

Working Group Name: _____Housing Multi-Family/ Organizational and Regulatory Issues._____

List the priorities of your working group in the appropriate areas below...

PRIORITY INITIATIVES: Things that should be addressed during the 2011 budget/legislative process

	Policy Initiative	Immediate Fiscal Impact
1.	\$100 million in each of the next two fiscal years	Job creation, revenue generator, and multiplier effect of public investment (\$10 of private activity for each \$1 invested by the state)
2.	Maximize the use of Medicaid dollars in the delivery of supportive housing services	Opportunity to realize a 'net savings' to the General Fund while expanding services to the chronically homeless

SHORT-TERM INITIATIVES: Things that should be addressed by 2012/2013

	Policy Initiative	Short Term Fiscal Impact
1.	Consider ways to leverage private sector dollars for affordable housing through expansion of state tax credit program, multi-family loan insurance fund	Again, the opportunity to create economic development and leverage private sector investment
2.	Intervene in Alliance Bank merger in order to leverage investment in low and moderate-income neighborhoods. Perhaps consider establish a pool of funds to invest in affordable housing.	Opportunity to create economic activity in low and moderate-income neighborhoods

LONG-TERM INITIATIVES: Things that should be considered beyond 2013

	Policy Initiative	Long Term Fiscal Impact
1.	Streamline the housing permitting process at the state and local level	Proposal suggests a mediated consensus development process to accomplish
2.	Reorientation of State Housing plan to outcome-based strategies	More effective use of resources
3.	A study should be undertaken to review public housing authorities to consider consolidation and economies of scale	Potential more effective use of existing resources and better service to clients of public housing authorities

On items in which there was not consensus, please append any dissenting opinions.

Working Group Name: Housing Single Family

List the priorities of your working group in the appropriate areas below...

PRIORITY INITIATIVES: Things that should be addressed during the 2011 budget/legislative process

	Policy Initiative	Immediate Fiscal Impact
1.	Second mortgage guarantee program	Frees up \$Millions in spendable cash
2.	Stimulate sale of Bank owned properties use Governor as “message maker”	\$ Billions in gross sales econ. Activity/jobs
3.	Direct CHFA to start S/F rehab loan program	\$Million in sales econ. Activity/ jobs

SHORT-TERM INITIATIVES: Things that should be addressed by 2012/2013

	Policy Initiative	Short Term Fiscal Impact
1.	Reduce /remove regulatory barriers to Home building	Increase by 20% the number of homes built
2.		

LONG-TERM INITIATIVES: Things that should be considered beyond 2013

	Policy Initiative	Long Term Fiscal Impact
1.	Look at future of foreclosure mediation program	unknown
2.	Fund housing counselors	Reduces foreclosure rate

On items in which there was not consensus, please append any dissenting opinions.

Housing Policy Committee – Multi-Family Housing

Statement of Issues

Affordability/Investment

For more than 400,000 low-and moderate-income households in Connecticut, housing is simply unaffordable.

Statewide, and in most towns, affordability remains a big problem or has gotten worse. In only 31 of 169 municipalities is 10 percent or more of the housing stock defined as affordable. The "housing wage" – what someone must earn per hour to afford a typical two-bedroom apartment without paying more than 30 percent of income in rent – grew to \$23 from \$15.67 in 2000; 337 of the state's 683 occupations don't pay an average wage equal to the housing wage.

Twenty-six percent of all households – renters and owners – make less than 80 percent of Connecticut median income and spend more than 30 percent of it on housing. Many renters are in even worse shape. One in four makes less than 50 percent of median household income, and spends more than half of it on housing. With whatever's left, she must pay for food, clothing, transportation, utilities and health care.

At all income levels, 40 percent of all households – 36 percent of homeowners, 49 percent of renters – were spending more than 30 percent of income on housing in 2009.



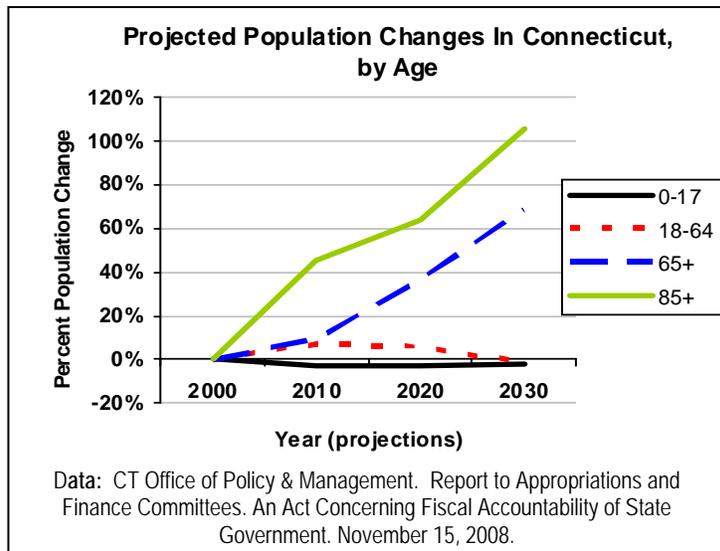
Various studies have indicated that investing in housing production creates an immediate economic benefit in job creation and significant tax revenues for state and local government. Noted Connecticut economist Don Klepper-Smith has estimated that 1,257 new jobs are created for every 1,000 affordable housing units developed in the state.¹ In addition to job creation, estimates show that housing production generates significant tax revenues

related to both the construction and habitation of new units. Data from Ted Carman, done for the Partnership for Strong Communities, shows that the state stands to enjoy

¹ Klepper-Smith, Don. "Updated Perspectives on the Need for Affordable Housing within Connecticut." January 2008. Study commissioned by the Partnership for Strong Communities.

<http://www.homeconnecticut.org/images/stories/pdf/dk-s_presentation.pdf>

new income and sales tax revenue for the creation of housing under the HOMEConnecticut statute; these revenues include \$7,500 from the construction of each new multifamily unit and \$12,500 from each single-family home – the result of construction salaries and materials, and occupation expenditures such as furnishings – and \$4,000 in continuing annual revenues from the jobs the new units would make possible.² Studies from the National Association of Home Builders also show that housing production, including affordable housing, creates jobs and results in significant revenues for state and local governments and local economies.^{3 4}



Investing in housing production also results in long-term economic benefit by attracting a workforce that spends money, pays taxes and contributes to the civic life of the community. The demographic changes Connecticut will face over the next 20 years make the need to attract and retain residents, especially those from 25 to 34 years of age, crucial for the state’s continued economic growth. According to population projections from the

Connecticut State Data Center at UConn, Connecticut, which now has 4.5 workers for every resident 65 or older, will have only 2.6⁵ by 2030 unless demographic trends are reversed. The shrinking of the 25-34-year-old cohort will leave the state with a smaller working population, resulting in a diminished workforce, a weaker economy and less in tax revenues in coming years. This will make it difficult for the state to maintain its level of services, particularly for an aging population, and its quality of life.



In order to correct this problem, Connecticut must increase its supply of housing affordable for workers and young professionals as well as for low-income families and people living on disability income— those whose participation in the workforce is virtually impossible without stable, affordable housing. Connecticut’s diverse population needs a variety of housing options

² “State Revenues per Housing Unit Under HOMEConnecticut.” Partnership for Strong Communities. April 2008. <http://www.homeconnecticut.org/images/stories/pdf/revenue_summary_homect_units.pdf>

³ Fei Lui, Helen and Paul Emrath. “The Direct Impact of Home Building and remodeling on the U.S. Economy.” National Association of Home Builders. 7 October 2008. <<http://www.nahb.org/generic.aspx?sectionID=734&genericContentID=103543&channellID=311>>

⁴ “The Local Economic Impact of a Typical Tax Credit housing Project: Income, Jobs and Taxes Generated.” Housing Policy Department, National Association of Home Builders. September 2007. <<http://www.nahb.org/generic.aspx?sectionID=275&genericContentID=5765>>

⁵ “Fiscal Accountability of State Government: Presentation Prepared for the Appropriations Committee and the Finance Revenue and Bonding Committee by the Office of Policy and Management.” 18 November 2008.

that can meet their various needs. The production of adequate housing options for the full spectrum of residents we need in Connecticut is connected to other issues as well: transportation, educational performance, healthcare and environmental quality.

Homelessness and Chronic Homelessness

Homelessness – the worst of all possible housing situations – is a continuing problem. According to the Point-In-Time Count supervised by the Connecticut Coalition to End Homelessness, which is done on a single night each year in January, the number of homeless households in Connecticut has remained virtually unchanged – 3,320 in 2009, compared with 3,325 in 2007. A wider-ranging count – the Homeless Management Information System Report – over many more days shows a consistently rising number of homeless individuals in Connecticut. The count was 8,874 in 2008, compared with 7,857 in 2007.

It is estimated that over the course of a year in Connecticut some 33,000 people experience homelessness, including 13,000 children. Connecticut has been on the leading edge of capital funding for supportive housing units through the issuance of 501(c) (3) bonds by CHFA and through the work of the Interagency Council that brings together the relevant state agencies providing supportive services to the chronically homeless. Unfortunately, there is no new capital fund commitment in the current fiscal year and there is uncertainty with respect to General Fund support for the service component, including rental assistance support.

What we are certain of and studies show, supportive housing:

- Facilitates employment and increases individuals' earnings
- Reduces the use of expensive emergency and institutional care
- Creates good neighbors
- Establishes attractive housing options that fit into neighborhoods and leads to greater economic investment with increased property values

Preservation

\$350 million and mounting in deferred maintenance costs for CHFA's state-funded public housing.

State-funded public housing is home to about 14,000 of Connecticut's very low-income households. Replacing this housing with new units would cost the State about \$2.3 billion. Preserving and revitalizing this housing - \$350 million and mounting. Nearly 60% of these homes are more than 30 years old.

In this decade alone, the fate of more than 16,000 additional affordable rental homes will be decided.

Large numbers of affordable rental homes have been made affordable through federal subsidy contracts with property owners. In the coming years these owners must decide whether or not they wish to continue these subsidy contracts or to offer this housing at market rates. On an annual basis about \$125 million in project-based rental assistance supports the occupancy of these affordable apartment home with over 13,000 units by very low-income households. If these properties lose their federal subsidies, Connecticut is at risk of losing these federal funds.

Proposed Actions/Benefits/Costs

- **Invest \$100 million in each of the next two fiscal years in capital, which should be apportioned between the Housing Trust Fund (gap financing and support for Housing Incentive Zones created under HOME CT) and CHFA (for a preservation program and for 501(c)(3) bonds to expand supportive housing opportunities and consider capitalizing project based RAP certificates).**
- As noted above, Connecticut economist Don Klepper-Smith has estimated that 1,257 new jobs are created for every 1,000 affordable housing units developed in the state. Currently there is a 25% unemployment rate among construction workers in Connecticut.
- Other economic studies have shown that for every public dollar invested in housing, there is \$8-12 of private economic activity generated. Statistics from DECD show that \$55 million in Housing Trust Fund allocations has leveraged over \$500 million in private activity.
- Cancel \$100 million in previously authorized but unallocated bond projects so as not to increase the debt counted towards the statutory bond cap.
- **Maximize the utilization of Medicaid to provide supportive housing services.**
- There currently are opportunities to ‘cost shift’ some of the services now provided through General Fund appropriations. There are groups outside of state government working on this (including the Corporation for Supportive Housing, the Partnership for Strong Communities and the Connecticut Coalition to End Homelessness).
- Continue and charge the Interagency Council that has worked on supportive housing issues to coordinate this effort.
- **Consider ways to leverage private sector dollars for affordable housing: Consider expansion of Housing Tax Credit program; create a multi-family loan insurance fund, which could underwrite risk as a way of encouraging commercial lenders to participate in the financing of affordable housing**

projects and provide incentives for developers to set-aside more affordable units in a development.

- **Look at intervening in the merger of New Alliance Bank in order to establish a fund that could underwrite risk of financing affordable housing projects.**
- Previously the state was able to negotiate a multi-year commitment to low and moderate-income neighborhoods as a result of the Fleet/Bank Boston merger, which was subsequently honored by Bank of America.
- **Continue the Security Deposit Guaranty Program.**
- This program provides a tool whereby individuals and families can move into affordable housing units without having to post a security payment. It is often the case that these individuals and families could afford the monthly rent, but not the required security deposit. Without this program more individuals and families will be forced into emergency shelters and chronic homelessness.
- **By Executive Order, require that proposed bonding projects related to Transportation and Economic and Community Development be required to consider mixed income housing opportunities and smart growth principles as part of a review process.**

All of the above stated action steps are consistent with the articulated Malloy/Wyman campaign strategy of characterizing housing as an investment opportunity and a way to serve the needs of working families and vulnerable populations in need of affordable housing.

Long-term Needs/Vision

All of the above initiative should be considered in the context of the next biennium. The longer-term needs in housing development and policy largely relate to organizational/regulatory issues, which are discussed in the next piece of this report.

Other Relevant Items & Dissenting Opinions

The statement of the issues above was taken from a number of sources: The Blue Ribbon Commission on Housing and Economic Development (January 2009); The Black Book Report to Governor-elect Dan Malloy (A project led by William Cibes to look at a range of issues and present findings, suggestions and action steps to the next Administration); information from the Partnership for Strong Communities and The Reaching Home Steering Committee; input from various groups and individuals submitting ideas and suggestions to the co-chairs of the Transition Committee on Housing (53 people attended an event seeking input held at the Lyceum on December 13, 2010).

Housing Policy Committee –Housing Regulations and Organization

Statement of Issues

Over the last several years as Housing development and policy has been recognized as an integral component of building strong communities and stability in neighborhoods (including schools), an economic engine and a critical piece of job creation and retention, and a critical aspect of good land use policy, smart growth and transit oriented development, there has been more focus on how we are organized to do housing and the regulatory environment surrounding housing development.

The Housing Policy Committee has heard loud and clear from builders, bankers, developers, lawyers representing developers, housing advocates and others that much needs to be done in this regard.

Connecticut faces two challenging demographic trends: We are the third fastest aging state in the country and we are first among all states in the loss of twenty-one to thirty-four year olds. In a February 2010 report by BlumShapiro for the Connecticut Regional Institute for the 21st Century it is suggested that the state needs to completely re-think how it is providing long term care for the increasingly elderly population in Connecticut. This report coupled with a recently released study by the Brookings Institute entitled, “The Next Real Estate Boom”, argues that there are tremendous economic benefits to be had by creating more integrated housing for the elderly and affordable housing for younger workers in and around transportation centers and urban and near-urban communities.

The ability of the state to think more strategically will require a more thoughtful and coordinated approach to housing development and in a time of scarce public resource an emphasis on developing public-private partnerships.

Proposed Actions/Benefits/Costs (the longer view)

- A number of worthy ideas on the regulatory environment are laid out in the Blue Ribbon Commission on Housing and Economic Development report (January 2009). In addition, the Housing Policy Committee heard a number of ideas also worthy of mention and consideration.
- **Streamline the permitting process**
- One approach that might be worth considering is to try a Negotiated Investment Strategy process. This was used during the 1980s to arrive at priorities for spending and policy under the then recently enacted federal Social Services Block Grant. Three teams (state, municipal and non-profits) met in a mediated process, agreed to try and reach a consensus on a plan, agreed to reduce the plan to a written agreement that would bind each party, and sought and received legislative acquiescence to abide by the agreement. This might work in the housing

permitting area as well. Here there could be a state team assembled, a municipal team and a team representing developers and builders (for profit and non-profit) that would agree to work on streamlining the permitting process at both the state and municipal level.

- **The state should create some linkage with the regional 10-year plans to end homelessness.**
- **The state should reorient its State Housing Plan to an outcome-based approach.**
- **Some expressed the view that housing policy and development has been given a back seat in the consolidation of housing into the Department of Economic and Community Development.** Others indicated that it is a function of leadership and commitment to a more integrated development policy rather than a question of organizational design.
- **A study should be undertaken to review public housing authorities. Statutory updates might be considered as well as whether there should be a consolidation of authorities.**
- **Continue the Interagency Council, which has become a good model for the coordination of services in supportive and transitional housing settings.**
- **Look for opportunities to create a public/private partnership fund to support community development that promotes smart growth, mixed income housing, economic development, rationale land use policies along transportation corridors.** Private capital could be attracted through state tax credits, investments by high net worth individuals who would be willing to accept a lower rate of return from their investment, and perhaps pension funds.

SUB-COMMITTEE HOUSING REPORT
Single Family

1. Home Building

Home building could be a greater economic engine driving CT growth. Home building in CT in 2009 represented two-thirds of all housing constructed.

Regulatory and permitting requirements add delays and expense to home construction that reduce feasibility and raise prices but not value. A H.U.D. study claims regulations add 35% to the cost of a home.

The elimination, reduction and streamlining of regulations and permitting will allow home construction to play a significant role in growing the CT economy.

2. Home Refinancing

There are thousands of families in CT that cannot refinance their existing mortgages to take advantage of lower interest rates. These families have excellent credit records and stable employment histories. If they could refinance, they would lower their housing expense thereby freeing up money that most likely would be spent making retail purchases which would grow the CT economy and grow State revenues while creating jobs.

The desirable outcome isn't happening because the homeowner's properties are not worth the balance of their existing mortgages.

A bifurcation of the existing mortgages into:

- a. A first mortgage for the maximum amount able to be borrowed against the current value.
- b. A second mortgage for the difference between the balance on the original first and the amount of the new first.

The new 2nd mortgage, due to insufficient collateral, would not meet normal bank underwriting requirements for 2nd mortgage laws. A State guarantee of the "new" 2nd mortgage and a Governor urging CT banks to participate, should make the program work. The level of guarantee which would only guarantee principal would be determined by the offered interest rate, terms and repayment and the amount of the loan that extends beyond the value of collateral.

3. *Short Sales*

Short sales in many instances represent great opportunities for builders and homeowners. Unfortunately, many of these sales are falling apart because the approval process takes so long, the buyers are losing interest. Many of the slow moving lenders are located outside of CT. State government needs to take an interest in these failing transactions. They represent solutions to defaulted loans which would otherwise move to foreclosure and therefore further diminish economic activity.

4. *Lender Owned Properties*

There are thousands of lender owned properties within CT primarily as a result of loan default and foreclosure. They are vacant properties that could be used to house our people and create, through these sales, economic activity.

The State needs to have an inventory of these properties so that it can develop stimulus programs that will move these properties through sale and reuse.

The likely buyers of lender owned properties are first time buyers who will maximize their opportunity by using the C.H.F.A. First Time Homebuyer Program.

First time homebuyers need to hear the Governor's message "now is the time to buy a house in CT".

Contractors will purchase lender owned properties that will sell cheap because they need rehabilitation before occupancy. This activity creates jobs in construction and all related economic activity.

The contractors need working capital and construction loans. Generally, these businesses are not strong financially and may need help from C.H.F.A. with their financing.

5. *Aging Urban Housing Stock*

Single Family Housing built in the 1950's, 1960's and 1970's in older urban areas has in many instances not been modernized and is therefore difficult to sell. A buyer/owner/occupant will be significantly challenged if required to manage such rehabilitation.

Success would be more likely if the cities and towns as well as the State could identify single family homes that fall into this category.

There is a need to identify contractors who can buy/rehab/sell these houses. These contractors will need financing through local banks. If the contractors can't

get bank financing, the State can help through a program that C.H.F.A. could develop using either direct or guaranteed loan programs.

These rehabilitated houses would most likely be sold to 1st time home buyers. Such a program would add jobs and grow economic activity/home sales.

6. Condominiums

The condo sales market is weak. Condo projects and associations are struggling as present owners with financial problems fail to pay association fees. Lenders faced with this environment are less willing to lend on projects that in the past were acceptable. Condo project approvals by secondary market lenders and insurers are being reviewed. In many cases, lenders /insurers want to see the current condo budget to determine project viability.

The Federal Housing Administration (FHA) (insurer) is requiring all approved condo projects to go through a re-approval process; unfortunately, not all condo associations and condo management companies have given this new approval process attention. As a result, potential purchasers of these individual condominium units will be unable to purchase because they need FHA insured financing.

This current situation means sellers can't sell and buyers can't buy. There are fewer condo units being sold than could be.

CT needs to require condo associations and condo management companies to disclose to owners that approvals that could facilitate sales are not in place. These disclosures will hopefully move owners to get associations and management companies to get approvals. This will increase sales and help move lender owned units and create new home owners.

7. Additional suggestions

- a. There is a need for more funding for housing counselors.
- b. The foreclosure mandatory mediation process expiration date should be extended.
- c. Laws should be changed to prevent the commencement of foreclosure until the mandatory mediation is complete.
- d. There needs to be more public education for personal finances.
- e. Foreclosure prevention can be more effective if courts force lenders to reduce the debt to the current values of the property (cram down) and from there negotiate a modification of the loan.
- f. Connecticut should incentivize the construction of starter homes.



Blue Ribbon Commission on Housing and Economic Development

Final Report
January 12, 2009

Commission Chair
Honorable Mark Boughton
Mayor of Danbury



Blue Ribbon Commission on Housing and Economic Development

Final Report

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About the Blue Ribbon Commission on Housing and Economic Development

The Blue Ribbon Commission on Housing and Economic Development was created by the General Assembly in Public Act 07-04 Section 33(d)(7), and was called upon to “study housing affordability needs of the state, with particular emphasis on the impact of such needs on economic growth and development.” With this charge in mind, the Commission sought to examine various issues related to affordable housing and to understand how affordable housing impacts the state’s economic development. In particular, the Commission turned its attention to the financing and regulatory systems that govern affordable housing production and how these systems could be improved and strengthened.

This Report contains information documented by the Commission regarding the relationship between affordable housing and Connecticut’s continued economic growth. Included are a series of recommendations related to improving the efficacy and efficiency of the housing financing and regulatory systems, which, if implemented, would have significant positive impacts on the creation of affordable housing in the state.

The members of the Blue Ribbon Commission on Housing and Economic Development are as follows:

- Chairman - Honorable Mark D. Boughton, Mayor of Danbury
- Timothy Bannon, Executive Director, Connecticut Housing Finance Authority
- Stephen F. Darley, New Haven Construction Corp.
- Mark Foreman, Connecticut Capital Mortgage & Real Estate
- Robert L. Genuario, Secretary of Policy & Management
- Joan McDonald, Commissioner of Economic & Community Development
- Honorable Elizabeth C. Paterson, Mayor of Mansfield
- Diane Randall, Partnership for Strong Communities
- Anthony Rescigno, Greater New Haven Chamber of Commerce
- Howard G. Rifkin, Treasurer of Connecticut’s Designate
- Patricia Spring, Connecticut Housing Coalition
- Elizabeth Verna, Verna Builders & Developers
- Rolan Joni Young, Esq., Chair, Connecticut Housing Finance Authority

Blue Ribbon Commission on Housing and Economic Development: Public Act No. 07-4

Sec. 33. (NEW) (*Effective from passage*)

(a) There shall be a Blue Ribbon Commission on Housing and Economic Development which shall consist of twelve members as follows: (1) The State Treasurer, the Commissioner of Economic and Community Development, the Secretary of the Office of Policy and Management and the chairperson of the Connecticut Housing Finance Authority, or their respective designees, who shall be voting members of the commission; (2) Two appointed by the Governor, one of whom shall be designated as the chairperson of the commission; (3) One appointed by the speaker of the House of Representatives; (4) One appointed by the majority leader of the House of Representatives; (5) One appointed by the minority leader of the House of Representatives; (6) One appointed by the president pro tempore of the Senate; (7) One appointed by the majority leader of the Senate; and (8) One appointed by the minority leader of the Senate.

(b) Members appointed under subsection (a) of this section should include representatives of large municipalities, small municipalities, realtors, planners, nonprofit developers, for-profit developers, housing policy organizations and regional planning organizations.

(c) All appointments to the commission shall be made not later than thirty days after the effective date of this section. Any vacancy shall be filled by the appointing authority.

(d) The commission shall study housing affordability needs of the state, with particular emphasis on the impact of such needs on economic growth and development. Such study shall include, but not be limited to, an evaluation of the following:

- (1) The short and long-term housing need required to support economic development and growth in the state;
- (2) The barriers, including, but not limited to, zoning and an inadequate supply of zoned land for affordable housing creation, that hinder the free working of the housing market and solutions to remove those barriers;
- (3) The geographic areas of the state with the greatest needs for additional housing supply;
- (4) The amount of incentive housing zones necessary to create an adequate supply of home ownership and multi-family housing to accommodate the creation of at least twenty thousand new jobs annually in the state;
- (5) The use of incentives to local governments to stimulate creation of incentive housing zones, including, but not limited to, compensating municipalities for any additional public education costs incurred as a result of new housing creation;
- (6) A comprehensive review of the rental housing market and an assessment of the benefits and financing of a project-based rental assistance program to develop housing for households below fifty per cent of area median income; and
- (7) The best use of existing housing programs and coordination of resources to both preserve housing that is affordable and stimulate the production of new affordable and modest, market-rate housing. Such review should include, but not be limited to, (A) establishment of uniform underwriting criteria for the financing of multifamily housing; (B) expansion of loan guarantees, (C) better utilization of state and quasi-public housing development and mortgage programs; (D) utilization of mortgage insurance and other forms of credit enhancements provided by the Connecticut Housing Finance Authority or others to significantly expand the amount of public and private financing; (E) enhancement of the affordable housing tax credit program under section 8-395 of the general statutes and historic tax credit programs under sections 10-416 and 10-416a of the general statutes to promote renovation of existing housing; and (F) coordination of financing to better utilize four per cent federal tax credits.

EXECUTIVE SUMMARY

The Blue Ribbon Commission is cognizant that this report is being issued at a time when Connecticut's economy is under significant strain resulting from declines in the overall economy and, particularly, the financial services sector. The importance of affordable housing as a crucial part of the state's economy and infrastructure, however, must continue to be recognized. Policymakers must understand that investment in housing is a critical tool in helping Connecticut overcome the current fiscal crisis. Enhancing Connecticut's housing infrastructure creates jobs and revenues for the state. But more importantly, it creates homes for the young professionals and families that Connecticut must attract and retain in order to maintain its workforce. Connecticut will have a difficult time recovering from this recession without an adequate and varied supply of housing that workers and families can afford. This Commission has found that, by investing in Connecticut's affordable housing, the state is investing in its own economic growth.

