



James F. Abromaitis
Commissioner

December 5, 2006



State of Connecticut
Department of Economic and
Community Development

Senator Edwin Gomes, Co-Chair, Housing Committee
Representative Kenneth Green, Co-Chair, Housing Committee
Senator John McKinney, Ranking, Housing Committee
Representative Larry Miller, Ranking, Housing Committee
Senator Eric Coleman, Co-Chair, Planning & Development Committee
Representative Lew Wallace, Co-Chair, Planning & Development Committee
Senator Leonard Fasano, Ranking, Planning & Development Committee
Representative Craig Minor, Ranking, Planning & Development Committee

Dear Chairmen and Ranking members of the Housing and Planning and Development Committees:

In accordance with Section 8-336p(f) of the Connecticut General Statutes, the Department of Economic and Community Development (DECD) is pleased to present to you the Annual Housing Trust Fund Report for 2006.

Public Act 05-05 of the June Special Session was signed into law on July 1, 2005 by Governor M. Jodi Rell, which enacted the creation of the \$100,000,000 Housing Trust Fund. As you know this fund was the result of a bipartisan effort that recognized providing quality housing at affordable prices would foster community growth, economic prosperity and help Connecticut maintain its competitive edge. The Governor and the state legislature committed \$20 million per year to the fund for the next 5 years.

As we enter the second year of the program, the department looks forward to continuing to invest in projects that will leverage other sources of funding and, more importantly, increase the supply of affordable housing in our urban, suburban and rural areas.

Creating housing opportunities like these for Connecticut residents would not have been possible if it were not for the establishment of the Housing Trust Fund, and your commitment to proactively addressing this critical issue.

I am proud of the department's accomplishments during this short timeframe and I hope this report provides you with an overview of some of our successes. Should you have any questions or would like additional copies of this report, please contact Joseph Oros, Legislative Program Manager at (860) 270-8186.

This report is also available on the department's website at www.decd.org.

The department looks forward to working with you on this important issue in the years ahead.

Sincerely,

James F. Abromaitis
Commissioner
Department of Economic and Community Development

Housing Trust Fund Report - 2006

Connecticut is the 2nd wealthiest state in the U.S. and is also one of the highest in worker productivity and wages, but it is also the 5th highest cost of living state and the costs of housing have risen so rapidly that even middle-income families are facing affordability issues. The state ranks 26th in homeownership and just over 25% of its households are spending more than 30% of their monthly household income on mortgage or rental payments. Increasingly, Connecticut employers are citing the need for more housing at affordable prices to attract and retain workers, especially those at entry-level positions.

The HomeConnecticut initiative, a statewide campaign aimed at increasing the stock of affordable housing in Connecticut, assembled leaders in business, banking, academia, land use, housing and government to identify solutions to the state's housing affordability problems. Among those solutions cited were the building and rehabilitating of housing that workers, first-time owners, young adults and people of mixed incomes can afford. The group also called for increased state investment in housing development, which leverages private and federal resources and stimulates the economy.

It was against this backdrop that the Housing Trust Fund Program (HTF) was created and its purposes are clearly stated in section 8-336p of the Connecticut General Statutes. They are to: "(1) Encourage the creation of housing for homeownership at a cost that will enable low and moderate income families to afford quality housing while paying no more than thirty percent of gross household income on housing, (2) promote the rehabilitation, preservation and production of quality, well designed rental and homeownership housing affordable to low and moderate income families or persons, (3) maximize the leveraging of state and federal funds by encouraging private sector investment in housing developments receiving assistance, (4) encourage housing that maximizes housing choices of residents, (5) enhance economic opportunity for low and moderate income individuals and families, (6) promote the application of efficient land use that utilizes existing infrastructure and the conservation of open spaces, and (7) encourage the development of housing which aids the revitalization of communities."

In its first year of operation, the program has achieved all of the goals and objectives as established by the legislature.

First, as mandated by the legislation, working with the OPM Secretary Robert Genuario and with our State Treasurer Denise Nappier, the department formed the Housing Trust Fund Program Advisory Committee, hereinafter referred to as the "Committee". The Committee was mandated to meet at least semi-annually and is charged with advising the commissioner on the administration, management and objectives of the HTF program. The Advisory Committee has approved the regulations, procedures and rating criteria for the program.

