a repayment occurs at the time of a sale, they are recapturing the assistance amount, and that money is automatically locally required to be used first before drawing down grant dollars. So we have a community that has an unspent almost $222,000 dollars that does not seem successful. But the reality is that they exceeded over $450,000 dollars of rehabilitation by utilizing portions of a grant and the programmatic income. So, again, we have to look at each situation. We always want to make sure
that we're identifying the needs and achieving those benefits for the area residents.

REP. REYES (75TH): Thank you very much, Mr. Rivera. Madam Chair, thank you very much.

SENATOR OSTEN (19TH): Thank you. Are there any other questions? Yes, Representative.

REP. ZULLO (99TH): Thank you for your time. Just a couple follow-up questions on the housing rehab program. So how many municipalities, if you know, specifically use the funding for housing rehab loans to residents?

MICHAEL SANTORO: So it's gonna de -- It's gonna vary year by year.

REP ZULLO (99TH): Sure.

MICHAEL SANTORO: At any given time, I want to say we have between 30 and 40 open, active homeowner rehab programs going. I mean, if you look within the plan just over the last two years, you can see that -- I think I counted it up. There's 20. And in addition to that, there are a number of open grant programs from prior years.

REP ZULLO (99TH): So in administering those loans and in deciding whether or not somebody's qualified to get one of those loans, is it part of your criteria or your recommended criteria or a requirement that people perform a title search and look into the collateralization of the property on which a loan is being issued?

MIGUEL RIVERA: Hello, Representative. Miguel Rivera. Yes, that is part of the process. It is part of the underwriting process that is looking at
trying to assure that we're not putting residents completely underwater. Now if -- I will say that, that sounds almost predatory in the statement. But the reality is is that we're not stripping equity, but we're building equity. And we've gotta look again, holistically. Are we helping someone who needs to have a handicap ramp because they lost their job? And you -- Why would I look at that and say, wow, that's, you know, sorry. Your, you know, your leverage is too high. So again, there has to be a social review with regards to the projects that we do. And there is a process for the municipalities and their consultants to submit a request in a situation like that.

REP ZULLO (99TH): And do we have any idea or any statistics on how many loans are -- What amount of dollars per year or throughout the program history has been lost either being foreclosed out -- Because a lot of these liens end up in second position to larger first mortgages. So I'm just curious if we know how many are potentially foreclosed out or lost. And I'll preface that by saying, the reason I ask is because in my other role in the town of East Haven, I have a lot of exposure with tax foreclosures in town, and all too often, I see the very loans that you're talking about going to people who very much need them ending up getting foreclosed out. And I've always wondered, how does this affect the program? So do you know what maybe the program losses have been to foreclosure over the past couple of years?

MIGUEL RIVERA: Sir, I cannot give you that answer at this moment. But I can follow up. Including in that follow-up will be information specifically to what's called the Energy Conservation Loan Program,
which are federal -- I'm sorry, state dollars managed by our partner, Capital for Change. They have very good statistical data as to when that occurs. But we do have a process that we try to protect those funds as much as possible. And in many cases, we're able to settle for a portion and recapture those, and receive those dollars. Interesting enough, I think we struggle more though, from my recent nine months here, that we have a challenge with local municipal tax liens being sold or being, attempting to be foreclosed. So that's a -- That's actually a number that's quite high in our elder population.

REP ZULLO (99TH): I think it's a great program. And again, I was just asking because it's something that I want to delve a little bit more into. If there's a way that maybe we can make the program a little bit more efficient, protect those dollars so that we can keep reusing them, you know, rather than loading them out on properties that, you know, maybe stand at risk to end up being losses. We want to help as many people as we can, and one of the parts of doing that is making sure the most dollars are available to do that. So I'd definitely be interested in looking at that, and I think that that's a great program. So thank you. And thank you, Madam Chairwoman.

MIGUEL RIVERA: Thank you, sir.

SENATOR OSTEN (19TH): Thank you. Senator Anwar.

SENATOR ANWAR (3RD): Thank you, Madam Chair. Commissioner Mosquera-Bruno and Mr. Santoro and Mr. Rivera. Thank you for your update and what you've provided us. I wanted to clarify something. Again, is it accurate that this is applicable to
communities which have less than 50,000 people in the towns?

SEILA MOSQUERA-BRUNO: Yes.

SENATOR ANWAR (3RD): So that makes it approximately 160 or so towns. Close to that. And when I look at the number of applicants, they are like 22 or 23, how are we reaching out to those communities?

SEILA MOSQUERA-BRUNO: Twenty-three applications, and your question was -- Because he was distracting me. [laughing]

SENATOR ANWAR (3RD): Yeah. No, no. The -- I think that the reason is, every year, there are like about 22 or 23 applicants that are applying out of 160 or so that are potentially able to apply. Is there an opportunity to reach out to all the towns that are possible applicants to see how we can increase the number of applicants?

