

MIDDLETOWN HOUSING PARTNERSHIP



HIGHLIGHTS ON HOUSING NEEDS IN MIDDLETOWN FROM STATE, REGIONAL & LOCAL SOURCES

- * Population of Middletown grew from 39,000 in 1980 to 41,220 in 1986 and is estimated to reach 44,539 in 2,000; an increase of 14.1% over 20 years.
- * There will be a significant decline in the number of children (under 20) and young adults (20-35) while adults and elderly will see a significant increase. In particular there will be a substantial increase in the numbers of elderly in advanced old age.
- * There has been a continuous decrease in household size-a trend which is expected to continue-owing to such factors as increased divorces, later marriages, fewer children per family, and increased life expectancy.
- * Smaller household size results in an increase in total numbers of households and thus an increasing demand for more, but smaller, units.
- * Some 3,900 additional units are required to meet the regions current housing needs (1986)
- * Most significant need is for affordable rental units
- * Of the 2,990 inadequate units in the Midstate Region based on physical condition, overcrowding, and households paying more than 30% of their income on housing, 2,455 fall into the latter "unaffordable" category
- * In Middletown, of the 2,756 units which are not adequate, 2,152 are unaffordable and 604 are substandard.
- * Median income for a family in Middletown was \$11,280 in 1969; \$21,085 in 1979; \$34,157 in 1986, and \$40,300 in March 1988.
- * Because of both Wesleyan and CVH, Middletown, has a significantly high number of people living in group quarters at fairly modest cost. These institutions and special places skew the rent factors for the population as a whole if included in the same data base.
- * Lower income households tend to be concentrated in the rental market
- * In Middletown only 24.3% of the 7,197 families who rent had incomes over \$20,000 in 1980; whereas 59.5% of the 6,933 families who own their homes were in that category.
- * Between 1980-1986 Middletown significantly increased its multi-family units. Nearly 1,500 units were built compared to 539 single family units.
- * Middletown has more than 50% of its housing in rental stock.
- * A reasonable, healthy vacancy rate is considered 5% for rental units and 2.5% for owner occupied units. In 1984, in Middletown, the rental vacancy rate was 1.1 and owner rate 0.4. This shows a significant tightening of the market since 1980, a trend which is continuing.
- * Median contract rent in 1980 was \$212 per unit in the region. In 1987, \$600-\$825 with utilities and \$435-\$800 without.

- * Increases in income have not kept pace with increases in rent
- * Current fair market rent for Middletown for a unit including utilities is: \$341 for an efficiency; \$415 for 1-BR; \$489 for 2-BR; \$612 for 3-BR, and \$685 for 4-BR. Actual, non-subsidized rents in the private sector start at \$650 for 1-BR and \$795 for 2-BR.
- * Increases in income have not kept pace with increases in selling price.
- * Median selling price for a house in Middletown in 1980 was \$60,300; in 1986 \$90,500 and according to the multiple listings of July 15, 1988 the median available dwelling (per unit/single family, multi-family and condo) was \$151,212, an overall increase of 151%.
- * Middletown's median family income in 1979 was \$21,085; in 1986, \$34,157 and in 1988 \$40,300, an overall increase of 92%.
- * Using the "affordability" ratio of 2.5 to 3.5 of income as an affordable purchase price:
 - 2.5 to 3.3 of 1980 median income = \$52,712 - \$69,580
Thus showing most median priced houses to be "affordable"
 - 2.5 to 3.3 of 1988 median income = \$100,750 - \$132,990
Thus showing all median priced houses to be "unaffordable"
- * Substandard housing has been addressed in active residential rehab programs funded through CDBG
- * Special concerns of the region include: The homeless, impact of housing affordability on economic development and vice versa, escalating land costs, conversion of subsidized housing, and increasing needs of the elderly.
- * The State DOH has tailored many of their programs for the special needs population.
- * Federal housing policies have contributed drastically to the loss of affordable housing.
- * Units will continue to fall out of the existing assisted inventory due to obsolescence, possible demolition of publicly-owned housing and conversion of privately-owned facilities to other uses as the service periods expire.
- * The Tax Reform Act of 1986 dealt a severe blow to the incentives for building low and moderate income housing; however, the Tax Rehabilitation Act of 1987 will try to restore some of these.
- * Even though there is a residential "building boom" with the increased popularity of condominiums, many factors point to continued high demand for all kinds of housing in all price ranges. The numbers of new housing units built will decline; however, from 27,800 new units in 1986 statewide to 22,000 units in 1989, and 19,000 units in 1990 and 1991.

- * Recent population trends in Connecticut have intensified the need for private and publicly assisted housing affordable to low and moderate income people.
- * Connecticut's tremendous economic prosperity has not made a difference for the hard core unemployed and for the working poor. In fact, it has made things worse for them.
- * Rents are expected to increase 30% over the next five years.
- * Nearly one out of every six residents in Connecticut has a physical and/or mental impairment which is substantial limitation to life's major activities.
- * Congregate housing is an alternative to traditional elderly housing which is especially attractive to the frail elderly population and is considerably less expensive than nursing homes.
- * Federal pilot programs for the growing population of female-heads of households below the poverty level are being conducted in Hartford and Willimantic. DOH endorses this concept and is looking toward a similar comprehensive State program with the Departments of Human Resources, Income Maintenance, Labor and Children and Youth Services.
- * Loss of SRO's to gentrification, condo and office conversions, and urban renewal programs substantially contributes to the increased population of homeless.
- * The "New" homeless population estimated at 1,700-3,500 Statewide includes families; working poor; newly unemployed, young and old; single parents with children; highly skilled and educated people; drug and alcohol dependent persons; victims of domestic violence; and, the deinstitutionalized.
- * CHFA provides homeownership assistance to eligible first-time homebuyers; however, although there are many of these, there are very few homes which are CHFA eligible for these buyers. The CHFA price limit (\$120,000) is far below the median price of a dwelling unit and those which fall within the CHFA guidelines for price are substandard physically.

Municipal Development Office
August 1988

AFFORDABILITY ANALYSIS

RENTAL COSTS EXAMPLE

1. Annual income = \$40,300*
2. Gross monthly income = $\$40,300 \div 12 = \$3,358$
3. Maximum affordable monthly rent, including utilities =
 $\$3,358 \times .3 = \$1,007$

This estimate is based on the assumption that an affordable rent, including utilities, should not exceed 30% of income.

HOME SALES PRICE EXAMPLE

1. Annual income = \$40,300
2. Gross monthly income = $\$40,300 \div 12 = \$3,359$
3. Monthly income available to carry mortgage, taxes and hazard insurance = $\$3,359 \times .28 = \941

28% is a standard national ratio that banks use to determine what part of gross monthly income can be used with 20% down to carry mortgage, taxes and hazard insurance. A second ratio of 36% is used to cover mortgage, taxes and insurance plus all other debt.

4. Monthly income available for mortgage only = \$941 -
\$115** monthly tax - \$35, monthly hazard insurance =
\$791

This example deducts an estimate of taxes in Middletown. Tax estimates will increase from year to year, for the next four years.

* Median Income in Middletown for a family of 4.

** Based on the second year of Middletown's five-year phase in and the current mill rate of .0345

5. Monthly mortgage payment for an 11% mortgage, 30 year term
 = \$9.52 per month per \$1,000 mortgage amount.

Maximum affordable mortgage = $\$791 \div \$9.52 = \$83$
 X \$1,000 = \$83,000

6. Maximum affordable sales price = $\$83,000 \div .8 =$
 \$103,750

This estimate assumes a 20% downpayment. The analysis could be varied based on mortgage interest rate and downpayment terms.

A simplified method of estimating affordability would be to estimate the affordable sales price as 2.5 to 3.3 times income.

<u>INCOME</u>	<u>AFFORDABLE MONTHLY RENT (INCLUDING UTILITIES)</u>
(1) \$46,345	\$1,159
(2) \$40,300	\$1,007
(3) \$32,240	\$ 806
(4) \$20,150	\$ 504

AFFORDABLE SALES PRICE BY MORTGAGE
 INTEREST RATE

<u>INCOME</u>	<u>11%</u>	<u>10%</u>	<u>9%</u>	<u>8%</u>
\$46,345	\$120,000	\$130,000	\$141,250	\$155,000
\$40,300	\$103,750	\$112,500	\$123,750	\$135,000
\$32,240	\$ 83,000	\$ 88,750	\$ 97,500	\$106,250
\$20,150	\$ 50,000	\$ 53,750	\$ 58,750	\$ 65,000

- (1) 115% of median income for Middletown PMSA (moderate income level)
- (2) Median income for Middletown PMSA, March, 1988
- (3) 80% of median income for Middletown PMSA (low income level)
- (4) 50% of median income for Middletown PMSA (very low income level)

CAN MIDDLETOWN'S MUNICIPAL WORKFORCE AFFORD TO LIVE HERE?

- * Middletown's sixty-one Police Patrol Officers have an average salary of \$26,115.
- * A Firefighter makes \$27,626 - Middletown has 30.
- * Captains and Lieutenants in the Police and Fire Departments earn from \$28,931 to \$36,143.
- * The approximately eighty-four laborers whose jobs range from maintenance workers, to truck drivers, to constables, etc. have an average yearly income of \$17,359.
- * Middletown has approximately sixty-two clerical workers whose salaries range from \$15,578 to \$23,411.
- * The average salary for skilled tradespeople is \$23,338.
- * There are thirty-four professionals working for the City of Middletown at an average salary of \$24,414.

<p>Laborer/Clerk \$17,000</p>	<p>1-BR Subsidized Rent (\$415 FMR)</p>
<p>Professional \$24,000</p>	<p>1-BR Subsidized; 2-BR Subsidized; 2 Family Older Home; CHFA Financed Unit @ \$75,000 or conventionally financed unit at \$58,000 (none exist in Middletown)</p>
<p>Police Captain \$36,000</p>	<p>1 or 2-BR Subsidized; 1 or 2-BR Private Rental, 2-Family; CHFA Financed Unit at \$114,125 (Small older "starter" on small lot-3 available 7/15/88) or conventionally financed unit at \$88,000 (older converted condo)</p>
<p>2 Average City Salaries \$50,000 (not CHFA eligible)</p>	<p>1 or 2-BR Subsidized; 1 or 2-BR Private Rental including some luxury rentals & condo rentals; 2 family; Older or new condo up to \$129,500; Older renovated "starter" on small lot (14 available 7/15/88 in PRD's and older parts of town) up to \$129,500</p>

City Laborer or Clerk \$17,000	City Professional \$24,000	Police Captain \$36,000	2 Average City Salaries \$50,000
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1-BR Subsidized
Rental (\$415 FMR)

2-BR Subsidized
Rental (\$489 FMR)

2 Family Older Home
with Rental Unit
Earning \$450-\$650

1-BR Private Rental
(\$650-\$850)

2-BR Private Rental
(\$775-\$900)

Converted Condo*

CHFA Financed Older
"Starter" Home on
Small Lot
\$110,000-\$115,000

New Condo up to
\$130,000*

Small Renovated Older
Home on Small Lot
\$115,000-\$130,000

2-BR Starter Home
w/garage or older,
larger house (3-BR+)
\$150,000+

Luxury Condo
\$150,000+

"Trade-up" House on
Larger Lot
\$200,000-\$350,000+

Not
applicable

* Although converted condos are available for \$79,000+ and new condos for \$98,000+ they are not CHFA certifiable and therefore not "affordable" with a conventional rate mortgage.

AVAILABILITY OF HOUSING FOR SALE - JULY 15, 1988

SINGLE FAMILY HOUSES FOR SALE	<u>148</u>
Price Range	<u>\$109,500 - \$499,000</u>
Mean Price	<u>\$189,900</u>
Median Price	<u>\$208,151</u>
# At or Below "Affordable"* Price for Median Income Family**	<u>-0-</u>
CONDOS FOR SALE	<u>119</u>
Price Range	<u>\$ 72,900 - \$194,900</u>
Mean Price	<u>\$119,500</u>
Median Price	<u>\$119,481</u>
# At or Below "Affordable"* Price for Median Income Family**	<u>13, only 3 of which have 2 BR</u>
MULTI-FAMILY FOR SALE	<u>31</u>
# of Units	<u>72</u>
Price Range	<u>\$ 98,500 - \$395,000</u>
Average Price per Building	<u>\$201,165</u>
Average Price per Unit	<u>\$ 86,613</u>
TOTAL # UNITS	<u>339</u>
TOTAL GROSS PRICE	<u>\$51,260,595</u>
AVERAGE PRICE/UNIT	<u>\$151,212</u>

* \$103,750

** \$ 40,300 for family of 4

PHA DATA FOR MIDDLETOWN

<u># UNITS</u>		TOTAL 939
<u>426</u>	Federally Assisted	300 Family 126 Elderly
<u>238</u>	Moderate Rentals	198 Family 40 Elderly
<u>190</u>	Section 8 - Existing (not rehabbed but at fair market rent)	
<u>66</u>	Section 8 - Vouchers	
<u>19</u>	Moderate Rehab	

<u>WAITING LIST</u>		TOTAL 350
<u>118</u>	For Federal Housing	39 Elderly 11 1-BR 35 2-BR 32 3-BR 1 4-BR
<u>127</u>	For Section 8	22 1-BR 52 2-BR 53 3-BR
<u>105</u>	For Moderate	All 2-BR

With 350 families on the waiting list the vacancy rate is obviously non-existent.

MEDIAN INCOME* BY FAMILY SIZE

<u>Family Size</u>	<u>Median Income</u>	<u>30% of Median</u>	<u>Maximum Monthly Housing Payment</u>
1	\$28,200	\$ 8,460	\$ 705
2	\$32,200	\$ 9,660	\$ 805
3	\$36,200	\$10,860	\$ 905
4	\$40,300	\$12,090	\$1,007
5	\$43,500	\$13,050	\$1,087
6	\$46,700	\$14,010	\$1,167
7	\$50,000	\$15,000	\$1,250
8	\$53,200	\$15,960	\$1,330

* Approved March 30, 1988

THE MIDDLETOWN HOUSING PARTNERSHIP NEEDS ASSESSMENT

INFORMATION SOURCES

1. 1987 Five Year Housing Advisory Plan, Department of Housing
2. Regional Housing Needs Assessment for the Midstate Planning Region, December 1987, Midstate Regional Planning Agency
3. A Survey of Rental Housing Costs and Vacancy Rates in the Capital Region, March 1988, Capitol Region Council of Governments
4. State of Connecticut Blue Ribbon Commission on Housing - Report and Recommendations to the Governor & General Assembly, March 1988
5. "Example of Housing Task Force Planning Process", Capitol Region Council of Governments
6. Journal of Housing, July/August 1988, "Opinion and Comment", "Preserving Affordable Housing: What Role for PHA's?", "Public Housing Architecture," & "Using the Tax Credits: financing Rehabilitation"
7. "Affordability Analysis", Municipal Development Office, August 1988
8. 1987 Annual Housing Market Report, Department of Housing, March 1988
9. Multiple Listing Service Information, Greater Hartford Association of Realtors
10. Telephone Survey of local landlords and property management companies regarding rental rates and vacancies.
11. Middletown Housing Authority - information on existing programs, Section 8 program and waiting lists.
12. Program Brochure, Department of Housing
13. "Use It" "Don't Abuse It", Fair Housing 1988, Middletown Department of Human Relations
14. "List of Apartments", City of Middletown Tax Assessor's Office
15. Profile of the City Workforce, City of Middletown Personnel Office
16. Economic & Industrial Development News, May 23, 1988, "Link between affordable housing and Economic Development studied"

Substitute House Bill No. 6043

PUBLIC ACT NO. 88-305

AN ACT ESTABLISHING THE CONNECTICUT HOUSING PARTNERSHIP PROGRAM.

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

Section 1. (NEW) (a) The commissioner of housing shall establish and administer a Connecticut housing partnership program for the purpose of encouraging the formation of local housing partnerships which will work with the community, the department of housing and other state agencies to solve housing problems faced by the community and develop ways to increase the supply and availability of affordable housing in the community.

(b) Any municipality may, by ordinance, or by resolution of the board of selectmen in any town in which the legislative body is a town meeting, authorize the formation of a local housing partnership. Any local housing partnership shall include, but shall not be limited to, the chief elected official of the municipality and the following members to be appointed by the chief elected official: (1) Representatives of the planning commission, zoning commission, inland wetlands commission, housing authority and any local community development agency, (2) representatives of the local business community, such as local bankers, realtors and developers, (3) representatives of public interest groups, such as housing advocates, members of the clergy, members of local civic groups and representatives of local nonprofit corporations and (4) local urban planning, land use and housing professionals.

(c) The commissioner of housing may provide a local housing partnership with an initial designation under the Connecticut housing partnership program upon receipt of evidence satisfactory to the commissioner that the local housing partnership has been formed in accordance with the provisions of subsection (b) of this section and that sufficient local resources have been committed to the local housing partnership. Upon such initial designation, the commissioner shall provide technical assistance to the local housing partnership which assistance shall

Substitute House Bill No. 6043

include, but shall not be limited to, the following: (1) The assignment of a primary contact person in the department of housing to work directly with the local housing partnership, (2) obtaining assistance from other state agencies, regional planning agencies, regional housing councils and the central housing committee, provided for under section 3 of public act 87-550, on behalf of the local housing partnership when necessary, (3) assisting the local housing partnership in developing a comprehensive local housing strategy, (4) assisting the local housing partnership in identifying available local resources, (5) discussing possible ways to create affordable housing through the use of conventional and alternative financing and through public and private land use controls, (6) explaining the requirements of and the types of assistance available under state housing programs and (7) providing information and advice concerning available federal and private financial assistance for all aspects of housing development.

(d) The commissioner of housing may provide a local housing partnership which has received an initial designation under subsection (c) of this section with a development designation under the Connecticut housing partnership program upon receipt of evidence satisfactory to the commissioner that the local housing partnership has: (1) Examined and identified housing needs and opportunities in the community, (2) explored the availability of any state, municipal or other land that is suitable for the development of affordable housing, (3) reviewed applicable zoning regulations to determine whether such regulations restrict the development of affordable housing in the community and to identify any necessary changes to such regulations, (4) established priorities and developed a long-range plan to meet identified housing needs in the community consistent with regional housing needs, (5) established procedures for the development of a written proposal to achieve such priorities in accordance with said plan and (6) started an activity, development or project designed to create additional affordable housing in the community. Upon such development designation: (A) The commissioner of housing shall give priority to any activity, project or development initiated or sponsored by the local housing partnership in providing any financial assistance pursuant to any

Substitute House Bill No. 6043

program administered by the commissioner of housing under the general statutes; (B) the commissioner of environmental protection shall consider formation of a local housing partnership in a municipality as a primary factor in awarding any grant-in-aid for open space land under sections 7-131c to 7-131k, inclusive, of the general statutes; (C) the commissioner of environmental protection shall consider formation of a local housing partnership in a municipality as a primary factor in making any grants and loans for water quality projects under sections 22a-475 to 22a-483, inclusive, of the general statutes, as amended by public act 87-405 and public act 87-571. If the commissioner of housing determines that a municipality has developed and is maintaining a balanced inventory of affordable housing, the municipality shall receive the same priority as a local housing partnership which has received a development designation under this subsection or the municipality in which such local housing partnership is formed.

(e) Upon the completion of the first activity, development or project initiated or sponsored by a local housing partnership under this section, the commissioner of transportation, upon receipt of satisfactory evidence of such completion from the commissioner of housing, shall increase the town-aid grant for roads provided under the provisions of part IIa of chapter 240 of the general statutes to the municipality in which the local housing partnership is formed by an amount equal to twenty-five per cent of the amount of the distribution to the municipality calculated under the provisions of said part IIa for the fiscal year in which the activity, development or project is completed. Such increased town-aid grant for roads shall be paid to the municipality from the general fund (1) in the fiscal year in which the activity, development or project is completed and (2) in each of the three fiscal years following the fiscal year in which the activity, development or project is completed, provided the commissioner of housing certifies to the commissioner of transportation in each of such years that the local housing partnership and the municipality in which the local housing partnership is formed are actively engaged in the development of affordable housing within the municipality. Such increased town-aid grant for roads shall not be included in the estimates compiled by the secretary of the

Substitute House Bill No. 6043

office of policy and management pursuant to sections 4-71a and 4-71b of the general statutes.

(f) The commissioner of housing shall adopt regulations, in accordance with the provisions of chapter 54 of the general statutes, to carry out the purposes of subsections (a) to (d), inclusive, of this section.

(g) The commissioner of housing shall submit to the governor and the general assembly, on or before February first, annually, an analysis and evaluation of the program authorized under this section.

Sec. 2. Section 7-131f of the general statutes is repealed and the following is substituted in lieu thereof:

In making grants-in-aid for open space land acquisition or development the commissioner of environmental protection shall: (a) Seek to achieve a reasonable balance among all parts of the state in the relative adequacy of present areas devoted to recreational and conservation purposes and the relative anticipated future needs for additional areas devoted to recreational and conservation purposes; (b) give due consideration to the special park requirement needs of urban areas; (c) wherever possible, give priority to land which will be utilized for multiple recreational and conservation purposes; (d) give due consideration to coordination with the plans of departments of the state and regional planning agencies with respect to land use or acquisition AND (e) GIVE PRIMARY CONSIDERATION TO THE NEEDS OF MUNICIPALITIES THAT HAVE FORMED LOCAL HOUSING PARTNERSHIPS PURSUANT TO THE PROVISIONS OF SECTION 1 OF THIS ACT.

Sec. 3. Subsection (a) of section 22a-478 of the general statutes, as amended by section 4 of public act 87-571, is repealed and the following is substituted in lieu thereof:

(a) The commissioner shall maintain a priority list of eligible water quality projects and shall establish a system setting the priority for making project grants, grant account loans and project loans. In establishing such priority list and ranking system, the commissioner shall consider all factors he deems relevant, including but not limited to the following: (1) The public health and safety; (2) protection of environmental resources; (3) population affected; (4) attainment of state water quality goals and standards; (5) consistency with the state plan of conservation

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and development; [and] (6) state and federal regulations AND (7) THE FORMATION IN MUNICIPALITIES OF LOCAL HOUSING PARTNERSHIPS PURSUANT TO THE PROVISIONS OF SECTION 1 OF THIS ACT. The priority list of eligible water quality projects shall include a description of each project and its purpose, impact, cost and construction schedule, and an explanation of the manner in which priorities were established. The commissioner shall adopt an interim priority list of eligible water quality projects for the purpose of making project grants, grant account loans and project loans prior to adoption of final regulations, which priority list shall be the priority list currently in effect under subsection (c) of section 22a-439.

Sec. 4. This act shall take effect from its passage.

Certified as correct by

Legislative Commissioner.

Clerk of the Senate.

Clerk of the House.

Approved _____, 1966

Governor, State of Connecticut.

IMPORTANT: Read Instructions on bottom of
Certification Page before completing this
form. Failure to comply with instructions
may cause disapproval of proposed
Regulations.

STATE OF CONNECTICUT
REGULATION

OF

NAME OF AGENCY

DEPARTMENT OF HOUSING

Concerning

SUBJECT MATTER OF REGULATION

CONNECTICUT HOUSING PARTNERSHIP REGULATIONS

SECTION — The Regulations of Connecticut State Agencies are amended by adding Sections 1 through 6, inclusive, as follows:

(NEW) Section 1 Definitions

- (a) "Activity" means any task, project or development that is initiated or sponsored by a local housing partnership that will result in the creation of additional affordable housing in the community. An activity may include the acquisition of property, infrastructure and site improvements, new construction or the rehabilitation of existing buildings, code enforcement measures, revisions to municipal building processes or land use regulations, physical design studies, or any other activity that the Commissioner may approve that is consistent with Section 1(d) of P.A. 88-305.
- (b) "Affordable housing" means housing including utility costs, for which persons and families pay thirty percent or less of their annual income, where such income is less than or equal to the area median income for the municipality in which such housing is located, as determined by the United States Department of Housing and Urban Development.
- (c) "Commissioner" means the Commissioner of Housing.
- (d) "Department" means the Connecticut Department of Housing.
- (e) "Family" means a household consisting of one or more persons.
- (f) "Local Housing Partnership" or "Partnership" means a local committee or task force formed by the chief elected official of a municipality pursuant to Public Act 88-305 to develop ways to increase the supply and availability of affordable housing in that municipality.
- (g) "Municipality" means any city, or town.

(NEW) Section 2 Program Description

- (a) The Connecticut Housing Partnership Program authorizes the Commissioner to establish and administer a program for the purpose of encouraging the formation of local housing partnerships which will work with the community, the Department and other state agencies to identify and solve housing problems faced by the community and develop ways to increase the supply and availability of affordable housing within that community.
- (b) Local housing partnerships shall be required to comply with the rules and orders promulgated from time to time by the Commissioner and consistent with the Connecticut General Statutes and these regulations governing the Connecticut Housing Partnership Program.

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(NEW) Section 3 Initial Designation Approval Process

- (a) In order to receive an initial designation, a local housing partnership shall:
- (1) Submit a copy of the ordinance, or resolution of the board of selectmen in any town in which the legislative body is a town meeting, which authorizes the formation of a local housing partnership;
 - (2) Submit evidence that the membership of the local housing partnership includes, but is not limited to the chief elected official of the municipality, and the following members appointed by the chief elected official: (1) representatives of the planning commission, zoning commission, inland wetlands commission, housing authority and any local community development agency; (2) representatives of the local business community; (3) representatives of public interest groups; and (4) local urban planning, land use and housing professionals; and
 - (3) Submit evidence that sufficient local resources have been committed to the local housing partnership.
- (b) If the evidence of eligibility as submitted does not meet the requirements of subsection (a) above, the Commissioner shall so notify the partnership in writing, and may provide such aid as may be requested by the partnership to meet all eligibility requirements.
- (c) Upon determination of eligibility, the local housing partnership shall be notified in writing by the Department that it has received an initial designation under the Connecticut Housing Partnership Program.

(NEW) Section 4 Technical Assistance

A local housing partnership which has received an initial designation shall be eligible to receive from the Department technical assistance which shall include, but not be limited to:

- (a) the assignment of a primary contact person to work directly with the local housing partnership;
- (b) obtaining assistance, when necessary, from other state agencies, regional planning agencies, regional housing councils and the Central Housing Committee, on behalf of the local housing partnership;
- (c) assisting the local housing partnership in developing a comprehensive local housing strategy;
- (d) assisting the partnership in identifying available local resources;
- (e) discussing possible ways to create and preserve affordable housing through the use of conventional and alternative financing and through public and private land use controls;

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- SECTION —(f) explaining the features and the types of financial assistance available under state housing programs; and
- (g) providing information and advice concerning available federal and private financial assistance for all aspects of housing development.
- (NEW) Section 5 Development Designation Approval Process
- (a) In order to receive a development designation, the local housing partnership shall be required to furnish the following:
- (1) A housing needs assessment for the municipality;
 - (2) A proposal outlining the local housing partnership's priorities and long range plans to meet needs identified in the housing needs assessment that are consistent with regional housing needs;
 - (3) Procedures for the development of a written proposal to achieve such priorities in accordance with long range plans;
 - (4) Evidence that the local housing partnership has explored the availability of land suitable for the development of affordable housing;
 - (5) Evidence that the local housing partnership has reviewed zoning regulations that may restrict the development of affordable housing;
 - (6) Evidence that the local housing partnership has identified changes necessary to zoning regulations that will remove restrictions to the development of affordable housing; and
 - (7) Evidence that an activity to create additional affordable housing, as defined by these regulations, has been initiated in that municipality.
- (b) The Commissioner may, from time to time, request additional information from the local housing partnership.
- (c) Municipalities that are maintaining a balanced inventory of affordable housing may receive the same priority as a local housing partnership which has received development designation upon submission of the following:
- (1) Evidence that at least 10% of the existing housing units in the municipality are publicly-assisted low or moderate income housing, unless otherwise approved by the Commissioner;
 - (2) Evidence that the municipality has zoned a reasonable amount of its land to permit multi-family housing;
 - (3) A specific strategy with clearly identified actions and implementation schedules, to further facilitate the development of affordable housing; and

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- (4) Any additional information which the Commissioner may, from time to time, request.
- (d) Applications shall be approved or disapproved based on the submission of documentation required in Section 5(a) or 5(c) above that is satisfactory to the Commissioner.
- (e) If an application for development designation is disapproved, the partnership or municipality shall be notified, in writing, of the reason(s) for the disapproval.
- (f) If an application is approved, the Commissioner shall award the partnership or municipality development designation.
- (NEW) Section 6 Terms and Conditions of Agreement
 - (a) Following approval of the development designation, the State, acting by and through the Commissioner, may sign a letter of agreement with the partnership or municipality.
 - (b) Such agreement shall include, but not be limited to: the term of the designation, the programs under which the partnership or municipality may receive priority status or primary consideration; and the rights and obligations of the parties under the contract.
 - (c) Upon the signing of the letter of agreement, the Commissioner shall:
 - (1) give priority to any activity initiated or sponsored by the local housing partnership when awarding any financial assistance pursuant to any program administered by the Commissioner under the General Statutes; and
 - (2) notify the Commissioner of Environmental Protection in writing that a partnership has received development designation and such development designation shall therefore be considered a primary factor in awarding state financial assistance pursuant to Sections 7-131c to 7-131k, inclusive, of the General Statutes, and Sections 22a-475 to 22a-483, inclusive, of the General Statutes, as amended by Public Act 87-405 and Public Act 87-571.
 - (d) Any activity which is initiated or sponsored by a partnership and which is awarded state financial assistance, shall be conducted in accordance with all policies and regulations established by the State agency of cognizance and consistent with the General Statutes.

Statement of Purpose: These regulations are proposed to implement the administration of Public Act 88-305 which authorizes the Commissioner of Housing to provide an initial designation as a local housing partnership to a group appointed by the chief elected official of a municipality. Technical assistance is available from the Department, and the local housing partnership may then receive a development designation from the Commissioner, which shall be a primary factor, or give the community priority for state financial assistance under certain programs administered by the Commissioner of Housing and the Commissioner of Environmental Protection.

CERTIFICATION
(REV. 1/77)

Be it known that the foregoing:

Regulations Emergency Regulations

Are:

Adopted Amended as hereinabove stated Repealed

By the aforesaid agency pursuant to:

Section _____ of the General Statutes.

Section _____ of the General Statutes, as amended by Public Act No. _____ of the _____ Public Acts.

Public Act No. 88-305 of the Public Acts.

After publication in the Connecticut Law Journal on June 28, 1988, of the notice of the proposal to:

Adopt Amend Repeal such regulations

(If applicable): And the holding of an advertised public hearing on _____ day of _____ 19____

WHEREFORE, the foregoing regulations are hereby:

Adopted Amended as hereinabove stated Repealed

Effective:

When filed with the Secretary of the State.

(OR)

The _____ day of _____ 19____.

In Witness Whereof:	DATE <u>7/28/88</u>	SIGNED (Head of Board, Agency or Commission) <i>John D. Pappalardo</i>	OFFICIAL TITLE, DULY AUTHORIZED Commissioner
---------------------	------------------------	---	---

Approved by the Attorney General as to legal sufficiency in accordance with Sec. 4-169, as amended, C.G.S.:	SIGNED <i>John Pappalardo</i>	OFFICIAL TITLE, DULY AUTHORIZED <i>Dep. Atty. Gen.</i>
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AUG. 2 1988

Approved

Disapproved

Disapproved in part, (Indicate Section Numbers disapproved only)

Rejected without prejudice.

By the Legislative Regulation Review Committee in accordance with Sec. 4-170, as amended, of the General Statutes.	DATE <u>8/16/88</u>	SIGNED (Clerk of the Legislative Regulation Review Committee) <i>Kathleen A. Henshaw</i>
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Two certified copies received and filed, and one such copy forwarded to the Commission on Official Legal Publications in accordance with Section 4-172, as amended, of the General Statutes.

DATE	SIGNED (Secretary of the State)	BY
------	---------------------------------	----

INSTRUCTIONS

- One copy of all regulations for adoption, amendment or repeal, except emergency regulations, must be presented to the Attorney General for his determination of legal sufficiency. Section 4-169 of the General Statutes.
- Seventeen copies of all regulations for adoption, amendment or repeal, except emergency regulations, must be presented to the standing Legislative Regulation Review Committee for its approval. Section 4-170 of the General Statutes.
- Each regulation must be in the form intended for publication and must include the appropriate regulation section number and section heading. Section 4-172 of the General Statutes.
- Indicate by "(NEW)", in heading if new regulation. Amended regulations must contain new language in capital letters and deleted language in brackets. Section 4-170 of the General Statutes.

GUIDE FORM FOR RESOLUTION/ORDINANCE AUTHORIZING THE FORMATION OF A HOUSING PARTNERSHIP
TO BE ADAPTED BASED ON THE ADVICE OF YOUR CORPORATION COUNSEL

Findings of Fact. The (legislative body) of the municipality of (name of municipality) hereby declares that a local housing partnership be formed, in accordance with P.A. 88-305, in order to develop ways to increase the supply and availability of affordable housing in (name of municipality).

NOW, THEREFORE, BE IT ENACTED BY THE (legislative body) OF THE MUNICIPALITY OF (name of municipality):

Section 1. Housing Partnership Created. There is hereby created the (name of municipality) Housing Partnership, appointed by the chief elected official of the municipality. The Partnership shall consist of the following members:

- (a) The chief elected official of (name of municipality);
- (b) Representatives of the planning commission, zoning commission, inland wetlands commission, housing authority and any local community development agency, not to exceed ___ in number;
- (c) Representatives of the local business community, such as local bankers, realtors and developers, not to exceed ___ in number;
- (d) Representatives of public interest groups, such as housing advocates, members of the clergy, members of local civic groups and representatives of local nonprofit corporations, not to exceed ___ in number; and
- (e) Local urban planning, land use and housing professionals, not to exceed ___ in number.

Section 2. Responsibilities of the municipality of (name of municipality), in order to receive initial designation under the Connecticut Housing Partnership Program. The responsibilities of the municipality of (name of municipality), in order to receive initial designation under the Connecticut Housing Partnership program, shall include the following:

- (a) Submit evidence to the Commissioner of Housing that the (name of municipality) Housing Partnership has been formed in accordance with P.A. 88-305; and
- (b) Submit evidence to the Commissioner of Housing that sufficient local resources have been committed to the (name of municipality) Housing Partnership.

Section 3. Duties of the (name of municipality) Housing Partnership, in order to receive development designation under the Connecticut Housing Partnership Program. The duties of the (name of municipality) Housing Partnership, in order to receive development designation under the Connecticut Housing Partnership Program, shall include the following:

- (a) To examine and identify housing needs and opportunities in the community;
- (b) To explore the availability of any state, municipal or other land that is suitable for the development of affordable housing;
- (c) To review applicable zoning regulations to determine whether such regulations restrict the development of affordable housing in the community;
- (d) To identify any necessary changes to such regulations;
- (e) To establish priorities and develop a long-range plan to meet identified housing needs in the community consistent with regional housing needs;
- (f) To establish procedures for the development of a written proposal to achieve such priorities in accordance with said plan; and
- (g) To start an activity, development or project designed to create additional affordable housing in (name of municipality).

Section 4. Conflicting Resolutions, Orders, Rules and Regulations Suspended. At all times when any orders, rules and regulations made and promulgated pursuant to this resolution shall be in effect, they shall supersede all existing resolutions, orders, rules and regulations insofar as the latter may be inconsistent therewith.

Section 5. No Conflict with State or Federal Statutes. This resolution shall not be construed so as to conflict with any State or Federal Statute, rule or regulation.

Section 6. Expenses of the (name of municipality) Housing Partnership. No person shall have the right to expend any public funds of the municipality in carrying out any Partnership activities authorized by this resolution without prior approval by the legislative body nor shall any person have any right to bind the municipality by contract, agreement, or otherwise without prior and specific approval of the legislative body.

Section 7. Effective Date. The effective date of this resolution/ordinance shall be upon passage, adopted this _____ day of _____, 19____.

BE IT ORDAINED BY THE COMMON COUNCIL OF THE CITY OF MIDDLETOWN: that Creation of City of Middletown Housing Partnership; Powers; Duties. be added to the UNCLASSIFIED ORDINANCES Section of the Middletown Code of Ordinances to read as follows:

- (A) There is hereby created the City of Middletown Housing Partnership which agency shall work with the community, the Department of Housing and other State agencies to solve housing problems faced by the community and develop ways to increase the supply and availability of affordable housing in the City of Middletown. The Middletown Housing Partnership shall consist of the following members: the Mayor of the City of Middletown; representatives from the Planning and Zoning Commission, the Inland Wetlands and Watercourses Agency, the Housing Authority and the Municipal Development Committee not to exceed five (5) in number; representatives of the City of Middletown business community not to exceed four (4) in number; representatives of public interest groups not to exceed six (6) in number; and Middletown Urban Planning, landuse and housing professionals, not to exceed four (4) in number. Said members shall be appointed by the Mayor and confirmed by the Common Council. Each member shall serve for a term of two (2) years. Each vacancy shall be forthwith filled by the Mayor with the confirmation of the Common Council for the unexpired portion of the term of the member whose place shall become vacant. At its first meeting, the Partnership shall elect a chairman and a secretary.

- (B) The responsibilities of the municipality of the City of Middletown, in order to receive initial designation under the Connecticut Housing Partnership program, shall include the following:
 - (1) Submit evidence to the Commissioner of Housing that the City of Middletown Housing Partnership has been formed in accordance with P.A. 88-305; and
 - (2) Submit evidence to the Commissioner of Housing that sufficient local resources have been committed to the City of Middletown Housing Partnership.

- (C) The duties of the City of Middletown Housing Partnership, in order to receive development designation under the Connecticut Housing Partnership Program, shall include the following:
 - (1) To examine and indentify housing needs and opportunities in the community;
 - (2) To explore the availability of any state, municipal or other land that is suitable for the development of affordable housing;
 - (3) To review applicable zoning regulations to determine whether such regulations restrict the development of affordable housing in the community;
 - (4) To identify any necessary changes to such regulations;
 - (5) To establish priorities and develop a long-range plan to meet identified housing needs in the community consistent with regional housing needs;
 - (6) To establish procedures for the development of a written proposal to achieve such priorities in accordance with said plan; and

(7) To start an activity, development or project designed to create additional affordable housing in the City of Middletown.

- (D) At all times when any orders, rules and regulations made and promulgated pursuant to this ordinance shall be in effect, they shall supercede all existing ordinances, order, rules and regulations insofar as the latter may be inconsistent therewith.
- (E) This ordinance shall not be construed so as to conflict with any State or Federal State, rule or regulation.
- (F) No person shall have the right to expend any public funds of the municipality in carrying out any Partnership activities authorized by this ordinance without prior approval by the legislative body nor shall any person have any right to bind the municipality by contract, agreement, or otherwise without prior and specific approval of the legislative body.
- (G) The effective date of this ordinance shall be as set forth in the Charter of the City of Middletown.



CAPITOL REGION COUNCIL OF GOVERNMENTS

221 MAIN STREET — HARTFORD, CT 06106

Tel. (203) 522-2217

DANA S HANSON
EXECUTIVE DIRECTOR

EXAMPLE OF HOUSING TASK FORCE PLANNING PROCESS (Based on Wethersfield Model)

CHARGE TO TASK FORCE

1. Assess municipal housing needs.
2. Establish recommended priorities for addressing these needs.
3. Develop recommended strategies for addressing these needs.

TASK FORCE MEMBERSHIP

The task force should represent a broad range of community interests. Towns wishing to form a local housing partnership should consider the following membership required by State statute: chief elected official; representatives of planning, zoning and inland wetlands commissions, and any local community development agency; representatives of the local business community, such as local bankers, realtors and developers; representatives of public interest groups, such as housing advocates, members of the clergy, members of local civic groups and representatives of local nonprofit corporations; and local urban planning, land use and housing professionals.

MEETING SCHEDULE

Recommend that task force meet at least once a month. The Wethersfield study process took one year.

PROPOSED PLANNING PROCESS

Task 1 - Identification of Issues

Based on task force discussion, identify issues you wish to investigate, such as:

- needs for affordable ownership units;
- needs for affordable rental units/rent subsidies;
- needs for housing for the elderly; and
- options for providing this housing, and opportunities for public/private involvement.

You may wish to use general discussion at the first meeting to identify issues of particular concern to residents. Other issues will be identified as a result of subcommittee analysis.

Task 2 - Establishment of Subcommittees and Subcommittee Assignments

Subcommittees should focus their activities on issues identified under Task 1. Possible subcommittees could include:

1. Needs Assessment Subcommittee. Additional notes on assessing local housing needs are enclosed. The subcommittee may wish to start with a review of the CRCOG housing needs assessment and supplement the data contained in this report with local information on: a) current home sales prices (from assessor's records and discussions with local realtors); b) current rent level information (from local knowledge and possibly review of newspaper listings); c) the demand for subsidized housing (review of housing authority records on vacancy rates and waiting lists for government-assisted housing and Section 8 certificates); d) current condition of housing stock (review of building official records on housing code violations, windshield survey to determine if any neighborhoods appear to be in particular need of targeted housing rehabilitation); e) evaluation of affordability, to be achieved through comparing current housing costs with income levels for the Region, the town, and the salary ranges of municipal employees (banker or realtor may be able to assist in this affordability analysis); and f) the quantity and types of housing units currently available in town.

2. Affordable Housing Options Subcommittee. General investigation could begin on topics listed below. Additional topics to be investigated will be identified through task force study process.
 - State housing production programs and financing mechanisms.
 - Review of zoning and subdivision regulations for impacts on housing costs.
 - Vacant land analysis - town-owned and privately-owned. How zoned?
 - Review of other municipal housing efforts. (CRCOG will share information collected on this issue.)

One or two people might be assigned to each issue identified by task force.

Task 3 - Set priorities for local action based on the results of the needs assessment.

Task 4 - Determine which affordable housing options may be applicable to meeting priority needs.

Task 5 - Develop recommendations on how and when options should be implemented. This task should include an identification of which town boards and commissions should be involved in carrying out the municipal housing strategy and what their role should be. The recommendations should also identify private sector involvement required to make the program a success.

Meeting

Discussion Topics

- | | |
|--------------------|---|
| #1 May, 1988 | . Charge to task force.
. Election of officers.
. Initial identification of issues.
. Subcommittee assignments. |
| #2 June, 1988 | . Needs assessment report.
. Further define issues. |
| #3 July, 1988 | . Needs assessment report.
. Define priority needs.
. Options report: begin State housing programs. |
| #4 August, 1988 | . Options report: State housing programs and financing mechanisms. |
| #5 September, 1988 | . Options report: zoning and subdivision regulations, land availability. |
| #6 October, 1988 | . Options report: other municipal innovations. |
| #7 November, 1988 | . Reevaluation of/further investigation into options applicable to meeting local needs. |
| #8 December, 1988 | |
| #9 January, 1989 | . Development of final recommendations and implementation plan. Review of recommendations with affected boards and commissions. |
| #10 February, 1989 | |
| #11 March, 1989 | |
| #12 April, 1989 | . Presentation of recommendations. |

NOTES ON
ASSESSING LOCAL HOUSING NEEDS

PHYSICAL COMPONENT OF HOUSING NEEDS

Key Questions to Answer

1. Are there any areas of the community that could benefit from housing rehabilitation?
2. What is the condition of municipally-operated housing projects?

Data Resources

1. 1980 Census-CRCOG Housing Needs Assessment.
2. Records of local building inspector-housing code violations, demolition records which may indicate removal of substandard housing stock.
3. Windshield survey of town to identify special problem areas in terms of the exterior condition of homes.

ECONOMIC COMPONENT OF HOUSING NEEDS/AFFORDABILITY

Key Questions to Answer

1. What cost and types of housing are required to serve basic community needs? (such as municipal employees, households earning area median income, young families, the elderly, single head of household families)
2. Is such housing available in YOUR TOWN,CITY

Data Resources/Factors to Consider

1. 1980 Census-CRCOG Housing Needs Assessment.
2. Renter/owner mix in community.
3. Cost burden data-CRCOG Needs Assessment.
4. Existing housing costs-Assessor's records on recent sales, local knowledge of rental market and survey of newspaper listings, local realtors.

5. Comparison of housing cost increases and income increases-implications for housing cost burden.
6. Review of what would be affordable to target groups in community and what types and cost of housing are available to meet the needs of these target groups.
7. Review what types of affordable housing opportunities have been provided in recent years (e.g. subsidized housing, rent subsidies, mortgage subsidies, low-cost condominiums, rental units, etc.).
8. What types of affordable housing opportunities have been lost due to demolitions and/or condominium conversions-CRCOG, State DOH, town records.

SPECIAL HOUSING NEEDS

Key Questions to Answer

1. What types of housing opportunities are provided, and what are the special housing needs of selected segments of the Town's population, such as the elderly and persons with disabilities?

Data Resources

1. CRCOG Housing Needs Assessment.
2. Municipal, regional and state social service agencies and organizations.

HOUSING NEEDS OF FUTURE RESIDENTS

Key Questions to Answer

1. What types and cost of housing will be required to meet the housing needs of future YOUR TOWN, CITY ? residents?
2. How will future employment growth impact the demand for housing in YOUR TOWN, CITY ?

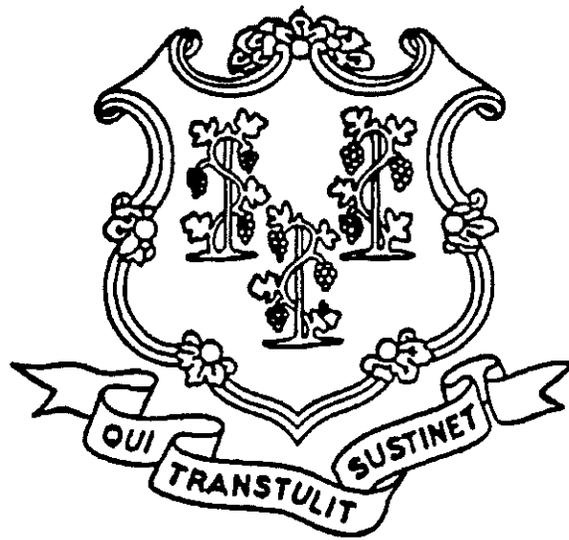
Data Resources/Factors to Consider

1. Review population projections and household projections by age of household head-CRCOG Housing Needs Assessment.
2. Review how family income varies based on age of family head and compare with item 1-CRCOG Housing Needs Assessment.

3. Review what types of economic growth is being considered for YOUR TOWN, CITY and consider wage levels likely to be earned by new employees-town knowledge of proposals in planning stages, CRCOG Housing Needs Assessment and Connecticut Department of Labor reports.

1988 LEGISLATIVE SUMMARY

DEPARTMENT OF HOUSING STATE OF CONNECTICUT



WILLIAM A. O'NEILL
GOVERNOR

JOHN F. PAPANDREA
COMMISSIONER

DAVID W. DEAKIN
DEPUTY COMMISSIONER

MICHAEL T. DUFFY
DEPUTY COMMISSIONER

YASHA M. ESCALERA
DEPUTY COMMISSIONER

JUNE 1988



The Connecticut Housing Partnership Program

The Commissioner of Housing will establish and administer the Connecticut Housing Partnership program to encourage the creation of local partnerships that will work with the community, the department of housing and other state agencies to develop ways to increase the supply and availability of affordable housing in the community.

The program will work in a 3 tier approach:

1. Initial designation - Any municipality may authorize the formation of a local housing partnership. Members shall be appointed by the chief elected official of the municipality and shall include representatives of planning and zoning, wetlands, community development, local business, public interest groups, housing authorities, and the like. The Commissioner of Housing may provide initial designation with the formation of the local partnership and evidence that sufficient local resources are committed to the program. Upon initial designation, the Commissioner will provide technical assistance to the local partnership, such as assigning the partnership a primary contact person from DOH, assisting in developing a local housing strategy, identifying local resources, providing information about housing programs and various financing.
2. Development designation - A local partnership with initial designation may receive a development designation from the Commissioner of housing if it shows that it identified housing needs in the community, explored the availability of suitable land for development, reviewed zoning regulations, established priorities and a long range plan to meet the housing needs, established a procedure for developing a written proposal, and started an activity, development or project. Upon development designation the Commissioner of housing shall give priority to any activity, project or development initiated or sponsored by the local partnership by providing financial assistance through any of the department's housing programs. The Commissioner of Environmental Protection shall consider a local housing partnership as a primary factor in awarding grant-in-aid for open space and water quality projects.

3. Project Completion -- Upon the completion of the first activity or project of the local partnership, the Commissioner of Transportation will increase the town-aid grant for roads by 25% for the year in which the project is completed and for three subsequent years provided the Commissioner of Housing certifies that the partnership is active in the development of affordable housing with the municipality. The Commissioner of Housing is required to adopt regulations to carry out this program, and shall submit an annual program analysis and evaluation to the governor and the general assembly.

P.A. 88-261
HB5957 Effective 6/3/88

Private Rental Investment Mortgage And Equity Program (PRIME)

The Private Rental Investment Mortgage and Equity program (PRIME) will use low interest mortgages from CHFA and grants, loans, and rental assistance from the Department of Housing to promote the construction of mixed income, multifamily housing by the private sector. Jointly administered by CHFA and DOH the PRIME program will attract developers to do projects of at least 25 units with between 20% to 40% of the units rented to persons with incomes below 50% of area median.

The Department of Housing will transfer proceeds of bonds authorized for the Affordable, Moderate Rental and Elderly Persons Housing Programs into the new PRIME fund. The state will receive an equity interest in the project at least equal to the percentage of low income units. Sale of a project is allowed only by the approval of the Commissioner.

P.A. 88-187
HB5938 Effective 10/1/88

Pilot Rental Assistance Program For Newly Constructed Rental Housing

This act requires the Commissioner of Housing to establish a five-year pilot program of rental assistance for low income families living in newly created privately owned rental housing. Up to 500 units will be constructed or newly created under this program with a guarantee of rental assistance for 15 years. Eligible families must be at or below 60% of area median income. The state may take an equity position in the project in return for the rent subsidies guaranteed.

P.A. 268 H.B. 5554
EFFECTIVE JULY 1, 1988

**Promoting the Development of Affordable Housing Through the Use
of Municipal Planning and Zoning**

This act authorizes municipalities to adopt inclusionary zoning regulations allowing for density bonuses to encourage housing developers to build units at reduced costs. Under this act, developers may receive an exemption from density limits for contracting to build an affordable unit for each unit built over the density limit. The affordable units may, by agreement, be built within the development or elsewhere in the municipality. For at least 30 years, the affordable units shall be sold or rented to families whose income does not exceed the median income for the area, a lower income limit may be set by the town.

This act does not invalidate any existing zoning regulation, and adoption of density bonuses is entirely within the discretion of the local zoning authority.

P.A. 88-280 H.B. 5939
EFFECTIVE OCTOBER 1, 1988

The Creation of State Housing and Community Development Program

This act merges the Housing Site Development and the Neighborhood Rehabilitation Programs to eliminate the duplication of eligible activities under each program and the separate application procedures.

The Commissioner of Housing may provide grants for up to two-thirds of the cost of rehabilitating housing and specific activities that help produce affordable housing for low and moderate income families. To minimize the displacement of current residents protections are included:

Sec. 13 - This section authorizes the Commissioner of Housing to financially assist housing authorities for the rehabilitation of un-inhabitable dwelling units in federally financed family housing. This program expires on June 30, 1990.

The Commissioner of Housing is required to adopt program regulations.

**P.A. 88-290 H.B. 5960
EFFECTIVE JUNE 6, 1988**

The Use of Surplus State Property by the Department of Housing.

Under existing law, the Commissioner of Housing is notified when state land becomes surplus so that he can determine whether it is suitable for use for a transitional living facility or an emergency shelter. This act expands the Commissioner's authority to obtain the surplus property and allows for him to determine whether the property is suitable for permanent housing for low and moderate income families as well as the homeless.

This act also allows Department of Housing to access bond funds for reimbursement to the federal government for surplus highway takings acquired with federal funds.

Transfer of property will follow procedures set by the Commissioner of Public Works and will have OPM and State Properties Review Board approval. The municipality must approve the project and all local zoning, building, and health regulations must be followed.

**P.A. 88-334 H.B. 5933
EFFECTIVE JUNE 6, 1988**

The Blue Ribbon Commission on Housing. The Pilot Program for a Regional Fair Housing Compact and the Housing Infrastructure Fund.

This act extends the Blue Ribbon Commission on Housing's reporting date until February 1, 1989, and adds seven new members to the Commission. The new members will represent local governments.

This act also provides for the pilot program of the regional fair housing compact to be negotiated in two planning regions. The Office of Policy and Management in consultation with the Department of Housing will choose the regions. The Department of Housing and CHFA will give priority to projects within the selected regions.

P.A. 264 H.B. 5955
EFFECTIVE JUNE 3, 1988

The Program of Tax Credits to Business Firms for Contributions to Low and Moderate Income Housing Programs.

This act allows business firms making contributions to non profit housing programs to utilize the Federal Low Income Housing tax Credit in conjunction with the State Tax Credit Program for nonprofit housing development. Such business firms may hold a limited equity interest in the program.

P.A. 88-180 H.B. 5952
EFFECTIVE MAY 23, 1988

Low Income Rental Housing Program.

This act allows the Department of Housing to make deferred loans as well as grants and extends developer eligibility to partnerships which include a housing authority, non profit or municipal developer. These changes make it possible for the Federal Low Income Housing Tax Credits to be used in support of this program.

P.A. 88-262 H.B. 5954
EFFECTIVE JULY 1, 1988

Prepayment of Federally Insured Mortgages.

This act requires written notice to the Commissioner of Housing, the Chief Executive Officer of the municipality and all tenants at least one year prior to prepaying federally insured mortgages on multi family rental housing. These mortgages are insured under Section 236 and 221(d)(3), of the National Housing Act and Section 515 of the Housing Act of 1949.

P.A. 88-268 H.B. 5951
EFFECTIVE JULY 1, 1988

A Program of Financial Assistance to Housing Authorities, Non profit Corporations, Municipal Developers, and Housing Partnerships for Predevelopment Costs Associated with the Construction or Rehabilitation of Low and Moderate Income Housing, A Program of Financial Assistance for Accessible Housing and An Adaptable Housing Pilot Program.

This act allows the Commissioner of Housing to make grants and loans to eligible developers for predevelopment costs incurred in the development of low and moderate income housing. Eligible developers are housing authorities, non profits, municipal developers and partnerships which include one of previous groups.

The predevelopment costs such as feasibility studies, appraisals and soil testing would be appropriate for funding under this act. The predevelopment grants of up to \$5,000 would be for those costs incurred in the earliest stages by developers without resources to begin. The predevelopment loans will be taken from the Low and Moderate Income Housing Predevelopment Revolving Loan Fund and will be repaid with the projects' permanent financing. The Commissioner may forgive a loan if permanent financing is not obtained and a "good faith" effort was made to obtain such financing.

Sec. 5 requires the Commissioner of Housing, in consultation with the Office of Protection and Advocacy, to establish a pilot program for adaptable housing. The pilot program requires that a multi-family housing project be built or substantially rehabilitated to be fully adaptable for use by persons having physical or mental disabilities or by persons without such disabilities. Adaptable housing is constructed in a way to make it easily modified to fit the needs of persons with disabilities.

Sec. 4 enables the Commissioner to enter into a contract with a community housing development corporation for financial assistance in the form of grant-in-aid for the purpose of making structural or interior modifications to make dwelling units accessible to persons with physical or mental disabilities. Grants will be made to owners or tenants whose income does not exceed 80% of the area media. Tenants are eligible only if the owner has approved the proposed modifications.

The Commissioner must adopt regulations for this program.

P.A. 88-254
EFFECTIVE APRIL 1, 1989

**Supplemental Housing Payment for AFDC Families Paying Half Their
Income for Rent**

Public Act 88-254 requires the Commissioner of Income Maintenance to pay a special needs payment to AFDC and general assistance families whose shelter costs are at least 50% of their income. People who receive federal, state, or local housing subsidies and people who live in public housing are not eligible. Eligible persons will receive an extra \$50 per month, about half of this money will be federally reimbursed.

The Commissioner of Income Maintenance is required to adopt regulations and to report quarterly on the program caseload and cost.

P.A. 88-13 H.B. 5253
EFFECTIVE MARCH 29, 1988

Requiring the Updating of Municipal Plans of Development

Municipal planning commissions are currently required to prepare a plan of development for the town. This act requires that the need for affordable housing be considered in the plan. The act provides that the plan may include plans for the implementation of affordable housing and open space acquisition. "Affordable Housing" is defined as housing for which persons and families pay thirty percent or less of their annual income, and that these incomes be less or equal to the area median income.

Plans of development are to be updated at least once every ten years.

P.A. 88-203
EFFECTIVE OCTOBER 1, 1988

Treatment of Manufactured Homes in Local Zoning and Subdivision Regulations

This act prohibits municipal zoning and subdivision regulations from imposing conditions and requirements on manufactured homes which are substantially different from those conditions and requirements on single family dwellings and lots. The manufactured homes must be built in accordance with federal manufactured home construction and safety standards. The units must be a minimum of twenty two feet in width.

P.A. 88-304 S.B. 357
EFFECTIVE JULY 1, 1988

Requiring the Installation of Fire Sprinkler Systems in Certain Buildings Used for Human Occupancy

This act requires all residential buildings having five or more stories and occupied primarily by elderly persons to have automatic fire extinguishing systems installed on each floor by October 1, 1993.

In addition, the Department of Housing is required to study the feasibility of requiring all residences with five or more stories to have automatic fire extinguishing systems on each floor. The study will also include the impact that requirement would have on housing availability and affordability.

Hotels and motels of five or more stories are required to install automatic fire extinguishing system on each floor by October 1, 1992 under this act.

P.A. 267 H.B. 6045
EFFECTIVE JUNE 3, 198

Requiring Housing Authorities to Submit Annual Housing Stock Reports and Imposing a One-year Moratorium on the Transfer or Destruction of Housing Projects by Housing Authorities. And Concerning the Conveyance of Certain State Properties to the Connecticut Housing Authority.

This act requires housing authorities to submit an annual report to the Commissioner of Housing and Chief Executive Officer of the municipality in which the authority is located. The reports are to include; an inventory of all existing housing, including the sizes and condition of the units; a description of any new construction and its status; the number and types of rental housing sold, leased or transferred; and other information as required by the Commissioner.

This act also imposes a one year moratorium on the sale, lease or transfer of housing projects by housing authorities unless otherwise decided by the Commissioner of Housing that the sale is in the best interest of the state and the municipality.

In addition this act transfers from the state to the Connecticut Housing Authority properties in Bridgeport and Bloomfield. These housing projects are currently operated by CHA without formal legal title. The properties will continue to be used for low and moderate income housing.

P.A. 88-138 S.B. 341
EFFECTIVE MAY 16, 1988

Chartering Co-Opportunity, Inc. as a Community Housing Development Corporation

This act transfers the charter of El Hogar Del Futuro as a community housing development corporation to its affiliate Co-Opportunity, Inc.

Co-Opportunity, Inc. will provide technical assistance across the state for the creation of limited equity cooperatives.

P.A. 88-294 H.B. 5959
EFFECTIVE JUNE 6, 1988

The Innovative Housing for the Homeless Program

This act allows the Commissioner of Housing to subordinate the state's lien or remove the lien after 10 years on shelters and transitional living facilities financed by the state under the Innovative Housing for the Homeless Program. Subordinating the lien may make it easier for the developer to obtain financing for renovations. The lien may be removed by the Commissioner after ten years if he determines that the need no longer exists or that removal is in the best interest of the state.

P.A. 88-108
EFFECTIVE MAY 2, 1988

Urban Homesteading Program

Under existing law, an urban homesteading agency may buy land containing a rehabilitable abandoned building for a price not exceeding the fair market value of the land. This act allows the agency to pay a price up to the value of land plus the building.

S.A. 88-20 H.B. 5327
EFFECTIVE JULY 1, 1988

**Making Appropriations for the Expenses of the State for the
Fiscal Year Ending June 30, 1989.**

The 1988-89 appropriations for specific programs administered by
the Department of Housing.

State Community Housing Development Corp.- for administrative costs.	59,000
Weatherization - Stonebridge Public Housing Apartment for replacement of decaying windows.	35,000
Rental Assistance- 1988-89 will be annualized at 8,700,000, this includes the 4,000,00 new appropriation and 4,700,000 in non lapsing funds from 87-88.	4,000,000
Manchester Coordinated Housing Strategy- for a housing strategy assessment study.	15,000
Home Teaming- a pilot program to team an elderly person who is at risk of institutionalization with a person to live with so that the elderly person can remain at home.	25,000
Independent Living Handicapped Persons for administrative costs.	50,000
Congregate Facilities Operation Costs- for operations and management expenses.	913,000
Non-Profit Development Corporations- for administrative expenses and technical assistance costs associated with the development or rehabilitation of low and moderate income housing.	600,000
Housing Assistance and Counseling Program 1. for financial assistance for tenant, landlord educational programs, and 2. for assistance to housing authorities for the establishment of tenant management organizations in public housing.	430,000
Regional Housing Councils- for administrative expenses of the regional housing councils	50,000

P.A. 88-343 S.B. 143
EFFECTIVE JULY 1, 1988

**Increasing the Bond Authorization for Certain Capital
Improvements**

Section 4 of this act lapses \$5,000,000 of the Moderate Rental Housing Program and Section 17 lapses \$125,000 from the Housing Receivership Revolving Fund. Sections 27 and 31 of this act provides \$200,000 in funding for a new program of loans to homeowners to repair, replace or enlarge subsurface septic systems that have been determined to be a nuisance in accordance with the public health code.

Section 6 of this act increases by one million dollars bonding for urban renewal grants. The new amount is eighty seven million six hundred ninety five thousand dollars.

Section 5 allows for the administrative expenses of developing congregate housing for the elderly to be approved by the Governor, without going through the State Bond Commission.

S.A. 77 S.B. 144
EFFECTIVE JULY 1, 1988

**The Authorization of Bonds of the State for Capital Improvements
and Other Purposes**

This act, sections 8 through 11, authorizes the issuance of \$100,000,000 in bonds for DOH programs. These funds are flexible in that the act does not make them program specific. The Commissioner of Housing will allocate the funds to specific programs, subject to approval of the Bond Commission.

P.A. 88-322
EFFECTIVE OCTOBER 1, 1988

Notice of Rental of a Condominium Unit from a Declarant

Section 2 of this act provides that, whenever a dwelling unit in a common interest community is rented from the declarant or a successor declarant, the tenant must, prior to entering into the rental agreement, be given a written notice that the dwelling unit is located in a common interest community.

P.A. 88-322
EFFECTIVE OCTOBER 1, 1988

CHRO Enforcement and Appeal Procedures

This act reorganizes the statutes governing enforcement of the decisions of the Commission on Human Rights and Opportunities (CHRO) and makes a number of changes in enforcement procedures. In Particular:

(a) Notice and hearing before issuance of temporary injunction: It allows a court to issue a temporary injunction without a hearing "if the circumstances of the case demand it" and without notice to the respondent if it "clearly appears" from specific facts in an affidavit or verified complaint that "irreparable loss or damage will result" before a hearing can be held.

(b) Posting of Bond: It repeals the requirement that CHRO give bond in order to obtain temporary relief.

(c) Irreparable harm: Issuance of a temporary injunction requires proof of irreparable harm. The act makes clear that the irreparable harm standard is satisfied if there is a substantial probability of the loss of meaningful relief or of interference with the ability of the Commission to provide such relief (e.g., the apartment will be rented to someone else).