Secondly, and perhaps most importantly, the first \$20 million has been reserved for programs and projects around the state. And, critically, that \$20 million dollars has leveraged over \$89.4 million in other funding support. It is projected that monies from the HTF in this first year alone will create or preserve 702 units of affordable housing that will be well within the financial reach of Connecticut low and moderate-income families. Of those 702 units, the department expects to create 360 homeownership opportunities and 342 new or substantially rehabilitated rental units.

DECD is not only revitalizing and generating wealth in our core urban centers through its housing investments in Hartford, New Haven, New Britain, Bridgeport and Stamford but it is also creating or preserving housing in high cost and high income areas at prices that working families can afford to pay. Attached for your review is a summary activity chart-**Attachment 1**.

Also below please find some brief examples of the kind of housing activities and the areas of that state that DECD has been dispersing HTF funding:

- In Bristol, working through the City of Bristol's Redevelopment Agency, the department is providing matching grants to low and moderate-income families for major home repairs so that they may bring these substandard homes up to code by making them lead safe and energy efficient thus preventing urban blight, while at the same time preserving long term affordability. This will save and preserve 44 units, 28 rental and 16 homeownership that may have been otherwise lost.
- In Branford, working with the Salem Turnpike Housing Corporation, DECD is helping create 20 units of new single-family housing for income eligible families at Woodhaven Village.
- In Colchester, working with the Nutmeg Housing Development Corporation, the department is helping create 32 new units of elderly housing at Amston Village on land initially acquired under DECD's Land Bank/Land Trust program.
- In Hartford, New Britain and Bloomfield, the department is working with Habitat for Humanity to create 79 new homeownership opportunities for persons who are at or below 50% of Area Median Income (AMI).
- In Hartford, the department is working with the Southside Institution Neighborhood Alliance (SINA) to build 28 units of new housing on the sites of formerly blighted and abandoned properties that had been demolished by the City. Twenty of the new units will be homeownership and eight will be rental.
- Also in Hartford, DECD is working with the Community Renewal Team to build 40 units of new rental family housing for low and moderate-income grandparents who are raising their grandchildren.
- In New Britain the department is working with Alderhouse to create 14 units of Artist Housing in a vacated, commercial building in the downtown area.
- In greater New Haven, the department is working with the Greater New Haven Community Loan Fund to provide low-interest loans to low and moderate-income families to develop affordable rental properties or homeownership opportunities in high cost/high income areas where affordable housing is less than 10% of the total housing inventory. In New Haven proper, DECD is restoring blighted and abandoned properties for homeownership. The department expects to create or preserve 85 long-term affordable housing units, both homeownership and rental.
- DECD is also working with Neighborhood Housing Services (NHS) of New Haven to provide grants to 12 first-time homebuyers to acquire and rehabilitate 12 two-family homes that had been abandoned or suffered from severe blight. The department is also working with NHS to establish an Individual Development Account to help first-time homebuyers save money to purchase and rehabilitate their first homes. This initiative is expected to assist 45 income-eligible homebuyers.
- Also in New Haven, the department is working with the Regional Housing Rehabilitation Institute to help 6 first-time homebuyers acquire and rehabilitate homes that had been abandoned in the heavily blighted Hill neighborhood in the city.

- In Seymour, the department is working with 16 Bank St., LLC to develop 12 new units of elderly housing in a vacated, blighted office building in their downtown area. The ground floor area will be retained for commercial use.
- In Vernon, DECD is working with the Vernon Non-Profit Development Corporation to revitalize the heavily blighted Village Street neighborhood. Blighted and abandoned structures will be demolished or rehabilitated with some new construction. In all, 27 new units of affordable housing will be created.
- In Fairfield County, the department is working with the Housing Development Fund, who will be providing developer subsidies for the creation of 60 –70 new homeownership opportunities for first-time homebuyers as well as 30 units of new rental housing in Fairfield County.
- On a statewide basis, DECD is working with the Corporation for Independent Living to provide grants to 35 income-eligible tenants with disabilities to make their living units handicap accessible, thereby expanding their housing choices while allowing them to live independently.
- Also, the department is working with the Community Development Financial Institution Alliance (CDFI) to establish a low-interest Revolving Loan Fund to provide funds for the development of new homeownership and rental housing around the state. The fund is expected to create 66 units of new affordable housing through this new partnership.

Please note that this is just a snapshot of some of the programs and projects the DECD has funded and is offered to give you a better picture of things that are being accomplished under the Housing Trust Fund program.