The need for affordable housing for Connecticut's residents remains strong, a fact that is amply supported by numerous measures:

- The most recent Out of Reach report by the National Low Income Housing Coalition indicates that rents continue to rise in Connecticut, making it increasingly difficult for low income households to afford rental units. The 2007-2008 report shows that the state's housing wage, the hourly wage needed to afford the typical two-bedroom apartment, rose to \$21.11/hour, up from \$20.42 in 2006 and \$19.30 in 2005. A person earning minimum wage would need to work 110 hours a week to earn enough to afford the typical two-bedroom apartment.¹
- 72% of the jobs projected by the State Department of Labor to be created through 2014 in Connecticut will pay less than \$40,000.²
- As of 2007, 26% of Connecticut households earned 80% of the median income or less and spent 30% of that income or more on housing.³
- Almost a fourth of the estimated 396,271 renting households in Connecticut earn 50% of median income or less and spend at least half that meager income on housing according to 2007 Census data.⁴
- A 2007 study by the Federal Reserve Bank of Boston New England Public Policy Center indicated that there is only one affordable and available housing unit for every three low income households in Connecticut that need one.⁵
- A 2007 study by the HOMEConnecticut Campaign found that a household earning the median income would not qualify for a mortgage for the median sales priced home in 142 of Connecticut's 169 towns. This indicates that despite the downturn in the housing market, prices still remain high for many of Connecticut's households.⁶

¹ "Out of Reach, Selected Connecticut Statistics." National Low Income Housing Coalition, Connecticut Housing Coalition. April 2008. <<http://www.ct-housing.org/OOR%20CT%20stats%202008.pdf>>

² Klepper-Smith, Don. "Updated Perspectives on the Need for Affordable Housing within Connecticut." January 2008. Study commissioned by the Partnership for Strong Communities. <http://www.homeconnecticut.org/images/stories/pdf/dk-s_presentation.pdf>

³ U.S. Census Bureau. 2007 American Community Survey. Table B19013 –Median Household Income and Table B25106 Tenure by Housing Costs as a Percentage of Household Income. <<http://factfinder.census.gov>>

⁴ "Congressional District Profiles, Connecticut." National Low Income Housing Coalition. December 2008. <<http://www.nlihc.org/doc/cdpCT.pdf>>

⁵ Rollins Saas, Darcy and Alicia Sasser. "Crowded Out of the Housing Market." Federal Reserve Bank of Boston New England Public Policy Center. March 2007. <http://www.bos.frb.org/economic/neppc/briefs/2007/briefs072.pdf>

⁶ "Affordability in Connecticut, 2007." Partnership for Strong Communities for the HOMEConnecticut Campaign. April 2008. <http://www.homeconnecticut.org/index.php?option=com_content&task=view&id=111&Itemid=1>

Undoubtedly, this need will only grow as economic conditions deteriorate, job losses mount and fewer resources are available to help those who are struggling to get by. If nothing is done, many of Connecticut's most vulnerable residents will be left behind, expanding the economic underclass.

Although housing prices declined modestly during 2008 in Connecticut, they have done so at a slower rate than in the rest of the country. In addition, many of the conditions that have led to high housing costs in Connecticut are unlikely to change in the near future unless action is taken. High housing costs in the state can be traced to a shortage of supply. Connecticut is 46th in units built per capita since 2000. The limited supply of affordable rentals, starter homes and other modest and moderately priced units result from high land costs, which are typically brought about by a combination of large lot zoning, increased regulation, regulatory delay, litigation and/or increased fees. In addition, affordable housing developments using public funds usually proceed more slowly than private developments due to bureaucratic and regulatory delays, thus adding to the cost.

2008 Housing Wage	\$21.11/hour
Emergency Dispatchers	\$19.16
Paramedics/EMTs	\$17.59
Nursing Aides	\$14.50
Preschool Teachers	\$14.34
Home Health Aides	\$13.66
Security Guards	\$13.32
Child Care Workers	\$11.12

Housing Wage – National Low Income Housing Coalition, "Out of Reach", April 2008
 Occupation Wages – CT Dept. of Labor, "Occupational Employment & Wages", 2008 (all wages are Average Hourly Wages)

With the now-unfolding credit crisis, it is unlikely that housing production of any kind will be able to move ahead quickly without significant intervention by the government. In addition, the current subprime mortgage crisis is likely to lead to significant numbers of families seeking housing in the rental market, driving up rental prices. The current supply shortage of starter homes, rental units and other modest, market-rate and moderate- and low-income affordable units presents a development opportunity for home builders and both for- and non-profit developers. Significantly, those feeling the supply shortage most acutely are Connecticut's municipalities, which are in the unique position of allowing housing creation. Increasing numbers of towns are inclined to allow more housing to be built. Providing new supply will not only meet existing demand but could give Connecticut a competitive edge against surrounding states and regions that are also failing to provide similar options.

While the national economy is suffering, so is Connecticut's, with the losses of jobs related to the financial services industry driving unemployment in the state up to 6.6% in November 2008.⁷ The need to create jobs and jumpstart the economy makes this the opportune time for Connecticut to invest in the development of affordable housing as a crucial part of the state's infrastructure. In fact, in December 2008, Gov. Rell directed state agencies to identify infrastructure projects, including housing initiatives, which could begin immediately in the event that a federal stimulus package is passed.

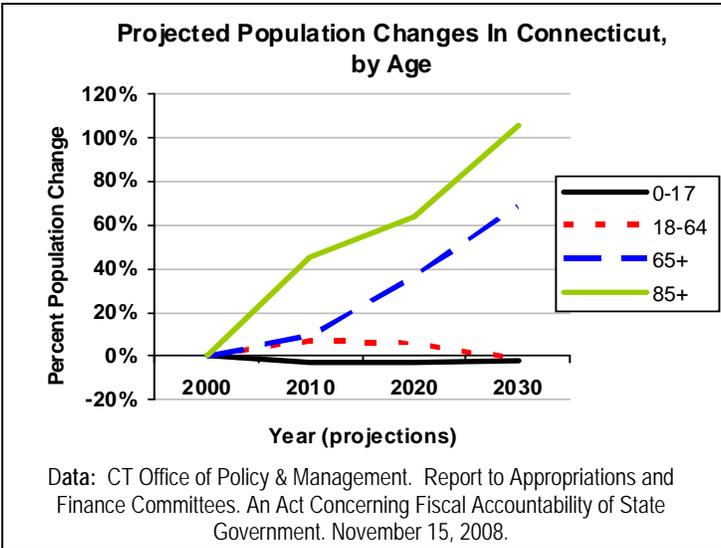


Various studies have indicated that investing in housing production creates an immediate economic benefit in job creation and significant tax revenues for state and local government. Noted Connecticut economist Don Klepper-Smith has estimated that 1,257 new jobs are created for every 1,000 affordable housing units developed in the state.⁸ In addition to job creation, estimates show that housing production generates significant tax revenues related to both the construction and habitation of new units. Data from Ted Carman, done for the Partnership for Strong Communities, shows that the state stands to enjoy new income and sales tax revenue for the creation of housing

⁷ "Labor Situation – November 2008." Connecticut Department of Labor. <<http://www.ctdol.state.ct.us/lmi/laborsit.pdf>>

⁸ Klepper-Smith, Don. "Updated Perspectives on the Need for Affordable Housing within Connecticut." January 2008. Study commissioned by the Partnership for Strong Communities. <http://www.homeconnecticut.org/images/stories/pdf/dk-s_presentation.pdf>

under the HOMEConnecticut statute; these revenues include \$7,500 from the construction of each new multifamily unit and \$12,500 from each single-family home – the result of construction salaries and materials, and occupation expenditures such as furnishings – and \$4,000 in continuing annual revenues from the jobs the new units would make possible.⁹ Studies from the National Association of Home Builders also show that housing production, including affordable housing, creates jobs and results in significant revenues for state and local governments and local economies.^{10 11}



Investing in housing production also results in long-term economic benefit by attracting a workforce that spends money, pays taxes and contributes to the civic life of the community. The demographic changes Connecticut will face over the next 20 years make the need to attract and retain residents, especially those from 25 to 34 years of age, crucial for the state's continued economic growth. According to population projections from the Connecticut State Data Center at UConn, Connecticut, which now has 4.5 workers for every resident 65 or older, will have only 2.6¹² by 2030 unless demographic trends are reversed. The shrinking of the 25-34-year-old cohort will leave the state with a smaller working population, resulting in a diminished workforce, a weaker economy and less in

tax revenues in coming years. This will make it difficult for the state to maintain its level of services, particularly for an aging population, and its quality of life.

In order to correct this problem, Connecticut must increase its supply of housing affordable for workers and young professionals as well as for low-income families and people living on disability income— those whose participation in the workforce is virtually impossible without stable, affordable housing. Connecticut's diverse population needs a variety of housing options that can meet their various needs. The production of adequate housing options for the full spectrum of residents we need in Connecticut is connected to other issues as well: transportation, educational performance, healthcare and environmental quality.



If Connecticut is to remain competitive in today's changing economy, the way land and existing infrastructure is used must change. Housing creation can lead the way. There are opportunities for change, most obviously in Connecticut's poor urban neighborhoods that have been isolated from the mainstream economy. Opportunities also exist along proposed rail lines where the production of affordable and mixed-income housing would link customers with businesses, workers with employers, and riders with transit. Bringing these forces together would stimulate Connecticut's economy, meet the immediate needs of job creation and state revenue production, and help grow the state's workforce population for the future.

⁹ "State Revenues per Housing Unit Under HOMEConnecticut." Partnership for Strong Communities. April 2008. <http://www.homeconnecticut.org/images/stories/pdf/revenue_summary_homect_units.pdf>

¹⁰ Fei Lui, Helen and Paul Emrath. "The Direct Impact of Home Building and remodeling on the U.S. Economy." National Association of Home Builders. 7 October 2008. <<http://www.nahb.org/generic.aspx?sectionID=734&genericContentID=103543&channelID=311>>

¹¹ "The Local Economic Impact of a Typical Tax Credit housing Project: Income, Jobs and Taxes Generated." Housing Policy Department, National Association of Home Builders. September 2007. <<http://www.nahb.org/generic.aspx?sectionID=275&genericContentID=5765>>

¹² "Fiscal Accountability of State Government: Presentation Prepared for the Appropriations Committee and the Finance Revenue and Bonding Committee by the Office of Policy and Management." 18 November 2008.

Summary of Recommendations

The following recommendations were offered to the Blue Ribbon Commission by its Financing and Regulatory Subcommittees and were accepted by the Commission. They offer a path by which the state can improve the way it produces affordable housing.

Recommendations from the Finance Subcommittee:

- Seize the opportunity and invest in the state's housing infrastructure. The state should recognize affordable housing as a crucial part of the state's infrastructure and assertively approve and advance a pipeline of affordable rental housing for households below 80% of area median income. It is likely that the federal government will move ahead in early 2009 on an economic stimulus package aimed at providing states with funds to spend immediately on infrastructure projects. Connecticut's affordable housing programs - Housing Trust Fund, FLEX, HOME, CHFA tax-exempt bonding, state-funded public housing and the Next Steps supportive housing initiative - are all backlogged as they lack the funds to meet demand. With this steady stream of development, preservation and rehabilitation housing projects ready to move ahead, the state would be able to quickly capitalize on any federal economic-stimulus funding provided in 2009.
- Leverage federal financing with state funds. The state's General Obligation bonding ability is limited, but one mechanism that has successfully been used to increase the state's ability to finance low- and moderate-income housing creation combines the bond issuing capacity of the Connecticut Housing Finance Authority (CHFA) with contract assistance from the state for debt service payments. This revenue stream could offer "gap" financing for a portion of the cost of developments that use private activity bonds through CHFA for 1st mortgage financing and associated 4% Low Income Housing Tax Credit (LIHTC) equity. This would leverage the use of scarce tax-exempt private activity bonds and the generation of private investment capital through the LIHTC program. However, this mechanism would only apply to the development of multifamily housing.

This mechanism, using contract assistance from the State to support CHFA bond issuance, was developed by CHFA, together with the State Treasurer and the Office of Policy and Management (OPM). It is now being used successfully by the state to fund housing initiatives where project or borrower income is not sufficient to support the required additional debt service payment. These initiatives include the Next Steps Supportive Housing Program, funded through the issuance of 501c3 bonds and the newly authorized State Emergency Mortgage Assistance Program (EMAP) which anticipates the issuance of taxable bonds. Neither of these uses can leverage scarce private activity bonds or raise additional investment capital through the LIHTC program.

The CHFA bonds supported through contract assistance are not subject to the overall limitation on state bonded debt and the debt service payments are not subject to the state budget cap. Depending upon how the 'stimulus' package takes shape, federal funds could be substituted for bonds issued by CHFA under a contract assistance agreement.

- Ensure a mechanism to fund HOME Connecticut incentive housing payments to municipalities, using General Fund dollars, federal infrastructure funds and/or modifying the statute to permit use of capital dollars to finance local projects. More than 40 municipalities are preparing or have received grants to plan Incentive Housing Zones by the end of 2008.

- Develop a long-term statewide affordable housing strategy to identify and plan for affordable housing demands and priorities, by type of housing - rental or ownership; preservation or new production - within the context of the State's goals for responsible growth and meeting the housing needs of our workforce and of vulnerable populations such as the elderly and people with disabilities.
- Convene a working group to review existing state and quasi-public affordable housing development and mortgage programs to assess most effective utilization funding sources and whether or not they can be more effectively leveraged with both public and private funds. The following parties should be represented on this working group: CHFA, DECD, HUD, OPM, State Treasury, private lenders, users of the programs and policy thinkers.
- Priority consideration should be given to creating flexible mechanisms that include gap financing and regulatory relief so that the production of affordable home ownership units can be significantly increased throughout the state. The goal of increasing affordable workforce housing units in Connecticut can only be accomplished with adequate financial resources that can be utilized in a flexible manner by both for profit and nonprofit developers. The Housing Trust Fund program is one such resource that could be used for this purpose and we recommend that funding for this important program be continued.
- Make sure that CHFA and DECD focus on their respective strengths. DECD should focus on developing and implementing state policy on housing, economic development and responsible growth. CHFA should support the implementation of this policy with the full range of its housing finance programs for the development and preservation of affordable rental housing and the expansion of homeownership, ensuring an integrated and efficient use of the public resources available.
- Coordinate the use of grants and loans from the Housing Trust Fund, Flex and HOME programs, treating each pool of funding as a source of flexible capital. This would allow developers to seek 'subsidized' capital from a pool of funds and be better able to put all the pieces of the capital structure of a housing project together while mitigating uncertainty and delays.
- Increase transparency regarding rating and ranking for all subsidy programs administered by the state so that developers understand the program and policy priorities and the financial and administrative issues involved.
- Assess opportunities for DECD and CHFA to provide loan guarantees, credit enhancements, and/or mortgage insurance that would help stimulate increased private investment in affordable housing. Cost-benefit analyses would need to be performed in order to understand if the resulting private investment would be significant enough to warrant these types of programs.

Recommendations from the Regulatory Subcommittee:

- Create a scorecard to assess municipal actions/improvements. Municipalities should be encouraged to show progress, voluntarily, on a handful of regulatory streamlining methods. Better performance on the following items would enhance municipalities' eligibility for state incentives and funding:
 - Front-load the decision-making process. An example would be creating Incentive Housing Zones under the HOMEConnecticut Program.
 - Enact simultaneous consideration of developments by local land use bodies.
 - Merge local land use commissions or provide certainty on the time it will take to consider a development proposal.

- Reward speed by having Regional Planning Organizations assess how long development considerations should take.
 - Encourage uniformity of regulations among municipalities.
 - Increase training of land use officials and staff.
- Reward municipal streamlining with state incentives. The state should reward municipalities that score well on the above scorecard with new, flexible funding and by leveraging existing funding. The state could also trade for quickness - in exchange for faster local decision-making on development applications, the state would give municipalities quicker consideration for state bonding, other funds, or required permits.
 - Undertake legislative and legal changes, including the following:
 - Enable simultaneous review by municipalities – i.e. enabling legislation for the above-mentioned Simultaneous Consideration of Developments.
 - Reduce extension time period, to shorten certain time periods for public feedback.
 - Streamline legal appeals – develop a cadre of judges that hear land use cases in a timely way, and render faster and more consistent judgments.
 - Help municipalities reach the goals, by providing more land use training, assistance from Regional Planning Organizations and the Office of Policy and Management, and funding to hire consultants.
 - Streamline state regulations. This should be accomplished through a variety of measures, such as establishing simultaneous review by state agencies, reducing parking requirements, allowing reasonable development within the 500-Year Floodplain, and encouraging more brownfield redevelopment by providing liability relief and reducing uncertainty in developing these sites.



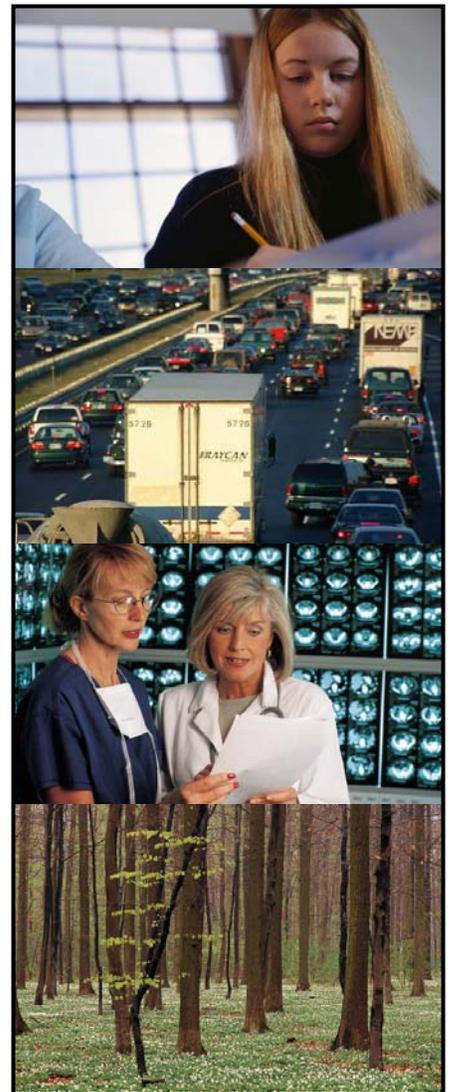
FULL REPORT

Affordable Housing: Opportunities to Expand Economic Growth

Housing is fundamental to economic growth. Its construction creates jobs, economic activity and tax revenues for municipalities and the state. But if it is not affordable— that is, if a safe, secure home costs its residents more than 30% of their income – such housing can be a drag on the economy because it leaves residents with too little disposable income to pay for other necessities and luxuries, and because it may place such residents at risk of homelessness, which takes a huge toll on the economy, the fiscal structure of the state and its municipalities, and the personal circumstances of those without homes.

In a wider sense, a failure to provide housing affordable to residents of a community can lead to serious problems and higher costs for healthcare, education, transportation, environmental quality and other areas of public policy:

- Education: High housing costs can force families to move during the middle of the school year, requiring school transfers that frequently cause students to fall behind and fail. High housing costs also force families to double up in crowded conditions, hurting the ability to do homework, read or get sufficient rest. High housing costs also leave little money for nutritious food, adequate clothing, necessary healthcare, books, movies, excursions or other requirements or enrichments. In addition, high housing costs can result in parents working long hours, taking away from the time that they can spend with their children providing needed guidance and attention.
- Transportation: Housing is an integral component of a smart growth and transit-oriented system of development. High housing costs can force workers to live far from their jobs, or the limited mass transit facilities in Connecticut, forcing them to drive long distances to work, causing highway congestion and higher commuting costs. Conversely, affordable homes close to transit facilities or workplaces can obviate the need for long commutes or permit the use of mass transit, lowering commuting costs and time, and unlogging congested roadways.
- Healthcare: Spending too much on housing can take money away from warm clothing, good nutrition and medical treatment. When a shortage of quality affordable housing exists, residents frequently must live in crowded and unsafe conditions (from building code dangers to dust mites, lead paint and rodents).
- Environmental quality: A lack of affordable housing often forces residents to live further from work, leading to sprawl, long commutes and more use of fossil fuels. Density that provides more affordable housing can also lead to decreased energy use for heating.



In much the same way that housing creation is a key economic indicator, sparking rises in stock prices and multiplier effects that lead to new jobs and higher levels of consumer spending, the creation of housing in Connecticut would spark the economy and state revenue growth.

- According to estimates undertaken for the HOMEConnecticut statute, the state can expect one-time construction revenues of \$7,449 per multifamily unit and \$12,415 per single-family unit based on conservative estimates of construction material and labor costs, and unit size, enhanced by a conservative multiplier of 1.3.¹³
- The state can also expect on-going revenues from occupation of the new housing of \$3,974 – to rise by the inflation rate in ensuing years – based upon conservative estimates of household income.¹⁴
- There are two less quantifiable impacts: that companies that will come if they find there are sufficient and affordable housing options for their workers and the invisible companies that do not locate here because appropriate and appropriately priced housing is not available.
- Economist Don Klepper-Smith, in a study for the Partnership for Strong Communities, has estimated that 1,257 new jobs are created for every 1,000 affordable housing units developed.¹⁵
- Studies by the National Association of Home Builders have shown that housing creation, including housing developed under programs such as the Low Income Housing Tax Credit, create a significant number of jobs and bring in substantial tax revenues.^{16 17}

So while it is true that a failure to create housing options for workers, families and young professionals can contribute to a continuing exodus of labor pool, businesses and the attendant business activity and tax revenues, the converse is also true: providing housing capacity for those needed residents can accommodate population growth, economic growth and revenue growth. Creating housing by itself will not necessarily draw new businesses, population and revenues; the state must provide incentives, adequate transportation and all the other tools businesses need. But *not* having sufficient housing options for workers will render moot all other state efforts to attract business growth, much the way inadequate seating capacity at a restaurant will limit revenues no matter how good the food, ambiance and other amenities.



While it is clear that Connecticut has shown great interest in growing its financial services industry and building its fledgling but promising bio- and high-tech industries, housing on the lower rungs of the ladder – affordable rentals that permit savings for down payments, condos and town homes from which buyers can trade up, and 3BR detached starter homes – will be needed for entry-level workers in the above industries but, mostly, for those in key sectors in the early 21st Century economy.

¹³ "State Revenues per Housing Unit Under HOMEConnecticut." Partnership for Strong Communities. April 2008. <http://www.homeconnecticut.org/images/stories/pdf/revenue_summary_homect_units.pdf>

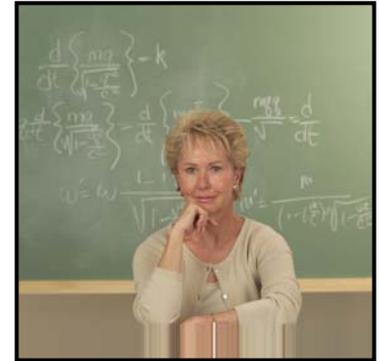
¹⁴ *Ibid.*

¹⁵ Klepper-Smith, Don. "Updated Perspectives on the Need for Affordable Housing within Connecticut." January 2008. Study commissioned by the Partnership for Strong Communities.

¹⁶ Fei Lui, Helen and Paul Emrath. "The Direct Impact of Home Building and remodeling on the U.S. Economy." National Association of Home Builders. 7 October 2008. <<http://www.nahb.org/generic.aspx?sectionID=734&genericContentID=103543&channelID=311>>

¹⁷ "The Local Economic Impact of a Typical Tax Credit housing Project: Income, Jobs and Taxes Generated." Housing Policy Department, National Association of Home Builders. September 2007. <<http://www.nahb.org/generic.aspx?sectionID=275&genericContentID=5765>>

- Don Klepper-Smith, in a study for the Partnership for Strong Communities, has used Department of Labor projections to forecast that 72% of new net jobs created through 2014 will pay less than \$40,000/year.¹⁸ Mostly service occupations, those jobs include nursing aides, childcare workers, food preparation workers, truck drivers, customer service representatives and home health aides. Currently, the median sales price home statewide sells for about \$270,000, requiring an annual income of at least \$75,000 to qualify for a mortgage.¹⁹
- Similarly, the state's housing wage, the earnings needed to afford a typical 2BR apartment, is now \$21.11/hour – or about \$44,000 annually.²⁰ Half the occupations in the state have median wages below that level.²¹
- The median salary for skilled manufacturing labor in Connecticut is about \$42,000 annually, while nurses and teachers have entry level salaries at about that level. To the extent that Connecticut wants to preserve its 192,000-worker skilled manufacturing sector, replace the 41% of teachers who are older than 50 when they retire and provide care for aging residents with nurses and nurse's aides in nursing homes and private homes, it must provide housing they can afford.



The Need for Affordable Housing

The following studies and measures portray the significant affordable housing need in Connecticut:

- A 2007 study by the Federal Reserve Bank of Boston New England Public Policy Center indicated that there is only one affordable and available housing unit for every three low income households in Connecticut that need one.²² The study points out that the lack of supply of moderate income housing exacerbates this problem because moderate income households are competing for the same units as low income households. In such a competition, moderate income households have a greater ability to pay and thus secure the unit more often, driving up the price for such housing and leaving low income households with fewer affordable options.
- National Low Income Housing Coalition tabulations of 2007 American Community Survey data indicate 101,111 of 396,271 renter households in Connecticut spend more than 50% of their income on housing, with 94% of these renters earning less than 50% of area median income.²³

¹⁸ Klepper-Smith, Don. "Updated Perspectives on the Need for Affordable Housing within Connecticut." January 2008. Study commissioned by the Partnership for Strong Communities.

¹⁹ "Monthly Home Sales Stats from The Warren Group." The Warren Group. 4 December 2008. <http://www.homeconnecticut.org/images/stories/pdf/warren_group_ct_stats_2006-08.pdf>

²⁰ "Out of Reach, Selected Connecticut Statistics." National Low Income Housing Coalition, Connecticut Housing Coalition. April 2008. <<http://www.ct-housing.org/OOR%20CT%20stats%202008.pdf>>

²¹ *Ibid.*

²² Rollins Saas, Darcy and Alicia Sasser. "Crowded Out of the Housing Market." Federal Reserve Bank of Boston New England Public Policy Center. March 2007. <<http://www.bos.frb.org/economic/neppc/briefs/2007/briefs072.pdf>>

²³ "Congressional District Profiles, Connecticut." National Low Income Housing Coalition. December 2008. <<http://www.nlihc.org/doc/cdpCT.pdf>>

- Census data indicate that the number of Connecticut households making 80% or less than the state median income (about \$50,000 in 2006), and paying more than 30% of their income on housing grew from 19% in 2004 to 26% in 2006, numbering over 344,493 households.²⁴
- The most recent Out of Reach report by the National Low Income Housing Coalition indicates that rents continue to rise in Connecticut, making it increasingly difficult for low income households to afford rental units. The 2007-2008 report shows that the state's housing wage, the hourly wage needed to afford the typical two-bedroom apartment, rose to \$21.11/hour, up 40% since 2000. A person earning minimum wage would need to work 110 hours a week to earn enough to afford the typical two-bedroom apartment.²⁵
- A 2007 study by the HOMEConnecticut Campaign found that a household earning the median income would not qualify for a mortgage for the median sales priced home in 142 of Connecticut's 169 towns. This indicates that despite the national downturn in the housing market, prices still remain high for many of Connecticut's households.²⁶
- Median sales prices for single-family homes in Connecticut increased 70% between 2000 and 2007,²⁷ from \$165,000 for the year in 2000, reaching a high of \$280,000 for the year in 2007, before falling to \$270,000 for the year-to-date in November 2008.²⁸
- In September 2007, the Connecticut Department of Social Services received 50,000 applications for only 1,000 available Section 8 Housing Choice Vouchers and State Rental Assistance Program grants when the agency opened its waiting list.