(d) Waiver of defenses: It requires respondents to raise their defenses by way of administrative appeal and prohibits them in a CHRO enforcement proceeding from raising defenses which could have been raised in an appeal, unless excused by "extraordinary circumstances."

(e) Setting aside of CHRO orders: It limits the court in an enforcement proceeding to enforcing the CHRO order, modifying it, or remanding the case. It deletes the court's existing authority to set an order aside without a remand. Thus, the court can deny a CHRO request for injunctive relief but it cannot overturn the underlying CHRO decision, except as part of an administrative appeal.

(f) Remands to CHRO after issuance of injunction: If a court issues a temporary injunction, the act requires that the case be remanded to CHRO for a prompt hearing, which must be held within 45 days of the court's temporary injunction; and the hearing officer must render a decision within 20 days of the close of evidence and the filing of briefs. The temporary injunction will remain in effect until the CHRO hearing officer issues a decision. The Commission must re-petition the Superior Court if, after a CHRO hearing, it wants the injunction to be made permanent. If the Commission does not act "with reasonable dispatch," the court can, for good cause shown, assume full jurisdiction over the case and set the matter for hearing on the merits. Under existing law, the court handles the request for temporary and permanent injunction together and, if a temporary injunction is granted, must enter judgment on the merits of the complaint within seven days.

(g) Injunction during pendency of proceeding: The act provides explicitly that temporary injunctions remain in effect while a CHRO case is on appeal to the court or an enforcement petition is pending, unless terminated by the court.

P.A. 88-288
EFFECTIVE OCTOBER 1, 1988

Discrimination Based Upon Mental Disability

This act prohibits discrimination in housing, stores, theaters, and other public accommodations because of mental disability. It thereby gives the Commission on Human Rights and Opportunities (CHRO) jurisdiction to receive and act upon complaints made on this basis. The state Constitution already prohibits discrimination in the exercise of a "civil right" because of a mental disability, and C.G.S. §17-206j already makes it illegal to deny housing to someone solely because of a present or past history of "mental disorder." Neither §17,206j nor the state Constitution, however, provides for state agency enforcement.

P.A. 88-255
EFFECTIVE OCTOBER 1, 1988

State Agency Compliance with the Federal Relocation Assistance Act

Amendments to the federal relocation assistance act which become effective in 1989 increase relocation assistance benefits for tenants from \$4,000 to \$5,200 and for homeowners from \$15,000 to \$22,500. No comparable changes have been made in the parallel provisions of the state relocation assistance act. This act allows state agencies to pay the higher amounts required by the federal law in order to participate in a federal or federally-assisted project or program.

P.A. 88-283
EFFECTIVE JULY 1, 1988

Occupancy and Repurchase of Property Taken by Eminent Domain

Existing law allows the Commissioner of Transportation to sell off land which was obtained by eminent domain or purchase for highway purposes but which is no longer needed (e.g., when a highway is cancelled). This act prohibits DOT from selling or transferring a property containing a single-family home within 25 years of its acquisition without first offering its last owner a right to buy it back for its current appraised value. This right of first refusal takes priority over the present priority rights of the town in which the land is located, other state agencies, and abutting landowners.

The act also requires the Department of Transportation to allow the owner of residential property to remain in the property rent-free at least 120 days after it is taken by eminent domain for highway purposes. Current Department policy allows a 90-day rent-free period.

P.A. 88-230
EFFECTIVE SEPTEMBER 1, 1991

Judicial District of Hartford-New Britain

Effective September 1, 1991, this act divides the Judicial District of Hartford-New Britain into two separate districts - J.D. Hartford and J.D. New Britain. J.D. New Britain will contain New Britain, Bristol, Plainville, Berlin, Burlington, Plymouth, and Southington.

The act is written so as to minimize its impact on the Hartford-New Britain housing court. J.D. New Britain remains part of a housing court district, with the housing judge and the housing specialists assigned to J.D. Hartford also handling cases in J.D. New Britain. Housing cases from Avon, Canton, Farmington, Simsbury, and Newington, all of which will be in J.D. Hartford, may be made returnable to either J.D. Hartford or J.D. New Britain. Cases from other towns may be made returnable only to the housing court office for their own judicial district (e.g., a case from Rocky Hill can be returned only to Hartford and not to New Britain, and a case from Burlington can go only to New Britain and not to Hartford). The act also moves Cromwell from J.D. Middlesex (a non-housing court district) into J.D. Hartford, thereby requiring that housing matters from Cromwell be processed through the Hartford housing court.

P.A. 88-359
EFFECTIVE JUNE 7, 1988

Construction of Large Residential Buildings

This act, which implements recommendations of the Governor's Building Construction Advisory Committee, requires local building officials to hire an independent engineering consultant to review the plans and specifications for the construction of any multi-family building with 100 or more dwelling units, if it is at least four stories high. The act also requires the architects, engineers, and contractors working on the project to certify that work complies with appropriate building and safety standards; and the act imposes numerous new requirements concerning record-keeping and contractor licensing. The act also sets a fine of \$200 to \$1,000 for violations of the State Building Code and a maximum jail sentence of six months.

P.A. 88-130
EFFECTIVE OCTOBER 1, 1988

Penalty for Failure to Correct Fire Hazards

This act increases the penalty for failure to abate a fire hazard from \$10 per day to \$100 per day.

P.A. 88-135
EFFECTIVE OCTOBER 1, 1988

Handicapped Access Under the State Building Code

This act prohibits the granting of exemptions from the provisions of the State Building Code regarding accessibility for the physically disabled without the approval of the Director of the Office of Protection and Advocacy and the State Building Inspector. Under existing law, the Office of Protection and Advocacy can only advise the State Building Inspector and the Code and Standards Committee. The act does permit appeals to the Code and Standards Committee, which therefore will have final decision-making authority.

Existing law requires residential complexes of 25 or more units to have one accessible unit for each 25 apartments. This act changes the definition of "complex" so as to include groups of buildings built, financed, or promoted by common management. It also reduces the Code's exemption for small buildings (three stories or less) from those with less than 5,000 square feet per floor to those with less than 3,000 square feet per floor.

Section 4 of the act (effective June 6, 1988) set up a 14-member task force, which will include four homebuilders and four disabled persons, to study whether the State Building Code should be amended to change the number of units in a development which must be accessible to physically disabled persons. The task force is to report to the Public Safety Committee by December 1, 1988.

**P.A. 88-129 AND P.A. 88-356
EFFECTIVE OCTOBER 1, 1988**

Amendments to the State Building Code

P.A. 88-129 requires amendments to the State Building Code to be adopted in accordance with the Uniform Administrative Procedure Act. Existing law establishes a separate procedure by which the State Building Inspector and the Codes and Standards Committee adopt amendments to the Code.

P.A. 88-356 repeals a number of statutory requirements for buildings. These include requirements concerning two means of egress from sleeping rooms, handicapped access standards in buildings, and safety glass requirements. The effect is to leave the regulation of these matters up to the State Building Code.

P.A. 88-256 and P.A. 88-359

Restructuring of the Status and Powers of the State Building Inspector.

These two acts implement the recommendations of the Governor's Building Construction Advisory Committee, which was created after the collapse of L'Ambiance Tower in Bridgeport. Among other changes, the acts enhance the status of the State Building Inspector and the State Fire Marshal and expand the powers of the State Building Inspector.

P.A. 88-256 (Effective June 3, 1988) takes the offices of the State Building Inspector and the State Fire Marshal out of the State Police and makes them into separate bureaus within a newly-created Office of Fire and Building Safety, which is responsible directly to the Commissioner of Public Safety. P.A. 88-39 (effective June 7, 1988) makes the State Building Inspector a direct appointee of the Governor, upgrades his qualifications, and gives him power to issue official interpretations of the State Building Code and to hear appeals of interpretations made by local building officials. Under existing practice, the State Building Inspector's opinions are advisory only. P.A. 88-359 also requires him to compile and index his interpretations of the State Building Code and to publish them at least three times a year. The act requires local building officials to complete 90 hours of continuing education over a three-year period.

P.A. 88-256 requires the legislature's Public Safety Committee to monitor the implementation of those recommendations of the Governor's Building Construction Advisory Committee which are enacted into law. The Public Safety Commissioner must report to the General Assembly on the status and effectiveness of the implementation by January 1, 1989, and every six months thereafter.

**P.A. 88-127
EFFECTIVE OCTOBER 1, 1988**

AFDC Emergency Assistance Payments

This act expands the AFDC emergency energy assistance program to cover any emergency or crisis need which is reimbursable under federal law. This could, in appropriate circumstances, include rent. The act requires the Commissioner of Income Maintenance to adopt regulations specifying the emergency services to be provided. The act also repeals the requirement that all payments be vendored, thereby leaving the method of payment to Department of Income Maintenance regulations. It also requires that emergency and crisis assistance be given "forthwith," rather than on a deferred basis.

The Emergency Energy Assistance Program is currently inactive, because emergency energy needs are being handled through a different program.

Note: Current federal reimbursement rules limit payments to families to one 30-day period during any twelve consecutive months; but longer periods can be covered, at least with utility companies, by accumulating arrearages over many months so that they can be submitted at one time. It is not clear what impact the "forthwith" requirement of this act will have on that practice.

**P.A. 88-220
EFFECTIVE MAY 28, 1988**

Energy Conservation Loan Fund Reports

Existing law required the Commissioner of Housing to submit to the General Assembly by January 7, 1987, a report on the operation of the Energy Conservation Loan Fund. Section 6 of this act requires that an updated report be prepared annually.

P.A. 88-266 and P.A. 88-225
EFFECTIVE JANUARY 1, 1989

Legal Status and Powers of CHFA and CHA

P.A. 88-266 defines the legal status of eight quasipublic agencies, including the Connecticut Housing Finance Authority and the Connecticut Housing Authority, sets up procedural requirements concerning rule-making, and establishes rules for agency operation. P.A. 88-225 subjects quasi-public agencies to the Code of ethics for public Officials.

P.A. 88-266 exempts CHFA and CHA from the rule-making provisions of the Uniform Administrative Procedure act for quasi-public agencies. The procedure is similar to the UAPA but does not include review by the Attorney General or by the Regulations Review Committee. There are other differences as well. For example, permanent regulations must be approved by a 2/3 vote of the agency and emergency regulations require a 3/4 vote.

The act also requires these agencies to adopt regulations spelling out eligibility criteria for loans, procedures on the adoption of an annual budget and plan of operations, personnel policies, including affirmative action, property acquisition rules, and rules for entering into professional services contracts, including a requirement that contracts be resolicited every three years. In addition, it requires all quasi-public agencies to contract annually with an outside auditor to determine agency compliance with its regulations on affirmative action, personnel practices, the purchase of goods and services, the use of surplus funds, and the distribution of financial assistance. CHFA and CHA themselves must also submit annual reports including itemized lists of all projects, the recipients of all loans (except loans for the purchase of owner-occupied housing), and the names of all service contractors; a description of planned activities for the coming year; a description of the agency's affirmative action plan; and an analysis of the agency's workforce by race, sex, and occupation.

P.A. 88-266 also makes explicit that CHFA and CHA are not state agencies (they are considered to be political subdivisions); allows the Governor to appoint their chairs; provides that their rights and properties are to pass to the state if CHA or CHFA is terminated; and prohibits the CHFA and CHA boards from delegating their powers to their executive director or other employee (delegation is permitted only to subcommittees of three board members, no more than two of whom can be state employees). It prohibits quasi-public agencies from borrowing money or issuing bonds without the approval of the State Treasurer after submission of documentation that the agency has sufficient resources to back the issue. The act exempts agency directors and employees from personal liability for injuries resulting from

their conduct as directors as long as they do not act wantonly, recklessly, wilfully, or maliciously and requires the agency to defend and indemnify them.

P.A. 88-225 makes CHFA and CHA directors and employees subject to the Code of Ethics for Public Officials. This requires them to file periodic financial reports with the State Ethics Commission; prohibits them from participating in deliberations on any contracts with a business in which they have a financial interest; and bars them from using confidential information for financial gain. The act also imposes "revolving door" restrictions, including a ban on representing anyone for compensation before the agency on any matter in which the state has a substantial interest for one year after leaving the agency, and a one-year ban on working for any entity with whom a CHFA or CHA director or employee participated substantially in the negotiation of a contract of \$50,000 or more during his last year with the agency. Existing law already prohibits CHA commissioners and employees from acquiring an interest in an existing or planned housing project.

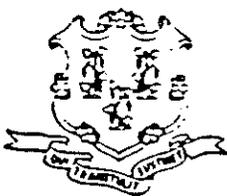
Sp.A. 88-78
EFFECTIVE JUNE 8, 1988

Revaluation Task Force

In 1987, the General Assembly created a task force to consider ways to mitigate the impact of revaluation on property taxes for residential property. The task force was to consider in particular a tax abatement program, a property tax circuit breaker program, and a homestead exemption.

Section 1 of this act reduces the size of the task force, expands its functions, and extends its reporting deadline to December 15, 1988. The act specifically requires the task force to make recommendations on proposals to: (a) require more frequent property revaluations (so as to reduce the large increase in tax burden for homeowners after each revaluation); (b) apply a uniform weighted average statewide mill rate to both business personal property and motor vehicles; and (c) change the way in which commercial real estate is assessed.

Section 2 of the act gives the town of Manchester an extra three years (until 1990) to complete its revaluation so that it will not have to use a 1987 revaluation which, according to the act, "resulted in substantial inequities."



State of Connecticut
HOUSE OF REPRESENTATIVES
STATE CAPITOL
HARTFORD, CONN. 06106

100-100-25-11-9-88

REPRESENTATIVE WILLIAM J. CIBES, JR.
DEPUTY SPEAKER
THIRTY-NINTH DISTRICT

93 NAMEAUG AVENUE
NEW LONDON CONNECTICUT 06320

August 22, 1988

Dear Chairman:

The Connecticut Economic Miracle -- which has made our economy #1 in the world -- is endangered by the shortage of affordable housing for our workers. Already, employees of both private firms and public agencies in Fairfield County are forced to drive from the fringes of the County and beyond because of the cost of housing. Companies are less attracted to locate here because employees from Cincinnati or Kansas City find out they can't afford to buy homes in Connecticut. Some firms are thinking of moving out of the state. And everywhere in Connecticut, employees of municipalities and teachers in schools can't secure housing in the town in which they work, and there aren't enough volunteers for local fire departments and ambulance services.

Frankly, those facts should be enough incentive for any community to begin work for affordable housing. Fortunately, the General Assembly has provided several tools which towns can use. Taking the position that the crisis in affordable housing should be remedied from the bottom up, not from the top down, the legislature in its last session put in place a number of programs which communities themselves -- without intervention by the state -- can employ to help address the problem.

Let me call your attention to some of them.

First, communities have been specifically authorized to grant "density bonuses" to prospective developers of housing in districts zoned for multi-family use (P.A. 88-338). If the developer and the town agree, developers are permitted to build additional units of housing if they set aside those units, or an equal number of units somewhere else in the municipality, for families with incomes below the median family income of the town (which is in the \$30's in most of the state). Since these units

are essentially free of land cost (they are bonus units), the cost of land is otherwise about 40% of the cost of a new unit, and developers can still make a profit on the bricks and mortar portion of the unit, this program can potentially have a major impact on reducing the shortage; it is a program towns should carefully consider.

Second, towns have been empowered (by P.A. 88-305) to form local "housing partnerships", which are essentially quasi-public groups of interested local citizens and officials, to stimulate the construction of affordable housing ("affordable" has been defined this year to mean "affordable to families at or below the town median income"). As the attached summary indicates, towns with partnerships can draw upon the technical assistance of the Department of Housing, receive priority for various state housing funds, and if units are actually constructed, receive a 25% bonus on top of the existing grant to towns to aid improvement of roads.

Third, the PRIME (Private Rental Investment Mortgage and Equity) Program (created by P.A. 88-261) provides one means to implement construction under the partnership -- by tying together tax credits, low interest mortgage money from CHFA, and loans and rental assistance from the Department of Housing.

I believe that it is extremely important that towns begin to take advantage of these programs, and others, before the courts begin to set policy on housing, and before we lose the forward momentum of economic growth.

That's why the Department of Housing as well as we in the General Assembly stand ready to provide you with additional information, as well as encouragement. Please call your state representative, or my office, if you need any assistance.

Yours truly,



Bill Cibes
Deputy Speaker

BC:cg

Attachment

August 11, 1988

TO: Leadership
FROM: Judy Greiman, House Counsel
RE: 1988 HOUSING LEGISLATION

PA 88-305- The Connecticut Housing Partnership - requires
(HB 6043) the Commissioner of Housing to establish a program under which locally formed housing partnerships will work to increase the supply of affordable housing within their communities in exchange for expert assistance from the state, priority in certain state funds and bonuses in town-aid road funds.

These local partnerships derive authority from the local governing body by ordinance or resolution and must include the municipality's chief elected official, who will appoint the partnership's members from planning, wetlands and zoning commissions, the local housing authority and community development agency, civic groups, housing advocates, planning professionals and concerned citizens.

The partnership, which is based on local participation, is the key to increasing the supply of affordable housing without state regulation of local zoning power. There are three levels at which the towns will be eligible for state assistance.

- 1) Initial Designation - municipality must form the local housing partnership and commit sufficient resources to it. DOH will then provide the partnership with expert technical assistance, including assigning a staff contact, obtaining assistance from other state agencies, helping the partnership to identify local resources and to develop a local housing strategy and providing information and advice on ways to create affordable housing through the use of various financing mechanisms and through land use controls.
- 2) Development Designation - given to a municipality which has received an initial designation once it has, among other things, 1) started an activity, de-

velopment or project designed to create additional affordable housing in the community, and 2) developed a long-range plan to meet identified housing needs in the community consistent with regional housing needs. Once a town is so designated, it will be given priority in receiving DOH funds, and the existence of a partnership will be considered as a primary factor by the Commissioner of DEP in awarding open space grants or water quality grants and loans. Similar priority for DOH and DEP awards will be given to towns that are determined by the Commissioner of Housing to have already developed and maintained a balanced inventory of affordable housing.

- 3) Project Completion - upon completion of the first project initiated by the local partnership, the town will receive a 25% increase in its town-aid grant for roads for up to four years provided that the Commissioner of Housing finds that the local partnership and its municipality are actively engaged in the development of affordable housing in the municipality.

PA 88-261 - Private Rental Investment Mortgage and Equity Program (PRIME) - this new program is designed to promote the development of mixed income rental housing by combining low interest mortgages from CHFA with grants, loans and rental assistance from DOH. Projects developed under the act must contain at least 25 units, 20-40% of which must be rented to persons with incomes below 50% of the area median income. DOH will provide rental assistance for at least 15 years for these low income units. Additionally, the state will receive an equity interest in the project equal to at least the percentage of low income units.

PA 88-338 - Density Bonuses and the Promotion of Affordable Housing - specifically authorizes towns to allow increased density in multi-family areas in exchange for a developer's construction of affordable housing within the town. The agency exercising zoning powers would, if it so chooses, provide by regulation for a special exemption from density limits in multi-family districts. Such exemption would allow the construction of a designated number of units in excess of applicable density units in accordance with the terms of a contract entered into by a municipality and a developer.

Required contract provisions would be: 1) for each unit built in excess of current density, an equal number of affordable units would have to be built by the

developer somewhere in the municipality; 2) for at least 30 years, the affordable units could only be sold or rented to families with incomes below the area median income at a price set forth in the contract; and 3) the terms of such contract would run with the land.

The municipality would need to designate an agency to set the income limits for rent or purchase of the affordable units and to monitor such sales or rentals to insure compliance with income limits.

This act does not limit any powers presently exercised by a municipality or zoning commission, does not invalidate any ordinance or regulation adopted prior to its effective date, and does not prohibit any municipality or zoning commission from changing any ordinance or regulation or require them to change any ordinance or regulation.

PA 88-13 - Municipal Plans of Development/Definition of Affordable Housing - Requires towns to update their plans of development every 10 years. Requires the town to consider the need for affordable housing when drafting its plan and allows the town to include plans for open space acquisition and for development of affordable housing.
(HB 5253)

Defines affordable housing as housing for which households with incomes equal to or less than the area median income pay 30% or less of their incomes.

PA 88-203 - Manufactured Homes and Zoning/Subdivision Regulations - requires towns to treat manufactured homes that are at least 22 feet wide and that meet federal manufactured home safety standards substantially the same as they treat single family homes and to treat developments that include such manufactured homes substantially the same as they treat multi-family developments, cluster developments or planned unit developments.
(HB 5962)

PA 88-334 - Blue Ribbon Commission/Pilot NIS - adds seven new members to the BRC who must represent local governments, including one representative from CCM and one from COST. Extends the life of the BRC until 2/1/89 for the purpose of developing recommendations on public and private land use regulation and alternative financing mechanisms. Adds a second pilot region to undertake the negotiation of a regional fair housing compact.
(HB 5933)

PA 88-187 - Pilot Rental Assistance Program for New Construction -
(HB 5938) creates a five year pilot program of rental assistance for families with an income of 60% or less of the area median income who live in newly created privately owned rental housing. Allows DOH to link rental assistance money to newly constructed units for up to 15 years and allows the state to take an equity interest in such units. The rental assistance will pay the difference between the approved rent and 30% of the family's income.

PA 88-280 - State Housing & Community Development Program -
(HB 5939) merges the Housing Site Development Program with the Community Development Program. DOH may provide grants to non-profit developers and to municipal agencies for up to 2/3 of the cost of rehabilitating housing in predominantly residential areas. This activity must be part of a coordinated neighborhood revitalization effort and must support the development of affordable housing.

Rehab of Federal Units - allows DOH to give financial assistance to a housing authority for the of rehabilitation of uninhabitable dwelling units where such housing authority is also receiving money from the federal government for such units. Such grants-in-aid may only be made until June 30, 1990.

PA 88-268 - Grants-in-Aid for Predevelopment Costs - allows DOH
(HB 5951) to provide grants for predevelopment costs of up to \$5,000 to non-profit developers, municipal developers, housing authorities and partnerships which include these parties. These costs must be incurred in connection with the construction, renovation or rehabilitation of housing for low and moderate income persons and families.

Grants-in-Aid for Structural Changes - allows DOH to give financial assistance to a community housing development corporation for the purpose of making structural or interior modifications to a dwelling unit which would make such unit accessible to persons having physical or mental disabilities.

Adaptable/Accessible Housing - creates a pilot program in which DOH must fund at least one new construction or substantial rehabilitation of a multi-housing project in which all units will be adaptable for use by persons having physical or mental disabilities. DOH must submit an evaluation of the

program to the General Assembly within 6 months after the project is completed.

- PA 88-180 - Low Income Rental Housing Program - amends the (HB 5952) Affordable Housing Program to allow DOH to make deferred loans as well as grants to housing authorities, municipal developers, non-profit developers and partnerships that include these entities. With these changes, the program will work in conjunction with the federal low income housing tax credit program.
- PA 88-262 - Prepayment of Federally Insured Mortgages - requires (HB 5954) the owner of multi-family rental housing which is financed by a mortgage insured under Sections 236 or 221(d)(3) of the National Housing Act or Section 515 of the Housing Act of 1949 to provide written notice not later than one year prior to prepayment of his intent to prepay. The notice must be sent to the Commissioner of Housing, the chief executive of the municipality in which such housing is located and to all tenants residing in such housing. This Act neither limits the owner's ability to prepay nor interferes with any existing contract.
- PA 88-264 - Tax Credits for Contributions to Low/Moderate Income (HB 5955) Housing Programs - amends the state tax credit program to allow business firms which contribute to low/moderate income housing programs to access both state and federal low income housing tax credits and to allow a contributing firm to take a limited equity interest in a project to which it contributes.
- PA 88-294 - Innovative Housing for the Homeless - amends the (HB 5959) Innovative Housing for the Homeless program, which funds the construction of single room occupancy and transitional housing, by allowing DOH to subordinate the state's lien on property it assists to a subsequent lien or to remove a lien after ten years upon a determination that the need for housing for the homeless no longer exists in the locality or that such removal would be in the best interest of the state.
- PA 88-290 - Surplus State Property - in reviewing state surplus (HB 5960) lands, the Commissioner of Housing shall determine whether the land can be utilized for the construction, rehab or renovation of housing for low/moderate income persons and families as well as for emergency shelters or transitional living facilities for homeless persons. If the land can be used for such purposes, the agency having custody and control of it shall transfer it to DOH.

DOH may also transfer this land to a third party for development of housing for low/moderate income income. Such transfer may only occur with the approval of the municipality in which the property is located.

Additionally, DOH is given authority to purchase, with the approval of OPM, DPW and the SPRB, surplus land made available by the federal government where such land can be used for housing for low/moderate income persons. Municipal approval is required.

PA 88-267 - Housing Authorities: Annual Reports - requires (HB 6045) housing authorities to submit an inventory of its stock annually to DOH and the appropriate municipality.

Moratorium Transfer/Destruction - prohibits an authority from selling, leasing, transferring or destroying all or part of any housing project for one year where the effect of such activity would be that the project would no longer be available as low/moderate income housing. The Commissioner of Housing may grant exceptions to this prohibition which does not apply to any sale, transfer, lease or destruction of any project, pursuant to a contract entered into prior to the effective date of the act.

JG:cq

REGIONAL HOUSING NEEDS ASSESSMENT

for the

Midstate

Planning Region

December 1987

Executive Summary

MIDSTATE

CHAPTER I

EXISTING CONDITIONS

1. POPULATION

TOTAL POPULATION		% CHANGE 80-86
1980	1986	
<u>87,203</u>	<u>93,010</u>	<u>6.6%</u>
TOTAL HOUSEHOLDS		% CHANGE 80-86
1980	1986	
<u>30,710</u>	<u>37,371</u>	<u>21.7%</u>
INSTITUTIONAL POPULATION 1980	NON-INSTITUTIONAL POPULATION 1980	
<u>2,593</u>	<u>84,610</u>	

2. HOUSING CHARACTERISTICS

TOTAL HOUSING UNITS (YEAR-ROUND)				PERCENT CHANGE 1980-1986	
<u>Single Family</u>		<u>Multi-Family</u>		<u>S.F.</u>	<u>M.F.</u>
1980	1986	1980	1986		
<u>20,942</u>	<u>24,839</u>	<u>10,277</u>	<u>12,882</u>	<u>18.6%</u>	<u>25.3%</u>
GOVERNMENT ASSISTED UNITS				PERCENT CHANGE 1980-1986	
<u>Owner (CHFA)</u>		<u>Renter</u>		<u>OWNER</u>	<u>RENTER</u>
1970-80	1981-86	1980	1986		
<u>589</u>	<u>1,128</u>	<u>2,432</u>	<u>3,182</u>	<u>91.5%</u>	<u>30.8%</u>
VACANCY RATE				PERCENT CHANGE 1980-1984	
<u>OWNER</u>		<u>RENTER</u>		<u>OWNER</u>	<u>RENTER</u>
1980	19 <u>84</u>	1980	19 <u>84</u>		
<u>1.0</u>	<u>0.7</u>	<u>4.1</u>	<u>1.4</u>	<u>-30%</u>	<u>-66%</u>
AVERAGE NUMBER OF PERSONS PER HOUSEHOLD				PERCENT CHANGE 1980-86	
1980	1986				
<u>2.7</u>	<u>2.57</u>	<u>-4.7%</u>			

MIDSTATE

INCOME AND HOME VALUE

MEDIAN INCOME

FAMILY INCOME			HOUSEHOLD INCOME		
1980	1986	% CHANGE	1980	1986	% CHANGE
<u>22,763</u>	<u>37,200</u>	<u>63.4</u>	<u>19,959</u>	<u>N/A</u>	<u>N/A</u>

HOUSEHOLDS BY INCOME GROUP IN 1980

	<u>Very Low</u>	<u>Low</u>	<u>Moderate</u>	<u>High Moderate</u>	<u>% of Total Households</u>
Owner	<u>2,582</u>	<u>3,225</u>	<u>5,014</u>	<u>5,124</u>	<u>80.1%</u>
Renter	<u>3,489</u>	<u>2,631</u>	<u>2,005</u>	<u>1,567</u>	<u>89.8%</u>

SELLING PRICE/RENT

MEDIAN SELLING PRICE		AVERAGE RENT (2 BR)		PERCENT CHANGE 1980-1986	
1980	1986	1980	19 ₈₆	SELLING PRICE	RENT
<u>62,200</u>	<u>92,500</u>	<u>212</u>	<u>425-850</u>	<u>49%</u>	<u>100-301%</u>

(LOCAL SURVEYS, IF AVAILABLE)

SUMMARY STATEMENT: The Region's population has grown by 6%, while the housing stock has increased by 16%. Median family income has increased by 63%, while the cost of a median priced home has increased by 49%. Rents have increased by 100% during the 1980-86 period.
 more than

CHAPTER II

HOUSING UNITS REQUIRED TO MEET REGIONAL NEED

1. VACANCY DEFICIENCY

REGIONAL NEED OF UNITS REQUIRED TO ACHIEVE DESIRABLE VACANCY RATES OF 5% FOR RENTER OCCUPIED UNITS AND 2.5% FOR OWNER OCCUPIED UNITS (1986).

A. 464 RENTAL UNITS NEEDED

B. 447 OWNER UNITS NEEDED

2. INADEQUATE UNITS

REGIONAL NEED REQUIRED TO ELIMINATE INADEQUATE UNITS BASED ON PHYSICAL CONDITION, OVERCROWDED CONDITIONS AND HOUSEHOLDS PAYING EXCESSIVE PORTION OF INCOME ON HOUSING.

C. 2,990 ADDITIONAL OVERALL UNITS NEEDED

D. 2,455 ADDITIONAL AFFORDABLE RENTAL UNITS NEEDED

3. SPECIAL HOUSING NEEDS - TRENDS AND CONCERNS (NARRATIVE)

See Chapter III

4. TOTAL UNITS REQUIRED IN THE ^{Midstate} REGION TO ALLEVIATE LOW VACANCY RATES, SUBSTANDARD HOUSING CONDITIONS AND PROVIDE FOR THE REGION'S SPECIAL HOUSING NEEDS IN 1986:

ESTIMATED TOTAL UNITS REQUIRED IN THE REGION (A+B+C):

3,901 TOTAL UNITS REQUIRED

SUMMARY STATEMENT

Based on a conservative methodology, it is estimated that some 3,900 additional units are required to meet the Region's current housing needs. The most significant need is for adequate affordable rental units. The deficiency in this area accounts for almost two thirds of the Region's total housing shortage.

CHAPTER III

SPECIAL REGIONAL CONCERNS

Several areas which should be carefully considered in development of a Regional Plan for housing in the Midstate Region are:

- (A) The problem of providing for the homeless.
- (B) Increased demand for housing resulting from continued economic development both within the Region and in adjacent Regions.
- (C) The relative increase in land costs as a component of total housing costs.
- (D) The potential conversion of subsidized housing to market rates over the next ten years.
- (E) The increase in the Region's elderly population will result in a demand for new housing types to meet this group's special needs.

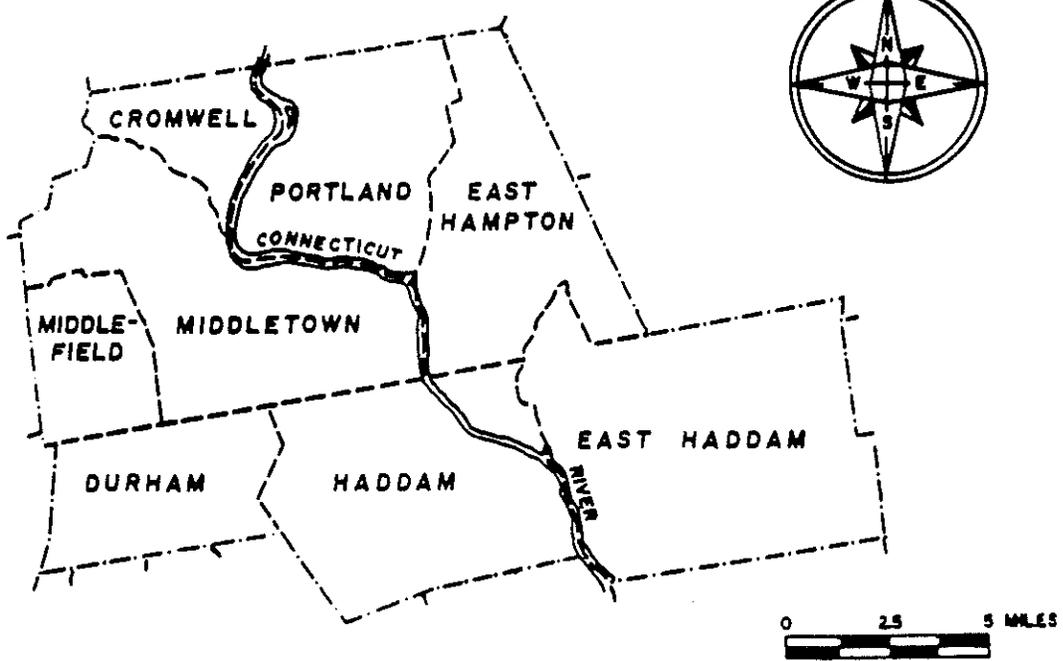
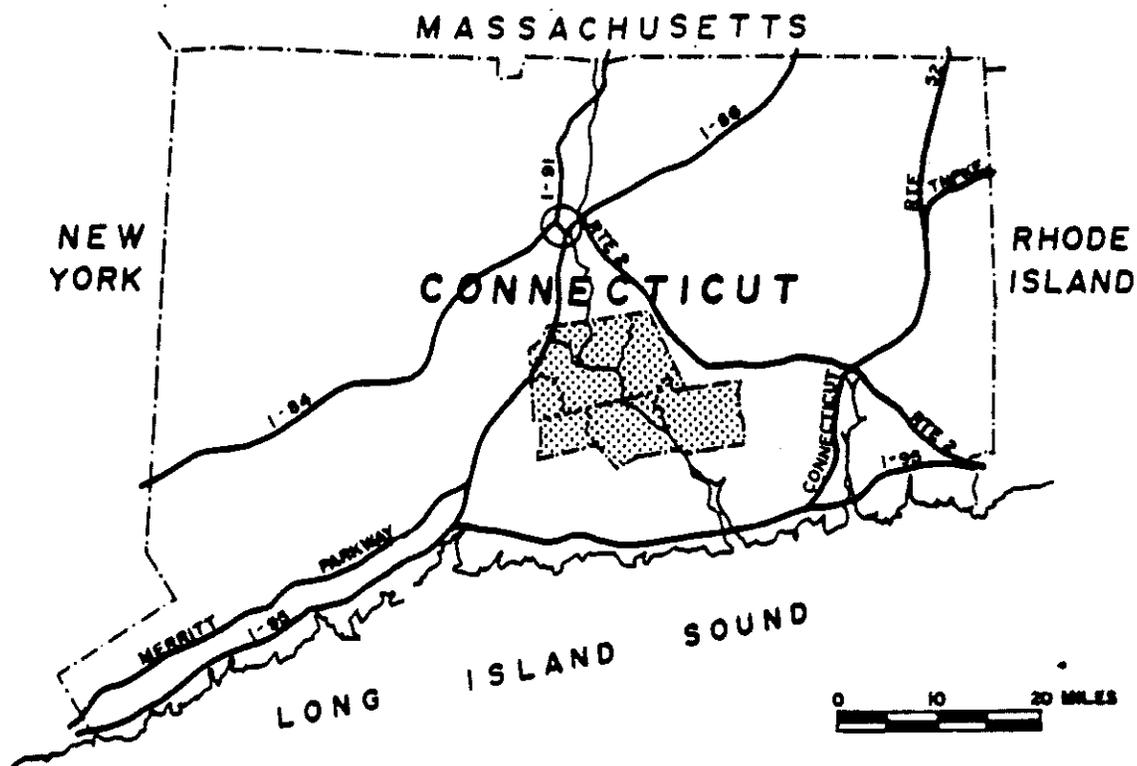
INTRODUCTION

In recognition of the critical housing problems facing the State of Connecticut, the General Assembly adopted P.A. 87-550. Part of this legislation called for each Regional Planning Agency to prepare a housing needs assessment for its Region. This report constitutes the Regional Housing Needs Assessment for the Midstate Region.

The Midstate Region is made up of eight municipalities in northern Middlesex County. The City of Middletown is the largest of the Region's member towns and serves as its central city. The other member towns are Cromwell, Durham, East Haddam, East Hampton, Haddam, Middlefield and Portland.

Seven of the eight communities comprise the Middletown Primary Metropolitan Statistical Area (PMSA). The Town of East Haddam has been included in the Hartford PMSA.

The report consists of three chapters. Chapter I reviews trends in population and housing, Chapter II provides an estimate of housing needs, and Chapter III identifies critical issues facing the Region in the area of housing.



**LOCATIONAL MAP
MIDSTATE PLANNING REGION**

CHAPTER I - EXISTING CONDITIONS

This chapter provides an overview of key trends in the population and housing characteristics of the Region. Section 1 focuses on demographic conditions while Section 2 looks at housing stock.

Section 1 - Population

A. Population Growth

In 1980, the total population of the Midstate Region was 87,203. The estimated 1986 population based on Connecticut Department of Health Services (DHS) estimates is 93,010. Over the period, the Region grew by 6.6%. East Haddam was the fastest growing community, increasing by 11.5%. Two communities, Middlefield and Portland, grew by only 2.7%. Table 1 provides information on population increase since 1980 by town for the Midstate Region.

Table 2 provides population projections for the towns and the Region to the year 2000. Between 1980 and 2000, growth in the Region is anticipated to occur at a relatively rapid pace. The towns of Haddam, Cromwell and East Hampton are projected to grow more rapidly than the Region as a whole. Portland and Middlefield are projected to be the slowest growing communities in the Region.

TABLE 1

TOTAL POPULATION, 1980, 1986

<u>TOWN</u>	<u>1980</u>	<u>1986</u>	<u>% CHANGE 1980 - 1986</u>
Cromwell	10,265	11,390	11.0
Durham	5,143	5,530	7.5
East Haddam	5,621	6,270	11.5
East Hampton	8,572	9,350	9.0
Haddam	6,383	6,740	5.6
Middlefield	3,796	3,900	2.7
Middletown	39,040	41,220	5.6
Portland	8,383	8,610	2.7
Region	87,203	93,010	6.6

Source: 1980, U.S. Census, 1986 CT Dept. of Health Services

TABLE 2

PROJECTED POPULATION 1980 - 2000

<u>TOWN</u>	<u>1980</u>	<u>1990</u>	<u>2000</u>	<u>% CHANGE 1980 - 2000</u>
Cromwell	10,265	11,573	12,772	24.4
Durham	5,143	5,819	6,292	22.4
East Haddam	5,621	6,119	6,617	17.7
East Hampton	8,572	9,571	10,572	23.3
Haddam	6,383	7,580	8,578	34.4
Middlefield	3,796	4,201	4,321	13.8
Middletown	39,040	41,740	44,539	14.1
Portland	8,383	9,119	9,540	13.8
Region	87,203	95,718	103,228	18.4

TABLE 3

POPULATION BY RACE AND SPANISH ORIGIN, 1980

<u>TOWN</u>	<u>BLACK</u>	<u>%</u>	<u>WHITE</u>	<u>%</u>	<u>OTHER</u>	<u>%</u>	<u>SPANISH ORIGIN</u>	<u>%</u>
Cromwell	245	2.4	9,939	96.8	81	0.8	113	1.1
Durham	42	0.8	5,050	98.2	51	1.0	46	0.9
East Haddam	22	0.4	5,561	98.9	38	0.7	35	0.6
East Hampton	84	0.9	8,442	98.5	46	0.6	49	0.6
Haddam	45	0.7	6,308	98.8	30	0.5	39	0.6
Middlefield	13	0.3	3,769	99.3	14	0.4	30	0.8
Middletown	3,748	9.6	34,425	88.2	867	2.2	1,005	2.6
Portland	163	1.9	8,140	97.2	80	0.9	73	0.8
Region	4,362	5.0	81,634	93.6	1,477	1.7	1,390	1.6

Source: U.S. Census

B. Race

Table 3 provides data on the Region's population by Race and Spanish origin. As the Table indicates, the Region's population is predominantly white. The non-white population is concentrated in Middletown. More than 85% of the Region's Black population of 4,362 and 59% of the population classified as other reside in the City. The "Other" classification includes American Indians, Eskimos, Asian and Pacific Islanders.

Similarly, the Region's Spanish population is primarily concentrated in the City of Middletown. The group makes up only 1.6% of the Region's population, but approximately 72% of this group resides in Middletown.

C. Age

Table 4 provides projected population by age group for the Region. As the table indicates, several changes in the age distribution of the Region's population are expected over the next 15 years. A significant decline in the number of children (under 20 years) and young adults (20-35 years) is anticipated, while adults and the elderly are expected to see significant increases. In particular, the increase in the elderly population (65 and over) is expected to have significant impact on the Region's housing situation.

Furthermore, the growth in the older segments of the Region's population is not limited to any single municipality but is expected to occur in all eight communities to a significant degree.

TABLE 4

MIDSTATE REGION POPULATION BY AGE, 1980 - 2000

<u>AGE</u>	1980		2000	
	<u>NUMBER</u>	<u>%</u>	<u>NUMBER</u>	<u>%</u>
0 - 19	26,097	30	23,065	22
20 - 34	23,647	27	20,236	20
35 - 64	27,999	32	45,843	43
65+	9,460	11	14,084	15
Total	87,203	100	103,228	100

Source: CT Office of Policy and Management Revised Population Projections, 1984.

D. Group Quarters

The proportion of the Region's population residing in Group Quarters is 4.6%. Group Quarters includes schools, hospitals, nursing homes, orphanages, correctional facilities, rooming houses, barracks and shelters. "Group Quarters" are divided into two categories, institutions and other special places. Institutions generally includes custodial facilities such as hospitals, prisons or similar facilities. Special places include facilities such as schools and colleges and other similar facilities. Approximately 65% (2,593 persons) of the population in Group Quarters are inmates of various institutions. The remaining 1,400 are residents of "special" places. Wesleyan University in Middletown is a major facility in this category.

The 1980 Group Quarters population is provided in Table 5.

TABLE 5

POPULATION IN GROUP QUARTERS, 1980

<u>TOWN</u>	<u>IN GROUP QUARTERS</u>	<u>TOTAL</u>	<u>65 YEARS AND OVER</u>
Cromwell	Inmate of Institution	343	230
	Other	102	4
Durham	Inmate	164	42
	Other	2	-
East Haddam	Inmate	79	61
	Other	12	3
East Hampton	Inmate	87	82
	Other	-	-
Haddam	Inmate	12	8
	Other	-	-
Middlefield	Inmate	-	-
	Other	-	-
Middletown	Inmate	1,674	500
	Other	1,284	32
Portland	Inmate	234	113
	Other	31	1
Midstate	Inmate	2,593	1,036
	Other	1,431	40

Source: 1980 Census

E. Households

The Region's housing needs are best described in terms of households. A household includes all persons who occupy a housing unit. Households are often further defined as family and non-family households. The former consists of two or more persons having a dwelling unit who are related by birth, marriage or adoption. Non-family households include persons living alone and two or more unrelated individuals sharing a dwelling unit.

In 1980 there were 30,710 households in the Midstate Region. By 1986, it is estimated that the number of households increased by almost 22% to 37,371. As was noted earlier, total population increased over the same period by just under 7%. This points to a significant decrease in household size. Within the Midstate Region, it is projected that average household size declined from 2.7 in 1980 to 2.5 in 1986. Such a decline is consistent with trends observed at the State and National levels.

Among the factors which have contributed to the decrease in average household size have been increases in divorces, a tendency to delay marriage for education and career development, the conscience decision to have fewer children, and increased life expectancy.

Decreases in household size and the consequent increase in total

households has significance for the Region's housing supply in two ways. First, obviously is an increase demand for the total number of units. But, also of significance is in an increased demand for smaller units. Table 6 indicates household changes between 1980 and 1986 for the Region and its Towns.

TABLE 6

HOUSEHOLDS AND AVERAGE HOUSEHOLD SIZE, MIDSTATE TOWNS -
1980, 1986

<u>TOWNS</u>	<u>1980 HOUSEHOLDS</u>	<u>1980 PERSONS PER HOUSEHOLD</u>	<u>1986 HOUSEHOLD</u>	<u>1986 PERSONS PER HOUSEHOLD</u>
Cromwell	3,792	2.59	4,837	2.47
Durham	1,535	3.24	1,800	3.09
East Haddam	1,977	2.80	3,016	2.67
East Hampton	2,941	2.89	3,776	2.75
Haddam	2,141	2.98	2,543	2.84
Middlefield	1,351	2.81	1,602	2.68
Middletown	14,130	2.55	16,568	2.43
Portland	2,843	2.86	3,204	2.73
Region	30,710	2.7	37,371	2.57

Source: 1980 Census, 1986 estimated by MRPA

F. INCOME

The 1970 and 1980 Census provided data on household and family incomes in 1969 and 1979 respectively. Table 7 presents data on median family and household income for the towns and the Region.

TABLE 7

MEDIAN FAMILY INCOME BY TOWN, 1969, 1979, 1986

<u>TOWN</u>	<u>1969</u>		<u>1979</u>		<u>1986¹</u>	
	<u>FAMILY</u>	<u>HOUSEHOLD</u>	<u>FAMILY</u>	<u>HOUSEHOLD</u>	<u>FAMILY</u>	<u>HOUSEHOLD</u>
Cromwell	\$12,604	\$11,008	\$25,109	\$22,239	\$40,676	NA
Durham	12,538	11,516	25,500	24,326	41,310	NA
East Haddam	11,442	10,914	21,386	19,468	34,645	NA
East Hampton	10,879	9,884	23,320	21,360	37,778	NA
Haddam	12,080	10,370	24,575	22,224	39,811	NA
Middlefield	12,595	11,269	24,740	22,207	40,078	NA
Middletown	11,280	9,140	21,085	17,308	34,157	NA
Portland	12,212	10,828	22,763	19,959	37,200	NA
Region	11,434	NA	22,763	19,959	37,200 ¹	NA

Source: 1969, 1979, U.S. Census Bureau, 1986 MRPA estimate based on U.S. Dept. of HUD Income Projections.

¹ Median Income for Middletown PSMA which includes all Towns except East Haddam.

As the Table indicates, family income in the Region nearly doubled between 1969 and 1979. Since 1979 median income has increased by 63%.

The U.S. Department of Housing and Urban Development defines very low and low income families in determining eligibility for Federal Housing Assistance. "Moderate" and "High Moderate" income households are defined by State Agencies for similar purposes. These income limits are established based on the area median income as follows:

Very Low	50% or less of median
Low	51 - 80% of median
Moderate	81 - 115% of median
High Moderate	116 - 140% of median

Table 8 provides data on low and moderate income households by tenure for the Region.

TABLE 8

LOW AND MODERATE INCOME HOUSEHOLDS

Town	Very Low Income Owners	Low Income Owners	Moderate Income Owners	High Moderate Income Owners	Very Low Income Renters	Low Income Renters	Moderate Income Renters	High Moderate Income Renters
Cromwell	310	441	623	644	217	210	264	128
Durham	127	162	363	384	25	56	44	20
East Haddam	250	312	463	260	119	102	66	64
East Hampton	257	439	616	563	154	151	139	97
Haddam	239	270	468	465	112	88	96	36
Middlefield	106	148	278	321	101	76	67	30
Middletown	1,047	1,159	1,658	1,978	2,496	1,763	1,171	1,119
Portland	246	294	546	508	265	186	157	74
Midstate	2,582	3,225	5,014	5,124	3,489	2,631	2,005	1,567

Source: 1980 Census of population and housing, U.S. Department of Commerce, Bureau of the Census. Limits were based upon 1979 U.S. Department of Housing and Urban Development Income Criteria for Very Low and Low Income Groups. Moderate and High Moderate are a consensus of different housing programs in Connecticut.

Collectively, these households are referred to as "low and moderate households".

Within the Region 83% of the households qualified as low and moderate income and 39% had very low or low incomes.

The Region's low and moderate income households tend to be concentrated in the City of Middletown. Of the 25,664 households in the Region which meet the low and moderate income definition, 12,391 or 48% are found in the City. Among the low and very low income households, 54% are residents of Middletown. Approximately 44% of all households reside in Middletown.

Within the Region, approximately 80% of owner households and 90% of renter households qualified as low and moderate. Low and very low income households tend to be concentrated in the Rental Market. Regionwide, only 13% of owner households had very low incomes while 32% of renters had very low incomes.

Only one town, Durham, has less than 20% of its renter households qualified as very low income.

Table 9, which presents data on households by income group and tenure, further supports the position that lower income households tend to be concentrated in the rental market, and hence, face special problems. Based on this data, only 27% of rental households had incomes in 1979 of more than \$20,000 while among homeowners almost 62% had incomes above \$20,000. Furthermore, over one third of rental households had incomes of less than \$10,000, while among owners only 13% had incomes that low.

What the data further shows, however, is that the condition is not limited to the Region's urban center, but occurs in nearly all communities.

Table 9

AREA NAME	TOTAL		HOUSEHOLD		INCOME		TOTAL	
	LESS THAN \$10,000		\$10,000 TO \$19,999		\$20,000 OR MORE			
CROMWELL	560	14.8%	1058	27.9%	2174	57.3%	3792	100.0%
DURHAM	151	9.9%	332	21.7%	1047	68.4%	1530	100.0%
EAST HADDAM	383	19.5%	639	32.6%	939	47.9%	1961	100.0%
EAST HAMPTON	432	14.8%	893	30.5%	1601	54.7%	2926	100.0%
HADDAM	363	17.0%	541	25.3%	1237	57.8%	2141	100.0%
MIDDLEFIELD	233	17.2%	342	25.2%	781	57.6%	1356	100.0%
MIDDLETOWN	3692	26.1%	4563	32.3%	5875	41.6%	14130	100.0%
PORTLAND	525	18.4%	749	26.2%	1584	55.4%	2858	100.0%
MIDSTATE	6339	20.7%	9117	29.7%	15238	49.6%	30694	100.0%

AREA NAME	OWNER		HOUSEHOLD		INCOME		TOTAL	
	LESS THAN \$10,000		\$10,000 TO \$19,999		\$20,000 OR MORE			
CROMWELL	311	11.2%	697	25.0%	1780	63.8%	2788	100.0%
DURHAM	122	9.0%	262	19.2%	979	71.8%	1363	100.0%
EAST HADDAM	252	16.2%	499	32.1%	805	51.7%	1556	100.0%
EAST HAMPTON	258	11.1%	647	27.7%	1427	61.2%	2332	100.0%
HADDAM	241	13.7%	415	23.6%	1104	62.7%	1760	100.0%
MIDDLEFIELD	112	10.7%	255	24.4%	679	64.9%	1046	100.0%
MIDDLETOWN	1076	15.5%	1729	24.9%	4128	59.5%	6933	100.0%
PORTLAND	254	12.0%	465	22.0%	1399	66.1%	2118	100.0%
MIDSTATE	2626	13.2%	4969	25.0%	12301	61.8%	19896	100.0%

AREA NAME	RENTAL		HOUSEHOLD		INCOME		TOTAL	
	LESS THAN \$10,000		\$10,000 TO \$19,999		\$20,000 OR MORE			
CROMWELL	249	24.8%	361	36.0%	394	39.2%	1004	100.0%
DURHAM	29	17.4%	70	41.9%	68	40.7%	167	100.0%
EAST HADDAM	131	32.3%	140	34.6%	134	33.1%	405	100.0%
EAST HAMPTON	174	29.3%	246	41.4%	174	29.3%	594	100.0%
HADDAM	122	32.0%	126	33.1%	133	34.9%	381	100.0%
MIDDLEFIELD	121	39.0%	87	28.1%	102	32.9%	310	100.0%
MIDDLETOWN	2616	36.3%	2834	39.4%	1747	24.3%	7197	100.0%
PORTLAND	271	36.6%	284	38.4%	185	25.0%	740	100.0%
MIDSTATE	3713	34.4%	4148	38.4%	2937	27.2%	10798	100.0%

Source: 1980 Census

Section 2 - Housing Stock

A. Total Housing Stock

In 1980 there were 32,575 housing units within the Midstate Region. By 1986, the housing stock had increased by more than 5,100 units to 37,712 units. The fastest housing growth occurred in Cromwell, where the stock increased by 38%. Middlefield and Portland had the slowest rates of increase, 9% each. Table 1 presents data on total housing stock between 1980 and 1986.

Table 2 provides data on housing types for the Region and its towns. As the Table shows, single family housing is the predominant housing type in the Region. In 1980, 64.5% of the Region's stock was in single family housing. By 1986, the proportion of the Region's stock in single family units had increased to 66%. Within individual communities, there were significant changes in the housing type mix over the period. In Cromwell, for example, multi family housing virtually doubled, growing three times as fast as single family units. In terms of total stock, multi-family units grew from 20% to 28%. In Middletown, too, a significant portion of the housing stock constructed over the period from 1980 to 1986 was in multi-family units. Nearly 1,500 new multi-family units were constructed in the City over the period compared with 539 new single family units. Of the remaining communities, only two, East Hampton and Portland had more than 100 units added to their rental stock.

TABLE 1

HOUSING UNITS, MRPA TOWNS, 1980, 1986

<u>TOWN</u>	<u>TOTAL UNITS, 1980</u>	<u>TOTAL UNITS, 1986</u>	<u>% CHANGE</u>
Cromwell	3,532	4,890	38%
Durham	1,579	1,814	15%
East Haddam	2,648	3,039	15%
East Hampton	3,297	3,814	16%
Haddam	2,305	2,563	11%
Middlefield	1,480	1,614	9%
Middletown	14,774	16,762	13%
Portland	2,960	3,225	9%
Region	32,575	37,721	16%

TABLE 2

HOUSING UNITS BY TYPE, 1980, 1986
(Year - Round)

<u>TOWN</u>	<u>SINGLE FAMILY</u>			<u>MULTI-FAMILY</u>		
	<u>1980</u>	<u>1986</u>	<u>% CHANGE</u>	<u>1980</u>	<u>1986</u>	<u>% CHANGE</u>
Cromwell	2,747	3,506	27.6%	699	1,384	98. %
Durham	1,392	1,628	17.	141	186	31.9
East Haddam	1,846	2,743	48.6	257	296	15.2
East Hampton	2,493	3,197	28.2	508	617	21.5
Haddam	1,937	2,250	16.2	248	313	26.2
Middlefield	1,175	1,363	16.	208	251	20.7
Middletown	7,156	7,692	7.5	7,577	9,070	19.7
Portland	2,196	2,460	12.2	639	765	19.7
Region	20,942	24,839	18.6	10,277	12,882	25.3

Source: 1980 U.S. Census 1986 CT Dept. of Housing

B. Tenure

Tenure is a term used to describe whether housing units are owner occupied or renter occupied. Table 3 provides data on tenure for the Towns of the Midstate Region.

TABLE 3

TENURE, 1980

<u>TOWN</u>	<u>OWNER</u>	<u>%</u>	<u>RENTER</u>	<u>%</u>	<u>TOTAL OCCUPIED UNITS</u>
Cromwell	2,788	73.5	1,004	26.5	3,792
Durham	1,352	88.1	183	11.9	1,535
East Haddam	1,581	80.0	396	20.0	1,977
East Hampton	2,317	78.8	624	21.2	2,941
Haddam	1,760	82.2	381	17.8	2,141
Middlefield	1,057	78.2	294	21.8	1,351
Middletown	6,933	49.1	7,197	50.9	14,130
Portland	2,133	75.0	710	25.0	2,843
Region	19,921	64.9	10,789	35.1	30,710

Source: 1980 Census

As the Table shows, most of the Region's housing stock is owner occupied. Only the Region's central city, Middletown has more than 50% of its housing in rental stock. Among the other seven communities two of the more rural towns, Haddam and Durham have

less than 20% of their households residing in rental units.

C. Vacancy Rates

Vacancy rates are used to determine the number of units available for sale or rent within the Region. A vacancy rate of 5% for rental units and 2.5% for owner occupied units is considered reasonable to allow for consumer choice in the housing market.

Vacancy rates in the Midstate Region are indicative of a very tight market. Table 4 provides vacancy rates for owner and rental units in 1980 and 1984.

As the data indicate, in 1980 only 3 communities had owner vacancy rates over 1% and none approached the 2.5% goal. For rental units the situation was similar, although Middletown's 4.5% rate for rental housing and Middlefield's 4.8% rental rate were reasonable.

By 1984, based on a survey by the Federal Home Loan Bank Board, which was limited to the urban portion of the Region, Middletown, Cromwell, Portland, and East Hampton, but seems indicative of the entire Region, overall vacancy rate for owner occupied units had declined to 0.7%. For rental housing, the rate had declined to 1.4%, indicating a significant tightening of that market since 1980.

TABLE 4

VACANCY RATES, MIDSTATE TOWNS, 1980, 1984

<u>TOWN</u>	<u>1980</u>		<u>1984</u>	
	<u>OWNER</u>	<u>RENTER</u>	<u>OWNER</u>	<u>RENTER</u>
Cromwell	1.2	3.7	1.2	0.8
Durham	0.6	2.1	NA	NA
East Haddam	1.4	2.7	NA	NA
East Hampton	0.8	3.4	1.1	0.5
Haddam	0.8	3.2	NA	NA
Middlefield	0.3	4.8	NA	1.8
Middletown	1.1	4.5	0.4	1.1
Portland	0.3	2.0	0.4	1.1
Region	1.0	4.1	0.7	1.4

C. Housing Costs

Information on housing costs is provided in Tables 5 and 6. Table 5 provides median values of owner occupied units in 1980 and 1986. Over that period housing values have increased by nearly 50% in the Region. Within some communities, cost increases have been even more dramatic. Middlefield's housing costs have increased the fastest from \$60,000 to \$114,000, a 90%

increase. The Town of Haddam had an increase of more than 80% since 1980, and currently has the Region's most expensive housing, with a median value of \$125,000.

Table 6 provides rental data for the Region. Detailed information on current rents is very limited. There have been several surveys of larger complexes conducted by the Connecticut Housing Finance Agency, but such data does not accurately reflect the rental market in the Region. Numerous smaller apartment complexes, as well as two and three family structures play a significant role in the Region's rental market but no data is available on current rent levels.

Despite these drawbacks, data which is available indicates costs of rental housing has increased dramatically. Rental levels for two bedroom units can range as high as \$600 to \$825 with utilities and \$800 without utilities. HUD's Fair Market Rents estimate utility costs at \$90 - \$100 per month.

TABLE 5

MEDIAN SELLING PRICE

<u>TOWN</u>	<u>1980</u>	<u>1986</u>	<u>% CHANGE</u>
Cromwell	63,600	88,000	38.4
Durham	65,600	117,000	78.4
East Haddam	61,700	94,200	52.7
East Hampton	59,700	84,800	42.1
Haddam	69,200	125,000	80.6
Middlefield	60,000	114,000	90.0
Middletown	60,300	90,500	50.0
Portland	63,600	112,250	76.5
Region	62,200	92,500	48.7

Source: 1980 Census, 1987 OPM Residential House Sales Report

TABLE 6

RENT LEVELS

	<u>1980 MEDIAN CONTRACT RENT</u>	<u>1987 RENT LEVELS</u>
Midstate Region	\$212	\$600-825 w/utilities \$435-800 wo/utilities

Source: 1980 U.S. Census, 1987, CHFA Apartment Rent Survey

In determining housing affordability, it is necessary to compare costs with income level. For this report, an affordable sales price is determined as 2.5 times income and affordable rent level

is considered to be 30% of income. Table 7 indicates affordable sales prices and rent levels for median income, low (80% of median) income, and very low income (50% of median) households.

TABLE 7

MIDSTATE REGION AFFORDABLE SALES AND RENT LEVELS

<u>INCOME</u>	<u>AFFORDABLE SALES PRICE</u>	<u>AFFORDABLE RENT (with utilities)</u>
Median (37,200)	93,000	930
Low (29,760)	74,400	744
Very Low (18,600)	46,500	465

Based on this information, it is clear that very low income households are effectively shut out of the ownership market and face severe pressures within the rental market as well. Low income households, too, are severely restricted in terms of ability to enter the ownership market. Only 23% of the units sold in 1986 were sold for less than \$75,000, essentially the affordable level for those earning 80% of median for the Region.

CHAPTER II HOUSING UNITS REQUIRED TO MEET REGIONAL NEED

The purpose of this chapter is to estimate additional housing units required to meet Regional housing needs.

A word of caution is necessary in utilizing data presented in this chapter. The estimates of housing units needed which are presented here are not intended to be precise, but rather to define the scope of the problem in the Region and to provide a baseline for formulating regional policy and determining where future work should be done.

A. Units Required to Alleviate Vacancy Rate Deficiencies

An adequate supply of vacant units is an important component of a healthy housing market. Insufficient vacancy rates can lead to artificially high costs, reduced consumer choice and reduced market activity. Typically, the acceptable vacancy rates for owner occupied housing is 2.5% and for rentals is 5%. Available data for the Region suggests that the current vacancy rate for owners is 0.7%. For rental units, it is 1.4%.

In order to raise the existing vacancy rates to the statewide goal of 2.5% for owners and 5.0% for renters, some 911 new units will be required. Of this 447 are owner units and 464 are rental units.

B. Additional Units Needed to Eliminate Substandard Housing and Provide Affordable Housing

For purposes of this report, inadequate housing is defined as units lacking plumbing for the exclusive use of the occupant household, units which are overcrowded (1.01 persons per room or greater) and renter occupied housing units for which gross rent is 30% or more of the occupant household's income. Table 1 provides 1980 data on inadequate housing by town for the Region.

TABLE 1
INADEQUATE HOUSING UNITS, MIDSTATE REGION, 1980

<u>TOWN</u>	<u>SUBSTANDARD UNITS</u>	<u>UNITS > 30% OF INCOME</u>	<u>TOTAL INADEQUATE</u>
Cromwell	60	289	349
Durham	41	42	83
East Haddam	67	120	187
East Hampton	77	169	246
Haddam	58	105	163
Middlefield	41	99	140
Middletown	604	2,152	2,756
Portland	78	229	307
Region	1,026	3,205	4,231

Source: 1980 Census

The 1980 Census identified 4,231 inadequate housing units within the Midstate Region. Nearly 65% of these units were found in the City of Middletown. Among substandard units, that is those which were overcrowded or lacked plumbing facilities, 59% were found in Middletown. Among those households paying a substantial portion of their income for rent, more than 70% were residents of Middletown. Both these findings are in large part a function of the size and composition of Middletown's housing stock. As noted in Chapter I, some 50% of Middletown's housing units are renter occupied. Further, a significantly larger number of the City's units are in older structures, particularly among rental stocks.

As the Table indicates, by far the major portion of inadequate housing units are so designated as a result of cost. Only one quarter of the inadequate stock was overcrowded or lacked plumbing. This constitutes 3.3% of the total occupied housing stock in the Region. By comparison, 30% of the households residing in rental housing pay more than 30% of their incomes in rent.

The problem of substandard housing is, as would be expected, closely related to income. Among the Region's non-elderly (less than age 62) renters, 80% of the 3,416 households earning less than \$20,000 resided in inadequate housing. Among the elderly, 882 rental households earned less than \$20,000 in 1979. 811 of these households (92%) resided in inadequate units.

Since 1980, some progress has been made in addressing the problem of inadequate housing in the Region. Two principal areas have been addressed. Active residential rehabilitation programs funded through the Community Development Block Grant Program have been operated in six of the eight towns. Since 1980 these programs have resulted in the upgrading of more than 500 units, predominantly for low and moderate income households.