MICHAEL SAN TORO: Certainly. Senator, there are about 136 eligible applicants here in the state. We take great pains to encourage our communities to apply for the CDBG program in addition to our other programs. We have an extensive citizen participation process associated not just with this program, but with all the programs. We meet with municipal representatives on a regular basis and encourage them to apply on behalf of their communities. Unfortunately, there are some communities that view this and other programs that we administer in a negative way. That is, they don't want our federal dollars because it comes with significant strings specifically associated with affirmatively furthering fair housing. We will actively continue to solicit that kind of
participation across the board. But as they say, you can lead a horse to water, but you can't make him drink.

SENATOR ANWAR (3RD): Okay. And the second question was, what can we do as the state of Connecticut to increase this $13.2 million dollars to $23 million dollars?

MICHAEL SANTORO: That's a -- That is a question for our congressional leadership. And I encourage you and all of our state leaders to reach out to our congressmen and lobby for significant increases in the CDBG program.

SENATOR ANWAR (3RD): Yeah. And I know that has been worked on, but we have not had much success. Because of the crumbling foundation issue, I know there was a very organized effort to reach out to the federal government, to HUD specifically, to see if there was an opportunity. But we have not been successful. Outside of that, we have no other opportunity to increase the amount, because the applications are asking for a lot more money, and the needs are obviously there. But we are not able to increase that number significantly. Okay. Thank you so much Madam Chair.

SENATOR OSTEN (19TH): Thank you. Are there any other comments or questions? Representative Johnson.

REP. JOHNSON (49TH): Thank you, Madam Chair. And thank you for your presentation. And I just have a couple of questions and a comment. In the Small Cities Program --

SENATOR OSTEN (19TH): Representative Johnson.
REP. JOHNSON (49TH): Yes.

SENATOR OSTEN (19TH): We can't hear you.

REP. JOHNSON (49TH): I have the microphone.

SENATOR OSTEN (19TH): There you go.

REP. JOHNSON (49TH): Okay. In the Small Cities Program, I see that Windham, for example, has been receiving money for the housing authority repairs and renovations, which we're very, very pleased about. The one question that I have is, because from time to time, we have apartments, apartment complexes that are privately owned that may need repair that would meet the objectives of the program, but for some reason, we're only able to attribute the funds to one particular project at a time. And I was wondering, you know, why that is. I mean that's what I've been told on the local level, if that's so.

MICHAEL SANTORO: So in part, it has to do with local capacity. When we look at administering not just this program, but some of the other activities, to put the obligation on a community to manage more than one significant housing rehabilitation activity at a time takes a lot of local resources if it is -- Because remember, it's the municipality that is applying for those funds to pass on to that private owner, that not-for-profit owner to rehabilitate their property. The municipality has the obligation to monitor and oversee that construction and rehabilitation activity. We have seen in the past that local capacity is an issue. So we strongly encourage communities to do one single activity at one single location. One thing I did fail to mention, we are allowing municipalities, or we did
allow in this past round, to do multiple locations for the same activity. I don't know that we got any of those. Miguel is signaling me we got one. So we've begun to open and expand what we're gonna try to allow communities to do, but I'll be perfectly frank. We're gonna evaluate that community's capacity to handle multiple projects at the same time when we make those funding awards. As Senator Anwar indicated, we have significantly greater ask than we have money. So sharing and spreading the wealth and taking local capacity into consideration when we do so seems to be a sensible approach.

REP. JOHNSON (49TH): Thank you so much for that answer. That really helps me understand the whole process. The other thing that was brought up by the representative from East Haven is the idea that perhaps there might be some difficulties with foreclosures and maybe even negotiating with the towns, the towns negotiating short sales. And I think that perhaps one of the things that I was able to do in my district was to change the contract between the State Department and Housing and the town to make sure that those things were part of mediation and to, and they were able to negotiate a short sale to bring money back to the program in some of these circumstances. So I would suggest that maybe one of the things you want to do following through as you go through some of these things is to check the contracts with the towns to make sure that they do allow for negotiations and short sales. Thank you so much, Madam Chair.

SENATOR OSTEN (19TH): Thank you very much. Are there any other comments or questions? Seeing none. We'll close the public hearing. I did have on the City of Derby Housing commissioner, my
understanding, Commissioner, that he would like to speak with you. Is that true? So you don't need to speak right now at the public hearing. So if the representatives from the Housing Department would talk with this, the housing commissioner from the city of Derby, that would be great. So we have nobody else that wants to speak. Are there any other people from the public that would like to speak? Seeing none, we'll close the public hearing.