The need for affordable housing is spread across several different groups, such as families, young professionals, the elderly, the disabled, and the chronically homeless. Within these groups, income levels vary and the need for affordable housing ranges from those making median income to those who have no income at all. In addition, there are various populations that may have specific housing needs. For example, families typically require units with more bedrooms than the elderly need. The disabled, and often the elderly, need units that are accessible and provide amenities that will help make living independently feasible. Supportive housing for the chronically homeless often includes access to support services on-site or within close proximity.



Meeting these needs may require the construction of new affordable units, the rehabilitation and conversion of existing buildings into affordable housing, or the preservation of existing units of affordable housing.

²⁴ Klepper-Smith, Don. "Updated Perspectives on the Need for Affordable Housing within Connecticut." January 2008. Study commissioned by the Partnership for Strong Communities.

²⁵ "Out of Reach, Selected Connecticut Statistics." National Low Income Housing Coalition, Connecticut Housing Coalition. April 2008. <<http://www.ct-housing.org/OOR%20CT%20stats%202008.pdf>>

²⁶ "Affordability in Connecticut, 2007." Partnership for Strong Communities for the HOMEConnecticut Campaign. April 2008. <http://www.homeconnecticut.org/index.php?option=com_content&task=view&id=111&Itemid=1>

²⁷ "Growth in Connecticut Median Single-Family Housing Prices vs. Personal Income 2000-2007." Data from the Warren Group and U.S. Department of Commerce. Analysis undertaken by the Partnership for Strong Communities for the HOMEConnecticut Campaign. <http://www.homeconnecticut.org/images/stories/pdf/cthsqprice_v_income_2000-2007.pdf>

²⁸ "Monthly Home Sales Stats from The Warren Group." The Warren Group. 8 January 2009. <http://www.homeconnecticut.org/images/stories/pdf/warren_group_ct_stats_2006-08.pdf>

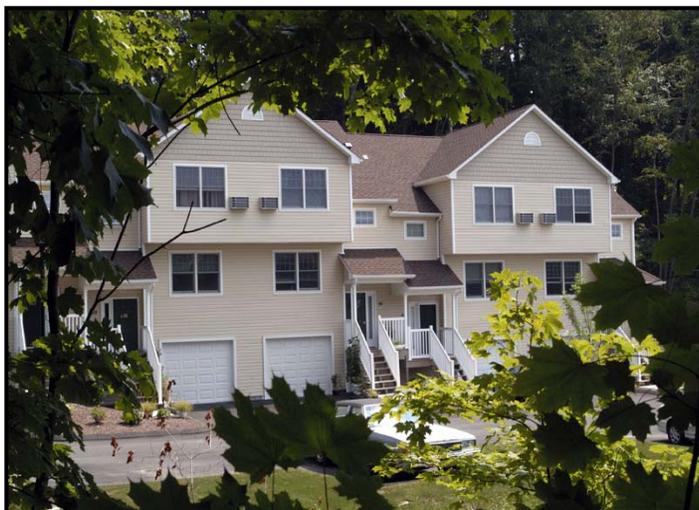
Constructing new units of affordable housing is essential to increasing the overall supply and is also one way in which affordable housing can be introduced into communities that currently lack this resource. Rehabilitating existing properties and converting them into affordable housing is also common and can improve the economic competitiveness of neighborhoods.

Rehabilitating and preserving existing units of affordable housing is also crucial to maintaining the supply of affordable housing in the state. The loss of affordable units is a pressing issue in Connecticut and significant resources are needed to simply maintain these units as part of the state's supply of affordable housing. Many of the units in need of preservation are public housing units developed under either the state or federal affordable housing programs. In addition to these, there are many units of affordable housing developed by private or non-profit developers that are also in need of preservation. Some housing is in danger of being lost due to the expiration of federal or state subsidies while other units are endangered because of chronic underfunding and the resulting deterioration of the property.

Improving the Affordable Housing Finance System

Affordable housing in Connecticut is funded largely through the following state and federal financing programs, which, while important, provide only a partial solution to financing affordable housing and have thus far not produced the housing needed for the state's low- and very low-income workers.

- The federal Low Income Housing Tax Credit Program (LIHTC) –the workhorse of affordable rental housing production is severely oversubscribed. This summer CHFA approved six projects that will create only 367 units of rental housing to receive a total of \$6.7 in 9% LIHTC financing, which represented a forward commitment of 2009 credits. CHFA received 18 applications for the 9% credits, requesting \$16.3 million to produce a total of 1,244 units; these projects represented supportive housing, revitalization of public housing and family and elderly rental housing suburban communities. It should be noted, however, the tax credit market is currently experiencing difficulty, with fewer entities purchasing the credits, causing the value of credits to decline. This has resulted in some recent projects requesting more credits in order to raise the funds needed for a project to move forward.
- The State Housing Tax Credit Program (HTCC) receives requests at twice the level of the annual \$10 million in funds available. CHFA awards about 80% of HTCC in critical "gap" financing for projects funded through LIHTC, Next Steps supportive housing or other public dollars.



- Private Activity Bonds are in demand for both single-family and multi-family housing. Even before CHFA issued in a July 2008 NOFA for \$38 million on tax exempt bonding to be used in conjunction with 4% LIHTC, it had pending requests for \$33 million. Additional applications are expected to come in on a rolling basis. Many of these projects require additional "gap financing" in addition to PAB and 4% credits. At the December meeting of the State Bond Commission, an additional allocation of \$74 million in private activity bonds was granted to CHFA for Single and Multifamily Revenue Bonds.

- The State Housing Trust Fund, funded by state general obligation bonds, episodically awards “gap financing” for home ownership and rental housing. Administered by DECD, this program provides grants and loans for home ownership and rental projects that use both private and public sources. In the last two years, \$40 million has been approved by the bond commission; a total of \$34 million has been awarded to create over 800 units of affordable housing.
- Supportive housing creation has proceeded at a steady pace over the last decade, but a slowdown of financing will reverse progress. Round III of the Next Steps Initiative—the highly successful interagency initiative to create affordable housing connected to services for individuals and families who are homeless—received 18 responses in July 2008, totaling 464 units of supportive housing with a total financing request of just over \$100 million. The State has \$35 million of available capital through 501(c)(3) bonds, which is expected to create 150 units, less than 1/3 of the total request. However, due to budget concerns, OPM has indicated that they will delay funding announcements for Round III, thus stalling the creation of those 150 units.
- Established in 2007, the \$10 million Housing Sustainability Fund is being used to meet the most critical life, health and safety needs of the 17,000 housing units of State Moderate Rentals. More than \$400 million is needed to restore this housing.
- The State also relies on its limited federal HOME Investment Partnership program funding to finance projects. The HOME program, along with the Housing Trust Fund, is the major source of funding for affordable housing provided through DECD. Because it is a federal program, HOME’s regulations can make it difficult to combine with other funding, but it is nonetheless a valuable resource for the state. The state generally receives about \$12 million in HOME funds each year from the federal government.
- DECD’s Affordable Housing Program, also known as FLEX, has not consistently been available for projects. FLEX projects must receive individual approval from the State’s Bond Commission, which makes this financing source slow and unable to respond to the market and developers in a timely manner.



The future demand for multi-family housing in Connecticut is far beyond the existing sources:

- Projections from supportive housing advocates look for the development of 800 units of supportive housing in the next five years, which would require an estimated \$190 million in capital financing. Half of these units would be dedicated to the target population of people who are homeless; the remaining 400 units are targeted to very low income households. Supportive housing is a primary method for producing housing for extremely low income households—the other being HOPE VI, which is mostly redevelopment, and some through the 9% LIHTC funding. (This year’s 9% tax credit round will fund only 80 units dedicated to households below 25% of AMI.)
- Preservation of existing affordable rental housing. DECD and CHFA have estimated that, of the total supply of 117,000 affordable rental units in the state which have received government assistance, 15,000 units will lose their requirement to remain affordable by 2015 and another 5,000 units will lose affordability

requirements by 2020. All of these developments will require an infusion of resources to address capital needs.

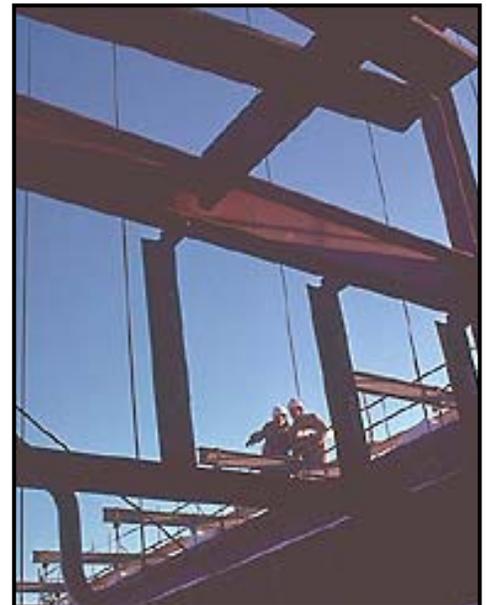
- HOMEConnecticut's Incentive Housing Zones require 20% of the units created to serve households at 80% of Area Median Income. Those towns that want to assure housing affordable to teachers, paraprofessionals, nurses' aides or other critical workforce participants will need subsidies to deepen the affordability of the housing.

Housing production can also address education, transportation and environmental problems. While some of the problems can be fixed with relatively inexpensive investments – the new HOMEConnecticut statute promises to create thousands of new units of market rate/moderate-income units with very modest incentive payments from the state – it is impossible to escape the conclusion that a significant reinvestment of gap financing, construction, operating and service dollars must be made. Other states, such as New York, New Jersey and California, have recognized that need. Recently, Massachusetts passed a \$1.3 billion housing bond over 5 years. The proportionate bond in Connecticut would equal \$600 million or \$120 million a year, equal in absolute dollars and less than the amount Gov. O'Neill devoted to housing in 1990.

Recommendations to Improve the Current Financing System

- Seize the Opportunity and Invest in the State's Housing Infrastructure
The state should recognize affordable housing as a crucial part of the state's infrastructure and assertively approve and advance a pipeline of affordable rental housing for households below 80% of area median income. It is likely that the federal government will move ahead in early 2009 on an economic stimulus package aimed at providing states with funds to spend immediately on infrastructure projects. With a steady stream of housing projects ready to move ahead, the state would be able to quickly capitalize on any federal economic stimulus funding provided in 2009. This potential opportunity could also be used to demonstrate the state's commitment to building standards that promote energy efficiency and to conservation standards in the use of materials.

The state should consider using infrastructure funds to finance the hundreds of affordable units that have not received funding due to a lack of resources, projects that could begin right away if funding and financing were available. This includes the 464 units of supportive housing that were submitted for funding under Round III of the Next Steps Initiative, eligible projects not funded under the LIHTC program, those that have applications pending under the Housing Trust Fund, FLEX, HOME programs or those awaiting CHFA tax-exempt bonding. There are also approximately about 3,500 units of public and privately owned rental housing will have various assistance and regulatory agreements expire over the next two years, many of which could be preserved for future generations of low income households if steps are taken now to do so. In addition, funds could be used to set the stage for the development of thousands of units of housing under the HOMEConnecticut statute. Small scale renovations of privately owned older homes aimed at improvements such as energy efficiency and enhanced accessibility could also create significant economic activity, while stabilizing and revitalizing neighborhoods.



- Leverage Federal Financing with State Funds

The state's level of bonded indebtedness cautions against an increase in General Obligation bond authority. One mechanism that has successfully been used to increase the state's ability to finance low- and moderate-income housing creation without running up against the bond cap or increasing General Fund appropriations significantly combines bond issuing capacity of CHFA with contract assistance from the state for debt service payments. This revenue stream could offer "gap" financing for a portion of the cost of developments that use private activity bonds through the Authority for 1st mortgage finance and associated 4% Low Income Housing Tax Credit equity, leveraging the use of scarce tax-exempt private activity bonds and the generation of private investment capital through the Low Income Housing Tax Credit Program. This mechanism:

- Provides additional flexible capital funding to fill development project funding "gaps" by increasing the use of tax-exempt mortgage finance and associated 4% Low Income Housing Tax Credits through CHFA for the development and preservation of affordable rental housing.
- Provides these combined resources through public notification of funds availability process administered by CHFA in coordination with the Department of Economic and Community Development (DECD).
- Ensures smooth application to maximize the efficiency of the process.
- Streamlines the process to clear debt underwriting, construction and operational requirements.
- Applies only to the development of affordable multifamily units.

This mechanism would work in the following manner: state housing developers would apply for 1st mortgage financing through CHFA pursuant to a public notice of funding availability. Application review, preliminary underwriting and technical assistance would be undertaken by CHFA based on its requirements. Those developments not requiring additional "gap" financing would proceed with processing for mortgage commitment approval. Those requiring "gap" financing would be reviewed by CHFA in conjunction with DECD. The debt service on bonds issued through CHFA to provide this gap financing would be paid by the State of Connecticut, perhaps with federal infrastructure funds. This funding would eliminate the need to provide capital funding from the other state and CHFA housing finance programs that are experiencing demand that exceeds available funding.



Combining state contract assistance for debt service payments on bonds issued by CHFA in conjunction with private activity bonds and 4% low income housing tax credits is a more limited use of the funding mechanism, one that is already being used successfully by the state to fund housing initiatives where project or borrower income was not sufficient to support the required additional debt service payment. These include the Next Steps Supportive Housing Program, funded through the issuance of 501c3 bonds, that provides a permanent housing solution for individuals and families that are homeless or at risk of homelessness as well

as the newly authorized State Emergency Mortgage Assistance Program (EMAP), which anticipates the issuance of taxable bonds, to assist distressed homeowners who are at risk of losing their homes through foreclosure. Neither of these uses can leverage scarce private activity bonds or raise additional capital through the low income housing tax credit program. The CHFA bonds supported through contract assistance are not subject to the overall limitation on state bonded debt and the debt service payments are not subject to the state budget cap.

CHFA, together with the State Treasurer and the Office of Policy and Management (OPM), developed this successful mechanism which has been included in the Governors' proposed state budgets for these

purposes. It is also similar to the interagency funding approach that has been used by the Authority in cooperation with the Departments of Social Service (DSS) and Developmental Services (DDS) for many years to fund group homes for the developmentally disabled. Depending upon how the 'stimulus' package takes shape, federal funds could be substituted for bonds issued by CHFA under a contract assistance agreement.

- Ensure a mechanism to fund HOMEConnecticut incentive housing payments to municipalities, using General Fund dollars, federal infrastructure funds and/or modifying the statute to permit use of capital dollars to finance local projects. More than 40 municipalities are preparing or have received grants to plan Incentive Housing Zones by the end of 2008.
- Develop a long-term statewide affordable housing strategy to identify and plan for affordable housing demands and priorities, by type of housing – rental or ownership; preservation or new production – within the context of the state's goals for responsible growth and meeting the housing needs of our workforce and of vulnerable populations such as the elderly and people with disabilities.
- Convene a working group to review existing state and quasi-public affordable housing development and mortgage programs to assess most effective utilization funding sources and whether or not they can be more effectively leveraged with both public and private funds. The following parties should be represented on this working group: CHFA, DECD, HUD, OPM, State Treasury, private lenders, users of the programs and policy thinkers.
- Priority consideration should be given to creating flexible mechanisms that include gap financing and regulatory relief so that the production of affordable home ownership units can be significantly increased throughout the state. The goal of increasing affordable workforce housing units in Connecticut can only be accomplished with adequate financial resources that can be utilized in a flexible manner by both for profit and nonprofit developers. The Housing Trust Fund program is one such resource that could be used for this purpose and we recommend that funding for this important program be continued.
- Make sure that CHFA and DECD focus on their respective strengths: DECD should focus on developing and implementing state policy on housing, economic development and responsible growth. CHFA should support the implementation of this policy through the full range of its housing finance programs for the development and preservation of affordable rental housing and the expansion of homeownership, ensuring an integrated and efficient use of the public resources available.
- Coordinate the use of grants and loans from the Housing Trust Fund, Flex and HOME programs, treating each pool of funding as a source of flexible capital. This would allow developers to seek 'subsidized' capital from a pool of funds and better able to put all the pieces of the capital structure of a housing project together while mitigating uncertainty and delays.
- Increase transparency regarding rating and ranking for all subsidy programs administered by the state so that developers understand the program and policy priorities and the financial and administrative issues involved.
- Assess opportunities for DECD and CHFA to provide loan guarantees, credit enhancements, and/or mortgage insurance that would help stimulate increased private investment in affordable housing. Cost-benefit analyses would need to be performed in order to understand if the resulting private investment would be significant enough to warrant these types of programs.

Streamlining Regulatory Systems Related to Affordable Housing

Connecticut's significant housing shortage and high housing costs are, in large part, caused by the cost and difficulty housing developers face as they try to build housing in Connecticut. State and local regulations, and the manner in which they are enforced, is often inefficient, unpredictable and unnecessarily time-consuming.

Many state and local regulations that impact housing production are worthwhile, and serve to protect the environment, mitigate traffic congestion, ensure safety of buildings, maintain neighborhood attractiveness and vitality and address many other concerns and needs. However, some regulations or permit processes exact too much money from housing development for little, if any, return to the public's benefit. Taken collectively, even worthwhile regulations make housing very difficult, time-consuming and costly to build because they are not coordinated or it takes too long to obtain a decision.

Each hurdle a housing developer must overcome costs money, either in fees, development or construction costs, or lost time. These costs often end up in the final sales price or monthly rent of the housing or may ultimately result in the abandonment of a proposed development.

The length of the permitting process also makes it harder for developers to respond to the market and supply the right type of housing. Existing statutory timeframes can delay a project for years, making it difficult for a developer to predict what the market conditions will be at the end of that long process. This uncertainty also has tremendous opportunity costs, which result when developers decide not to build because the financial risk outweighs the benefit to them. If regulatory requirements were more reasonable, an increasing number of marginal-profit developments might get built.



The industry estimates that over-regulation, ever-increasing fees, and unnecessary processing delays account for 5% to 25% of the sales price of a new home in Connecticut, adversely affecting the entire housing spectrum. They harm both affordable housing efforts as well as the efforts of businesses to locate or expand here with housing options that serve all employees and business owners. Furthermore, they harm the state's ability to attract and keep young people here or provide the homes that public employees, service workers, and our growing elderly population need. In short, it is essential to address the problems that exist with the state's current regulatory system if we are to make meaningful headway in the effort to build more affordable housing in Connecticut.

Recommendations for Streamlining of Municipal Regulations

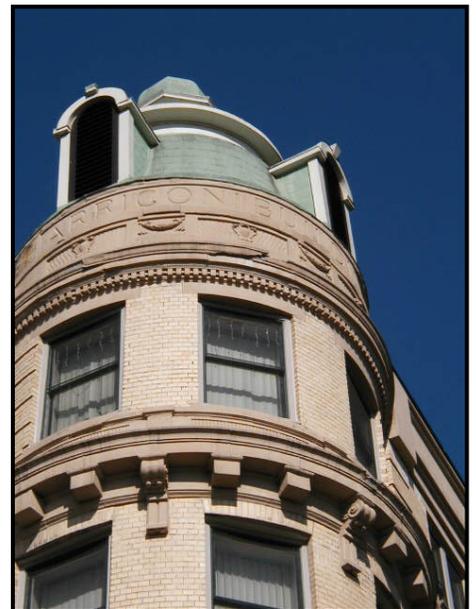
The Commission believes Connecticut can transition to a regulatory environment that is efficient, consistent and predictable as well as cost-effective. Some of the proposals may require legislation, but many can be accomplished immediately by state agencies and municipalities. The Commission respects the authority of municipalities to decide their own affairs, and recognizes the political difficulties of forcing municipalities to comply with state requirements to streamline their permitting. Still, much can be accomplished by incentivizing municipalities and helping them grapple with challenging land-use matters. Monetary and non-monetary incentives are recommended below.

- The State should develop a scorecard by which to judge municipal regulatory improvements, rewarding municipal streamlining efforts with incentives. The Office of Policy and Management, in consultation with municipal representatives and land-use experts, should give points to municipalities that have enacted HOMEConnecticut Incentive Housing Zones, adopted simultaneous review, combined their land-use bodies where possible, met approval timeframe goals, adopted model regulations and/or had land use officials and staff attend training to enhance their knowledge and skills. Municipalities should not be required to make all of these changes, but those scoring highest on the scorecard would have greater eligibility for the state incentives described below.
- The state should provide incentives to reward municipal streamlining efforts. Municipalities scoring well on the scorecard, by using some or all of the streamlining methods mentioned above, should be rewarded with the following incentives:
 - New, flexible funding - Although the state is undergoing a serious budget deficit, there may be new funds coming from the federal government. Discretionary federal funding should be tied to streamlining local approvals and meeting housing and responsible growth goals.
 - Leverage existing funding - As the state considers municipalities' applications for a variety of already-existing funds, towns that have streamlined their permitting should get a higher funding amount and should receive faster consideration.
 - Trading quickness – The state should provide a non-monetary incentive to towns by fast-tracking its consideration of funding or permitting that a municipality seeks. For a variety of funding streams and programs, municipalities must sometimes wait upon the state decisions. The state should put municipalities at the front of the line for consideration if they have streamlined their permitting.
- The Legislature should enact specific legislative and legal changes. Three simple actions would greatly assist in reducing unnecessary and wasteful time constraints associated with processing municipal land use decisions for a development proposal. The first two concern the municipal review process; the third involves the processing of court appeals:
 - Enable simultaneous review - The legislature should clarify that multiple land use applications may be processed simultaneously by all applicable land use agencies (i.e. that the applications need not be processed sequentially). Appropriate language may be added to Sec. 8-7d(a) to clarify this.
 - Reduce extension time period - The extension time period provided by Sec. 8-7d(a) for opening a public hearing (65 days after receipt of an application), entertaining a public hearing (35 days), and rendering a decision on an application after closing the public hearing (65 days) should be reduced. Currently, Sec. 8-7d(a) provides that extensions may be "consented to" whereby the total number of extensions shall not exceed 65 days. This should be reduced to 35 days.
 - Streamline legal appeals - Sec. 8-8, which provides for appeals from municipal land use boards to the Supreme Court, should be modified to reflect that all appeals taken pursuant to Sec. 8-8 should be entertained by a judge assigned by the Chief Court Administrator to hear such an appeal. This would promote more consistent and efficient decisions relative to land use appeals in Connecticut.



- The state should help municipalities reach the goals. Most municipalities have capacity issues with regard to land-use decision-making and land-use issues can be complex, multifaceted, and filled with legal or fiscal ramifications. Municipalities need help to meet these challenges. One of the reasons municipalities place regulatory obstacles in the way of development is that they feel overwhelmed by the task of shaping development to meet the needs and goals of their community. Feeling understaffed, underfunded, and sometimes underinformed, they opt to limit on potential development without considering its potential.
 - Local land use decision-makers can benefit from enhanced training opportunities because of limited planning staff, the all-volunteer nature of most land-use commissions, constant turnover of commission membership, and evolving best-practices in land use. There are already entities providing land-use training in Connecticut, including the University of Connecticut's Center for Land Use Education and Research (CLEAR), Land Use Leadership Alliance (LULA), Green Valley Institute, Connecticut Attorney General's office, Connecticut Department of Environmental Protection and several regional planning organizations. The state should make more funding available for these training entities and facilitate greater coordination between them. The state should also ensure a significant amount of training is available in the towns where land use officials serve to ensure greater participation.
 - Regional planning organizations play a valuable role in helping their member municipalities make wise decisions on land use and other important issues. The state should offer funding for RPOs to hire more staff to help municipalities on land use.
 - More staff should be added at Office of Policy and Management's Office of Responsible Growth to implement the recommendations offered here, especially with regard to incentivizing municipal streamlining.
 - Funding to hire consultants - Despite land use training and technical assistance by training organizations, RPOs and OPM, municipalities will still benefit from some funding to hire consultants to work on their own particular needs, such as rewriting regulations, understanding the legal or fiscal implications of decisions, and ensuring regulatory changes meet land-use goals.

- The state should act to streamline land-use regulations - State level reviews and permitting, like local reviews, often slow down development. The Commission recommends:
 - The state should move toward simultaneous agency review, starting with larger developments, in a process similar to economic development Projects of Regional Significance. Furthermore, some state programs require all local approvals to be obtained before state consideration. If state determinations force changes to the development, and it has to go back to municipal bodies for reconsideration, the delay is considerable. The state should enhance connection with the local approval process by doing an initial review of developments at the same time as the municipality, to alert developers to any potential obstacles to state approval.
 - Study Feasibility of Reduced Parking Requirements for Housing Developments - Municipal zoning typically includes requirements on how much on-site parking must accompany housing and other development. While adequate parking is obviously essential, these requirements in many cases are inflexible and require more than is necessary. Fewer spaces are necessary with housing for low income people, as they are likely to own fewer cars per household. In transit-oriented developments or those in town centers, residents also need fewer automobiles because they can walk to destinations or easily take a train or bus. However, many municipalities add to development



and land costs – and discourage or deter affordability -- by requiring 1.5 to 2 parking spaces per housing unit, when 0.5 or 0.75 will do. The Commission's perception is that municipalities need better Connecticut-specific research on the parking needs of various types and locations of housing development. OPM and the DECD should study how to best foster this research, which would be performed by hired consultants and/or by a university department. Further, when considering applications for affordable housing financing, CHFA and DECD should not impose any parking requirements greater than what is called for by municipal zoning.

- Allow reasonable development within the 500-year floodplain - The state does not allow its funds to be used in developments in the 500-year floodplain, which is the area that can be expected to flood at some point within the next 500 years. This area includes many brownfields in need of redevelopment, waterfront reclamation areas in cities where housing can boost the local economy, and other areas that are suitable for development except for their location in the floodplain. The Commission understands that public funds should not be wasted in developments likely to be destroyed, but 500 years is a very long time. The state should change this restriction to encompass the 100-year floodplain, which would release a significant amount of land for development using state resources. The state should also establish a process for reviewing developments, and consider approval if sufficient flood-protection techniques are used.
- Improve the ability of developers to undertake brownfield redevelopment - Contaminants and other issues can make brownfield redevelopment quite challenging. A coordinated and assertive state strategy can reduce burdens on developers and help more projects reach fruition.
 - Liability Relief - One of the biggest obstacles to redevelopment is the fear of being held liable in the future for issues not foreseen today. The state should enact comprehensive liability relief for “innocent” purchasers of brownfield property, to encourage cleanup.
 - Reducing Uncertainty - The state should conduct environmental assessments of brownfield properties around the state, starting with those offering the most responsible growth or economic development potential, so that developers can know with more certainty what remediation and redevelopment will entail. The state should also fund brownfield cleanup efforts and pre-permit properties to make them “shovel ready.”