In addition, some 400 new units of elderly housing, subsidized with state or federal funding have been added to the Region's housing stock. Overall 1,241 units of assisted housing have been provided since 1980. Despite these accomplishments, there is still significant unmet needs. Table 2 estimates the Region's unmet housing needs.

TABLE 2
ESTIMATED HOUSING NEED, 1987

1980 inadequate units (1)	4,231
<u>Housing Assistance Provided 1980 - 87</u>	
Elderly (2)	401
CDBG Rehabilitation (2)	491
CHFA Multi-Family (3)	278
Section 8 Existing/Vouchers (2)	71
 Total Assistance Provided	 1,241

Additional Units Required, 1987

2,990

- Sources: (1) 1980 Census
(2) MRPA Survey
(3) CHFA Annual Report, 1986

The estimate presented here presents a conservative estimate of regional housing needs. Actual housing needs are likely to be greater for several reasons. First, renter households paying an excessive portion of their income on rent represent the primary component of regional housing needs. Throughout the 1980's, increase in income have not kept pace with increases in rent levels, a factor which has decreased low income renters' ability to secure adequate, affordable housing in the private market. This method of estimating unmet needs does not account for any increase in renter households spending an excessive portion of their income on housing. Second, the methodology does not account for housing units which may possess structural inadequacies other than the lack of complete plumbing facilities, or any increases in substandard housing since 1980. While units lacking complete plumbing for the exclusive use of the household is the most widely used Census indicator of physically substandard housing, it is a limited estimate of physically substandard units. Finally, the methodology does not account for the loss of low income rental units due to demolition or condominium conversions. Since 1980, several multi-family projects have been converted from rental units to ownership units.

It is apparent that a variety of housing activities will be required to meet regional housing needs. Activities which should be considered for inclusion in State and local housing strategies include: the new construction of subsidized rental units; the rehabilitation of rental units combined with rent subsidies for the occupying households; the provision of rent subsidies to households living in adequate housing units; continuation of the rehabilitation of substandard owner units; and the provision of mortgage assistance to low and moderate income households wishing to purchase a home. It will be up to individual municipalities, the Region and the State to evaluate local and regional housing needs, and consider the full range of options which they may implement to upgrade the existing housing stock and expand housing opportunities.

CHAPTER III - SPECIAL REGIONAL CONCERNS

The previous sections of this report attempted to utilize standardized methodology to identify housing needs within the Midstate Region. The purpose of this section is somewhat different. It is to identify issues and concerns which face the Region in the area of housing and which are less easily quantifiable.

A. The Homeless

Homelessness is a growing concern in the Midstate Region. Current estimates by social service agencies put the number of homeless in the Region at 150 persons. Two shelters located in Middletown, provide emergency housing for the Region's homeless. Gilead House operated by the American Red Cross, serves homeless families. This two unit, five bed facility is supplemented by motels. The American Red Cross is planning another seven-unit shelter for families. This is anticipated to be adequate to handle the six to eight homeless families in need of temporary housing.

St. Vincent de Paul Place in combination with the Salvation Army, provides a thirty bed facility for single adults. The shelter generally operates with an average of 80% occupancy, but in very bad weather can be faced with 50 to 60 more than capacity.

The City of Middletown has formed a Homeless Task Force and has been working in conjunction with the State and private agencies to develop additional shelter space.

B. Economic Development

One significant factor affecting housing demand and costs has been the substantial economic growth occurring both in the Region and in adjacent Regions on the Route 91 corridor. Major new developments, particularly in Middletown, Wallingford and Meriden, have resulted in new residents entering the Region and impacting the market.

Furthermore, development in greater Hartford has impacted the Region. Housing prices in the Region have historically been less than those in the Capital Region while transportation access has been relatively good. This has helped to make the Midstate towns an attractive alternative for housing choice to Greater Hartford workers. As a result, the relative differences in housing cost between the two Regions have closed slightly since 1980.

C. Land Costs

Since 1980, land costs have represented an increasingly large share of the total cost of constructing a home. Although detailed studies within the Region have not been undertaken as part of this report, statewide data developed by the Home

Builders Association of Connecticut indicate that between 1980 and 1986, land costs have increased from 29% of the total cost of a new single family home to more than 40%. Statewide, total housing costs increased by 50% over the period while land costs grew by 109%.

As previously noted, no detailed study of the Midstate Region has been conducted to determine how closely these Statewide percentages approximate those of the Region. But, significant anecdotal evidence exists to indicate that the general trends identified by the Homebuilders are applicable to the Midstate communities.

D. Conversion of Subsidized Housing

A significant portion of the subsidized housing in the Midstate Region was developed by private developers utilizing the HUD 221(d)(3) and 236(j) mortgage programs. Under these programs, private developers could receive 40 year mortgages which could be repaid after 20 years. Following repayment, the units could be made available at market rates. To date, this has not been a significant problem statewide nor has it been a problem in the Region. But, by the mid-1990's more than 1,200 units, or more than one third of the Region's subsidized stock, will be eligible for repayment, and with little or no new subsidized housing to take its place the potential impact in the Region's affordable housing stock is tremendous. An intergovernmental study committee has been formed at the State level to follow this situation and make policy recommendations. While it is important to stress that this is not an issue at this time in the Region, and may never become a significant one, because the impact on the Midstate Region is potentially so dramatic, it would be worthwhile to monitor the Committee's work.

E. Elderly Housing

A major concern in the Region involves provision of housing for elderly residents. Over the next fifteen years, this group is expected to be among the fastest growing in the Region. Currently, publicly assisted housing programs exist in seven of the Region's towns. Those meet a significant portion of the current need. But, as this group grows, existing facilities will come under increased strain. Housing officials also indicate a current need for semi-independent living units to serve those elderly who face difficulties living independently yet are not in need of institutional or nursing home care.

ESTIMATED NUMBER OF HOUSING UNITS IN MID-STATE REGION
END OF DECEMBER 1987

TOWNS	ALL UNITS	SINGLE FAMILY	-----MULTI-FAMILY-----				MOBILE HOMES	UNDE-TERMINED	-----% OF TOWN-----	
			2 Units	3&4 Units	5+ Units				SINGLE FAMILY	MULTI-FAMILY
Cromwell	5,032	3,600	276	120	1,003	0	33	71.54%	27.80%	
Durham	1,915	1,721	114	35	44	0	1	89.87%	10.08%	
East Haddam	3,143	2,845	130	65	85	11	7	90.52%	8.91%	
East Hampton	4,020	3,391	270	124	194	33	8	84.35%	14.63%	
Haddam	2,620	2,307	188	57	45	7	16	88.05%	11.07%	
Middlefield	1,647	1,394	106	76	71	0	0	84.64%	15.36%	
Middletown	17,601	7,882	2,052	1,272	6,326	41	28	44.78%	54.83%	
Portland	3,274	2,507	360	200	190	0	17	76.57%	22.91%	
TOTAL	39,252	25,647	3,496	1,949	7,958	92	110	65.34%	34.15%	

MIDDLETOWN VS THE REST OF THE MID-STATE REGION

	ALL UNITS	SINGLE FAMILY	-----MULTI-FAMILY-----				MOBILE HOMES	UNDE-TERMINED	-----% OF REGION-----	
			2 Units	3&4 Units	5+ Units				SINGLE FAMILY	MULTI-FAMILY
Mid-State Region	21,651	17,765	1,444	677	1,632	51	82	69.27%	28.00%	
Middletown	17,601	7,882	2,052	1,272	6,326	41	28	30.73%	72.00%	
TOTAL	39,252	25,647	3,496	1,949	7,958	92	110	65.34%	34.15%	

**A SURVEY OF RENTAL HOUSING COSTS AND VACANCY RATES
IN THE CAPITOL REGION**

**PREPARED BY THE
CAPITOL REGION COUNCIL OF GOVERNMENTS
221 MAIN STREET
HARTFORD, CT 06106**

MARCH, 1988

This report is part of a regional housing needs assessment carried out with the financial participation of the State of Connecticut for a Regional Housing Needs Agreement administered by the Office of Policy and Management, State of Connecticut. Additional financial assistance was provided through a State Regional Planning Assistance Grant administered by OPM.

EXECUTIVE SUMMARY

The Capitol Region Council of Governments conducted a survey from November, 1987, to February, 1988, to estimate the current availability and cost of rental housing in the Capitol Region. A 12.3% sample (5,802 units) from a total of 47,004 rental units listed on town assessors' lists was obtained by mail questionnaire. Results showed a regional vacancy rate of .030 (3%), a rate well below the 5% standard for a healthy rental housing market. Median contract rent was estimated to be \$500.30, which represents a 134% increase over the 1980 U.S. Census median contract rent of \$213. Based on a measure of affordability determined by comparison to the 1987 Capitol Region median income of \$38,800, the observed median rent is not affordable to very low income households nor to some portion of low income households. Overall, survey results point to a tight rental housing market in the Region, where a shortage of rental housing is coupled with high costs.

INTRODUCTION

The Capitol Region Council of Governments (CRCOG) was mandated by Connecticut Public Act 87-550 to publish a housing needs assessment for the Region that would evaluate current housing conditions. Specific objectives of the housing needs assessment included: describing the characteristics of the regional population and its housing needs; providing information about the available housing stock, its characteristics and condition; identifying factors that greatly influence the supply of and demand for housing; and assessing unmet housing needs in the Region.

Important indicators of the availability and affordability of housing are vacancy rates of existing units and the relative costs of obtaining housing. The most recent source of comprehensive information on vacancy rates and housing costs for rental units is the 1980 U.S. Census. This information was believed to be outdated because of the strong demand for housing in Connecticut over the last decade and the associated rapid increase in the cost of housing. In order to estimate the current availability and cost of rental housing in the Region, a survey was undertaken.

This report summarizes the methods and results of the rental survey. It is intended to be a supplement to "An Assessment of Housing Needs in the Capitol Region", which was submitted to the appropriate authorities on January 1, 1988. The housing needs assessment contains the preliminary results of the rental cost portion of this survey.

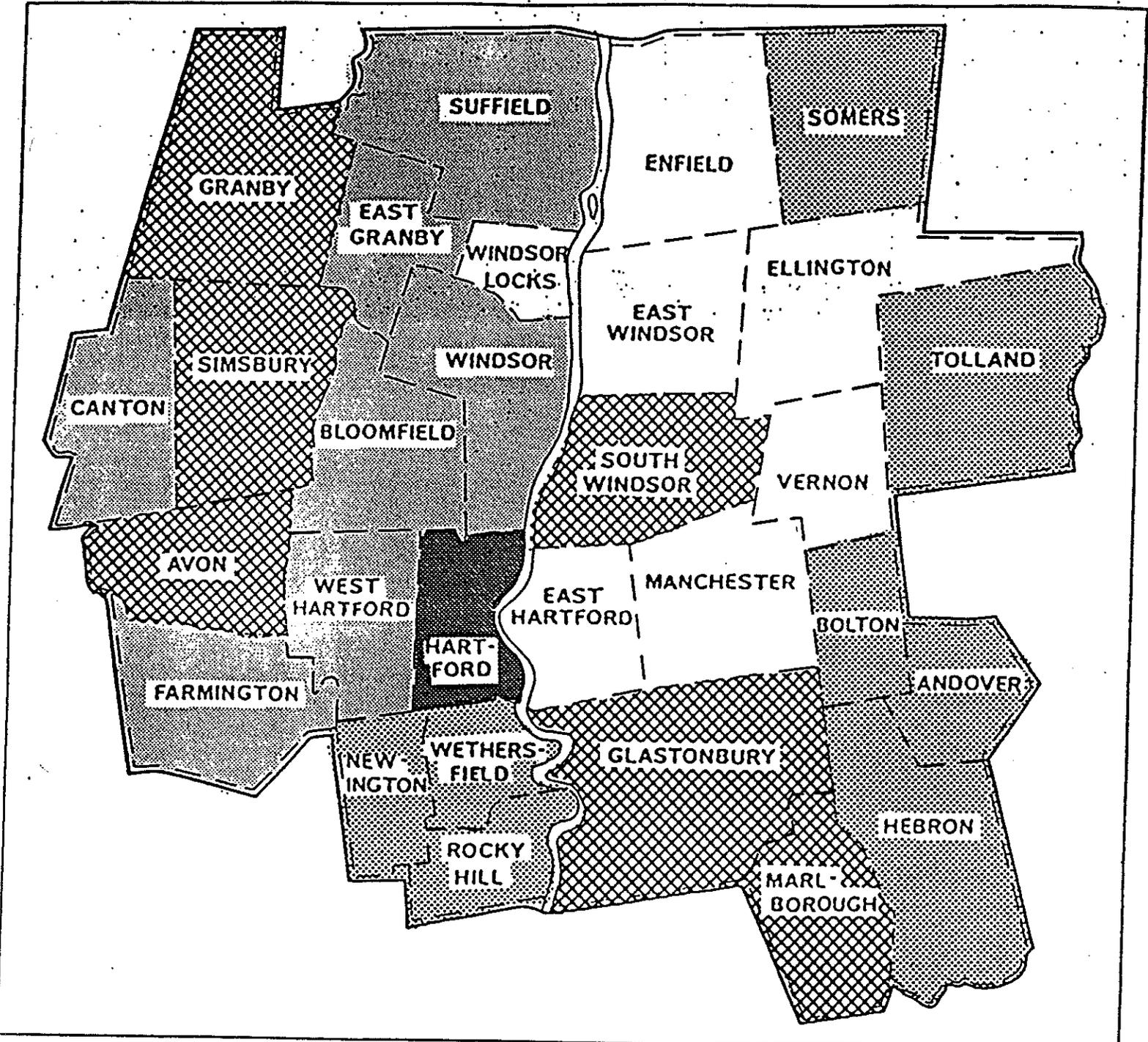
STUDY AREA

The Capitol Region consists of twenty-nine towns in the Greater Hartford area. The area and member towns are displayed on the map in Figure 1. Each town was assigned to one of five subareas because of indications that there could be significant variation in housing costs among different areas. These subareas were delineated by CRCOG staff based on factors such as location, income characteristics of residents, and housing costs. The five subareas, defined and shown in Figure 1, were used for apportioning the sampling effort.

METHODS

Assumptions and Limitations

A comprehensive listing of every housing unit that provides a rental opportunity in the Capitol Region was not available. This survey depended on lists of rental units provided by town assessors' offices. The completeness of these lists varied greatly from town to town, but tended to include only those buildings with more than four or more than six apartments per building. Some lists included managed apartment complexes only; in some cases, these complexes were only the larger ones. Information identifying multi-family houses, single-family houses, or condominiums that are rented was fundamentally absent. Results of this survey are therefore assumed to reflect apartment rentals only. Although the entire universe of rental units in the Region contains other rental types, apartment rentals probably reflect the middle ground between higher-priced condominiums/single-family houses and lower-priced multi-family housing units.



The Region

Subarea 1	Subarea 2	Subarea 3	Subarea 4	Subarea 5
East Hartford East Windsor Ellington Enfield Manchester Vernon Windsor Locks	Andover Bolton Hebron Newington Rocky Hill Somers Tolland Wethersfield	Bloomfield Canton East Granby Farmington Suffield West Hartford Windsor	Avon Glastonbury Granby Marlborough Simsbury South Windsor	Hartford

FIGURE 1. Map of the Capitol Region and subareas as defined for sampling purposes.

Based on 1980 Census information, 53% of the Capitol Region renting population resided in structures with five or more rental units. This survey tended to select for this type of rental unit. It is therefore reasonable to believe that the results of this survey are representative of conditions for a major portion of the regional renting population.

Because the sampling was designed for estimation of regional conditions, direct comparisons of different subareas are not necessarily statistically valid. Where sample sizes within the subareas are large, however, results showing differences are probably quite reliable. Valid comparisons of parameters between different size units within a subarea (and within the Region) can be made if the sample included a reasonable number of both size units. Comparisons between individual towns are not valid because of the variable content of assessors' lists and the small number of observations that most towns contributed to the overall sample. For these reasons, data were not compiled on a town-by-town basis.

Sampling Units

The primary sampling unit, the item for which information would be collected, was the individual building or the overall apartment complex within which the rental units were located. These were randomly selected directly from assessors' lists, since each entry on the list tended to define a separate property. Each successive entry on a town assessor's list was considered to be a different sampling unit, or "complex", if the property had a different street address *and* the owner had a different name. If it was apparent that three or four buildings on the same street had the same owner, they were considered to be part of the same sampling unit.

Sample Design

Stratified random sampling was selected for the survey because of the belief that different areas within the Capitol Region support significantly different rent levels. Five subareas (strata) were sampled proportionately to obtain the regional sample. This meant that instead of taking one large random sample from all possible apartment complexes in the Region, towns were aggregated into the five different subareas before random selection of complexes began. This method increased the likelihood that different rent levels found in different subareas would be represented in the sample.

Sampling within each subarea was done by proportions, meaning that the number of rental units sampled in each was proportional to the total number of rental units in that subarea. This ensured that different rent conditions were represented in proportion to their occurrence, rather than allowing any particular subarea a greater representation. Without any real knowledge of the variability of rent levels and vacancy rates in the Region, the choice of sampling proportions, which would determine sample size, was somewhat arbitrary. Originally, sampling efforts were aimed at obtaining a 15% sample of the total number of rental units. This effort was scaled down to achieve a 10% sample because of the low response rate during the early stages of the survey. The standard deviation and standard error of the sample were calculated to monitor the variability and sufficiency of the sample.

Sampling units (complexes) were selected randomly from each subarea by numbering the individual complexes on the assessors' lists for the subarea and then picking numbers from a random number table. To prevent the possibility that a very few complexes would satisfy the 10% sample because they contained unusually large numbers of units, a minimum number of complexes to be sampled was established for each subarea. This number was determined by calculating the average number of units per complex in that particular subarea and multiplying by the number of required rental units. When the approximate response rate became evident, the number of complexes selected was adjusted upward accordingly.

Sampling was done by mail questionnaire. An example of the questionnaire appears in Appendix A. Questionnaires were sent to the owner or manager of the rental property at the address noted on assessors' lists. Whenever surveys were returned by the post office due to an incorrect or outdated address, the owner's address was sought in the most recent phone book and the survey was mailed again. If there was no current address available or if the second mailing was undeliverable, the complex was eliminated from the sample.

Parameters

Parameters to be estimated through sampling were vacancy rates and the costs of rental housing as reflected by median and average rents. These were calculated for each subarea and for the Region as a whole, and for the suburban component of the Region, represented by subareas 1-4. Calculations were made for each size rental unit within a subarea no matter how many units or complexes comprised the sample, but were summarized for the Region and for the suburban portion only when two or more component subareas had units from at least two complexes in each size unit.

- *Vacancy rate* was calculated as the number of vacant units over the total number of units. If a building was undergoing renovation, so that it was not ready for occupancy, it was not considered "vacant" but was eliminated from the sample. Vacancy rates were calculated for each bedroom size as well as for the overall sample.

- *Median rent* is defined as the rent level (= the rent payment per month per unit) above which half the rent levels lie and below which half the rent levels lie. The median is useful as an indicator of the middle cost within the range of rents. The method used for calculating median rent is shown in Appendix B.

Three categories of median rent were calculated. The first was contract rent, which is the price a tenant pays the landlord per month, and may or may not include utilities. Median contract rent is comparable to U.S. Census data for median contract rent. The second calculation of median rent was for rents adjusted to a base level that eliminated all utility payments. In this way, relative housing costs for different size rental units would be more readily apparent. Rents were adjusted by subtracting the owner's estimated costs for utilities from the contract rent, or, when no owner estimates were given, by subtracting average costs for the type of utility service paid for, based on best estimates of the appropriate utility company. The third category of median rent was calculated for rents adjusted upward to include utility payments. These figures reflect total monthly housing costs for residents in the Capitol Region. For both adjusted rent calculations, heat, hot water, and electricity were the major utilities adjusted for, as specified on the schedule of adjustments presented in Appendix C. No adjustments were made for the supply of cold water.

- *Average rent* was calculated as a weighted average by multiplying the number of units at a particular rent level by that level (=cost per month), summing the results, and dividing by the total number of units. This figure provides an indication of how the rent levels are distributed around the middle rent, showing, for example, whether many of the rents are located at the high end or the low end of the cost range. Average rent was calculated for contract rent only.

No other parameters were estimated, although some further indications of the availability and cost of rental housing were obtained through the survey questions.

Data Handling

Data was entered into a database using Microsoft Excel software. Standard deviation of the contract and adjusted rent was calculated using a database function. Vacancy rate, average rent, standard error, and all median estimations were calculated using formulas entered manually.

For consistency, a number of rules concerning data handling were established.

1. In the few cases where a survey was returned with a range of rents noted rather than an outline of the specific number of units at a specific rent level, half the units were considered to be rented at the low end of the range and half the units were considered to be rented at the high end.
2. If crucial information concerning the number of units or the rent level was confusing or incomprehensible, the survey was discarded from the sample.
3. When nothing was written in the column labelled "# Vacant", it was assumed that there were no vacancies.
4. When the total number of units in the complex disagreed with the sum of the number of units entered under the outline of rental costs, the number of units under the rental cost outline took precedence; the total number of units was adjusted accordingly.
5. Subsidized units were included in the estimations of median rent in order to remain consistent with U.S. Census data. When a complex was subsidized under the HUD Section 8

program, however, where rent costs vary with the income of the tenant, rents were unavailable and the survey was eliminated from the sample.

6. When a complex offered a free or subsidized apartment unit to a superintendant, this unit was deleted from the total number of rental units and from subsequent estimations.

7. Rent levels for vacant apartments were included in the calculations of median and average rents. When no rent level was given for vacant apartments, it was assumed that the cost was comparable to the other units of the same size.

8. When usable returned surveys for a subarea resulted in a sample exceeding the 10% goal, the entire sample was used. This tended to improve the precision of the estimates for the subarea without causing any significant bias in the results for the Region. This was considered advantageous to the survey, particularly when the 10% subarea sample was small.

RESULTS

Response Rate and Sample Size

Seven hundred eighty nine (789) questionnaires were sent out between 11/18/87 and 1/20/88. Forty nine (49) were undeliverable due to address changes or incomplete address information. One hundred seventy five (175) were returned by 2/25/88, the date of the final calculations, resulting in a response rate of 22%. Eleven (11) surveys were unusable because the content was confusing or because the use of the property was no longer rental housing.

The total usable sample of 164 surveys, representing 164 complexes, provided information about 5802 rental units, or 12.3% of Regional rental units on assessors' lists. Number of units per complex ranged from 2 to 400. The sample resulted in a survey of 333 efficiency units, 3002 one-bedroom units, 2233 two-bedroom units, 196 three-bedroom units, 28 four-bedroom units, 8 five-bedroom units, and 2 units of undetermined size. One and two-bedroom units occurred in all subareas, but other sizes were not well represented in each. Efficiency units occurred in three subareas, three-bedroom units in four subareas, four-bedroom units in only two subareas, and five-bedroom units in the Hartford subarea alone. Assuming that the survey sampled different size units with no bias, this distribution of unit sizes indicates the relative abundance of these sizes in the rental stock.

Table 1 summarizes the sample sizes and sampling proportions for each subarea and for the Region. As indicated, when a sample greater than 10% was returned and usable, all data were used in calculations. The unusually large sample for Subarea 2 was due to the random selection of two very big complexes. Removing either complex from the sample would have violated the requirement to include a certain number of complexes per subarea, as specified in the discussion of sampling design.

TABLE 1. Summary of sample sizes and sampling proportions for subareas and the overall Capitol Region.

<u>Subarea</u>	<u>No. Surveys Sent</u>	<u>No. Usable Surveys</u>	<u>Units on Assessor's List</u>	<u>Rental Units in Sample</u>	<u>% Sample</u>
1	89	23	11,000	1,047	9.5
2	31	13	3,900	1,292	33.1
3	47	13	5,445	635	11.7
4	15	5	1,716	248	14.4
5	607	110	24,943	2,580	10.3
Region	789	164	47,004	5,802	12.3

Table 2 shows the sample sizes obtained for various rental unit sizes within each subarea and the totals for the Region.

TABLE 2. Summary of sample sizes for various rental unit sizes within subareas and totals for the Region.

<u>Subarea</u>	<u>Total Units</u>	<u>Efficiency Units</u>	<u>1-BR Units</u>	<u>2-BR Units</u>	<u>3-BR Units</u>	<u>4-BR Units</u>	<u>5-BR Units</u>
1	1047	50	701	285	11	0	0
2	1292	0	470	798	24	0	0
3	635	0	156	413	56	10	0
4	248	0	120	128	0	0	0
5	2580	283	1555	609	105	18	8
Region	5802	333	3002	2233	196	28	8

Vacancy Rates and Rental Housing Costs

This section contains the discussion and tables that summarize the results of the survey of vacancy rates and rental housing costs in the Capitol Region. The following key applies to all tables in this section. Please remember that calculations were made for each size rental unit within a subarea no matter how many units or complexes comprised the sample, but were summarized for the Region and for the suburban portion only when two or more component subareas had units from at least two complexes.

KEY

Subareas As Defined For Stratified Sampling

<u>Subarea 1</u>	<u>Subarea 2</u>	<u>Subarea 3</u>	<u>Subarea 4</u>	<u>Subarea 5</u>
East Hartford	Andover	Bloomfield	Avon	Hartford
East Windsor	Bolton	Canton	Glastonbury	
Ellington	Hebron	East Granby	Granby	
Enfield	Newington	Farmington	Marlborough	
Manchester	Rocky Hill	Suffield	Simsbury	
Vernon	Somers	West Hartford	South Windsor	
Windsor Locks	Tolland	Windsor		
	Wethersfield			

"Region" designates that parameters were estimated for all subareas combined.

"Suburban" designates that parameters were estimated for Subareas 1 through 4.

Unit Sizes Shown In Tables

- EFF= efficiency units
- 1-BR= one-bedroom units
- 2-BR=two-bedroom units
- 3-BR=three-bedroom units
- 4-BR=four-bedroom units
- 5-BR=five-bedroom units

Vacancy Rates. The results of vacancy rate calculations are summarized in Table 3. The overall vacancy rate for the Region was .030. The rate varied among different sizes of rental units, from .000 for five- bedroom units to .048 for efficiency units. Discounting five-bedroom units, which numbered only eight (8), two-bedroom units had the lowest vacancy rate in the Region (.016) and in all but one subarea. These rates were well below the rates for other bedroom sizes.

Typically, desirable vacancy rates for a healthy housing market are approximately 2.5% (= .025) for owner housing and 5% (= .05) for rental housing. On a regional basis, vacancy rates for all size units as estimated by this survey are below the acceptable levels needed to permit adequate mobility in the housing market.

TABLE 3. Vacancy Rate.

Vacancy rate was calculated as the number of vacant units over the total number of units for each pertinent data set.

Subarea	All Units	EFF	1-BR	2-BR	3-BR	4-BR	5-BR
1	.038	.000	.049	.021	.000		
2	.014		.023	.009	.000*		
3	.019		.013	.017	.054**	.000*	
4	.028		.050	.008			
5	.038	.057	.042	.025	.010	.056	.000**
Region	.030	.048	.040	.016	.020		
Suburban	.024		.037	.013	.033		

*all units in subarea from one complex **all units in subarea from two complexes

Rental Housing Costs. The results of rent level estimations are shown in Tables 4, 5, 6, and 7. Contract rent ranged from \$152 to \$1600 per month. The overall median contract rent, representing all unit sizes and all subareas, was \$500.30. This rent level represents an increase of 134% over the median contract rent for the Region in 1980 (\$213). Regionally, median contract rent ranged from \$325.16 for efficiency units to \$629.88 for two-bedroom units. Above the two-bedroom size, there was a decline of median contract rents, so that five-bedroom units appeared comparable in price to one-bedroom units. This may be a reflection of insufficient data rather than of true conditions, since there was a limited sample of rental units at the larger sizes. The subarea with the best sample, Hartford (Subarea 5), showed rents increasing to the three-bedroom size, after which they declined.

The most common utilities included in contract rent were heat and hot water, occurring in 4190 units, or 72% of the total sample. Adjustments for utilities were most commonly between \$30 and \$95; the highest adjustment was \$112. Rents adjusted to exclude utilities ranged from \$152 to \$1520 per month. Median estimations of these adjusted rents ranged from \$293.21 for efficiency units to \$578.77 for two-bedroom units regionwide. Rents adjusted to include utilities, comparable to total housing costs, ranged from \$173 to \$1645. The median estimations of these adjusted housing costs in the Region ranged from \$353.33 to \$673.10, again represented by efficiency units and two-bedroom units, respectively.

As indicated in Results Tables 4, 5, 6, and 7, rent levels in the combined suburban portion of the region (Subareas 1-4) were substantially higher than in Hartford itself (Subarea 5). Overall regional estimates, as a result, were located somewhere between these two figures. Appendix D shows the number of rental units occurring in fifty-dollar rent ranges for each unit size and for all unit sizes combined, by subarea.

TABLE 4. Median Contract Rent (\$ per unit per month)

Median rent is the rent level (= the rent payment per month per unit) above which half the rent levels lie and below which half the rent levels lie. Median contract rent as estimated is comparable to U.S. Census data for median contract rent. This cost reflects how much a tenant pays the landlord per month, and may or may not include utilities.

Subarea	All Units	EFF	1-BR	2-BR	3-BR	4-BR	5-BR
1	525.65	436.48	523.28	608.75	395.88		
2	671.03		620.66	712.06	460.00*		
3	675.73		594.38	678.85	1241.80**	1600.00*	
4	598.75		570.13	658.70			
5	389.72	318.75	390.34	408.05	513.71	462.50	480.50**
Region	500.30	325.16	472.36	629.88	592.50		
Suburban	612.69		545.21	671.08	1142.93		

*all units in subarea from one complex **all units in subarea from two complexes

TABLE 5. Median Adjusted Rent (\$ per unit per month): Rent without Utilities
 The median for adjusted rent is the adjusted rent level (= the rent payment without utilities per month per unit) above which half the adjusted rent levels lie and below which half the adjusted rent levels lie. These adjusted rent data standardize the contract rent to a base level that eliminates all utility payments.

Subarea	All Units	EFF	1-BR	2-BR	3-BR	4-BR	5-BR
1	487.03	407.23	486.73	563.46	350.06		
2	642.01		589.95	675.56	405.00*		
3	634.36		554.38	636.31	1168.80**	1520.00*	
4	564.00		471.18	628.75			
5	345.26	283.33	345.03	374.93	456.00	427.50	448.00**
Region	455.22	293.21	436.09	578.77	513.50		
Suburban	565.17		506.64	629.58	1074.30		

*all units in subarea from one complex **all units in subarea from two complexes

TABLE 6. Median Housing Cost (\$ per unit per month): Rent with Utilities
 The median for housing costs is the cost (= the rent payment plus utility costs per month per unit) above which half the costs lie and below which half the costs lie. These median rent data standardize all contract rents to include the costs of utilities.

Subarea	All Units	EFF	1-BR	2-BR	3-BR	4-BR	5-BR
1	559.79	461.48	561.27	650.94	446.19		
2	712.18		650.61	750.80	500.00*		
3	722.44		626.38	725.22	1281.80**	1645.00*	
4	676.50		607.00	722.63			
5	426.09	350.71	422.87	462.88	550.50	511.50	553.00**
Region	543.32	353.33	507.28	673.10	623.80		
Suburban	653.26		599.93	713.03	1182.93		

*all units in subarea from one complex **all units in subarea from two complexes

TABLE 7. Average Contract Rent (\$ per month)
 Average contract rent was calculated as a weighted average by multiplying the number of units at a particular contract rent level by that level (=cost per month), summing the results, and dividing by the total number of units in the data set.

Subarea	All Units	EFF	1-BR	2-BR	3-BR	4-BR	5-BR
1	511.77	438.28	494.14	571.58	419.09		
2	649.33		609.43	678.53	460.00*		
3	747.87		577.51	711.37	1339.46**	1600.00*	
4	608.47		564.17	650.00			
5	399.70	307.97	401.84	409.95	535.34	471.11	486.88**
Region	522.54	327.54	471.51	596.07	749.34		
Suburban	620.91		546.38	665.87	996.26		

*all units in subarea from one complex **all units in subarea from two complexes

CONCLUSION

As outlined in the "Assessment of Housing Needs in the Capitol Region" (CRCOG 1987), a certain number of vacancies are necessary for a healthy housing market. A vacancy rate of 5% is the minimum desired rate to allow for adequate mobility in the rental market. The results of this survey show that, at the regional level, vacancy rates are deficient. Within subarea 5 (Hartford), vacancy rates were sufficient for efficiency units and for four-bedroom units. In three subareas, vacancy

rates for one-bedroom units met or approached the 5% minimum. In general, however, low vacancy rates are assumed to reflect a shortage of rental choices.

The scarcity of the larger-sized rental units in the sample may also reflect a shortage of rental choices, but not necessarily. As described, the survey was unable to reach multi-family houses, where larger-sized units might be expected. The survey results certainly point to a possible concern, however, in that if the larger-sized units are truly unavailable, large families that rent may be forced to live in overcrowded conditions due to a lack of appropriately-sized units.

Of the total complexes, fifty-five (55), or 33.5%, maintained waiting lists. These complexes represented 1070 units, or 18% of all units. The occurrence of waiting lists, however, was not an extremely sensitive gauge of the shortage of rental units. Many owners did not keep waiting lists because turnover was so low or because they were able to fill any vacancies with little effort. Occasionally, owners commented that they had a constant percent of vacant units or that they were having trouble filling their units, but these were very rare exceptions.

It is useful to examine median contract rent in light of changes that have occurred in housing costs and income levels during the recent past. The median contract rent estimated by this survey is compared to the 1980 U.S. Census figure for median contract rent in Table 8.

TABLE 8. Median contract rent in the Capitol Region, 1980 (U.S. Census) and 1987 (CRCOG survey).

<u>1980</u>	<u>1987</u>	<u>Net Increase</u>
\$213	\$500	134.7%

Table 8 indicates that rent levels in the Capitol Region rose an estimated 135% between 1980 and 1987. Over this same time period, median household income in the Hartford Primary Metropolitan Statistical Area increased an estimated 63%. Since 1980, increases in rent levels have far outpaced increases in median income.

The results of this survey also indicate that rental housing costs have increased at an accelerated rate since 1980. The U.S. Census shows that during the previous decade of 1970 to 1980, median contract rent increased by 78%, a rate considerably lower than the 135% increase estimated between 1980 and 1987.

The ability of the regional population to afford increases in rental housing costs is reflected by the measure of affordability. An affordable rent is defined to be up to 30% of income. Based on the 1987 median household income of \$38,800 for the Hartford Primary Metropolitan Statistical Area, the maximum affordable rent for households with the median income is \$970, for households with low incomes (up to 80% of median income) is \$776, and for households with very low incomes (up to 50% of median income) is \$485. These figures show that the median contract rent in the Region (\$500.30) is not affordable to households with very low incomes nor to some portion of low income households. Furthermore, since the median contract rent tends to reflect the cost of rental units in the one-to two-bedroom sizes, affordability may severely limit larger households from obtaining the larger-sized units more appropriate for their needs.

REFERENCES

- Capitol Region Council of Governments. 1988. Assessment of housing needs in the Capitol Region. CRCOG, Hartford, CT.
- Moser, C.A., and G. Kalton. 1972. Survey methods in social investigation. Basic Books, Inc., Publ. New York, N.Y. 549 pp.
- Zar, Jerrold H. 1974. Biostatistical analysis. Prentice-Hall, Inc., Englewood Cliffs, N.J.

APPENDIX A. COPY OF SURVEY QUESTIONNAIRE Page one

Stratum _____ Random# _____ Town _____
 Apt. Address _____
 Apt. Name _____
 Owner Name & Address _____
 or survey sent to: _____

Would you like a copy of the survey results? ___ Yes ___ No

SURVEY QUESTIONS

1. How many units are there (total)? _____

2. What type of building or structure are they in? (Check one or specify what other type .)

- ___ Apt. Building
- ___ Townhouse
- ___ House
- ___ Other _____

3. How many buildings or structures are there (total)? _____

4. Below, please indicate how many units are at each specific rent level, and how many are vacant. **Please do not enter a range of values.** For instance, if 5 of the 1BR apartments are \$500 and 15 of the 1BR apartments are \$525, please separate them out (on the different lines provided under "# units"). Only one vacancy figure is needed for each size unit, however.

<u>Efflc.</u>	<u># Units</u>	<u>Rent (\$/month)</u>	<u># Vacant</u>
	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
1 BR	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
2 BR	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
3 BR	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
Other	_____	_____	_____
	_____	_____	_____
	_____	_____	_____

APPENDIX A. COPY OF SURVEY QUESTIONNAIRE Page two

Page 2. Stratum _____ Random# _____ Town _____

5. Do the above rent levels include any utilities? (Check one.) Yes No

a. If yes, which are included ? (Check them off and/or specify other.)

- Heat
- Hot Water
- Electricity
- Gas
- Other _____

b. Heat/Hot water is generated by: Electricity Gas Oil

c. Apartments are serviced by: Electricity Gas Both

d. Can you estimate your contribution of the utility costs for these units?

Cost/month/unit _____
Other estimate(Please specify) _____
No estimate _____

6. Do you have a waiting list? Yes No

- a. How long (#people)? _____
- b. For which size units? _____
- c. Which size units are in greater demand? _____

7. Does the apt. complex have any recreational facilities? Yes No

- a. Identify which.
- Pool _____
 - Tennis Courts _____
 - Playground _____
 - Health Club _____
 - Other(Please specify) _____

b. Is there an additional charge for using these facilities? Yes No

8. Comments or clarification of information presented _____

END OF SURVEY....THANK YOU!

APPENDIX B. CALCULATION OF MEDIAN RENT.

1. The contract or adjusted rent was sorted in ascending order.
2. The cumulative frequency of rental units was calculated at each successive rent level.
Cumulative frequency = the number of rental units at the rent level in question plus the number of units at rent levels below the level in question.
3. The middle observation was calculated by the total number of observations (units) in the particular data set divided by two.
4. The middle observation was considered to be where the median observation fell. However, because the median always fell within a rent level that had multiple observations, it was not possible to use that rent level as the median, since either more or fewer than half the observations always fell either below or above the particular rent level. The following formula was thus applied to the data set.

The median rent =

$$\left(\frac{\text{Rent 2} - \text{Rent 1}}{2} + \text{Rent 1} \right) + \left[\frac{(N/2) - \text{cumfr}}{\text{frequency}} \times \left(\frac{\text{Rent 3} - \text{Rent 2}}{2} + \frac{\text{Rent 2} - \text{Rent 1}}{2} \right) \right]$$

where: Rent 1 = the rent level below the level in which the middle observation falls
Rent 2 = the rent level within which the middle observation falls
Rent 3 = the rent level above which the middle observation falls
cumfr = the cumulative frequency of units up to (not including) Rent 2
frequency = the number of observations (units) at Rent 2
N = the total number of units in the data set

and rents are in terms of \$ cost per month.

APPENDIX C. ADJUSTMENT FOR UTILITY COSTS

For calculations of rents adjusted to exclude utilities, major utility costs (per unit per month) were subtracted from contract rent when the survey specified that such utilities were paid for by the owner. If an owner gave his/her own estimate of cost, that estimate was used as the adjustment. If no estimate was given, the following schedule was used to make the adjustment. For calculations of rents adjusted to include utilities, this schedule was used to add utilities to contract rents which did not already have utilities paid for. Costs for gas and electric utilities were based on estimates provided by utility companies (gas: Connecticut Natural Gas Corporation; electric: Northeast Utilities). Costs for oil were inferred from a set of surveys indicating well-documented costs of oil utility services.

Type of Service	<u>Utility Cost Per Unit Per Month (\$) ¹</u>			
	<u>Heat Only</u>	<u>Hot Water Only</u>	<u>Heat & HW</u>	<u>Electric Only</u>
Gas	37.00	18.00	55.00	
Oil	30.00	10.00	Eff-35.00 1BR-40.00 2BR-50.00 3BR-55.00	
Electric	37.00	1BR-24.00 2BR-30.00 3BR-35.00 4BR-40.00	Eff-50.00 1BR-61.00 2BR-67.00 3BR-72.00 4BR-77.00	Eff-25.00 1BR-32.00 2BR-38.00 3BR-40.00 4BR-45.00 5BR-50.00
Electric/Gas			same as for electric service	
Gas/Oil			Eff-40.00 1BR-45.00 2BR-52.00 3BR-57.00	

Key to Unit Size
 Eff=efficiency units
 1-BR=one-bedroom units
 2-BR=two-bedroom units
 3-BR=three-bedroom units
 4-BR=four-bedroom units
 5-BR=five-bedroom units

¹Where no size designations are indicated, estimate is based on a unit size of 1000 square feet, assumed comparable to a 2-bedroom unit.

APPENDIX D Page 1. Number of units within each contract rent range by unit size and subarea.

	PRICE RANGES OF CONTRACT RENT											TOTAL			
	\$150-\$199	\$200-\$249	\$250-\$299	\$300-\$349	\$350-\$399	\$400-\$449	\$450-\$499	\$500-\$549	\$550-\$599	\$600-\$649	\$650-\$699		\$700-\$749	\$750-\$799	\$800-\$849
EFF															
Subarea 1				13	5										50
Subarea 2															0
Subarea 3															0
Subarea 4															0
Subarea 5	2	16	104	102	55	4									283
Region	2	16	104	115	60	4	32								333
Suburban				13	5		32								50
1-BR															
Subarea 1			2	30	27	80	114	273	175						701
Subarea 2				16		4	38	58	105	81		168			470
Subarea 3					1	17	6	24	34	44		30			156
Subarea 4								40	76		4				120
Subarea 5	2	47	140	275	410	316	228	34		42				60	1554
Region	2	47	142	321	438	417	387	429	390	167	4	198		60	3002
Suburban			2	46	28	101	158	395	390	125	4	198			1447
2-BR															
Subarea 1				14	30		8	26	57	92					285
Subarea 2					74	24		1	18	158	103	76	209	135	798
Subarea 3					12				18	18	200	105		60	413
Subarea 4									20	8	98	2			128
Subarea 5	1	23	23	93	124	187	57	41	38	22					609
Region	1	23	23	107	240	211	65	68	151	298	459	183	209	135	60 2233
Suburban				14	116	24	8	27	113	276	459	183	209	135	60 1624
3-BR															
Subarea 1				4		4		2				1			11
Subarea 2								24							24
Subarea 3														6	50
Subarea 4															56
Subarea 5				3	14	16		3	26	1	10	29			0
Region				7	14	20	29	26	1	10	29	2		6	52 105
Suburban				4		4	4	26				1		6	50 91

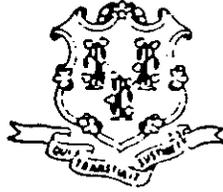
APPENDIX D Page 2. Number of units within each contract rent range by unit size and subarea.

	PRICE RANGES OF CONTRACT RENT											TOTAL UNITS			
	\$150-\$200	\$200-\$250	\$250-\$300	\$300-\$350	\$350-\$400	\$400-\$450	\$450-\$500	\$500-\$550	\$550-\$600	\$600-\$650	\$650-\$700		\$700-\$750	\$750-\$800	\$800-\$850
4-BR	199	249	299	349	399	449	499	549	599	649	699	749	799	849	
Subarea 1															
Subarea 2															0
Subarea 3															0
Subarea 4														10	10
Subarea 5															0
Region					2	5	3	8							18
Suburban					2	5	3	8							10
															10
5-BR															
Subarea 1															
Subarea 2															0
Subarea 3															0
Subarea 4															0
Subarea 5															0
Region					1	2	1	2	2						8
Suburban					1	2	1	2	2						8
															0
ALL SIZES															
Subarea 1			2	61	62	84	156	299	232	92	58	1			1047
Subarea 2				16	74	28	62	59	123	239	103	244	209	135	1292
Subarea 3					13	17	6	24	52	62	200	135	6	120	635
Subarea 4								40	96	8	102	2			248
Subarea 5	5	86	268	473	606	530	293	111	41	74	29	2		60	2580
Region	5	86	270	550	755	659	517	533	544	475	492	384	209	201	122
Suburban			2	77	149	129	224	422	503	401	463	382	209	141	120
															3222

STATE OF CONNECTICUT
BLUE RIBBON COMMISSION ON HOUSING
REPORT AND RECOMMENDATIONS
TO THE
GOVERNOR
AND
GENERAL ASSEMBLY
MARCH 1, 1988

Commissioner John F. Papandrea
Arthur T. Anderson
Co-Chairmen

William J. McDonough
Executive Director



Blue Ribbon Commission
On Housing
State Capitol — Room 415
Hartford, Connecticut 06106

Co-Chairmen
Commissioner John F. Papandrea
Arthur T. Anderson

Executive Director
William J. McDonough
203-240-8878

March 1, 1988

The Honorable William A. O'Neill, Governor
Representative Irving Stolberg, Speaker of the House of
Representatives
Senator John Larson, President Pro Tempore
Representative Robert Jaekle, Minority Leader
Senator Reginald J. Smith, Minority Leader
State of Connecticut
State Capitol

Dear Governor O'Neill, Speaker Stolberg, Senator Larson,
Representative Jaekle, and Senator Smith:

The Blue Ribbon Commission on Housing is pleased to present its
report and recommendations.

We believe that the state's crisis of affordable housing is
severe, that it is felt in every geographic region in the state
and that it affects large numbers of families and individuals in
nearly every income group particularly those who are below the
poverty line. Unless the crisis is addressed with the
responsible commitment of resources and willpower from state,
federal and local governments as well as from the private
sector, the negative impact, particularly on low and moderate
income households, will worsen. The welfare of our citizens and
the economic vitality of our state is at risk.

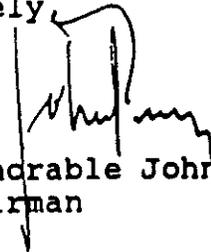
We believe that there is a willingness on the part of all of the
sectors involved in the delivery of affordable housing to
acknowledge the severity of the problem and to work
cooperatively toward its resolution. The executive and
legislative branches of state government have already clearly
indicated their commitment. Still, even greater resources, both
financial and political, will be required in the future.

Governor O'Neill
Speaker Stolberg
Senator Larson
Representative Jaekle
Senator Smith
page 2

As you know, we have met frequently to assess the affordable housing needs of the state and to develop a comprehensive housing plan which would guide the state in its efforts to combat the housing crisis over the next decade. We are confident that our recommendations represent the right direction for the state to move. We would like to see our recommendations implemented.

The Commission is aware that, because of time constraints, it has not had the opportunity to fully explore all aspects of the housing crisis nor to delineate the full range of potential recommendations. Some of the problems are enormously complex and deserve further consideration. Similarly, some of the potential solutions have broad-ranging implications which require further study. We understand that legislative action on some of our recommendations may not be possible during the current session of the legislature. Therefore, we believe that the Commission should be extended through February 1, 1989, to allow for continued study and refinement of our recommendations. The Commission is prepared and anxious to continue its deliberations until a comprehensive housing plan for the state has emerged.

Sincerely,



The Honorable John F. Papandrea
Co-Chairman



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Enclosure

BLUE RIBBON COMMISSION ON HOUSING

REPORT AND RECOMMENDATIONS

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EXECUTIVE SUMMARY OF RESOLUTIONS

1. Establish the Connecticut Housing Partnership between municipalities and the state to cooperatively develop ways to create affordable housing. Provide financial and other incentives to municipalities.
2. Authorize implementation of Private Rental Investment Mortgage and Equity, PRIME, program to facilitate development of affordable housing within larger mixed income developments.
3. Implement state-as-developer pilot program.
4. Provide broad package of financial and technical assistance supports for non-profit housing development corporations.
5. Improve and expand existing state Rental Assistance Program.
6. Expand use of state tax credits to leverage private sector financial commitments to affordable housing development.
7. Increase responsibilities and authority of State Building Official to ensure the uniform interpretation of state building codes by local building officials.
8. Target state programs and develop local incentives to encourage and support the preservation of existing housing.
9. Conduct inventory of all excess federal, state and municipal lands that could be used for affordable housing.
10. Require housing authorities to report annually to local government and to send copy of reports to state Department of Housing.
11. Authorize local planning and zoning commissions to adopt inclusionary zoning programs. Not a mandate.
12. Prohibit the adoption of minimum floor area requirements for residential dwellings as part of local zoning regulations.
13. Require municipalities to treat manufactured homes the same as other forms of housing in both zoning and subdivision regulations.
14. Require each municipality exercising zoning, planning, or land use ordinance powers to zone a reasonable amount of its land...to permit multi-family housing without age-based restrictions.

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15. Request development of specific maximum land areas that can be specified as minimum lot size under normal conditions.
16. Amend C.G.S. 8.2 (zoning enabling statutes) to establish a standard of affordable housing in a municipality.
17. Require that part (25%-35%) of any state grant of monetary assistance, for the acquisition of land for open space be used by the recipient municipality to purchase land for affordable housing.
18. Establish a state housing appeals board through which local land use decisions can be appealed.
19. Review and propose revisions in all housing related (except CHFA) statutes and regulations.
20. Review state building codes to eliminate items which increase costs but do not necessarily improve general welfare and safety of the public.
21. Prevent the sunseting of mortgage revenue bonds proposed by federal government.
22. Prevent the sunseting of Section 8 Existing subsidies as proposed by the federal government.
23. Work with federal government and owners to develop a strategy to deal with potential prepayment of mortgages of certain federally subsidized housing projects.
24. Integrate the housing needs of persons with disabilities with the housing needs of the general population.
25. Extend, until February 1, 1989, and expand the Blue Ribbon Commission on Housing.
26. Endorse continued study of a broad range of housing issues during that extension period.

I. INTRODUCTION

The Blue Ribbon Commission on Housing is made up of thirty-two members, eight appointed by the governor, twelve appointed by leadership of the house of representatives and twelve appointed by leadership of the senate. The Commission has seven ex-officio members. Its charge is to "report to the general assembly and governor its findings and recommendations on or before March 1, 1988." Commission members were appointed during late summer and early fall. An organizational meeting was held in late October. In the subsequent four months, the Commission and its various Subcommittees met frequently to review the needs of the citizens of the state for affordable housing, to discuss a wide range of concerns and to evaluate and recommend potential solutions.

While surveying the state's housing needs and attempting to develop a strategy to address those needs, Connecticut's Blue Ribbon Commission on Housing has witnessed the evolution of a shared consistent network of ideas. This "philosophy" is relatively simple despite the enormous complexity and subtlety of many of the issues involved. It has, indirectly at least, guided our deliberations and informed our recommendations. The principal elements of the philosophy are the following:

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- * The state's commitment to solving the housing crisis must be a long term commitment.
- * There is no single solution to the housing crisis, just as there is no single identifiable culprit.
- * The current affordable housing crisis is partially the result of Connecticut's economic prosperity.
- * The state's financial resources alone cannot solve the problem; structural and regulatory changes are required as well.
- * The solution to the housing problem will require the responsible participation of federal, state and local governments, in partnership with the private sector, with each group making available the resources which it controls.
- * The state's lead agency for the production of housing, the Department of Housing, DOH, must be given considerable flexibility in the administration of state housing development funds, and freed from existing counter-productive statutory and regulatory constraints.
- * While the housing crisis affects households in nearly every income group, those below the poverty line are most critically in need of the focused attention of the state and municipal governments.
- * The state must recognize the importance of integrating the housing needs of persons with disabilities with the housing needs of the general population.
- * The state must utilize existing mechanisms or develop new ones through which it can acquire permanent equity interests in affordable housing developments which it subsidizes or finances.
- * The creation of new affordable rental units within mixed-income developments is an essential component of the proposed housing strategy.

- * The state's 169 municipalities should be encouraged to continue or to begin to forge locally appropriate solutions to regional housing problems.
- * Positive inducements may not be sufficient to encourage the participation of all municipalities in joining together to solve the housing crisis.
- * It is critical that the legislature take immediate action on these recommendations if the intended effects are to be achieved.

This report provides a summary of the scope of the affordable housing crisis. (Housing is broadly defined as "affordable" if rental or mortgage payments do not consume more than 30% of a household's gross income.) The report includes a brief review of the findings of the Central Housing Committee's analysis of the fifteen Housing Needs Assessments conducted by the state's Regional Planning Agencies. The report notes the complex of factors perceived by the Commission to have played a role in creating the affordable housing crisis.

Finally, the report highlights the recommendations of the Commission. These recommendations suggest legislative and executive action in a wide range of areas. Some of these recommendations need immediate action if their positive impact is to come to bear on the housing crisis in the short term. In other areas, the Commission has expressed its belief that a given action is critical to the resolution the housing crisis, but that the recommendation or area of inquiry needs further study and refinement before action should be taken. Because some of the recommendations have broad and complex implications which require further study, the Commission proposes an extension of the Commission until February 1, 1989.

II. SURVEY OF NEEDS

The needs are enormous. While incomes grow, reflecting the state's relative economic prosperity, sale prices of houses grow faster; rental rates grow faster still; and land costs skyrocket. The housing crisis has new "victims": moderate income and middle income households find they must "defer" the dream of homeownership; corporations find personnel recruitment increasingly difficult because of housing related costs. Some corporations "defer" the dream of expansion. Some begin to dream of Iowa or Utah. For low income households and individuals, the "traditional" victims of housing crises, this

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decade's housing problems are variations on an old theme. For them, the percentage of household income required for decent rental housing continues to grow. For them, the dream of homeownership has long ago receded; the nightmare of homelessness intrudes.

This need has been perceptively characterized in the Central Housing Committee's review of the Housing Needs Assessments that were prepared by Connecticut's 15 Regional Councils of Government. After noting that "it would appear that over 15% of the households in Connecticut are in need of adequate housing," the Central Housing Committee wrote:

It is clear that the housing needs for low, moderate and middle income families in all regions are great. The steep rise in land costs and the costs associated with construction have been a major factor everywhere. There are, of course, variations in conditions and emphases from region to region, such as: large concentrations of university students and the homeless, the increase in second homeownership, the need for housing for wage earners who commute long distances, increased employment, excessive protective zoning regulations, inadequate infrastructure and the general stigma that surrounds low/moderate income housing. In order for Connecticut to continue with a balanced economic growth, it is essential that the State legislative body address the specific housing needs of the regions and localities. Assistance will be needed so municipalities can adequately house their municipal employees, teachers, service personnel as well as their children and elderly families who cannot find affordable housing within the community.

The causes are various and complex: (a) The federal government has during this decade enormously reduced its financial commitment to housing. Changes in federal tax laws have eliminated many of the incentives to investors to develop rental housing. Proposed changes including the sunseting of the mortgage revenue bond program, the Section 8 Existing rental subsidy program and the uncertainty regarding prepayment of Section 236 mortgages jeopardize housing opportunities for renters and potential owners. (b) State financial resources, which have increased substantially in the past few years, are, nonetheless, not an adequate substitute for the federal government's resources. In addition, funds authorized by the state for housing development and rental assistance are subject to statutory and regulatory constraints that hinder their prompt, efficient and flexible utilization. (c) Municipalities, in part because of their different levels of relative affluence, develop different perceptions of need, differing attitudes

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toward regional solutions, and provide enormously different incentives and/or disincentives to the development of affordable housing.

Still, there are other factors. Corporations bring relative prosperity and new employees, but not a comprehensive housing plan for the employees or the communities they affect. Prosperity creates demand and demand drives prices up. Builders target the higher end of the market until it's saturated. Those whose dream of home ownership was not deferred, but realized, now dream of a "quick kill" in the speculative housing market. Land values rise and land speculation increases. Not unreasonable programs for land conservation emerge as local initiatives and as state policy. Land prices rise further, ensuring that less affordable housing can be developed. The combination of all these factors, diminished federal financial resources, flawed program design, diverse municipal perceptions of housing need, unmanaged growth, and greed have conspired to create a housing crisis.

III. RECOMMENDATIONS

The deliberations of the Commission were carried out in four Subcommittees, and each of the Subcommittee's report is attached in the Appendix to this report. It is important to understand

that the introduction to the recommendations which follows is merely a summary and not a substitution for the actual recommendations. The Subcommittees' reports contain a much more detailed analysis of the Subcommittees' thinking about the issues and present a more full set of rationales and explanations for the recommendations.

The four operating Subcommittees addressed the following issues: Administration and Process, Codes and Preservation, Land-Use and Zoning, and Finance and Programs. The Subcommittees' ranges of interests were broad and occasionally overlapped. Each recommendation of a Subcommittee was reviewed separately and approved by a vote of the entire Commission. The Blue Ribbon Commission on Housing made twenty-five (25) recommendations in all. These included recommendations relating to:

- (A) new state programs,
- (B) improvements to existing state programs,
- (C) land use and zoning regulations,
- (D) review and revisions of statutes, regulations and codes,
- (E) memorializing position statements,
- (F) modifications to Public Act 87-550, the Act establishing the Commission, and
- (G) suggestions for extended study and deliberation.

The Commission's recommendations have been informed by a number of sources, most importantly the experiences of individual Commission members involved with housing issues in the state. Another significant factor contributing to the content of the Commission's recommendations is information gained from the experiences of other states, particularly Massachusetts and New Jersey, which have struggled with housing problems not dissimilar from Connecticut's. Several of the more complex of the Commission's recommendations have the benefit of having been tested -- successfully -- and in some cases for extended periods of time, in other locations, before being proposed by this Commission. In particular, significant aspects of the Housing Partnership, the Housing Appeals Board and the innovative financing mechanisms involved in the PRIME program, have antecedents elsewhere. These out-of-state program counterparts have already been shown to contribute positively to the struggle for affordable housing. Each of these program initiatives has been adapted to the particular exigencies of Connecticut's present housing crisis.

There is a notable difference, however, between the Commission's recommendations and other states' programs. Much of the success of the programs in other states is often attributed to a combination of inducements, on the one hand, and penalties (or the strong threat of penalties), on the other. The Commission has chosen, generally, to emphasize the positive inducement to the cooperative resolution of housing problems, where possible, rather than the financially or judicially imposed remedies of other states.

A. RECOMMENDATIONS FOR NEW PROGRAMS

The Commission made recommendations for three new programs. These new programs, the Connecticut Housing Partnership, the Private Rental Investment Mortgage and Equity program, PRIME, and the Pilot Public/Private Turnkey Housing Development program could substantially modify the way the state proceeds with its housing initiatives, and with the manner in which those initiatives are received in the municipalities and in the private sector.

1(A). THE CONNECTICUT HOUSING PARTNERSHIP

The Commission recommends that with the support of the legislature, the governor create the Connecticut Housing Partnership (CHP), a partnership between the state and local communities, with specific responsibility for increasing the supply and availability of affordable housing throughout the state.

Chief elected officials of municipalities interested in forming a housing partnership with the state will convene a broad based local housing partnership consisting of local officials, non-profit and for-profit developers, their housing authority if one exists, housing advocates, lenders, realtors, clergy, etc. Members of the local partnership will be appointed by the local chief elected official with the approval of the local legislative body. Initially, the state's lead agency for housing, DOH, will provide technical assistance to the local partnerships.

Through its formation and its demonstration of progress in achieving affordable housing objectives, the housing partnership would advance through three stages of "designation" conferred by the state:

a. Initial designation: upon the creation of a local housing partnership and commitment of local resources to an affordable housing effort;

b. Development designation: upon the initiation of a specific housing effort for affordable to low and moderate income households; and

c. Comprehensive designation: implementation of a long-range local affordable housing plan consistent with regional needs.

With each successive designation, the local housing partnership will be entitled to an increased level of state assistance. It is the sense of the Commission that if it is determined that a municipality has already developed a balanced inventory of affordable housing and is maintaining it, that municipality will receive the same preferable treatment afforded to other municipalities participating in the partnership.

A primary role of the state in the CHP will consist of providing much of the technical assistance to the local housing partnership. DOH will call on other state agencies and on the Central Housing Committee and Regional Planning Agencies, as appropriate, to assist in providing the technical assistance, to expedite the construction or rehabilitation of affordable housing.

1(B). PROVISION OF PARTNERSHIP FINANCIAL INCENTIVES

In order for the Connecticut Housing Partnership to achieve its objective of creating locally appropriate solutions to the identified housing needs, the Commission believes that sufficient funds should be authorized and appropriated by the legislature to finance a three-tiered program of incentives to local governments to be used for purposes related to or

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necessary for the development of housing in conformity with the CHP, or for other non-specified municipal purposes.

(a) Planning Funds / Initial Designation. The Commission believes that not less than \$150,000 be appropriated from the general fund to DOH to be used exclusively to assist interested municipalities in the formation and development of their local partnerships and in the partnerships' subsequent development of a local housing plan.

(b) Development Funds / Development Designation. The Commission believes that municipalities which have achieved Development Designation should be given preference in competing for discretionary housing development funds. The Commission recommends an increase of 10% over existing levels of funding in all DOH housing production and rental assistance programs.

(c) Infrastructure Funds / Comprehensive Designation. The Commission believes that \$20-50 million be identified for use by municipalities which have moved beyond "Initial Designation." The Commission believes that these funds should be derived from one or more statutory formula grant sources:

- (1) increasing appropriations by 10% in certain existing statutory formula grants to be set-aside and awarded as "bonuses" to municipalities for positive action in creating affordable housing;
- (2) reprogramming of approximately 5% of certain existing statutory formula grants, (only from those municipalities deemed by the state not to be making progress in the partnership) to be added to the pool of increments identified above; or
- (3) adding a factor, which takes into account the effort of municipalities to provide affordable housing, to the distribution formulas which allocate certain statutory formula grants.

Further, the Commission believes that the state should give priority in applying for discretionary infrastructure funds (sewer, water, roads, open spaces, etc.) to municipalities which have worked substantively for the objectives of the Partnership. The infrastructure funds would be awarded at an earlier designation stage on an incremental basis and tied to or conditioned upon continuing progress in achieving Partnership goals.

2. PRIVATE RENTAL INVESTMENT MORTGAGE AND EQUITY PROGRAM

This program, a joint venture of DOH and CHFA to leverage state financial capabilities with private and federal resources, requires both executive action and new legislation. The program involves:

a. The production of new mixed-income rental housing by private for-profit and non-profit developers. Between 20 and 40 percent of the total units in the project would be low-income. The remaining units would bear market rate rents. As a goal, 80 percent of the total units in the project would be rented to tenants earning less than 96 percent of area median income (AMI). No unit would be rented to tenants earning more than 140 percent of AMI.

b. All low-income units (LIU's) would be rented to tenants whose income, adjusted for family size, is less than 50 percent of AMI.

c. Net tenant rent for each LIU would equal 30 percent of tenant income. Tenant income would exclude any federal or state rental subsidy received by tenant.

d. Each LIU would receive, if needed, a state direct rental subsidy certificate from DOH. Its general value would equal the difference between the LIU net tenant rent and the "market rate rent," for similar units in the project, including utilities. The rent subsidy commitment would be guaranteed for 15 years by the state.

e. After year one, the "market rate rent" on each LIU would be frozen at the first year level. Net tenant rent to the occupants of each LIU would continue to be based on 30 percent of tenant income. Increases in rents on the market rate units, or non-LIU's, would be permitted.

f. For each LIU the state of Connecticut, through DOH, would provide a one-time capital grant to the project of up to one-half the project's average unit cost. These grants would constitute a state "equity interest" in the project.

g. The developer would provide an additional equity interest in the project equal to at least 10 percent of the project's replacement cost.

h. The project's mortgage would be provided by CHFA and be a below-market non-recourse loan. Each project would be entitled to federal low-income housing tax credits.