CONCLUSION

The Blue Ribbon Commission understands the tough fiscal times Connecticut faces and is aware that cutbacks in many program areas will have to occur. However, the Commission also realizes that housing is a critical determinant of our state's economic success as it prepares for the certain recovery from the current recession.

Policymakers focused only on cutting funds in order to balance the state budget could fail to miss the opportunities before them to use housing to create economic growth and to enhance revenue. In balancing budgets, the typical approaches are to cut funding or raise taxes. This Commission suggests there is a third alternative: to use housing investment to grow the economy, increase population, expand the workforce, attract businesses, and draw revenue from the added economic activity. By using federal infrastructure funds, CHFA bonding authority, and other modest and cost-effective investments, along with streamlined regulations to quicken mixed-income and affordable housing production, Connecticut can help itself overcome the current recession. The production of housing will create jobs and economic activity in the short run and give Connecticut a more competitive housing infrastructure to keep the economy strong in the long run.

We are in a time of crisis and opportunity – one that will test everyone's resolve and creativity. We hope the state of Connecticut will be thoughtful and decisive enough to take full advantage of this Commission's recommendations.

December 13, 2010

Governor-Elect Malloy's Committee on Housing Policy

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Bill McCue
Howard Rifkin

Name and Affiliation: John Simone, President & CEO, CT Main Street Center

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Phone: 860-651-2523

Please give us your three top priorities for Housing policy/initiatives over the next two years:

- 1. We need to fully integrate our land-use and transportation planning at the state and local level.** Too often, when state leadership and agencies talk about transit, the first thing discussed is the need to create more parking around stations. We need to embrace the "D" in Transit-Oriented Development. While cars need to be accommodated, mixed-use, mixed-income development around transit stations must be the first priority.
- 2. We must be prepared to satisfy a growing demand that will keep our young adults in the state and allow our senior population to lead an active life here into retirement.** According to a Brookings Institution report by Christopher Leinberger entitled, "The Next Real Estate Boom" the new economic engine that can put people to work without putting our government deeper in debt is housing in our historic downtowns, urban neighborhoods and town centers.

The fuel for this engine lies with the massive demographic convergence of the two largest age groups in the country – baby boomers and their children who comprise half of the country's population. These people want homes in that are affordable and located in compact, mixed-use neighborhoods.

John Simone

Mr. Leinberger goes on to say institutional investors are keeping \$1.8 trillion in money market funds on the sidelines waiting for the right market signals to be deployed. We have a supply side solution: build more housing and transportation choices in our downtowns and town centers.

3. Housing as part of mixed-use development in and around transit stations or in any compact, walkable environment is the most difficult real estate deal to pull off. **We must make this type of development easy and we must do it by forging fully integrated public/private partnerships.**

Another Brookings Institution report by Dena Belzer and Gerald Autler, entitled "Transit Oriented Development: Moving from Rhetoric to Reality" states that the barriers to TOD include: local neighbors' fear that TOD will harm the character of the neighborhood or depress property values; developers' and lenders' perceptions that TOD entails higher risks and costs; the failure of existing land-use patterns to support TOD; a lack of a market for it; difficulties of financing; poor transit design; and an unsupportive regulatory framework.

The report says that TOD must be both place-based and market-oriented. This will require true joint development that includes transit agencies, local government, developers, lenders and citizens who recognize that doing things together is better than doing them separately.

Please give us your top two longer term priorities for Housing policy:

1. **Vastly improve our local bus service** to better serve where people live and/or work. It is the least expensive form of mass transit where the road infrastructure is already in place. Again, it's about integrating land-use and transportation policy. As people have more transportation alternatives to the car, they can spend less on cars and have more to afford for housing.
2. We need to **streamline the permitting process** at the state and local levels. Connecticut has become very non-competitive in terms of how long it takes to complete a development project for a new or redeveloped building. What can easily take 18 months in Connecticut can be done in as little as 30 days in Arlington, VA for example.

Are there other observations you would like to offer about organizational issues, interrelationships with other policy areas, new approaches/ideas that you are aware of that should be further investigated/developed?

Connecticut must adopt a place-based economic and community development strategy. We don't have the economic engines of mid-west farmlands or the ability to provide low-cost high quality labor for manufacturers. But, we do have authentic, irreplaceable places – starting with our historic downtowns and including our pristine open spaces and shore line – this is our Infrastructure of Place.

John Simone

Many public policy discussions focus on single issues such as housing, economic development, transportation, education or even historic preservation. These result in issue-based goals and strategies such as increase the supply of affordable housing or create and retain jobs or provide gap financing for the rehabilitation of historic buildings.

At the historic downtown or town center level, the issues are intertwined. Housing affects economic opportunity and quality of life, transportation choices create market demand and benefit the environment and, keeping historic, walkable neighborhoods vibrant increases value and our quality of life. Therefore effective place-based strategies tie issues together within a geography, which for us is downtown, and puts our downtowns squarely in the center of land-use and transportation planning.

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Bill McCue
Howard Rifkin

Name and Affiliation: Steve DiLella, DM HAS

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Phone: 860-418-0845

Please give us your three top priorities for Housing policy/initiatives over the next two years:

1. Supportive housing - Continue the nationally recognized Supportive housing initiative in this state that focus on reducing homelessness. We can increase supportive housing in this state in a cost neutral way by shifting funding from costly institutional settings to community settings. Do a inpatient psych hospitalizations are a place to analyze reallocation as well as evaluate current funding for supportive housing and create a new tiered system of services that matches the rental subsidy.
2. Preservation - We need to preserve as many affordable housing units as possible. Losing this units can put many individuals and families at risk of homelessness, which can ultimately cost the state more in the future.
3. Affordable housing - We need a integrated system of affordable housing for a large portion of the state. This can include rental subsidies but also development projects for middle class workers who have a difficult time affording a home in the expensive real estate market of CT.

Steve DiLella

Please give us your top two longer term priorities for Housing policy:

1. Reducing homelessness across the state. Homelessness is an industry we are stuck here to face. We need to reorganize our system for a better response that not only will satisfy federal requirements but will also provide permanent stable housing to those in need.
2. Affordable Housing - we need to be sure that we have housing for all income levels in the state or risk losing valuable population.

Are there other observations you would like to offer about organizational issues, interrelationships with other policy areas, new approaches/ideas that you are aware of that should be further investigated/developed?

Interagency workgroups can work when you have the right people in the room. They need to be committed to the same ideals, however. The Interagency Workgroup on Supportive Housing has taken 5 state agencies to ~~the~~ work for a common goal. This can serve as a model for other initiatives.

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Bill McCue
Howard Rifkin

Name and Affiliation Alice Carrier, Office for Workforce Competitiveness

Address/email Alice.Carrier@ct.gov

Phone 860-258-4307

Please give us your three top priorities for Housing policy/initiatives over the next two years

1. The Rental Assistance Policy is not consistently administered across all programs. There are a limited amount of RAPs for single individuals and families who need rental assistance. Aside from general eligibility there is little consideration giving to housing policy—i.e. homeless prevention vs. rapid re-housing.
2. When reviewing how public housing is administered in the state, look at how the work of the local Continuums of Care relate to housing needs.
3. Prisoner Reentry—housing—review information/legislation developed in Texas and other states regarding corrections spending and prisoner reentry.



December 16, 2010

TO: Malloy Housing Team Co-Chairs

FROM: Ron Thomas, Manager of State & Federal Relations
Jim Finley, Jr., Executive Director and CEO
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New Haven, CT 06512
(203) 498-3000
rthomas@ccm-ct.org
jfinley@ccm-ct.org

RE: **CCM Proposals**

1. Meaningful property tax reform and municipal revenue diversification to reduce poor land use policies that thwart the development and maintenance of affordable housing.

Desired Outcome: reduce the over-reliance on the property tax, thereby allowing municipalities to make sounder, smart-growth based and housing-friendly decisions.

Costs to State/Towns: undetermined

Source of Needed Money: comprehensive state-local tax changes

Municipal impact/opportunity/role: would provide much-needed property tax relief and help ensure greater housing opportunities

Other Supporters: Council of Small Towns, Connecticut Association of Boards of Education

2. Continue state support for “incentive housing zones” as a mechanism for directing affordable housing into the most appropriate locations – and – provide an exemption for “environmentally sensitive” lands from the affordable housing land use appeals process for municipalities that implement “incentive housing zones” within their borders.

Desired Outcome: ensure the viability of an important and successful program that makes for sounder, local-based affordable housing.

Costs to State/Towns: low cost to state

Source of Needed Money: increased revenue growth of sales tax

Municipal impact/opportunity/role: ensure a bottom-up approach for the development and maintenance of affordable housing – with proper accountability.

3. Facilitate the development of affordable housing by (a) allowing municipalities to utilize licensed professional engineers to certify that work on housing and economic development projects is being done in conformance with state permit requirements, to reduce permit-approval backlogs in state agencies. (A model is the “licensed environmental professional” program within DEP), or otherwise create an expedited approval process for the duration of the economic slump; and (b) increasing the land use and housing planning and technical assistance capacity of the state Office of Policy and Management and regional planning agencies to provide guidance to municipalities.

Desired Outcome: reduce the amount of time it takes to develop affordable and market rate housing.

Costs to State/Towns: low cost to state

Source of Needed Money: increased revenue growth of sales tax

Municipal impact/opportunity/role: assist with the development and maintenance of affordable housing.

4. As resources allow, restore funding for Regional Planning Organizations

Desired Outcome: increase affordable housing opportunities and regional cooperation and promote municipal cost savings initiatives.

Costs to State/Towns: low cost to state

Source of Needed Money: increased state revenue growth

Municipal impact/opportunity/role: foster greater regional planning for housing and economic and community development, which strengthens communities.

Longer Term:

1. Increase state financial assistance to municipalities and others toward construction and rehabilitation of affordable housing.

CCM

Desired Outcome: increase the amount of needed affordable housing.

Costs to State/Towns: moderate cost to state

Source of Needed Money: increased state revenue growth

Municipal impact/opportunity/role: ensure a higher quality of life for residents.

December 13, 2010

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Bill McCue
Howard Rifkin

Name and Affiliation: Ann Faust, on behalf of Middlesex County Coalition on Housing & Homelessness

Address/email: ann@AnEndInTen.org; c/o Middlesex United Way, 100 Riverview Center, #230, Middletown, CT 06457

Phone: (860) 346-8695

Please give us your three top priorities for Housing policy/initiatives over the next two years:

1. Reinstate the Security Deposit Guarantee program and expand the Rental Assistance Program. Without funding for security deposits, it is extremely difficult for families and individuals in the shelter system to make the transition to permanent housing in the community. They may be able to afford a rent payment, but are barred from housing because they cannot save enough for a security deposit. Ending this program was not a cost saving to the state, since without permanent housing these people continue to depend on the shelter system. As people fail to move from shelters to stable housing within the 90-day timeframe, shelters across the state are being forced to turn away increasing numbers of people each month. Similarly, there are many people who are homeless or "shadow homeless" (living doubled up with friends or relatives, moving from one house to the next) who could be housed if enough Rental Assistance Program vouchers were available. Placing these people in permanent housing ultimately costs less than repairing the damage caused by homelessness—especially to children.

2. Invest in the preservation of existing affordable housing. In Middletown alone, hundreds of rental units that formerly were reserved as affordable are transitioning to market rates, leaving low-income residents scrambling for shelter. Other units have fallen into disrepair and need investment to bring them up to code standards and maintain

Ann Faust

them as active affordable housing stock. We know that creating more affordable housing is a necessity, but unless existing affordable stock is preserved, we will not make much headway. And preserving an existing building is almost always less costly than building a new one.

3. Leverage federal funding to support homelessness prevention. The Homelessness Prevention and Rapid Re-Housing (HPRP) program funded by the federal stimulus assisted hundreds of families and individuals at risk of homelessness because of one-time crises such as illness, job loss, or foreclosure. The small payments provided by this program prevented these individuals from becoming homeless, entering the shelter system, and costing the state far more. Similarly, the Middlesex County Prevention Fund, funded by private, corporate, and foundation donations, has assisted almost 100 households to stay in their homes. We know how to administer these programs; we know that they both effective and cost-effective. But the need is far greater than the available dollars. This is a classic case of “an ounce of prevention is worth a pound of cure.” Our state needs to support these efforts with funding and with proactive assistance to bring in federal funding.

Please give us your top two longer term priorities for Housing policy:

1. Simplify state processes relating to financing and permitting of affordable housing. The major reason that more affordable housing is not being built in Connecticut is that it is simply too difficult. The application process for state funding programs is extraordinarily complex, and approvals take years. Obtaining permits from the state Departments of Transportation and Environmental Protection is also a complicated, lengthy process. There are developers who are willing and able to build affordable housing, but our state needs to be helping them along, not throwing roadblocks in their way.

2. Invest more in Housing First modeled permanent supportive housing. This is a proven best solution to chronic homelessness. By placing individuals into permanent housing and providing them with support services that address issues of substance abuse, mental and/or physical illness, etc., we eliminate their dependence on the shelter system. In addition, costs for law enforcement, hospital emergency visits and inpatient stays, residential treatment, and emergency services are dramatically reduced. The quality of life for people in supportive housing is dramatically enhanced, along with the quality of life in their communities. Permanent supportive housing is the best answer in both human terms and economic terms.

Are there other observations you would like to offer about organizational issues, interrelationships with other policy areas, new approaches/ideas that you are aware of that should be further investigated/developed?

Ann Faust

We encourage the state to link up with the various Ten Year Plans to End Homelessness throughout the state, including the one being administered by our Coalition. The Ten Year Plan groups are already implementing viable, successful solutions to issues of housing and homelessness. They can offer expertise and a communications link between state government and their own members and supporters at the local level.

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Bill McCue
Howard Rifkin

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Please give us your three top priorities for Housing policy/initiatives over the next two years: (Two priorities provided)

1. **Local Public Housing Authority (PHA) Alignment:** Connecticut's public housing authorities control thousands of housing units in over 100 cities and towns. They have significant – state-enabled - powers and preferred access to state and federal resources. While they seek to reflect local housing preferences, most function in ways that are nearly identical, operating similar programs serving analogous populations. This redundancy is inefficient, especially in the many small agencies (i.e. under 1,000 housing units) that do not have significant *critical mass*. Most PHAs have difficulty developing and maintaining viable, ongoing programs. Their limited finances have prevented them from reinvesting in aging portfolios, resulting in an accumulation of capital needs. While PHAs typically serve vulnerable populations, consisting of frail elderly, mentally disabled individuals and struggling families, they have not provided them access to enhanced services. Many of the smaller agencies have very limited staff capacity; in some cases, key personnel are part time. In that PHAs are highly regulated by HUD, CHFA and DECD, they must devote this precious staff effort to maintaining mandated compliance levels. This condition results in significant,

Vin Tufo

often disproportional, demands by PHAs for state sources of capital, operating and resident services funding.

Recommendation: Review the strengths and weaknesses of the public housing sector in Connecticut and evaluate the effectiveness of individual agencies. Identify opportunities for achieving higher levels of functionality through capacity-building, interagency cooperation and consolidation, capital planning, program partnerships and other measures. Work with the primary industry organization – CONN NAHRO – to accomplish this alignment on a voluntary basis. However, prepare and implement state legislation to require it where needed. Develop objectives in the form of increased capital investment, improved operational efficiencies and better access to human services. Measure outcomes.

2. **Outcome-Based Housing Policy:** With few exceptions, current forms of state housing policy are opportunistic; that is, they were formulated around funding availability and specific development opportunities. This approach to policy-making should be balanced with a more *outcome-based* approach. An outcome-based approach identifies specific objectives and appropriates the resources to achieve them. In this way, such objectives as transit oriented development, brownfields redevelopment and workforce housing are targeted where and when needed. Housing development would be tied to other state objectives such as jobs/industry creation/retention, environmental remediation and improvements in mass transit. Policy planners would consider where current capacity exists to achieve these objectives and what types of financial models would deliver the best results.

Recommendation: Formulate a master state housing policy that is intended to yield specific results in terms of the type of development/preservation that is sought to accomplish multiple goals, as described above. Identify the costs and benefits of these objectives. Determine where the capacity exists to accomplish these goals and grow or attract it where needed. Develop financing models that maximize available financing and that will lead to success. Employ an integrated approach to implementation.

Please give us your top two longer term priorities for Housing policy:

1. **Improve Housing Development Capacity:** The development capacity among Connecticut non-profit community development organizations and local housing authorities is, anecdotally, at a fairly meager level relative to other parts of the country. While there are some excellent practitioners, our state is lacking enough development capacity to meet its need for affordable housing. Historically, Connecticut has been viewed by the development community as a difficult state in which to do business. While that situation is slowly changing, due, in part, to recent operational changes at CHFA, many out-of-state developers eschew opportunities here and local non-profit developers struggle to survive from deal to

deal. The Malloy administration should develop policies, procedural reform and, perhaps, certain incentives to grow housing development capacity. It could help to weed out under-performing developers, encourage the consolidation of very small entities and require partnerships between mission-driven developers and more production-oriented partners, for example. Wherever possible, it should reduce regulatory obstacles and streamline procedures and timelines for closing on financing. This capacity-building effort should be coordinated with short-term priority #2, above.

2. **Improve Coordination with Federal Agencies:** Housing developers in Connecticut have not fully exploited program and funding opportunities available through the federal government. While some examples of strong partnerships exist (i.e. the HOPE VI program), many federal programs are untried or not fully exploited in Connecticut. Such programs, originating in HUD, DOT, EPA, Commerce, Treasury, etc., offer opportunities for innovative local initiatives that would meet state priorities as well as defray precious local resources. The Malloy administration should empanel a task force that is responsible for examining opportunities for federally funded housing and community development measures as they are emerging in national policy, congressional initiatives and the Administration. This task force would be responsible to, essentially, *see around corners* and bring these opportunities back to Connecticut in the form of demonstration programs, earmarks and other programs. We should look for synergies between state and federal priorities and leverage state investment wherever possible.

Are there other observations you would like to offer about organizational issues, interrelationships with other policy areas, new approaches/ideas that you are aware of that should be further investigated/developed?

The future of a viable, state housing agency is on the mind of most involved in state-assisted housing in Connecticut. With the collapse of housing and economic development functions into the Department of Economic and Community Development, our industry perceives that it has *lost its voice* in the state administration. This perception of being the stepchild of the more robust economic development function has had an impact on ongoing funding, capacity development and policy-setting, among other things. The industry is also aware that a further collapse of housing functions into the Connecticut Housing Finance Authority is possible. If this move is to be considered, we ask that all advantages and potential disadvantages, along with unintended consequences, be duly considered. The impediments to producing affordable housing in Connecticut are myriad: absence of regional planning; traditionally weak or conflicting state housing policy; and funding logjams. Any statewide administrative revisions should consider extant examples in other states, for example, that might serve as a model.

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Bill McCue
Howard Rifkin

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Please give us your three top priorities for Housing policy/initiatives over the next two years:

1) **Preservation of Households in the State Portfolio. This could be addressed in a number of ways:**

- **Funds provided for Capital need to address the backlog in repairs.**
- **Funds provided to reconfigure units to be more marketable.**
- **New Construction.**
- **Combination of all three.**

The means of funding these initiatives needs to be addressed, but a combination of Tax Free lending, State Bonds, private investment and Grants need to be addressed.

2. Maintain the funding in several areas that include PILOT, Resident Service Coordinator Grants, and assistance to State built Congregate Programs. There is also an Elderly RAP program that funds some authorities in a Section 8 like program which helps elderly tenants meet the rental needs of the development. This program is limited to about one third of the state's Housing Authorities.

3. There needs to be a go to agency or person to put together the many housing needs of the state that now filtered through many state agencies. Housing

Conn NAHRO

Authorities and Municipalities are somewhat confused as to where to go with requests, problems and assistance.

Please give us your top two longer term priorities for Housing policy:

1. Develop a plan to help communities throughout the state to meet the needs of their own affordable population, which as we know can include Fire and Police Employees as well as other town employees

2. Many authorities have developments that do not have any financial obligations to the state, either from original grants or by debt service being paid. These authorities and developments need some freedom from State regulations.

Are there other observations you would like to offer about organizational issues, interrelationships with other policy areas, new approaches/ideas that you are aware of that should be further investigated/developed?

State statutes involving Summary Process and Fair Housing could use updating.

Tax Credits should continue to be accessible to Public Housing Authorities and more education available to let small communities how to use them.



2011 Legislative Plan

1. **Preservation-** Engage new administration and legislature on CT State Housing Portfolio piece of preservation movement. Seek a commitment to provide assistance to preserve the state housing portfolio. Conn-NAHRO should identify how preservation of the State Housing Portfolio differs from preservation of tax credit, multifamily etc. State Housing portfolio preservation is more of a Capacity and Capability issue. Facts that need to be considered are the NOI, reserves and the potential impact of loss of Tax Abatement/PILOT on these properties in conjunction with the age of the stock, unit & site configuration and deferred maintenance. This baseline information will allow decisions to be made on financing options, which ultimately need to be reconciled against program compatibility and any statutory issues.
 - a. Conn-NAHRO as an Association needs to discuss and put forth some recommendation. Such as seeking federal assistance (federalizing or providing project based section 8 under multifamily model?), debt service where it is financially feasible (private or CHFA etc.), Hybrid financing whereby property and State make shared payments toward debt service, State making assistance in the form of loan guarantees to make loans more desirable for private financing etc....
2. **Tenant Commissioners-** Work with proponents to agree on a compromise to enhance the current process that has produced qualified candidates by providing tenants a mechanism for providing valued input in the selection of the tenant commissioner. Conn-NAHRO would seek to prevent any conflicts with federal regulations, conflicts of interest, additional costs to be borne by the housing authorities as a result of any change in the process, all while ensuring any changes would not create problems with the commissioner removal statutes/process and ensure the candidates are vetted in a manner to allow for the most qualified candidate to be presented.
3. **Criminal Background Checks home health aides-** Continue to support this legislation with Senator Edith Prague, no changes from prior years' position.
4. **Propose tenant landlord law changes**
 - a. *Returning key to landlord-* Establish that this action represents that the tenant does not want any of the belongings left in the unit and landlord may dispose of all items left behind.
 - b. *Amend CGS 7a-21(i) Payment of interest on security deposits-* remove language that restricts the minimum interest payment of one and one-half percent. Leave language that sets the rate to be equal to subdivision 2 of this subsection. (i.e. deposit index for each calendar year)
 - c. *Amend storage of evicted tenants' belongings* to allow landlord to store in lieu of paying movers to move and Town paying to store.
 - d. *Amend CGS 47a-22a Elderly & Disabled Security Deposits* to allow a housing authority to keep an elderly or disabled individual's security deposit beyond one year at the interest rates set under 47a-21(i). Presently all HA must return security deposits to elderly or disabled tenants after one year of occupancy with an interest payment imputed at no less than 5 %

5. PILOT-

- a. *Preserve funding levels*
- b. *Preserve agreements and statutory language-* Concept is to preserve the original intent of the Statutes by more clearly defining what is covered by a PILOT payment. PILOT agreements which are old: contain language that the payment covers services commonly provided to the general citizen population without cost. So, over the years towns have created separate water/sewer and sanitation districts and bill those users on an individual basis. Towns may argue that since these services are no longer rolled into the general real estate tax (which is the PILOT) they should now be paid separately by Housing Authorities unless there is specific language in an old agreement preventing such. Conn-NAHRO does not believe that was the original intent or what prior practice has been.

example of request: Moderate Rental PILOT payments to municipalities and the related services provided therein as described in their individual agreements, shall be modified by addendum changes or revision to said agreements and not by special assessments , service fees , or the creation of separate taxing subdivisions, billing, or taxing districts.

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Bill McCue
Howard Rifkin

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Please give us your three top priorities for Housing policy/initiatives over the next two years:

1. **Creation of a more comprehensive program to address the impact of foreclosure**, which would supplement existing foreclosure programs and would include:
 - For homeowners facing loss of their home: Making the Foreclosure Mediation Program (FMP) more effective by (a) making it permanent, (b) putting the foreclosure on hold until mediation is completed, and (c) more effectively leveraging sustainable modifications through legislation such as H.B. 6484 of the 2009 legislative session (www.cga.ct.gov/2009/TOB/h/pdf/2009HB-06484-R00-HB.pdf), which in appropriate cases would withhold the equitable remedy of foreclosure if the lender refuses a reasonable modification.
 - For towns and neighborhoods impacted by foreclosure: (a) Providing better notice of pending foreclosures by extending New Haven's foreclosure registration requirements to all towns, (b) imposing residual responsibility for property maintenance on foreclosing lenders during a foreclosure if the building owner has abandoned the building, (c) expanding existing programs that get foreclosed buildings back on line, and (d) adopting policies, such as the recent Massachusetts "just cause" statute, to discourage foreclosing

lenders from routinely emptying foreclosed buildings of their tenants, a practice that creates vacant buildings which in urban neighborhoods are at great risk of stripping and other vandalism.

- For renters in foreclosed buildings: (a) Adopting, as Connecticut law, the federal Protecting Tenants at Foreclosure Act (which allows tenants to complete their lease after foreclosure, assures at least 90 days to move, and requires lenders to assume Section 8 contracts) but without its December 2014 sunset date, as has been done by New York, and (b) discouraging lenders from routinely forcing tenants to vacate by adopting the Massachusetts statute that allows tenants to continue to rent at least until a new purchaser for the building is found (also mentioned above).

2. Effective protection of the housing safety net for very low income households

- Get the Security Deposit Guarantee Program (SDGP) back on track: DSS has effectively closed and suspended the program, without legislative authority and notwithstanding its \$1.38 million budget for FY 2011, issuing no new guarantees on the theory that it is precluded from doing so because its FY 2011 budget is needed pay off claims from prior year guarantees. A suspension is unnecessary, because guarantees are paid only when claims are made and are thus usually paid out of a future year's budget, not the current year's budget. The SDGP is critical in moving people from homeless shelters to apartments and in helping very low-income Section 8 voucher holders find apartments for which they would otherwise be turned down because they lack a security deposit.
- Reaching at least some renters on the Rental Assistance Program (RAP) waiting list. Almost 50,000 households applied to be on the state RAP and Section 8 waiting lists when they were last opened in late 2008, but the RAP program has not been taking any names off the waiting list for more than a year and the number of "general" RAPs in use (those that are not part of any special set-aside), notwithstanding the greater-than-ever need for such RAPs, has been reduced by about 150 tenants through attrition.

3. Development of mixed-income housing that includes low-income households outside of center cities.

- Support HOME Connecticut.
- Protect 8-30g from hostile amendment.

Please give us your top two longer term priorities for Housing policy:

1. Support and modernize the housing units in the state's public housing portfolio, particularly the family housing in the State Moderate Rental Program – without pricing very low-income families out of the housing or reducing the number of units of such housing. The one-for-one replacement policy should explicitly be restored.

Podolsky

2. Recognize and over time implement a policy of rental assistance for all households in need of such assistance, comparable to the principle of the SNAP (food stamp) program for food assistance. This would, in effect, change the RAP program from one serving a small percentage of the need to one serving all income-eligible households not covered by Section 8. This proposal was endorsed and recommended by Connecticut's first Blue Ribbon Commission on housing in 1988.

Are there other observations you would like to offer about organizational issues, interrelationships with other policy areas, new approaches/ideas that you are aware of that should be further investigated/developed?

I don't feel that I know the best governmental structure for affordable housing development, but I think that it is important not to repeat the mistakes of the 1995 merger of the Department of Housing and the Department of Economic Development into DECD. In spite of repeated promises made at the time that housing and economic development would have equal priority in the consolidated department, housing in fact became a step-child ("housing" became "asset management") and much of the responsibility for housing was eventually transferred to CHFA, a quasi-public agency. Part of the problem was that housing was seen as relevant to economic development only as related to reducing a lack of housing as an obstacle to attracting workers to Connecticut and keeping workers in Connecticut. That population, however, is a mostly middle-income demographic – not the people who clean floors or run the cash register in grocery stores. As a result, affordable housing for low-income households did not fit the economic development model and was not a priority within DECD. Any reorganization of the housing function should give high priority to the housing needs of Connecticut's lowest-income residents, because they are the ones who are least able to find decent, affordable housing in the private market. For example, a family with an income of \$12,000 per year, for whom 30% of income (the affordability standard) would be \$300 per month, including heat and utilities, is not going to find a decent apartment anywhere. Even a family at \$18,000 (\$450 per month) would not do much better.

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Bill McCue
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Phone: 860-647-3043

Please give us your three top priorities for Housing policy/initiatives over the next two years:

1. Order all Executive Branch agencies to list their near-term (two to three year) projects and investments by region or district. Coordinate the timing and delivery of these projects and identify opportunities to shift or combine investments to areas that provide the greatest leverage for both direct and indirect benefit to the municipality, region, or State. (Pennsylvania has an organizational structure with contact people responsible for this kind of coordination.)
2. Look for opportunities to streamline or speed up the review and approval process for various state permits, similar to the licensed environmental professional program. Certifying or credentialing qualified professionals to conduct reviews against applicable standards could be a way to shorten the permitting and review process. Examples include sanitary sewer, water, traffic design and engineering, or storm water management. (Also, Governor-Elect Malloy should encourage his new commissioners to encourage decision making at the lowest responsible level in the organization, and to promote a culture that is less risk-averse.)

Mark Pellegrini

3. There should be an examination of all available funding resources with a broader, results oriented view as opposed to a categorical or functional view. Brownfields funds, environmental protection funds, infrastructure investment, transportation investment, and various housing programs should be combined to the greatest extent possible to priority locations or projects. These programs should be examined to eliminate conflicting or competing objectives or requirements to make it easier to combine resources.

Please give us your top two longer term priorities for Housing policy:

1.

2.

Are there other observations you would like to offer about organizational issues, interrelationships with other policy areas, new approaches/ideas that you are aware of that should be further investigated/developed?

I strongly agree with Jim Finley's comments that in the long run, if the State is to achieve significant changes in the way we do business and make investments for housing, transportation, the economy and natural resource preservation, we need to provide greater support to municipal officials. The planning and analysis responsibilities of OPM should be reinstated, with a particular emphasis on a "community affairs" approach to provide training, advice, technical assistance, and grant resources to help municipal governments conduct either comprehensive, special area or functional plans to state growth management principles and goals and we need to engage a large segment of both local decision makers and the general public to gain more support for housing and economic development initiatives.

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Please give us your three top priorities for Housing policy/initiatives over the next two years:

- 1. \$ Sustainability (~~\$~~)
 - Preservation of existing permanent supportive housing - *(Urban)*
 especially *9* demonstration projects done in the 1990's -
 = Bonding Priority Forward.
 = Interagency (Inv. Opn.) to move Solutions for Rental Subsidies / Financing Forward
 - Major Issue if not resolved -
- 2. Incentives to do Real set aside - with PHA's, AND private Developers - to do carve outs for permanent supportive housing -
 - Mix use - Mixed Income.
- 3. Engage - Governor leadership - Fed Hubs, State DSS & local housing authorities to do project basing for new pilots, tax credit projects AND w/I public housing authorities portfolios - to do project basing & services - again permanent supportive housing models -

Beth Hogan

Please give us your top two longer term priorities for Housing policy:

1. CHFA NEEDS to market to Major Corporations the tax credit program. - Currently only utilities buy credits - Delay For Developers in raising equity - if more players involved - Less competition Among Developers to get Budget For Credits.

2. Allow ^{Dept. of Economic Community Development} (Loans or otherwise) to Fund Capital - to Help in Financing projects - Be more creative in allowing use of CDBG Funding.

Are there other observations you would like to offer about organizational issues, interrelationships with other policy areas, new approaches/ideas that you are aware of that should be further investigated/developed?

① Intergency Agencies NEED to focus on housing as it is an integral solution for safety net, economic growth, job creation.

②. Data sharing

③. Education of Smaller Communities on All aspects of affordable housing - ~~flex~~ & Access to Fund Flex to do projects

④. Flexibility in financing tools - For Transit Oriented Development - & Job Creation & Retention of Young Families

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Name and Affiliation: David B Rich, Supportive Housing Works

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Phone: 860-671-1715

Please give us your three top priorities for Housing policy/initiatives over the next two years:

1. - Set aside every year 1% of the 45,000 Section 8 vouchers in the state for the homeless. This requires coordination minimums with DSH - local Housing Authorities
2. Continue to provide incentives for developers to set aside units in their developments for the homeless, as we do now through CHFA and DFCD funding.
3. Ensure effective transition to Medicaid funding for homeless services through Federal Health Reform

These 3 do not require any new resources.

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Please give us your three top priorities for Housing policy/initiatives over the next two years:

- 1. COORDINATING HOUSING WITH JOBS AND TRANSPORTATION ORIENTED DEVELOPMENT. Funding for each of these issues has historically been isolated into separate department silos, with different underwriting and other lending criteria.**

For example, we should consider:

- a) **CHARGING OPM TO COORDINATE TOD PLANNING. OPM can coordinate efforts of DECD, DOT, DOL, CHFA, RPA's and representatives from local communities to plan now for development around existing train stations and coordinating the design of new train stations with local housing and economic development plans.**
- b) **AVOIDING THE IMPACT OF FUNDING SILOS BY:**
 - (i) **DOT funding for designing new train stations along the New Haven-Springfield Line requiring consultation with and**

approval by DECD to ensure that the new train stations successfully implement the TOD design.

- (ii) Coordinating DECD and CHFA funding for housing around existing train stations with DOT.
- (iii) Public/private partnerships that encourage more shuttle buses between train stations and work. This will require input from DOT, DECD, DOL, RPAs and local authorities. (Stamford has substantially increased the quantity and quality of shuttle bus service.)
- (iv) Prioritizing affordable housing funding that has a positive impact of reducing costs for other state agencies. Supportive Housing funding has demonstrated that it has reduced Medicaid and other DSS expenses. The Elderly Home Care and the Pilot Affordable Assisted Living Program, both with a lower per diem cost, have reduced admissions to more costly nursing homes, thereby reducing State Medicaid costs. It may be a cost to CHFA but it produces a savings for DSS.

2. SUBSTANTIALLY INCREASE THE PRODUCTION OF NEW HOUSING AND THE PRESERVATION OF EXISTING HOUSING BY ENCOURAGING MORE PUBLIC/PRIVATE FUNDING PARTNERSHIPS. Public funding available from DECD, CHFA and other public sources has only a limited capacity to produce housing each year. By encouraging private lenders and investors to partner with these sources of public funding, more housing could be built or renovated each year and limited State funding could have a more significant impact.

For example, we should consider:

- a) **PRE-DEVELOPMENT LAND ACQUISITION FUNDS:** Encourage private lenders to participate in public/private pre-development land acquisition funds. These would be short term revolving loans that are paid from permanent financing.
- b) **INCREASING CHFA'S UTILIZATION OF 4% FEDERAL TAX CREDIT.** There is no cost to the State and there is no annual cap on the amount of the 4% federal tax credit. The 9% LIHTC have an annual cap and are extremely competitive.
- c) **MULTIFAMILY LOAN INSURANCE FUND:** CHFA needs to look into loan insurance funds such those that exist in New York State. This could substantially leverage CHFA funding by

increasing the amount of private lender financing for affordable housing. The CHFA loan insurance fund would insure a portion of a private lender loan.

- d) **WAYS TO STREAMLINE THE FINANCING PROCESS SO THAT HOUSING DEVELOPMENTS CAN BE FINANCED, BUILT AND OCCUPIED IN A REASONABLE TIME FRAME AND AT A REASONABLE COST.** See long range goals below.

- 3. **WE NEED TO HELP STABILIZE THE MARKET FOR SINGLE FAMILY HOMES AND CONDOMINIUMS BY REDOUBLING EFFORTS TO MINIMIZE THE NEGATIVE IMPACT OF FORECLOSURES.** A significant number of foreclosures is hopefully only a serious problem in FY '11 and '12. First, we need to better define the criteria for whom CHFA can help and how effective help can be provided. For those houses where foreclosure can't be avoided, we need a better plan on how to stabilize neighborhoods that have a significant number of these foreclosures. Construction jobs will not come back so long as around 25% of the homes being sold are foreclosed homes.

For example, we should consider:

- a) **ASKING THE ATTORNEY GENERAL, in consultation with Judicial Department and CHFA, to review compliance with State law by foreclosing lenders.**
- b) **ASKING CHFA to work with DECD and the Attorney General's Office to explore how to improve the loan workout process for those homeowners who have the financial capacity to do so.**
- c) **WORKING WITH MUNICIPALITIES that have a high number of foreclosures so that those municipalities are encouraged in FY '11 to utilize federal funding to expedite the return of these foreclosed homes to home ownership.**

Please give us your top two longer term priorities for Housing policy:

- 1. **ENCOURAGING CHFA AND DECD TO STREAMLINE THEIR MULTIFAMILY LOAN APPROVAL PROCESS.** The first thing the new Director of CHFA and the Commissioner of DECD should do is schedule meetings with for-profit and non-profit affordable housing developers to ask them how the process can be made better, quicker and more certain. They should also meet with those housing developers who used to obtain financing from either CHFA and/or DECD and ask why they no longer do so.

ED SCHMIDT

- 2. ENCOURAGING LEVERAGING OF SCARCE STATE FUNDS. CHFA SHOULD BE ENCOURAGED TO EXPLORE BECOMING A SECONDARY MARKET FOR SOME MULTIFAMILY HOUSING LOANS RATHER THAN THE CURRENT PRACTICE OF BEING THE ORIGINATOR OF AND THE PRINCIPAL FINANCIAL SOURCE OF THE LOAN. THIS WOULD BE SIMILAR TO HOW CHFA CURRENTLY SERVES AS A SECONDARY MARKET FOR SINGLE FAMILY LOANS. This would mean that, pursuant to very explicit CHFA underwriting criteria, an affordable housing developer could work with a designated multifamily CHFA approved loan originator. The CHFA loan originator would determine that the loan complied with CHFA's underwriting criteria and would close on the loan. The loan would then be assigned to CHFA. CHFA could either keep the loan in its portfolio or sell bundled multifamily loans on the secondary market. This approach would encourage the production of more affordable housing by increasing the leverage of state and federal funding and by encouraging more housing developers to invest in housing developments in Connecticut.**

Are there other observations you would like to offer about organizational issues, interrelationships with other policy areas, new approaches/ideas that you are aware of that should be further investigated/developed?

Yes, see above.

Hope this helps.

Besides working at CB&B, I also now serve as Bridgeport Assistant City Attorney and I need to attend a Bridgeport Board of Education meeting Monday evening concerning a BOE lease and will not be able to attend your meeting. Please use whatever you like and let me know if you would like to discuss further.

If this is not the time for change, when?

**Ed Schmidt
Cell: 203-858-6735
Home: 203-655-4108**

December 13, 2010

Governor-Elect Malloy's Committee on Housing Policy

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Bill McCue
Howard Rifkin

Name and Affiliation:

Bruce Blakey

Address/email:

blakeybg@aol.com

Phone:

203-269-2845

Please give us your three top priorities for Housing policy/initiatives over the next two years:

1.

Educate the legislature of the economic contributions provided by housing construction. The key lesson should be, new housing creates more tax revenue than expenses for state and local government. Housing construction is a net plus, not a net loss for government budgets.

2.

Build affordable worker housing. Workers, particularly young workers, leave Connecticut because they cannot afford reasonable housing.

3.

Develop a comprehensive strategy for housing in Connecticut that addresses the impact of demographic changes. Specifically, how will retirements and the likely out migration of retirees affect the need for housing in Connecticut?

Bruce Blakey

Please give us your top two longer term priorities for Housing policy:

1.

Remove regulatory impediments that discourage new construction. Local regulatory burdens are particularly troublesome.

2.

Promote multi-family new construction.

Are there other observations you would like to offer about organizational issues, interrelationships with other policy areas, new approaches/ideas that you are aware of that should be further investigated/developed?

The working group does not have adequate representation from the business community. The committee is dominated by social service agencies and organizations that advocate worthwhile agendas, but most of those organizations don't have much clout-money to create new housing.

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Bill McCue
Howard Rifkin

Name and Affiliation: Erin Boggs, Deputy Director, Connecticut Fair Housing Center

Address/email: 221 Main Street, Hartford, CT 06106
eboggs@ctfairhousing.org

Phone: 860-263-0725

Please give us your three top priorities for Housing policy/initiatives over the next two years:

1. In order to comply with federal law and ensure HUD's continuing support of Connecticut's affordable housing development, make certain that current housing programs affirmatively further fair housing. For example:
 - a. Encourage the State to reconfigure its Small Cities CDBG program so that it promotes affordable housing development in areas with thriving schools, perhaps requiring any non-housing CDBG expenditures in such towns be accompanied by affordable housing development.
 - b. Encourage the State to allocate Low Income Housing Tax Credits to communities where there are thriving schools and low crime rates thereby helping low-income children access "higher opportunity areas".
 - c. Encourage the State to bring the kinds of resources to struggling urban areas that are actually needed (school funding, economic development, literacy training, tools for attracting market-rate residents) rather than creating additional affordable housing in poverty-concentrated areas.
 - d. Continue to use the findings and conclusions of our report, "*People, Place and Opportunity: Mapping Communities of Opportunity in Connecticut*" as a tool to guide development in Connecticut.¹
2. Begin a statewide discussion on the development of a fair share affordable housing plan which would use a multitude of factors to determine how Connecticut towns can share the affordable housing obligation and how the State can support participation with various incentives and disincentives.

¹ This report is available at <http://kirwaninstitute.org/research/projects/ct-opp-mapping/index.php>.

ERIN BOGGS

3. Encourage the State to produce a comprehensive and meaningful Analysis of Impediments to Fair Housing which includes data on housing location and resident characteristics from all state agencies with housing programs subsidized or supported by state or federal funding.

Please give us your top two longer term priorities for Housing policy:

1. Execute a fair share housing plan.
2. Bring more State financial resources to supporting linkages to higher opportunity areas. For example:
 - a. Comprehensive funding for mobility counseling programs that give people using government housing subsidies full information on higher opportunity communities to which they could consider moving (such as school performance data, crime rates, transportation options).
 - b. Full funding for the Security Deposit Guarantee Program, a DSS program pledging security deposit coverage on behalf of government housing subsidy users. This should be targeted to people making "higher opportunity" moves in addition to other populations.
 - c. Fuller funding for improved transportation options for low income people, particularly people who work outside of a 9 a.m. to 5 p.m. day.
 - d. More State funding for the development of affordable housing in higher opportunity areas.

Are there other observations you would like to offer about organizational issues, interrelationships with other policy areas, new approaches/ideas that you are aware of that should be further investigated/developed?

Our Opportunity Mapping Study recommends linking people to areas of higher opportunity and bringing targeted resources to areas of lower opportunity. This "two way" street of opportunity development offers a means of spanning the traditional "support the community" or "promote desegregation" dichotomy. Under this new vision, people in struggling urban communities are offered the option of moving to areas of thriving schools, low crime and open space or working with new tools to improve their current community.

The opportunity approach of community development is one of the major cornerstones of HUD's 2010-2015 Strategic Framework, so embracing this approach at the State level will enhance Connecticut's ability to compete for federal funding. Following the recommendations of our report will also further economic development in the State by connecting people to jobs, enhancing health outcomes, creating educational opportunity and revitalizing urban areas. Revitalized urban areas will attract market-rate homeowners and renters and promote Smart Growth Goals.

By linking people to higher opportunity areas and bringing resources to lower opportunity areas the State of Connecticut can create a climate for desegregation, the reduction of poverty concentration, and Smart Growth revitalization of our urban areas. The Connecticut Fair Housing Center welcomes the opportunity to discuss these suggestions in more depth with the Malloy administration.

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Bill McCue
Howard Rifkin

Name and Affiliation: Erin Boggs, Deputy Director, Connecticut Fair Housing Center

Address/email: 221 Main Street, Hartford, CT 06106
eboggs@ctfairhousing.org

Phone: 860-263-0725

Please give us your three top priorities for Housing policy/initiatives over the next two years:

1. Continue to support and fund the Connecticut Fair Housing Center's work in preventing foreclosure. The Center is the only non-profit organization in Connecticut that provides free legal assistance and resources to homeowners facing foreclosure. Despite having only one attorney, in 2010 we've taught more than 1100 homeowners how to represent themselves in foreclosure and mediation and provided individualized advice and, in some cases, representation to nearly 400 homeowners, covering 149 of Connecticut's 169 towns.

From the front lines and from the trends we follow, we see no signs that the crisis is abating. One in 13 Connecticut homeowners is either in foreclosure or more than 90 days late on their mortgages, and it appears that foreclosure filings will continue at a crisis level for the next five years. The number of these homeowners with attorneys is as low as 10% in some judicial districts, largely because homeowners who cannot afford their mortgages cannot afford attorneys to protect their most valuable asset. Ensuring homeowners have resources for representing themselves, and legal assistance when necessary, will help protect Connecticut's homeowners, neighborhoods, and the towns reliant on their property tax dollars.

2. Put Foreclosure Mediation first. The first of its kind in the country, the Judicial Branch's Foreclosure Mediation Program gives homeowners a way to keep their homes in a manner that's far easier to navigate for homeowners than litigation. To date, more than 5,000 homeowners have completed Mediation and have kept their homes. Other states have used the Foreclosure Mediation Program as a model for creating their own programs.

ERIN BOGGS

We, in turn, should learn from these other states' experience and put mediation before litigation in a foreclosure proceeding – right now, the two run concurrently, on separate tracks, creating additional work and expense for our court system and needless confusion for homeowners. Putting mediation first will save our courts and homeowners time and money and, in doing so, keep Connecticut first among mediation programs.

Please give us your top two longer term priorities for Housing policy:

1. Eliminate the Foreclosure Mediation Program's sunset date. The Foreclosure Mediation Program, begun as a one-year "emergency" measure in July 2008, is now scheduled to expire on June 30, 2012. The Program's success has easily exceeded expectations, and is crucial for helping homeowners and Connecticut prevent foreclosures. The sunset date should be eliminated so that homeowners will continue to have a means of representing themselves in their foreclosure case and will be able to speak directly with their mortgage servicers. The foreclosure crisis will unfortunately continue well beyond the Program's sunset date, and keeping the Program as part of the foreclosure process is critical to the state's long-term health.

Are there other observations you would like to offer about organizational issues, interrelationships with other policy areas, new approaches/ideas that you are aware of that should be further investigated/developed?

The foreclosure crisis is ever evolving, with new programs and new issues emerging every month, from the Making Home Affordable program to HUD's new Emergency Homeowners Loan Program to the "robo-signing" scandal. We have unparalleled reach within the state on foreclosure issues, and we work with national groups and federal officials on foreclosure prevention measures. We would be happy to meet with administration officials at any time to discuss Connecticut's foreclosure crisis and ways to alleviate the crisis.

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Bill McCue
Howard Rifkin

Name and Affiliation: Susan Merrow, Chair, 1000 Friends of Connecticut

Address/email: amerrow@snet.net

Phone: 860-367-1687

Please give us your three top priorities for Housing policy/initiatives over the next two years:

- 1. Housing that is "locationally efficient" as part of its affordability....housing that recognizes the importance of proximity to transit, to compact walkable community centers, well-designed streets that promote alternatives to automobiles.**
- 2. Housing that promotes mixed-use, mixed-income town centers.**
- 3. Focus on DOT owned or controlled property to see that it goes to high density, transit oriented mixed use and mixed income developments.**

SJE Mervow

Please give us your top two longer term priorities for Housing policy:

1 All economic development, housing, and other infrastructure investments should be measured against the smart growth filter from PA09-230. State agencies...DOT, DEP, DECD and more...must talk with one another and work together to pursue sustainable development.

2. The first rule of smart growth and responsible economics: new development should be targetted for places where infrastructure already exists.

Are there other observations you would like to offer about organizational issues, interrelationships with other policy areas, new approaches/ideas that you are aware of that should be further investigated/developed?

Property tax reform, which takes the pressure off towns to make short-sighted, ill considered land use decisions, is difficult to talk about during a recession, but without it, we will continue to pay the high cost of sprawl.

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Bill McCue
Howard Rifkin

Name and Affiliation: Steve DiLella, DM HAS

Address/email: Steve.dilella@po.state.ct.us

Phone: 860-418-6845

Please give us your three top priorities for Housing policy/initiatives over the next two years:

1. Supportive Housing - Continue the nationally recognized Supportive Housing initiative in this state that focus on reducing homelessness. We can increase supportive housing in this state in a cost neutral way by shifting funding from costly institutional settings to community settings. Do a + impact psych hospitalizations as a place to analyze reallocation as well as evaluate current funding for supportive housing and create a new tiered system of services that matches the rental subsidy.
Preservation - We need to preserve as many affordable housing units as possible. Losing this units can put many individuals and families at risk of homelessness, which can ultimately cost the state more in the future
3. Affordable Housing - We need an integrated system of affordable housing for a large portion of the state. This can include rental subsidies but also development projects for middle class workers who have a difficult time affording a home in the expensive real estate market of CT

Steve DiLella

Please give us your top two longer term priorities for Housing policy:

1. Reducing homelessness across the state. Homelessness is an indignity no one should have to face. We need to reorganize our system for a better response that not only will satisfy federal requirements but will also provide permanent stable housing to those in need.
2. Affordable Housing - we need to be sure that we have housing for all income levels in the state or risk losing valuable population.

Are there other observations you would like to offer about organizational issues, interrelationships with other policy areas, new approaches/ideas that you are aware of that should be further investigated/developed?

Interagency workgroups can work when you have the right people in the room. They need to be committed to the same ideals, however. The Interagency Workgroup on Supportive housing has taken 5 state agencies to ~~do~~ work for a common goal. This can serve as a model for other initiatives.

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Bill McCue
Howard Rifkin

Name and Affiliation: Meghan Lowney, Principal, Ripple Effect Consulting
Formerly Executive Director of Operation Hope, Fairfield, a nonprofit working to end homelessness.
Currently member of Board of Directors, CHFA

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meghan@rippleeffectct.com

Phone: (203) 362-0381

Please give us your three top priorities for Housing policy/initiatives over the next two years:

1. Ensure investment in new permanent supportive housing (PSH) development to continue progress toward ending homelessness. Fund capital needs and secure new or allocate existing housing subsidies to enable developers to include PSH in mixed projects. Over the short-term, Connecticut must maintain some commitment to funding new units of PSH toward a goal of \$10,000. Increase speed with which these projects come online by synching applications, timelines, requirements and creating a "preferred developer" status.
2. Support and grow leadership for affordable housing development so that increased capacity and innovation result. Too often, local leaders struggle to problem solve local projects in silos. The State could instead prioritize development of an affordable housing developers and planners "hub": create an open dialogue across departments and sectors; reward collaboration and innovation; fund technical assistance that results in sustainable, local, thought leadership; focus state investment where support can also be delivered; create a regular opportunity for those in the field to consult with and advise public partners.

Meghan Lowrey

3. Reopen the DSS Security Deposit Guarantee Program (SDGP). The SDGP has been closed, in effect supplanted by the ARRA funding for the Homelessness Prevention and Rapid ReHousing Program (HPRP). When the ARRA funding runs out, citizens at risk of homelessness and those in shelters who have not been able to earn enough for a security deposit will be without options. The funding cliff will occur unless the SDGP is opened/funded or unless ARRA HPRP funding is extended.

Please give us your top two longer term priorities for Housing policy:

1. Create a dependable, predictable affordable development plan and funding sources to enable the housing development field to create a pipeline and build adequate and aligned capacity. In alignment with targeted strategies, streamline and eliminate non-essential personnel and policies. Create housing development momentum that communities can in turn count on for their own planning.
2. Set a target for transformation of homeless system from one that is "managing" homelessness to one that instead is "ending" homelessness. Challenge the Interagency Council on Supportive Housing and Homelessness, or other entity, to create a transition plan that eventual closes shelters, transforms transitional housing into permanent housing and otherwise routes emergency dollars instead into permanent housing services. Align this transition with steady growth in PSH units and use of homelessness prevention methods.

Are there other observations you would like to offer about organizational issues, interrelationships with other policy areas, new approaches/ideas that you are aware of that should be further investigated/developed?

I strongly encourage development of a shared vision and related targeted public investment at the intersections between housing, education and workforce development. For example, the US Dept of HUD has collaborated with DOE on the Promise Neighborhoods Initiative to create synergies between the DOE place-based strategy modeled on the Harlem Children's Zone and the HUD Choice Neighborhoods initiatives. This kind of informed, strategic, place-focused use of public dollars may well have a better result in the long term for communities and families. A Connecticut strategy that sought synergies between education reform efforts, affordable housing development and the community college role in workforce development would potentially deliver a measurable impact in our cities.

I recommend utilization of incentives or a "race to the top" approach to induce preferred behaviors among developers, social service agencies, communities and other actors. Draw upon the reality of limited public dollars to create carefully designed mechanisms to inspire innovations. Engage the philanthropic community in designing, funding and evaluating these approaches and to bring their expertise to such partnerships.