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i. The state or CHFA could subsidize the interest rate on the project loan, typically through a lower interest second mortgage. If a state tax credit program is enacted, a project could also receive state tax credits.

j. The state or its designee would receive an "equity interest" in the project. Any rent increases would require their prior approval of that entity. Also, the mortgage could not be prepaid without prior approval. The state's "equity interest" or share in the project would be at least the percentage of LIU's in the project.

k. This program would be permitted for multi-family or the elderly. Projects would have to be at least 25 units.

The PRIME program will significantly reduce state subsidies required to produce a unit of low-income rental housing which could remain "forever" housing. The housing would be mixed income housing and, therefore, possibly more agreeable to local communities than projects which are all low-income. The program also will leverage greater amounts of private capital for low and moderate income rental housing. It will allow the state to produce more rental housing in general and specifically more low-income housing.

The PRIME Program would produce 4,200 additional units of traditional rental housing in the next two years by jointly marshalling the resources of DOH and CHFA, and fully leveraging private and federal resources. This is ambitious, but it is essential to undertake quickly because of the need and the possible "sunset" of the federal Low-Income Housing Tax Credit Program. Of these 4,200 units, an estimated 1,250 would be very low-income. Another 2,100 should be moderate income rentals. To achieve the proposed level of production within the targeted timeframe, the program would require the following:

- a. \$50,000,000 in DOH capital grant funds;
- b. 1,250 DOH rental subsidy certificates, with 15 year commitments;
- c. \$4,000,000 in federal Low-Income Housing Tax Credits;
- d. \$150,000,000 in taxable bonding by CHFA;
- e. \$100,000,000 in federal tax-exempt bond authority from the state's allotments for private activity bonding by CHFA; and
- f. The passage of enabling legislature by the General Assembly this session.

3. PILOT PUBLIC/PRIVATE TURNKEY HOUSING PROGRAM

The third program initiative the Commission recommends is an innovative pilot program in which the state acts as the developer of mixed-income rental properties. The Commission recommends that the state institute a pilot Connecticut Public/Private Turnkey Housing Program to develop affordable rental housing. This program can be effected under existing state legislation and involves:

- a. Designation by CHFA or DOH of a state sponsor;
- b. Solicitation of proposals from for-profit developers to design/build projects under a set of established specifications for a fixed price;
- c. The state sponsor taking title to the property and arranging with private for-profit or non-profit agents the rent up and management of the property;
- d. The state sponsor developing public purpose policies and procedures for implementation of the program;
- e. The state sponsor utilizing below market rate financing provided through the issuance of tax-exempt bonds by CHFA.

A detailed explanation of a method for the implementation of this program and a summary of its advantages is contained in the Appendix in the report from the Subcommittee on Finance and Programs.

B. RECOMMENDATIONS FOR IMPROVING EXISTING PROGRAMS

The Commission did not undertake a specific evaluation of all existing state housing programs. Nor did it attempt to critique the administration of those programs by the responsible agencies. This was not the Commission's charge. The Department of Housing, the state's lead agency for housing, has recently undergone a major internal re-organization and the prospects for periodic program review and generally improved program administration are promising.

In the course of its explorations, however, the Commission did identify a number of program areas where a change in focus, flexibility, or structure was particularly important. These suggestions are in addition to the amendments to the legislation creating the principal state rental housing programs (Affordable Housing, Moderate Rental, Elderly and Elderly Congregate) required to conduct the PRIME program discussed above.

4. SUPPORT FOR NON-PROFITS

The state has a diverse package of supportive programs to assist non-profit corporations interested in developing affordable housing. The Commission has endorsed a package (not intended to be exclusive of other suggestions) of specific programs which could improve a non-profit corporation's ability to initiate, complete, manage and maintain housing development efforts. Specifically, the Commission recommends that the state:

a. Establish a revolving loan fund for up-front development costs of non-profit developers of low and moderate income housing. Recommended funding of \$2.4 million will assist to produce 1200 units per year.

b. Establish a revolving loan fund for use in mutual housing and limited equity co-ops by households, earning less than 50% of the area's median income, to pay membership fees. Recommended funding is \$300,000.

c. Strengthen the non-profit developer administrative subsidy/technical assistance program.

d. Continue support for the Community Housing Land Bank/Land Trust Program.

e. Use DOH discretionary funds to provide adequate financial support for the limited equity/mutual housing program.

f. Provide adequate support for the Housing Site Development Program.

g. Extend and clarify certain sales and use tax exemptions found in the Connecticut General Statutes.

5. RENTAL ASSISTANCE PROGRAM INCREASED COMMITMENT

The Commission recommends that the state increase its commitment to state-funded rental assistance in order to ensure the programs ability to:

a. Continue the emphasis on meeting the needs of persons and families who currently lack permanent housing.

b. Continue and expand targeting households earning less than 60% of the area's median income who expend more than 30% of that income on rent.

c. Continue and increase utilization of rental assistance funds to new construction tied for a period of up to

15 years. For projects so funded, the amount of state funding shall be directly commensurate with the degree the state or other public entity can secure a perpetual equity interest.

6. STATE TAX CREDITS

State tax credits can be a very efficient way to provide state subsidies and constitute a much smaller cost to the state in the long term than capital bond subsidies for an equal amount of benefit. The Commission believes that the more extensive and focused use of state tax credits could be an important method through which to leverage capital and increase private sector involvement in the production of low and moderate rental housing, particularly when the state reaches the federally imposed cap on tax-exempt revenue bond financing. The Commission makes two specific recommendations relating to the tax credits:

a. The state should establish a new \$5 million dollar annual allotment to be administered by the Departments of Revenue Services (DRS) and Housing. The Commissioner of Housing should be empowered to assign, through a system of vouchers, credits against the corporate franchise tax or the capital gains, dividends, and interest tax for developers and investors in the construction of new low and moderate income rental housing. The assignment of these credits would be determined on a project-by-project basis and would only be awarded when, and to the extent necessary to make, a project economically feasible for low income tenants because other state or federal subsidies are inadequate. The state tax credit program would be established by amending the \$1 million state tax credit program established last year for non-profits receiving funds from corporations.

b. The state should clarify that the interest income on taxable bonds sold by the state or Connecticut Housing Finance Authority for the financing of low and moderate income housing construction and development is not subject to the state corporate franchise tax. The elimination of applicability of the corporate franchise tax would be implemented by adding such language as the following to the Connecticut General Statutes:

"A corporation having income, principal and interest, derived from bonds issued by the state or a political subdivision thereof, the proceeds of which are used to finance low and moderate income housing in this state, shall have a credit against state corporate franchise taxes imposed by Chapter 208 of the Connecticut General Statutes in

an amount resulting from the multiplication of the income derived from such bonds by the applicable corporate franchise tax rate."

7. STATE BUILDING INSPECTOR

The Commission was interested in the problems associated with the non-uniform interpretation of the state building codes and the potentially negative impact that has on the cost of housing construction. In addition to a review of the appropriate BOCA and CABO codes (discussed below in recommendation #20), the Commission focused on some areas where it believed the uniform interpretation of the codes could be improved by the strengthening of the office of the State Building Inspector.

In particular, the Commission recommends that the state require a continuing education program under the supervision of the State Building Inspector for all local building inspectors. In addition, the Commission expresses its specific endorsement of some of the recommendations of the Report of the Governor's Building Construction Advisory Committee, (January 15, 1988). This report made a number of recommendations which were relevant to our housing related concerns. Specifically, the Commission endorses these recommendations from the Advisory Committee:

- a. The State Building Inspector shall have the authority to make official interpretations of the state building code independently of the Codes and Standards Committee, with a subsequent review of those interpretations by the committee. Such interpretations shall be compiled, published, and indexed.
- b. The State Building Inspector shall have the authority to overrule local building officials on interpretations of the code, and the state shall assert authority over local building officials to assure uniformity in the enforcement of the code.
- c. The State Building Inspector shall monitor code enforcement on the local level. Municipalities continue to be responsible for enforcing the state building code, but the State Building Inspector will be given oversight authority.
- d. The State Building Inspector shall have an adequate staff to fulfill these interpretation and oversight responsibilities. Local building officials shall be required to attend training sessions sponsored by the Office of the State Building Inspector. Consideration should be given to the state's providing funds to

compensate towns for the cost of periodically sending their building officials to these training sessions.

e. Revision of the BOCA (and CABO 1 & 2 Family*) code should be adopted every three years by the State Codes and Standards Committee, and the supplement revisions to the code should be adopted annually.

* The Commission would add the words "and CABO 1 & 2 Family" because this is the stream-lined code under which much of Connecticut's housing is constructed.

Currently, the State Building Inspector's office is under the jurisdiction of the State Fire Marshall's Office which, in turn, is a division within the Department of Public Safety. Because the Commission either makes or endorses a number of suggestions which expand the authority and/or the responsibilities of the State Building Inspector, the Commission also endorses the Advisory Committee's recommendation that:

The State Building Inspector shall head a separate division...

except that this Commission expresses no opinion as to whether the agency should be the Department of Public Safety or some other department.

8. HOUSING PRESERVATION

The Commission recognized the critical importance of preserving the existing stock of affordable rental housing and the need to ensure that that housing continues to remain affordable. The Commission recommends that the state systematically target the use of all appropriate Department of Housing funds to units in danger of being lost from the housing marketplace. In addition, the state, in consultation with municipalities, should explore the feasibility of the development at the local level of incentives to rental property owners to continue to maintain their properties as rental units.

9. INVENTORY OF STATE OWNED LANDS

Two of the Commission's Subcommittees suggested that the state make a careful inventory of "excess" federal, state, municipal and/or corporate lands. These suggestions were coupled with the awareness that parts of such an inventory are currently being undertaken. The sense of the Commission's recommendations was that the Department of Housing should play an important role in ensuring that any excess public lands be identified and their potential use for affordable housing be determined. Specifically, the Commission recommends that DOH, with the

required cooperation and assistance of appropriate state agencies, assemble an inventory of state owned property for the purpose of identifying sites appropriate for the development of affordable housing, and that DOH, utilizing the housing partnership mechanism, encourage municipalities to inventory their own, and corporate, land within their boundaries.

10. HOUSING AUTHORITY REPORTS

Reporting requirements are an important component of administrative plan. The state of Connecticut has nearly one hundred housing authorities and no formal network of reporting which could help to identify emerging problems and potential solutions. To improve this situation, the Commission recommends that all local housing authorities be required to submit annually a report to the local chief elected official and/or local legislative body, with a copy to DOH, summarizing the condition of the local public housing stock, the problems affecting the stock and suggestions as to how the Connecticut Housing Partnership might be able to assist in addressing those problems.

C. RECOMMENDATIONS CONCERNING LAND USE AND ZONING

The Commission made a number of recommendations relating to land use and zoning regulations. Some of these recommendations were very focused and specific. At least one was potentially much more comprehensive. While noting that its recommendation for a Housing Appeals Board for land use decisions was perceived to be essential to the over-all solution of Connecticut's affordable housing crisis, the Commission also noted that some of its elements and implications would benefit from further study. The approved land use and zoning recommendations were the following:

11. INCLUSIONARY ZONING

The Commission recommends that the legislature specifically authorize local planning and zoning commissions to adopt inclusionary zoning programs. An inclusionary zoning program is a procedure whereby a developer agrees to set aside a certain percentage of the housing units in a proposed development to be sold or rented at below-market prices.

In general, non-restrictive terms, the state authorization should permit municipalities to adopt (if they wish), a program whereby a developer must set aside a percentage of units as set forth in the regulations for sale or rent at below market rates, and which include provisions for ensuring that units so set aside remain available at below market rates for a significant

period into the future. The Commission's recommendation is designed to affirm that Connecticut municipalities do indeed have such power. Municipalities should also be authorized, but not required, to grant bonuses to developers who do set aside such units.

12. MINIMUM FLOOR AREA REQUIREMENTS

The Commission recommends the amendment of the State Zoning Enabling Act to prohibit the adoption of minimum floor area requirements for residential dwellings as part of local zoning regulations.

The square footage necessary for the health and safety of residents is already regulated to protect those concerns, as part of building and health codes. The Commission does not believe any concerns other than health and safety sufficiently offset the artificial increase in housing costs generated by the usually more restrictive zoning provisions establishing minimum floor areas for residential units.

13. MANUFACTURED HOUSING

The Commission recommends the adoption of legislation amending CGS section 8-2, to require municipalities to treat manufactured homes the same as other forms of housing in both zoning and subdivision regulations. In a related suggestion (though not technically a zoning issue), the Commission recommends that the state should explore whether mobile-manufactured housing's compliance with HUD building standards, should constitute compliance with the state building code.

14. MULTI-FAMILY HOUSING

The Commission recommends that each municipality exercising zoning, planning, or land use ordinance powers be required to zone a reasonable amount of its land, considering the municipality's location, population, and need, so as to permit multi-family housing without age-based restrictions.

15. MINIMUM LOT SIZES

The Commission recommends that the legislature request the Departments of Health and Environmental Protection and the Office of Policy and Management to develop specific maximum land areas that can be specified as a minimum lot size that under normal conditions will protect public health, taking into account various soil types and water supply patterns.

Many municipalities are moving toward a more flexible performance type of zoning when regulating housing density. The most commonly used criteria for these flexible density regulations are soil types, and the impact on groundwater. There appears to be significant disagreement as to the minimum density that is necessary to protect the public's health, or as to what circumstances justify for public health purposes, any minimum lot size where public water and sewers are available. A reliable set of standards would be of great assistance to municipalities in framing such regulations.

16. AMEND CONNECTICUT GENERAL STATUTE 8-2 RE: HOUSING OPPORTUNITIES

The Commission recommends that the legislature amend the fifth sentence of Connecticut General Statutes section 8-2 (the zoning enabling statute) to read as follows:

Such regulations shall also provide for the development of housing affordable by all citizens of the municipality and their adult children, as well as by the town's board of education employees and its municipal employees, consistent with soil types, terrain and infrastructure capacity.

This statutory modification establishes a standard of affordable housing in a municipality: it must be affordable by its municipal and board of education employees, and by children of town residents who wish to continue to live in town after they have become adults and establish their own homes. The change further requires a municipality to use its zoning regulations to facilitate the development of such housing. The change does NOT require a municipality to facilitate the development of housing for particular individuals whether members of one of the named categories or not, nor to supply it for them.

17. OPEN SPACE ACQUISITIONS AND HOUSING COSTS

The Commission recommends that legislation be adopted that would require that any state grant of monetary assistance, for the acquisition of land for open space include a significant amount, on the order of 25% to 35% of the funds that will be used for the open space land acquisition, that must be used by the recipient municipality to purchase land for affordable housing.

The Commission is concerned that it be recognized that the legitimate interest in the preservation of open space by taking land off the market reduces the supply of land available for the development of housing, thereby increasing the cost of land. Recently, escalating land costs have been the single most important factor contributing to the crisis in affordable housing in our state. Reducing the supply of land that is suitable for housing will increase housing costs even more.

The Commission's recommendation also reflects its belief that many municipalities are presently preserving significant amounts of open space through various regulatory programs, including zoning requirements for lots that exceed the minimum necessary for the protection of the public health or of water supplies, open space set aside requirements that are made conditions of subdivision approval, and subdivision regulations that prevent the inclusion for minimum lot size requirements of land already prohibited from being developed by inland wetlands agency regulations.

18. A STATE HOUSING APPEALS BOARD

The Commission recommends that the legislature adopt legislation establishing a procedure whereby certain decisions of local land use commissions can be appealed to a state administrative appeals board instead of having to be appealed to the Superior Court.

The Subcommittee on Land Use and Zoning has developed a proposed structure for the organization and operation of such a board. However, lack of time and of public participation has not permitted these recommendations to be completely developed. While the members of the Subcommittee recognize that these mechanical issues require further study before being cast in formal statutory language, they also feel that the development of affordable housing in meaningful quantities will not be possible without a board organized substantially along the following lines:

a. This board would be known as the Housing Appeals Board, and its procedures would be governed by the existing provisions of the Connecticut Administrative Procedures Act.

b. For-profit as well as non-profit developers would be eligible to appeal to the Housing Appeals Board a negative local zoning or planning decision on certain qualifying residential housing development proposals. The Connecticut Attorney General would also be authorized to appeal such a local decision concerning a qualifying development proposal, in order to protect the public's interest in developing and maintaining an adequate supply of affordable housing.

c. Only certain development applications would be appealable to the Housing Appeals Board (decisions on non-qualifying development applications could, of course, be appealed directly to the courts as under present law). Development proposals that could be appealed to the Board would have to meet one of the following criteria:

BLUE RIBBON COMMISSION ON HOUSING
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1. At least 20% of the units in the proposed development must be marketable to persons (other than the elderly) earning less than 80% of the region's median income, and include a mechanism for ensuring those units will be permanently available to such persons; or
 2. At least 20% of the units in the development must be marketable at prices and rents that meet the Connecticut Housing Finance Authority's Price and Income Limits, and include a mechanism for ensuring that the units will be permanently priced within those Limits and/or made available to persons with income falling within those Limits; or
 3. If a rental development, at least 10% of the units must be at rents affordable by persons (other than the elderly) earning less than 80% of the region's median income; or
 4. The development is wholly or partially financed by a state or federal subsidy or financing.
- d. The Housing Appeals Board could sustain the developer's appeal if it found the local land use commission's disapproval of a project was unreasonable and not consistent with local housing needs. If the Board finds that a proposal was approved but with such conditions and restrictions as to make the proposed development uneconomic, the Board could remove the restrictions and conditions if in addition the Board found that the land use commission's decision was inconsistent with local housing needs.
- e. The Housing Appeals Board could, if appropriate, uphold the municipal rejection of the development proposal if the proposal does not comply with the provisions of the State Planning or Zoning Enabling Acts.
- f. A municipal decision would be deemed consistent with local needs (and therefore the municipality's decision could not be reversed by the Board), if more than 10% of the non-elderly, non-rental housing units in the municipality are subsidized or CHFA financed, or if the municipality has adopted in its regulations an inclusionary zoning program conforming to a model program developed by the Commissioner of Housing, and has enforced this program.
- g. Decisions of the Housing Appeals Board could be appealed by the applicant, the municipality, or by the Connecticut Attorney General to the Superior Court in accordance with existing provisions of the Connecticut Administrative Procedures Act.

The proposed Housing Appeals Board is designed to provide an expeditious and inexpensive review of a dispute between the developer and the commission in those cases where the provision of affordable housing is at stake. In other words, not every rejection of a development proposal could be appealed to the Housing Appeals Board. Moreover, if the municipality is providing some affordable housing, or has actually implemented an approved program for doing so, even the denial of development proposals that include affordable housing provisions could not be reversed by the Housing Appeals Board.

D. RECOMMENDATIONS FOR STATUTE, REGULATION AND CODE REVISIONS

19. REVISION OF HOUSING LEGISLATION

The Commission recommends that the legislature authorize and direct the Commissioner of Housing to undertake a comprehensive review of all the statutes relating to housing (exclusive of those relating to CHFA) for the purpose of consolidating existing programs, eliminating those programs which are duplicative or are no longer needed, streamlining procedures and, generally, providing the Commissioner of Housing more discretion, subject to the drafting and approval of appropriate regulations, to promote the development of affordable housing responsive to local needs and conditions and which takes into account federal tax reform. The Commission further recommends that the legislature authorize funds to finance this undertaking, and that the revision be completed by November, 1989.

20. BUILDING CODE REVIEW AND REVISION

The Commission recommends that the state conduct a comprehensive review of the state building code and eliminate any elements which contribute significantly to the costs but not to the general welfare and safety of the public. The state should also review the administration of the appeals process to determine if there are ways to expedite this procedure. To further facilitate the uniform interpretation of the state building code by local building inspectors, the state should prepare a set of guidelines. Finally, the state should review its housing rehabilitation code, and take into consideration the need for "affordable" housing as the product of the rehabilitation.

E. MEMORIALIZED POSITION STATEMENTS

The Commission adopted positions on four issues which have significant impact on housing for some of Connecticut's

residents. As a matter of principle, the Commission adopted positions on these matters and would encourage the legislature to acknowledge these positions and to take appropriate actions. In some cases, the governor, the legislature and appropriate state agencies may already be taking actions on these matters.

21. PREVENT THE SUNSETTING OF MORTGAGE REVENUE BONDS

The Commission recommends that the state initiate a comprehensive state-wide effort to prevent the sunset of mortgage revenue bonds, as currently planned by the federal government.

22. PREVENT THE SUNSETTING OF SECTION 8 EXISTING SUBSIDIES

The Commission recommends that the state initiate a comprehensive state-wide effort to prevent the sunset of Section 8 Existing Rental Subsidies, as currently planned by the federal government.

23. DEVELOP PREPAYMENT PLAN

The Commission recommends that the state strongly encourage and work with the federal government to develop appropriate plans to prevent the early prepayment of mortgages of existing rental properties, as currently allowed under regulations for housing built under Section 221 (d)(3) and Section 236.

24. HOUSING FOR PERSONS WITH DISABILITIES

The Commission recognizes the need for integrating the housing needs of persons with disabilities with the housing needs of the general population. This should be considered as part of a comprehensive plan including

- * availability of the Rental Assistance Program, and
- * availability of grants to modify existing housing units, both private homes and multi-family apartments, to make them physically accessible to people with physical disabilities.

The Commission also endorses the concept of adaptable housing (as more appropriate than "accessible" housing) and supports the idea of the state developing on a pilot basis, a project in which the units are built to minimum handicapped access standards and then adapted when necessary for use by people with physical disabilities.

F. RECOMMENDATION RELATING TO PUBLIC ACT 87-550

25. EXTENDING AND EXPANDING THE BLUE RIBBON COMMISSION

The Commission recommends that Public Act 87-550, which established the Commission, be amended for the following purposes:

- * to extend the Commission and its final reporting date to February 1, 1989;
- * to expand the Commission by adding five new members, preferably local elected officials; and
- * to allow more than one planning region to be selected for a pilot negotiated investment strategy.

G. RECOMMENDATION RELATING TO FURTHER STUDIES

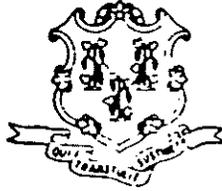
26. FURTHER SUBJECT MATTER TO BE CONSIDERED

The Commission recommends that it be extended through the proposed period to continue its investigations into the following matters, to the extent that these matters are not resolved in the current session of the General Assembly:

- a. minimum lot size requirements related to infrastructure and soil type,
- b. a state housing appeals board process for local land use decisions,
- c. state housing trust fund funding strategies,
- d. statutory formula grant modifications,
- e. home ownership opportunities for low income households,
- f. private sector housing strategies,
- g. the impact of condominium conversions on rental rates,
- h. promoting public awareness of and soliciting public input on critical housing issues,
- i. efficacy of reimbursements to municipalities for tax abatement for low and moderate income housing,

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- j. development of a specific program to encourage employers and employee associations to take active roles in creating housing for their employees and members,
- k. determination of appropriate state action regarding the loss of low and moderate income units through prepayment of Section 236 programs, and
- l. methods to cap appreciation of multi-family housing.



Blue Ribbon Commission
On Housing
State Capitol — Room 415
Hartford, Connecticut 06106

Co-Chairmen
Commissioner John F. Papandrea
Arthur T. Anderson

Executive Director
William J. McDonough
203-240-8878

February 29, 1988

Commissioner John F. Papandrea
Mr. Arthur Anderson
Co-Chairmen
Blue Ribbon Commission on Housing
State Capitol Room 415
Hartford, Connecticut 06106

Dear Commission Co-Chairmen:

We are pleased to submit this report to you on the work to date of the Subcommittee on Administration and Process. In our deliberations since our January 7, 1988 Interim Report the Subcommittee has clarified its ideas regarding the Connecticut Housing Partnership, the principal mechanism through which the the State and local communities can forge co-operative approaches to solving the State's affordable housing problem. The constructive responses offered at the Commission meeting on February 8, 1988 helped to further refine our thoughts. The purpose of this letter is to report on those recent deliberations and to provide the Commission with our final recommendations.

1. CREATION OF THE CONNECTICUT HOUSING PARTNERSHIP

There is a need to establish a formal mechanism to encourage the development of housing partnerships between the State and individual municipalities. Such a partnership is needed for a variety of reasons. Chief among those reasons are the following:

- a. to ensure local recognition of the need for affordable housing
- b. to ensure the involvement of local communities and the private sector in the advocacy, education and implementation of affordable housing programs
- c. to provide a coherent structure from which each of the diverse municipalities can develop locally appropriate responses to the need for affordable housing

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Subcommittee on Administration and Process
Page 2

d. to establish a mechanism through which technical and financial assistance can be provided by the State on a rational and equitable basis to municipalities to meet the need for affordable housing, and

e. to provide a process through which DOH can direct the marketing of its numerous existing and new program initiatives.

To address these needs, the Subcommittee recommends that with the support of the Legislature, the Governor create the Connecticut Housing Partnership (CHP), a partnership between the State and local communities, with specific responsibility for increasing the supply and availability of affordable housing throughout the State.

Chief elected officials of municipalities interested in forming a housing partnership with the State will convene a broad based local housing partnership consisting of local officials, non-profit and for-profit developers, their housing authority if one exists, housing advocates, lenders, realtors, clergy, etc. Members of the local partnership will be appointed by the local chief elected official with the approval of the local legislative body. Initially, the State's lead agency for housing, DOH, will provide technical assistance to the local partnerships.

Through its formation and its demonstration of progress in achieving affordable housing objectives, the housing partnership would advance through three stages of "designation" conferred by the State:

a. Initial designation: upon the creation of a local housing partnership and commitment of local resources to an affordable housing effort;

b. Development designation: upon the initiation of a specific housing effort for affordable to low and moderate income households; and

c. Comprehensive designation: implementation of a long-range local affordable housing plan consistent with regional needs.

With each successive designation, the local housing partnership will be entitled to an increased level of State assistance. It is the sense of the Subcommittee that if it is determined that a municipality has already developed a balanced inventory of affordable housing and is maintaining it, that municipality will receive the same preferable treatment afforded to other municipalities participating in the partnership.

A primary role of the State in the CHP will consist of providing much of the technical assistance to the local housing partnership. DOH will call on other State agencies and on the State and Regional Housing Councils, as appropriate, to assist in providing the technical assistance, to expedite the construction or rehabilitation of affordable housing.

2. PROVISION OF FINANCIAL INCENTIVES

In order for the Connecticut Housing Partnership to achieve its objective of creating locally appropriate solutions to the identified housing needs, the Subcommittee believes that sufficient funds should be authorized and appropriated by the legislature to finance a three-tiered program of incentives to local governments to be used for purposes related to or necessary for the development of housing in conformity with the CHP, or for other non-specified municipal purposes.

2.1. Planning Funds / Initial Designation. That not less than \$150,000 be appropriated from the general fund to DOH to be used exclusively to assist interested municipalities in the formation and development of their local partnerships and in the partnerships' subsequent development of a local housing plan.

2.2. Development Funds / Development Designation. The Subcommittee believes that municipalities which have achieved Development Designation should be given preference in competing for discretionary housing development funds. The Subcommittee recommends an increase of 10% over existing levels of funding in all DOH housing production and rental assistance programs.

2.3. Infrastructure Funds / Comprehensive Designation. That \$20-50 million be identified for use by municipalities which have moved beyond "Initial Designation." The Subcommittee believes that these funds should be derived from one or more statutory formula grant sources in the following manner:

(a) increasing appropriations by 10% in certain existing statutory formula grants to be set-aside and awarded as "bonuses" to municipalities for positive action in creating affordable housing;

(b) reprogramming of approximately 5% of certain existing statutory formula grants, (only from those municipalities deemed by the State not to be making progress in the partnership) to be added to the pool of increments identified above;

(c) adding a factor, which takes into account the effort of municipalities to provide affordable housing, to the distribution formulas which allocate certain statutory formula grants.

Further, the Subcommittee believes that the State should give priority in applying for discretionary infrastructure funds (sewer, water, roads, open spaces, etc.) to municipalities which have worked substantively for the objectives of the Partnership. The infrastructure funds would be awarded at an earlier designation stage, on an incremental basis and tied or conditioned upon continuing progress in achieving Partnership goals.

Although the Connecticut Housing Partnership is the keystone of the Subcommittee's recommendations, it does not comprise the full extent of our deliberations. Other vital recommendations include the following:

3. EXPANSION OF PILOT PROGRAM

The Subcommittee recommends that the legislature amend Section 5 of Public Act No. 87-550 to permit at least two planning regions to participate in a pilot program for the development, through the process of a negotiated investment strategy, of a regional fair housing compact.

4. MORE FLEXIBLE USE OF RENTAL HOUSING SUBSIDIES

The Subcommittee recommends that the legislation creating the principal State rental housing programs, namely Affordable Housing, Moderate Rental, Elderly and Elderly Congregate, be amended to permit the Commissioner of Housing to use program funds for the following additional purposes:

(a) to subsidize low and moderate income rental housing units within larger projects financed by CHFA with non-profit or for-profit developers;

(b) to leverage private sector financing for rental housing by using State rental housing program funds in mixed income projects eligible for the federal low income housing tax credit and financed through the Connecticut Housing Finance Authority by non-profit or for-profit developers, individually or in partnership; and

(c) to permit the State of Connecticut and its housing authorities to take an equity position in such rental housing projects commensurate with the number of low and moderate income units so produced.

5. REVISION OF HOUSING LEGISLATION

The Subcommittee recommends that the legislature authorize and direct the Commissioner of Housing to undertake a comprehensive review of all the statutes relating to housing (exclusive of those relating to CHFA) for the purpose of consolidating existing programs, eliminating those programs which are duplicative or are no longer needed, streamlining procedures and, generally, providing the Commissioner of Housing more discretion, subject to the drafting and approval of appropriate regulations, to promote the development of affordable housing responsive to local needs and conditions and which takes into account federal tax reform. The Subcommittee further recommends that the legislature authorize funds to finance this undertaking, and that the revision be completed by November, 1989.

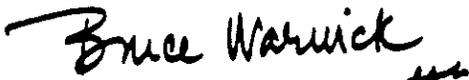
6. INVENTORY OF STATE OWNED LANDS

The Subcommittee recommends that DOH, with the required cooperation and assistance of appropriate state agencies assemble an inventory of state owned property for the purpose of identifying sites appropriate for the developemnt of affordable housing.

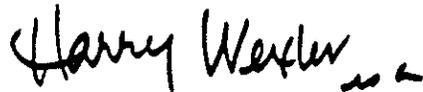
7. HOUSING AUTHORITY REPORTS

The Subcommittee recommends that all local housing authorities be required to submit annually a report to the local chief elected official and/or local legislative body, with a copy to DOH, summarizing the condition of the local public housing stock, the problems affecting the stock and suggestions as to how the Connecticut Housing Partnership might be able to assist in addressing those problems.

Respectfully submitted,



Bruce Warwick
Co-Chair



Harry Wexler
Co-Chair



Blue Ribbon Commission
On Housing
State Capitol — Room 415
Hartford, Connecticut 06106

Co-Chairmen
Commissioner John F. Papandrea
Arthur T. Anderson

Executive Director
William J. McDonough
203-240-8878

February 29, 1988

Commissioner John F. Papandrea
Mr. Arthur T. Anderson
Co-Chairs, Blue Ribbon Commission on Housing
State Capitol, Room 415
Hartford, Connecticut 06106

Dear Commissioner Papandrea and Mr. Anderson:

The Land Use and Zoning Subcommittee is pleased to submit its Final Report to the Blue Ribbon Commission on Housing. This Report reflects comments made by members of the Commission at its meeting on February 22, 1988. At that time, Recommendations #1 and #3 were accepted as written. The others were approved with specific changes (#2, #4 and #5), or were sent back to the Subcommittee for redrafting (#6, #7, and #8).

The Subcommittee's Final Recommendations are:

RECOMMENDATION #1: INCLUSIONARY ZONING

The Subcommittee proposes that the Blue Ribbon Commission recommend that the legislature specifically authorize local planning and zoning commissions to adopt inclusionary zoning programs. An inclusionary zoning program is a procedure whereby a developer agrees to set aside a certain percentage of the housing units in a proposed development to be sold or rented at below-market prices.

At this point, the Subcommittee is not recommending that municipalities be required to adopt such a program even though the price of land in some towns and the shortage of financial subsidies may mean that an inclusionary zoning program is the only way of assuring that affordable housing (by anyone's definition) will be built.

In general, non-restrictive terms, the state authorization should permit municipalities to adopt (if they wish), a program whereby a developer must set aside a percentage of units as set forth in the regulations for sale or rent at below market rates, and which include provisions for ensuring that units so set aside remain available at below market rates for a significant period into the future. Municipalities should also be authorized, but not required, to grant bonuses to developers who do set aside such units.

Explanation: Although at least four municipalities in Connecticut currently are requiring developers to set aside housing units as part of an inclusionary zoning program, attorneys for other municipalities have objected to the use by their land use commissions of such programs on the grounds that inclusionary zoning is not authorized by the state zoning and planning enabling legislation. The Subcommittee's recommendation is designed to affirm that Connecticut municipalities do indeed have such power.

RECOMMENDATION #2: A STATE HOUSING APPEALS BOARD

The Land Use and Zoning Subcommittee proposes that the Blue Ribbon Commission recommend that the legislature adopt legislation establishing a procedure whereby certain decisions of local land use commissions can be appealed to a state administrative appeals board instead of having to be appealed to the Superior Court.

The Subcommittee has developed a proposed structure for the organization and operation of such a board. However, lack of time and of public participation has not permitted these recommendations to be completely developed. While the members of the Subcommittee recognize that these mechanical issues require further study before being cast in formal statutory language, they also feel that the development of affordable housing in meaningful quantities will not be possible without a board organized substantially along the following lines:

1. This board would be known as the Housing Appeals Board, and its procedures would be governed by the existing provisions of the Connecticut Administrative Procedure Act.
2. For-profit as well as non-profit developers would be eligible to appeal to the Housing Appeals Board a negative local zoning or planning decision on certain qualifying residential housing development proposals. The Connecticut Attorney General would also be authorized to appeal such a local decision concerning a qualifying development proposal, in order to protect the public's interest in developing and maintaining an adequate supply of affordable housing.

3. Only certain development applications would be appealable to the Housing Appeals Board (decisions on non-qualifying development applications could, of course, be appealed directly to the courts as under present law). Development proposals that could be appealed to the Board would have to meet one of the following criteria:

a. At least 20% of the units in the proposed development must be marketable to persons (other than the elderly) earning less than 80% of the region's median income, and include a mechanism for ensuring those units will be permanently available to such persons; or

b. At least 20% of the units in the development must be marketable at prices and rents that meet the Connecticut Housing Finance Authority's Price and Income Limits, and include a mechanism for ensuring that the units will be permanently priced within those Limits and/or made available to persons with income falling within those Limits; or

c. If a rental development, at least 10% of the units must be at rents affordable by persons (other than the elderly) earning less than 80% of the region's median income; or

d. The development is wholly or partially financed by a state or federal subsidy or financing.

4. The Housing Appeals Board could sustain the developer's appeal if it found the local land use commission's disapproval of a project was unreasonable and not consistent with local housing needs. If the Board finds that a proposal was approved but with such conditions and restrictions as make to proposed development uneconomic, the Board could remove the restrictions and conditions if in addition the Board found that the land use commission's decision was inconsistent with local housing needs.

5. The Housing Appeals Board could, if appropriate, uphold the municipal rejection of the development proposal if the proposal does not comply with the provisions of the State Planning or Zoning Enabling Acts.

6. A municipal decision would be deemed consistent with local needs (and therefore the municipality's decision could not be reversed by the Board), if more than 10% of the non-elderly, non-rental housing units in the municipality are subsidized or CHFA financed, or if the municipality has adopted in its regulations an inclusionary zoning program conforming to a model program developed by the Commissioner of Housing, and has enforced this program.

7. Decisions of the Housing Appeals Board could be appealed by the applicant, the municipality, or by the Connecticut Attorney General to the Superior Court in accordance with existing provisions of the Connecticut Administrative Procedures Act.

Explanation: This recommendation is modeled after a Massachusetts statute that was originally adopted in 1969. We have modified the Massachusetts act in several respects to take into account the situation in Connecticut in 1988. The Subcommittee believes that some mechanism must be provided for reviewing the consistency of local land use decisions with local housing needs in those communities where there appears to be no significant effort to minimize housing development costs. The mechanism must intrude as little as possible on sound local planning decisions and on legitimate community efforts to ensure proper land use patterns. But the Subcommittee believes that too often the equally important concern for providing an adequate supply of housing at affordable prices has been ignored in the decisions of local land use commissions.

The proposed Housing Appeals Board is designed to provide an expeditious and inexpensive review of a dispute between the developer and the commission in those cases where the provision of affordable housing is at stake. In other words, not every rejection of a development proposal could be appealed to the Housing Appeals Board. Moreover, if the municipality is providing some affordable housing, or has actually implemented an approved program for doing so, even the denial of development proposals that include affordable housing provisions could not be reversed by the Housing Appeals Board.

Like the Massachusetts program that has operated successfully for nearly twenty years, the Subcommittee's Housing Appeals Board proposal seeks to minimize interference with municipalities' land use decisions. If the community is effectively dealing with the need to provide affordable housing, the Housing Appeals Board will not have a role to play in that community's land use decisions.

RECOMMENDATION #3: MINIMUM FLOOR AREA REQUIREMENTS

The Subcommittee proposes that the Commission's report recommend the amendment of the State Zoning Enabling Act to prohibit the adoption of minimum floor area requirements for residential dwellings as part of local zoning regulations.

Explanation: The square footage necessary for the health and safety of residents is already regulated to protect those concerns, as part of building and health codes. The Subcommittee does not believe any concerns other than health and safety sufficiently offset the artificial increase in housing costs generated by the usually more restrictive zoning provisions establishing minimum floor areas for residential units.

RECOMMENDATION #4: MANUFACTURED HOUSING

The Subcommittee proposes that the Blue Ribbon Commission urge the adoption of legislation amending CGS section 8-2, to require municipalities to treat manufactured homes the same as other forms of housing in both zoning and subdivision regulations.

RECOMMENDATION #5: MULTI-FAMILY HOUSING

The Subcommittee recommends that each municipality exercising zoning, planning, or land use ordinance powers be required to zone a reasonable amount of its land, considering the municipality's location, population, and need, so as to permit multi-family housing without age-based restrictions.

Explanation: Everyone agrees that the only way any significant reduction in housing costs can be achieved is by reducing the cost of land. One way of doing so is by removing barriers to higher density of development, thus reducing the amount of land required for each dwelling unit.

RECOMMENDATION #6: MINIMUM LOT SIZES

The Subcommittee recommends that the legislature request the Departments of Health and Environmental Protection and the Office of Policy and Management to develop specific maximum land areas that can be specified as a minimum lot size that under normal conditions will protect public health, taking into account various soil types and water supply patterns.

Explanation. Many municipalities are moving toward a more flexible performance type of zoning when regulating housing density. The most commonly used criteria for these flexible density regulations are soil types, and the impact on groundwater. There appears to be significant disagreement as to the minimum density that is necessary to protect the public's health, or as to what circumstances justify for public health purposes, any minimum lot size when public water and sewers are available. A reliable set of standards would be of great assistance to municipalities in framing such regulations.

RECOMMENDATION #7: AMEND C.G.S. 8-2 RE: HOUSING OPPORTUNITIES

The Subcommittee recommends that the legislature amend the fifth sentence of Connecticut General Statutes section 8-2 (the zoning enabling statute) to read as follows:

Such regulations shall also provide for the development of housing affordable by all citizens of the municipality and their adult children, as well as by the town's board of education employees and its municipal employees, consistent with soil types, terrain and infrastructure capacity.

Explanation. This statutory modification establishes a standard of affordable housing in a municipality: it must be affordable, at a minimum, by its municipal and board of education employees, and by children of town residents who wish to continue to live in the town after they have become adults and establish their own homes. The change further requires a municipality to use its zoning regulations to facilitate the development of such housing. The change does NOT require a municipality to facilitate the development of housing for particular individuals whether members of one of the named categories or not, nor to supply it for them.

RECOMMENDATION #8: OPEN SPACE ACQUISITIONS AND HOUSING COSTS

The Subcommittee recommends that legislation be adopted that would require that any state grant of monetary assistance, for the acquisition of land for open space include a significant amount, on the order of 25% to 35% of the funds that will be used for the open space land acquisition, that must be used by the recipient municipality to purchase land for affordable housing.

Explanation. The Subcommittee is concerned that it be recognized that the legitimate interest in the preservation of open space by taking land off the market reduces the supply of land available for the development of housing, thereby increasing the cost of land. Recently, escalating land costs have been the single most important factor contributing to the crisis in affordable housing in our state. Reducing the supply of land that is suitable for housing will increase housing costs even more.

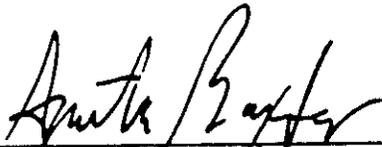
The Subcommittee's recommendation also reflects its belief that many municipalities are presently preserving significant amounts of open space through various regulatory programs, including zoning requirements for lots that exceed the minimum necessary for the protection of the public health or of water supplies; open space set aside requirements that are made conditions of subdivision approval; and subdivision regulations that prevent the inclusion for minimum lot size requirements of land already prohibited from being developed by inland wetlands agency regulations. In addition, several time-tested techniques for ensuring preservation of open space in conjunction with development of housing, such as clustered subdivisions, are permissible under Connecticut law for municipalities that are interested.

The Subcommittee notes that recently introduced legislation that would fund open space land acquisition through the imposition of a municipal land transfer tax requires that 50% of the earmarked receipts would be used for open space, and 50% for land acquisition for affordable housing.

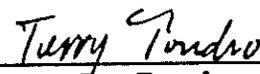
Under these circumstances, the Subcommittee believes that it is not unreasonable to require that a significant portion of funds whose use will directly contribute to an increase in housing costs be set aside to purchase land that will be used to reduce housing costs.

CONDOMINIUM CONVERSIONS

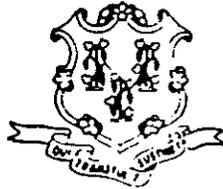
The Blue Ribbon Housing Commission forwarded to the Land Use and Zoning Subcommittee for its consideration a report on the surprising increase in condominium conversions this past year. The Subcommittee is very concerned about Connecticut's loss of rental housing and the minimal production of additional rental units. The Subcommittee considered several alternatives, ranging from giving municipalities the right to regulate condominium conversions if they wished, to establishing a state policy that would provide greater protection to current residents of buildings that are being converted. Other suggestions have since been made, such as imposing a tax on conversions to condominium units priced ABOVE the levels the Commission has used as the definition of affordable housing. These alternatives involve complex issues, and the Subcommittee did not feel it had sufficient information on which to base a reasoned recommendation, nor sufficient time in which to evaluate the information that was available.



Anita Baxter, Co-Chair



Terry J. Tondro, Co-Chair



Blue Ribbon Commission
On Housing
State Capitol — Room 415
Hartford, Connecticut 06106

Co-Chairmen
Commissioner John F. Papandrea
Arthur T. Anderson

Executive Director
William J. McDonough
203-240-8878

February 29, 1988

The Honorable John F. Papandrea
Arthur T. Anderson
Co-Chairmen
Blue Ribbon Commission on Housing
State Capitol Room 415
Hartford, Connecticut 06106

Dear Commission Co-Chairmen:

The Commission's Subcommittee on Codes and Preservation is pleased to submit its final report and recommendations to the Commission. This report includes those recommendations presented in our January 8, 1988 report and ones discussed and agreed upon since that time.

I. State Building Code. The Subcommittee reached concensus that improvements in the uniform administration of the code as well as a review of the code itself could result in an over-all reduction in the cost of producing a unit of housing in the state. In particular, the Subcommittee recommends the following:

- A. The state should conduct a comprehensive review of the code and eliminate any elements which contribute significantly to the costs but not to the general welfare and safety of the public.
- B. The state should prepare a set of guidelines which would seek to ensure the uniform interpretation of the building code by all local building inspectors.
- C. The state should require a continuing education program under the supervision of the State Building Inspector for all local building inspectors.
- D. The state should review the administration of the appeals process to determine if there are ways to expedite this procedure.

Blue Ribbon Commission on Housing
Subcommittee on Codes and Preservation
Page 2

E. The state should review its housing rehabilitation code, and take into consideration the need for "affordable" housing as the product of the rehabilitation.

F. The state should explore whether mobile-manufactured housing's compliance with HUD building standards, should constitute compliance with the state building code.

The Subcommittee also wishes to express its specific endorsement of some of the recommendations of the Report of the Governor's Building Construction Advisory Committee, (January 15, 1988). This report made a number of recommendations which were relevant to our housing related concerns. (We wish to clarify, however, that our specific endorsement of some of the Advisory Committee's recommendations does not indicate that we disapprove of their other suggestions. It is simply that we have limited ourselves to those items directly related to our field of inquiry and discussion.) Specifically, we endorse these recommendations from the Advisory Committee:

The State Building Inspector shall have the authority to make official interpretations of the state building code independently of the Codes and Standards Committee, with a subsequent review of those interpretations by the committee. Such interpretations shall be compiled, published, and indexed.

The State Building Inspector shall have the authority to overrule local building officials on interpretations of the code, and the state shall assert authority over local building officials to assure uniformity in the enforcement of the code.

The State Building Inspector shall monitor code enforcement on the local level. Municipalities continue to be responsible for enforcing the state building code, but the State Building Inspector will be given oversight authority.

The State Building Inspector shall have an adequate staff to fulfill these interpretation and oversight responsibilities.

Local building officials shall be required to attend training sessions sponsored by the Office of the State Building Inspector. Consideration should be given to the state's providing funds to compensate towns for the cost of periodically sending their building officials to these training sessions.

Blue Ribbon Commission on Housing
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Revision of the BOCA (and CABO 1 & 2 Family*) code should be adopted every three years by the State Codes and Standards Committee, and the supplement revisions to the code should be adopted annually.

* The Subcommittee would add the words "and CABO 1 & 2 Family" because this is the stream-lined code under which much of Connecticut's housing is constructed.

The Subcommittee also endorses the Advisory Committee's recommendation that:

The State Building Inspector shall head a separate division...

except that this Subcommittee expresses no opinion as to whether the agency should be the Department of Public Safety or some other department.

II. Preservation. The Subcommittee recognized the critical importance of preserving the existing stock of affordable rental housing and the need to ensure that affordable housing is available. The Subcommittee recommends that the State should systematically target the use of all appropriate Department of Housing funds to units in danger of being lost from the housing marketplace. The State, in consultation with municipalities, should explore the feasibility of the development at the local level of incentives to rental property owners to continue to maintain their properties as rental units.

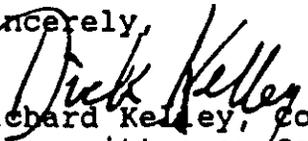
III. Housing Needs of People with Disabilities.

The Codes and Preservation Subcommittee recognizes the need for integrating the housing needs of persons with disabilities with the housing needs of the general population. This should be considered as part of a comprehensive plan including

- * availability of the Rental Assistance Program, and
- * availability of grants to modify existing housing units, both private homes and multi-family apartments, to make them physically accessible to people with physical disabilities.

The Subcommittee also endorses the concept of adaptable housing (as more appropriate than "accessible" housing) and supports the idea of the state developing on a pilot basis, a project in which the units are built to minimum handicapped access standards and then adapted when necessary for use by people with physical disabilities.

Sincerely,


Richard Kelley, Co-Chair
Subcommittee on Codes & Preservation



Blue Ribbon Commission
On Housing
State Capitol — Room 415
Hartford, Connecticut 06106

Co-Chairmen
Commissioner John F. Papandrea
Arthur T. Anderson

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February 29, 1988

Honorable John Papandrea
Arthur T. Anderson
Co-Chairmen, Blue Ribbon
Commission on Housing
State Capitol
Hartford, CT 06106

Honorable Co-Chairmen:

The Subcommittee on Finance and Programs is pleased to submit its final report to the Commission. We have met numerous times since issuing our interim report of January 8, 1988, to deliberate and refine our earlier concept statements.

As was stated in our interim report, the Subcommittee purposely favored an emphasis on new, multi-family rental construction. We also reached the conclusion that construction of mixed income, rather than solely low or moderate income, housing projects was preferable. Of the Subcommittee's seven recommendations, five build upon or expand current State efforts. Two, PRIME and the Connecticut Public/Private Turnkey Housing Program, are major new, complementary, State housing undertakings.

This report first summarizes our recommendations, then provides more detail, as appropriate, to support our beliefs. Lastly the Subcommittee considered 5 concepts which may have merit as ways to deal with the housing crisis. Nevertheless, the consensus was reached that these particular concepts required more investigation and clarification than time and resources available to us allowed.

The Subcommittee on Finance and Programs recommends:

RECOMMENDATION 1:

Mandate that the Departments of Housing and Administrative Services compile an inventory of excess land in Connecticut.

- a. DOH shall survey State, Federal and non-governmental unit parcels.
- b. DOH, utilizing the housing partnership mechanism, shall encourage municipalities to inventory their own, and corporate, land within their boundaries.

Further, DOH shall provide information and technical assistance to municipalities on how to establish community land trusts.

Explanation:

The Subcommittee views these actions as the first, necessary steps to address the problems of land availability and affordability for affordable housing.

The State, through DOH, is best capable of identifying non-local and non-governmental unit components. Due to their access to local land records, municipalities can most efficiently catalog their own and corporate holdings.

Additionally, the Subcommittee believes, it is important for DOH to assist municipalities who wish to explore the use of local land trusts.

Other land-related suggestions such as Housing/Land Trusts were deemed to require more study and are alluded to in a subsequent section.

RECOMMENDATION 2:

Continue and increase support of non-profit developers.

- a. Establish a revolving loan fund for up-front development costs of non-profit developers of low and moderate income housing.
- b. Establish a revolving loan fund for use in mutual housing and limited equity co-ops by households, earning less than 50% of the area's median income, to pay membership fees.
- c. Strengthen the non-profit developer administrative subsidy/technical assistance program.

- d. Continue support for the Community Housing Land Bank/Land Trust Program.
- e. Use DOH discretionary funds to provide adequate financial support for the limited equity/mutual housing program.
- f. Provide adequate support for the Housing Site Development Program.
- g. Extend and clarify certain sales and use tax exemptions found in the Connecticut General Statutes.

Explanation:

The loan fund for up-front development costs will assist non-profit developers with pre-development costs including option money, fees for architectural and attorney services, necessary permits and insurance. Recommended funding of \$2.4 million will assist to produce 1200 units per year.

The loan fund for use in mutual housing and limited equity co-ops will help very low income families utilize these alternative housing opportunities. Recommended funding is \$300,000.

In providing support for the Housing Site Development Program, it is recognized that one of the new gubernatorial initiatives is to combine this program with the Neighborhood Rehabilitation Program. It is felt that funding should reflect this proposed merger.

The exemption from Connecticut sales and use taxes for charitable and religious organizations as currently allowed in the Connecticut General Statutes should be amended so that personal property used or consumed in the operation of housing facilities for low and moderate income families and persons:

- (a) be interpreted to include facilities with mixed incomes to a cap of 140% of median income or a cap set by CHFA but no more than 25% over CHFA moderate income standards, and
- (b) be extended to include limited equity cooperatives/condominiums and mutual housing providing that there are permanent restrictions on appreciation.

The Subcommittee desires that this interpretation be reviewed by the State Tax Commissioner.

RECOMMENDATION 3:

Increase the State's commitment to State-funded rental assistance.

- a. Continue the emphasis on meeting the needs of persons and families who currently lack permanent housing.
- b. Continue and expand the State-rental assistance program for households earning less than 60% of the area's median income who expend more than 30% of that income on rent.
- c. Continue and increase utilization of rental assistance funds to new construction tied for a period of up to 15 years. For projects so funded, the amount of State funding shall be directly commensurate with the degree the State or other public entity can secure a perpetual equity interest.

Explanation:

The State currently has a rental assistance program (RAP) designed to provide both emergency and non-emergency assistance to the homeless and at-risk families and individuals needing rental assistance. The emergency component of this program has proven to be effective in moving families out of welfare hotels in New Haven. In addition, the program has a set-aside for a 100 unit pilot program in which the rental assistance funds will be used for new construction. In light of the results of the regional housing needs assessments, which indicated that a substantial portion of the State's low income renters pay more than 30% of their households' income on gross rent, a program providing rental assistance is clearly needed.

RECOMMENDATION 4:

Initiating a comprehensive State-wide effort to prevent the sunset of mortgage revenue bonds.

- a. Approve and forward a resolution from the Blue Ribbon Commission on Housing in support of mortgage revenue bonds.
- b. Urge legislators, Commission members and housing advocacy organizations to lobby on behalf of mortgage revenue bonds.

RECOMMENDATION 5:

Implementing a major new State Private Rental Investment Mortgage and Equity (PRIME) housing program which is a joint venture of DOH and CHFA to leverage State financial capabilities with private and federal resources.

Explanation:

This program requires both executive action and new

legislation. A draft of that legislation has been prepared and is available. The program involves:

- a. The production of new mixed-income rental housing by private for-profit and non-profit developers. Between 20 and 40 percent of the total units in the project would be low-income. The remaining units would bear market rate rents. As a goal, 80 percent of the total units in the project would be rented to tenants earning less than 96 percent of area median income (AMI). No unit would be rented to tenants earning more than 140 percent of AMI.
- b. All low-income units (LIU's) would be rented to tenants whose income, adjusted for family size, is less than 50 percent of AMI.
- c. Net tenant rent for each LIU would equal 30 percent of tenant income. Tenant income would exclude any Federal or State rental subsidy received by tenant.
- d. Each LIU would receive, if needed, a State direct rental subsidy certificate from DOH. Its general value would equal the difference between the LIU net tenant rent and the "market rate rent," for similar units in the project, including utilities. The rent subsidy commitment would be guaranteed for 15 years by the State.
- e. After year one, the "market rate rent" on each LIU would be frozen at the first year level. Net tenant rent to the occupants of each LIU would continue to be based on 30 percent of tenant income. Increases in rents on the market rate units, or non-LIU's, would be permitted.
- f. For each LIU the State of Connecticut, through DOH, would provide a one-time capital grant to the project of up to one-half the project's average unit cost. These grants would constitute a State "equity interest" in the project.
- g. The developer would provide an additional equity interest in the project equal to at least 10 percent of the project's replacement cost.
- h. The project's mortgage would be provided by CHFA and be a below-market non-recourse loan. Each project would be entitled to Federal low-income housing tax credits.
- i. The State, or CHFA could subsidize the interest rate on the project loan, typically through a lower interest second mortgage. If a State tax credit program is enacted, a project could also receive State tax credits.

- j. The State or its designee would receive an "equity interest" in the project. Any rent increases would require their prior approval of that entity. Also, the mortgage could not be prepaid without prior approval. The State's "equity interest" or share in the project would be at least the percentage of LIU's in the project.
- k. This program would be permitted for multi-family or the elderly. Projects would have to be at least 25 units.

Advantages

The program will significantly reduce State subsidies required to produce a unit of low-income rental housing which could remain "forever" housing. The housing would be mixed income housing, therefore, possibly more agreeable to local communities and in a sense "better" housing than projects which are all low-income. The program also will leverage greater amounts of private capital for low and moderate income rental housing. It will allow us to produce more rental housing in general and specifically more low-income housing.

Implementation

This program would produce 4,200 additional units of traditional rental housing in the next two years by jointly marshalling the resources of DOH and CHFA, and fully leveraging private and Federal resources. This is ambitious, but it is essential to undertake quickly because of the need and the possible "sunset" of the Federal Low-Income Housing Tax Credit Program. Of these 4,200 units, an estimated 1,250 would be very low-income. Another 2,100 should be moderate income rentals. The program at that level requires over the period:

1. \$50,000,000 in DOH capital grant funds;
2. 1,250 DOH rental subsidy certificates, with 15 year commitments;
3. \$4,000,000 in Federal Low-Income Housing Tax Credits;
4. \$150,000,000 in taxable bonding by CHFA;
5. \$100,000,000 in Federal tax-exempt bond authority from the State's allotments for private activity bonding by CHFA; and
6. The passage of enabling legislature by the General Assembly this session.

RECOMMENDATION 6:

Institute a pilot Connecticut Public/Private Turnkey Housing Program as another means of stimulating construction of affordable rental housing.

Explanation:

This program can be effected under existing state legislation and involves:

- a. Designation by CHFA or DOH of a State sponsor;
- b. Solicitation of proposals from for-profit developers to design/build projects under a set of established specifications for a fixed price;
- c. The State sponsor taking title to the property and arranging with private for-profit or non-profit agents the rent up and management of the property;
- d. The State sponsor will develop public purpose policies and procedures for implementation of the program;
- e. The State sponsor will utilize below market rate financing provided through the issuance of tax-exempt bonds by CHFA.

Advantages

- a. Increase stock of mixed-income housing;
- b. Because of public ownership, protects low income units and prevents condo conversions;
- c. Removes disincentives of federal restrictions put on private developers by Tax Reform Act;
- d. Creates competitive environment among developers.

Illustrative Program Implementation

Sponsor: A non-profit corporation created by CHFA. Corporation has five member board which includes two CHFA staffers and three private sector appointees with expertise in multi-family housing development and property management.

Programs: The sponsor will hold title to and assume ownership responsibility for properties developed under two CHFA programs as follows:

- o Moderate Income Affordable Housing Program. Under this Program 80% of the units are market rate and 20% of the units are reserved for tenants with incomes less than 80% of the area median income. There are no rental subsidies in this program.

- o Mixed-Income Affordable Housing Program. Under this Program 60% to 80% of the units are market rate and 20% to 40% of the units are reserved for tenants with incomes less than 50% of the area median income. Incomes are adjusted for family size. DOH subsidies are available for the low-income units.

Development Proposals: Sponsor will solicit development proposals from private contractors/developers on a statewide basis. An RFP will be prepared which includes:

- o Outline of programs;
- o Specific developer requirements, including responsibility for obtaining land, zoning approvals, construction cost estimates, allowance for property management, etc.;
- o Developer profit allowance (est. 20% of total development cost), and;
- o Application forms.

Proposal Review: Sponsor/CHFA staff will review developer proposals under a two-stage approval process.

- o Conditional commitment to be provided at an early stage in the development process based upon developer's preliminary estimates of feasibility;
- o Final commitment to be provided upon receipt of all approvals, acquisition of land and signed construction contract.

Proposals will be approved if they are in compliance with program requirements, and if the development cost is reasonable.

Property Acquisition: The Sponsor will purchase the fully developed property upon completion under the terms of the final commitment. The Sponsor will utilize a private property management company to rent-up and manage the property in compliance with the programs.

RECOMMENDATION 7:

Leverage capital and increase private sector involvement in the production of low and moderate rental housing in Connecticut through the use of State tax credits.

Explanation:

Two recommended actions both require the passage of legislation by the General Assembly and involve:

- a. The establishment of a new \$5 million dollar annual allotment to be administered by the Departments of Revenue Services (DRS) and Housing. The Commissioner of Housing would be empowered to assign, through a system of vouchers, credits against the corporate franchise tax or the capital gains, dividends, and interest tax for developers and investors in the construction of new low and moderate income rental housing. The assignment of these credits would be determined on a project-by-project basis and would only be awarded when, and to the extent necessary to make, a project economically feasible for low income tenants because other State or federal subsidies are inadequate.
- b. Clarification that the interest income on taxable bonds sold by the State or Connecticut Housing Finance Authority for the financing of low and moderate income housing construction and development is not subject to the State corporate franchise tax.

Advantages

- a. It is very difficult to establish an independent tax credit program which generally assists the production of affordable housing. Such credits are very powerful and their use and benefit must be controlled, targeted and measurable. Similarly, the revenue loss to the State must be measured and contained. Credits, however, can be a very efficient way to provide State subsidies and constitute a much smaller cost to the State in the long term than capital bond subsidies for an equal amount of benefit. In summary, they are best assigned to a specific project only on an as-needed basis. The manner of their application must also be flexible since each project can be unique. Experience with the Federal Low Income Housing Tax Credit and other State credits have taught us this and helped us learn how to effectively administer and use such a program.
- b. There is no longer an unlimited amount of federally tax-exempt bonds which can be sold by the State for housing. This means the State and CHFA, as indicated in the PRIME program, will have to issue federally taxable bonds in order to finance the production of large numbers of low and moderate income rental units. When a Connecticut corporation purchases federally tax-exempt bonds it is our understanding that the interest income generated is not calculated in the corporate franchise tax calculation. If taxable bonds were purchased, it would be. This will impair the private placement and purchase of Connecticut bonds by Connecticut corporations. If this were not the case, there could be significant incentives for Connecticut corporations to purchase such taxable bonds. Lower mortgage rates would be possible, and the private placement of bonds with

corporations for housing projects which benefit their employees would be facilitated. This would allow, particularly, the negotiation of lower interest rates.

Implementation

- a. The State tax credit program would be established by amending the \$1 million State tax credit program established last year for non-profits receiving funds from corporations.
- b. The elimination of applicability of the corporate franchise tax would be implemented by adding such language as the following to the Connecticut General Statutes:

"A corporation having income, principal and interest, derived from bonds issued by the state or a political subdivision thereof, the proceeds of which are used to finance low and moderate income housing in this state, shall have a credit against state corporate franchise taxes imposed by Chapter 208 of the Connecticut General Statutes in an amount resulting from the multiplication of the income derived from such bonds by the applicable corporate franchise tax rate."

The areas determined by the Subcommittee to deserve further study include:

- a. Creation and make-up of a State Housing Trust Fund.
- b. Efficacy of reimbursements to municipalities for tax abatement for low and moderate income housing.
- c. Development of a specific program to encourage employers and employee associations to take active roles in creating housing for their employees and members.
- d. Determination of appropriate State action regarding the loss of low and moderate income units through prepayment of Section 236 programs.
- e. Exploration of ways the State can expand its activities to generate traditional homeownership opportunities for low-income families, for example through construction of low cost single family units.
- f. Exploration of ways to put a cap on the appreciation of multi-family housing.

Blue Ribbon Commission on Housing
Subcommittee on Finance and Programs
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Respectfully submitted,

Robert J. Baskin
Robert J. Baskin *me*
Co-Chairman

John Flannery
John Flannery *me*
Co-Chairman

THE CENTRAL HOUSING COMMITTEE
STATE OF CONNECTICUT



RECEIVED BY THE
COMMISSIONER'S OFFICE
JAN 21 1988
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Date: January 21, 1988

To: Blue Ribbon Commission on Housing
Hon. John F. Papandrea, Arthur T. Anderson, Chairmen

From: Central Housing Committee
Lisl Standen, Chairman

The Central Housing Committee has carefully considered the Housing Needs Assessments that have been prepared by the 15 Regional Councils of Government. CHC was greatly assisted in this task by the Regional Housing Councils and their chairmen and at-large members.

From a preliminary analysis of the data, under the definitions employed in the Needs Assessments, it would appear that over 15% of the households in Connecticut are in need of adequate housing. It should be emphasized that the present Housing Needs Assessments concern only total regional needs with no allocations of responsibility on a town by town basis and do not refer to the needs of separate localities, though local raw data has been included on occasion. CHC feels the establishment of fair housing goals and compacts would be the next logical step to proceed with to continue addressing the housing and other related needs of each region.

It is clear that the housing needs for low, moderate and middle income families in all regions are great. The steep rise in land costs and the costs associated with construction have been a major factor everywhere. There are, of course, variations in conditions and emphases from region to region, such as: large concentrations of university students and the homeless, the increase in second homeownership, the need for housing for wage earners who commute long distances, increased employment, excessive protective zoning regulations, inadequate infrastructure and the general stigma that surrounds low/moderate income housing. In order for Connecticut to continue with a balanced economic growth, it is essential that the State legislative body address the specific housing needs of the regions and localities. Assistance will be needed so municipalities can adequately house their municipal employees, teachers, service personnel as well as their children and elderly families who cannot find affordable housing within the community.

CHC supports the Needs Assessments result that more affordable housing is a critical issue and would like to recommend the following actions:

- The Blue Ribbon Commission should declare that the production of low/moderate income (0% to 125% of median income) housing is the greatest need and concentrate on this sector.
- Establish goals for meeting housing needs according to the Regional Assessments.
- Expand tax incentives from the state and federal level to promote low/moderate income housing production by housing authorities, non-profit and private developers.
- Establish incentives for the use of local, state, and federal tax dollars to leverage the production of low/moderate income housing.
- Prevent or offset the loss of federally subsidized, privately owned low/moderate income housing built in the 1960's, while at the same time being sensitive of the private sectors' needs.
- Streamline the processing of State grants and low interest construction financing applications.
- Mandate State guidelines for town/city land use agencies which will streamline procedures of gaining necessary approvals.
- Require zoning modifications, such as an increase in density in exchange for affordable units, application of a fair share formula, the accommodation of multi-family housing, the use of public land for housing and recycling of unused buildings into housing.
- Fund the existing Trust Fund for infrastructure improvements to municipalities leveraging the private and public cooperative effort which will assist in promoting housing production.
- Provide State grants or low interest loans to meet the time gaps between state and federal programs of actual development costs of low/moderate income housing.

- Continue to increase state funding for rent subsidies.
- Provide technical and administrative loans and/or grants for housing authorities, non-profits, and private motivated housing developers who commit themselves to low/moderate income housing.
- Provide financial assistance to Regional Planning Organizations to provide professional staff to municipalities to address housing issues, and to support the work of Regional Housing Councils.
- Establish a regulatory process that will insure in perpetuity that assisted housing, both rental and homeownership, will continue to be used by the groups for which it was originally intended, while also permitting a reasonable return on investment to the holder of the same.
- Provide sufficient funding to insure that assisted multi-family housing be improved and managed to its maximum capacity both physically and administratively.
- Require the financial institutions to modify their underwriting criteria in view of the high cost of housing.
- Require the building trades to examine the application of technology that would reduce costs.

These are only some of the possible alternatives and recommendations that the State of Connecticut can use to lead the nation in housing production. Additional relevant information has been attached from the regional housing councils which relate to their regions.

The Central Housing Committee is confident that the Blue Ribbon Commission will take into consideration, in its master housing plan, the diversity of need from region to region, which can be met through a cooperative effort between the State of Connecticut's housing finance agencies, housing authorities, non-profit associations, and the public and private sectors with the assistance of the legislative body.

State of Connecticut
Blue Ribbon Commission on Housing

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Senator Richard Blumenthal, Chairman
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Senator William A. DiBella, Chairman
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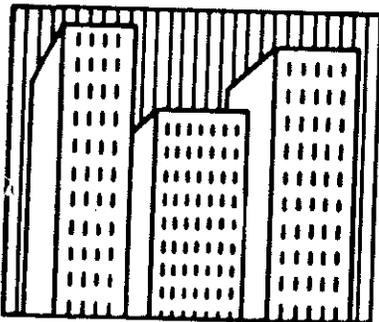
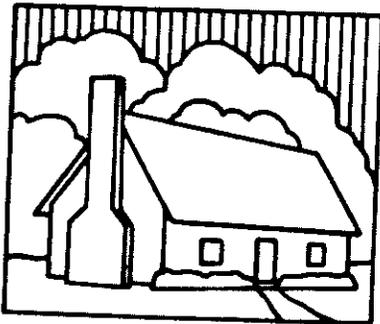
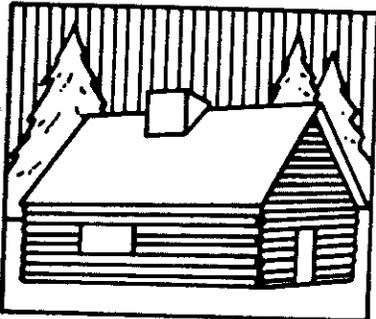
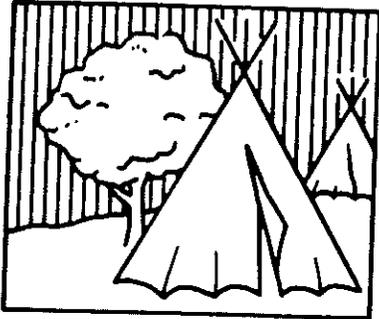
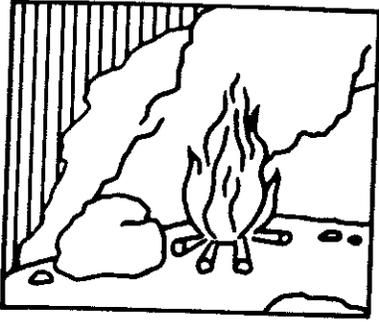
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SHELTER
a basic need . . .



**1987
FIVE YEAR
HOUSING
ADVISORY PLAN**



WILLIAM A. O'NEILL
GOVERNOR

STATE OF CONNECTICUT
FIVE YEAR HOUSING ADVISORY PLAN
1987-1992

WILLIAM A. O'NEILL
GOVERNOR

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ACKNOWLEDGEMENT

The Department wishes to thank the Connecticut Housing Finance Authority and the Office of Policy and Management for their assistance in preparing this Plan.

Most particularly, we thank the members of the Advisory Committee for their assistance, hard work and commitment. It should be noted that the recommendations of the Committee were the result of six months of intense discussion and debate. Due to the diverse nature of the groups represented on the Committee, not all of the recommendations were supported by all members. However, in most cases, consensus was reached and in all cases a majority of the Committee members endorsed the Advisory Committee recommendations printed as Appendix A of this Plan.



STATE OF CONNECTICUT

DEPARTMENT OF HOUSING

January, 1987

Dear Governor O'Neill and Secretary Milano:

It is my pleasure to send to you the Five Year Housing Advisory Plan which the Department has prepared pursuant to Title 8, Chapter 127, Section 8-37, as amended, of the Connecticut General Statutes.

This Plan substantiates State policy and makes recommendations on the important housing issues which our State will encounter over the next five years. Many of the recommendations in the Plan were developed in conjunction with members of the Five Year Plan Housing Advisory Committee, a group which represents a broad spectrum of housing interests in Connecticut.

The Connecticut Housing Finance Authority has assisted us in developing the Plan. With the guidance of the Office of Policy and Management, we are assured that the Plan conforms to the State Policies Plan of Conservation and Development.

Over the past three years, substantial progress has been made toward eliminating the barriers to affordable housing for many of Connecticut's residents. It is our sincere belief that the strategies outlined in this Plan for the next five years will enable the State's housing agencies to make even further progress in this direction.

With your continued support, and that of the General Assembly, we reaffirm our commitment to the advancement and improvement of housing opportunities in the State.

Sincerely yours,

A handwritten signature in cursive script, reading "Joseph E. Canale".

Joseph E. Canale
Commissioner

"Let us show Washington and the world that - in Connecticut - we regard safe and affordable housing as more than just the option of the fortunate among us. We regard safe and affordable housing as the deeply rooted and inalienable right of every citizen of our state.

Let us create the resources to protect the homeless from the deathly cold of the lonely streets, to put a roof over the struggling young family, and to bring the comfort of affordable shelter and care to the frail and the elderly."

Governor William A. O'Neill
January 7, 1987
Inaugural Address

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LEGISLATIVE AUTHORITY

The Commissioner of Housing is mandated by Public Act No. 86-129 to prepare a Five Year Housing Advisory Plan. This mandate, as established by this act, states:

"The commissioner of housing, together with the Connecticut Housing Finance Authority, shall prepare and from time to time amend a FIVE-Year advisory plan, which plan shall conform and be subject to the plan of conservation and development for the state adopted by the general assembly. Said housing plan shall be submitted to the governor and the secretary of the office of policy and management on or before JANUARY 1, 1987, and subsequent plans shall be submitted every FIVE YEARS thereafter. The commencement date of each plan shall be the JULY first FOLLOWING THE SUBMISSION OF THE PLAN."

To assist the Department in carrying out this mandate, the Commissioner appointed a 30-member Advisory Committee comprised of a wide range of experts from the public and private sectors. They were divided into five subcommittees, each of which concentrated on one important aspect of housing policy. The Advisory Committee's recommendations are included as Appendix A of the Plan.

The purpose of this Plan is to formulate a policy which will serve as a blueprint for all State-initiated housing activities. The Plan is consistent with the Office of Policy and Management's proposed State Policies Plan of Conservation and Development. It attempts, through its outlined goals and strategies, to chart a unified and coordinated course for the State to follow during the next five years.

INTRODUCTION

This Five Year Housing Advisory Plan identifies the current housing situation, those segments of the State's population with critical housing needs, and the challenges facing Connecticut in meeting those needs over the next five years, FY 1987-88 to FY 1991-92.

Although there has been an increase in overall housing production during the past several years, certain income groups have not benefited. It is extremely difficult, if not impossible for low income families to find decent, affordable rental units. It is increasingly hard for moderate and middle income families to afford to purchase a home of their own.

Since the last Housing Advisory Plan, the Federal government has reduced funding for, or completely eliminated, its major housing assistance programs for low and moderate income people. In response, the State accepted a greater role in developing and funding housing. During the first half of the 1980's, Connecticut's housing agencies developed a wide range of programs which can address the housing needs of a variety of income groups. The most critical problem facing the State now is how to adequately finance these programs during the last half of the decade so that we can continue to serve our citizens. In the absence of Federal assistance and in the context of Tax Reform, the State's role in housing is growing and therefore, housing policies must be well thought out and carefully implemented.

These events present new challenges for Connecticut. This Housing Advisory Plan offers a course of action to be followed by the public and private sectors in order to meet the housing goals of the State. The Plan also identifies strategies and potential resources that will be directed toward meeting Connecticut's needs over the next five years.

REVIEW OF THE LAST THREE YEAR PLAN

The 1983 Three Year Housing Advisory Plan spanned the period from January of 1983 through December of 1986. Outlined in that Plan were ten objectives that set forth a course of action for State housing policy, (see Appendix B). It is important to review how well the State met those objectives before determining what needs to be done during the next five years.

The Department of Housing conducted a comprehensive evaluation of how effectively the Department was meeting each goal. While some goals were easily quantified and progress easily measured, others required a more qualitative analysis to determine achievement. For example, Objective 1, Increasing the Production of New Housing Units, can be measured by looking at the number of low and moderate income housing units developed with our production or support programs. For the purpose of this analysis, units were counted as developed or rehabilitated if they were completed, under construction or approved by the Bond Commission during the time period specified above. This same methodology applied to Objective 2, Preserving the Supply of Existing Affordable Housing.

Other Objectives were more difficult to measure quantitatively. It could be argued, for example, that every Department of Housing program helps meet Objective 5: Enhancing the Capacity of Private, Public and Non-profit Providers to Build and Maintain Affordable Housing. This is also true of the other Objectives. Therefore, they have been combined into one category called Responsiveness and Innovation in Promoting Affordable Housing. Applicable programs were evaluated in these terms.

For purposes of this summary, progress has been measured in meeting Objectives 1 and 2 as well as the combined category entitled Responsiveness and Innovation in Promoting Affordable Housing. These three goals represent the primary mission of the Department of Housing, to establish and maintain an adequate supply of decent and affordable housing for all citizens. It should be noted that measurement of goals was based on the comparison of units assisted to total units expected to be assisted. Some programs were not funded at the level projected in the Plan. Therefore, unit activity was less than that projected for those programs.

Overall, the Department proved successful in meeting its objectives, and in the case of housing production, exceeded the goals established. For example, the Moderate Rental Family, Housing Site Development, Elderly Housing, and the Congregate Housing programs all exceeded 150 percent of their goal of increasing the production of housing units. In general, the Department achieved approximately 130 percent of the established goal by producing over 4,000 housing units during the three year period.

Likewise, the Department made substantial progress in meeting Objective 2 by assisting over 30,000 units of existing housing. Noteworthy was the exceptional increased activity in the Neighborhood Rehabilitation Program. This, in part, was due to the decreased funding levels in the Federal Community Development Block Grant Programs that resulted in the request for NR funds by municipalities to continue their housing rehabilitation and community development activities. Figure 1 is a synopsis of the Department's progress in meeting Objectives 1 and 2.

Figure 1

Objective 1- Increasing the Production of New Housing units.

<u>Program</u>	<u>Goal</u>	<u>Achievement</u>	<u>Percent</u>
Moderate Rental Family Housing	642	1,063	166
Elderly Housing	552	866	157
Congregate Housing	206	313	152
Housing Site Development	642	1,213	189
Urban Homesteading	125	49	39
Downpayment Assistance Program	753	590	79

Objective 2- Preserving the Supply of Existing Affordable Housing.

<u>Program</u>	<u>Goal</u>	<u>Achievement</u>	<u>Percent</u>
Neighborhood Rehabilitation	900	3,500	388
Housing Development Corporations	2,047	1,608	79
Small Cities Community Development Block Grant	12,205	5,906	48
Tax Abatement	7,166	7,039	98
Payment-in-Lieu-of-Taxes	5,510	5,811	105
Moderate Rental Rehabilitation	9,000	6,619	74

The other Objectives call for enhancing affordability and accessibility, promoting local initiatives and fostering innovative approaches to meeting the housing needs of special groups. As mentioned above, all Department of Housing programs are, by definition, designed to increase accessibility and affordability for low and moderate income people. Most programs are used by localities, non-profit and for profit developers or housing authorities to create new, or preserve existing housing. The flexibility which has been

built into Department programs allows the agency to be responsive to identified housing needs of specific groups or locations, and to fund or develop innovative approaches.

During the time period under review, the Department showed responsiveness and innovation in the following areas most particularly.

Affordable Housing: The most important state commitment made to address the housing needs of low income families since the Department of Housing was established was Governor William O'Neill's proposal in October of 1985 to commit \$70 million over a three year period for the development of low-income rental housing. Legislation established the Affordable Housing Program and an initial authorization of \$35 million was approved by the 1986 General Assembly.

This program provides financial assistance in the form of capital grants to housing authorities and non-profit corporations for the development of rental housing for low-income families. Families eligible to live in these units are those whose income is no more than fifty percent of area median income.

Homelessness: In recognition that the number of homeless people is growing in the state, the Governor's Task Force on the Homeless was established to investigate the problem and recommend solutions.

The Task Force developed an Action Plan to address the needs of the homeless which designated the Department of Housing as the lead agency for housing issues relative to the homeless. Existing programs, such as Housing Site Development and Small Cities Block Grant, provided funding for the establishment of emergency shelters in several communities. In addition, two new programs, Innovative Housing for the Homeless and the Security Deposit Loan Program, were authorized during this period.

Housing for Handicapped Persons: The Department has demonstrated a sensitivity to the special housing needs of handicapped individuals. First, the Department requires that at least 10 percent of all units in a project developed or assisted by Department programs be accessible to handicapped persons. Housing Site Development and Moderate Rental Development programs have been successfully used by localities and non-profit organizations to develop group homes or rental units for handicapped persons.

In addition, in 1984, a new program was developed to use Housing Development Corporation funds for low interest loans to property owners who wish to rehabilitate housing units so that they will be accessible to handicapped people. The Corporation for Independent Living, which has consistently received financial support from the Department, administers this \$100,000 program.

New Homeownership Opportunities: Homeownership remains elusive for lower income, and difficult for moderate income families, and is a major Department concern. The Downpayment Assistance Program (DPAP) has been consistently successful, making 590 loans during the period reviewed. The Department also reserved \$3.3 million to use with the new Connecticut Housing Finance Authority homeownership program for low income buyers. CHFA provides construction and permanent financing and the Department matches their mortgages with downpayment loans.

Two other homeownership programs were sponsored by the Department during this time period: a state funded Urban Homesteading Program and a Rural Self-help Pilot program funded under the Housing Development Corporation program.

Special Needs of the Elderly: Planning to meet the housing needs of senior citizens is of growing importance as older people live longer and their number increases as a percentage of our population. The Department's

traditional Elderly Housing program has successfully produced housing for low and moderate income elderly persons.

Congregate housing for the frail elderly is also of growing concern to the Department. A joint report with the Department on Aging evaluated Congregate facilities, and recommended that additional units will be needed. The Department has two programs in place with which it assists Congregate facilities: a development program and an operating subsidy. The Congregate development program is at 152 percent of goal, and its importance may well increase during the next few years. Operating subsidies are critical in keeping rents affordable for low income frail elderly by paying operating expenses which otherwise would have to come out of rents. The need for subsidy funds will increase as the number of State funded Congregate projects increase.

The Department continues to respond to the housing needs of the State by evaluating its existing programs and through a series of new program initiatives authorized by the Legislature or currently under its review. These programs are discussed in a later section.

FEDERAL HOUSING POLICY

Since the 1930's the Federal government has played a major role in national housing policy. In fact, the Housing Act of 1949 states that the policy of the federal government should be to provide "a decent home and a suitable living environment for every American family." The national nature of the Federal government's broad-based taxing and spending power has made it appropriate that Federal housing efforts focus on ensuring an adequate supply of privately financed capital, a tax/income policy that provides significant incentives for housing development and ownership, and direct spending programs to provide assistance to lower income groups.

Factors crucial to housing development and affordability include the availability of reasonably priced land and the standards governing structural improvements. These factors remain under the direct control of local governments through powers granted to them by state constitutions or statutes. Federal policy has been limited primarily to assisting the purchase or leasing of housing produced in local housing markets which are subject to high degrees of local regulation.

Within this context, traditional Federal housing policy can be divided into three general categories:

- Favoring housing relative to other investment opportunities;
- Expanding the housing market through the use of "shallow" financing subsidies to those meeting certain income thresholds;
- Opening the housing market to eligible groups through "deep" subsidies based on the difference between household income and housing cost.

Federal housing policies and housing assistance programs have, however, undergone drastic changes since 1981. Direct federal spending for assisted

housing programs has decreased in the following manner since then (total budget authority in \$ millions):

FFY 1981	FFY 1982	FFY 1983	FFY 1984	FFY 1985	FFY 1986
\$32,201	\$18,909	\$14,290	\$14,088	\$11,747	\$10,456

It is often noted that housing payment outlays have consistently risen during the same period from \$5.7 billion in 1981 to \$11.8 billion in 1986, and that there are more subsidized units occupied in 1986, \$4.1 million, compared to \$3.5 million in 1981. However, these figures can be misleading since outlays are merely the "payment" on prior commitments, and budget authority represents authority to enter into commitments to provide housing in the future. This increase in housing payment outlays is attributable to the funding of commitments made in prior years. The increase in the number of persons in occupied housing units is the programmatic result of these prior funding commitments.

If present budgetary trends for assisted housing continue, eventually both outlays and units occupied will reach a peak and then decrease. Units will fall out of the existing assisted housing inventory due to obsolescence, the possible demolition of publicly-owned housing, and the conversion of privately-owned facilities to other uses as the service period required expires.

The present Federal fiscal situation does not seem compatible with a reversal of the assisted housing budget trends of the past five years. The same pressures that led to the passage of the Gramm-Rudman-Hollings deficit reduction legislation do not seem to be abating despite efforts to meet the established deficit reduction targets. This would appear to rule out, for the foreseeable future, a return to spending levels for assisted housing approaching pre-1981 levels. Maintenance of the Federal commitment at present levels of budget authority is more likely.

Particularly remote is the return, at any significant level, of long-term deep income-based subsidies such as those offered through the Section 8 New Construction/Substantial Rehabilitation Program and the Low Income Public Housing Program. These programs were deficit reduction targets due to the anti-new construction bias of the Administration and the Congress. From an administrative standpoint, these programs committed the government to long-term fixed contracts for significant amounts of budget authority that could not easily be reduced to make room for deficit reduction or other spending priorities. A budget conscious Congress or administration, even if committed to a larger Federal housing program, could be wary of embarking on a new round of such long-term commitments.

A more likely alternative, should the Federal government decide to commit more resources to housing in the near term, is an expansion of the role of shallow subsidies and flexible grants. These, when combined with state and local efforts, may be viewed by the Federal government as a more "efficient" manner of providing housing assistance for low and moderate income families.

The Tax Reform Act of 1986

The Tax Reform Act of 1986 has serious implications for the development of low and moderate income rental housing by the private sector, and the manner in which agencies of state and local governments assist in that development.

Low and moderate income housing has been successfully developed by the private sector in recent years due to a number of incentives, or financial advantages, that this real estate product has held over conventional real estate. Many of these financial advantages were provided through the tax code including:

- accelerated depreciation with favorable recapture treatment;
- expensing/amortization of construction period expenses;
- reversions treated as capital gains rather than ordinary income;
- the ability to pass these benefits on to a diverse number of owners through limited partnerships, raising an increased amount of equity capital to be invested in low and moderate income housing.

The Tax Reform Act of 1986 dramatically limits these tax benefits in the following manner:

- depreciation is no longer available in an accelerated manner, and there is no difference between the treatment of low and moderate income housing and other income producing real estate;
- construction period expenses must now be added to basis and deducted over the depreciable life of the property;
- the preferential treatment of capital gain income has been eliminated,
- new restrictions on the degree to which tax benefits can be passed on to a number of owners through limited partnerships.

While the new low income housing tax credit partially compensates for this loss of tax incentives, it is an untried tool which carries its own set of problems. It remains to be seen whether these difficulties can be resolved by Congress through practical experience and future modifications.

Additionally, the Act places drastic new limits on the degree to which state and local governments can use tax-exempt debt to finance a variety of functions, including housing. In 1986 and 1987 the State's volume limitation on all "private activity" bonds is \$250 million annually. This will drop to \$158 million from 1988 on. In addition to affordable homeownership for first-time homebuyers and low and moderate income multi-family housing programs, a number of other activities funded by the State are subject to this volume cap including sewage disposal facilities, mass commuting vehicles, economic development loans and student loans. Historically, the level of bonding used to finance State housing programs has been close to, and in some cases exceeded, the new statewide volume limitation on all tax-exempt "private activity" bonds. This does not take into account additional resources that might otherwise have been raised through tax-exempt bonding to finance an expanded state housing role.

Implications of these Federal Trends for State Housing Programs

In general the present nature of Federal housing policy can be characterized as follows:

- Tax provisions favoring homeownership, such as the mortgage interest deduction and the property tax deduction, provide tens of billions of dollars of direct tax benefits to all homeowners and proportionally more to wealthier homeowners in the highest tax bracket with the largest debt. This will undoubtedly remain a solid part of the nation's tax and housing policies.

- Mortgage insurance programs benefiting middle income homeowners administered by the FHA and VA, coupled with programs to bring additional capital to housing financed through GNMA, FNMA, and FHLMC remain extremely popular with the public and the Congress and are likely to remain as major components of the Federal government's housing efforts.
- Direct spending programs that provide assisted housing to low and moderate income households have been dramatically limited over the past several years. A return to historic funding levels for these programs is unlikely, though modest increases in shallow subsidies or flexible grants are possible.
- Tax benefits for low and moderate income housing either through equity incentives or through state and local debt issuance have been dramatically limited and their return to previous levels is also unlikely due to current fiscal distress at the Federal level.
- Those provisions of the tax code that still provide opportunities for state and local governments and the non-profit sector are untried and almost experimental in nature.

The general implications for state housing policy can be summarized as follows:

- There is a vacuum in national housing policy relative to the provision of housing for low and moderate income households due to the retrenchment on direct spending and recent changes in tax policy. This vacuum will be a factor in national housing policy for the foreseeable future.
- If state government is to make an effort to fill this gap, additional resources for direct spending programs and new, creative means of

leveraging debt capital and private sector equity financing will need to be devised.

- If it is to expand or alter its housing role in a timely manner, state government will need to devise programs that are responsive to state and local concerns and priorities, and build on the expertise and capacities of state institutions and programs. For example, there are over 100 municipalities in Connecticut which have viable housing authorities. These local housing authorities play a significant role in the development and management of low and moderate income housing, as well as elderly housing. Their anticipated tax-exempt bonding status under the Tax Reform Act of 1986 may expand their role in the development of housing. Housing authorities are well-suited for the production of all forms of housing due to a number of factors including:

- * Community-based policy boards,
- * established housing-oriented staffs,
- * established links to community-based services and organizations, and
- * expertise in Federal and State programs as well as local needs.

The Department of Housing will continue to work closely with municipalities in conjunction with their local housing authorities to identify specific housing requirements and goals. This will insure that programs are operated in an efficient and economical manner.

- If increased state resources are to be made available and new, additional sources of debt capital are to be expended, it is imperative that these scarce funds be used as efficiently and effectively as

possible. To insure this, a review of all state and local regulatory standards and practices that unnecessarily and unreasonably increase the cost of providing housing must be conducted and modifications made.

HOUSING PRODUCTION

The factors which influence housing production are both numerous and complex. They include: demographics, state and national economic trends, mortgage interest rates, the cost and/or the availability of housing, land, labor, governmental regulations, and tax reform legislation. A significant shift in any one of these factors will have an impact on housing production, making accurate predictions difficult.

Preliminary figures indicate that at the end of 1986 there were 1,274,718 housing units in Connecticut's housing inventory. Of this total, 742,618 were single family detached units, 53,663 single attached units, 124,810 units were in two family structures, 112,811 units were in buildings with three or four units, and 227,925 were in buildings with five units or more. In addition, there were 10,092 mobile homes, and 2,799 units of undetermined classification.

The previous Housing Advisory Plan estimated that an annual growth rate of nearly 20,000 units would be needed to meet the housing demand. Despite the fact that housing production in Connecticut has met or exceeded this target over the past few years, indications are that demand still exceeds supply. This is especially critical in the area of low and moderate income housing. In reality, the disparity between the expanding low income population and the availability of affordable housing is increasing.

According to the 1985 Annual Housing Market Report, "Land continued to be the single most expensive component in new housing construction. With an increase of 10 percent over last year, it represented 31.4 percent of total construction cost." The rise in the cost of land is expected to continue. Increased costs, coupled with its diminishing availability clearly poses a problem that can no longer be ignored.

Municipalities, through zoning ordinances, can provide for a reduction in the size requirements of a building lot. The adoption of ordinances that impose less stringent density requirements, subdivision regulations and floor area ratios will encourage the creation of more housing units. Municipalities must come to grips with this issue. Through the exercise of their police powers they have the vehicle needed to arrest the declining availability of land and stabilize or even reduce its cost. The report, Housing and Land Use: Community Options For Lowering Housing Cost, published by the Department of Housing in 1981, provides a variety of useful techniques a municipality can apply to achieve cost reduction in the production of housing.

A sizable portion of the new housing produced in 1986 was "trade-up" housing. Although some experts believe that the demand for trade-up housing has peaked, many others disagree, and believe that this trend toward the development of more expensive, luxury housing will continue. In any case, in-migration, household formation and other factors point to continued high demand for all kinds of housing in all price ranges during the next five years.

Another factor in the current residential building boom is the increased popularity of condominiums. The condominium combines the advantages of homeownership, while at the same time removing the burden of property maintenance. It is also cost-effective for the developer to construct several housing units on limited amounts of land. There is no reason to believe that the demand for this form of housing will decline in the near future.

At this time, new housing construction levels are expected to remain relatively strong into the 1990's, but it is doubtful that new residential production can be sustained at 1986's record pace. The lack of available land, the shortage of skilled labor, the rise in the cost of certain materials

such as lumber, all will contribute to the skyrocketing cost of housing, and may tend to moderate the level of construction. This will be offset in part by relatively low interest rates and low unemployment, as well as an overall healthy State economy.

There were approximately 27,800 new housing units produced in 1986. Although this level of production is the highest in well over a decade, most of these units are market rate and luxury housing, not units that low and moderate income households can afford. The Department of Housing, in consultation with area economists predicts that the level of new construction will decline to 25,000 new units annually in 1987 and 1988. This trend will continue with production dropping to 22,000 units in 1989, and 19,000 units in both 1990 and 1991.

HOUSING SITUATION - 1986

A. DEMAND

All available data indicate that there is a growing demand for housing in Connecticut, particularly housing which is affordable to low and moderate income persons. Despite substantive increases in State resources and lower interest rates, housing production for low and moderate income families has not kept pace with this demand.

The growing demand for all types of housing is in part a result of the following factors:

Changes in the State's Population: Connecticut's population is estimated to have increased by over 66,000 in the five years since the last census. This resulted in a July 1, 1985 estimated population of 3,175,000, up 2.1 percent from the April 1, 1980 census total of 3,107,564. Although the State's growth rate for the five years from 1980-1985 was less than half that of the United States as a whole, it far surpassed the 2.5 percent growth experienced statewide in the ten years from 1970 to 1980.

Recent population trends have intensified the need for private and publicly assisted housing. For example, from 1980 to 1984, the number of households in Connecticut increased by over 5.7 percent, well over double the rate of population increase. Nationally, and in Connecticut, average household size has been decreasing steadily for years. In 1980, 53 percent of the State's households had only one or two people, up over 8.8 percent from 1970. As household size decreases, the demand for household units increases.

Population projections prepared by the Office of Policy and Management indicate continued trends which will place heavy demands on various types of housing. From 1980 to 1990, Connecticut is projected to lose population in

the 5-24 and 50-59 age groups. Major increases are projected for the age groups 25-49 and 65 and over. Particularly strong percentage increases are expected in the 40-49 and 70-79 age groups.

The ages 25-39 are the prime homebuying years. Projected to increase by almost 15 percent in 1990, this group will add to the demand for home purchases and will undoubtedly increase pressure on rental units when that demand cannot be fully met. Those in their forties are entering peak earning years, often a time of trading up to larger and more expensive housing.

The State's elderly population which will increase by 19.5 percent by 1990, has special housing needs: smaller homes or condominiums; additional elderly housing rental units, both publicly assisted and market rate; congregate living facilities for those with limited care needs; and full care facilities for those with more serious health problems. A summary of projected population changes (1980-1990) according to various age groups can be found in Appendix D.

Strong Economic Growth: Employment is at an all time high. The unemployment rate has dropped to approximately 3.5 percent for 1986, the lowest level since the late sixties. This figure is far below the national average of about 6.5 percent for the same period. Per capita personal income in 1985 was \$17,627, the second highest in the nation. Connecticut has been ranked high among the states for having the best climate for small business growth, based on the State's capital resources, taxes, labor force, business activity, and state support for economic development. However, the lack of affordable housing will impact the State's ability to retain and attract businesses as workers have difficulty in finding places to live.

Yet, even in the best of times, a large gap continues to grow between the overall employment picture and the situation in many older industrial cities

and towns. For example, in late fall 1986, Bridgeport and Hartford had unemployment rates of 5.7 and 5.3 percent, respectively. Compared to 1980, the disparity between the employment rates of these cities and the suburban communities in their metropolitan areas has actually increased.

Connecticut's tremendous economic prosperity has simply not made a difference for the hard core unemployed and their families. To make matters even worse for the unemployed and the working poor, that same economic boom has at least partially fueled the rapid increases in housing costs, thus leaving those already least able to afford decent homes in an even tighter bind.

In addition to these factors, the withdrawal of the Federal Government from the housing scene and Tax Reform discussed previously have a strong impact on the demand for affordable housing now and in the future. Clearly, those who suffer the most are the poor, even though affordable rental and ownership opportunities are reaching a significantly larger segment of that population.

B. NEED

Housing is a basic human need. As housing becomes increasingly more expensive, more and more families are unable to find adequate, affordable and accessible housing.

According to the 1980 Census, 156,547 renter households, of which 73 percent had incomes less than \$10,000, live in either substandard or overcrowded conditions or pay more than 30 percent of their income for rent.

Affordability for low and moderate income persons is more a problem now than at any other time. Incomes have not kept pace with rent levels. The economic reality is that new and rehabilitated housing must have rent levels high enough to support the property. However, these rents are frequently too high for low and moderate income families to afford. Federal subsidies, which have in the past helped make these units affordable, have been eliminated or drastically cut back. Since the last Plan, more rental units have been converted to condominiums. This process is expected to continue, thereby reducing even more the number of rental units on the market.

A 1984 survey of local housing authorities indicated that the number of low and moderate income households on waiting lists for State assisted housing exceeded 13,000. Three quarters of these households were paying over 50 percent of their income for rent. This survey did not include those households waiting for Federally assisted units. Another survey, conducted in the same year, revealed that the average waiting period for assisted housing in Connecticut ranged from seven and one-half months to five and one-half years. Local housing authorities estimated that three-fourths of those families living in public housing represent only one-fourth of the families eligible to receive assistance. A more recent telephone survey of 82 local housing authorities conducted by the Department of Housing shows that over

22,000 households have applied for assisted housing and are on waiting lists. According to this survey, waiting times range from one month to five years.

There are just not enough units available at affordable prices to house the State's low and moderate income residents. The extraordinary increase in housing costs has and will continue to have a severe impact on low and moderate income families, large numbers of whom are working poor, minorities, female headed households and elderly.

A 1984 advisory group appointed by the Commissioner to study housing needs of low income families found that:

- There is a real housing problem in Connecticut for low and moderate income persons.
- Connecticut has seen a substantial loss in available housing for low and moderate income persons.
- Although lower income families can only reasonably afford to pay 25-30 percent of their income for housing, it is not uncommon for these families to be paying as much as 50-75 percent.
- In 1984, the AFDC flat grant for a family of three allocated only \$159 per month for rent (not including utilities).
- More than 15,000 evictions are filed per year in Connecticut, of which over 80 percent are based on non-payment of rent.

In 1986, the average fair market rent for a two-bedroom unit in Connecticut was approximately \$450 per month. For the more than 73,000 households on general or public assistance less than \$190 per month is allocated for rent. The trend in rent levels is not encouraging. As a result of the Tax Reform Act of 1986, new multi-family rental development is expected to drop off at least in the near future. As a result, some experts are

predicting an increase in rents for existing units in excess of 30 percent over the next five years.

Homeownership is also increasingly difficult for moderate and middle income families. The average sales price of a single-family home in Connecticut is out of the reach of the vast majority of first time homebuyers. State economists estimate that the median sales price of an existing single family home in Connecticut was \$130,000 in 1986.

Families can afford to purchase a \$130,000 home if they meet two conditions:

- They must have a 20 percent downpayment of \$26,000, and
- They must have an annual income of \$50,000.

Home prices are not expected to decline over the next five years. Home prices in certain areas of the State, such as the Naugatuck Valley, the Connecticut shoreline, Northeastern Connecticut, and the urban areas of Litchfield County are expected to experience continued price increases. As a consequence, young families are finding it extremely difficult to purchase even modest, starter homes.

The shortage of affordable housing has an impact not only on families and individuals seeking it, but also on the economic health of the State as a whole. The lack of affordable housing in proximity to jobs is one of the most significant factors effecting continued economic growth. A 1985 survey of business leaders and CEO's in lower Fairfield County reveals that the greatest impediment to economic expansion was the shortage of affordable housing. Companies are having difficulty finding people to fill necessary jobs because workers cannot afford to live anywhere near their place of employment. This problem is being analyzed by a number of groups, including Fairfield 2000, a regional research effort involving more than 800 persons. Although the

problem is most acute in southwestern Connecticut, other regions of the State are experiencing or soon will face the same difficulties.

No single governmental entity can be expected to meet the housing needs of our citizens. All levels of government, as well as the private sector, must take aggressive roles in the production of affordable housing.

Efforts must be made to reestablish a strong federal role in housing production and assistance. The State must continue to increase funding levels for its housing programs. Municipalities must recognize their obligations to provide housing opportunities for all their citizens. The private sector must join government at all levels if solutions to the problems of affordable housing are to be solved.

SPECIAL NEEDS

In addition to the overall need for affordable housing for low and moderate income people, there are segments of our population with special housing needs.

Fair Housing

Although there are numerous federal and state statutes that prohibit discrimination in the rental or sale of property, people continue to be discriminated against because of their race, color of their skin, religious background, sex and sexual orientation. Housing discrimination is perpetrated against families with children. Discriminatory practices are found daily in the myriad of transactions in the housing industry; minorities and members of other protected classes are often denied access to the housing of their choice which otherwise would have been available.

The State must continue to implement and promote its Fair Housing programs as incorporated in the policies governing the Connecticut Housing

Finance Authority, the Connecticut Housing Authority, the Department of Housing, and other agencies providing housing assistance. There must be a commitment from state government which reflects and encourages compliance with Title VIII of the Civil Rights Act of 1968, and Section 109 of the Housing and Community Development Act of 1974. Sections 46a-64 and 46a-64a of the General Statutes of Connecticut, and other federal and state statutes prohibit discrimination in housing. The Commission on Human Rights and Opportunities is the state agency empowered to enforce the fair housing statute.

Elderly

The U.S. Census Bureau estimates that between the years 1980 and 2000 Connecticut's population over age 75 will increase by 67 percent, and the population over age 85 will more than double. According to the 1980 census, there were approximately 38,846 elderly persons living at or below the poverty level, who may need some form of public assistance for housing expenses. The expanding elderly population will create the need for additional elderly housing units.

There are approximately 33,000 publicly assisted housing units for the elderly in Connecticut. The waiting time for admission to those administered by housing authorities is approximately 2 years and the demand for privately administered projects is similar. Survey data indicate that the majority of elderly housing residents are lower income widows or widowers in their seventies or eighties. They include a higher proportion of minority group members than the population at large and a higher proportion of persons with disabilities. Elderly housing residents express a higher level of satisfaction with their living arrangements than most other segments of the elderly population in the State. These characteristics suggest that the

housing program has been successful in reaching a portion of the neediest older persons in the State.

Approximately 15 percent of the elderly say that they are interested in moving. About 17 percent of these, or three percent of the entire elderly population, express a preference for specialized housing for the elderly. If Connecticut were to satisfy even this modest level of demand, it would have to build or convert an additional 15,000 units for specialized housing for the elderly.

Many elderly enter senior housing as "young-old" and then "age in place." The average age is approximately 75 years for tenants in elderly housing in Connecticut, and there is concern about how existing housing projects can meet the needs of the increased number of elderly residents living to advanced old age.

The elderly, over the years, may experience an increase in their need for formal support services. These services include meals, housekeeping, and transportation, as well as some form of social and recreational programs. One alternative to traditional elderly housing is congregate housing. The Department of Housing's Congregate Housing Program provides loans and grants to housing authorities or non-profit housing corporations to construct or rehabilitate existing structures for congregate housing. The congregate housing must include: an office, community areas, central kitchen and dining areas. Each living unit is self-contained. There must be a staff person on duty 24 hours a day, and all units must be wired with an emergency care system. At least one main meal a day must be served to residents. The Department also provides an operating subsidy to offset the expenses of the congregate services.

In July of 1984, Commissioner Klinck of the Department on Aging and Commissioner Canale of the Department of Housing appointed a ten-member study

group to examine overall State policy on congregate housing. The study committee estimated a total of 9,200 elderly people would need congregate housing in 1985, and by 1995, 11,485 elderly would be in need of these services.

Congregate housing is considerably less expensive than nursing home care and can begin to fill the gap between an elderly person's need for some support services and full nursing home care. This would ease the financial burden on those elderly and their families that can not afford nursing homes.

Female Headed Families

In 1980, there were 115,018 families in Connecticut headed by women with no husband present. Nearly 38 percent of these families are near or below the poverty level. In 1980, 61 percent of all children in female headed families lived near or below the poverty level. Clearly, these families represent a major component of the demand for publicly assisted housing and/or rent subsidies. Female householders from racial or ethnic minorities face further obstacles in their search for appropriate housing. In addition to the problems associated with poverty, these women must also contend with racial and ethnic discrimination.

There is reason to believe that the number of female headed families with children will continue to grow. The rate of teenage pregnancies and the divorce rate among families with children is expected to remain high, thereby contributing to the number of single parent families. These families often require additional services such as adult education, job training, and child care. Until a comprehensive program is implemented that provides these services and helps these families to become more independent, the need for subsidized housing can only increase.

In response to this growing problem, the United States Department of Housing and Urban Development has targeted funds to single parent families through Project Self-Sufficiency, a demonstration program that is tied to funds from the Section 8 Existing Housing Program. Hartford and Willimantic are two communities in Connecticut which have been chosen to participate in the program. Project Self-Sufficiency is designed to break the cycle of poverty and the dependency on government programs among low income single parents. This is done through public/private partnerships that provide child care, personal and career counseling, transportation, adult education, job training, and employment assistance needed to make the transition. Participating communities are required to design an Action Plan for the delivery of support services.

The Department of Housing endorses the federal demonstration program, and will explore the feasibility of a similar state program operated in conjunction with the Departments of Income Maintenance, Human Resources, Labor, and Children and Youth Services. Only through this comprehensive approach can the inequities facing female headed families be reduced.

Housing for Persons With Disabilities

Persons with long-term disabilities and their families tend to be particularly limited in both choice and means in securing adequate and equally accessible housing in a safe and healthy environment.

Housing accessible to persons with disabilities has generally been perceived as designed only to facilitate the use of wheelchairs. There is little housing available for even this limited purpose. Appropriate housing for an individual depends upon the nature and the severity of the disability or multiple disabilities. The alienating effects of institutionalization

typical of more restrictive housing must be overcome. Residential space should be designed to allow for individual expression and privacy. Aural, visual, and tactile clues are needed for orientation. However, the environment should be challenging enough to encourage the participation of the residents.

It is often the location of appropriate and necessary facilities and services which determines the success of a person with disabilities in living and contributing to a community. Of equal importance is how successfully housing for special needs and the residents are integrated into surrounding neighborhoods. Efforts must be made to lower social and psychological barriers.

Nearly one out of every six residents in Connecticut has a physical and/or mental impairment which is a substantial limitation to one or more major life activities, and which has continued or is likely to continue indefinitely. A survey conducted by the Connecticut Department of Human Resources found that the need for housing for persons with disabilities will grow as the result of deinstitutionalization, particularly of mentally ill and mentally retarded persons, and increasing life expectancies. The survey also concluded that the northwestern and eastern portions of the state will require increased medical facilities to accommodate future needs.

The Connecticut Basic Building Code provides that any multiple-family building or complex (as distinct from multiple one- and two-family dwellings) of twenty-five or more dwelling units must comply with the accessibility specifications. Four percent of such units, or at least one unit, whichever is greater, are to be physically accessible. Developments which have received federal or state financial assistance are generally required to have a greater proportion of such units. In addition, the State is considering ways to

produce more multiple-bedroom units for families in which one or more of the members has a disability or disabilities.

With or without assistance, all common areas (laundry rooms, swimming pools, storage areas, etc.) of non-exempted buildings must be made physically accessible. In this way, persons with disabilities may fully and equally participate in the life of the residential community.

Homeless

In 1983, faced with a growing number of homeless persons and families in Connecticut, Governor O'Neill created the Governor's Task Force on the Homeless to analyze the extent of homelessness in Connecticut, determine the resources available and make recommendations regarding solutions to the problem. Based on a survey of municipalities and local advocacy groups, the Task Force determined that there were between 1,700 and 3,500 homeless persons in Connecticut at any given time.

The final report found that the homeless population has increased and includes families, the working poor, the newly unemployed, young and old, single parent with children, highly skilled and educated people, drug and alcohol dependent persons, victims of domestic violence, and the deinstitutionalized. It includes all ethnic, racial and religious groups.

A prominent factor effecting the "new" homeless population is the shortage of available low income housing. Gentrification, condominium and office conversions, and urban renewal efforts that have eliminated single-room occupancy hotels and boarding houses have reduced the stock of available affordable housing.

Cuts in federal housing assistance programs have exacerbated the problem, and it is feared that continued reductions and eliminations of federal housing

programs will result in an increase in the number of homeless persons statewide.

Providing assistance to the homeless requires a strong commitment from the State. As part of this commitment, the Governor's Task Force on the Homeless has developed an Action Plan to Address the Needs of the Homeless, which offers a comprehensive and coordinated approach to addressing the needs of the homeless. This plan establishes the Department of Housing as the lead agency for housing issues as they apply to the homeless, and the Department of Human Resources as the lead agency for shelters and support services for the homeless. The following housing issues emerged as key themes throughout the recommendations of the Action Plan:

- Enhancement of the current system of service provision through strengthened partnerships among the State, service providers and municipalities, and through improved management information systems.
- Development of affordable and decent housing to meet the permanent and transitional needs of the special population which comprises the homeless in Connecticut.

As a result of the Action Plan, the Department of Housing has explored the use of State surplus property to develop emergency shelter or transitional housing, developed a brochure of DOH programs assisting the homeless, met with State human service agencies regarding housing for special population groups, researched the issue of housing affordability and the poor, and developed data on the existence of single room occupancy facilities (SRO's) in Connecticut. Both, the Department of Human Resources and the Department of Housing will continue to pursue and coordinate the recommendations presented in the Action Plan, as well as coordinate new programs, such as the Rental Assistance Pilot Program and the Housing for the Homeless Program, which provide the housing and support services necessary for homeless persons to become self-sufficient and obtain permanent housing.

RECOMMENDATIONS

MISSION: TO ESTABLISH AND MAINTAIN AN ADEQUATE SUPPLY OF DECENT AND AFFORDABLE HOUSING IN A SUITABLE LIVING ENVIRONMENT FOR ALL CITIZENS.

The recommendations listed below are not presented in order of priority.

RECOMMENDATION 1: Increase the production of all types of affordable housing units, with a particular emphasis on those units for low and moderate income people.

Housing supply must keep pace with housing demand and must reflect a variety and range of housing choices. The State's supply of rental housing and single family housing must be increased and must be designed to accommodate a variety of household sizes. The containment of housing costs must be of paramount concern so that the production of housing units can be cost effective and thus affordable for all Connecticut citizens.

Strategies to Achieve Recommendation 1:

1. The State and localities should utilize all available resources, both public and private to produce as many housing units as possible.
2. The State and localities should increase funding for programs that create additional housing opportunities for persons on a temporary, transitional or permanent basis.
3. The State should provide increased technical assistance to communities in the development of housing for low and moderate income families.
4. The State should work with municipalities to investigate the possibility of dedicating a portion of State surplus or locally owned property for the development of low and moderate income housing, and design a mechanism for leasing it to non-profit organizations and housing authorities.

RECOMMENDATION 2: Preserve the existing supply of affordable housing.

In light of a combination of factors such as diminishing federal housing subsidies, low vacancy rates, and gentrification, a high priority must be placed on serving the needs of low and moderate income citizens by preserving the existing stock of affordable housing. Programs of rehabilitation, energy conservation, code enforcement and urban homesteading must be expanded to ensure that existing stock is maintained on a regular basis without unreasonable financial burden to tenants. The enforcement of housing, fire, and health codes must be coordinated with support services in order to maintain stable residential neighborhoods and to rehabilitate deteriorating neighborhoods. To minimize the impact of high energy costs, energy conservation and weatherization measures need to be included in any major rehabilitation efforts.

Strategies to Achieve Recommendation 2:

1. The State and localities should maintain and increase support for the preservation of existing housing. Programs such as Urban Homesteading and Neighborhood Rehabilitation should be expanded, and the feasibility of establishing a state funded Rental Rehabilitation Program should be explored.
2. The State should increase funding for the preservation of public housing.
3. The State should provide assistance to tenants in purchasing projects that are being considered for condominium conversion, conversion from federal subsidized housing to unsubsidized housing, or conversion to a non-housing facility.
4. The State should study the possibility of reactivating the Housing Code Enforcement program.
5. The State should expand the current Rental Assistance program to serve the identified special needs population in both private and public housing, linking these subsidies to units that are being rehabilitated.
6. The State should increase funding for the Energy Conservation Loan Program.

RECOMMENDATION 3: Enhance the affordability and accessibility of housing for all of its citizens.

State housing policy should set as its highest priority the creation of housing opportunities for low and lower income households. State rental assistance needs to be expanded to offset the recent cutbacks in federal rent subsidy programs. Housing resources should be targeted to population groups that are currently underserved. The special needs of the elderly, the handicapped, the homeless, the deinstitutionalized, single parent families and others must be addressed.

Strategies to Achieve Recommendation 3:

1. The State should expand the current Rental Assistance program to serve the identified special needs population in both private and public housing.
2. The State should provide an operating subsidy for the Housing for the Homeless Program.
3. The State and localities should develop increased numbers of multi-bedroom housing units which are accessible to the physically disabled.
4. An interagency working group should be created to establish criteria for the development of housing for special population groups.

RECOMMENDATION 4: Enhance the capacity of private, public and non-profit providers of housing to build and maintain affordable and accessible housing.

The State must place a priority on and assist localities to develop innovative housing strategies that coordinate resources to preserve, rehabilitate and expand the State's housing stock. Existing housing

production and management mechanisms should be utilized to the maximum extent possible. Changes that stabilize, and, if possible, reduce the cost of providing housing should be instituted so that a larger proportion of housing needs can be met without state assistance. One example of a local effort to reduce the cost of housing is a program developed by the town of Farmington. The town makes municipally owned land available to individuals who are interested in building new homes thereby eliminating land cost. Should the home be sold at any time in the future, the town recoups the value of the land at the time of the sale. State and local housing programs and activities should be tailored to work in tandem with private market activities.

Strategies to Achieve Recommendation 4:

1. The State should promote the utilization of new low income tax credits by private developers or non-profit organizations in concert with private developers.
2. State housing programs should give greater consideration to programs demonstrating leveraging ability.
3. The State should work with the private sector and non-profit organizations to facilitate the development of equity funds for use in the creation of housing.
4. The State should provide increased technical assistance to communities in the development of housing for low and moderate income families.
5. The State should provide grants for administrative expenses to existing non-profit organizations involved in the planning and development of housing. It should make grants available to form non-profit organizations whose goal is the creation of housing which will assist in meeting the State's housing needs for low and moderate income households.

RECOMMENDATION 5: Reinforce State economic development and land use objectives and encourage the creation of inclusionary land use policies on the local level that increase the availability of housing opportunities for all residents.

Priority must be given to housing activity that supports job retention and expansion and revitalizes urban centers. Housing must be provided in proximity to jobs as well as public services and facilities. The State must address the issue of whether housing should be concentrated in areas where people presently live, or, in order to expand opportunities and choices in areas where people desire to live. Urban neighborhoods should be upgraded without displacing existing tenants. Local plans for development should be consistent with State housing and economic development needs.

Strategies to Achieve Recommendation 5:

1. The State should create a Rental Assistance program to provide rental assistance to the working poor.
2. The State and localities should seek ways to preserve the use of land and increase access to land for low and moderate income households through the creation of entities such as Land Bank or Land Trust programs.

3. Connecticut should explore the possibility of providing incentives to those municipalities which provide housing opportunities to low and moderate income families. This approach has been used successfully in other states to promote the development of low and moderate income housing.

4. Municipalities are encouraged to use the State Policies Plan for Conservation and Development when considering updating their land use and housing policies.

RECOMMENDATION 6: Seek alternative financing mechanisms for the creation and preservation of housing.

To date, the proceeds from the sale of tax-exempt bonds by the State have funded 100 percent of the costs of all of the major construction and rehabilitation programs administered by State housing agencies. The Federal Tax Reform Act of 1986, however, severely restricts the use of tax-exempt bonds by limiting the number of bonds which may be issued. Thus, the State must explore alternative methods of financing housing outside the tax-exempt bond system that do not add to the already skyrocketing cost of housing production and rehabilitation. Wherever possible, the State should develop programs that are self-sufficient, such as revolving loan programs that return money to the program for redistribution. Incentives must be developed to promote private sector involvement in the development of housing. The use of mechanisms such as taxable bonds, the General Fund, and trust fund programs need to be reviewed as potential sources of funding. The following are some of the ways the State might consider funding housing programs. Each one has advantages and disadvantages which must be reviewed in order to find the best and most cost effective way to do this. It is likely that a combination of the following mechanisms will be used.

Strategies to Achieve Recommendation 6:

1. Appropriate a greater share of the state volume cap to housing in 1987 and in subsequent years.
2. Use taxable bonds to finance a major portion of those housing programs that will no longer be financed with tax-exempt bonds.
3. Provide General Fund appropriations to finance some of the State housing programs which will no longer receive necessary funding from the proceeds of tax-exempt bonds.
4. Create a dedicated fund for housing similar to the Infrastructure Trust Fund.
5. Continue the use of government employee pension funds, and consider acceptable proposals with groups such as unions, for the development of housing for low and moderate income families through investment of private pension funds.

RECOMMENDATION 7: Continue to aggressively promote equal opportunity and affirmative action in housing.

Recipients of State housing funds must assume responsibility for the affirmative promotion of fair housing in connection with their participation in State-funded housing projects. Equal access to housing opportunities, as provided by statute, is still not assured. The State must work with municipalities toward the promotion of affordable rental housing to address the needs of minority groups and special populations. The State should provide technical assistance to all housing developers and providers to ensure the awareness of, and compliance with, fair housing and affirmative marketing legislation and regulations. Municipalities should be encouraged to develop strong fair housing programs in order to maximize housing choices for all their residents.

Strategies to Achieve Recommendation 7:

1. The State and localities should continue to provide developers of publicly-funded housing with comprehensive information on statutory and regulatory fair housing requirements and monitor all projects for compliance on a yearly basis.
2. The State should revise its tenant selection guidelines to place greater weight on need and less weight on residency.
3. The State should take the necessary steps to enforce developers compliance with Affirmative Fair Housing Marketing Plan requirements.
4. The State should require municipalities receiving State funds to develop and implement fair housing policies.
5. The State should continue its set-aside program for small businesses in which 15 percent of the firms employed in the development of each project must be small businesses. Of this 15 percent, 25 percent of the firms must be owned by minorities or females.

RECOMMENDATION 8: Make every effort to provide shelter for homeless persons on an emergency and transitional basis.

The number of homeless persons is growing in Connecticut. Many of these are families, working poor, substance dependent individuals and deinstitutionalized persons. The overall lack of affordable housing units, emergency shelters and transitional facilities adversely impacts this population.

Strategies to Achieve Recommendation 8:

1. The Departments of Housing and Human Resources, as lead agencies responsible for assisting the homeless, should work closely to provide a comprehensive and coordinated approach to house the homeless.
2. The State and localities should develop affordable and decent housing to meet the permanent and transitional needs of the homeless population of Connecticut.

3. The DOH will invest \$17.5 million over the next five years to create approximately 785 units of transitional housing.

4. The State should vigorously support and utilize its power to assist organizations which attempt to provide housing for the homeless in their communities.

RECOMMENDATION 9: Provide adequate affordable housing for its increasing number of elderly citizens.

The U.S. Census Bureau estimates that between the years 1980 and 2000 Connecticut's population over age 75 will increase by 67 percent, and the population over age 85 will more than double. A large portion of the elderly live at or near the poverty level, needing some form of public assistance for housing expenses. The expanding elderly population will create the need for additional elderly housing units. Many elderly enter senior housing as "young-old" and then "age in place." The average age is approximately 75 years for tenants in elderly housing in Connecticut, and there is concern about how existing housing projects can meet the needs of the increased number of elderly residents living to advanced old age.

Strategies to Achieve Recommendation 9:

1. The Department's budget calls for the department to invest \$74 million in grants and loans for the development of elderly housing over the next five years. This should create approximately 1,125 additional units.

2. The State will be able to assist approximately 960 new units of congregate housing for the frail elderly utilizing approximately \$68 million over the next five years. It should also continue to fund operating subsidies for congregate facilities as required. The need for congregate housing should be studied more thoroughly, and, if more units are needed, additional funds should be appropriated.

3. The State should set aside a portion of the federal Small Cities Community Development Block Grant funds to be used by eligible communities for site acquisition and improvements for the development of elderly and congregate facilities.

4. The State should continue to promote its Reverse Annuity Mortgage Program to assist elderly homeowners to remain in their homes.

RECOMMENDATION 10: Continue to provide a portion of assisted units specifically for persons with disabilities.

Nearly one out of every six residents in Connecticut has a physical and/or mental impairment which is a substantial limitation to one or more major life activities, and which has continued or is likely to continue indefinitely. Persons with long-term disabilities and their families tend to be particularly limited in both choice and means in securing "adequate and equally accessible housing in a safe and healthy environment, reasonably convenient to their places of employment, recreation and to necessary community facilities."

Strategies to Achieve Recommendation 10:

1. The design of housing units for disabled persons should accommodate a variety of disabilities and not be limited to wheelchair accessibility.
2. Housing for handicapped persons should not be limited to studio or one-bedroom units but should continue to reflect the household size of the person in need.

RECOMMENDATION 11: The State's housing agencies should undertake a major review of all programs and procedures with the goal of improving their ability to respond to the various housing needs of the State.

Over the last several years, the number of housing programs administered by the various state housing agencies has increased dramatically. The Department of Housing, which assumed responsibility for 8 programs when it was established in 1979, now has responsibility for the administration of 33 housing maintenance and production programs. While these new programs evolved as a result of the identification of needs unmet by the then existing range of programs, many could have been legislated as expansions of existing programs rather than separate and distinct programs. Although the enabling legislation for many of the programs in this latter group have required the Department to establish separate regulations, procedures and accounts, the consolidation of programs could not only give the Department greater flexibility to meet the varied housing needs across the state, but could improve the Department's ability to more rapidly work with housing authorities, nonprofit corporations and private developers in the planning and development of housing units.

Strategies to Achieve Recommendation 11:

1. The Department of Housing should identify and propose to the 1987 General Assembly changes needed in existing programs to improve operations and to enhance the Department's ability to respond to changing housing needs and federal tax reform.
2. Legislative proposals to address the housing needs of the state should seek to amend or expand on the current base of programs rather than create new programs to meet these needs.
3. The State's housing agencies should undertake a major review of their statutory authority, and propose a major revision of Title VIII of the Connecticut General Statutes during the 1988 General Assembly which consolidates existing programs and eliminates those programs which are duplicative or no longer needed.
4. Following the conclusion of the 1988 session, state housing agencies should undertake a consolidation and revision of program regulations that reflect those changes made during the 1988 session.
5. Within the constraints imposed both by legal and state auditing requirements the Department of Housing and the Connecticut Housing Finance Authority should work on an ongoing basis to eliminate intragency and interagency constraints on programs to avoid duplication of administrative matters and streamline procedures involved in the planning and development phases of housing production.

RECOMMENDATION 12: State housing planning and policy development must be strengthened and data collection made more uniform and more comprehensive.

Strategies to Achieve Recommendation 12:

1. The State should develop and maintain a data base which will assist housing agencies in long and short term planning.
2. The State should work with localities, regional planning agencies, and other organizations to conduct a detailed needs assesment and a comprehensive housing stock inventory which should include information about vacancy rates, rental costs, housing prices, etc. When surveys are conducted for this purpose they should be designed to be compatible with the 1980 and 1990 Housing and Population Censuses.
3. The current Department of Housing management information system should be refined to allow for quick retrieval of information concerning the Department's program, projects, assisted units, and client groups.

HOUSING PROGRAMS - STATE OF CONNECTICUT

DEPARTMENT OF HOUSING

The Department of Housing is the lead agency of the State of Connecticut for all matters related to housing. The Department administers State activities of assistance in solution of problems of housing and community development. Particular emphasis is placed on the provision of decent, safe, and affordable housing for low and moderate income persons. The following section describes recently enacted new programs, potential legislative initiatives and current programs offered by the Department of Housing. The legislative initiatives appear at the end of the program descriptions. Current programs are listed by the three Departmental divisions which administer them.

For most programs administered by the DOH, the number of projected units to be assisted is based on the following formula: total program funding authorization divided by per unit cost equals total number of units to be assisted. It must be noted, however, that some housing development projects are assisted by more than one DOH programs, resulting in a double counting of units. For example, a specific moderate income housing project could receive a Housing Site Development grant for site acquisition and a loan under the Moderate Rental Housing program to construct the units. In this case, the same units are counted as assisted by each program.

The units estimated to be produced or assisted over the next five years will, in all probability, not completely satisfy the total need for low and moderate income housing. However, the amount of money recommended for each program is based on what State housing agencies can reasonably expect to spend and effectively manage during this five year period given the current Administration's policy. The housing units assisted with these funds will go a long way toward solving many of the housing problems faced by Connecticut's lower income and elderly citizens.

RECENTLY ENACTED NEW PROGRAMS AND POTENTIAL LEGISLATIVE INITIATIVES

AFFORDABLE HOUSING PROGRAM

Established through legislation sponsored by Governor William A. O'Neill, the Affordable Housing Program is a priority program for the Department, with a FY 86-87 funding authorization of \$35 million, an amount which exceeds the entire authorization for the Elderly, Congregate and Moderate Rental programs combined. This new low income housing production program was the cornerstone of the Governor's \$183 million housing initiative for 1986.

The program provides financial assistance in the form of capital grants to Local Housing Authorities and non-profit corporations for the new construction and/or substantial rehabilitation of rental housing for low income households. Eligible tenant families are those whose gross household income does not exceed fifty percent of area median family income.

Efforts by both the Governor's Office and the Department have focused on the marketing of this program. Each chief elected official, local housing

authority and identified non-profit housing corporation received notice of the availability of the funds from Governor O'Neill. The Commissioner of Housing provided follow-up information on the technical aspects of the program. It is an ongoing priority of the State to aggressively market this program to Connecticut's communities and to provide technical assistance to eligible applicant organizations.

It is estimated that 930 units of affordable housing will be created at a cost of \$80 million in the form of capital grants.

RENTAL ASSISTANCE PROGRAM

This program provides State financial assistance in the form of rent subsidy certificates for very low income persons or families living in rental housing. It attempts to address the issue of housing affordability, a condition exacerbated by the cutbacks that have occurred over the past five years in Federal rent subsidy and low income housing production programs.

Rent subsidy certificates may be issued to eligible very low income families to be used in existing rental units located by the family, or may be linked to rental units that have been repaired, rehabilitated or financed through other governmental housing programs. The amount of the rent subsidy payment, which is made directly to the landlord, shall not exceed the difference between thirty percent of the family's adjusted monthly income and the maximum allowable rent, including utility costs.

Families assisted under this existing program are those whose household income does not exceed 50 percent of the median family income for the applicable geographic area. Three municipalities are participating in the first year of the two year pilot program: New Haven, Meriden, and Cheshire.

In his 1987-1988 budget, Governor O'Neill proposed \$5.5 million for an expanded Rental Assistance Program. This expanded program would incorporate the existing pilot program and would expand program authority in order to serve low income working families.

It is projected that approximately 1,300 families would be assisted by this expanded program.

HOUSING FOR THE HOMELESS PROGRAM

This program provides grants to community housing development corporations or non-profit corporations to develop rooming houses for homeless persons or multi-family dwellings for low income persons or families in need of transitional housing and support services.

The program allows low income persons in need of support services to live in a supported environment for up to two years prior to moving into long term, independent housing, thus bridging the gap between emergency shelters and permanent housing. Connecticut is one of the first states in the nation to finance transitional housing facilities. The program also encourages the

creation and/or rehabilitation of single room occupancy dwellings (SRO's), and thereby, assists communities in providing low cost housing for homeless persons.

During FY 1986 the Department received an appropriation of \$500,000 and was able to finance three out of five projects proposed. The following year, the appropriation was increased to \$1 million and Commissioner Canale authorized the transfer of an additional \$1 million from the Department's flexible budget to this program's budget. This will allow for the funding of five out of eight proposed projects in FY 1987.