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Bill McCue
Howard Rifkin

Name and Affiliation: Jeff Lipis, CMBA President, SUP Family Choice Mortgage

Address/email: JeffLipis@AOL.com

Phone: 860-652-8623

Please give us your three top priorities for Housing policy/initiatives over the next two years:

1. Speed up the process to get foreclosed property into the hands of a qualified buyer

2. Banks are afraid to step on a Fair Credit/Lending landmine from a compliance standpoint so they are not approving loans they may be willing to write.

3. Remove/loosen the ability for Banks to "override" and make decisions to extend more credit

Provide a self funding account for borrowers/sellers to fix up foreclosed properties that need kitchen, bathroom, roof repairs. Seller pays interest on money advanced, loan paid off when property transferred.

Jeff Lipes

Please give us your top two longer term priorities for Housing policy:

1. Compliance on mortgages needs to have the policy swing back to middle ground.

2. Create a central website where a consumer can input info and the appropriate state subsidy, grants, etc comes up for the borrower to have a road map to financing

Are there other observations you would like to offer about organizational issues, interrelationships with other policy areas, new approaches/ideas that you are aware of that should be further investigated/developed?

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Bill McCue
Howard Rifkin

Name and Affiliation: Rick Porth, United Way of Connecticut
Address/email: Richard.Porth@ctunitedway.org
Phone: 860 571-7501

Please give us your three top priorities for Housing policy/initiatives over the next two years:

1. Increase the supply of permanent supportive housing as a cost-effective solution for frequent users of state and nonprofit services.
2. Continue to provide incentives to municipalities to create Incentive Housing Zones for more housing, as proposed in the HOME Connecticut Campaign.
3. Build on success of programs that create affordable housing, such as CHFA. Protect and maintain affordable units which already exist.

Please give us your top two longer term priorities for Housing policy:

1. See # 2 and 3 in response to first question.

2.

Are there other observations you would like to offer about organizational issues, interrelationships with other policy areas, new approaches/ideas that you are aware of that should be further investigated/developed?

We provide these observations in the attached United Way Housing Policy Agenda and 2-1-1 Barometer report on affordable housing. We have also attached a housing needs assessment report based on Connecticut residents' calls to 2-1-1.

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Bill McCue
Howard Rifkin

Name and Affiliation: Dara Kovel, Connecticut Housing Finance Authority

Address/email: 999 West Street, Rocky Hill, CT 06067
Dara.kovel@chfa.org

Phone: (860) 571-4360

Please give us your three top priorities for Housing policy/initiatives over the next two years:

1. Invest in existing public housing infrastructure.
 - Through additional subsidy resources, combined with existing leverage available through CHFA, improve the lowest performing 30% of the state's affordable housing stock to increase the quality of the homes, create jobs and reduce energy consumption.
 - Create incentives or mandates for public owners to improve their properties – through debt or subsidy – so as to halt further deterioration of the stock.
 - Utilize weatherization and other conservation resources to be invested in properties that serve the most vulnerable. (Reducing utility operating costs for properties unleashes leverage and reduces environmental impacts.)
 - Streamline the regulatory framework of the State portfolio to clarify responsible agencies and simplify regulatory oversight.

2. Increase affordable and mixed income housing production in walkable locations.
 - Make available the \$20M per year in housing trust funds to create more development in walkable locations.

Dana Kouel

- Increase housing resources through reallocation of CIA, increases in State Housing Tax Credit Contribution program, and Flex programs. (These apply for preservation activities as well.)
 - Require DOT and other state agency owned property to be offered to developers of affordable housing or mixed income properties.
 - Work with towns for transferable development rights to increase activity in smart growth locations
 - Create priorities for infrastructure dollars to towns that encourage higher density and affordable housing development
 - Have priorities for PILOT's around transit oriented locations.
 - Generally reform property taxes to encourage regionalism and better distribution of resources and service provision
3. Increase opportunities for existing homeowners to stay in their homes and for foreclosed or short-sale homes to be available to first time homebuyers.
- Work with banks to streamline the short sale and foreclosure sale process
 - Provide incentives for banks to make foreclosed homes available to first time homebuyers.
 - Leverage federal resources to reduce the burden on unemployed or underemployed homeowners so they may stay in their homes.
4. Take advantage of down market to create new affordable housing opportunities.
- Develop public/private partnership for acquisition of under-performing multifamily and foreclosed single family to bring the housing back on line for renters and homebuyers in need.
 - Require owners at end of mortgages or affordability restrictions to offer properties for sale to CHFA or other intermediary or buyer for continued affordability.
 - Create incentives for banks to offer properties to non-profit buyers for affordable housing.
 - Develop an acquisition fund to enable such transactions.

Please give us your top two longer term priorities for Housing policy:

1. In partnership with the Federal government, develop greater resources available for operating subsidies available to our most vulnerable residents.
- Expand resources available through DSS, HUD and local housing authorities for a net gain of 30% increased rental subsidy availability.
 - Generally work more closely with Federal agencies to take advantage of funding opportunities.
2. Develop a Connecticut 2040 Plan to describe how housing, jobs, transportation and the environment will align and support each other in the coming decades to the benefit of all Connecticut residents.

DARA Kovel

- Create greater alignment between housing, community and economic development, environmental (brownfields, energy conservation, renewable energy) and transportation investments.
- Develop greater coordination among state agencies in support of outcomes based objectives.
- Align state agency priorities to encourage aligned investment.

Are there other observations you would like to offer about organizational issues, interrelationships with other policy areas, new approaches/ideas that you are aware of that should be further investigated/developed?



HOME BUILDERS ASSOCIATION OF CONNECTICUT, INC.

3 Regency Drive, Suite 204, Bloomfield, CT 06002
Tel: 860-216-5858 Fax: 860-206-8954 Web: www.hbact.org

*Your Home
Is Our
Business*

December 13, 2010

To: Bill McCue
Howard Rifkin

From: Bill Ethier, CAE
Chief Executive Officer

Re: Housing Policy Initiatives

Thank you very much for this opportunity to comment on Governor-Elect Malloy's housing policy initiatives. We are very encouraged by the new Governor's policy outreach to various stakeholders and are pleased to offer our comments.

We estimate our members build 70% to 80% of all new housing units across the state each year. Our industry not only produces homes employees need ("homes are where jobs go at night") but also produces many jobs itself and tax revenues for state and local governments. Homes pay for themselves and our industry can be a key driver, not just an indicator, of economic growth.

Our industry faces a multitude of regulatory burdens and hurdles in producing the housing CT's citizens need, so it is not just one or two priorities that stand in the way. It's the layers and totality of approvals, any one of which can kill a new home. **We need regulatory relief in order to produce more housing that is affordable to more people and that serves all housing markets, from low income to corporate CEOs.** Our regulatory burdens to build a home can be broken down into two major categories: those permits and approvals needed from state government and those permits and approvals needed from local government, all of which are controlled, albeit loosely in many cases, by state statute.

In order to significantly reform regulatory hurdles, to create more certainty for businesses to invest their capital and for consumers to pull their purchasing trigger here in CT, and to generate excitement among both industry and consumers, we hope to see bold initiatives from Governor Malloy's administration regarding regulatory reform. **Attached** is a recent commentary "Moratorium on New Regulations is NOT Enough" that outlines a policy litmus test, our 2010-2011 Issues List that expands on the regulatory relief theme, and a paper "Development and Construction in Connecticut: Many Steps, Many Stops (Nov. 2008)" that lists 50+ potential permitting steps we must consider to build a home. We stand ready to work with you to address many of these specific issues. Thank you again.

The HBA of Connecticut represents the for-profit residential development and construction industry. Our 1,100 member firms are residential land developers, new home construction builders, residential remodelers, trade contractors, vendors and suppliers, and professionals serving our industry, such as engineers, lawyers and real estate brokers.

Representing the CT Residential Development & Construction Industry Through Advocacy & Education
"Leading Our Members to Professional Excellence!"

Moratorium on New Regulations is NOT ENOUGH

Bill Ethier, CAE, Chief Executive Officer
HBA of Connecticut
September 2010

Business needs more certainty in its tax and regulatory environment in order to risk capital and invest in new products or employees. Only when businesses and consumers feel secure from unknown tax and regulatory futures will the economy grow again. It has been suggested by some that the state (and feds) should adopt a moratorium on new regulations, with exceptions for defense and public safety, to instill this sense of certainty. I don't disagree with the exceptions, but a moratorium on new regulations is not enough.

Of everything our 1,100 small business members face, regulatory burdens are most crushing – whether they be regulations on permits and approvals, on business operations, or those affecting credit availability.

Yes, we very much want government to stop spending and get its own house in order. We understand the looming financial meltdown for state government and, therefore, all of us. The \$3.5 billion structural deficit for state government in the next fiscal year alone is only about half of what's truly needed. The state needs about \$3 billion more it it's to properly capitalize the unfunded pension and health care liabilities. GAAP accounting principles, something both Gubernatorial candidates said they would adopt, forces the state to capitalize those long-term liabilities. So, that's \$6.5 billion to find in next year's budget. Who is talking those numbers? I don't hear it.

But mostly, we're desperate and mad (depending on the day, one emotion takes over the other) about government being on our back so relentlessly. The regulatory envelope has ballooned to such an extent, it's amazing anything at all gets built today. I've been in this business, particularly on the land use and environmental side, for almost 30 years (and lobbying at the state capital for the industry for 20 years), and I don't know how the regulatory environment got so far away from us. It's been mission creep; hens pecking us to death ... a little here, a little there ...; one thing after another; fees inching up year after year, for more and more things; public hearings upon public hearings for everything connected with the use of private land, including as-of-right permit applications (i.e., if you comply with the rules, you're entitled to your permit, so what's the point of a public hearing other than to "let the public vent" as I've been told). Then, there's the occasional insanity as in the EPA lead-paint rule that is a time bomb waiting to go off for remodelers and home owners, or the DEP stream flow regulations that will impose water use restrictions on everyone to solve a stream flow issue affecting fish populations in 1% of our streams, or the multiple stormwater regulations coming from local boards, the state DEP and the federal EPA. WHAT IS THAT ABOUT? Why not one practical, clear, understandable regulation everyone can follow? More government running amok; every regulator asserting their power; Give me a break, please!

It seems like there's been a whole cultural shift over the last few decades that presumes we, as individuals, consumers and businesses, can't possibly survive without reliance on a government agency looking after us, making sure everything is done "right" and everyone is protected, leaving no corner of a business venture unexamined or unregulated. The creativity of regulators' minds is extraordinary. They seemingly know no bounds for pushing out the sphere of their control over others.

We need not only a moratorium on new regulations (which will help set the tone and the stage) but also a significant effort at repeal and reform. Create a litmus test for reasonable protection of the public's health and safety, and of reasonable self-reliance. If a regulation doesn't pass that test, repeal it. Then, break through the silos and bureaucracies and reform what's left so it works, is efficient and timely, with clear rules so everyone knows that if you play by those rules there will be certain results and you'll get there quickly. I don't know if there are any political leaders courageous enough to agree, but if so, we **must** elect them in November, or we will be in even deeper trouble as a state and a country.

I'm not a lunatic. I just want the America I know and love back; I want the ideals of freedom and self reliance ... for which my father fought, marched through Italy, France, Belgium and Germany, and taught me ... back. I want back a spirit of entrepreneurship, liberty, and community vitality that welcomes growth and families and businesses with open arms. I have a reputation (wrongly or rightly deserved is for others to judge) for being pretty level-headed, grounded and steady. But, today I am mad. I hope Nov. 2's aftermath doesn't make more of our members, or me, desperate.

Contact Bill at the HBA of CT, 3 Regency Drive, # 204, Bloomfield, CT 06002; Tel: 860-216-5858; bethier@hbact.org



HOME BUILDERS ASSOCIATION OF CONNECTICUT, INC.

3 Regency Drive, Suite 204, Bloomfield, CT 06002,
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*Your Home
Is Our
Business*

2010-2011 Issues List

Our industry is broad,¹ and deeply affects the economic health of the state. Our list of specific issues is extensive and ever-evolving as state and local governments constantly push out their sphere of influence over our businesses. The regulatory load facing land developers, home builders and remodelers crushes growth, jobs and the economy.

So, our 2010-2011 message to legislators and regulators is simple: **Allow us to lead the economy back. We're ready and able if you get out of our way. With an urgency and importance unparalleled in our association's history, we strongly hope the next Governor, legislature and all state and local regulators will:**

- **Improve the Regulatory Climate for Land Development and Building Homes for Connecticut's Citizens at Both the State and Local Levels and do the following:**
 - remove uncertainty caused by vague and open-ended land use regulations,
 - eliminate unnecessary permit processing delays and discretionary public hearings,
 - stop and reverse the expansion of inland wetlands jurisdiction,
 - repeal regulations limiting lot yields if they don't protect the public's health & safety,
 - ensure at every level our regulatory system is simple, swift and more certain,
 - reduce and streamline the fifty or more steps and possible stops in both local and state government before construction work on a new home can begin; and
 - prevent any new regulations that do not pass a threshold of reasonably protecting the public's health and safety.

- **Reduce State Spending and the Size of State Government to lessen the thirst for more tax revenues and do the following:**
 - prioritize state programs, discarding less than critically necessary expenses, and reinvestigate private self-reliance throughout our society, and
 - adopt a balanced budget, without new borrowing, and reduce or eliminate taxes, fees, charges, maintenance bonds and government bureaucracy to make CT a financially easier place to set up and continue a thriving business.

Significantly addressing these issues will allow the development and construction industry to produce more free market homes, from affordable to high end to serve all of society's needs. The homes, jobs and tax revenues we can produce will make CT a more productive and attractive place for all citizens. **We need state and local government to get off our backs**, let liberty reign and Connecticut will soon find itself awash in vitality, new people, entrepreneurship, growth, more tax revenues and a renewed ability to tackle any problem we collectively face. We can change our ways in balance with critically necessary laws and regulations that protect the public's health and safety, but change we must!

¹ *The HBA of CT's 1,100 Member Firms Build 70% to 80% of All New Housing Units in the State Every Year. 100 New Homes Create 324 New Jobs and \$8.9 Million in Taxes, Fees & Charges Paid to Government (in the 1st year alone). Permanent jobs & tax revenues continue.*

December 13, 2010

Governor-Elect Malloy's Committee on Housing Policy

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Bill McCue
Howard Rifkin

Name and Affiliation: Bob Kantor, Fannie Mae

Address/email: bob_kantor@fanniemae.com

Phone: 860 523-4691(o) 860 982-4848 (c)

Please give us your three top priorities for Housing policy/initiatives over the next two years:

1. Affordable housing creation and preservation needs to be viewed as an investment and linked to other major policy initiatives such as education, transportation, environment, health care and probably most importantly, job creation. We need to identify the opportunities for leveraging these complementary components to promote long-term household sustainability and health and state macro economic growth, sustainability and health. Some areas for further investigation:
 - a. Supportive services for our seniors population (that will grow substantially and require immense resources over the next 20 years) and finding better ways to serve them in their existing homes or affordable rental stock. Can we capture savings relative to nursing homes and create gerontology based jobs across a spectrum of skill levels.
 - * Ramp up home based care initiatives
 - * Pursue HECM type financing
 - * Pursue initiatives that would enable seniors to sell homes, move into lower cost rental housing, (new construction in urban areas near medical facilities) keep equity to help defray cost of home care and other services, etc. Maybe require somewhat discounted home sale for new affordable homeownership opportunities to younger families in exchange for affordable rental with home care benefits.

Bob Kantor

* Can state partner with long term care insurers to create more focused home based care initiatives at much lower cost to all involved?

- b. More supportive housing for homelessness prevention in public housing authority stock. Take advantage of vacancies in properties already controlled. More focused rapid rehousing of families, maybe utilizing single family foreclosed stock.
- c. Expand supportive housing set aside initiatives – 5-15% of units in new units coming on line and continue to support a mix of incomes in all new housing created with federal, state subsidies.

2. Develop an inventory of (ready to go) housing developments that have zoning approved and utilize a swat team of CHFA, DECD and private investors to determine which could gain access to capital the quickest while leveraging as much private resources as possible. Focus on Home CT deals, stalled condo conversion deals that are partially built or distressed conduit financed multi-family deals that can more quickly be brought to market, at risk affordable deals, etc. Can private sector financed deals with 10-20% affordability supported with targeted subsidies be achieved at scale in CT?

a. What role can CDFIs play in overall strategy or which affordable market segments can they most efficiently help with. One potential area is the 2-20 unit market segment (that actually provides a disproportionate share of affordable workforce housing) to try to stabilize and revitalize this tired housing stock. CDFIs could be in best position to partner with local banks to increase lending and structure to owners of this stock.

3. Focus on developing sustainable home ownership initiatives as well as strategies that attack the shadow inventory of serious delinquent and homes in the short-sale/foreclosure pipeline.

a. We are expected to see an increase in foreclosures in CT for at least the next 12- 18 months. Look at interventions that can slow foreclosures down and increase alternatives to foreclosures such as short sales with lease back with option to buy feature being used in communities across the country.

b. Where foreclosure is unavoidable, can that stock be acquired cost effectively to convert to affordable opportunities.

c. Develop more focused home ownership counseling initiative, both pre- purchase and post purchase, possibly by including a counseling fee into the guarantee/servicing stack of each home loan. This could build a sustainable, support infrastructure that isn't dependent on grant funding.

d. What linkages to education can be generated to build capacity in financial literacy training and support. The current mortgage crisis has taught us that this is a major area of neglect.

Bob Kantor

4. Pursuit of co- or shared housing, multiple unrelated seniors or young adults or recent graduates of supportive housing that are ready to live independently to lower overall per person housing costs.

5. Build and endorse regional plans of development and then streamline planning and zoning and building permit processes that are consistent with those plans.

Please give us your top two longer term priorities for Housing policy:

1. This would probably get moved up to short-term if the Federal Gov and HUD succeed in securing PETRA approval and increases funds for S-8. Preservation and redevelopment of the State's public housing stock is of utmost concern. Without federal resources, we need to identify the developments that most likely have market potential and redevelop those while resources can be found for developments in more distressed markets.

2. Explore strategies to secure more private sector involvement, such as:

A. Build strategy to raise philanthropic sector involvement in these issues. Can specific sectors like hedge fund managers be tapped by Governor as a source of lower cost equity to help jettison more development activity and leverage additional resources.

B. Explore credit enhancement initiatives to enlist more lending and access to capital through risk sharing and tapping expertise of other investment partners.

C. Aggressively pursue Federal resources that do exist, like Capital Magnet Fund or Social Innovation Funds to further provide leverage of state and local resources.

Are there other observations you would like to offer about organizational issues, interrelationships with other policy areas, new approaches/ideas that you are aware of that should be further investigated/developed?

BOB KAUFOR

Appears some good progress has been made on DECD/CHFA coordination, but still more improvements need to be accomplished.

December 13, 2010

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Bill McCue
Howard Rifkin

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Phone:
(860) 290-6601 ext 302

Please give us your three top priorities for Housing policy/initiatives over the next two years:

1.

Resolve Budget Deficit:

Reduce Spending

In making cuts, all stakeholders must share the pain to the extent that it is economically and socially responsible.

Restrain bonding, recognizing per capita debt is extremely high and interest payments consume a large share of State spending.

Bob Kennedy

Use a broad-based approach in selecting new or expanded revenue sources, but only after reducing spending to a level that permits the most efficient performance of core government functions.

There should be no added taxation on the real estate transaction particularly when government is relying on the housing sector to lead an economic recovery.

2.

At times it is not about what needs to be done but what should not be done. Statutes and regulations, although well-intentioned, can have a negative impact on housing development as well as the cost. Developers/builders should be encouraged, not discouraged as happens in many instances. New legislation/regulations should be vetted to determine the impact on housing at all levels as well as the intended and potentially unintended consequences. In some instances the regulations exceed the statutory intent. Existing regulations should be reviewed for revision where they prevent or delay housing development. (This also would apply to commercial industrial development.)

The restoration and improvement of existing properties often is more atuned to "smart growth" than new construction. Brownfield redevelopment and smart rehab codes should be emphasized.

Incentive housing zones such as those encouraged by the HomeCT program should be supported and enhanced. Yes, funding is difficult given the State's budget situation, but as stated in the Malloy for Governor Policy Project, housing should be considered an investment in driving the State's economy. HomeCT provides a model for encouraging affordable housing production.

Down payment assistance for responsible qualified home purchasers should be readily available for first time buyers. A first time home buyer tax credit targeting buyers within CHFA sales price limits should be considered both to assist buyers and hopefully retain our young citizens.

Another option to be considered to incentivize graduates of CT schools and colleges is the "Learn Here, Live Here" concept. It would allow first time buyers to set aside a portion of their income tax liability in a housing trust fund for their eventual use in purchasing their first home.

3.

Housing is a continuum of a variety of housing products ranging from shelter, SROs, supportive housing, rental units and homeownership. Each has proponents and detractors representing many points of view. Conservation and Development are two terms commonly used together but in many instances their proponents are in conflict. Better communication with all parties involved in housing is greatly

Bob Kennedy

needed. The Partnership for Strong Communities, Home Builders and REALTORS are in the initial stages of creating opportunities for interested parties to come together to discuss production of affordable housing and hopefully create an opportunity for continuing dialogue. Participation by State agencies involved in housing would add a welcome dimension.

Programs to encourage responsible home purchases as well as information on how to keep their home for those homeowners experiencing difficulty should be created and promoted. A program developed by CHFA, HUD and the Connecticut Association of REALTORS recently is "Own It Keep It." www.ownitkeepit.org

Keeping people in their homes is most important. If that is not possible, quickly bringing to market and closing those homes involved in foreclosure, bank owned properties and/or those being considered for "short sale" should be a priority thus eliminating the high inventory.

Please give us your top two longer term priorities for Housing policy:

1.

Tax reform

As noted in the Policy Project, Connecticut has over relied on the property tax which is no longer an equitable method to assign/distribute the cost of government programs. This is long overdue.

2.

CT needs a simple more easily understandable housing plan which is consistent with the State Plan of Conservation and Development. Current plans overseen by DECD and HUD are overly complex and not widely understood. Housing is an integral component of Connecticut's future. As some say, without a plan one doesn't have a future. Housing must be part of what is described as sustainable communities, which involves other elements such as employment, transportation, health, education, public safety, strong vibrant communities, etc. Transit oriented design/development and location efficient mortgages are two ideas that need to be implemented. All these factors are interrelated.

Rather than develop public programs, which admittedly are necessary at times, the private sector should be encouraged to develop needed housing. Government at all levels must afford the opportunity to expedite housing development approval.

Bob Kennedy

The autonomy of the 169 communities is a long held New England tradition. Hopefully some form of regionalism will be established to provide some consistent planning for land use decisions. Educating those that are resistant to change is important in that without change communities will not remain vibrant in the long term.

Are there other observations you would like to offer about organizational issues, interrelationships with other policy areas, new approaches/ideas that you are aware of that should be further investigated/developed?

As noted in 2 above, housing is a key component in assuring economic success in Connecticut and assuring its citizens the quality of life which is currently threatened.

Retaining our young citizens is a must.

Rifkin, Howard

From: Murrell, Kia [Kia.Murrell@cbia.com]
Sent: Monday, December 13, 2010 10:18 PM
To: Rifkin, Howard
Subject: CBIA Priorities for Housing

Howard,

Thanks to you and Bill for hosting today's informative meeting on housing issues. Per your request, below are CBIA's priorities on Housing policy for Governor-Elect Malloy. Please contact me with any questions.

Thanks,
Kia

Short/Long Term Priorities:

Expand the supply of housing affordable for workers throughout Connecticut so that businesses can keep and attract quality employees.

Encourage the departments of Economic and Community Development and Transportation to coordinate and develop housing, transportation and economic policies that maximize growth.

Reduce regulatory barriers, modernize zoning requirements and create incentives for increasing the supply of housing that is affordable for workers in Connecticut.

Why? Connecticut is one of the most expensive places in the nation to live. High housing costs can reduce the availability of skilled workers and deter young people from choosing to stay in the state.

Kia F. Murrell | Assistant Counsel | CBIA 350 Church St. | Hartford, CT 06103 | p 860.244.1931 f 860.244.8508 Kia.Murrell@cbia.com | www.cbia.com

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December 13, 2010

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Bill McCue
Howard Rifkin

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Deb Bochain
Liberty Bank

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dbochain@liberty-bank.com

Phone: 860-344-7248

Please give us your three top priorities for Housing policy/initiatives over the next two years:

1. Explore options that may assist homeowners whose properties are "under water" to be able to refinance to lower rates that in turn will help their cash flow over the next few years as the economy recovers. Consider a second mortgage that covers the collateral "gap", perhaps secured with a guarantee by the State.
2. Establish a revolving security deposit program to assist the transition from homelessness to transitional living, as well as, provide for those whose income limits in the current economy require this assistance. Since the lack of security deposit dollars is a significant barrier in being able to qualify for rental housing, the creation of a revolving security deposit program might initially be funded by grant dollars from various state wide foundations and other organizations that is set up like the DSS program had been; administered perhaps with existing resources.

DeB Bochain

3. Expand upon the current foreclosure mediation process that has been fairly successful with a goal to shorten the period of time spent in mediation and where the various parties meet sooner in the process. I/e, accelerate the face to face meeting over email and voice mail exchanges.

Please give us your top two longer term priorities for Housing policy:

1. Continue to work on major initiatives that preserve homeownership and review existing state programs designed to do the same to ensure their effectiveness. Upon determination that a program has outlived its usefulness, eliminate it as early as possible so available dollars and resources can be re-allocated, even if only to test another idea. For example, the EMAP program gets low scores from the housing/financing community with respect to attaining high applicant acceptance. Quite the contrary, applicant acceptance is understood to be relatively low, where the poorest of the poor have difficulty completing required paperwork and for those that complete this task, their applications are often declined. If the "pull through" rate on applications is say, <20%, then a lot of people are doing a lot of work with minimal results. Such a program needs to be revised or replaced.

2. Find ways to address zoning issues to accelerate affordable housing opportunities and to more equitably allocate DECD dollars for affordable housing initiatives in all 169 CT towns not just those with the largest affordable housing projects. An example of a successful project is the Old Saybrook HOPE Project which hit a major milestone in early Oct when the state's Dept of Economic and CD (DECD) announced approval of \$2.9MM in low-cost financing. The loan will cover 75% of cost to construct the homes and the state's financing is conditioned on HOPE Partnership's securing separate financing for the remaining 25% of the project's costs. The Women's Institute for Housing and Economic Development (HOPE Partnership's partner) submitted through Liberty on HOPE's behalf a loan application to the FHLB. This application is to secure a below market rate permanent loan for the 25% match.