The Department has proposed legislation which would expand the eligible activities of this program to include the rehabilitation of emergency shelters.

URBAN HOMESTEADING/LIMITED EQUITY COOPERATIVES

Through the Department, grants and/or loans are available for the development of limited equity cooperative housing. Limited equity cooperatives offer homeownership opportunities to low income families. By limiting the amount of profit on sale that can be taken by individual cooperative members, these units remain affordable for low income families. At present, the Limited Equity Cooperative housing model can only be financed under the Urban Homesteading Program and bond fund. The Department has already received several requests for funding.

The Department is proposing enabling legislation that would establish a distinct and separate Limited Equity Cooperative program with its own funding authorization. Two major differences which make the development and operation of these cooperatives incompatible with the Urban Homesteading program are that limited equity cooperatives involve new construction rather than rehabilitation, and an ownership interest in the cooperative rather than ownership in fee simple.

GRANTS-IN-AID TO NON-PROFIT CORPORATIONS

In 1985, a program providing grants for the administrative costs of Community Housing Development Corporations (CHDC) was approved with a funding level of \$50,000. Grants were made to six CHDC's.

Given the increased role non-profit corporations will play in the development of housing because of the favorable treatment they receive in the Tax Reform Act of 1986, the Department is proposing legislation that would expand the authority of this program to provide grants to existing and new non-profits, rather than limiting financial assistance to designated housing development corporations.

HAZARDOUS MATERIALS REMOVAL

A recent survey conducted by the Department of Health Services indicated the presence of asbestos and lead based paint in approximately 6,000 State units

managed by public housing authorities. Preliminary estimates indicate a removal cost of approximately \$13 million over a two year period.

The Department has proposed legislation to broaden the scope of its Moderate Rental Rehabilitation Program. This legislation would enable the Department to provide grants to housing authorities that would assist them with costs associated with the removal of hazardous materials from older housing projects.

STATE RENTAL REHABILITATION PROGRAM

A proposal to establish a state-administered rental rehabilitation program for use in Enterprise Zones is currently under review at the DOH. This proposed program would provide DOH Neighborhood Rehabilitation (NR) Funds to eligible municipalities which would be used to provide rehabilitation grants to the owners of residential rental property within the Zone, equal to 50 percent of the cost of rehabilitation, up to a maximum grant of \$10,000 per unit. In addition, each unit occupied by a low income tenant and each vacant unit would qualify for a State Rental Assistance Certificate so the tenant could remain in the unit after rehabilitation or the owner could rent the vacant unit to a low income tenant. These certificates should ensure that the owner is able to maintain an adequate income stream to support his building. These certificates would remain with the unit for as long as legislative funding permitted, up to a maximum of five years. This removes the problem encountered in the Federal Rental Rehabilitation Program which provides no guarantee for continued assistance to the unit.

In addition, it is recommended that the NR funding ratio for this pilot program be reversed from the present 1/3 State - 2/3 local, to 2/3 State - 1/3 local. This will assist municipalities in implementing this program since they are faced with declining Community Development Block Grant allocations from HUD which were often used as the local share.

DEVELOPMENT DIVISION

COMMUNITY DEVELOPMENT/NEIGHBORHOOD REHABILITATION

The Neighborhood Rehabilitation program provides grants to municipalities for up to one-third of the cost of community development activities, which are part of a targeted neighborhood rehabilitation effort in a predominantly residential area. Communities may use these funds to provide rehabilitation loans and grants to low and moderate income homeowners in the targeted area. Other eligible activities include: commercial/residential improvement projects, water system project, facade improvement, and site improvement.

It is recommended that \$25 million be provided which could be used to rehabilitate 4,535 units over the next five years.

COMMUNITY HOUSING DEVELOPMENT CORPORATIONS

This program is segmented into two parts.

1) It enables Community Housing Development Corporations to lend funds, at below-market rates, to eligible borrowers for the rehabilitation of single family and multi-family dwelling units. The renovation shall include necessary repairs to bring the structure up to safe, decent, and sanitary standards. Funds may be used for the rehabilitation of residential dwelling units and be affordable for low and moderate income families, and include accessibility to handicapped and developmentally disabled persons.

2) It allows Community Housing Development Corporations to establish a fund from which loans, loan guarantees, or interest subsidies can be made which will assist in the construction and rehabilitation of dwelling units for low and moderate income persons. Each project receiving assistance from the loan fund must derive at least 50 percent of its funding from sources other than State funds. These projects primarily consist of multi-family residences containing five or more dwelling units.

It is recommended that \$19 million be used for loans and grants over the next five years to create 700 dwelling units.

COMMUNITY HOUSING DEVELOPMENT CORPORATIONS ADMINISTRATIVE COSTS

The Community Housing Development Corporations Administrative Costs program provides state financial assistance in the form of grants-in-aid for a portion of Community Housing Development Corporation administrative expenses associated with the development or rehabilitation of housing for low and moderate income families. Eligible costs under this program include: rental expense, utilities, supplies, telephone, postage, printing, travel and insurance, staff salaries and benefits.

It is recommended that \$250,000 be spent over the next five years.

CONGREGATE HOUSING FOR THE ELDERLY

Grants or loans are provided to Local Housing Authorities or non-profit housing organizations for the development of congregate housing projects for the frail elderly. Projects may be new construction, rehabilitation of existing structures, modular design or any combination thereof. Funds are provided on a per unit basis which excludes funds for site purchase or improvements required to obtain site approval.

Projects must include: an office, community areas, a dining room and kitchen facilities. Each living unit is self-contained. There must be a staff person on duty 24 hours a day, all units are wired with emergency call systems, and at least one main meal per day must be served to all residents.

Eligible residents must be at least 62 years of age and meet the Department maximum income guidelines. There is no asset limit for occupancy. Ten percent of the units must be designed to provide accessibility for the handicapped.

It is recommended that \$68 million be spent to develop 960 congregate housing units over the next five years.

HOUSING FOR ELDERLY PERSONS

Grants and low-interest loans are provided to Local Housing Authorities, non-profit housing organizations, or housing partnerships for the development of elderly housing projects. Projects may be new construction, rehabilitation of existing structures, mobile homes, modular homes, or any combination thereof. Funds are provided on a per unit maximum funding level, and do not provide for the purchase of sites or site improvements.

Projects may include a community room. Ten percent of all units must be designed to be accessible to handicapped individuals.

No operating subsidy is provided for these projects. Tenants must be either 62 years of age or older, or be certified handicapped by Social Security Administration and meet the Department maximum income guideline. Rent is based on 25 percent of the tenant's adjusted gross income or a base rent, whichever is greater. There is no personal asset limit for occupancy.

It is recommended that \$74 million be spent to create 1,125 elderly units.

HOUSING FOR THE HOMELESS

The Housing for the Homeless Program provides financial assistance to non-profit organizations for the development of rooming houses for homeless persons or multi-family dwellings for families in need of transitional housing and support services.

The rooming house may contain units that are rented on a permanent or temporary basis to homeless persons. The facility may or may not provide meals; separate cooking facilities, however, are not included in individual units. Although not required, rooming houses will be encouraged to offer support services.

The multi-family dwelling is a transitional facility (residency must be for a minimum of six months to a maximum of 24 months) that provides support services to persons or families whose adjusted monthly income does not exceed 50 percent of the median household income as determined by the U.S. Department of Commerce, Bureau of the Census.

Funds may be used for acquisition, relocation, professional services, site development, and building rehabilitation and construction. The program does not fund administrative costs. Projects must be able to demonstrate the ability to receive on going support.

It is recommended that \$17.5 million be spent to assist 745 dwelling units over the next five years.

HOUSING SITE DEVELOPMENT

This program provides grants to housing agencies for up to two-thirds of the cost of site development of housing projects predominantly for low and moderate income families.

A housing site development project may be undertaken in an area consisting of primarily open and/or undeveloped land, or in an area of blighted and/or deteriorated structures. Eligible project costs may include: site acquisition, site preparation excluding foundation, relocation and demolition.

The real property to be developed may be disposed of for less than cost or fair market value to a housing authority or to a person, firm or corporation who restricts occupancy of such property to low and moderate income families.

It is recommended that \$16 million be used to assist 1,065 units over the next five years.

INDEPENDENT LIVING FOR HANDICAPPED ADMINISTRATIVE COSTS

Grants are made to assist non-profit service agencies that act as providers of technical services to non-profit, or limited profit developers of housing for handicapped, and developmentally disabled households.

It is recommended that \$250,000 be spent over the next five years.

LIMITED EQUITY COOPERATIVES ADMINISTRATIVE COSTS

Grants are made to assist state chartered non-profit service agencies that act as providers of technical services to non-profit corporations for the development of limited equity cooperative housing.

It is recommended that \$250,000 be spent over the next five years.

MODERATE RENTAL HOUSING

Authorized under Chapter 128, Section 8-69 of the Connecticut General Statutes, the State Moderate Rental Housing program is designed to provide financial assistance to eligible developers for the development of family rental housing for low and moderate income households. Such financial assistance may be in the form of a low interest loan to private developers, housing authorities and non-profit corporations or grants which are only made to housing authorities and non-profit corporations.

Funds are available for new construction and rehabilitation activities, including the development of units of modest design, size and cost which meet family needs. Ten percent of the units must be designed to meet the needs of handicapped tenants. Monies may be used for architectural and engineering costs, site improvements and construction of the units, ranges and refrigerators, maintenance tools, relocation costs, as well as administrative expenses incurred during the design and construction of the project.

No operating subsidy is provided for these projects. Loans are supported by the rents collected during the management phase. Grant financed projects, with the absence of debt service, provide affordable housing for low and moderate income families.

Tenants must meet the current Department income guidelines. Rental payments for tenants are based on a percentage of their adjusted income or on an established base rent, whichever is greater.

It is recommended that \$31 million be spent over the next five years to produce 600 units.

RENTAL REHABILITATION PROGRAM

This federally funded program, administered by the State, offers grants to help support the moderate rehabilitation of privately-owned rental housing in substandard condition. Through an eligible municipality, private investors can obtain a dollar for dollar matching grant up to a maximum of \$5,000 per unit for eligible rehabilitation costs. The purpose of this program is to provide increased housing opportunities for lower income persons, with special consideration for large and very low income families (households whose income is less than or equal to 50 percent of the area median income as defined by HUD). Rental assistance is available to help lower income families afford the rent of their rehabilitated unit or other eligible housing.

It is recommended that \$2.1 million be spent to assist 421 housing units over the next five years.

SMALL CITIES: COMMUNITY DEVELOPMENT BLOCK GRANT

This federally-funded program provides grants to eligible municipalities on an annual competitive basis. These funds may be used for: economic development, acquisition and rehabilitation of housing, community facilities and services, and revitalization or development projects. Awards are limited to \$250,000 for one year single purpose projects, and \$400,000 per year for one or two-year multi-purpose projects.

It is estimated that 4,130 units will be rehabilitated at a cost of \$45 million over the next five years.

URBAN HOMESTEADING

Under the Urban Homesteading Program, local urban homesteading agencies receive loans or grants from DOH for the purchase and rehabilitation of vacant

and abandoned buildings. It is designed to provide homeownership opportunities to low and moderate income households as well as to assist municipalities with the revitalization of decaying neighborhoods.

The Department recommends that \$22 million be spent on loans and grants to assist approximately 560 units over the next five years.

MANAGEMENT DIVISION

CONGREGATE OPERATING SUBSIDY PROGRAM

This program provides subsidies to offset the expense of services provided for lower income elderly tenants residing in congregate housing. These services include one meal a day and a twenty-four hour emergency service staff. These services enable the elderly tenants to maintain an independent living.

It is recommended that \$5.9 million be spent to serve 675 units over the next five years.

DOWNPAYMENT ASSISTANCE PROGRAM

The Downpayment Assistance Loan Program promotes homeownership for low and moderate income families by providing a low-interest loan to individuals who need a downpayment to acquire a home. The assistance may be used only with a Connecticut Housing Finance Authority first mortgage. The loan may cover up to 25 percent of the acquisition cost for a period of 30 years bearing an interest rate of 6 percent. The amortization period can not be longer than the first mortgage. Condominium units are available if at least 50 percent of the units are sold, not more than 10 percent have been retained by the developer for investment rental units, and the development is on the Connecticut Housing Finance Authority's list of approved condominiums.

It is recommended that \$10 million be spent to assist approximately 800 first time home buyers over the next five years.

ENERGY CONSERVATION LOAN PROGRAM

The cost of energy is a very important element in the maintenance of a home. The Energy Conservation Loan Program provides loans to eligible homeowners for the purchase and installation of insulation, alternative energy devices, and implementation of energy conservation measures. Assistance is available to owners of one-to-four unit residential buildings and of structures in which no more than one-third of the usable square footage is for commercial purposes. Owners of multi-family apartment buildings (more than 4 units) may also be eligible.

It is recommended that \$36.5 million be spent over the next five years to make approximately 20,500 loans.

FEDERAL SECTION 8 RENTAL ASSISTANCE PROGRAMS

(Existing, Rental Rehabilitation, Moderate Rehabilitation, New and Substantial Rehabilitation)

The objective of these programs is to assist very low income families in obtaining decent, safe and sanitary housing. These federally funded programs, administered by the State, provide direct rental subsidies to very low income families. The subsidy fills the gap between what the renter can afford to pay (30 percent of income) and the Fair Market Rent charged by the landlord. Housing subsidized by these programs must meet certain standards of safety and sanitation. Rental assistance may be used in existing housing, in new construction, and in moderately or substantially rehabilitated units.

It is estimated that the combined expenditures for this program during the next five years will be approximately \$79.5 million to assist 4,206 units.

HOUSING RECEIVERSHIP REVOLVING FUND

This program provides loans for the rehabilitation of a property placed in receivership. Not more than \$200,000 may be allocated to any single municipality. The owner of the property shall be liable for repayment of all amounts expended from the fund. The loan will be secured by a lien on the property, which shall have priority over all mortgages or other liens on such property. Approximately \$500,000 is available to municipalities if they must use it because of court ordered receivership.

MODERATE RENTAL HOUSING REHABILITATION

The purpose of this program is to assist Local Housing Authorities in the renovation of state-financed moderate rental, congregate and elderly projects. A loan and/or grant is provided to the Housing Authority to up-grade and modernize rental units to a safe and sanitary condition. Projects may include modernization or replacement of heating systems, electrical service, installation of new roofs, siding, insulation, etc. Priority is given to major projects covering essential repairs, energy conservation and safety measures.

It is recommended that \$82 million be spent to assist 21,000 units over the next five years.

MULTI-FAMILY ENERGY CONSERVATION LOAN DEMONSTRATION FUND

This program provides financial assistance in the form of below-market interest rate loans to eligible homeowners of multi-family structures. The structure must contain 5 or more units. The amount allowed per unit is \$1,000 to a maximum of \$30,000 per structure. There are no income limitations.

PASSIVE SOLAR SUBSIDY

Individuals who are building new homes, and who wish to incorporate passive solar design in the construction plan, may be eligible to receive a grant not

to exceed \$5,000. The number of planned units should not exceed four. There are no income limitations. However, consideration will be given to those units that contain families with incomes no greater than 250 percent of HUD median income by county and family size.

PAYMENT-IN-LIEU-OF-TAXES (PILOT)

The Payment-In-Lieu-Of-Taxes program provides grants to municipalities in which state-assisted moderate rental housing projects are operated by the Housing Authorities. Municipalities can use these funds to offset the cost of municipal services provided to the project's tenants. Also, the authorities may use retained funds for social services to the occupants, operating costs, capital reserves, or provide for the maintenance and improvement of the property.

It is recommended that \$23.5 million be spent to assist approximately 6,206 units annually over the next five years.

RENT SUBSIDY PILOT PROGRAM

The Rent Subsidy Pilot Program provides financial assistance in the form of a rental subsidy for low-income persons or families living in privately owned rental housing.

Rent subsidy certificates may be issued to eligible low income families to be used in existing rental units located by the family. The amount of the rent subsidy payment, which is made directly to the landlord, shall not exceed the difference between 30 percent of the family's adjusted monthly income and the maximum allowable rent, including utility costs.

It is recommended that \$27.5 million be spent over the next five years to serve approximately 1,300 units.

SALE OF MODERATE RENTAL HOUSING

The purpose of this program is to provide moderate income tenants residing in a Housing Authority one or two family unit an opportunity to become a homeowner. A low interest mortgage loan will be given to the tenant purchaser or any qualified buyer for the acquisition of state-assisted moderate rental housing.

TAX ABATEMENT

The Tax Abatement program was established to help promote the financial feasibility of privately-owned non-profit and limited dividend, low and moderate income housing projects. It provides reimbursement for taxes abated up to \$450 for each dwelling unit per year for up to 40 years. The abatement of taxes enables the owners to maintain the rents at an affordable level for the tenants. The amount of the tax abated is stipulated in a contract between the municipality and the housing provider.

It is recommended that \$16.2 million be spent to assist 6,960 units annually.

WEATHERIZATION/CONSERVATION DEMONSTRATION PROGRAM

This program was designed primarily to foster the implementation of efficient and effective weatherization delivery systems which directly provide benefits to low income households. It also encourages innovative approaches for low income households assessed to have the greatest degree of unmet needs, and reduces the dependency on fuel assistance programs. This program terminates June 30, 1987 by which time grants totaling \$3 million will have been made to six public and private corporations which are responsible for doing the work. These funds were provided by the Federal Department of Health and Human Services.

ADVISORY SERVICES

ADMINISTRATIVE ACCOUNTING SECTION

This section is responsible for all accounting functions relative to grant and loan payments, billings, receivables and federal programs.

AFFIRMATIVE ACTION OFFICE

The Department of Housing, through its Affirmative Action Office, encourages the promotion of equal employment and affirmatively endeavors to eliminate discrimination on the basis of race, color, religious creed, age, sex, marital status, national origin, ancestry, present or past history of mental disorder, mental retardation or physical disability, including but not limited to blindness, in all DOH assisted programs. Advisory and technical assistance is available in the following areas:

1. Review and evaluation of the Fair Housing Marketing Plan.
2. Provide assistance to developers with respect to the Department's Set-Aside program for small businesses, minority, and female owned firms.
3. Advise participating municipalities on the civil rights requirements for the Small Cities Community Development Block Grant Program and the Rental Rehabilitation Program.

FISCAL AND COMPLIANCE EXAMINATION SECTION

This section is responsible for the examination of program participants in the implementation and maintenance of an accepted bookkeeping and accounting system for program activity.

MANAGEMENT SERVICES

Administrative, fiscal, budgetary and advisory assistance is available to Local Housing Authorities and state-assisted housing sponsors and developers.

These services include: management reviews, approval of income limits, operating budgets, bidding contracts, insurance policies, accounting services, pre-occupancy requirements and tenant selection procedures.

PLANNING AND RESEARCH

Through the Planning and Research unit, DOH prepares the Five Year Housing Advisory Plan and publishes various reports which discuss all aspects of housing and housing related issues. The unit collects and analyzes data affecting the housing market and prepares comments on the impact that governmental policy might have on housing. In addition, the unit monitors the condominium conversion program and provides technical assistance to the public on matters affecting individual rights in projects undergoing conversion. A monthly press release is issued, which shows the current level of the state residential construction activity.

The Planning and Research has prepared a number of documents which provide statistical data related to housing production, market analysis and many others. These publications are available to the public on request.

UNIFORM RELOCATION ASSISTANCE ACT

Technical assistance is provided, relocation plans are reviewed, regulations and procedures developed, and administrative hearings are held for persons displaced by a state agency or by improvements conducted under Government supervision.

CONNECTICUT HOUSING AUTHORITY

Pursuant to Public Act 86-281, the Commissioner of Housing, the State Treasurer, the Secretary of OPM, and four persons appointed by the Governor are empowered to act as a Housing Authority to carry out the purpose and intent of the legislation. The housing authority provides funds to developers for the construction, or improvement of housing projects in the form of loans and other similar assistance. The source of the funds is through the issuance of tax exempt bonds.

Presently, the Connecticut Housing Authority owns and operates three low income housing projects. These projects are located in; Bridgeport, consisting of 576 units which are in the process of being converted to 128 high rise units and 274 low rise townhouse units; Bridgeport, consisting of 256 units, and Bloomfield consisting of 17 two- and three-bedroom units in fourteen buildings scattered throughout the community. The sale of Tax Exempt Mortgage Revenue Bonds have financed the construction of 2,850 units of housing for low and moderate income families.

CONNECTICUT HOUSING FINANCE AUTHORITY

The Connecticut Housing Finance Authority (CHFA) was created by the Connecticut legislature in 1969. Its purpose is to increase the supply of housing, encourage and assist in the purchase or rehabilitation of housing for low and moderate income families and persons. CHFA accomplishes its goals primarily through the financing of below-market interest rate mortgages on both owner-occupied and rental housing.

Funds for these mortgages are derived from the sale of tax exempt bonds. CHFA receives no state or federal funds. Its programs are self supporting.

GROWING EQUITY HOME MORTGAGE PROGRAM

The GEM Mortgage Loan Program is CHFA's primary homeownership assistance program for low and moderate income households throughout the State. With funds raised in the private market, through the sale of bonds, this program provides assistance to eligible first time homebuyers purchasing qualified modestly priced homes. Through the sale of bonds, CHFA is able to provide mortgage loans at fixed rates which are often as much as 200 basis points below prevailing market rates. In this program the initial payment is based on a 30 year amortization table with an increase in monthly payments effective every two years equal to 60¢ per \$1,000 borrowed. This increase is applied entirely against principal, thereby constituting a gradual prepayment of the mortgage, which is retired in seventeen years rather than thirty. In 1985 the Authority began to reserve funds during the first 30 days of public availability exclusively for lower income families having incomes less than \$27,000 for a family of 4 or more persons, and less than \$23,000 for a family of 3 or less persons.

It is recommended that \$565.5 million be spent to assist 7,500 units over the next five years.

MULTI-FAMILY RENTAL HOUSING LOAN PROGRAM

CHFA's primary rental housing development loan program makes loans available for the construction and substantial rehabilitation of qualified rental housing developments. In exchange for a below market interest rate loan, this program requires that a percentage of the units in the development be made available to low and moderate income households. It is also required that at all times at least 20 percent of all the units be rented to qualified low and moderate income families. Rents paid by qualified tenants in these units can be no more than 30 percent of 80 percent of the prevailing area median monthly income. Additionally, CHFA retains control over rents, resale or transfer of the property and owners return. The rate of interest charged on these mortgages is often as much as 200 basis points below prevailing market rates, and is offered at this fixed rate for thirty years. In accordance with CHFA's mortgage note this housing must remain "in service" as rental housing for the term of the mortgage, typically 30 years.

PILOT SINGLE FAMILY CONSTRUCTION LOAN PROGRAM

The pilot single family construction loan program was initiated by the Authority to provide homeownership opportunities for households making less than \$23,000 annually. In order to achieve this objective, CHFA made available both construction financing for non-profit and profit developers to construct the homes, and the permanent financing for the eventual eligible purchasers of the units. The Department of Housing Down Payment Assistance Program was made available for potential homeowners.

PILOT SMALL PROPERTY OWNERSHIP PROGRAM

The small property ownership program was developed to finance the acquisition, rehabilitation, and construction of new two and three family homes. Through unique underwriting standards and variable interest rates, low and moderate income families are afforded the opportunity to own such a home, and provide additional rental units to the existing rental stock.

PILOT NON-PROFIT SMALL UNIT RENTAL PROGRAM

The pilot non-profit small unit rental program was developed to provide non-profit organizations the opportunity to provide additional needed rental units while assisting current tenants and improving neighborhood conditions. Through the provision of permanent fixed-rate long term financing at below market interest rates, this program provides mortgage financing that otherwise would not be available to the State's non-profit housing development organizations.

REVERSE ANNUITY MORTGAGE PROGRAM

The reverse annuity mortgage program allows elderly homeowners to supplement their income by liquidating the equity value of their homes. Loans in the amount of up to 80 percent of the present value of the home will be made. Payments to the mortgagee are made monthly over a ten year period. Lump sum payments of up to \$5,000 can be obtained at closing for eligible expenses including home improvements, medical bills, and lien retirement. This program is designed, administered, and funded by CHFA. The Department on Aging screens the initial applicants and assists in marketing the program through State elderly networks.

SPECIAL PROGRAMS

Special Programs offers approaches to financing substantial rehabilitation of existing housing or new construction of in-fill housing. Emphasis is placed on strengthening urban neighborhoods, but funds are available throughout the State. Funding is accessible for one to four unit houses for owner occupancy. Eligible for financing are individual homebuyers, existing owner occupants, non-profit housing sponsors, and municipalities. Special programs is divided into four categories which are as follows;

Rehabilitation Mortgages - eligible for financing are potential buyers and owners seeking to refinance existing mortgages.

Permanent Rehabilitation/New construction Financing - this program reserves permanent home mortgages for rehabilitated or newly constructed homes to assist non-profit housing sponsors.

Rehabilitation Construction Assured Sponsor Financing - the scope of this program is to reserve home mortgages and also provide construction financing for projects developed by non-profit sponsors.

Emergency Loans - funds are made available for emergency repairs to homes owned by CHFA mortgagors who can not obtain conventional financing.

OFFICE OF THE TREASURER

YANKEE MAC POOLED MORTGAGE INVESTMENT PROGRAM

The State Treasurer's office uses State pension funds to provide conventional mortgage financing for State employees and private individuals. There is no income limit for application. Anyone may apply. However, only \$150,000 may be borrowed per purchase and a downpayment of 5 percent for single family and 20 percent for multi-family buildings and condominiums is required. The interest rate for 1985 was fixed at 11 3/8 percent and loans were obtained for 15 to 30 year periods. Since its inception, the program has provided 8,000 families with homes using funds which totaled approximately \$481 million. At this time no projection has been made as to what the level of assistance will be for the next five years.

DEPARTMENT OF HOUSING
RECOMMENDED RESOURCE ALLOCATION PLAN

Source of Funds: State Capital Budget - Bonds
(\$) MILLIONS

PROGRAMS	FY 87-88		FY 88-89		FY 89-90		FY 90-91		FY 91-92	
	\$	Units	\$	Units	\$	Units	\$	Units	\$	Units
AFFORDABLE HOUSING PROGRAM	20.0	250	15.0	180	15.0	175	15.0	165	15.0	160
COMMUNITY DEVEL./ NEIGHBORHOOD REHAB	5.0	980	5.0	940	5.0	905	5.0	870	5.0	840
COMMUNITY HOUSING DEVELOPMENT CORP.	3.5	140	3.5	135	4.0	150	4.0	140	4.0	135
CONGREGATE HOUSING FOR THE ELDERLY	12.0	185	12.0	175	14.0	200	15.0	205	15.0	195
DOWNPAYMENT ASSISTANCE PROG.	2.0	200	2.0	150	2.0	150	2.0	150	2.0	150
ELDERLY HOUSING	18.0	295	12.0	190	14.0	210	15.0	220	15.0	210
ENERGY CONSERVATION ¹ LOAN PROGRAM	4.0	4100	4.0	4100	4.0	4100	4.0	4100	4.0	4100
HAZARDOUS WASTE REMOVAL	6.0	2586	7.0	3155						
HOUSING FOR THE HOMELESS	2.0	95	3.0	135	4.0	170	4.0	165	4.5	180
HOUSING SITE DEVELOPMENT	2.0	135	3.0	200	3.0	200	4.0	265	4.0	265
MODERATE RENTAL ² HOUSING	--	125	--	130	10.0	115	10.0	110	11.0	120
MODERATE RENTAL HOUSING REHAB.	15.0	5000	15.0	4000	15.0	4000	17.0	4000	20.0	4000
URBAN HOMESTEADING ³	4.0	135	4.0	130	4.0	90	5.0	105	5.0	100
TOTALS	(\$)	93.5	85.5	94.0	100.0	104.5				
	(units)	14,226	13,620	10,465	10,495	10,455				

¹ Total units assisted based on \$4 million in new authorizations and \$3.3 million returned to the fund from repayment of outstanding loans.

² Funds to be used from previous years, see program description.

³ Both dollars and units include development activity for limited equity cooperatives.

Source of Funds: State Operating Budget - General Fund

PROGRAMS	FY 87-88 \$ Units	FY 88-89 \$ Units	FY 89-90 \$ Units	FY 90-91 \$ Units	FY 91-92 \$ Units	
CHDC ADMINISTRATIVE COST	.05 --	.05 --	.05 --	.05 --	.05 --	
CONGREGATE OPERATING SUBSIDY	.60 289	.75 355	1.20 475	1.50 555	1.80 675	
INDEPENDENT LIVING FOR HANDICAPPED	.05 --	.05 --	.05 --	.05 --	.05 --	
LIMITED EQUITY COOPERATIVE TECHNICAL ASSISTANCE	.05 --	.05 --	.05 --	.05 --	.05 --	
PAYMENT-IN-LIEU-OF- TAXES (PILOT)	3.6 6206	4.3 6206	4.7 6206	5.2 6206	5.7 6206	
RENTAL ASSISTANCE ⁴	5.5 2000	5.5 2000	5.5 2000	5.5 2000	5.5 2000	
TAX ABATEMENT	2.7 6960	2.9 6960	3.2 6960	3.5 6960	3.9 6960	
TOTALS	(\$) (units)	12.6 15,455	13.6 15,521	14.8 15,641	15.9 15,721	17.1 15,841

Source of Funds: Federal Government

PROGRAMS	FY 87-88 \$ Units	FY 88-89 \$ Units	FY 89-90 \$ Units	FY 90-91 \$ Units	FY 91-92 \$ Units	
RENTAL REHAB.	.48 95	.43 86	.40 80	.40 80	.40 80	
FEDERAL SECTION 8 RENTAL ASSISTANCE-						
New Construction	6.9 1858	7.2 1858	7.5 1858	7.9 1858	8.3 1858	
Existing	4.8 1548	5.1 1548	5.4 1548	5.7 1548	6.0 1548	
Moderate Rehab.	1.4 411	1.5 411	1.6 411	1.7 411	1.8 411	
Rental Rehab.	1.2 389	1.3 389	1.3 389	1.4 389	1.5 389	
SMALL CITIES ⁵	9.0 826	9.0 826	9.0 826	9.0 826	9.0 826	
TOTALS	(\$) (units)	23.78 5,127	24.53 5,118	25.2 5,112	26.1 5,112	27.0 5,112
GRAND TOTAL⁶	(\$) (units)	129.83 34,808	123.63 34,259	133.95 31,218	141.95 31,328	148.55 31,408

⁴ Funds to be used for both the deep and shallow subsidy programs, see program description.

⁵ Funds represented total projected authorization, however, only two-thirds of total authorization are projected for housing rehabilitation activities. The remaining funds will be used for community development activities.

⁶ Total number of units assisted include double counting of units that are assisted by more than one program.

APPENDICES

APPENDIX A

ADVISORY COMMITTEE RECOMMENDATIONS

To assist the Department in preparing this Five Year Housing Advisory Plan, the Commissioner of Housing appointed a 30 member advisory committee comprised of a wide range of experts from the public and private sectors. This committee was divided into five subcommittees each of which concentrated on one important aspect of housing policy. The following represent the recommendations of the committee.

As the Advisory Committee sought solutions to Connecticut's housing problems, one theme surfaced continuously - the lack of housing opportunities for those persons and families who can least afford it. The Committee felt that the major focus of State housing policy and actions must be the provision of safe, decent and affordable housing for low and lower income families.

A. Housing Finance

1. Tax-Exempt Bonds

BACKGROUND: To date, the proceeds from the sale of tax-exempt bonds by the State have funded 100 percent of the cost of all of the major new construction and rehabilitation programs administered by the Department of Housing, The Connecticut Housing Finance Authority and the Connecticut Housing Authority. The Federal Tax Reform Act of 1986, however, severely restricts the State's use of tax-exempt bonds to finance housing. This is done through a limitation on the volume of bonds which may be issued for most of the housing and economic development activity which has been previously financed with tax-exempt bonds, and by restrictions on the operation of the low income housing projects financed with tax-exempt bonds.

RECOMMENDATION: To the maximum extent possible, the State should continue to issue tax-exempt bonds for the development and rehabilitation of housing for low and moderate income families. This includes those programs which do not fall under the state-wide volume limitations as well as those programs which fall under the "private activity" classification in the Tax Reform Act. Housing should receive a greater share of the state-wide volume allocation in 1987, and in subsequent years than it did in 1986. A substantial portion of the allocation should be used for programs which benefit low income families.

2. Taxable Bonds

BACKGROUND: The 1986 General Assembly approved legislation which allows the State Bond Commission to issue taxable bonds if it finds such an issuance in the public interest. Although the interest from these bonds would be exempt from all state taxes, the State would have to pay bondholders interest rates several percentage points higher than is now paid on tax-exempt bonds to make them attractive to investors. The annual cost of these bonds to the State would be the difference between the interest rate paid to the bondholder and the rate paid by the borrower. While the cost to the State may be expensive, the use of the taxable bonds appears to be a more viable alternative to tax-exempt bonds as a source of revenue for the financing of housing projects.

RECOMMENDATION: The State should use taxable bonds to finance a major portion of those housing programs that will no longer be financed with tax-exempt bonds. The additional cost of issuing these bonds should be added to the annual debt service obligations of the State which are paid from the General Fund.

3. General Fund

BACKGROUND: At the present time, no housing programs involving the construction or rehabilitation of housing for low and moderate income families are financed from the General Fund. Appropriations for housing purposes are limited to the Department of Housing's Payment-in-Lieu-of-Taxes Program, the Tax Abatement Program and the new Rental Assistance Pilot Program. With the limitations placed on the State's ability to issue tax-exempt bonds, the use of appropriations is an important source of funds for some of the Department's programs most affected by tax reform. The Department of Housing has proposed the establishment of a consumer loan revolving fund, which would finance several of the programs which fall under the private activity and/or consumer loan volume limitations. This fund would receive \$20 million in appropriated funds annually, until the principal and interest repaid by loan recipients would allow the fund to be self-sustaining.

RECOMMENDATION: The State should provide direct appropriations to finance some of the Department of Housing's programs, which will no longer receive necessary funding from the proceeds of tax-exempt bonds. While the State has not traditionally financed long term obligations with appropriated funds, General Fund revenues are a viable and inexpensive source of funding for housing programs.

4. Conveyance Tax

BACKGROUND: On July 1, 1983, the State began to levy a tax on the sale of all real estate of one-half of one percent of the selling price of the property. This tax is paid by the seller and is collected for the State by each municipality. This tax raised over \$37 million for the State in 1983-84, over \$49 million in 1984-85 and almost \$72 million in 1985-86. Funds collected by the municipalities are deposited into the State's General Fund. This tax was decreased to 45/100 of one percent effective January 1, 1987.

RECOMMENDATION: The State should use part or all of the revenues raised by the existing real estate conveyance tax and/or should increase the tax levied to 1 percent on all residential property sold in a municipality which exceeds the median sales price on residential property sold in that community, as one means of financing state housing programs. The tax levied on all commercial property would be increased to 1 percent for all transactions over a certain sales price. If additional revenue is collected, using any formula different from the existing formula, the State may wish to provide some assistance to the staff of the municipalities who must compute and collect this tax.

5. Security Deposit

BACKGROUND: Connecticut law allows landlords to charge tenants a security deposit in the amount of up to two months of the tenant's rents. Landlords are required to deposit these funds in escrow accounts. Upon tenant's termination of tenancy, the landlord is required to pay the tenant 5 1/4

percent interest. Most landlords are able to receive a return on these funds of considerably more than 5 1/4 percent. The General Assembly's Finance Committee is currently studying the feasibility of investing all security deposits collected, from which earnings would be used to finance housing programs.

RECOMMENDATION: The State should consider the investment of security deposits as a viable source to finance housing programs, if the results of the interim study conducted by the General Assembly's Finance Committee show that the mechanics of such a proposal are feasible.

6. Pension Funds

BACKGROUND: Representatives of building trade unions in Connecticut met with the Advisory Committee and expressed their willingness to consider proposals from the State and/or non-profit corporations to use their pension funds as a source of financing housing for low and moderate income families or to use these funds as collateral for loans made for such a purpose. While union representatives indicated that they would expect a reasonable return on their investment, their principal concern was that any such projects financed with pension funds be built entirely with union workers.

RECOMMENDATION: The State, working in cooperation with non-profit corporations, should work with representatives of union pension funds, to develop acceptable proposals, to finance the development of housing for low and moderate income families. Any housing developed with the assistance of these funds would be constructed or rehabilitated solely with union labor.

7. Equity Funds

BACKGROUND: One of the major effects of tax reform will be the substantially decreased participation of the private sector in the development and rehabilitation of housing for low and moderate income families. Changes in federal tax law eliminate the incentives for private individuals to shelter their money by investing in low and moderate income housing. Corporations and a limited group of individuals, however, might still be able to shelter their passive income in equity funds which would provide capital to finance housing projects. Contributions from this fund could then be coupled with newly available federal tax credits and/or loans from state housing agencies to provide low cost financing for developers.

RECOMMENDATION: State housing agencies and authorities should work with private corporations and non-profit corporations to facilitate the development of equity funds. These equity funds would consist mostly of funds provided by the corporations which would then be coupled with state loans and an allocation of the state's tax credits to finance housing projects developed by non-profit corporations and other developers.

8. State Mortgage Insurance Program

BACKGROUND: In light of the recent Federal Tax Reform Act, new sources of private capital will be needed to finance low and moderate income housing. New York and Massachusetts have developed state mortgage insurance programs to encourage such investments.

RECOMMENDATION: The State should create a mortgage insurance program to encourage the investment of private capital in housing. Such a program would also encourage pension fund investment and investment from other sources such as church-sponsored revolving loan programs.

B. Innovative Housing

1. Low and Lower Income Housing

BACKGROUND: Although the State currently operates programs serving low and moderate income persons, it was the opinion of the Advisory Committee that the State, due to limited resources, needs to focus on programs serving low and lower income families due to the shortage of affordable housing for these income groups. This recommendation applies to all State housing agencies.

RECOMMENDATION: State housing policy should set as its highest priority the creation of housing opportunities for low and lower income persons.

Sub-recommendations:

- a. The State should encourage the use of all resources in ways that provide maximum benefit to low income households.
- b. The State should provide technical assistance to encourage small non-profit organizations to take advantage of the federal tax credit.
- c. The State should provide technical assistance to allow for the pooling of funds of small non-profit organizations to maximize development capacity.
- d. The State should develop a rental assistance program that sets regional Fair Market Rents and that is available for both public and private housing.
- e. An operating subsidy should be established for the Affordable Housing program.
- f. State housing agencies should establish production and subsidy targets for the development of low income housing.
- g. State zoning enabling legislation should empower communities to protect against the loss of rental units.
- h. The State should provide assistance to tenants in purchasing projects that are being considered for condominium conversion or conversion from subsidized federal housing to unsubsidized housing.
- i. All State funded projects should remain for the benefit of low and moderate income families indefinitely, contingent upon sufficient reserves and modernization funds.

2. Flexibility in State Housing Requirements

BACKGROUND: Programs and facilities should be designed and constructed utilizing performance rather than prescriptive specifications. For instance, the prescriptive specification that every table should be made of heavy gauge steel should be replaced with the performance specification that every table should be strong enough to support 2,000 pounds. Performance criteria would take into account quality of life issues as well as the needs of special population groups. The quality of the product must be a high priority in determining use of limited resources.

RECOMMENDATION: State housing policy should provide flexibility in its housing requirements in order to encourage performance specifications rather than

prescriptive specifications in the development and management of housing. The State should develop overall goals and/or standards; the mechanism for achieving these goals and/or standards should be the responsibility of the developer.

3. Social Services and Housing

BACKGROUND: Many issues were raised concerning the availability of services within state funded housing projects, including the provision of an additional meal, personal care services, and health counseling at congregate facilities. The State should take a holistic approach to the creation of housing in order to optimize resources available to residents. Social service requirements must be incorporated into the project's management plan. Funds for these services should be sought through public and private resources. Social services may, as in the case of day care, impact the design of the facility.

RECOMMENDATION: State housing policy should ensure that an appropriate social service program is implemented in conjunction with the development of housing to better meet the needs of special population groups. Inter-agency working groups should be established which include persons with the appropriate diversity of expertise needed to review projects to insure that physical design and service plans are compatible and meet basic needs.

4. Use of State Surplus Property

BACKGROUND: P.A. 86-414 states that any state agency, department or institution having custody or control of land, improvement to land or interest in land, must notify DAS and DOH when such property can be used or adapted for use as an emergency shelter or transitional living facility for the homeless. Currently, the Architectural Services Section of the Department of Housing evaluates each submission. There is no mechanism in place, however, to link that information to developers applying for funds within the Department. Thus, developers do not know how they might use state surplus property in conjunction with proposed projects, whether it be for homeless facilities or other housing for low and moderate income persons. A portion of state surplus land should be set aside for housing and a land trust established. State surplus property should then be leased to non-profits and housing authorities so that the land remains in perpetuity for low and moderate income housing.

RECOMMENDATION: The State should allocate a portion of its surplus property for the purpose of developing low and moderate income housing and develop a mechanism for leasing it to non-profit organizations and housing authorities.

5. Land Banks and Trust

BACKGROUND: The Advisory Committee discussed the issue of land banks or trusts, which generally involve the acquisition of land and its subsequent use or retention for a particular purpose, such as recreational space, open space or housing. The creation and financing of such an entity would require compliance with state statutes. It would provide communities with available land, however, in which to develop much needed housing.

RECOMMENDATION: State housing policy needs to seek ways to preserve the use of land and increase access to land for low and moderate income housing.

6. Expansion of Financial Assistance to Non-Profit Corporations

BACKGROUND: Non-profit corporations have played an important role in the production of housing for low and moderate income families. Operating costs, in the past, have been supported by charitable institutions and federal funds distributed by local governments. Responding in part to cutbacks in CDBG funds which provided these non-profit organizations with financial support, the General Assembly allocated \$50,000 in 1985 and 1986 to the Department of Housing to provide grants in aid for the administrative cost of community housing development corporations. The 1986 General Assembly appropriated \$50,000 for El Hogar del Futuro to fund the administrative cost of providing technical assistance to organizations in the development of limited equity cooperatives. Given the favorable treatment non-profit corporations received in the Tax Reform Act of 1986, however, there will be an even greater need for non-profit corporations to be involved in the production of housing.

RECOMMENDATION:

- A. The authority of the Commissioner of Housing to provide matching grants for the administrative expenses of community housing development corporations should be expanded to allow him or her to provide funds for administrative costs to non-profits which are involved in the development of housing. In addition to funding non-profits with a positive track record, to help them survive and to build capacity, DOH should provide start-up grants to promote development of additional non-profit developers in underserved areas. Substantial additional funds should be appropriated for these purposes. Funding should be continued to one or more organizations to provide technical assistance to existing and new entities involved in the development of housing, including the development of limited equity cooperatives.
- B. The Department of Housing should assure that its mix of state assisted housing includes rental housing units in small clusters (less than 12 units per cluster) at scattered sites.

7. Provision of Technical Assistance by DOH to Municipalities, Non-Profit Corporations and other developers to assist in the development of housing.

BACKGROUND: Connecticut's tradition of local control has resulted in a system in which a municipality must initiate or support a proposal for state financial assistance for the development or rehabilitation of housing for low and moderate income families. The Department of Housing could, however play a more active role by promoting housing programs around the state and providing technical assistance to municipalities, non-profit corporation or other other developers in the very preliminary stages of planning a housing project.

RECOMMENDATION: The Department of Housing should actively encourage applications for funds available through its programs by:

- A. Giving maximum notice of the availability of funds by direct mailings to potentially eligible developers, conferences, newspaper articles and public advertisements in major general circulation and minority newspapers throughout the state.
- B. Developing outreach programs to encourage requests.
- C. Making a special effort to make technical assistance available to non-profit developers who are preparing their first project. This could be done in one of two ways. The Department of Housing could

assign a staff person to walk the non-profit developer through the packaging of a first project, training staff in the process. The Department could, as an alternative, fund one or more outside technical assistance providers to provide this service.

- D. Providing technical assistance, upon request, to municipalities, non-profit organizations and eligible applicants.
- E. The Department of Housing should create a team consisting of planners, architects, and program staff to promote and assist in the development of housing in communities where little such activity now exist.

8. Housing for the Disabled

BACKGROUND: In the past, emphasis was put on the development of single bedroom housing for the physically disabled. In recognition of the fact that physically disabled persons have families and the growing need to house them, development of multi-bedroom units must take place to satisfy the need.

RECOMMENDATION: The state should develop increased numbers of multi-bedroom housing units which are accessible to the physically disabled.

C. Affordable Housing

1. Further Implementation of the State-Funded Pilot Rent Subsidy Program

BACKGROUND: A DOH study, published in 1985, indicated a widespread need for a State-Funded Rent Subsidy Pilot Program in order to make housing more affordable to low and moderate income families. In addition, it would be the foundation of the State's effort to preserve the existing rental stock, and prevent its deterioration.

RECOMMENDATION:

- A. As a first step towards meeting this need, implement a state-funded rent subsidy program as outlined in the 1985 study. Funding should be at least \$3 million for the first year of the program, and then contingent upon the evaluation report of DOH increase by at least \$3 million increments for each year of the five year plan.
- B. A significant rental subsidy program needs to be funded and should be linked to other state programs which most cost effectively serve low and moderate income persons.
- C. In addition to A, funding for emergency rental assistance should be placed in the Department of Income Maintenance budget for purchase of rental assistance certificates for families with children in emergency housing.
- D. The General Assembly should make permanent and greatly expand the Rental Assistance Program.

2. Housing Authorities

BACKGROUND: Existing privately owned housing can be made affordable to low income households if housing authorities are able to rent units for eligible tenants. This also permits a kind of scattered site public housing.

RECOMMENDATION: Provide assistance to local housing authorities to rent privately owned apartments to tenants eligible for public housing programs. The program could be run as a separate program or as a component of the low-income, moderate rental, or rental assistance programs.

3. Rent Surveys

BACKGROUND: DOH lacks a sufficient data base on rents being paid by low and moderate income tenants and on available single room occupancy units.

RECOMMENDATIONS: DOH should be provided with funding to:

- A. Conduct rent surveys, at least annually, to determine actual rent levels in the rental market.
- B. Conduct an annual survey of licensed roominghouses and other SRO's serving low and moderate income people.

4. Fair Rent Commissions

BACKGROUND: Fair Rent Commissions are the State's only authorized entities for preventing unconscionable rent increases. They are also of great value in mediating landlord/tenant disputes and in promoting compliance with housing codes. Seventeen towns, with approximately 40 percent of the State's rental units, presently have such commissions. A number of larger towns, however, have no commission leaving tenants in these towns with no place to lodge their complaints.

RECOMMENDATION:

- A. The General Assembly should amend the FRC statute to require towns with a population of 20,000 or more to have FRCs.
- B. If this is not done then DOH should encourage towns without FRCs to adopt them.

5. Affordability of Rents in State Moderate Rental Housing

BACKGROUND: Some moderate rental housing projects have faced difficulty in meeting all of their expenses. The Department of Housing has recently revised its method of setting rents in such projects, which could lead to increasing rents for low-income families.

RECOMMENDATION: DOH should follow policies in its existing State Moderate Rental Housing Program, which assure the inclusion of low-income tenants. In order to accomplish this, the Department should:

- A. Set base rents in such projects at the lowest practicable levels;
- B. For projects which are in financial trouble, provide necessary financial assistance which preserves the project without changing its income composition by such mechanisms as deferring repayment of loans (for which legislation may be necessary) and by providing state grants for modernization, rehabilitation, or adequate maintenance.

6. Tracking Those Served by DOH, CHA, CHFA

BACKGROUND: At present, there is no uniform method of data gathering across agencies to draw a profile of the beneficiaries of DOH, CHA and CHFA programs.

RECOMMENDATION: DOH, CHA, and CHFA should publish annually a profile of households served. This would require development of a standardized updating mechanism, which would be used by all three agencies. The data on those served should be by SMSA and should include: household size, income, tenure (renters versus owners). Owners would be profiled only in the year in which the loan or grant is made.

7. Annual Conference and Award

BACKGROUND: There is a need to promote creativity and information sharing of cost cutting techniques for housing rehabilitation and production which can be used to lower housing cost without lowering housing quality.

RECOMMENDATION:

- A. Annual Conference - Consideration should be given to sponsorship by DOH of an annual conference for developers and builders to provide information on cost cutting techniques which can be used to lower housing cost without lowering housing quality.
- B. Annual Award - DOH should establish an annual modest cash award to be given to the developer who has used the most innovative and cost effective technique in a project serving low or moderate income people in that year.

8. Mixed-Income and Mixed Use Projects

BACKGROUND: By law, the state's Moderate Rental Program is required to serve both low and moderate income families, but there have been recent pressures to limit it to moderate income families only. Similarly, concern has been expressed that the Affordable Housing Program will not serve very low income families. It is desirable that housing projects contain income mixes, and it is important that relatively lower income tenants not be excluded from projects developed with state funds.

RECOMMENDATION:

- A. Mixed Income: The Moderate Rental and Affordable Housing programs should be administered so as to serve the full range of incomes eligible for occupancy in their projects, (0-50 percent of area median for the AHP and 0-80 percent of area median income for the MR program), and thereby include occupants at the relatively lower-income end of the eligibility range. The Department of Housing should also consider developing projects using a mixture of moderate rental loan and grant funds or a mixture of AHP and MR funds.
- B. DOH should develop mixed use residential/commercial projects in conjunction with DED, so that the revenues from the commercial property can be used to reduce residential rents.

9. State Housing Programs

BACKGROUND: The State's housing programs should be targeted primarily for low and moderate income persons. While it is recognized that the financial feasibility of constructing/rehabilitating housing exclusively for low and/or moderate income persons cannot be achieved under existing loan programs due to debt service requirements, cost of land, materials and labor as well as other statutory requirements, it is imperative that mechanisms such as rental

subsidies, and mixed income housing programs be enacted to serve the most needy in our state.

RECOMMENDATION:

- A. Existing multi-family development programs of the Department of Housing (elderly/congregate/moderate rental/low income programs) should be consolidated into two separate programs with funding for elderly and non-elderly housing development. The consolidated programs should continue to serve the targeted populations of the separate programs, however, consolidation will provide more flexibility within each program to produce both mixed income and mixed use projects. The consolidated programs should be developed to provide for loans or grants, or loans and grants combined, to meet the following objectives:
1. Ability to serve the entire range of incomes up to 80 percent of the area median income; and
 2. Rates at or below 30 percent of the tenants income.
- B. CHA and CHFA rental housing programs should be designed to exceed the minimum requirements of the IRS relative to the income targeting requirements of tax-exempt bonds.

D. Land Use

1. Link State Discretionary Funds to Providing Housing for Low and Moderate Income Families

BACKGROUND: The supply of affordable housing is inadequate relative to the demand. Local regulations and restrictions have the effect of excluding the development of affordable housing. For some towns and cities, the practice of exclusionary planning and zoning activities restrict the growth of affordable housing for low and moderate income people.

RECOMMENDATION: The governor should issue an executive order modeled after Massachusetts Executive Order 215 that would give priority in the awarding of State discretionary funds to municipalities which provide housing opportunities for low and moderate income families. The award of discretionary funds should be directed to towns which do not unreasonably restrict the development of new low and moderate income housing.

2. Strengthen Zoning Enabling Legislation

BACKGROUND: Recent changes in the State zoning laws require municipalities to encourage housing opportunities for all of its residents. The law however, has not produced changes in low-density zoning, which effectively zones out multi-family and low-cost housing. The Advisory Committee believes that the language of the law should be strengthened to require municipalities to provide their fair share of affordable housing opportunities for all citizens. This could include the use of special development zones to provide for greater densities than would otherwise be permissible.

RECOMMENDATION: The General Assembly should enact legislation similar to law in New Jersey and California which requires each municipality to zone a reasonable amount of suitable land for the development of multi-family dwellings for low and moderate income families.

3. Local Plans For Development

BACKGROUND: Many municipal plans for development have not been updated for years. In addition, some are not consistent with the State's plan for conservation and development.

RECOMMENDATION: The General Assembly should require all municipalities to update and ratify their plan of development every ten years, and, if necessary, concurrently adjust their zoning regulations to be consistent with the plan. Local Plans are encouraged to be in conformity with the State Policies Plan for the Conservation and Development of Connecticut. They should allow for some affordable multi-family rental housing in all towns. Additionally, in municipalities where the state has identified "Urban Centers, Urban Conservation Areas, Urban Growth Areas and Long Term Urban Potential," the Local Plan must provide for multi-family rental housing opportunities.

4. Model Efficient and Cost Effective Subdivision Regulations and Demonstration Project.

BACKGROUND: Many municipalities, through their subdivision regulations mandate improvements, i.e. granite curbs, sidewalks on both sides of the street, etc., which inhibit the production of affordable housing. Housing cost could be reduced if towns eliminate subdivision requirements which are not necessary to protect health and safety.

RECOMMENDATION:

- A. DOH should develop a model efficient and cost effective subdivision regulations and should promote its adoption by municipalities.
- B. DOH should assist a municipality in implementing the model regulations to demonstrate its feasibility.

5. Model Land Use Ordinances and Procedures - One Stop Applications

BACKGROUND: One of the factors which increase the cost of housing is the lengthy and often complicated application process developers must complete before receiving approval for projects.

The delays caused by having several applications completed, reviewed, and approved by various agencies and commissions lead to: increased carrying charges for land (options and interest); increased overhead costs; and increases in building material and labor costs due to inflation. Substantial costs are also incurred in professional service time required for the numerous presentations made to boards, commissions, officials and public hearings. These expenditures are ultimately reflected in higher sales or rental prices. This problem was addressed in the 1980 Three Year Housing Advisory Plan which recommended that the Department of Housing support legislation to encourage all towns to establish, by ordinance, consolidated procedures for processing development applications.

An Act Concerning One-Stop Applications for Development (P.A. 81-233) was subsequently passed by the General Assembly. This legislation directed the Commissioner of Housing to develop and publish a model ordinance and model procedures for "one-stop" applications. The Department of Housing published this document in February 1982.

RECOMMENDATION: The Department should conduct a statewide town by town survey, to determine how many communities have utilized the Model Ordinance and Model Procedures for One-Stop Applications for the Development of Land publication to implement any or all of the processes suggested in it. The Department should then implement a program to encourage more towns to adopt one-stop application procedures.

E. Preservation of Existing Housing

1. Rental Rehabilitation Program

BACKGROUND: The availability of rental rehabilitation financing may encourage landlords to maintain their property, and avoid having structures deteriorate to a point where costly repairs are necessary, or the property is abandoned.

RECOMMENDATION: The Department should maintain and increase its support for the preservation of existing housing through rental rehabilitation. Programs which prevent the decline of existing housing without significantly increasing rents should receive high priority.

2. Reactivate DOH's Housing Code Enforcement Program

BACKGROUND: Under the authority of Section 8-208 C.G.S., the Department has the authority to fund the operating costs of municipal concentrated housing code enforcement programs on a 2/3 State, 1/3 local basis. Funding for this program was discontinued in the early 1970's due to the fact that funds were provided through the sale of the State's General Obligation bonds and it was considered to be an operating program, thus not eligible.

RECOMMENDATION: This program should be reactivated with funds provided from a General Fund allocation.

3. Increased Communication Between the State's Housing Courts and the Department of Housing

BACKGROUND: Staff at the State's Housing Courts often find themselves faced with property owners who are willing to undertake court ordered repairs to their properties but who lack the financial ability to do so. Since there is no overall coordination between the Courts and DOH, the various court staffs may not be familiar with the State and local rehabilitation programs which may be available to provide low interest loans or grants to property owners for the rehabilitation of housing units.

RECOMMENDATION: The Department of Housing should act as a "clearinghouse" for all State and local housing rehabilitation programs, with a staff person at the Department designated as a liaison with Housing Court staff. Under the direction of this person, a manual of all rehabilitation loan and grant programs should be maintained and a briefing session should be conducted for Housing Court staff.

4. Prevention of the Demolition of Vacant or Occupied Housing Units

BACKGROUND: At least one Connecticut municipality requires a 90 day notice before the demolition of any public or private housing units take place.

Exceptions are permitted for emergency situations. This advance notice provides the owners of neighboring properties and other interested parties with an opportunity to develop proposals, if possible, to save these units from destruction.

RECOMMENDATION:

- A. Support passage of a State law requiring an advance notice requirement for the demolition of any public or private housing units subject to waiver for safety reasons. Notice would be given to the municipality involved, the owners of near-by properties and other interested parties.
- B. Support passage of a State law requiring that the Commissioner of Housing be notified of any action by a local, state, or federal agency which would result in the demolition of public or private housing units.

5. Preservation of Public Housing Units

BACKGROUND: According to Section 8-44a of the C.G.S., the Commissioner of Housing may provide financial assistance for the rehabilitation and improvement of State and Federal public housing in the form of grants-in-aid, loans or a combination thereof. Recent surveys show that \$50 million dollars are needed to rehabilitate these units.

RECOMMENDATION: The Department of Housing should increase funding for the rehabilitation of these housing units.

6. Abandonment and Foreclosure

BACKGROUND: The State's public housing programs are targeted for families with incomes above \$8,000 per year. Families with lower incomes have been left to Federal programs, for which support is declining.

RECOMMENDATION: The Department should have the capacity to obtain and operate abandoned or foreclosed units as public housing. These units could then be made available as public housing, publicly assisted housing, or other forms of low and moderate income housing.

7. Preservation and Replacement Ordinances

BACKGROUND: A significant number of affordable rental units are lost through demolition, or conversion to condominium or commercial use.

RECOMMENDATION: Support passage of a State Enabling Act that expressly authorizes towns to adopt housing preservation and replacement ordinances. Such ordinances would prohibit the demolition of rental housing, or its conversion to commercial use or condominium, unless the developer replaces each unit lost with another unit of affordable rental housing, or makes payment to a fund for producing such housing.

8. Increased Funding for the Urban Homesteading Program

BACKGROUND: A wide range of activities have been undertaken through the Urban Homesteading Program. These include new construction, as well as preservation, with a provision for limited equity cooperatives.

RECOMMENDATION: Funding should be increased for the Urban Homesteading program to \$6 million for the first year, and at least an additional \$1 million for each of the remaining four years of the plan.

9. Receiverships

BACKGROUND: Receiverships are used in housing cases where an occupied building is seriously deteriorated or where a building owner has failed to pay a water, heating, or utility bill for the building. The Department has \$500,000 available in a Housing Receivership Revolving Fund (HRRF) for the rehabilitation of buildings that are in receivership. According to C.G.S. 47a-56i, a court may authorize the use of such fund if: (1) sufficient sources of money are not otherwise immediately available, (2) the building which is the subject of the receivership contains not more than 20 units, and (3) the anticipated average fund per dwelling unit is not in excess of five thousand dollars.

RECOMMENDATION: The Department should encourage the use of the HRRF, and, if utilization becomes extensive, increase its funding. The ability to use receiverships should be strengthened in the following ways: (a) The HRRF should apply to any receivership if the building is substandard, (b) "utility" receivers should be required to maintain the entire building in question, and (c) the Department should promote the use of non-profits as receivers, especially in conjunction with the transfer of the building's ownership to the non-profit.

10. Land Trusts

BACKGROUND: The Community Land Trust (CLT) is a non-profit corporation that acquires land through purchase or donation with an intention to retain title in perpetuity, thus removing the land from the speculative market. The land is then leased to individuals, families, cooperatives, community organizations, businesses or for public purposes. By retaining the first option to purchase the property at the owners original cost, the CLT can insure that affordable housing is preserved.

RECOMMENDATION: The State should create and fund a new program, or modify an existing program to establish non-profit housing Land Trusts. This program could also work in conjunction with limited-equity cooperatives.

F. Landlord-Tenant

1. Landlord-Tenant Mediation Centers

BACKGROUND: There is no place for landlord and tenant to air their disputes, except the housing court. More often than not, as the result of an agreement entered into, the tenant always moves out of the apartment. The creation at the local level of a venue, that provides a mechanism for a third party to mediate disputes between landlord and tenant, will provide better understanding and help foster good relation between the parties. In addition, mediation centers will relieve the court of those cases which otherwise could not have been resolved without judicial intervention.

RECOMMENDATION: The Department of Housing should provide grants to municipalities and non-profit corporations to operate landlord-tenant mediation programs. This could be implemented as a series of demonstration projects.

2. Just Cause Eviction

BACKGROUND: Existing law protects certain renters from eviction from privately-owned housing unless cause for eviction exists. The law applies only to elderly and disabled renters in buildings or complexes with seven or more units. In contrast, the Public Accommodation Act, which prohibits discrimination based on grounds including age and disability, excludes only single-family houses and owner-occupied two-family buildings. In addition, existing law does not provide anti-displacement protections to long-term tenants.

RECOMMENDATION:

- A. The exemptions from eviction protections for the elderly and disabled under Section 47a-23c should be conformed to the exemptions for discrimination based on age and physical handicap in the Public Accommodation Act.
- B. C.G.S. 47a-23c should be expanded to provide eviction protections for non-elderly and non-disabled tenants after a reasonable probation period.

3. Condominium Conversion

BACKGROUND: The protection provided under the current statute to tenants in apartments being converted to condominiums is not adequate to effectively accomplish the intended objective. With the tightening of the housing market, affordability is becoming increasingly difficult. Tenants who are evicted because of condominium conversion, find themselves, in many instances, without the economic resources to obtain a suitable apartment that is comparable to the one previously occupied, at a price they can afford. Currently there is no state agency empowered to enforce the condominium conversion law. The need for such statutory authority is overwhelming, and should be granted to DOH.

RECOMMENDATION:

- A. The Department of Housing should be given the power to enforce the conversion sections of the Common Interest Ownership Act, including the power to receive and investigate complaints, hold hearings, and issue enforcement orders.
- B. The General Assembly should extend the time to vacate after notice of conversion from 6 months to 12 months.
- C. The General Assembly should permit municipalities to regulate conversions and, when the vacancy rate in the municipality is 5 percent or less, to prohibit such conversions.
- D. Although elderly and disabled renters are protected from displacement as a result of a condominium conversion, in reality many are forced out by greatly increased rents. The existing statute has not stopped or reduced this pattern. The General Assembly should amend the Common Interest Ownership Act to provide such tenants with more effective protection against such increases, such as limited rent increases for elderly and handicapped conversion tenants to 10 percent per year after the first 180 days.

- E. The General Assembly should eliminate the nine-month limit on conversion protections from C.G.S., Section 47-290(d)(1) and (d)(3).
- F. Include in the statute a requirement that the developer offer the converted units to the conversion tenants, for a period of 12 months, at a price discounted 25 percent from the price offered to the general public.

G. Housing Court System

1. Strengthening Housing Court System

BACKGROUND: Connecticut's housing court system has proved to be a success, but significant portions of the state remain without housing court services. The three housing courts, Hartford-New Britain, New Haven-Waterbury, and Bridgeport-Norwalk, cover about 80 percent of the state's housing cases, but no housing court serves eastern Connecticut, northwest Connecticut, or Ansonia-Milford. Because of the distances in eastern Connecticut and the small caseload in northwest Connecticut, there are practical problems with bringing a full-scale, full-time housing court to those locations, but major housing court services should nevertheless be provided. In addition, the Citizens Advisory Council for Housing Matters, which provides citizen input into the housing court system, should be retained and better supported.

RECOMMENDATION:

- A. Usage of housing court forms should be required in the non-housing court districts which handle housing cases.
- B. Funds should be appropriated to the Judicial Department for the hiring of additional housing specialists to provide mediation and investigation services in the non-housing court districts. It is estimated that three specialists would be needed to handle all those districts.
- C. \$1,000 should be included in the Department of Housing's budget to cover the expenses of the Citizens Advisory Council for Housing Matters.

H. Fair Housing

1. Testing

BACKGROUND: Housing discrimination is an illegal practice which still exist in Connecticut. Blacks, Hispanics, women with children and other minorities are often denied access to housing because of the color of their skin, their sex and sexual orientation. Through steering or outright rejection, members of these groups are often deprived of housing opportunities that otherwise would have been available. This is a serious problem in both selling and rental of housing.

RECOMMENDATION:

- A. The General Assembly should provide adequate funding and staff to CHRO for the implementation of a comprehensive program for testing housing discrimination.

- B. The General Assembly should enact legislation which prohibits discrimination based upon:
 - (1) Lawful source of income;
 - (2) Past or present history of mental illness;
 - (3) Sexual orientation.
- C. Discrimination against families with children:
 - (1) In addition, it should conform the exemptions of the Discrimination Against Families with Children Act to those of the Public Accommodations Act by limiting the exemption to single-family buildings and owner-occupied two family buildings. There should be no general exemption from the act for condominium by-laws.
 - (2) Condominiums should be subject to whatever exemptions in the act may apply to them (e.g. the exemption for small buildings).
- D. The General Assembly should prohibit sexual harassment in the sale or rental of housing.

2. Real Estate Agent Practices

BACKGROUND: The need to educate real estate agents is underlined by their often unconscious violation of the fair housing law. This fact gives rise to the necessity to make them better informed of the conducts which are prohibitive under the statute. To help remedy this situation, as part of the real estate course that agents must take for licensure, an extra three-hour credit on fair housing law should be added to the course. Also the violation of the fair housing law and other law should constitute grounds for suspension or revocation of a real estate license. The imposition of such a penalty will be a deterrent to conducts that are violative of those laws.

RECOMMENDATION:

- A. The Real Estate Commission should amend its regulations to explicitly prohibit the practice of steering based upon race or other prohibited grounds.
- B. The Real Estate Commission should require at least three hours in fair housing law as part of the continuing education requirement for real estate agents.
- C. The General Assembly should include, as a ground for suspension or revocation of a real estate license, that the agent has violated any law affecting his or her business, including fair housing laws, the Connecticut Unfair Trade Practices Act, the Security Deposit Act, and the Landlord-Tenant Act.
- D. The Real Estate Commission should be required to hold a hearing to consider suspension or revocation of a real estate license if the licensee has been adjudged to have violated the fair housing laws.

3. Tenant Selection and Affirmative Marketing for State-Funded and State-Assisted Housing.

BACKGROUND: The Department of Housing guidelines for tenant selection in the state sponsored elderly projects need some revision to provide a set of criteria that are more reflective and conducive to the achievement of fair housing goals. These guidelines, based on the point system, are widely used by local housing authorities. A monitoring system must be implemented by DOH to determine compliance with fair housing and fair marketing requirements in all DOH assisted projects.

RECOMMENDATION:

- A. The Department of Housing should:
 - (1) Maintain on-going records of tenant selection criteria for all housing authorities and developers;
 - (2) Revise its tenant selection guidelines so as to place greater weight on need and less weight on residency.
 - (3) Require tenant selection plans for all funding applications;
 - (4) Require that tenant selection criteria for all developments (both new developments and existing ones) not conflict with fair housing goals.
- B. The Department of Housing should require affirmative marketing for all projects, including existing ones.
- C. The Department of Housing should assure that it has sufficient staff to adequately monitor compliance with fair housing requirements.

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APPENDIX B

OBJECTIVES FOR MEETING THREE YEAR PLAN GOALS

1. Increase the Production of New Housing Units.
2. Preserve the supply of Existing Affordable Housing.
3. Enhance Affordability and Accessibility.
4. State Programs Must be Closely Tied to Local Decision Making.
5. State Programs Must Enhance the Capacity of Private, Public and Non-Profit Providers of Housing to Build and Maintain Affordable and Accessible Housing.
6. State Housing Programs Must Reinforce State Economic Development and Land Use Objectives.
7. Additional Financial Support for Housing Programs Must be Obtained.
8. State Government Must Take the Lead in Promoting Fair Housing.
9. State Programs Must Promote Energy Conservation.
10. The State Must Enhance Housing Opportunities for Handicapped Citizens.

APPENDIX C

FEDERAL HOUSING POLICY AND TAX REFORM ACT OF 1986

Federal housing policy can be divided into three general categories:

- favoring housing as a merit good relative to other investment opportunities;
- expanding the housing market through the use of "shallow" financing subsidies to those meeting certain income thresholds;
- neutralizing the housing market through "deep" income-based subsidies based on the difference between household income and housing cost.

Favoring Housing as a Public Good Relative to Other Investment Opportunities

Tax Incentives for Homeownership

The Home Mortgage Interest Deduction: The Federal tax code allows the owner occupants of single family homes to deduct annual mortgage interest payments from gross income before applying the appropriate income tax rate, thereby lowering taxable income. This method produces individual tax savings equal to the "total amount of interest deducted times the applicable marginal rate" and provides more tax savings to higher income individuals than lower income individuals due to higher marginal tax rates and greater interest costs. This deduction is the single largest subsidy for housing provided by the Federal Government. The Tax Reform Act of 1986 (the Act) made no serious modifications to this deduction.

Residential Property Tax Deduction: The Federal tax code allows owner occupants of single family homes to deduct the amount of residential property taxes paid from gross income before applying the appropriate income tax rate, thereby lowering taxable income. As with the home mortgage deduction, this deduction produces individual tax savings equal to the "total amount of taxes paid times the applicable marginal tax rate". It provides more tax savings to higher income individuals due to higher marginal tax rates and the relatively higher value of property held by wealthier individuals. The Act makes no serious modifications to this deduction.

Tax Exempt Mortgage Revenue Bonds: The Federal tax code formerly allowed state and local governments to issue tax-exempt bonds to finance mortgages for qualified moderate income first-time homebuyers purchasing moderately priced homes according to Federal guidelines. This tax provision alone does not increase the benefits to the homeowner as income rises and mortgage amount increases. In addition to several program modifications, the Act severely limits the amount of tax-exempt bonds that may be issued by state and local governments and this could concomitantly limit the amount of these resources that the State may be able to make available for this purpose in the future.

Tax Incentives for Rental Housing Development and Ownership

Accelerated Depreciation: Formerly, multi-family rental housing and low income rental housing in particular, received generous treatment in the depreciation schedules authorized by the Tax Code. Non-low income rental housing could be depreciated over the schedule lives ranging from 25-40 years using the 200 percent Declining Balance Method, while depreciation allowances for low income housing were subject to less recapture upon sale. Between the 1981 Act and the Act of 1986 these depreciation allowances were substantially increased by the institution of uniform and much shortened scheduled lives of 15 years, and after 1984, 18 years, with non-low income housing using a 175 percent Declining Balance Method and low income housing using a 200 percent Declining Balance Method. For low and moderate income housing only those depreciation allowances exceeding those available through the straight line method were recaptured upon the sale of the property, for non-low income housing all accelerated depreciation benefits would be recaptured upon sale. The Act severely reduces depreciation allowances for rental housing by lengthening the scheduled lives to 27.5 years using the Straight Line Methods with no special differential for low income housing.

Construction Period Interest and Taxes: By their nature, construction expenses are incurred before any real income can be realized from a given property. Prior to the Act, these expenses incurred in connection with low income housing developments could be deducted in the first year, and over a ten year period for non-low income housing. The Act requires that these expenses now be added to depreciable basis to be recovered at the same rate as all capital expenses over a 27.5 year period with no special differential for low income housing.

Tax-exempt Financing for Low and Moderate Income Multi-Family Rental Housing: The Federal Tax Code formerly allowed state and local governments to issue tax-exempt bonds to finance mortgages for multi-family rental developments where at least a threshold percentage of the units are rented to households of lower income (at least 20 percent of the units rented to families with income less than 80 percent of area median income). The Act changes these tenant income targeting requirements to include more lower income individuals to be served (at least 20 percent of the units are rented to households having no more than 50 percent of the area median OR 40 percent of the units are rented to households having less than 60 percent of the area median income). In addition to several other program modifications, the Act severely limits the amount of tax-exempt bonds that may be issued by state and local governments and this could concomitantly limit the amount of resources that the State may be able to make available for this purpose in the future. Multi-family rental housing owned by state and local units of government, or by non-profit organizations with 501(c)(3) status may be financed with bonds not subject to the state-wide volume limitation.

Limited Partnerships: In recent years there has been an increase in the use of equity syndication through limited partnerships to raise private equity for low and moderate income housing. In exchange for providing a portion of the initial equity capital for a development an investor would be entitled to the tax benefits normally accruing to the owner of the development, a share of the cash income produced by the development and a share of the revision when the development was sold. This vehicle has provided a means for smaller

developers and non-profit entities to develop viable rental housing projects. The Act places drastic new limits on the use of partnerships by individuals as a means of realizing tax benefits.

New Low Income Tax Credits: The Act provides a new tax credit for the acquisition, rehabilitation and new construction of low and moderate income rental housing. The credit is equal to 4 percent of eligible basis for acquisition and 9 percent for rehabilitation and new construction, and is available each year for ten years. The credit amount per state is capped at \$1.25 per capita, \$3,968,000 for Connecticut, with ten percent of the State's allocation being reserved for projects sponsored by non-profit organizations. Projects financed with tax-exempt bonds receive a 4 percent credit not subject to the state-wide limitation.

Increasing the Supply of Debt Capital

Federally Insured Secondary Mortgage Market: The secondary mortgage market is an effort to directly link the nation's housing markets with national and international capital markets. In recent years the secondary mortgage market for government insured mortgages has played an increasingly important role in providing finance capital for single- and multi-family housing. Mortgages insured by agencies of the Federal Government such as the Federal Housing Administration (FHA) and the Veteran's Administration (VA) have been purchased by the Government National Mortgage Association (GNMA), the Federal National Mortgage Association (FNMA) and the Federal Home Loan Mortgage Corporation (FHLMC). These corporations, functioning under government charter, purchase conforming mortgages with funds raised through bond sales and either hold them in portfolio or issue pass-through securities also guaranteed by the Federal Government which can then be traded on the open market. The combination of insurance and guarantees, coupled with relatively attractive yields, has succeeded in attracting significant amounts of new capital to the nation's housing markets. Since 1981, it is estimated that the Federal Housing Administration has insured over 1.9 million home mortgage loans, totaling over \$193 billion in debt.

Savings and Loan Institutions: Savings and Loans have traditionally supplied the most significant amounts of long term fixed rate capital for homeownership lending. In return for committing significant amounts of mortgage capital of long term homeownership lending, thrifts were eligible for Federal deposit insurance through the Federal Savings and Loan Insurance Corporation and were allowed to pay a higher rate of interest on short term savings accounts. The financial uncertainties, surfacing during the 1970's and culminating in the severe interest rate volatility at the turn of the decade, had profound implications for institutions whose financial viability depended upon making long term loans on short term a deposit base. The thrift industry has sought to insulate itself from such "disintermediation" problems in the future, by diversifying its lending activities and by holding less loans in portfolio, by selling more to the secondary markets. These two trends, diversification and liquidity, have been major themes in recent years as the banking, insurance, and financial services industries have used new technologies and methods in

economically turbulent times to insulate themselves from risk and maintain profitability. One of the major casualties in this scenario may be traditional sources of relatively low cost fixed-rate debt to finance homeownership. Future developments in the Federal and State agendas for "deregulation" of the banking, insurance and financial services sectors will have important implications for housing finance.

Expanding the Housing Market Through the Use of "Shallow" Subsidies

Shallow subsidies are generally those which flow to a rental project, usually in the form of a below market interest rate, rather than directly to the individual tenant. The project is then assumed to be self sustaining on an operating basis, once the initial amount of subsidy is fixed. Tenants must be able to pay the rent in the development form their own income, from whatever source.

Historically, the three most important shallow subsidy programs have been the Section 202 Housing for the Elderly & Handicapped, the Section 221(d)(3) Below Market Interest Rate Program, and the Section 236(j)(1) Rental Assistance Program. Each of these programs continues to provide a significant number of assisted housing units in Connecticut, though some of the privately owned 221(d)(3) and 236 projects are nearing the end of their service periods and may be converted to non-low-income housing in the coming years.

Section 202 Housing for the Elderly and Handicapped: Authorized in 1959, makes direct long-term loans to eligible private, non-profit sponsors for the development of rental or cooperative housing for the elderly and handicapped. The interest rate charged is based on the average rate paid on Treasury obligations in the preceding 12 months. Tenants must be over age 62 or be handicapped. If the project has been built with Section 8 New Construction Reservations, then the tenants must also have incomes below 50 percent of area median adjusted for family size.

Section 221(d)(3): A general rental housing counterpart to the Section 202 program was authorized in 1961 to provide below market interest rate mortgages to finance the new construction and substantial rehabilitation of rental or cooperative housing for low and moderate income families or displaced families. Income limits for the program were generally established at about median income. Many of these projects witnessed management and financial difficulties during the 1970's due to rising operating costs, poor location, and the relative inexperience of the non-profit sponsors. By 1979, almost 30 percent of the mortgages were in default. Some of the troubled projects have received assistance through the Section 8 Loan Management Program.

No additional commitments have been made through this program since 1968. A major issue facing this program, is the loss of units built through this program, as their 20 year service period ends or the owners exercise their right to prepay their mortgage before full term.

Section 236 Rental Assistance Program: Authorized in 1968 provided below market interest rate mortgages to non-profit or limited dividend developers with interest rates as low as 1 percent with mortgages insured by FHA. Rental income was allowed to be sufficient to cover debt service, operating expenses, and a limited profit. Currently, tenant rent is generally 30 percent of adjusted income. Tenants can have incomes no higher than 80 percent of area median adjusted for family size. There is in effect a floor on tenant income in this program since rent must be sufficient to cover expenses and rental assistance to the tenants is limited.

No additional commitments have been made through the Section 236 program since 1973. A major issue facing this program is the loss of units built through this program as their 20 year service period ends or the owners exercise their right to prepay their mortgages before full term.

Section 235 Homeownership Program: Also authorized in 1968 this program provides below market interest rate financing for the purchase of eligible homes or condominiums by qualified mortgagors. The mortgages are Federally insured and interest rates may be as low as 4 percent. Mortgage payments are limited to 20 percent of income with a 3 percent downpayment. The income limits for the program are about 95 percent of area median income adjusted for family size. Also, under present commitments the value of the subsidy is recaptured from the appreciated value of the home.

Neutralizing the Housing Market Through "Deep" Income-based Subsidies to the Tenant

In contrast to "shallow" interest rate subsidy programs, "deep" subsidies to the tenant allow the tenant to rent a unit with the difference between the cost of the unit and a reasonable profit and a percentage of the tenant's income being paid by a government program. There have been two traditional approaches to deep subsidies. In one, the housing is publicly owned and operated by a governmental agency which pays for all of the costs associated with the development not defrayed by rents paid by the low income tenants who are paying rent based on an ability to pay. In the second approach, the concept of private risk ownership and the development are involved, reasonable rate of return is allowed, and the property reverts to private ownership discretion after the owners contract with the government expires. These two approaches generally characterize the Low Income Public Housing and Section 8 Assisted Housing Programs respectively.

Low Income Public Housing Program: Authorized in 1937, this program has, by a wide margin, produced the greatest number of units affordable to low income families. Local housing authorities develop, own and operate public housing projects financed with the sale of bonds and notes. HUD funds are used to pay these obligations and the operating expenses not covered by 30 percent of the tenant income. Tenant eligibility is for those families with incomes no more than 50 percent of area median adjusted for family size. A major outstanding issue facing this program is the need to rehabilitate many older units that are in poor condition. The Comprehensive Improvement Assistance Program (CIAP) provides assistance to improve the physical condition and management of these existing projects.

Since 1981, the funding for new public housing units has decreased. However modernization funding maintained at an annual level of about \$1.6 billion annually. Outlays for public housing operating assistance has increased from \$1.1 billion in 1981 to about \$1.4 billion in 1986. Over the life of this program more than 1.3 million units have been constructed nationwide, with new construction in recent years reduced substantially, with about 5,500 unit reservations made nationwide in 1985.

Section 8 New Construction and Substantial Rehabilitation Program: Authorized in 1974, the program pays the owner of the building the difference between 25-30 percent of the eligible tenant's income and an established Fair Market Rent (FMR) determined by HUD. This FMR is a "feasibility" rent based on costs. As an incentive to build and reserve units for low income tenants, a subsidy is committed for 20 to 40 years; tenant eligibility is for families with no more than 50 percent of area median income adjusted for family size.

Section 8 Moderate Rehabilitation Program: Operates on the same principle as the New Construction/Substantial Rehabilitation Program with the assistance contract tied to a rehabilitated unit. Income eligibility is the same for other Section 8 programs with rents not to exceed 125 percent of the applicable FMR.

This program has also experienced substantial budget retrenchment since 1981, but has continued on a limited basis. However, the continued viability of this limited program may be threatened by provisions of the Act. Budget Authority for new contracts has dropped since 1981 for about 10,000 units nationwide.

Section 8 Existing Program: Also operates on the same basic principle as the New Construction/Substantial Rehabilitation programs, the difference being that subsidized tenants seeking housing in the private market with HUD paying the difference between 25-30 percent of the tenant income and the rent charged not to exceed the prevailing FMR. Tenant income is limited to 50 percent of area median income adjusted for family size. Housing rented must meet HUD standards. Assistance contracts are typically for a fifteen year period with renewal intervals every five years.

Housing Vouchers: Authorized in 1983, with strong support of the Reagan Administration, this program is the focal point of the Administration's general housing policy shift from the subsidization of new construction and substantial rehabilitation to more intensive utilization of existing housing stock as a solution to the nation's low and moderate income rental housing problems. This program is very similar to the Section 8 Existing Housing Program with the difference being a fixed assistance amount, a shorter assistance contract length less interim adjustments to take into account market conditions during the contract period, and provisions allowing the recipient to rent a unit at the price of his or her choosing paying the difference if the rent exceeds the assistance allowance or pocketing the difference if the rent is less; tenants must have an income below 50 percent of area median adjusted for family size.

This program was intended to replace the entire Section 8 Program. However, to date its use has been limited, having been employed in conjunction with HUD Rental Rehabilitation Grants (see below) or in a demonstration project intended to convince a skeptical Congress of the merits of the program.

New Flexible Grant Programs

In response to the major retrenchment in assisted housing production programs since 1981, the Congress and the Administration have authorized two new programs to provide modest levels of assistance in those housing markets where existing supply sufficient to allow the voucher and Section 8 Existing programs to adequately serve as the sole response to community housing problems.

Section 17 Housing Development Grants: Modeled after the Urban Development Action Grant (UDAG) program, this program awards grants to projects sponsored by states and municipalities for the development of newly constructed or substantially rehabilitated rental housing. Projects compete against each other in national funding rounds based on the attainment of certain performance criteria. Recognizing the relatively modest level of funding available through this program, 20 percent of the units in a funded development must be rented to households with incomes below 80 percent of area median adjusted for family size.

Authorized in 1983 over the Administration's opposition, this program received an appropriation of \$315 million in 1984 and \$75 million in 1986. During the deficit reduction debates in recent years, the abolition of this program has been suggested by the Administration several times. The first round of funding in 1984 is projected to supply about 16,000 rental units nationwide.

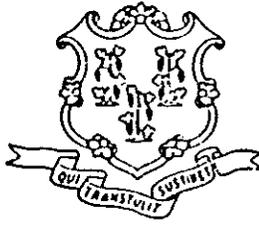
Section 17 Rehabilitation Grants: Authorized in 1983, at the Administration's request as a supplement to its voucher proposals; these grants are sent directly to cities of more than 50,000 population with the state administering the program on a competitive basis for the balance of the communities in the state. Awards are generally limited to dollar-for-dollar matching grants on up to \$5,000 in rehabilitation expenses per unit. After rehabilitation at least 70 percent of the units must be rented to households below 80 percent of area median income. This program has generally been used in conjunction with Housing Vouchers and Section 8 Certificates.

APPENDIX D

STATE OF CONNECTICUT
PROJECTED CHANGES IN POPULATION AGE GROUPS
1980-1990

<u>Ages</u>	<u>Increase/Decrease</u>	<u>Change In Percent</u>
0-4	14,844	8.0
5-9	-13,418	- 6.5
10-14	-68,605	-26.8
15-19	-79,954	-27.7
20-24	-13,855	- 5.1
25-29	40,786	16.4
30-34	32,189	13.3
35-39	46,076	22.5
40-44	77,335	46.9
45-49	41,396	25.6
50-54	-15,869	- 9.0
55-59	-24,018	-13.4
60-64	7,013	4.5
65-69	29,555	23.4
70-74	32,489	34.8
75-79	23,641	35.8
80-84	11,530	26.6
85+	9,517	26.6

Source: 1980 Census



STATE OF CONNECTICUT

WILLIAM A. O'NEILL
Governor

HOUSING 2000

PART II

Special Needs Population

Governor's Development Cabinet
Lieutenant Governor Joseph J. Fauliso, Chair

Housing Committee
Howard G. Rifkin, Chair

Office of Policy and Management
Anthony V. Milano, Secretary

OCTOBER 1987

Special Needs Population

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Acknowledgements

Housing 2000 is an effort inspired by Governor William A. O'Neill when he challenged his administration to define the scope of the housing problem in Connecticut and to devise ways to meet the housing needs of our residents through the year 2000.

The challenge is broad and the task is awesome. Although we find ourselves in the first stage of this effort, we have already drawn extensively on the knowledge and information of State agencies:

Department of Administrative Services

Department on Aging

Department of Housing

Department of Human Resources

Department of Mental Health

Department of Mental Retardation

Office of Protection and Advocacy for Handicapped and Developmentally Disabled Persons

Developmental Disabilities Council

and the Connecticut Housing Finance Authority. To them all, we extend our sincere thanks.

There are several individuals within the Office of Policy and Management who deserve special recognition for their efforts in developing the Housing 2000 database, analyzing this data, and writing and preparing this report: Christina Gonzalez, Mary O'Hare, Jim Palma, Mary Polci and Elisa Vitali.

Thanks to them, Housing 2000 takes a significant first step towards responding to Governor O'Neill's vision of a future Connecticut where adequate and affordable housing is truly a fundamental right of each and every citizen.

Joan Maloney
Project Director

INTRODUCTION

Housing need may be seen as a changing phenomenon that is difficult to measure precisely. For policy analysis purposes, however, it is necessary to identify general areas of housing need for various population subgroups in Connecticut. While estimates may vary according to chosen indicators, broad parameters of unmet need can be outlined.

Of that segment of the population in Connecticut identified as having unmet housing needs, three distinct subgroups have special housing requirements. These subgroups are the elderly, the homeless and persons with disabilities. Individuals in these groups confront unique housing problems and frequently need assistance in solving their problems. They may be prevented from living independently because suitable accommodations and necessary support services are scarce.

The purpose of this section is twofold:

- (1) to report on the characteristics of persons in Connecticut with special housing needs; and
- (2) to consider their specific housing, support services and equipment requirements.

Sources and methods of data collection to achieve these objectives were several: a limited number of interviews, analysis of Connecticut Census data, and review of selected secondary source materials from the

Departments of Housing, Human Resources, Aging, Mental Health, Mental Retardation, the Planning Council on Developmental Disabilities, the Office of Protection and Advocacy for the Handicapped and Developmentally Disabled, and the Connecticut Coalition for the Homeless. The overview for each population subgroup presented below is organized under three topic headings - General Characteristics of the Population, Unmet Housing Needs, and Housing Options.

THE ELDERLY

General Characteristics of the Population

According to the 1980 Census of Population, approximately 12 percent of Connecticut residents are age 65 or older. This group is expected to reach 15 percent of the population by the year 2000 - an increase of 41 percent, from approximately 365,000 to 536,000. By comparison, the total Connecticut population is expected to increase by less than 9 percent.

Elderly Population (65+)

<u>AGE COHORTS</u>	<u>1980 Census</u>	<u>Increase 1980 to 1990</u>	<u>Projection 1990</u>	<u>Increase 1990 to 2000</u>	<u>Projection 2000</u>
65-74	219,717	32%	290,438	-2%	285,216
75-84	109,418	36	149,249	34	199,284
85+	35,729	4	37,037	38	51,255
TOTAL	364,864	30%	476,724	12%	535,755

Source: OPM Population Projections, 1984

The "aging" of Connecticut's population has significant ramifications for State housing policy. One of the most important factors in maintaining an older person in the community is housing. However, because this group is as diverse as any other age cohort, solving their housing problems is a complex task.

Unmet Housing Needs

Housing is the most frequent problem that prompts people to call the Department on Aging's Information and Referral unit. During the period

from June 15, 1986 to April 15, 1987, the I&R unit received 1,774 calls related to housing. This represents 16 percent of all calls received during this period.

According to a 1980 University of Connecticut study, the typical elderly person in Connecticut owns her own home. Since older people tend to remain in the homes they occupied with families and in familiar neighborhoods, they are often living in units larger than they need. This is the so-called "overhousing" phenomenon. Unfortunately, many elderly people with low retirement incomes face financial difficulties maintaining these homes.

The frail elderly and low income elderly who do not own their own homes have housing needs that are particularly acute.

The "frail" elderly, defined as those over 75 years old, often have health problems which limit their activities. Besides medical care, they need assistance in order to maintain an independent household. Support services are a critical element in preventing the frail elderly from becoming institutionalized.

The low-income elderly have several other characteristics which distinguish them from those who are not poor. Members of this group are more likely to be renters, to be members of minorities, and to live in inner cities.

According to the Connecticut Department on Aging, this group contains a disproportionate number of women who live alone. The ability

of low income elderly to respond to increasing housing costs and neighborhood deterioration is limited also by their lack of mobility. They simply do not have the financial resources necessary to move from their current housing units.

The following data from the 1980 Census illustrate the financial situation of the elderly as compared to other age groups in the same area.

1980 - MEDIAN INCOME OF DIFFERENT AGE COHORTS

<u>County</u>	<u>Age Cohorts</u>				
	<u>35-44</u>	<u>45-54</u>	<u>55-59</u>	<u>60-64</u>	<u>65+</u>
Fairfield	\$30,017	\$34,555	\$32,148	\$26,530	\$17,004
Hartford	25,532	30,344	28,731	24,003	15,551
Litchfield	24,927	27,923	26,177	22,186	14,717
Middlesex	24,914	28,666	27,310	23,474	14,835
New Haven	24,090	27,909	25,926	22,265	14,718
New London	22,738	27,344	25,862	21,973	13,750
Tolland	26,548	30,350	26,722	23,603	14,586
Windham	21,590	24,702	22,929	20,229	11,685

For all the counties, the median income of the elderly was approximately 50 percent of the median income of persons in the 45-54 age group.

Housing Options

The various financial and health situations of the elderly call for a number of housing alternatives. The following is excerpted in part from the Connecticut Department on Aging's "Innovative Options in Elderly Housing" published in 1982.

Subsidized Elderly Housing

The most widely available "affordable" housing option for lower income elderly persons is federal and state subsidized rental housing. According to the Department of Housing, there were over 30,000 such units in Connecticut in 1986.

Federal subsidies include rent subsidies to tenants, below-market-rate loans to eligible developers and operating subsidies to some of these developments. Such subsidies are provided by the U.S. Department of Housing and Urban Development and the Farmers' Home Administration.

State Department of Housing subsidies for elderly housing include grants and below-market-rate loans and a new rental assistance program. No operating subsidy is provided for State-funded projects. The Connecticut Housing Finance Authority makes below-market-rate loans available to developers of elderly housing and family housing which may include units earmarked for elderly tenants.

According to the Connecticut General Statutes, tenants in Department of Housing supported units must be either 62 years of age or older or be certified as disabled by the Social Security Administration. Elderly housing projects provide some units that are designed to be accessible to persons with physical disabilities.

DOH reports 6,438 completed subsidized units for the elderly in 170 projects, 219 units under construction in 8 projects, and 295 units in 10 projects in the planning stage. These 188 projects will serve 90 communities in Connecticut.

Home Sharing

Home Sharing involves a "homegiver", who owns or rents a dwelling unit which he or she is willing to share with another person, and a "home-seeker", who wishes to move in with another person. The function of a Home Sharing program (which may be run by an independent agency or a unit within a larger organization) is to match up homegivers and homeseekers whose needs and desires appear compatible. The people directly involved make the final decision as to whether to make the match and upon what terms to make it. The agency puts the people involved in touch with each other, and in some cases counsels clients both before and after a match is made.

People enter home sharing with various goals. Some may be primarily interested in help with their expenses; others may be interested in companionship, security or an exchange of services.

There are two Home Share projects in Connecticut - in the Hartford and Stamford areas. In Hartford the program is jointly funded by the North Central Area Agency on Aging and Child and Family Services, staffed by one part-time coordinator, and operates on an annual budget of \$20,082. Forty-six matches were made in 1986, the majority of them being inter-generational. Most often a younger person moved into the home of an elderly person.

Accessory Apartments

An accessory apartment is a separate, independent dwelling unit installed in a building which has been structurally remodeled. In most cases, the new unit is installed in a previously existing one-family home, but accessory apartments are sometimes created in multi-family buildings.

It is difficult to know exactly how common accessory apartments are in Connecticut. They are reported to be widespread. Some local jurisdictions estimate that 10-20 percent of their originally single family homes contain accessory apartments. While many local zoning regulations prohibit accessory apartments, some towns in Connecticut have moved recently to relax these restrictions. In Litchfield County, for example, five towns have considered or approved changes governing accessory apartment construction in an effort to encourage development of moderate-cost housing.

The Connecticut Housing Finance Authority (CHFA) recently established a pilot loan program for elderly homeowners entitled Apartment Conversion for the Elderly (ACE). The mortgage loan program enables an elderly homeowner to convert space in her single family home into an accessory apartment, or to build an addition to the home for that purpose. The program is intended to provide rental income to an elderly homeowner who wishes to remain in her current home. In the earliest stages of offering this program, CHFA reports one loan closed, one closing pending and one application received.

Home Equity Conversions

There are many specific home equity conversion plans, but all are designed to address the same problem. Many elderly persons have a high percentage of their "net worth" tied up in a home, which they frequently own without a mortgage. Yet the same people sometimes have low incomes and therefore have difficulty remaining in their residences.

Home equity conversion plans are designed to alleviate the problem of the "house-rich, cash-poor" homeowner by turning the home into an income producing asset. Such plans involve an investor who advances the money in return for a share of the equity in the home or as a loan with the home as security. Most, although not all, home equity conversion plans guarantee the homeowner lifetime residence. Generally, the homeowner does not have to repay the principal of the loan until he or she dies or the house is sold.

The Connecticut Housing Finance Authority (CHFA) has a Reverse Annuity Mortgage Program (RAM), begun in 1985, which provides funds to meet the housing needs of low-income elderly homeowners. The State Department on Aging works closely with CHFA by promoting the RAM program to the elderly, screening applications and providing volunteer counselors to discuss the program with clients and their families or advisors. The elderly homeowners who take advantage of this type of mortgage receive a monthly tax-free cash payment, or annuity, for ten years. By September 1987, over 250 applications had been taken, 200 loans closed and \$19 million committed to loans that were closed or being processed.

For the same period, there were 100 additional privately-financed closings on home equity conversion loans, bringing the statewide total to 300 closings. Connecticut is by most measures the leading state in the country in home equity conversions.

Group Homes

A group home for the elderly involves a number of elderly people who live as one household in a building which no one member individually owns

or rents. The building is usually either owned by a non-profit corporation of which the residents are members, or leased to the group by a non-profit agency. In rare cases, local governments have operated group homes.

While there are no group homes for elderly persons in Connecticut known to the Department on Aging, homes in other states range from about six people to about twenty-five. Most group homes have at least one employee who prepares meals, does housekeeping, and sometimes provides other services. The number and duties of the staff can vary depending on the size of the group and their particular needs and wishes.

Group homes can serve both the frail elderly, who may need significant support services as well as shelter, or the basically healthy who, for financial and/or social reasons, wish to live with others. It is probably inevitable that a frailer population needs more sponsoring-agency involvement, more services, and more money for these services. This does not, however, mean that group homes for the frail elderly are not cost-effective, since the alternative may be institutionalization.

Congregate Housing

According to the Connecticut General Statutes, "Congregate housing means a form of residential environment consisting of independent living assisted by congregate meals, housekeeping and personal services, for persons sixty-two years old or older, who have temporary or periodic difficulties with one or more essential activities of daily living such as feeding, bathing, grooming, dressing or transferring."

The Department of Housing's regulations specify that the following must be included under congregate services:

1. Individual apartment accommodations without shared kitchen or bath facilities.
2. One main meal a day in the facility's main dining area.
3. Housekeeping services as required.
4. Personal care services to assist in the delivery of services for daily living activities.
5. 24-hour emergency security.

The central principle which defines congregate housing is the linkage between shelter and support services. The particulars of each individual congregate housing program are determined by the interplay of funding and site availability, the needs of the elderly in the area, and the creativity and vision of those who plan and manage the project. The Department of Housing reports that in Connecticut there are 5 State-subsidized congregate projects with a total of 168 units completed to date.

Life Care/Continuing Care Retirement Communities

The most recent housing option for the elderly to appear in Connecticut is the life care/continuing care retirement community (CCRC). This alternative responds to the concern of some elderly regarding future changes in their health status. A resident of a such a facility, in return for an entrance fee, a transfer of assets and/or periodic charges, has a terminable, non-transferable, limited occupancy right to housing for life and guaranteed access to future medical, nursing and other health related services. There are 10 CCRCs in Connecticut at present and an additional 3 are planned.

The Department on Aging has statutory responsibility to review the financial stability of such facilities and to assure full disclosure of contract terms to applicants.

Support Services

Governor O'Neill's Commission on Private and Public Responsibilities for Financing Long Term Care for the Elderly recognized the importance of support services in the prevention of costly institutionalization. The Commission's Report cited the following services as needed by some elderly in order to ensure their independence:

Meals-On-Wheels

Meals-on-wheels programs deliver meals daily to the homes of the elderly. This service frees the elderly from the chores of shopping and preparing their own meals and ensures that they are receiving nutritional meals. From October, 1985 until September, 1986, Connecticut programs delivered 1.1 million meals to over 6,000 clients.

Transportation

Programs such as Dial-A-Ride and mini-buses provide access to many community resources including doctors' offices, senior centers, and shopping facilities. Special transportation for elderly and handicapped persons, provided by local communities and non-profit agencies, is used extensively. Data from a 1980 UConn-Institute of Social Inquiry survey of Connecticut elderly indicated that about 42,000 persons used special transportation for the elderly in 1980, with the number expected to increase 52 percent by the year 2000. These programs are supported by a combination of municipal, state and federal funds, distributed by the Department of Transportation, the Department on Aging, and Area Agencies on Aging. A small fee is charged in some towns.

Friendly Visitors

Services can include medication reminder calls, daily chats, or help with transportation. Some home-bound elderly serve as telephone reassurance callers themselves, giving them a sense of accomplishment while they provide assistance. In 1985 the elderly in the Capitol Region received about 23,000 home visits and 17,000 telephone calls.

Home Care

In Connecticut, there are 114 licensed home care agencies that provide a wide range of services. The Connecticut Association for Home Care, Inc., which includes 70 percent of the state's home care agencies, reports that its member agencies made more than 83,394 home care visits between July 1, 1984, and June 30, 1985, with approximately 74 percent of these visits to persons age 65 or older.

All Connecticut-licensed home health care agencies provide skilled nursing and homemaker-home health aide services. These services involve assisting an individual in any or all of the basic activities of daily living - feeding, bathing and dressing.

Adult Day Care

Adult day care programs enable frail elderly to remain in the community by providing families, friends and the elderly themselves with relief from the burden of constant care. Most programs provide therapeutic social and recreational activities, personal hygiene and lunch, and some provide nursing services, as well as occupational and physical therapy.

Overall, there are 40 adult day care centers in Connecticut, each with an approximate daily capacity of 30 individuals. Fewer than 2,500 individuals in the state use adult day care each year, presumably because of limited third-party reimbursement and limited transportation services. Daily fees are generally between \$25 and \$30.

It should be noted, however, that the State Department on Aging anticipates that the use of adult day care programs will increase due to the fact that such programs are now eligible for funding under Connecticut's Pre-Admission Screening Program.

THE HOMELESS

General Characteristics of the Population

Homelessness is a social issue of vital national concern. The homeless, once largely consisting of male vagrants and alcoholics, now are a growing, increasingly heterogeneous population. In Connecticut, the homeless population includes the working poor, two-parent families, single women and their children, as well as single men and women. Both the increase in size of the homeless population and its growing diversity have created a steadily increasing need for emergency shelters, temporary housing in motels and hotels and the coordination of supportive social services.

The U.S. General Accounting Office has identified six factors contributing to the number of homeless people:

1. Declines in the low income housing supply;
2. Deinstitutionalization of the mentally ill and the lack of community-based services for them;
3. Alcohol and drug abuse;
4. Unemployment;
5. Cuts in public assistance programs; and
6. Increases in personal crises.

On a more specific level, people are often homeless because of catastrophic events such as fire, eviction, condemnation, family abuse, spousal abandonment, friction with housemates, and rent increases. Increasingly, women with children are joining the ranks of the homeless as a result of poverty and domestic violence. This is a new and rapidly growing group, coming from the ranks of the more than 3.5 million female-headed households and seven million children in poverty in 1983 nationally. In Connecticut, approximately 75% of women and children in shelters are receiving Aid to Families with Dependent Children (AFDC).

Unmet Housing Needs

The decline in the supply of low income housing is the major factor contributing to the homeless problem. Between 1970 and 1980, inflation, abandonment and apartment conversions led to an average annual loss of 125,000 low rent units. In the same period approximately half of the nation's 2 million units in single-room-occupancy hotels were razed, abandoned or gentrified. As a result, the number of low income families unable to find affordable housing has increased from 8.9 million in 1974 to 11.9 million in 1983, the most recent year for which national statistics are available.

Moreover, federal funds for low income housing have decreased dramatically in recent years. In 1980 the United State Department of Housing and Urban Development had an annual budget of \$28.5 billion. By 1987 that figure had been reduced to approximately \$13 billion.

Another critical factor can be seen in recent national estimates which suggest that between 20 and 50 percent of the current homeless population are suffering from some form of mental illness. In Connecticut, the mentally ill make up about 20 percent of the homeless population. Substance abusers comprise 40 percent of all single homeless adults. Deinstitutionalization, which began in the 1960's for the mentally ill and the 1970's for chronic substance abusers, created a population of homeless individuals with housing needs. Large numbers of people previously confined to mental institutions are now dependent upon community-based mental health and substance abuse facilities. While

some are well served by this method, many are without treatment and places to live because of the scarcity of such facilities.

According to the Department of Human Resources, there are approximately 3,000 to 5,000 homeless people in Connecticut on any given night. Resources throughout the State are being coordinated to help combat the problem of homelessness. In the short term, there is a need to maintain, expand, and upgrade emergency shelter housing and to provide comprehensive supportive services. However, emergency shelters are merely a temporary measure; the long-term solution is to provide permanent housing.

Housing Options

Emergency Shelters

Emergency shelters provide individuals and families with safe and sanitary shelter and food during periods of temporary homelessness while longer term arrangements are planned.

The Department of Human Resources provides funding to 45 programs to help support the operational costs of shelters statewide as well as providing other forms of housing assistance to individuals and families who are homeless or in danger of becoming homeless. There are over 1,400 beds in emergency shelters for the homeless statewide, not including beds available for victims of domestic violence.

The emergency shelter program allows families and individuals to be housed in facilities that are less expensive than motels and hotels. The latter are more costly alternatives facing municipalities, which are required to make provisions for their homeless. A further benefit to the homeless and the towns is that support services provided at the shelters enable clients to become self-sufficient more quickly than they would otherwise.

The following is a list of shelters statewide as of October 1987.

Emergency Shelters in Connecticut

<u>SHELTER</u>	<u>LOCATION</u>	<u># OF BEDS</u>	<u>TYPE</u>
Regional Network	Bridgeport	25	Single Adults
City of Bridgeport	Bridgeport	36	Families
Hartford YWCA	Hartford	12	Women
Immac. Concep.*	Hartford	60	Single Adults
St. Elizabeth	Hartford	23	Single Adults
My Sister's Place	Hartford	16	Families/Women
Open Hearth	Hartford	12	Single Men
Salvation Army	Hartford	30	Families
So. Park Inn	Hartford	85	Single Adults/Families
S. McKinney Shelter	Hartford	50	Single Adults
Christian Community Action	New Haven	48	Families
N.H. Family Shelter	New Haven	71	Families
Columbus House	New Haven	48	Single Adults
C.H. Annex *	New Haven	50	Single Adults
St. Luke	Stamford	55	Families/Women
Shelter For The Homeless	Stamford	53	Single Adults
Friendship Center	New Britain	22	Single Adults
Salvation Army	New Britain	25	Single Adults
American Red Cross	Middletown	42	Families
St. Vincent De Paul	Middletown	30	Single Adults
Salvation Army	Waterbury	30	Families
St. Vincent de Paul	Waterbury	100	Single Adults/Families
Salvation Army	Danbury	19	Families/Women
Dorothy Day House	Danbury	12	Single Adults
Bristol Coalition	Bristol	15	Single Adults/Families
Good Sheperd *	Stafford Springs	10	Single Adults
Conf. of Churches	Manchester	40	Single Adults
Tri-Town Shelter	Vernon	15	Single Adults/Families

<u>SHELTER</u>	<u>LOCATION</u>	<u># OF BEDS</u>	<u>TYPE</u>
City of Torrington	Torrington	25	Single Adults/Families
Interfaith Housing	Westport	15	Single Adults
Norwalk-Kiwanis	Norwalk	50	Single Adults/Families
Interfaith Emerg. Hsng. Proj.	Derby	36	Single Adults/Families
St. Vincent DePaul	Meriden	50	Single Adults/Families
Emergency Shelter	Wallingford	15	Single Adults
Covenant Shelter	New London	27	Single Adults/Families
WACAP	Danielson	60	Single Adults/Families
Salvation Army *	Norwich	15	Single Adults
Operation Hope	Fairfield	18	Single Men
Town of Winchester	Winsted	15	Single Adults/Families
Enfield Emer. Shelter	Enfield	15	Single Adults/Families
St. Vincent DePaul **	New Haven	68	Families

In all there are a total of 41 shelters, in 23 towns, providing 1,308 year-round beds and 135 winter beds on a six-month basis.

* Six to eight-month shelter programs

** Not yet completed

Source: Conn. Dept. of Human Resources

Shelter Finances

Funding for these programs comes from private, state, municipal and federal sources. The primary channel of State support is the Department of Human Resources, whose overall budget for shelters and services to the homeless in State Fiscal Year 1988 is \$5,568,647. Federal block grant funds are being funneled through the Department of Human Resources (DHR), the Department of Children and Youth Services (DCYS) and the Connecticut Drug and Alcohol Abuse Commission (CADAC). Shelters also receive USDA surplus food commodities, weatherization and fuel assistance through DHR. Additionally, the Department of Income Maintenance pays \$14 per night for general assistance recipients and for families that have been legally evicted.

Transitional Housing

Transitional housing provides subsidized housing to the homeless for a greater length of time (6 months - 2 years) and is accompanied by more intensive support services than emergency shelters provide.

Many of the clients who are ready to leave the ranks of the homeless need a bridge that provides a supportive and stable living environment with professional support services that will enable them to establish permanent and independent living arrangements. Transitional Housing Program services include:

1. Mental health services.
2. Substance abuse services.
3. Counseling.
4. Employment counseling and job training programs.
5. Other services including budgeting, home economics, parenting skills, transportation and day care.

Permanent Housing

A significant barrier to moving out of emergency shelters into permanent housing is the cost of a one or two-month security deposit required by landlords. The Security Deposit Program, first launched as a pilot program in 1986, has enabled over 600 individuals and families to attain permanent housing by providing funds to pay the security deposit for rental units. This program was expanded this year to include the working poor who are in emergency housing situations.

The ultimate goal for the homeless is permanent homes in communities with ongoing supportive services. As the Governor's Task Force on the Homeless noted, "The availability of affordable housing for the poor is critical to any serious effort to deal with the homeless." Long-term success in reducing the incidence of homelessness in Connecticut will ultimately depend on the creation of additional units of affordable housing.

PERSONS WITH DISABILITIES

General Characteristics of the Population

Terms, standards and definitions of persons with disabilities may vary according to source. For purposes of this review, however, it is sufficient to note that the target group does share a number of characteristics. These common characteristics include:

- (1) A long term or permanent condition;
- (2) Restrictions on daily living activities; and
- (3) A need for support services.

Unlike much of the preceding analysis, discussion of the housing needs of persons with disabilities cannot rely solely upon census data to target the size and location of the population. Census data enumerate only work disabilities and public transportation restrictions and is of limited utility for a housing needs assessment of persons with disabilities. There currently is no central data file on persons with disabilities in Connecticut nor is there a universally accepted methodology for developing estimates of this population's housing needs.

Accurate statistics on individuals with disabilities in Connecticut are difficult to obtain. This is true especially in categories other than those reported by State agencies receiving federal reimbursements based upon population counts. In categories for which there is no reliable statewide data, a state percentage must be derived from national estimates. Moreover, when data is gathered from a variety of sources

with varying degrees of compatibility and completeness, there frequently is duplication. If developmentally disabled individuals are multi-handicapped, for example, there is a real possibility that they have been counted more than once.

Finally, to complicate matters further, the extent of overlap of the disabled with other subgroups is undetermined. The elderly, the homeless, and persons with mental and physical disabilities are not mutually exclusive groups. An individual conceivably can be included in several of these target groups. For example, someone with special housing needs may be elderly, homeless and psychiatrically impaired.

Despite methodological difficulties, the Department of Human Resources recently compiled statistics on disabilities in Connecticut (Demographics of Connecticut's Disabled Population, October 1, 1986). The DHR Report surveyed the following categories: persons who are blind, deaf, mentally ill and mentally retarded; persons with orthopedic impairments; persons with neurological impairments (including spinal cord injuries, multiple sclerosis, stroke and traumatic brain injury); and persons with health disabilities (including heart condition, cerebral palsy, and arthritis). In short, the term "persons with disabilities" encompasses a population with diverse needs for housing and support services.

From DHR's compilation of statistics in the above categories, it can be estimated that approximately 8 percent of Connecticut's population is disabled according to one or more criteria. A geographic breakdown by DHR reveals the Hartford area, followed by the New Haven area, to have the highest concentrations of persons with disabilities.

Unmet Housing Needs

Individuals with mental and physical disabilities face similar problems finding housing that offers support services and specialized equipment. However, their specific housing needs are as varied as the population itself, reflecting age, income, geographic location, and the nature and level of disability,

Income is a key variable. A recent Harris Poll of 1,000 persons with disabilities reported that two-thirds of all Americans with disabilities between the ages of 16 and 64 are not working. Only 1 in 4 work full time and another 10 per cent work part-time. Because few persons with disabilities earn adequate incomes by working, many are poor and dependent upon financial assistance. While often necessary, financial assistance is rarely sufficient to fulfill the housing requirements of persons with disabilities.

It should be noted, however, that the percentage of employed persons with disabilities will increase due to supported employment efforts within the state. Additionally, some persons with disabilities are able to work competitively, increasing their ability to become more independent and self-supporting.

Thus, housing assistance that is available may not meet the needs of persons with disabilities. For example, they cannot benefit from a rent subsidy if no units are available that provide the needed mix of design features and services. Individuals with mental disabilities usually need

regular support or monitoring to help them manage the tasks of everyday life, while those with physical disabilities need architecture that is free of barriers to their mobility. Housing assistance that augments the purchasing power of such households is of limited value if suitable units are scarce, particularly if coordinated support services are also needed. The number of subsidized units built in Connecticut with unique features and services for persons with disabilities is limited.

Advocates for persons with disabilities acknowledge the difficulty of quantifying the population and its housing needs. Because of this, they may forego the formal "needs assessment" process and prefer to work with a small group of individuals at any given time. The Developmental Disabilities Council, for example, tries to match, on an individual basis, the characteristics of a housing unit and the requirements of a particular household.

Reporting on the 1980 National Plan for the Chronically Mentally Ill, the Department of Mental Health in its needs assessment estimates that between 24,000 and 39,000 persons in Connecticut are chronically mentally ill and about 10 percent of this population need housing that is linked to treatment and other support services. Predictably, the unmet housing needs of Connecticut's psychiatrically impaired has increased following the "deinstitutionalization" of patients in State facilities. Governor O'Neill's 1982 Blue Ribbon Task Force on Mental Health Policy surveyed 2,163 individuals in State inpatient facilities. The results indicated that 71 percent of the patients surveyed would require housing assistance upon discharge.

The Department of Mental Health (DMH) has proceeded on a systematic basis to expand its capacity to address the housing needs of its client population. In the past five years, DMH has expanded its community residential capacity from 296 to more than 1,200. In June 1987, the Department of Mental Health Regional offices reported the need for community residential services for an additional 258 individuals in SFY89. Currently in Connecticut the Department estimates that there is an unmet housing need for 1,200 to 2,700 individuals who experience severe and prolonged mental illness.

The Department of Mental Retardation (DMR) uses a yardstick figure of one percent of the State's population to calculate the number of persons with mental retardation in Connecticut (31,890). As of June 30, 1987, DMR reported its caseload to be 8,933 individuals to whom some type of service is being provided.

DMR's goal is to provide each client a stable community living situation with appropriate supervision and support. Each person will live with age peers in a place they can consider their home. The types of support change as the individual's needs change as defined by the three categories of out-of-home living arrangements:

Assisted - for persons who require some assistance to maintain a living arrangement but not the supervision of a staff person overnight.

Supervised - for persons who require support and supervision by a trained staff person through the night and at other times.

Ongoing comprehensive support - for persons who because of severe, multiple, and chronic disabilities, require intensive supervision, a specially adapted environment and a combination of professional support services for the foreseeable future.

The Department has projected a need to add 440 community beds annually for the next five years. Of the 2,200 beds needed, approximately 300 are expected to be provided in existing Community Training Homes. Thus, based upon community living arrangements of 3 individuals to a household, DMR anticipates that 633 new housing units will be needed for persons with mental retardation in the next 5 years.

Housing Options

Independent living options are advocated as alternatives to institutionalized care for persons with disabilities. Options include group homes, supervised apartments or other small community living arrangements, living with one's family, and living independently in adaptable units or in housing cooperatives. However, independent living within the community depends upon the availability of supportive community services and growing community acceptance.

It is generally agreed that housing and support services should be developed which maximize the opportunities that persons with disabilities have for community integration and acceptance. Community support services may include any combination of the following:

- Residential services,
- Personal Care Services
- Case management services,
- Emergency crisis intervention services,
- Outpatient treatment services,
- Employment services,
- Family support services,
- Psychosocial rehabilitation services,
- Transportation,
- Peer support, and
- Advocacy support.

Housing opportunities should be available in all communities, not just in large metropolitan areas. Ideally, no person who wants to live in his community of origin should be forced to relocate solely because of the unavailability of services in her home town. Housing opportunities and support services should be geographically dispersed so that persons with disabilities have a choice.

Given the diversity of individual client needs and the range of housing and support services available in Connecticut communities, no single housing model is adequate or preferable. In some communities, residential services will include group homes and supervised apartments. In others, residential services may consist of locating available housing, as well as providing specific and appropriate support services.

Group Homes

A group home is a typical home in a community setting, with 24 hour staff supervision, providing social rehabilitation and support services as well as basic food and shelter. In addition to the elderly, user groups include those with physical as well as mental impairments. Ideally, group homes should be limited in size to three or four residents.

Supervised Apartments

A supervised apartment is a less intensively staffed unit for individuals more self-sufficient than occupants of group homes. Support staff adjust their supervision based on individual needs.

Adaptable Housing

Adaptable housing is a flexible supplement to the totally accessible units (1 in 10 or 1 in 20) for persons with physical disabilities located in standard apartment buildings. All units in adaptable apartment buildings are free of steps and have wide doors and hallways. Cabinets below sinks and counters can be easily removed and bathroom walls are reinforced to accept grid bars.

There are a number of advantages to creating many adaptable units rather than a few accessible ones. First, there is not the marketing problem of waiting to rent accessible units until persons with disabilities apply. Second, since all or many apartments are minimally accessible, individuals with disabilities will be able to visit with able-bodied neighbors. Third, persons with disabilities have a wider choice of apartment types. In sum, an adaptable unit provides a more responsive setting for exercising highly personal choices.

In units designed for families, the concept of adaptability recognizes that if only one family member is disabled, it is not always best to have an entire dwelling unit adapted to his/her needs. For example, if a husband or child is confined to a wheelchair and the wife/mother does the cooking and dishwashing, it would be inconvenient for her to have counter tops at heights appropriate for a wheelchair.

The adaptable housing concept also recognizes that able-bodied people may become either permanently or temporarily disabled in the future. For example, locating an elderly person in an adaptable dwelling unit may mean the difference between staying in a familiar environment or having to relocate.

Mutual or Cooperative Housing

In a mutual or cooperative housing arrangement, housing is owned by a mutual housing association which is comprised of residents as a corporate entity, rather than by residents as individuals. Members pay a monthly maintenance fee. If a member decides to leave, limited equity ownership ensures that members will receive a fixed amount, corresponding to the "sweat equity" or labor contribution made in the initial rehabilitation of the building.

The mutual housing concept allows families to participate in the design and operation of the housing and also provides for continued affordability. Costs for members generally are low because of the use of low-interest loans and government subsidies in purchasing and renovating the building. Local non-profit groups receive State funds to provide technical assistance to those starting housing cooperatives in Connecticut.

In Waterbury, Danbury and Wethersfield, cooperatives currently are being planned or are being developed that include units for persons who have physical and mental disabilities. The mutual housing concept provides several advantages for those with disabilities: the opportunity for a stable home environment; control over their lives; and social relationships in a neighborhood setting. People with disabilities frequently have limited friendships with non-disabled people and this arrangement provides a community as well as housing.

In sum, the majority of housing units in non-profit housing cooperatives are occupied by citizens from a variety of social and economic backgrounds. Because of this, some persons with disabilities consider cooperatives to be an attractive housing choice. Mutual or cooperative housing thus can address both the shortage of affordable housing generally, and the housing and social support needs of a number of people with disabilities.

6 NAHRO MONITOR

HOUSING, NEIGHBORHOODS, AND CITIES: A NEW DOMESTIC POLICY FOR THE UNITED STATES

(Submitted by NAHRO Executive Director Richard Y. Nelson, Jr. to the American Agenda Project)

DECENT HOUSING, SECURE NEIGHBORHOODS, AND HEALTHY CITIES ARE VITAL PARTS OF A STRONG AMERICA

As America prepares to enter the last decade of the Twentieth Century, the National Association of Housing and Redevelopment Officials (NAHRO) calls for a national commitment to these goals. The changing demographic, economic development, and settlement patterns in the United States must be addressed. Keeping families together in sound homes and cities is as much a matter of national security as defense, foreign policy, and space ventures. The time is at hand to revitalize our cities, rebuild our neighborhoods, house the homeless, increase opportunities for home ownership, strengthen our families, and renew our dedication to the basic principles that make our country strong.

The Conditions:

THE AVAILABILITY OF DECENT, AFFORDABLE HOUSING IS AT A CRISIS POINT FOR MANY FAMILIES

The homeless persons on our city streets are only the most severe evidence of a declining supply of standard, affordable housing that is becoming a matter of crisis for an increasing number of families in both large and small communities and in rural areas. The gap between family incomes and available housing is widening. The number of housing units renting for \$300 a month or less (in 1986 dollars) dropped by nearly one million housing units between 1974 and 1983; at the same time, the median income of renters fell by 21 percent between 1972 and 1982, from \$18,000 to \$14,000. The number of households with incomes below \$5,000 (in 1986 dollars) increased by 2.5 million, from 4.7 million to 7.2 million households. Homeownership rates among households aged 25 to 34 have fallen sharply; in 1987, the after-tax cost of buying a typical starter home was \$7,449 or 32.4 percent of the annual income of first-time home buyers, about 50 percent higher than the share of income required in the late 1960s and early 1970s.

THE CONDITION OF OUR NEIGHBORHOODS AND CITIES IS NOT GOOD AND IS DECLINING

While the quality of America's housing stock has improved over the past 40 years, 4.5 million home owners and 5 million renters still live in substandard housing, with inadequate housing most prevalent in inner cities and outlying rural areas. Improvement in housing quality reflects the growth in the total housing supply rather than reduction in the stock of inadequate dwelling units. Furthermore, the condition of America's residential neighborhoods in terms of crime, litter, odors, need for street repair, abandoned buildings, and obtrusive commercial or industrial use was worse in 1983 than in 1973. In the shadow of the new commercial revitalization in many cities, slums and severely blighted areas remain.

The Requirements:**PRESERVING OUR EXISTING RESOURCES AND INSTITUTIONAL CAPACITY IS ESSENTIAL**

Nationally supported efforts over the past 40 years have produced an inventory of federally assisted housing units that is urgently needed, yet in danger of being lost. The public housing stock of 1.3 million housing units represents a \$75 billion federal investment and a current replacement value far in excess of this sum: this inventory must be modernized and repaired to preserve and extend its use. In addition, the 1.9 million-unit stock of privately owned, publicly assisted housing must receive continuing federal assistance to retain its use for low- and moderate-income households.

Equally important to preserving and restoring the usefulness of our existing, federally assisted housing is the preservation and re-invigoration of public, private, and nonprofit institutional capacity. The Department of Housing and Urban Development (HUD) has suffered a serious loss in capacity since 1981 with its leadership role greatly diminished; it must be restored to full strength. State and local public agencies with tested experience and new, innovative energy must be supported. In particular, public housing agencies, with 40 years of capacity building must be given new freedom to operate. Community development and redevelopment agencies too, must continue to utilize their demonstrated capacity. The promising role of community-based organizations must be encouraged.

A FEDERALLY ASSISTED HOUSING PRODUCTION PROGRAM AND A FLEXIBLE RENTAL ASSISTANCE PROGRAM ARE ESSENTIAL BUILDING BLOCKS FOR IMPROVED HOUSING OPPORTUNITIES

New federally assisted construction and substantial rehabilitation of housing units have practically ceased. NAHRO calls for a national housing production block grant program to assist states and localities to finance new activity. Only the federal government has the resources to support basic rental assistance support for low-income families. The current Section 8 certificate and voucher programs must be replaced with a locally designed, flexible rental assistance program. In addition, the housing component of welfare payments must be restructured.

BUILDING SOUND COMMUNITIES REQUIRES A NEW COMMUNITY REINVESTMENT PARTNERSHIP FUND AND A STRENGTHENED COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

American communities need a federal commitment to a decade of partnership to revitalize our cities and make neighborhoods better places to live and work. The federal government should provide matching grants on a competitive basis to states and localities that establish public, private, and nonprofit partnerships. In addition, the CDBG program, a tested, flexible program, should be reinforced with predictable, constant funding. Rural development must be supported by a new block grant approach.

SUPPORTING FEDERAL POLICIES FOR TAXATION, FAIR HOUSING, AND RESEARCH ARE INTEGRAL PARTS OF SUCCESSFUL EFFORTS

Improving housing and cities requires a supporting structure of federal action that will make national tax policy an incentive rather than a handicap: this means restoring tax incentives for private investment in low- and moderate-income housing; reclassifying qualified redevelopment bonds as tax-exempt public purpose bonds; and adopting a first-time home buyers saving plan. Vigorous enforcement of federal fair housing laws must be pursued. A new, comprehensive research agenda for the next decade to guide the development, administration, and evaluation of housing and community development programs and policy must be initiated.

Economic & Industrial Development News

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There is good news out of Washington, DC for supporters of assisted housing and community development funds. The House HUD-Independent Agencies Appropriations Subcommittee on May 12 rejected the administration's deep cuts in low-income housing and community development. The subcommittee, chaired by Edward Bolan, (D-Mass), recommended a total assisted housing appropriation of \$7.8 billion, which is \$925 million higher than the \$6.8 billion sought by the administration.

Under the subcommittee's recommendations for fiscal year 1989, \$3 billion was allotted for the Community Development Block Grant (CDBG) program; and funding for Urban Development Action Grant (UDAG) program was earmarked at the current level of \$216 million.

The recommendations still have to go the House Appropriations Committee and ultimately funding must be approved by the full House. The Senate's Subcommittee on HUD-Independent Agencies has concluded hearings on proposed budget estimates, but it hadn't as yet scheduled a markup on an appropriations bill.

LINK BETWEEN AFFORDABLE HOUSING AND ECONOMIC DEVELOPMENT STUDIED

In the debate about the nation's housing crisis, there is mounting attention being focused on the vital link that exists between economic development and affordable housing.

The importance of that connection has been noted most recently by a trio of New Jersey housing experts who have written a new book documenting the nation's housing crisis and setting out prescriptions for change.

"We make the argument that business expansion, especially in states in the Northeast...is strictly limited by the type of affordable housing you can offer to employees," said community organizer and

legislative analyst Richard Ferlauto, one of the authors of "A New Housing Policy For America, Recapturing The American Dream."

New Jersey Assemblyman David C. Schwartz, D-Middlesex, a political science professor at Rutgers University, and Daniel N. Hoffman, a housing and urban economic development consultant with the Atlantic Group in New Jersey are the other authors.

The book deals with a number of critical housing trends that have emerged in America in the 1980s, including the decline in home ownership, the deterioration of housing stock, the lack of affordable rental units, and the proliferation of homelessness.

It also addresses the impact the lack of affordable housing is having on American businesses and the health of local economies.

"A shortage of affordable housing for workers is hurting businesses, communities and major regional economies all across America. For employers in high housing-cost areas, the lack of affordable housing means recruiting problems, excessive personnel relocation expenses, the out-migration of negatively impacted businesses, and a slowing of regional economic growth," say the authors in their book.

"For communities, housing shortages mean loss of jobs, both actual and potential, and exurban sprawl, as housing is built further and further out from commercial centers in an effort to find cheaper land. The pattern is already clear in New York, New Jersey, Connecticut, Massachusetts, and California; other states will experience it soon.

"In early 1987 the Grumman Corporation, a defense industry leader and Long Island's largest employer, announced that it was opening or expanding new engineering centers in Florida and Texas, relocating thousands of jobs out of the metropolitan New York City area. Grumman cited high housing costs as one of the key reasons for this decision."

In the New York City region, "Mobil Oil, International Paper, and J.C. Penney have all left Manhattan for Richard, Memphis and Dallas, respectively, and the Big 8 accounting firm of Deloitte, Haskins & Sells left Manhattan for the New York suburbs; in each case the high cost of housing for employees was cited.

"Indeed, virtually the whole New York/New Jersey regional economy is seen as endangered by a shortage of affordable housing for workers." It also notes that regional economies in California and Massachusetts are also feeling the pinch. "In Boston, housing prices are beginning to cause worries about slowdowns in the growth of the metropolitan economy."

The authors advocate a ten-point plan for solving the nation's housing crisis. One component of the plan calls for having businesses assist their employees secure housing. The authors call for an Employer-Assisted Housing Act to encourage employers to become providers of housing capital and insurance, as do Western Europe and Japanese employers. Modest changes must be made in the tax, labor and pension laws to encourage employers to get involved, the authors argue.