Are there other observations you would like to offer about organizational issues, interrelationships with other policy areas, new approaches/ideas that you are aware of that should be further investigated/developed?

At a recent meeting, we had the privilege of having our guest speaker to be the Founder and President of Common Ground – a local West Hartford resident. There seems like a lot that can be learned about developing successful, sustainable affordable housing projects from this organization that seem worth further investigation.....

Thank you for the opportunity to participate!

December 13, 2010

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Bill McCue
Howard Rifkin

Name and Affiliation: *Tim Hollister, Shapman + Goodwin LLP*
Address/email: *thollister@goodwin.com. One Constitution Plaza*
Hartford, CT 06103-1919
Phone: *860-251-5601*

Please give us your three top priorities for Housing policy/initiatives over the next two years:

- 1. Fund HOME Connecticut / Incentive Housing Zones with at least \$1 million per year for next two years. This will keep momentum going.*
- 2. Preserve 8-30g / Affordable Housing Land Use Appeals. It is a principal reason towns are embracing Incentive Housing Zones. If repealed or watered down, HOME CT will be less successful.*
- 3. Provide clear legislative and administrative direction to DEP that it cannot control public sewer system extensions or expansions using the locational guide Map of the State Plan of Conservation & Development. Their "system" is completely illegal and it is choking economic growth all over the state.*

Tim Hollister

Please give us your top two longer term priorities for Housing policy:

1. Amend General Statutes 8-23 to require towns to provide for a fair share of moderate and low income housing in their plans of development. The current statute suggests but does not require. Towns gripe about 8-30g undermining planning - but most don't plan in the first place.

2. Clear up the jurisdictional ping-pong between DEP and DHS regarding sewage disposal systems. Delineate clearly who is responsible for what systems and provide personnel to administer. Perfectly benign sewage disposal design languish because these two agencies are having a turf war.

Are there other observations you would like to offer about organizational issues, interrelationships with other policy areas, new approaches/ideas that you are aware of that should be further investigated/developed?

Environmental intervention under §22a-19 has gotten out of hand and become a tool of delay and blackmail, not a means to protect the environment. The courts are allowing virtually anyone at any time to intervene on "environmental" grounds, even if the claim is unsupported, and they become parties to lawsuits and block settlements. A standard requiring an intervenor to have an ownership interest in nearby real estate and some evidence of pollution is needed.

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Bill McCue
Howard Rifkin

Name and Affiliation: Curtiss B. Clemens, Sr - Century 21 Clemens & Sons Realty

Address/email: curtclemsr@gmail.com

Phone: 860-761-8800

Please give us your three top priorities for Housing policy/initiatives over the next two years:

1. Change Medicaid expenditure policy to allow funding for Long Term Care at home. Currently, the State of Connecticut is out of balance with other states with the bulk of our expenditures being directed to expensive care in nursing homes. Savings in the tens of millions, and perhaps hundreds of millions, of dollars can be realized by shifting emphasis to home based care combined with the use of products such as PALS (Practical Assisted Living Structures) which are handicap accessible modular housing units which can be permanently or temporarily attached to existing homes. These units allow the people to remain in their homes, in the care of their family or care givers, at considerable savings to taxpayers. See attached Blum Shapiro report on Long Term Health Care (2/10/2010) and information on PALS.

2. Affordable housing is not a stand alone issue, however, we have to expand our efforts to retain our young people through comprehensive first time buyer programs which go beyond the scope of current CHFA and related programs. Greater emphasis needed to change restrictive zoning, especially in the more affluent towns, to allow for cluster type, stand alone housing of modest size aimed at true first time buyers who are also long term residents of Connecticut (not someone who has not owned a home within 3 years or just moved into the state). Expand down payment assistance programs to allow for up to 10% of either low interest 2nd mortgages, tax

Curtiss Clemens

credit incentives to employers who might provide the entire down payment or a portion thereof, or forgiveness of a portion of the down payment for state residents in jobs such as police, fire, teaching, etc whom remain in these homes for a specified number of years. These 2nd mortgages can eventually be self funding as they are repaid. Provide for low cost construction loans for developers of such housing.

3. Comprehensive tax reform to lower property taxes combined with sharp reduction in the size and scope of state government, combined with a ban on unfunded state mandates being levied on our local governments.

Please give us your top two longer term priorities for Housing policy:

1. Allow the expanded conveyance tax to "sunset" as was promised when it was enacted.

2.

Are there other observations you would like to offer about organizational issues, interrelationships with other policy areas, new approaches/ideas that you are aware of that should be further investigated/developed?

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Bill McCue
Howard Rifkin

Name and Affiliation:

Address/email:

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 phelie@prudentialCT.com
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Please give us your three top priorities for housing policy/initiatives over the next two years:

1. Improve the regulatory climate for land development
2. Financing incentives for builder and consumer - *down payment assistance*
3. Reduce size of government and reduce taxes. *Budget*

Peter Helie

Please give us your top two longer term priorities for Housing policy:

1. Incentive for buyers - Tax and special financing. - down payment assistance
2. Reduce size - of government - reduce taxes
3. ~~*~~ Attract new business to Connecticut.

Are there other observations you would like to offer about organizational issues, interrelationships with other policy areas, new approaches/ideas that you are aware of that should be further investigated/developed?

Rifkin, Howard

From: Andrea Pereira [apereira@lisc.org]
Sent: Monday, December 13, 2010 7:33 AM
To: Rifkin, Howard; billmc@mccuemortgage.com
Cc: david@ctpartnershiphousing.com; Lesley Higgins-Biddle; Mary Kay Garrow
Subject: RE: Outreach meeting Dec 13 of Gov.-Elect Malloy's Transition Subcommittee on Housing



Fairfield
nty Finance 11-

Dear Howard and Bill,

In preparation for today's meeting, I would like to share a summary of ideas from a group of Housing Leaders we have been working with in Fairfield County.

For several months we have been working with staff of the Partnership and the Fairfield County Community Foundation to organize housing leaders and develop recommendations to increase affordable housing production in the county.

We have a subcommittee looking at housing finance. I am attaching the summary of needs and preliminary recommendations. We are currently working on adding detail to this over the next few days.

The recommendations focus on development financing tools. The committee did not take on home buyer financing or foreclosure and refinancing.

I am happy to answer any questions you might have. I look forward to today's meeting.

Sincerely,
Andrea

Andrea Pereira
Executive Director
Local Initiatives Support Corporation
Hartford & Connecticut Statewide Programs
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**Fairfield County Housing Leaders
Affordable Housing Financing Subcommittee**

Notes for Discussion

November 30, 2010

I. Summary of Needs Previously Discussed

- A. Low interest permanent financing to support multi-family rental development
- B. More subsidy with flexibility to support a diverse range of need
 - Including: family and elderly rental, supportive housing, homeownership, workforce housing, mixed use, mixed income, urban and suburban, preservation and new production
- C. Predevelopment financing – readily accessible & “patient”
- D. Acquisition financing - readily accessible & “patient”
- E. Access to donated or low cost land in Fairfield County
- F. Loan guarantees/mortgage insurance to enable developers to better leverage private sector financing for affordable housing deals
- G. Guarantees and low interest investment to support creation of an investment fund for housing and community development; terms to attract new investors
- H. Connection of affordable housing financing to other community development financing to support comprehensive neighborhood and smart growth strategies

II. Summary of Recommendations Previously Discussed

- A. Expand the State Housing Trust Fund; review and revise the guidelines to provide for greater flexibility
- B. Develop a state loan guarantee program for:
 - Developers to combine with private sector financing
 - CDFIs to use as credit enhancement in affordable housing financing
- C. Develop a fund that could combine public and private investment, and increase the supply of capital for housing and community development
 - Identify new sources of capital (such as pension funds, institutional investors)
 - Identify below- market capital to provide interest rate write-downs
 - Develop credit enhancement to attract investors
- D. Develop a mortgage insurance product that would help developers to secure permanent financing for multi-family development

Andrea Pereira

- E. Identify funding for a pre-development pool that can be readily accessed in a timely manner by developers; consider contracting the administration of this fund to private pre-development lenders and funders
- F. Create a template for localities to inventory available low-cost or donated land; explore regional mechanisms to share such information
- G. Identify ways to increase utilization of New Markets Tax Credits and Tax-Exempt bonds
- H. Identify opportunities within the HUD Sustainable Communities planning to address any of these needs and recommendations



at The Lyceum

December 17, 2010

TO: Howard Rifkin, Bill McCue, Gov-Elect Malloy's Housing Subcommittee
FROM: David Fink, Policy Director, Partnership for Strong Communities

c. Diane Randall, Mike Hanley, Partnership for Strong Communities

Rationale for Housing Priorities Recommendations

1. Adequate supply of affordable housing to attract and retain workforce, particularly younger workers
2. Adequate supply of community-based supportive and affordable housing to reduce costs in emergency and institutional care for very low income population with disabilities
3. Preserving the affordability and improving the sustainability of existing housing dedicated to low income households.

Please give us your three top priorities for housing policy/initiatives over the next two years:

1. Investment of \$100 million annually in capital financing through the Housing Trust Fund to **create and preserve multi-family housing for low-income households, including supportive housing**. Subsidizing the production and preservation of affordable and supportive housing creates jobs, improves communities and provides stability and affordability for workforce and vulnerable households. **Rental Assistance or operating subsidies** are required to assure sustained revenue for households occupying units dedicated to very low income populations since they cannot afford market rate rent. Additional RAPs (Rental Assistance Program at DSS), **aggressive pursuit of federal rental assistance** (Section 8, VASH, Family Unification, Housing +Services vouchers) must be pursued as well as **consideration of capitalizing operating subsidies**. To create supportive housing, not only is rental assistance necessary but vulnerable populations (i.e. very low-income people with disabilities) need social services. **The state must reimbursement from Medicaid** through the Affordable Health Care Act for services funding.
2. Address municipal resistance to housing creation. Priority for grants, bond dollars, STEEP, open space and agricultural land preservation grant, SCCDBG, Urban Act, HOMEConnecticut dollars to municipalities that create affordable housing, density or conditions for it; i.e. speedy zoning approvals, willingness to bond locally for infrastructure to support density.
3. Create a "housing cabinet" by executive order so that the Commissioners of Transportation, Environmental Protection, Public Health, Education, DMHAS, DSS, DCF, DOL, and OPM work cooperatively with DECD and CHFA and understand their agency's role in affordable housing as a vital component for the solution of policy problems.. Providing affordable, safe, secure housing can solve a range of policy concerns from improved health and education outcomes for children—reduction of asthma, lead poisoning, low opportunity neighborhoods, achievement gap to environmental and energy problems— auto emissions, traffic congestion to high costs of institutional care and adequate community housing and support for those leaving institutions.

Partnership for Strong Communities

Please give us your top two longer-term priorities for Housing Policy:

1. Commit to the sustainability and long-term preservation of all existing affordable rental housing serving low income families, the elderly and people with disabilities.
2. Support the Opening Doors—Connecticut plan to prevent and end homelessness (will be developed over the next 5 months by the Partnership for Strong Communities.)
3. Create affordability in every town using sufficient capital investment, incentives and by training zoning officials to look proactively at local housing needs in the same way that municipalities currently view recreation, sanitation, transportation, public safety and other vital needs. Align bond money or limited \$ to continue to incentivize more towns to find locations for Incentive Housing Zones or other higher-density zoning to create affordable options for workers, young families and professionals to grow skilled labor pool and increase state population.

12/13/10

December 13, 2010

Governor-Elect Malloy's Committee on Housing Policy

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Bill McCue
Howard Rifkin

Name and Affiliation: Cal Vinal, President & CEO, CT Housing Investment fund, Inc.

Address/email: 121 Tremont Street, Hartford, CT 06105

Phone: 860-586-2028 (office) 203-910-0130 (cell)

Please give us your three top priorities for Housing policy/initiatives over the next two years:

- 1. Expand resources for Residential Energy Retrofit Improvements for homeownership and rental housing**
Create an energy policy for state focusing on coordinated and efficient delivery of resources to support residential energy retrofit and alternative source lending (e.g. developing a secondary lending market). Promote leveraging DOE involvement.
- 2. Address pre-foreclosure needs**
PSAs on resources available
Sequence the mediation and foreclosure action stages
- 3. Address post-foreclosure impacts**
Develop loan source for non-profits to rapidly acquire foreclosed properties in targeted communities and hold short-term for renovation and resale, sale-back to ex-owner re: Boston Community Capital, or lease-to-own strategy re: Self-Help.

Cal VINAL

Please give us your top two longer term priorities for Housing policy:

1. Through the Banking Commission, compel consortia lending model for state with delivery through qualified NGO(s).
 - a. Chicago NHS model of alternative mortgage lending
 - b. Passage of CGS requiring Bank merger's to provide affordable housing funding to state resource (e.g. Section 167, MA Banking Commission, MA Housing Partnership)
2. Long term strategy to address preservation of state housing portfolio and expiring LIHTC/USDA projects.

Are there other observations you would like to offer about organizational issues, interrelationships with other policy areas, new approaches/ideas that you are aware of that should be further investigated/developed?

1. The state's approach to delivering energy resources (public utility, federal, state) is highly inefficient. Consider Maine Housing Finance Authority as a delivery model.
2. It would be beneficial for the state to consider developing/supporting the creation of statewide NGO CDFI capacity, like MA Housing Investment Corporation or MA Housing Partnership by building on the existing CDFI infrastructure.

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Bill McCue
Howard Rifkin

Name and Affiliation: Rev. Donald R. Steinle, Executive Director, Christian Activities Council

Address/email: dsteinle@christianactivities.org

Phone: 860-527-9860

Please give us your three top priorities for Housing policy/initiatives over the next two years:

1. Support for affordable homeownership opportunities for lower income working families who tend to be locked out of homeownership, especially in urban settings.

2. Support for supportive housing efforts for urban poor.

3. Appropriate subsidy assistance for homeownership development and for downpayment assistance and closing cost assistance for moderate income persons.

Donald Steink

Please give us your top two longer term priorities for Housing policy:

1. Continue and strengthen efforts to end homelessness.

2. Make strong connections between housing and economic development issues.

Are there other observations you would like to offer about organizational issues, interrelationships with other policy areas, new approaches/ideas that you are aware of that should be further investigated/developed?

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Bill McCue
Howard Rifkin

Name and Affiliation: Dara Kovel, Connecticut Housing Finance Authority (Revised)

Address/email: 999 West Street, Rocky Hill, CT 06067
Dara.kovel@chfa.org

Phone: (860) 571-4360

Please give us your three top priorities for Housing policy/initiatives over the next two years:

1. Invest in existing public housing infrastructure.
 - Through additional subsidy resources, combined with existing leverage available through CHFA, improve the lowest performing 30% of the state's affordable housing stock to increase the quality of the homes, create jobs and reduce energy consumption.
 - \$20M for each of the next five years in subsidy (supported through the State paying debt for bonds in the model of Next Steps), would allow the State to address between 1,000-2,000 of the most deteriorated public housing units that are in need of renovation.
 - Create incentives or mandates for public owners to improve their properties – through debt or subsidy – so as to halt further deterioration of the stock.
 - Consolidate housing authority services, responsibilities
 - Utilize weatherization and other conservation resources to be invested in properties that serve the most vulnerable. (Reducing utility operating costs for properties unleashes leverage and reduces environmental impacts.)
 - Streamline the regulatory framework of the State portfolio to clarify responsible agencies and simplify regulatory oversight.

Dana Kovel

2. Increase affordable and mixed income housing production in walkable locations.
 - Make available the \$20M per year in housing trust funds to create more development in walkable locations.
 - Increase housing resources through reallocation of CIA, increases in State Housing Tax Credit Contribution program, and Flex programs. (These apply for preservation activities as well.)
 - Require DOT and other state agency owned property to be offered to developers of affordable housing or mixed income properties.
 - Work with towns for transferable development rights to increase activity in smart growth locations
 - Create priorities for infrastructure dollars to towns that encourage higher density and affordable housing development
 - Have priorities for PILOT's or other property tax abatements or Tax Increment Financing opportunities around transit oriented locations.
 - Generally reform property taxes to encourage regionalism and better distribution of resources and service provision

3. Increase opportunities for existing homeowners to stay in their homes and for foreclosed or short-sale homes to be available to first time homebuyers.
 - Work with banks to streamline the short sale and foreclosure sale process
 - Provide incentives for banks to make foreclosed homes available to first time homebuyers.
 - Leverage federal resources to reduce the burden on unemployed or underemployed homeowners so they may stay in their homes.

4. Take advantage of down market to create new affordable housing opportunities.
 - Develop public/private partnership for acquisition of under-performing multifamily and foreclosed single family to bring the housing back on line for renters and homebuyers in need.
 - Require owners at end of mortgages or affordability restrictions to offer properties for sale to CHFA or other intermediary or buyer for continued affordability.
 - Create incentives for banks to offer properties to non-profit buyers for affordable housing.
 - Develop an acquisition fund to enable such transactions.

Please give us your top two longer term priorities for Housing policy:

1. In partnership with the Federal government, develop greater resources available for operating subsidies available to our most vulnerable residents.
 - Expand resources available through DSS, HUD and local housing authorities for a net gain of 30% increased rental subsidy availability.

Dara Kovel

- Generally work more closely with Federal agencies to take advantage of funding opportunities.
2. Develop a Connecticut 2040 Plan to describe how housing, jobs, transportation and the environment will align and support each other in the coming decades to the benefit of all Connecticut residents.
- Create greater alignment between housing, community and economic development, environmental (brownfields, energy conservation, renewable energy) and transportation investments.
 - Develop greater coordination among state agencies in support of outcomes based objectives.
 - Align state agency priorities to encourage aligned investment.

Are there other observations you would like to offer about organizational issues, interrelationships with other policy areas, new approaches/ideas that you are aware of that should be further investigated/developed?

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Bill McCue
Howard Rifkin

Name and Affiliation: Andrea Pereira, LISC

Address/email: apereira@lisc.org
LISC, 227 Lawrence St., Hartford, CT 06106

Phone: 860-525-4821

Please give us your three top priorities for Housing policy/initiatives over the next two years:

Over the next two years it is urgent that the new administration increase access to capital for housing production by: 1) renewing funding for the State Housing Trust Fund, 2) developing new tools to increase the leveraging of private investment, and 3) revising and re-aligning existing housing and community programs to increase their efficiency and impact. I would consider the following issues as the top priority for this work:

1. **Preservation of Existing Affordable Housing:** Insure long-term sustainability of existing affordable housing, by renewing their physical and financial viability
 - Recapitalize and rehabilitate existing properties
 - Renew affordability on properties with expiring use agreements

If there was a more coordinated system and more effective financing tools, more affordable housing could be preserved. Right now, efforts are one deal at a time and the deals are extremely labor intensive. It is also difficult to find the right kind of financing to complete the deals. Most of these changes could be made administratively, without legislation. Some work has already begun by the Partnership, LISC, CHFA, DECD and HUD. However, institutionalizing this work would accelerate and expand it. LISC has an outstanding National Preservation program that is available to help, if desired.

2. Stimulate increased production of new affordable housing

- Increase homeownership opportunities, particularly in urban areas
- Rental housing statewide that serves a variety of incomes
- Service-enriched housing in community settings

The critical issues here are: an increase in the amount of subsidy available, new tools to leverage private financing and the articulation of a clear housing policy for the State. The subsidy should be made available through a single flexible program in order to meet the diverse range of needs – hence the recommendation to expand the Housing Trust Fund. This program has great statutory flexibility, but it has been narrowed considerably by administrative actions. This could be easily revised.

In addition, there are financial tools such as loan guarantees and mortgage insurance that could help to leverage more private debt and equity investment into projects and into investment funds for affordable housing. With such credit enhancement, one public dollar could attract many more in private investment. This would not replace subsidy, but it might be a better use of funds compared to using bond funds for loans.

(We need (if possible) to make a large (\$50MM+) commitment to the state Housing Trust Fund. It could be over multiple years.)

3. Promote neighborhood revitalization through targeted and strategic residential and commercial development

- Encourage comprehensive community development approaches, linking physical, economic and social development in distressed communities
- Provide funding to support the implementation of comprehensive place-based strategies for revitalization

At the community level, programs and investments exist in silos. This makes it difficult to implement place-based strategies or comprehensive neighborhood development strategies. In many localities, public-private partnerships are convening stakeholders to develop and implement comprehensive community development plans. LISC's Building Sustainable Communities initiative is an example of this work that is happening around the country (www.lisc.org/sustainable).

This could be an early priority because a great deal could be accomplished simply by convening and connecting among departments. It would not necessarily take legislative action. It would be good to invest in some grant funds to support quality local convening and planning, but these funds can be relatively small. Starting with urban neighborhoods where work has already begun (such as Promise Neighborhoods or other comprehensive strategies) might show quick results.

Please give us your top two longer term priorities for Housing policy:

1. Develop a multi-year, long-range plan for the refinancing and rehabilitation of State Moderate Rental Housing.

The current system of using production resources for this purpose is draining scarce resources from production. The disinvestment in many of these properties has caused the price-tag to sky-rocket. The properties will only be preserved through the implementation of a rational long-term re-investment strategy.

2. Develop a strategy to invest in the capacity of non-profit developers to develop, own and manage affordable housing

- Increase access to working capital and predevelopment funding
- Investment in training and technical assistance

Non-profit developers are a key asset in addressing the affordable housing needs of the state. They serve the lowest income residents, maintain affordability long-term, provide service enriched housing and work closely with multiple partners to carry out a community-based development program.

Connecticut has several high-quality, seasoned developers. However, there are not enough to serve some parts of the state. Even the strongest developers tend to be undercapitalized and drained by the long timeframes of housing development. Investing in the capacity of these developers could help to produce more high-quality housing and healthy, sustainable communities.

Many private funders have realized this. LISC manages two housing and community development funder collaboratives – one in Hartford and another in Fairfield County. These two programs have a total of 30 funders providing grant support and technical assistance through a fund managed by LISC. Each year these two programs provide \$700,000 - \$900,000 of grant support to selected community development corporations and non-profit developers. The result has been strong organizations, more housing and stronger communities.

Are there other observations you would like to offer about organizational issues, interrelationships with other policy areas, new approaches/ideas that you are aware of that should be further investigated/developed?

It will likely be said many times, but the lack of a housing financing system in Connecticut is a costly way of doing business. The long review times, difficulty of agency coordination, and siloed financing programs increase the administrative burden without the ability to pay for it. Too often, the cost of these delays comes out of the developer fees, placing an undo financial burden on all developers – non-profit and for-profit. Times like these require each dollar to go further. It is necessary to streamline

processing, improve coordination and create balanced regulatory requirements in order to maximize the funds that we have for housing and community development.

② Several programs have been narrowed administratively from their broader legislative intent.

Among these are:

The State Housing Trust Fund & the
Flex Program at DECD

This presents the opportunity to have more creative programs without legislative action.



Recommendations to the
Housing Working Group
Malloy Transition Committee

Submitted by the
Connecticut Housing Coalition

Name and Affiliation: Betsy Crum, Pat Spring, Jeffrey Freiser
Connecticut Housing Coalition

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ebcrum@juno.com; pat@ct-housing.org; jeff@ct-housing.org

Phone: 860-563-2943

Please give us your three top priorities for Housing policy/initiatives over the next two years:

1. Credit Enhancement to Leverage Increased Housing Production

The recent recession has resulted in little-to-no new state or federal funding for new production or needed renovation of affordable housing. At the same time, millions in potential capital funds remain available but unused each year in the form of tax-exempt bonds, 4% federal Low-Income Housing Tax Credits (LIHTC), and 501(c)(3) bonds (which do not come from the State's Bond Cap). While these funds have higher transaction costs and are challenging to use for deeply affordable housing production, they can play a significant role in meeting housing production and preservation goals, with significant economic stimulus and job creation impacts.

Recommendation: Allocate up to \$2.5 million in Community Investment Act (CIA) and/or state Housing Trust Funds to create a guaranty pool to credit enhance tax-exempt and 501(c)(3) bond financing, leveraging 10-15 times the amount in lower-interest bond proceeds and leveraging the use of 4% LIHTC's with tax-exempt bonds.

2. Preserving Our State Public Housing

Our state-financed public housing inventory is composed of more than 13,000 units, located in 98 cities, suburbs and small towns in every part of the state. Unfortunately, years of neglect

has resulted in total capital needs – including emergency repairs, deferred maintenance, substantial rehabilitation and, where necessary, full revitalization – of approximately \$500 million. A new preservation initiative would authorize the state to pay debt service on bonds issued by the Connecticut Housing Finance Authority, for the purpose of preserving our state housing portfolio. This is the same financing method that was used to fund the successful Next Steps Supportive Housing Initiative. Through this new initiative, we will be protecting over fifty years of state housing investments, safeguarding housing assets that would cost well over \$3 billion if they had to be replaced.

Recommendation: Appropriate \$29 million in annual debt service, which would allow CHFA to raise \$440 million for the preservation of the entire state public housing portfolio. The balance needed would come from local housing authority reserves or other sources. We would be transforming the face of public housing in Connecticut, and providing powerful stimulus to the construction industry. (Appropriations for debt service can be reduced to create a phased initiative.) Statutory language for this initiative was provided in Senate Bill 867 of the 2009 legislative session.

3. Strengthening the Community Development Industry

Nonprofit community development corporations (CDCs) are among the most important providers of affordable and supportive housing, especially developments located in lower income neighborhoods and designed to serve families and individuals with very low incomes and who are homeless. As an industry reliant on private philanthropy and public sector funding, CDCs have been particularly hard-hit by the economic downturn.

Recommendation: 5% of the annual HUD HOME allocation to the state of Connecticut should be set aside for operating support for Community Housing Development Organizations (CHDOs), as permitted under federal regulations; \$500,000 should be allocated annually from Community Investment Act (CIA) funds to provide working capital for high-functioning, proven nonprofit housing development organizations.

Please give us your top two longer term priorities for Housing policy:

1. Project-based Rent Subsidies

Capital financing strategies alone are not adequate to reach many households, especially minimum wage earners and individuals at risk of homelessness. These families cannot afford to pay rent and utilities for affordable housing without some rental subsidy. Project-basing of rental subsidies can make new affordable housing available to lowest income households.

Recommendation: Set-aside 25% of all Rental Assistance Program (RAP) and Section 8 rental subsidies returned to the state each year through turn-over to be project-based in affordable housing development and preservation activities; increase the total number of

state RAP funds by 10% annually; aggressively compete for competitive federal Section 8 awards to increase the number of Section 8 subsidies administered by the state wherever possible.

2. Expand Affordable Housing Investment

Ultimately, creating and preserving affordable and public housing can only happen with a sustained investment of capital and operating support. In the short term, we can work to leverage the funds that are underutilized; however, these will not make adequate progress toward meeting the real and urgent need in Connecticut.

Recommendation: In conjunction with other state and federal funding initiatives, allocate significant capital subsidy annually to:

- a. address the preservation of the state's existing public, affordable and supportive housing portfolio;
- b. address the need and demand for new affordable, supportive and workforce housing.

Are there other observations you would like to offer about organizational issues, interrelationships with other policy areas, new approaches/ideas that you are aware of that should be further investigated/developed?

1. Promote Inter-agency Coordination and Comprehensive Development Strategies

The current systems for funding housing and community development are fragmented, bureaucratic and lack transparency. Housing developers must navigate multiple agencies and independent funding programs which add time and cost and can discourage creativity and integrative approaches. State and federal funds administered by non-housing agencies are often underutilized. Moreover, there is little incentive and no state programmatic approach to integrate affordable housing into a more comprehensive community development strategy. The Obama Administration has made comprehensive, multi-sector initiatives an overarching policy priority. Connecticut will not be competitive for federal funding if it lacks such coordinated approaches.

Recommendation: Building on the successful, award-winning model for supportive housing, create an Interagency Workgroup on Housing and Community Development to create policy and strategies and to allocate funds for development and preservation of affordable housing within the larger context of neighborhood preservation and community and economic development, with the following elements:

- Representation by:
 - Office of Policy and Management (lead agency for the Workgroup)
 - Department of Economic and Community Development
 - Connecticut Housing Finance Authority

Betsy Cowan

- Department of Social Services
- Department of Education
- Department of Environmental Protection
- Department of Transportation
- Department of Mental Health and Addiction Services
- Department of Public Health
- Department of Children and Families
- Programs and project may be brought by either Agency staff or by request of developers
- Funding for affordable housing allocated through the Workgroup to include, but not be limited to:
 - Housing bond funding
 - Low Income Housing Tax Credits
 - Housing Trust Funds
 - Community Investment Act
 - Project-based Rental Assistance
 - Weatherization/energy funds
 - Federal HOME/CDBG allocations
 - Urban Act/STEAP funds
 - DECD Predevelopment funds
 - HUD Sustainable Communities grants
 - HUD Choice Neighborhoods Initiative

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Bill McCue
Howard Rifkin

Name and Affiliation: Bob Kantor, Fannie Mae

Address/email: bob_kantor@fanniemae.com

Phone: 860 523-4691(o); 860 982-4848 (c)

Please give us your three top priorities for Housing policy/initiatives over the next two years:

Overall the State's housing policy and initiatives should look to support;

- a balance of housing options, including sustainable single family and affordable and mixed income rental housing in a mix of locations to promote investment and diversification of income in urban areas and enable access to better schools for low income households. The ultimate policy imperative should be to deconcentrate poverty from the urban centers and increase affordable and workforce housing opportunities in a more diverse set of communities.
- lowering the cost of production by targeting regulatory relief and increasing the efficiency of DECD and CHFA processing and coordination of subsidy programs as well as to have OPM oversee the integration of other agencies involved such as DOT, DOL, DOE
- taking advantage of already zoned and developer/housing authority controlled sites to generate quicker investment
- spending existing resources already on the books or previously authorized but not allocated, and,
- target initiatives that can generate significant savings, leverage of private resources and maximization of job creation.

That being said, after consultation with various for profit and non profit housing developers and operators, I offer the following.

1) Acknowledge that "gap" resources are critical and should be tied to housing that positively impacts other Malloy Administration priorities in the areas described above. Allow for a greater mix of housing income so that the gap resources can leverage other resources (federal, philanthropic or private) and expand the number of developments that can be developed each year. More housing investment generates more jobs, more tax revenue and more affordable and workforce housing.

A. Inventory all state resources that directly or indirectly impact housing (Housing Trust Funds, Flex funds, etc) and develop a plan that prioritizes investments that are or near ready to go.

1. Expand the HTCC program by doubling the allocation to \$20Mm annually and to enable for profits that are developing low income housing to access the funds.

B. Analyze the potential for refinancing projects currently on CHFA's books to take advantage of the historic low in interest rates to help preserve the at-risk stock of LIHTC and other subsidized inventory.

C. Promote transit oriented development along the I-95 and I-91 corridors.

D. Support a balance of housing types (SF, MF, mixed use) and a balance of development locations, especially if they contribute to another policy imperative such as TOD or access to quality education. Also work to maximize public/private partnership and leverage. Pursue creation or by contract with SonyMae, a multifamily mortgage insurance/credit enhancement mechanism to encourage more private investment in housing. Encourage private sector participation in predevelopment and acquisition pools and continue CHFA's efforts to expand utilization of tax-exempt bonds with 4% LIHTCs.

2) Broaden approaches to end chronic homelessness by taking advantage of vacancies in federal public housing stock – it is estimated that nearly 5% of the 36,000 units of Federal Public Housing in Connecticut are vacant. Renovation costs would be 10-20% of the cost of producing new units of permanent supportive housing (\$30-50,000 per unit versus \$200-300,000 per unit) and the saved resources could be deployed to promote more low-, mod- and workforce housing on other sites. Build rapid rehousing initiative that could place homeless families in non-profit acquired foreclosed single family homes. Integrate supportive housing into other multifamily projects being developed where feasible. Explore ways to "graduate" some current supportive housing residents to independent living to be able to more quickly serve new at-risk residents.

3) Develop alternatives to nursing home care to enable our seniors to either remain in their existing homes or move into assisted living that enables them to maintain their independence for as long as possible. It is estimated that home based care and assisted living can save the state tens of thousands of dollars per individual that can avoid a premature or prolonged nursing home stay. OPM should lead an interagency initiative to investigate approaches that could be used to reduce reliance on nursing homes to generate

state savings and quality of life for our seniors. The investigation should also research increased utilization of HECM and pursuing initiatives that might enable seniors to swap their single family homes for rental housing that can provide services and support over a period of time. Finally, can the long-term care insurance industry be tapped to offer unique products that better replace reliance on Medicaid?

- 4) Tap the CDFIs to target the 2-20 unit housing stock segment (that actually provides the largest share of affordable workforce housing) and work to stabilize and revitalize this tired housing stock. CDFIs could be in best position to partner with local banks to increase lending and structure to owners of this stock.
- 5) Develop an inventory of (ready to go) housing developments that have zoning approved and utilize a swat team of CHFA, DECD and private investors to determine which could gain access to capital the quickest while leveraging as much private resources as possible. Focus on LIHTC pipeline (9s and 4s), Home CT deals, stalled condo conversion deals that are partially built or distressed conduit financed multi-family deals that can more quickly be brought to market, at risk affordable deals, etc. Can private sector financed deals with 10-20% affordability supported with targeted subsidies be achieved at scale in CT?
- 6) Focus on developing sustainable home ownership initiatives as well as strategies that attack the shadow inventory of serious delinquent and homes in the short-sale/foreclosure pipeline.
 - a. We are expected to see an increase in foreclosures in CT for at least the next 12- 18 months. Look at interventions that can slow foreclosures down and increase alternatives to foreclosures such as short sales with lease back with option to buy feature being used in communities across the country.
 - b. Where foreclosure is unavoidable, can that stock be acquired cost effectively to convert to affordable opportunities?
 - c. Create an incentive to encourage more urban homeownership (tax credit or targeted downpayment or rehab assistance initiative)
 - d. Develop more focused home ownership counseling initiative, both pre- purchase and post purchase, possibly by including a counseling fee into the guarantee/servicing stack of each home loan. This could build a sustainable, support infrastructure that isn't dependent on grant funding.
 - e. What linkages to education can be generated to build capacity in financial literacy training and support? The current mortgage crisis has taught us that this is a major area of neglect.

Please give us your top two longer term priorities for Housing policy:

1. This would probably get moved up to short-term if the Federal Gov and HUD succeed in securing PETRA approval and increases funds for S-8. Preservation and redevelopment of the State's public housing stock is of utmost concern. Without federal resources, we need to identify the developments that most likely have market potential

BOB KANTOR

and redevelop those while resources can be found for developments in more distressed markets.

2. Explore strategies to secure more private sector involvement, such as:

A. Build strategy to raise philanthropic sector involvement in these issues. Can specific sectors like hedge fund managers be tapped by Governor as a source of lower cost equity to help jettison more development activity and leverage additional resources?

B. Explore credit enhancement initiatives to enlist more lending and access to capital through risk sharing and tapping expertise of other investment partners.

C. Aggressively pursue Federal resources that do exist, like Capital Magnet Fund or Social Innovation Funds to further provide leverage of state and local resources.

Are there other observations you would like to offer about organizational issues, interrelationships with other policy areas, new approaches/ideas that you are aware of that should be further investigated/developed?

Much more work and thought needs to be on the potential of generating operating savings and efficiency enhanced by putting all housing programs of the State under one roof. Can consolidation of DECD and CHFA be legally done and can it generate savings and efficiencies. How can we push down decision making to line levels and better coordinate efforts to reduce/eliminate duplication of review. Can a standard application be developed with similar timelines or joint decision making to speed up the approval process? Can any of the decision processing/underwriting be approach through partnerships with lenders who can comply with standards and other policy considerations? Direct CHFA/DECD to achieve a quantifiable processing to project closing time frame reduction.

December 13, 2010

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Bill McCue
Howard Rifkin

Name and Affiliation: Kenneth M Olson, POKO Partners LLC

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Please give us your three top priorities for Housing policy/initiatives over the next two years:

- 1. Fundamentally at this critical time in the state it is imperative that we are efficient with our financial resources as possible. In the context of state housing policy it is clear the promoting sustainable development, that is the reuse of sites, be adaptive reuse of property, preservation of the existing multi-family stock where appropriate. In most markets in the state and in particular in outside of lower Fairfield County, the issue is not as much about a lack of housing as it is about a lack of quality housing. This is especially true in the aging and largely deteriorated urban environments. A conscious effort and focus on the adaptive reuse of properties and a concerted effort away from Greenfield development will help us save resources and promote the re-energization of many cities and towns in CT.**

2. **Focusing on sustainable development principles also means targeting development proximate to transportation. Not only train stations, but where there are reasonable quality bus services as there is in some cities in CT. Reasonable access to mass transportation will lead us to lower overall housing costs and development costs, not to mention help reduce traffic and the related traffic problems.**

3. **Rationalize the funding process. Not more dollars, necessarily (thought that would always be nice) but make it so there is not deal review in multiple agencies. Specifically to the extent possible, avoid the extra steps of OPM approving DECD money. FIs the spending amount at whatever levels it is and provide to DECD. This would save time from the development process and therefore money. It will also remove an important component of uncertainty in the development process.**

Please give us your top two longer term priorities for Housing policy:

1. **Similarly focusing on sustainable transit oriented development principles and adaptive reuse and preservation will help tremendously promote and create high quality living environments. The growth nationwide is in the urban and downtown environs. This is where the business and economic engine is and we must do all that we can to become competitive to attract business. High quality affordable communities proximate to services and jobs will help make this state commercially viable.**

2. **We must do everything possible to promote mixed use and mixed income development. We must stay away from creating 100% affordable or supportive communities. This is just creating modern slums. Mixed income housing that is strategically located near services will bring down the overall cost of housing. We also must not make the mistake of the 60's and 70's all over again. We must promote mixed income communities and we need to understand the necessary synergies between housing and services, i.e.**

Ken Olson

grocery stores, clothing stores, and other important, essential services. You cannot promote one without the other.

Are there other observations you would like to offer about organizational issues, interrelationships with other policy areas, new approaches/ideas that you are aware of that should be further investigated/developed?

There needs to be a consolidation of the housing functions, regulators and funders. The process must be rational and respect the development timeline. The high cost of working in the this state is in large part driven by uncertainty in the funding process. Project review at the OPM level makes no sense at all. Why not consoladte CDA into DECD. In NYS they just combined the NYSHFA and the NYS Department of Housing and Community Renewal (DHCR). DHCR was already a consolidation of the Housing Trust Fund (HTF) administrator of the LIHTC program. A rational regularized funding process would go a long way to ring the costs down of development in this state.

I. Statement of Issue: Connecticut has to address its burgeoning homeless youth population. Over the past two years, Connecticut schools reported a 34 percent increase in the number of homeless students. One program in New Haven is projected to serve 250 homeless youth this year, solely from the Greater New Haven area. These youth are moving from house to house, trying to stay in school, and sometimes resorting to prostitution in exchange for a bed.

II. Proposed Action: Connecticut must increase funding for homeless youth programming and tighten up laws related to services for sexually exploited youth.

P.A. 10-179 sections 28-30 defines homeless youth and allows CT Department of Children and Families to set up outreach, respite care and transitional living supports for homeless youth. This program is underfunded.

Currently Connecticut law specifically exempts from prosecution anyone under 16 who engages in sexual conduct with another person in return for money. The law does not discuss services for these children, safe housing, and protocols for who will serve them. Consequently, these victims become homeless and return to a life of prostitution. These laws need to be tightened.

The Malloy/Wyman campaign policy discusses the importance of “sustainable housing’ programs that help those who are at risk of revolving – door homelessness to find stability...” Addressing the homeless youth population is an important first step to preventing homelessness.

Connecticut must prioritize this population through its child welfare agency its judicial branch and its social services agency. These agencies need increased funding to specifically address this population, cross-system collaboration in order to avoid duplicate services and improve access to services for homeless youth.

III. Long-term Needs/Vision: A seamless provision of services to homeless youth that provides a comprehensive system to prevent adult and family homelessness.

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Bill McCue
Howard Rifkin

Name and Affiliation: Janice Elliott, President, InSite Housing Solutions

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Phone: 204-492-9518

Please give us your three top priorities for Housing policy/initiatives over the next two years:

1. Preservation of existing supportive housing financed through the Connecticut Supportive Housing Demonstration Program.

In 1993, the State of Connecticut launched the first State-led interagency program in the country to finance the production of permanent supportive housing. Called the Connecticut Supportive Housing Demonstration Program, the program financed the development of nine supportive housing projects by community-based nonprofit organizations located in six communities. The Demonstration Program laid the foundation for the supportive housing movement in Connecticut that has led to the creation of over 4,400 units of supportive housing over the past fifteen years. An extensive evaluation of the nine projects, conducted in 2001, found dramatic increases in tenants' housing stability and significant decreases in their use of expensive crisis and inpatient health services. Over the years the Demonstration Program has served as a model for several other states looking to replicate these successes.

Opened between 1996 and 1998, the nine projects of the Connecticut Supportive Housing Demonstration Program have been operating successfully for 13-15 years. **However, these projects now face a critical crossroads.** When the projects were financed in the early 1990s (during Connecticut's last recession), there were no project-based rental subsidies available to ensure the affordability of 100 percent of the apartments. To address this challenge, the Program was structured to take full advantage of resources available under the Federal low income housing tax credit (LIHTC) program. A portion of the proceeds from LIHTC investments in the projects

Janice Elliott

were used to establish operating reserves designed to serve as internal rent subsidies for the first 15 years of operation. While the reserves have worked as planned, they will be exhausted within the next one to three years, depending on the project. **Without another means to subsidize rents, the projects will no longer be able to their cover operating costs and continue to serve their critical function as supportive housing.**

The Corporation for Supportive Housing and InSite have been working in tandem with project sponsors, CHFA, DECD, DMHAS and DSS to identify the financial needs of the projects to ensure their continued sustainability. **An estimated \$8 million (only \$28,500/unit) in one-time capital will be needed over the biennium to recapitalize the operating/capital reserves of the projects and cover the cost of normal but essential repairs.** The preservation of these units will ensure that they continue to available to serve chronically homeless adults with significant disabilities who would otherwise be dependent on high cost crisis systems for their care.

2. Additional capital to preserve existing affordable housing and create new mixed income affordable housing and to create jobs.

3. Don't let \$65 million in weatherization dollars go back to the Feds. Make it a high priority to break through the bureaucratic hurdles at the state level to put these dollars to work immediately for the renovation of state-financed public and private housing. If necessary, engage the feds to lobby for an extension to protect against the loss of the dollars. If we lose these dollars, we lose the opportunity to create jobs, conserve energy, and be competitive for future weatherization dollars from the feds.

Please give us your top two longer term priorities for Housing policy:

1. Build on CT's successful interagency approaches that were used in the creation of supportive housing – use this same cross-agency approach to 1) expand service-enriched, mixed-income affordable housing in urban neighborhoods and incentive housing zones in suburbs and 2) preserve existing affordable units. Doing this will require 1) staffing the interagency collaborative process, either through OPM or through an outside intermediary or consultant (CSH has played this role in the SH initiatives, for example); 2) leadership and involvement of the Governor's office, either directly or through OPM, so that agencies are incentivized to collaborate (this has been essential in the SH initiatives); 3) development of a clear plan based on targeted outcomes and the steps to get there; and 4) engagement of philanthropy and the business community as partners so that they can support capacity-building at the ground level.

Are there other observations you would like to offer about organizational issues, interrelationships with other policy areas, new approaches/ideas that you are aware of that should be further investigated/developed?

We fully support the policy recommendations of the Partnership for Strong Communities.

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Bill McCue
Howard Rifkin

Name and Affiliation: Joan Carty, President and CEO, Housing Development Fund, Inc.

Address/email: 100 Prospect Street, Stamford, CT 06901, JCarty@hdf-ct.org

Phone: 203 969 1830 ext. 18



Please give us your three top priorities for Housing policy/initiatives over the next two years:

- 1. Leverage existing subsidy dollars to assist purchasers of homes (single family/condominium/coop) attain owner-occupancy. Craft subsidy lending products to safely maximize conventional mortgagability of the purchaser. This strategy will help keep our existing residential housing market healthy through helping those that need to sell their homes accomplish those transactions; help developers move inventory that has been slow to sell through the last difficult years; help communities by increasing the number of stakeholders.**

- 2. Leverage existing subsidy dollars for rental housing by designing gap financing subordinate to conventional financing. This will stimulate conventional lending for rental housing, increase the supply of rental housing**

for workforce housing and others for whom homeownership is not an appropriate or timely choice.

- 3. Use NSP funding (NSP 1 and NSP 3) to target and facilitate purchase of foreclosed properties that would otherwise threaten the stability of healthy neighborhoods. We do not have sufficient NSP funding to target the hardest hit communities. The impact of keeping otherwise healthy neighborhoods stable is both easier to achieve and will yield greater economic stability.**

Please give us your top two longer term priorities for Housing policy:

- 1. Develop a Location Efficient Mortgage program (LEM) to stimulate purchase of properties closer to transit hubs. This will aid in achieving smart growth and transit-oriented design objectives and assist people in living closer to transportation choices for living and working. This effort could be dovetailed with a workforce housing campaign. LEM mortgage products could also be used to incent green housing choices.**

- 2. Develop a safe and sound Reverse Annuity Mortgage (RAM) program to assist seniors in remaining in their homes, safely tapping the equity they have built up, and providing them with a better alternative than costly and inefficient nursing home care. Providing a platform for aging in place makes sense when you consider that Connecticut has an aging population, and an inadequate platform of nursing homes. Most seniors prefer to remain in their homes.**

The Cibes Black Book Project

Cut Spending, But Don't Cut Investments

Obviously, you need to balance the budget. It's not only constitutionally required, but economically required. Connecticut must struggle to invest in the future if it's running a deficit. It's also important to give priority to spending that acts as an investment in better government. If there is a choice between spending for a discretionary purpose and investing in a program that is necessary to build a competitive economy, then the decision should be clear.

Almost all analysts focus on the same building blocks, or "economic levers."

One is **infrastructure**,¹ particularly housing for the workforce, and transportation of workers between homes and jobs, and of goods from producer to consumer – but also including production and transmission of energy, communication of ideas, provision of clean drinking water and disposal of clean wastewater.

Housing Infrastructure

- Enhance and accelerate programs to encourage development of higher density, inexpensive and moderately priced housing in town centers, along commercial strips and along bus routes and rail lines extending from urban centers. Giving low- to moderate-income households a wider choice of housing in more locations improves their chances of achieving a better life. Affordable housing creation also would stimulate the economy, increase state revenues, fight homelessness, provide a less expensive alternative to institutional care and attract a younger, skilled workforce to Connecticut.

II. Housing Infrastructure

An improved transportation system encourages development of high-density, affordable housing for commuters, and vice-versa. This "transit-oriented development" has rightly been emphasized in the past, and requires continued support.

But "transit-oriented development" alone will not solve Connecticut's housing infrastructure problem. Despite a market buffeted by foreclosures, Connecticut

¹ See A.T. Kearney, "Sustainable Prosperity," and the Metropolitan Policy Program at the Brookings Institution, "Prosperity for All." Click on "transcript" at www.brookings.edu/events/2007/1106blueprint.aspx.

remains an expensive place in which to buy or rent housing. More families have become homeless or edged closer to homelessness while the supply of affordable homes has decreased. And many households that are getting by are nonetheless overburdened by housing costs.

While many policymakers see the decline in the median price of a home since 2008 as indicating an increased supply of affordable housing, the reality is that most of the decline has been at the high end of the rental and sales markets. The proportion of homes for sale below \$200,000 has shrunk from 65.2 percent of the market in 2000 to 19.7 percent in 2008.² Few housing units have been built³ and rental costs remain high, due largely to a 7,000-unit drop in available rentals since 2000.⁴

Statewide, and in most towns, affordability remains a big problem or has gotten worse. In only 31 of 169 municipalities is 10 percent or more of the housing stock defined as affordable.⁵ The "housing wage" – what someone must earn per hour to afford a typical two-bedroom apartment without paying more than 30 percent of income in rent – grew to \$23 from \$15.67 in 2000; 337 of the state's 683 occupations don't pay an average wage equal to the housing wage.⁶

Twenty-six percent of all households – renters and owners – make less than 80 percent of Connecticut median income and spend more than 30 percent of it on housing.⁷ Many renters are in even worse shape. One in four makes less than 50 percent of median household income, and spends more than half of it on housing.⁸ With whatever's left, he must pay for food, clothing, transportation, utilities and health care.

² "Table H74. Value for Specified Owner-Occupied Housing Units." Decennial Census 2000. U.S. Census Bureau. factfinder.census.gov/home/saff/main.html?_lang=en.

"Table B25075. Value (Owner-Occupied Housing Units)." American Community Survey 2009 1-Year estimates. U.S. Census Bureau. factfinder.census.gov/home/saff/main.html?_lang=en.

³ "Annual Housing Permit Data by Town." State of Connecticut Department of Economic and Community Development. www.ct.gov/ecd/lib/ecd/housing_files/annual_permits_data_by_town_1990_to_present.xls.

⁴ Table H4, "Tenure." Table H5, "Vacancy Status." Decennial Census 2000, U.S. Census Bureau, factfinder.census.gov/home/saff/main.html?_lang=en.

Table B25003, "Tenure." Table B25004, "Vacancy Status." American Community Survey 2009 1-Year Estimates. U.S. Census Bureau. September 2009, factfinder.census.gov/home/saff/main.html?_lang=en.

⁵ "2009 Affordable Housing Appeals List." Connecticut Department of Economic and Community Development, www.ct.gov/ecd/lib/ecd/2009_affordable_housing_appeals_list.pdf.

⁶ "Out of Reach 2010," National Low Income Housing Coalition, June 2010, www.nlihc.org/oor/oor2010/.

⁷ Table B25106. "Tenure by Housing Costs as a Percentage of Household Income in the Past 12 Months." American Community Survey 2009 1-Year Estimates. U.S. Census Bureau. factfinder.census.gov/home/saff/main.html?_lang=en.

⁸ *Ibid.*

At all income levels, 40 percent of all households – 36 percent of homeowners, 49 percent of renters – were spending more than 30 percent of income on housing in 2009.⁹

And while the nation's housing market has faltered through the summer, prices in Connecticut have risen markedly statewide and in most counties, making more and more homes unaffordable.¹⁰ New homebuilding is down from 9,354 in 2000 to 3,786 in 2009,¹¹ and permits issued so far in 2010 are on the same pace as last year.¹² Partly because of the scarcity of affordable homes, workers are commuting longer distances.¹³

The basic problem is that housing prices rise when supply falls short of demand and when people are willing to pay more. Connecticut has many people who can pay considerable sums for housing.¹⁴ Better-off people drive up the cost of housing, among other necessities, putting much of it out of reach of those with lower incomes.

Homelessness – the worst of all possible housing situations – is a continuing problem. According to the Point-In-Time Count supervised by the Connecticut Coalition to End Homelessness, which is done on a single night each year in January, the number of homeless households in Connecticut has remained virtually unchanged – 3,320 in 2009, compared with 3,325 in 2007.¹⁵ A wider-ranging count – the Homeless Management Information System Report – over

⁹ *Ibid.*

¹⁰ “August Conn. Home Sales Reach Lowest Level in Two Decades: Median Prices Of Single-Family Homes, Condos Highest This Year,” The Warren Group, Oct 5, 2010. www.commercialrecord.com/news140514.html.

¹¹ “Annual Housing Permit Data by Town.” Connecticut Department of Economic and Community Development, www.ct.gov/ecd/lib/ecd/housing_files/annual_permits_data_by_town_1990_to_present.xls.

¹² “The Connecticut Economic Digest: Monthly Permit by Town.” Connecticut Department of Economic and Community Development, www.ct.gov/ecd/lib/ecd/housing_files/2010_monthly_permit_data_from_census.xls.

¹³ Table B08303. “Travel Time to Work.” American Community Survey 2009 1-Year estimates, U.S. Census Bureau, factfinder.census.gov/home/saff/main.html?_lang=en.

¹⁴ The income disparity between rich and poor in Connecticut has grown more since 1990 than in any other state. “State of Connecticut 2010-15 Consolidated Plan for Housing and Community Development,” Department of Economic and Community Development, p10-11. July 16, 2010. www.ct.gov/ecd/lib/ecd/housing_plans/2010-15_cp_-_hud_approved.pdf. In the late 1980s in Connecticut, the lowest quintile (20 percent) of state residents earned \$25,570 a year but by 2005, their incomes – adjusted for inflation – had fallen to \$21,133. By contrast, the top 20 percent averaged \$116,939 in the late 1980s and were up to \$169,378 by 2005. Those in the middle quintile saw their incomes stay essentially flat over the same period. “Pulling Apart: A State-by-State Analysis of Income Trends,” Center on Budget and Policy Priorities, April 9, 2008, www.cbpp.org/cms/?fa=view&id=255.

¹⁵ “Connecticut Counts: Point-In-Time Homeless Count,” Connecticut Coalition to End Homelessness, www.cceh.org/count_report.htm.

many more days shows a consistently rising number of homeless individuals in Connecticut. The count was 8,874 in 2008, compared with 7,857 in 2007.¹⁶

It's important to recognize that housing is related to many other policy areas.

¹⁶ "CT HMIS Reports," Connecticut Coalition to End Homelessness, www.cceh.org/hmis_reports.htm.