It suggests having employers offer mortgage assistance programs or regarding employer housing assistance as a personnel benefit.

Opinion & Comment



Paul J. Carroll & Associates, Architects, Member, AIA National Housing Committee

Paul J. Carroll

Decent Housing At Affordable Prices

Private houses with many amenities can be built in cities at extremely moderate costs. Call it affordable housing; an imprecise term, of course, but any house that sells for \$53,900 is affordable to many families with modest incomes.

Recently, a development of 77 private houses was built at Whitman Pond in Weymouth, Massachusetts. All of the houses, costing from \$53,900 to \$65,000, were sold within seven months to persons whose incomes generally ranged from \$20,000 to \$30,000 annually.

When you consider that all of the houses have air conditioning, fireplaces, cathedral ceilings, and private, fenced-in patios, then you realize that homeowners can be provided with an environment or atmosphere that gives pleasure and pride in homeownership.

Other examples of well-designed, affordable housing exist in some suburban communities throughout the United States. The question is: Why not develop houses at reasonable costs in Boston and in other cities?

A continuing, overriding national and regional need is to build houses at reasonable costs in our cities. One of the great ad-

"The federal government's policy is aimed at 'sticking it' to people who live on the fringes of the Bill of Rights; incentives for development have bottomed out, with disregard for how poorer families live ..."

vantages in Boston is that there are approximately 3,000 acres of open, unused land on which houses can be built to allow families to live at ground level, in their own homes. Another important advantage that the city has is that the infrastructure is in place, which can save a lot of development money.

Population densities have declined in almost all cities, and vast areas have been abandoned. The federal government's policy is aimed at "sticking it" to people who live on the fringes of the Bill of Rights; government incentives for development have bottomed out, with disregard for how poorer families live and even those with moderate incomes.

Modular Design. The private developer has a primary role to play in building decent urban housing and he can do this profitably. He begins with attention to design. Sophisticated design can result in significant cost reductions. Further economies come from building in a modular fashion. For example, by building in four-foot increments, he simply buys materials and lumber that can be accommodated.

There is a sound marketing interchangeability with similar, basic buildings that are comprised of 20- by 20-foot modules. Modular construction used to the

utmost affords large savings. By building houses in an integrated way, not as a collection of badly-fitted components, energy performance is increased. And additional savings result when both design and construction are adapted to an accelerated construction program.

Much of the construction is prefabricated—kitchens, bedrooms, roofs, and large spaces. Prefabrication does not connote lack of quality in any way. You do not build 100 percent in a factory. Some shipping costs are necessary to get all the materials that are needed; but cost-savings come from assembling some of the components on site.

The Japanese, as in so many other industrial ways, are ahead of us in the prefabrication of private houses. In one Tokyo department store, a customer can select the kind of house he wants, planning it on a computer screen. The segments are then prefabricated and ready shortly for shipping and construction.

What we see in many cities are large projects unfit for human habitation. That families like to live in a sociable atmosphere was not considered pertinent. Good design was practically forbidden by government regulation. Yet, these projects cost millions; and millions will be spent on their

renovation and rehabilitation.

In the Cathedral Project in Boston's South End, to give one example, the projected per-unit cost was close to \$100,000. Is that affordable housing? To whom is it affordable? The city and the taxpayer pay the excessive costs.

Undoubtedly, there is a big market for the fix-up and rehabilitation of some of the older housing stock, particularly if the basic structure is sound.

There is a large market for this housing. But all the amount of fix-up available will not solve the critical problem for large-scale development of inexpensive family housing in our cities. Fix-up hous-

ing can complement and supplement broad-based efforts; but fix-up will never satisfy the need.

Private developers who are seriously concerned about bringing good housing to all of our residents can make a profit by building affordable houses in America's cities.

Paul J. Carroll, who has been in private practice in Boston since 1960, is a member of the American Institute of Architects National Housing Committee and a member of the committee's Task Force on Manufactured Housing. A former president of The Boston Architectural Center, Mr. Carroll re-

ceived a Rotch Travelling Scholarship during which he studied modular, prefabricated building techniques in Europe and the Scandinavian countries. His firm has won national awards for low-cost housing designs.



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Mr. Sweeney, Director of Systems at HUD, will lead the seminars. Mr.

Mr. Sweeney has been a systems professional for twenty-seven years, consulting with PHAs and HUD on Public Housing issues since 1969. He has written several handbooks for HUD, is a NAHRO Trainer and a tenured faculty member in Computer Science at Pratt Institute in New York.

Registration fee includes the seminar, workbook, refreshments and a buffet lunch. Special hotel rates have been secured.

Minneapolis, MN	Oct. 12-14
San Antonio, TX	Oct. 19-21
Baltimore, MD	Nov. 2-4
San Diego, CA	Nov. 9-11
New Orleans, LA	Dec. 7-9

Preserving Affordable Housing: What Role for PHAs?

by
Patricia A. Heinaman
and
Michael Nail

A call to action is beginning to reverberate across this country. It is coming from the community-based advocates for the homeless and disenfranchised; from national ad hoc groups like the National Housing Task Force, the National Housing Preservation Task Force, and the National Low Income Housing Preservation Commission; from interest groups like the National Association of Housing and Rede-

velopment Officials; from local and state governments; and from articulate and concerned voices within Congress.

This call to action comes from the realization that we are faced with an increasingly serious national problem: How do we respond to the growing demand for affordable housing as the nation's inventory of low- and moderate-income housing shrinks?

This national dilemma is exacerbated due to a number of factors. The first is the Reagan Administration's bias toward privatization. This philosophy has permeated much of the existing federal housing and tax policy and, when coupled with tremendous cutbacks in funding for housing programs, has resulted in the virtual elimination of the federal government's involvement in the production of any new permanently affordable housing.

Secondly, the existing inventory of privately owned subsidized housing is threatened due to mortgage prepayments, expiring subsidy contracts, and deteriorating physical and financial conditions, as well as declining market

conditions in some parts of the country.

Thirdly, the supply of low-cost rental units in the private, unsubsidized market is contracting. The magnitude of this market contraction was documented in *The State of the Nation's Housing, 1988*, prepared by the Joint Center for Housing Studies of Harvard University. The study's authors estimated that more than one million of the nation's non-subsidized rental units were lost between 1974 and 1983 due to abandonment or upgrading to serve higher-income residents.

The dialogue and debate on how best to respond to the severe problem facing us has, for the most part, overlooked the PHA as a key to the solution. Ironically, many PHAs also have had a limited view of their potential role in the solution to these problems within their own communities.

Given the magnitude and urgency of the immediate task to preserve the affordable housing at risk, PHAs are being called into action. This task challenges the PHA to be bold and innovative and to look beyond traditional

Patricia A. Heinaman, a private consultant, worked with the Housing Opportunities Commission of Montgomery County, Maryland, from 1978 to 1985, where she served as Manager of Development Programs and Manager of Policy, Planning and Programs.

Michael Nail is the Director of Housing and Community Development Services for the National Association of Housing and Redevelopment Officials in Washington, D.C.

“These programs contained time bombs which have ticked quietly with no one really noticing that detonation dates were set for the 1990s.”

roles. It requires education to change misperceptions held by tenants, citizens, local government, the business community, and HUD, and it demands the formation of new, vital partnerships within the community and with the local, state, and federal governments.

An expanded role for the PHA requires the development of short-run strategies to address the housing inventory at risk and the creation of long-term strategies to establish a permanent supply of affordable housing. PHAs need to become actively involved in the dialogue now, before the chance for a meaningful role is lost.

Genesis

The creation of the Section 221(d)(3), 202, and 236 programs in the 1960s represented the first experiment with the much-vaunted public/private partnership concept for addressing the nation's affordable housing problems. The Section 8 program enacted by Congress in 1974, with its revised project-based assistance approach and a new tenant-based subsidy mechanism, gave

birth to the second generation of this concept. All of these programs contained self-igniting time bombs which have ticked away quietly with no one really noticing that their detonation dates were set for the 1990s.

Tax reform measures enacted in 1986 shortened the fuse and may provide the match for some developments aided under these programs, accelerating the detonation time by substantially reducing the attractiveness of private investment in low-income rental housing developments. A detailed discussion of this issue is included in *Preventing the Disappearance of Low Income Housing*, issued this April by the National Low Income Housing Preservation Commission (the NLIHP Commission), a bipartisan group sponsored by the National Corporation for Housing Partnerships and formed with the support of the U.S. House of Representatives and the Senate Housing subcommittees. The NLIHP Commission states "... the tax reform act of 1986 significantly changed—for the worse—the overall investment climate and financial well being of the properties..." Yet tax reform, an easy target to single out for blame, is not the sole culprit from

the perspective of overall federal policy.

The more fundamental problem is that all these programs were designed with a definite end point, after which subsidies would cease. In developments with project-based assistance, owners were promised the opportunity to opt out and use their properties as they desired (just as they opted in voluntarily) and deep subsidy funds were committed for a limited time period only.

In the tenant-based Section 8 programs, we simply assumed the funding would continue. With the end now in sight, it is clear that the massive dollars pumped into these programs, while helping many people in the interim, were merely a stop-gap measure, neither solving our problem nor creating a truly long-term affordable housing resource for the nation.

The issue before us is two-fold. First, how can PHAs assist today in responding to the current crisis in the privately owned, federally assisted housing stock? The second question is more difficult but equally crucial. Given that the nation has not embraced publicly owned housing as the answer to the current dilemma, what next? How should the third generation of public/private partnerships, a concept still emphasized as the watchword of the day, be molded and structured to avoid some of the current problems, and further, what role can and should PHAs undertake in these programs?

Scope of the Crisis

A variety of studies have focused on this issue, with varying conclusions about the nature and scope of the threat to the two million privately owned federally assisted units now available throughout the nation. *The Preservation of Low and Moderate Income Housing in the United*

States of America, issued in February 1988 by the National Housing Preservation Task Force (the NHP Task Force), estimates as many as 1.2 million of these units could be lost by 1995, with the total rising as high as 1.8 million by the year 2000.

The NHP Task Force, sponsored by The National Advisory Council of HUD Management Agents, emphasizes that the most significant and immediate problem is not the highly publicized threat of loan prepayments under the Section 236 and 221(d)(3) programs, but rather the expiration of Section 8 subsidy contracts. Deteriorating physical conditions and strained finances in privately owned, federally assisted housing reflect another element of the problem which may, at worst, precipitate a round of mortgage defaults and foreclosures.

Threats to the Older HUD Inventory. More than 600,000 of the nation's privately owned, subsidized units were developed during the 1960s and early 1970s under HUD's Section 236 and Section 221(d)(3) programs. Many of these properties are receiving Section 8 funds for a five- to 15-year term under the Loan Management Set-Aside program (LMSA), offered to aid troubled properties and to replace longer-term rent supplement contracts.

Some of these developments were resyndicated in the early 1980s, which pumped in money for improvements but also imposed the future financial burden of paying off second notes used to acquire the properties. The expiration of Section 8 LMSA subsidies, combined with low cash flow to cover basic operations and repairs, the pressure of paying off secondary financing, and the impact of changes in the tax code all are cited as motivating factors for early prepayments and potential defaults.

Approximately 360,000 of these units, located in 3,215 de-

velopments, are eligible to prepay their mortgages and convert to market rate rents without HUD's prior approval 20 years into their 40 year mortgage terms. Developments in the remaining Section 236 and 221(d)(3) properties, primarily composed of those owned by nonprofits or cooperatives, or by for-profit entities which are receiving payments under the rent supplement program, may not prepay without specific HUD approval.

HUD's assessment of the problem, taken from an analysis conducted in March of 1987 based on existing conditions, is that owners of more than 84,000 units in 739 projects will "definitely prepay" their mortgages, with an additional 70,000 units in 622 developments "likely to prepay." Using computer modeling techniques, the NLIHP Commission report mentioned previously suggests a much higher prepayment figure, up to 243,000 units, absent any inducements to continued program participation.

Assuming a wide range of incentives are offered now to project owners, the NHP Task Force predicts that prepayments can be avoided for all but some 50,000 to 100,000 units. This estimate reflects the conclusion that many eligible properties are unlikely to prepay due to factors such as project location, physical condition, owner preferences, and requirements imposed by other subsidy contracts.

None of these estimates takes into account prepayments in either the 117,000 units in state-financed Section 236 developments, or the 319,000 Section 515 units administered by the Farmers Home Administration (FmHA). About half of the FmHA units have no prohibition on prepayments, nor is there a good tracking system to identify developments at risk.

Both the NHP Task Force and the NLIHP Commission agree that defaults and foreclosures

may pose a larger threat to the inventory than prepayments, with owners, including nonprofits, simply unable to make ends meet. The NHP Task Force emphasizes the problem of deteriorating physical conditions, a conclusion not shared by HUD. Using their computer model and taking into account both repair needs and financial pressures, the NLIHP Commission predicts that without additional assistance to these developments, mortgages on up to 280,000 units—over and above units lost through mortgage prepayments—may go into default during the next 15 years.

Expiring Section 8 Subsidies

The loss to the housing stock through mortgage prepayments pales in comparison to the loss of housing assistance which will occur as Section 8 contracts begin expiring. The NHP Task Force estimates the Section 8 inventory as follows:

Program	Units
New Construction/ Substantial Rehabilitation	656,000
Loan Management Set-Asides (LMSA)	280,000
Moderate Rehabilitation	100,000
Section 202	192,000
Section 515 (FmHA)	44,000
Certificates	876,000
Vouchers	85,000
Total:	2,233,000

The largest single element of the Section 8 program, tenant-based certificates and vouchers, will be hit first, with contract authority terminating by the end of 1995 for 636,000 of the 960,000 units available nationally. The NHP Task Force predicts that expiring contracts under all programs, combined with potential opt-outs by owners under the five-

year renewal terms allowed in new construction and substantial rehabilitation projects approved prior to 1979, as well as in some LMSA contracts, may result in the loss of almost 1.4 million Section 8 units by the year 2000: an amount exceeding the total public housing stock available nationwide.

Proposed Solutions

Most of the proposals advanced by various interest groups to address this problem fall within NAHRO's recommendations as set forth in *Keeping the Commitment: An Action Plan for Better Housing and Communities for All*, although there are substantial differences of opinion about the best solution. These include: extending project-based subsidies

for developments that need it; financial assistance in rehabilitating deteriorating but financially viable units; modification of program requirements to provide financial incentives for owners willing to maintain properties in the low-income stock; tax incentives; requirements for notice of intent to prepay loans; and incentives for sale to PHA and nonprofit motivated organizations. Protections for existing tenants represent another element of these proposals, with varying approaches suggested.

Of particular interest to PHAs are proposed changes in the tax code designed to encourage the sale or donation of these properties to PHAs and other nonprofit organizations by waiving federal taxes otherwise owed. Another proposal, aimed at one of the problems inherent in the use of the new low-income housing tax

credit, would allow nonprofit owners to sell the tax credits to private investors while retaining ownership of the property itself. This approach would help generate revenues for use within these developments without jeopardizing their future retention in the affordable housing inventory.

Federal Action

In response to the growing concerns, Congress enacted the Emergency Low Income Housing Preservation Action of 1987 to forestall prepayments by mortgagors under the Section 236 and 221(d)(3) programs, including developments receiving either rent supplement or Section 8 subsidies. The provisions cover those mortgagors otherwise eligible to prepay without HUD approval who have already reached their 20-year anniversary date or will do so within the next year.

The emergency provisions sunset in February of 1990, by which time more comprehensive legislation is planned. Interim regulations implementing the new provisions were issued by HUD in April.

The new law requires owners who wish to prepay their mortgages or alter their regulatory agreements to first file a notice of intent with HUD and the appropriate state or local government, and then submit to HUD a "Plan of Action." This plan must address a number of issues, including the impact of the proposed change on the existing residents, a description of assistance potentially available through state or local governments, changes in low-income affordability restrictions within the development, and the effect of the proposal on the affordable housing supply in the surrounding community.

The potential sweetener offered along with these new requirements is a package of finan-

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cial incentives for continued program participation, any one of which HUD may or may not approve. These incentives include:

- increased cash contributions from project operations and excess reserve funds;

- permitting owners to access equity through second trusts, with HUD providing insurance for these loans;

- increasing rents, providing additional funding or extending the funding term under existing Section 8 contracts;

- providing capital improvement loans;

- facilitating transfer or sale of properties to nonprofits, limited equity tenant cooperatives, public agencies, or other entities acceptable to HUD; and

- providing flexible subsidy assistance and any other incentives authorized by law.

HUD will consult with state and local governments regarding these proposals. The department has 180 days to act on a plan, but negotiations can continue as long as 300 days. HUD can approve or disapprove the request, with or without offering any incentives. Any incentives approved must contain binding agreements which lock in affordability for the remaining mortgage term and provide certain protections for tenants. If HUD and an owner cannot reach agreement on a plan within 300 days, the owner may demand certain changes in the regulatory agreement, which HUD must approve subject again to certain tenant protections.

Other provisions of this fairly complex legislation allow states to develop their own strategies for dealing with prepayment proposals, and to establish hold-harmless provisions allowing owners to change to any other system of incentives adopted by Congress in the next four years.

Clearly, the focus of attention remains on the prepayment problem. Legislation recently proposed in Congress, and opposed by

HUD, would provide state and local governments a first right of refusal to purchase properties scheduled for prepayment. Another provision would set up a capital improvement loan program, also opposed by HUD, for use in improving HUD-insured rental properties and extending their lock-in periods. The debate on alternative approaches will undoubtedly continue for some time.

The PHA's Role

What can PHAs do about this issue? Certainly, PHAs cannot solve the problems inherent in programs created years ago, but they have much to offer, if they choose to participate. By making the effort, by reaching beyond the sphere of Section 8 existing and public housing programs, they can become a part of the solution,

shaping a new self-image in the process and garnering additional understanding and appreciation of the challenges they themselves face.

A variety of actions are called for, both in terms of short-term problem solving, and in terms of longer-range thinking about the nature of public/private housing partnerships and the future direction of affordable housing initiatives.

Immediate Priorities. First and foremost, PHAs should act quickly to set the stage for an ongoing role in this issue within their own communities. This involvement can take several forms.

Defining Local Problems. PHAs can play a much needed role by helping to delineate the nature and extent of threatened federal subsidies in their own communities. Working with HUD, FmHA,



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and state and local housing finance agency staff as appropriate, the PHA can prepare an inventory of all privately owned, federally assisted developments by insurance and subsidy program, type of mortgagor, minimum and maximum subsidy terms and occupancy controls, and general physical and financial condition. When added to data on the Section 8 certificate and voucher programs, including termination dates for units under these programs, clear priorities for action will emerge.

Setting the Stage. With the facts in hand, the PHA could sim-

ply perform its own analysis, decide what is needed and move forward on its own. A wiser step may be either to create a forum or build a coalition to address the problem, involving the community development/redevelopment agency; local government officials and key staff; community, resident, and industry representatives; as well as other nonprofit housing organizations active in the community.

In presenting the facts on the status of federal housing subsidies, PHAs also can provide an assessment of local housing

needs, placing the threatened loss of resources against this background. Then, at a later time, this group also could address funding problems faced by the PHA and focus on actions needed to retain, improve, and expand the locality's non-federally assisted affordably priced rental housing.

A task force approach can be helpful in a variety of ways: lobbying for federal and state funds; identifying untapped local resources; seeking expert technical assistance in project evaluation at reduced costs as a community service; and supporting funding and legislation needed to expand the PHA's capabilities and powers in moving toward solutions.

Taking Action. Each community is unique, and both the nature of the problems and the potential approaches to addressing them will vary. A local action plan is needed with clearly articulated goals, priorities, and timetables, both with respect to the overall effort and in terms of specific properties.

Keeping in mind that it is often easier to obtain needed federal or state assistance when local resources are also pledged, sources of assistance and participation at the local level should be identified. These might include, for example, deferral or abatement of taxes and fees; local rent subsidies; support for infrastructure improvements; and loans, grants, and preferential financing for direct acquisition of the entire development (or perhaps simply the underlying land) by nonprofit motivated owners such as PHAs.

Each development at risk must be analyzed individually to assess the feasibility and desirability of alternative salvage strategies. It is important to keep in mind that not all developments are threatened, and special action may not be warranted or needed in some cases. For those developments where action will be taken, it is crucial to determine in advance the minimum acceptable benefits

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to be derived by these actions, such as increased term of retention in the low- and moderate-income stock, and maximum ceilings on rent increases.

In creating this action plan, PHAs can highlight the many roles in which they can provide valuable assistance: planning; analysis; coordination; project management; resident screening and selection; financing; and of course, acquisition, development and rehabilitation.

Addressing Prepayments.

Potential prepayment of Section 236 and 221 (d)(3) mortgages and owner opt-outs under the Section 8 new construction and rehabilitation programs are most likely in "hot" real estate markets where housing demand is high, rents are increasing, and vacancy rates are low.

Massachusetts, where one of the highest levels of mortgage prepayments is predicted, has developed a two-pronged intervention strategy to address the prepayment issue. One element is designed to assist nonprofit or tenant cooperative groups in purchasing properties at risk. Tax-exempt funding to provide the margin needed to close these deals typically involves one or all of the following state programs:

- The PHA Acquisition Fund, providing for the acquisition of a small percentage of units within the development.

- The Housing Innovations Fund, providing long-term low-interest loans and grants to limited equity cooperatives and other sponsors of alternative forms of housing.

- The Rental Housing Development Action Loan program, providing loans to local governments, housing authorities, and nonprofit groups to develop or acquire rental housing projects with a minimum of 25 percent of the units affordable to low- and moderate-income tenants.

The "workout plan" for existing owners is available only when the

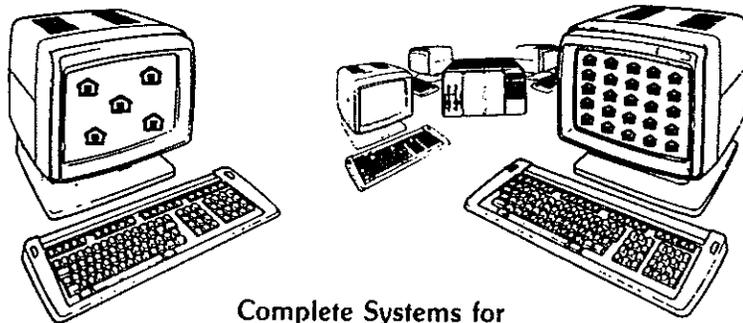
owner commits to substantially discount the deal to within the range of a fair market rent (FMR) value. Further, residents in the development must commit to pay 30 percent of their incomes for rent, since some now pay less than this. This FMR non-displacement model is based on the concept of shared responsibilities among the federal government, the state, the owner, and the residents. In negotiating the workouts, the state attempts to involve local PHAs by requiring that owners "market" turnover units first through the PHA to Section 8 certificate and

voucher holders.

The acquisition of developments by PHAs or other like-minded groups may well be preferable to offering incentives designed to keep existing owners in place. It is doubtful, however, that nonprofit purchasers desiring to maintain units in the affordable housing stock will be able to compete effectively for prime properties with strong market appeal—unless significant changes are made in the tax code, substantial additional subsidies are provided, or both. This is particularly unfortunate, since

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these developments provide the best opportunity for maintaining affordable housing options and economic integration within our communities.

One key to a successful acquisition strategy is preferential financing, with any existing below-market interest rate mortgage assumed by the new owner, if possible, and with the gap between acquisition costs (including any rehabilitation expenses) and the

outstanding mortgage loan covered by grants (HUD, state, or local), low-interest rate loans, or interest rate write-downs on conventional second mortgages. Tax-exempt financing is clearly another alternative, either in tandem with or in lieu of a mortgage assumption.

Combined with a payment in lieu of taxes, a creative financing strategy would give nonprofits a leg up in purchasing desirable

properties, while still preserving all or a portion of the units for lower-income households. Opportunities to acquire may well be short-lived, however, so work on an overall strategy should begin now.

Marginal Developments. In many areas, the deteriorating physical and financial condition of federally assisted properties may be the primary problem, with a greater chance of developments slipping toward default than being refinanced or sold. These properties might be owned by nonprofit groups as well as by profit-motivated entities, and may already have reached the status of "HUD-held" properties.

A wide variety of factors may be contributing toward their decline, including unfavorable conditions in the local housing market caused by over-building or the loss of employment opportunities.

While challenging, these properties also provide real opportunities for creative solutions. Tenants capable of paying some rent (albeit substantially below market rent) could be placed in developments with extremely high vacancies simply to reduce the owner's losses. Buildings might be purchased at bargain basement prices, and HUD might even be persuaded to slash the outstanding mortgage and provide extended subsidy commitments to avoid a default or reduce the potential losses in its own portfolio. Consideration could be given to purchasing a property and expanding the range of incomes served as a mechanism for preserving some portion of the development for low-income households.

In some instances, the solution may be as simple as replacing the management agent; in others, support for an extension of deep-subsidy contract authority might resolve the primary concern.

Tenant-Based Section 8 Subsidies. Finally, the expiration of Section 8 certificates and

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...changers affects virtually all communities across the nation.

The story is a simple one. Without action, the results could be horrendous.

In this regard, the PHA can play a vital role by educating the public. Throughout this process, PHAs should be keeping tabs and commenting on proposals wending their way through the national forum.

PHAs should be informing their elected representatives on a regular basis about the efforts under way in their communities, the findings, and the recommendations.

In addition, PHAs need to become active partners in monitoring and identifying local housing needs and opportunities on an ongoing basis, serving as essential participants in the preparation of revitalized local housing assistance plans.

The Larger Dilemma. In focusing on the immediate crisis, it is important to keep the longer-term issue in perspective. If we succeed in saving some developments now, what happens when the next round of controls and subsidy commitments expire? How do we retain a permanent stock of affordable rental housing? What should this new, third generation of public/private partnerships entail?

There are very few really new ideas in the world; just new ways of combining old ideas. Perhaps we should be looking at community land trusts as a tool in the new arsenal. Maybe mutual housing associations and limited equity cooperatives can become part of our new perspective, basic elements of a "community owned" housing stock, with the private sector involved on a fee basis, not an ownership position.

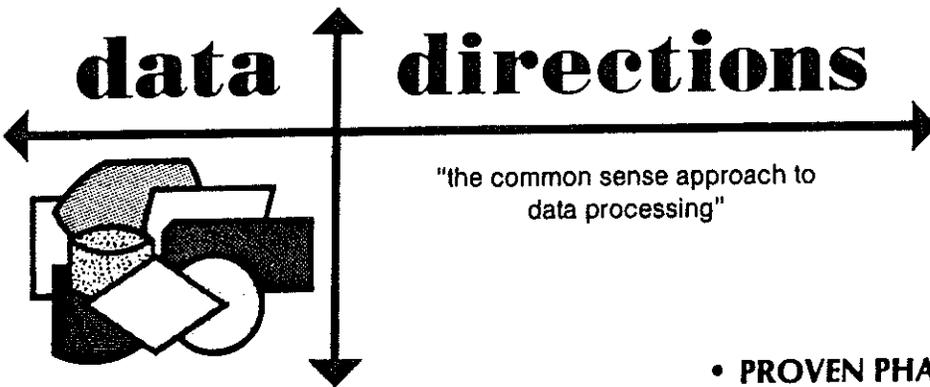
A sustained federal commitment will always be required to help the poorest of the poor; public housing will always play an important role. But the nation's housing needs are changing and expanding, with more households at higher income levels finding it difficult to compete for housing.

Many PHAs have already expanded their perspectives, capabilities, and approaches, experimenting with new programs, taking both the initiative and the associated risks. More should heed the call and step forward.



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PUBLIC HOUSING ARCHITECTURE:

Concept, Compromise, & Challenge

by

Terence K. Cooper

Public housing's original supporters were social activists, political reformers, adventurous community planners, militant humanitarians, and visionary architects. Their hides bristled at the thought of people living in substandard conditions. They hated the debris-strewn tenements, the broken windows, the deteriorating buildings.

Those early proponents of public housing fought from the rostrums, on the floors of local legislatures, and in the very halls of Congress itself for a program that would end what they considered a national disgrace—the existence of slums. They all shared the vision of living environments that would not only eliminate slum

conditions, but would enhance people's lives by providing qualitatively enriched living conditions.

Those early architects of the public housing program sought to produce bold, new environments. They saw architecture, not just as art, but as art with a social purpose. Wolf Von Eckhardt, a noted architectural historian and author, confirmed that view in a WETA Public Television presentation aired on June 6 of this year. In the broadcast entitled *Home, The History of a Public Housing Project* (produced by Barr Weissman of Takoma Park, Maryland), Mr. Von Eckhardt stated:

"The architects in those times, in contrast to today, were interested in solving social problems. They felt it was part of the mission of the architect to make it possible for everybody to live better...that if you provide better housing, you get better people."
Hilyard Robinson, a pioneering

public housing architect and the creator of Langston Terrace Homes, the first public housing project in Washington, D.C., captured the goal of the public housing program when he stated, "Public housing is another word for community." Architects such as Mr. Robinson viewed the public housing program not simply as an opportunity to construct buildings, but as a way of improving lives.

In the middle and late 1930s, when public housing projects such as Techwood Homes in Atlanta, Lockfield Gardens in Indianapolis, and Langston Terrace Homes in Washington, D.C., were constructed, they were representative of the most modern techniques in design and construction. Most of those dwellings were low-rise structures. The early public housing architects believed

No. 33

Selecting an Architect

Selecting the right architect for the job is important, but it is not as difficult a task as some might think. A few practical suggestions makes the process easier.

Public housing and community development officials often find themselves in need of architectural services. When such a need arises, undoubtedly, many H/CD professionals ask themselves: "How do I go about selecting an architect that will meet my project's needs?"

Selecting the right architectural firm for the job is important, but it is not as difficult a task as some might think. A few practical suggestions will serve to make the process easier.

The average architectural firm comprises about 10 people. Many firms are smaller and of course some have staffs of 100 or more. Some firms specialize in a specific kind of project or development, while others take on numerous assignments of differing natures.

Some firms include engineering services, planning,

urban design, or landscaping functions. Other firms will use consultants for these services. Each firm brings a different combination of skills and abilities to a particular assignment.

An architect should be called in on a development project as early as possible to help define the project and to develop design considerations for all phases of the development's needs. More than one firm should be contacted during the initial search. Inquire about projects similar to the one you are planning. Try to determine if an architect has had experience dealing with a development such as yours.

Questions. One of the best ways to select an architect is to contact the developer of a building that performs the same function as the one you have in mind. Contact the owners of such a building and ask about the architect that

was employed. Ask who designed the building, and ask about the working relationship that was established with the architect. Ask if the owner would recommend that firm's services.

Interview. You should visit developments that are the same size and that perform the same function as the one you are planning. Try to determine how the owners have solved the problems of effective use of open space, energy efficiency, and security. Ask potential architects how they would approach your project and who within the firm will be responsible for your development.

A formal interview is, perhaps, the best way to proceed. An interview allows you to ask questions and to raise concerns that cannot be adequately addressed by simply reviewing a firm's written literature or relying on word of mouth reports.

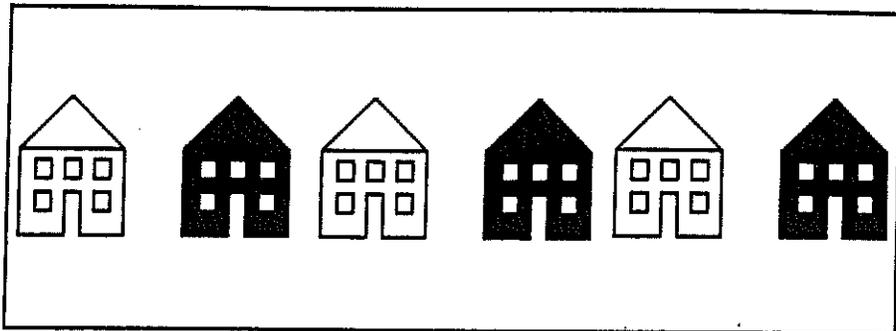
Four or five firms should be contacted to determine the range of possibilities that are available among architectural services with experience in the kind of project you are planning. Attempt to discover how the architectural team will approach your development. Ask what the architect sees as the major considerations, problems, or advantages of such a project, and — equally important — how the architect will approach these conditions.

Be sure to ask about the firm's construction/cost experience. And obtain a clear understanding of the architect's plans to assure quality control. Be direct about your expectations.

If the project concerns public housing or community development, it is advisable to ask an architect if he or she has ever designed such a structure. Ask if the architect has ever visited or talked to the residents or the clients of such a development.

Style. The American Institute of Architects suggests that you evaluate the firm's interest in your project. Will yours be a major or minor consideration in the firm's calendar of projects. Is the "style" of the firm compatible with your own?

Each firm contacted should be informed of the steps and procedures you are going to undertake to come to a decision. But a selection should be made on the basis of your confidence in the architect and his



firm's ability to provide a design that will meet your needs. Once a selection is made, the range of services required and the compensation to be remitted should be agreed upon through specific and detailed negotiations. The services of a financial advisor may be necessary here. The architect should be consulted throughout the life of the project.

Services. Architects can provide a number of services:

- Pre-design
- Site Analysis
- Schematic Design
- Design Development
- Construction Documents
- Bidding or Negotiation
- Construction Contract Administration
- Post-Construction

They also offer several "supplemental services," including tenant-related services, environmental monitoring, non-building equipment selection, leasing brochures, motion picture or video tape presentations, and energy studies—to name but a few.

Publications. An excellent publication that provides an overview of architectural services and offers suggestions for contract negotiation and

architectural firm selection is *You and Your Architect*, published by the American Institute of Architects. Many housing and community development agencies sponsor competitions among architects to elicit the best and most economic designs for a particular development. Another publication, *Design/Development Competition Guidelines*, available from the National Association of Housing and Redevelopment Officials, can be of invaluable assistance in this area.

The publications cited in this JOH LAB can be obtained from the following sources: You and Your Architect, published by the American Institute of Architects, 1735 New York Avenue, NW, Washington, D.C. 20006. \$3.00.

Design/Development Competition Guidelines, is available from the National Association of Housing and Redevelopment Officials, 1320 Eighteenth Street, NW, Washington, D.C. 20036. \$3.00.



Meadowvale Community in Gaithersburg, Maryland, offers attractively designed public housing units indistinguishable from adjacent market-rate housing. The public housing units are provided by the Montgomery County Housing Opportunities Commission. Ryan Homes is the developer/architect.

(continued from page 179)

that such structures were better suited to encouraging interaction among neighbors. Open courtyards were provided, as were playgrounds, in recognition of the needs of children. Some of the early developments even contained swimming pools, a "luxury" that would be frowned upon in later years as a frivolous waste of the taxpayer's money.

Yet the designs provided by those early architects did indeed accomplish the goal of creating "communities." An excellent example of the success of that approach, at least in the early years, is documented in the film *Home*, mentioned previously. In that film, the original residents of the Langston Terrace Homes reunited in celebration of the 50th anniversary of that public housing development. They related, through personal testimony, the sense of community, mutual cooperation, and pride of neighborhood that the development inspired.

During the time of these early projects of the 1930s, approxi-

mately one-third of the nation was ill-housed. Architects involved with the public housing program were advocating the use of public housing community building techniques to "house the nation." Thus, the vision of public housing as a viable method of transforming America was being promoted, the concept of public housing was proving to be valid.

Compromise

Before public housing could be instituted on the scale needed to house that one-third of the nation that so desperately needed it, however, those with a vested interest in real estate and private home building and those politicians who saw public housing as antithetical to the "American Way," marshalled opposition to the program. The influence of those groups drastically influenced the public housing program.

Public housing's opponents managed to attach a stigma to the program and to present it to the public as something less than and apart from the "main stream" of

traditional private sector housing.

The argument was one we still hear today. Public housing, they said, must offer no competition to private enterprise and must be built to standards of the direst minimality. These arguments had a certain righteous appeal. After all, was not America the home of rugged individualism? Weren't people expected to make it on their own, through their own initiative? And didn't this idea of government sponsored housing sound a little too much like that "red" ideology that was the great enemy of the American Way?

If housing had to be provided for low-income people, the thinking appears to have been, it should be housing that befits their status as the "less than virtuous persons" their poverty indicated they were. Since money for this housing was to be taken from the pockets of the hard working tax payers of the country, it should in no way be spent extravagantly.

Then, as today, a very simple argument was overlooked—namely that the private sector has never been able to provide affordable housing to low-income persons. There simply isn't enough profit in it.

Leaving housing to the private sector was what had resulted in slums in the first place.

The arguments presented by the representatives of private real estate interests and those politicians who opposed the program had a profound effect on the architecture of public housing. Since that time, housing officials have been on the defensive. Some tried to avoid the charge of being too generous with the public's money by being cautious, thrifty, and by approving spare housing designs.

Some public housing officials practiced a budgetary conservatism that bordered on stinginess, eliminating space, minimizing community facilities, avoiding the use of anything that could be

thought of as "glamorous."

Some went to great lengths to prove that their programs were in no way a squandering of the public's funds. As Albert Mayer, a Fellow of the American Institute of Architects, and a principal in the firm of Mayer, Whittlesy & Glass, noted with dismay in the *JOURNAL OF HOUSING* 26 years ago, "It was a source of pride to the authority that discovered closet doors could be eliminated!" (*JOURNAL OF HOUSING*, Volume 19, No. 8, page 446.)

In the succeeding decades, politicians cut the funding for public housing programs, refusing to grant the funds needed to maintain and modernize public housing structures. (Last year, NAHRO estimated that some \$20 billion was needed to rehabilitate the public housing stock. Public housing represents a \$75 billion investment. If that housing stock is not preserved, rehabilitated, and made available to those who need it, approximately 4 million people will suffer the consequences.)

Such actions betrayed the vision of public housing, and produced some of the dullest, uninspired housing ever created. Interestingly enough, despite their efforts to be frugal, housing officials continued to receive opposition to their programs. The depressing housing designs that resulted from these efforts aroused no enthusiasm among the general public and no praise from the politicians who advocated such frugality. Indeed, those efforts alienated the public at large, allowing some to claim that only the private sector could build decent housing.

The early activists had seen in public housing the chance to create bold, new developments that would be innovatively designed, that would form brave new communities throbbing with life and vigor. But, As Albert Mayer noted, "... the rug was pulled out from under us... we never did get



Fox Hills Green in Darnestown, Maryland, resembles neighboring \$200,000 homes. These public housing units, however, are quadrplexes (note mailboxes). The units are provided by the Montgomery County Housing Opportunities Commission. Pulte Home Corporation is the developer/architect.

the chance to create genuine communities."

Today, references to public housing structures are often accompanied by descriptions of deterioration, drabness, lifelessness, destitution, and dereliction. In May, the Public Broadcast System aired a television program on public housing. During the program, actor Brian Denehy, the show's host, described public housing as a program with "noble aspirations that failed." What was not emphasized during that program, however, was year after year of less than adequate funding for public housing maintenance and modernization. What was not emphasized was that, even today, private sector prices exclude many families from the housing market. The problems that public housing was created to address still exist. To date the private sector has offered no broadly applicable solutions.

Architects have long understood that buildings are more than places that house people, more than simply the site of an event. Buildings create and transmit a sense of community

identity, they reflect the reality of the social environment.

In the past, architectural excellence was the privilege of special structures—palaces, cathedrals, mansions—monuments to the rich and famous, symbols of power. Today, we find such architectural excellence in modern commercial structures, office towers, museums, private homes.

Architecture, then, expresses the status of the people who occupy structures. People derive a sense of identity from the buildings with which they are associated.

When we look at elegantly designed buildings, we assume that the people who occupy them are the bearers of the prestige that such structures reflect. If a building is valued highly, if its purpose is seen as noble, its design reflects that status. Architecture can be a significant focus of the life surrounding it. What then, did the design of those "bare minimum" public housing developments say about the people we expected to live in them?

Architectural elements affect the behavior, the responses of



Environ Inc., Architecture, Design and Planning, of Chicago, provided this design for the 66-unit Wye Valley Apartments.

tenants. One might wonder why some children are allowed to engage in mischief without a parent's intervention. How many consider, however, that an apartment placed on the upper stories of a high-rise effectively removes a playing child from the parent's supervision? One might wonder why teenage youth often gather outside a building, "hanging around" entrances. How many consider that small apartments with no air conditioning encourages tenants to use the open spaces as areas to meet and talk?

Housing should be designed to accommodate people, to encourage the kinds of social interactions that naturally occur when people come together. Housing that is creatively designed can enhance the morale, self-respect, and social status of the people who live in it.

We can only imagine the thoughts of the residents of those public housing developments that were designed to meet the barest minimum requirements. In a country that boasts of its wealth, whose information media proclaims its abundance, housing designed in such a fashion states more plainly than words the social status of its residents.

It is not difficult to imagine that residents felt something less than affection for such structures. Without delving too far into the subject of psychology, it is not

difficult to understand how some residents could react passively towards the deterioration of such buildings—especially when politicians decided that these structures had no high priority on the national agenda and allotted less than adequate monies for their maintenance.

Today, with thousands of homeless persons on the streets of America, with long waiting lists for the affordable housing that does exist, the nation needs a viable, comprehensive housing program as much as it did in the 1930s. If politicians insist on sanctioning only those budgets that require architects to provide sterile, bare minimum designs, however, the public housing industry will encounter the same mistrust and opposition it received in the past.

Challenge

Thus, we need to return to the kind of aggressiveness, the kind of militant reformism, the kind of vision that characterized public housing architecture in its earliest days. Where it can, the public housing industry must produce and/or rehabilitate housing that is more than simply functional. It must produce housing that is attractive, dynamic, and original.

Housing, especially public housing, should be a source of a

tenant's pride. It should contribute to a community's ethos, its sense of identity. It should stress individuality. It should enhance the development's relationship with the surrounding community.

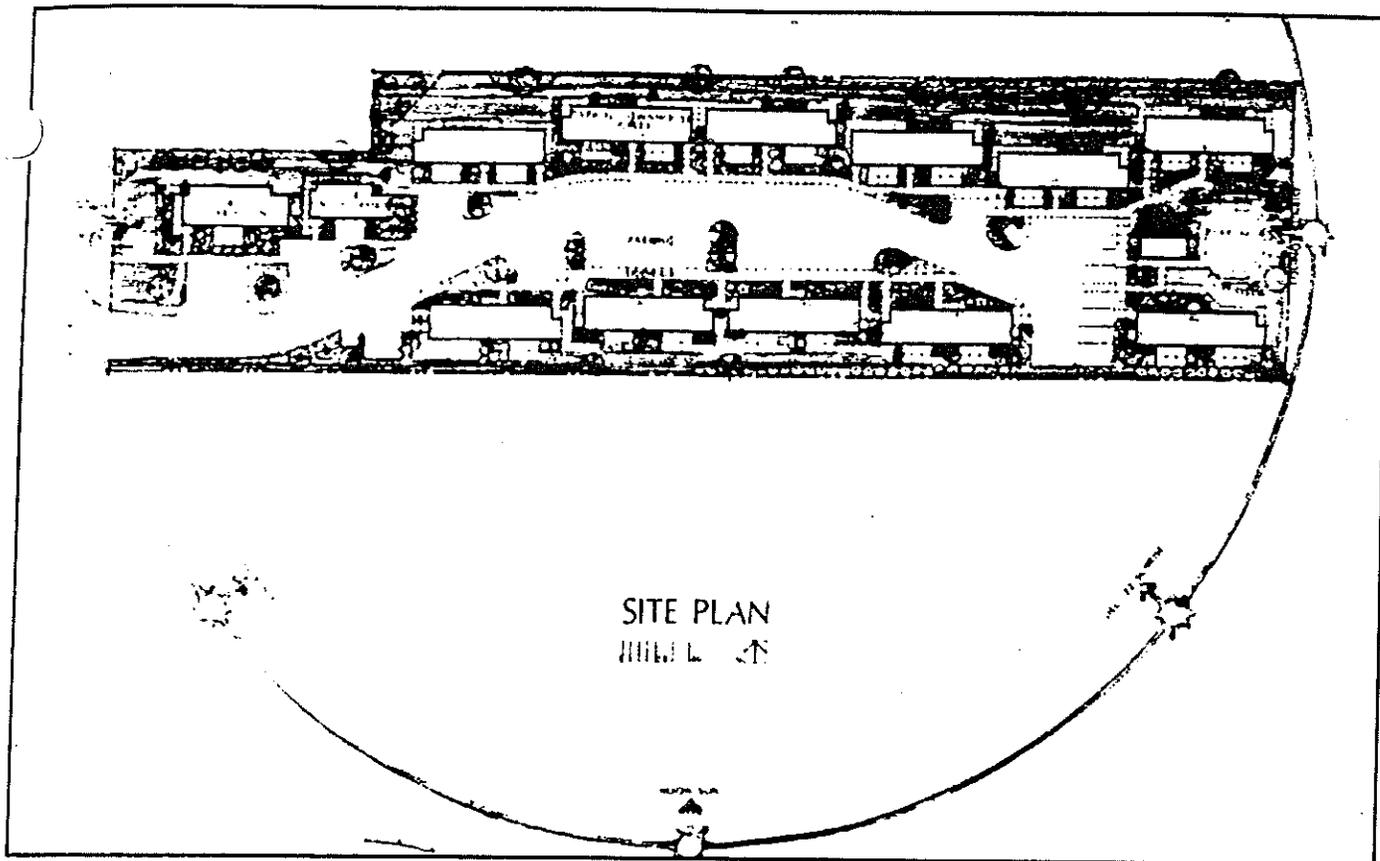
Public housing should express the concepts of social viability, imaginativeness, and hope. Public housing's architecture, its design, is perhaps the most visible and viable way to accomplish these ends.

We must stop seeing excellence in design as the privilege of the rich, of those occupying central business districts, or of patrons of "special buildings." We must provide "good design" for use in ordinary people's daily lives.

"The tragedy today," said Wolf Von Eckhardt, "is that builders and designers are, understandably, almost by definition, very conservative. They don't want to start anything new and experimental... they've got their money now... the idea of social housing, of building and designing to accommodate people's lifestyles and make people lead happier and more productive lives has gone totally out of fashion."

Have architects, and perhaps more significantly, housing officials abandoned the vision of communities and settled instead for housing of minimum standards?

Despite tight budgets, despite local opposition, some housing



Architectural site plan for Hillside Homes in Bellingham, Washington. The development consists of two single-family houses and eleven townhouse duplexes. Developed by the Housing Authority of Bellingham, Johnson, Erlewine & Christenson, architects, the development was a 1986 winner of the NAHRO H/CD Excellence Award. (See photo below.)

officials and architects have managed to produce housing that still attempts to reach the goals first exalted by public housing's early champions.

Twenty-eight years ago, the 100-unit Clemons Homes of Mount Clemons, Michigan, won an Award of Merit in an American Institute of Architects design competition. The architectural firm of Meathe and Kessler provided the design (reportedly after "tough interference" from the public housing authority). About the same time, architect Vernon deMars was noted for the use of natural elements such as boulders and a tiered development design for the Richmond Housing Authority.

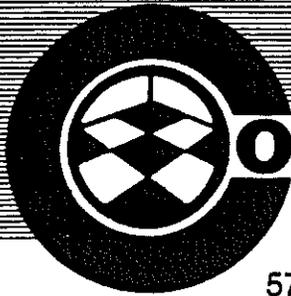
Perhaps, however, one of the most vivid examples of the independence and vision of architects and housing officials came in the case of the 300-unit, low-rent, public housing development designed by architects Aaron G.



Green and John Carl Warnecke in Marin County, California, in 1962. The Government Accounting Office criticized the Marin County housing authority for "unduly increased" construction costs, due to "uneconomical design features and use of expensive material." GAO cited Section 15(5) of the United States Housing Act of

1937 which prohibited "elaborate or extravagant design or materials" and which promoted economy "both in construction and administration." GAO recommended that housing legislation be amended to impose tighter restrictions on expenditures for public housing projects.

Executive Director Bert Klahn's response was pointed. "We feel that this is the proper time," he said in part, "for housing authorities to take a firm stand in the promotion of imaginative and resourceful design." The National Association of Housing and Redevelopment Officials added its support to Marin County's efforts. NAHRO encouraged housing officials and architects "to develop architecture of imaginative and resourceful design, construction, and livability." NAHRO called upon architects and housing officials to "recognize such objectives and encourage their execution in practice."



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More recently, housing authorities around the country have rejected the bare minimum philosophy and have called upon architects to create dynamic, innovative, low-income developments.

In Denver, Colorado, for example, the housing authority instituted an innovative revitalization program in the city's Curtis Park neighborhood. Two of the housing authority's announced goals for the project were to improve the neighborhood's aesthetics and to build a sense of community for all income levels.

To improve the appearance of a housing development, the Denver authority utilized the services of Long Hoeft Architects and McCrystal Design. Working with an existing structure, the architect provided new roofs, new color schemes, and, perhaps most importantly, new entry ways that

duplicated the appearance of townhouse structures. Low fences were used to add to the aura of individual ownership and to combat the anonymity created by the barracks-like appearance of the original structures. The effort won Denver a Department of Housing and Urban Development Honor Award. (See the **JOURNAL OF HOUSING**, Volume 44, Number 6, page 225.)

In Portland, Oregon, Church, Davis Architects provided Celilo Courts with a design that avoids the box-like structures associated with public housing. Despite the fact that the development is located on part of a freeway construction site, the quality of the design and the residential atmosphere exuded by the development make it an attractive addition to the surrounding community. (See the **JOURNAL OF HOUSING**, Volume 43, Number 4, page 182.)

In recognition of the fact that the development would house families with children, the architects restricted cars to curbs located on the outer perimeters of the development and positioned duplex, four-plex, and five-plex structures to focus on the interior of the complex where a playground is located.

Like suburban homes, whose kitchens often face backyards, the kitchens in the Celilo Courts development face the playground area, thus allowing parents to keep an eye on their children. (In this single design device a very human understanding is expressed. One wonders why the opponents of public housing assume that such design features can be eliminated from housing for low-income people.)

Montgomery County, Maryland's Housing Opportunities Commission provides several developments that use good design to combat resistance to public housing. Timberlawn, for example, is a projected 83-unit complex under development by HOC. (See this **JOURNAL's** cover.) Thirty percent of the development's units will be made available to low-income families and 20 percent will be rented to moderate-income families. The remaining 50 percent of the units will be rented at the prevailing market rate.

What is interesting about Timberlawn is that it is adjacent to "The Gables." The Gables is an upper-income development characterized by split-level units with balconies and cedar siding, and surrounded by attractive wooded areas. Condominiums in The Gables development sell for \$125,000 to \$166,000.

HOC acquired the services of Larry Kester of the Architects Collective in Tulsa—the architectural firm responsible for The Gables—to design Timberlawn. By doing so, HOC virtually assured the creation of a design that will be accepted by the sur-

rounding community.

Each year, NAHRO sponsors its Annual Honor Awards for Excellence in Housing and Community Development to encourage the design of dynamic, innovative public architecture. The awards bring recognition to the housing authorities and the architects responsible for creative solutions to housing and development problems.

Yet, these awards should not be seen simply as the recognition of an individual's talent or creativity. We should honor good design because of what it accomplishes for people, because of the hope, or joy, or inspiration it brings into people's lives.

We need to remember that design has a function beyond being beautiful. When public housing is characterized by the kind of design people welcome in their neighborhoods, when public housing creates—as those early architects believed it should—communities, the rewards we derive will go far beyond individual honors. We will have given ourselves a better world.

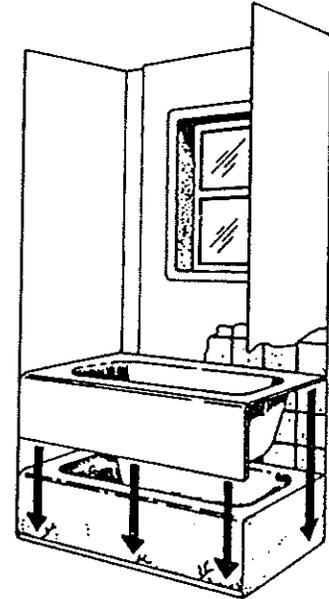
In a time when politicians exalt selfishness, telling us that we should ask only whether we, individually, are better off, the provision of housing for those less fortunate is one of the few professions that can truly be called noble. That nobility, that high purpose, should be reflected in the buildings the architects and the public housing industry provide.



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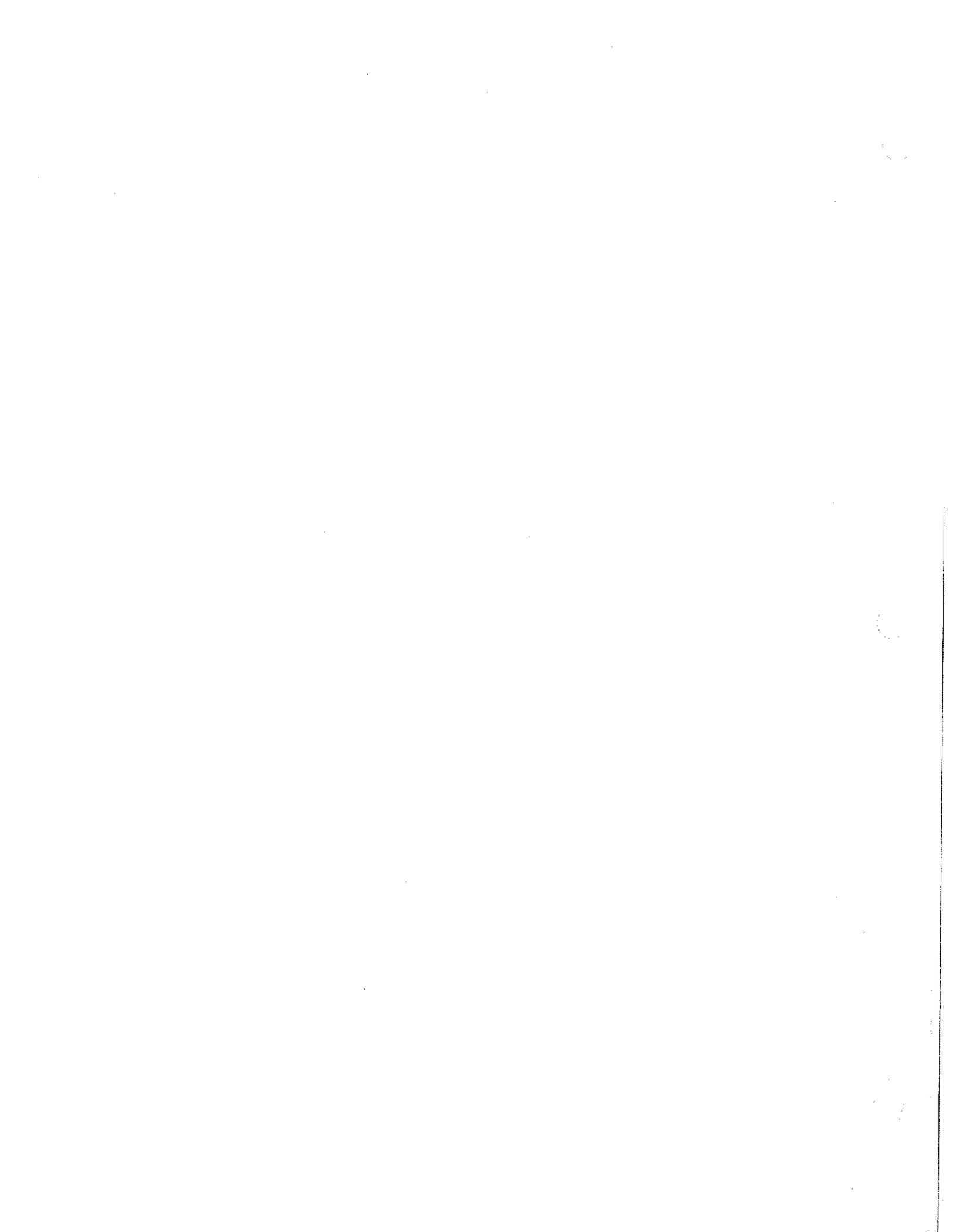
Attention Architects

The **JOURNAL OF HOUSING** is seeking examples of public housing and community development projects that exhibit outstanding design and that provide better communities for the nation's low- and moderate-income people.

Send photographs (four-color and B/W), slides, renderings, site plans, and drawings, along with information on project costs, construction and completion dates, public and private participants, and project function. Selected submissions will be featured in the **JOURNAL**.

Architects participating in public and public/private developments also are wanted for inclusion in the **JOURNAL's** 1989 Directory of Architects.

JOURNAL OF HOUSING
1320 18th Street NW, Suite 402
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Using Tax Credits: Financing Rehabilitation

by

Joseph Guggenheim

While the low-income housing tax credit is a powerful financial tool for developing low-income housing, its full potential for providing up to \$10 billion in aid over three years is unlikely to be achieved. The two major reasons for this are: (1) it is a very complicated program that usually requires syndication and the involvement of limited partner investors and owners, and (2) in most localities across the country, additional financial aid is needed to make a project feasible for low-income households at affordable rents.

There are elements of the program, however, that state and local government housing agencies can use to rehabilitate substandard, low-rent properties,

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combining the tax credit with flexible aid dollars to keep rents at or near their pre-rehabilitation levels. The process works best with smaller properties that are generating cash profits that are not sheltered against federal taxation. In such situations, the owners should be able to use the tax credits and depreciation deductions to reduce the tax liability on their own incomes. In this way, the very substantial costs of syndication can be avoided.

Local or state government programs can use the tax credit to stimulate needed repairs of existing low-rent housing without syndication and without raising rents. To do so, however, certain requirements must be met.

Requirements

The following conditions must exist to increase the use of tax credits for low-income housing repairs without syndication and rent increases:

- Existing properties must need repairs of at least \$2,000 per unit and have rents (including

tenant-paid utility costs) which are below the area's maximum qualifying rents for tax credits.

- All or most of the units in each property must have tenants with household incomes that qualify for the tax credit, or be vacant.

- The existing owner must have sufficient passive income (income from rental properties) that is unsheltered and with no liability under the alternative minimum tax. He or she could personally use tax credits and additional depreciation deductions generated by the repairs, without being subject to the limitation on the maximum amount of passive losses an individual can use against tax liability on ordinary income.

- A local lending institution or agency must be willing to make 10-year, second mortgage market-rate loans for rental property repairs, with repayments based on the income stream generated from tax credits and depreciation deductions. Additional guarantees from a public agency may be needed to secure lender participation.

- A state or local government

agency must be willing to make direct third mortgage loans to owners for 15 years, with both principal and interest payments fully deferred for the term of the loan. State and local funds should be used if possible. If federal funds are the source of these loan funds, then the interest rate should not be less than the Applicable Federal Rate (AFR).

If pre-rehabilitation rent levels plus tenant utility costs are significantly below the maximum qualifying rents under the tax credit program, the local housing

agency might want to obtain the owner's written agreement to keep rents affordable (i.e., keeping rent increases from exceeding the rate of increase in area median incomes or the percentage increases in the cost of living in the area).

Rationale

With the tax credit for rehabilitation expenditures of 9 percent a year for 10 years, the value of tax credits and depreciation deductions combined should equal 10.2

percent of rehabilitation and related soft costs for qualifying low-income units per year. A 10-year, fully amortized loan with an interest rate of 10 percent an amount equal to 60 percent of total development costs can be repaid entirely from the value to the owner of the tax credits and additional depreciation deductions. The fully deferred third mortgage loan from a government agency would be about 40 percent of total costs. The appropriate housing credit agency would have to commit to the property the full amount of eligible tax credits. Rent increases would not be needed.

The owner would receive a significantly upgraded property without any direct dollar outlays. A developer's fee for the owner could be included in the development budget to stimulate owner participation. Owners should benefit from reduced operating costs, decreased vacancy losses, the value of additional depreciation deductions after the ten-year period, and in most cases appreciation in the value of the property in excess of deferred principal and interest payments.

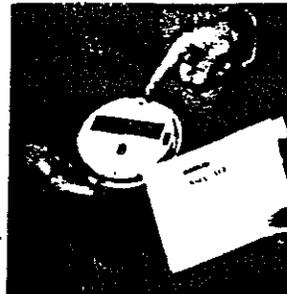
Owners would have to be able to use the \$1,020 in reduced taxes generated annually for each \$10,000 of repair work. An owner of a property with more than 10-20 units would either have to be a high-income individual, an existing partnership, or an entity owning a considerable number of rental units in order to utilize the tax credits and related depreciation deductions.

(Syndication would be needed if the owner could not use all the tax credits and depreciation deductions.)

Steps

1. The local state or government agency should vigorously publicize the program and work with interested property owners to explain it. Develop a model pro

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forma budget and review all the relevant numbers.

2. Interested owners should survey tenant incomes and analyze the rent structure to determine the number of qualifying low-income units (i.e. the "applicable fraction," based on the lesser of the unit ratio or the floor space ratio). Include vacant units which will only be rented to income eligible families. Owners should meet and consult with tenants to gather participation and cooperation.

3. Develop repair specifications and form construction bids or reliable estimates.

4. Get a commitment on the amount of tax credits allocated to the project by the housing credit agency.

5. Calculate total development costs including financing fees, developer's fee, appraisal costs, closing costs, and other soft costs that would be used in determining the amount of the tax credit.

6. Get a commitment on second mortgage loan terms from a lending institution. Calculate the amount of the loan that could be fully repaid based on value to the owner of credits and depreciation deductions.

7. Review the financing plan with the owner to help assure he will be able to utilize credits and deductions over a 10-year period and maintain rent levels and income limits over the 15-year compliance period.

8. Get a commitment on a residual third mortgage loan on a deferred basis.

9. Process loan applications, conduct simultaneous closings, and begin construction.

Tax credits can be a valuable tool. It remains for local officials to utilize this tool effectively.

How It Works

The Low-income Housing Tax Credit is a reduction in tax liability each year for 10 years for owners and investors in low-income rental housing based on the cost of development and the number of qualified units.

Last year, the credit rate was 4 percent for acquisition costs and 9 percent for rehabilitation and new construction costs, but only 4 percent if a project has federal subsidies or tax-exempt financing. This year, and in 1989, credit rates will be based on monthly prevailing interest rates to provide "present value" credit of 30 percent and 70 percent respectively over a 10-year period.

The annual credit amount is the credit rate multiplied by average eligible costs for the numbers of low-income units where tenants' incomes and rents are below stated maximums. The amount of any grant is excluded from eligible costs. For additional qualified units after the first two years, two-thirds of the annual credit amount is provided for the balance of 15 years.

To be eligible, a project must have a minimum of either 20 percent of its units occupied by low-income households with incomes under 60 percent of area median. Income limits are adjusted for various household sizes and can also be adjusted in low-income or high housing cost areas.

Rents for low-income units cannot be greater than 30 percent of the maximum income for each household size. Rent includes tenant-paid utilities.

Limit on Volume: Each state can only issue tax credits up to a total value of \$1.25 per resident each year. Projects with tax-exempt financing, which is subject to a separated volume limitation, are not counted against the state volume limit. Only the first year of 10 years of credits is counted against the limit.

State and/or local agencies can select projects under a state adopted plan. An agency can assign lower amounts of credit for which the project is eligible.

The recapture of some credits can occur if the number of qualified low-income units is not maintained for 15 years. Household income can increase up to 40 percent (70-percent in special circumstances) above the current eligibility level and units can remain qualified.

Nonprofit organizations are allocated a minimum of 10 percent of total credits in each state each year. A three-year program began on January 1, 1987, and will end on December 31, 1989.

There are limits on amounts of credit an investor may effectively use due to passive loss restrictions and alternative minimum tax provisions.

