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Governor

STATE OF CONNECTICUT
DEPARTMENT OF HOUSING



TESTIMONY BEFORE THE HOUSING COMMITTEE

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Department of Housing

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

In Connecticut we have much to be proud of when we talk about our progress in preventing and ending homelessness as well as our progress in preserving, rehabilitating and creating affordable housing. Since 2011, together with CHFA, we have built, have under construction, or have funding commitments in place for nearly 20,000 units of housing. Approximately, 18,500 of those units have restrictions which require them to be affordable. In the past 3 years alone, we have made great strides in ending homelessness for our veterans and are the only state to have matched every chronically homeless person with housing. Connecticut has been credited as being a national leader for these accomplishments. Yet there is still more work to be done. The 2015 US Census Data states that 49.1% of Connecticut's population is rent burdened and that 30% of homeowners are housing cost burdened. When we say that someone is housing cost burdened, we use the HUD definition, which states "families who pay more than 30 percent of their income for housing are considered cost burdened and may have difficulty affording necessities such as food, clothing, transportation and medical care." I think we have heard personal stories too often about the tough choices people are forced to make. By providing housing choice we, as elected and appointed officials, are addressing this issue. Looking at this from a community development perspective—vibrant communities are multi-generational and they are multi-generational because they have housing options. These communities have the ability to attract and retain young people, including young families, which are a large part of our workforce. And housing choice gives seniors the option to stay in the community in which they've lived for 50 years or more.

Over the past several weeks, I have testified before members of this legislative body and we've engaged in spirited debate regarding several issues that would impact the development and expansion of affordable housing opportunities within the state, giving the people we serve more opportunities for housing choice. In reviewing the legislative proposals before you today, please know that again I am looking at these through the lens of their ability to increase the stock of affordable housing in our state, and how they may help us meet the needs of Connecticut residents, while still creating strong, vibrant, inclusive communities. We maintain strong opposition to any statutory changes that would diminish our capacity to do so.

As I've travelled across the state, meeting with chief elected officials and their staff, each has expressed a need as well as a concern that we, as a Department, understand the unique needs of their communities and work to develop policy that reflects the unique qualities of Connecticut. With input from a great number of elected officials and both governmental and non-governmental, members of quasi-governmental agencies, and community members at large we have, in Connecticut, developed housing policy and systems that have been recognized as a model for other states.

DOH strongly supports Raised Bill 7060: AN ACT PROHIBITING THE DISCLOSURE OF IDENTIFYING INFORMATION OF DEPARTMENT OF HOUSING PROGRAM PARTICIPANTS:

This proposal is similar in nature to Proposed Bill 6876: AN ACT CONCERNING THE DISCLOSURE OF INFORMATION OF RENTAL HOUSING PROGRAM PARTICIPANTS. This proposal will statutorily ensure the protection of the confidential information we maintain regarding individuals and families who receive assistance from DOH. By way of background, when the agency was created in 2013, DOH assumed responsibility for the administration of several housing programs that were previously administered by the Department of Social Services (DSS). The enacting legislation, Public Act 13-234, did not transfer all of the necessary statutes that accompanied the programs we received. This bill will include the protections already in place under DSS, ensuring that confidential information concerning individuals, such as their personal financial records, will not be disclosed. The Auditors of Public Accounts transmitted their annual report to the legislature on January 27, 2017. Contained within their nonpartisan report was the recommendation that the legislature adopt this provision.

I would also add, as many of you may be aware, the Department of Housing is charged with overseeing \$5 million of recently approved bond funding for the purpose of funding a Pyrrhotite testing program in eastern Connecticut. This program will help to identify crumbling foundations in that part of the state. The Capitol Region Council of Governments (CRCOG) will be administering this program; however they are not protected from the disclosure of confidential information of any clients participating in their programs. Legislation passed in the 2016 session shielded executive branch agencies from having to disclose information that identified affected homeowners. The same protection will need to be afforded to CRCOG, who is subject to FOIA, so that they can protect these same homeowners. This proposal is consumer friendly and will do just that. I urge this bill's passage.

DOH strongly supports Raised Bill 815: AN ACT MAKING MINOR REVISIONS TO STATUTES REGARDING BOND-FINANCED HOUSING PROGRAMS AND THE HOMELESSNESS PREVENTION AND RESPONSE FUND:

This proposal was introduced at the request of the Department of Housing. As the title implies, it would implement minor revisions to the statutes concerning the homelessness prevention and response fund, as well as some of our other bond-funded programs. This proposal clarifies the definition of "administrative expense," by applying its meaning to cover administrative costs incurred throughout the financing of DOH's affordable housing programs. This proposal also statutorily clarifies the uses of the homelessness prevention and response fund so that it is clear that it applies to the ongoing maintenance or repair of affordable housing. These changes will strengthen our administration of these programs and I urge this bill's passage.

DOH strongly opposes Raised Bill 864: AN ACT CONCERNING REVIEW OF THE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM FOR HURRICANE SANDY:

At the department, we understand that this program directly affects many people and impacts something deeply personal to them—their home. We are always available to meet with you or any constituents that have concerns or questions about the administration of our programs. As the CDBG-DR program is subject to legislative approval, including the manner in which funds are processed and distributed, we feel that this bill requiring a task force to examine the administration of the program is unnecessary. Let me assure the members of this committee right now, DOH's

execution of the CDBG-DR program has been successful. All CDBG-DR funds have been fully obligated to assist homeowners and municipalities impacted by Superstorm Sandy. In a recent financial report issued by HUD, the State of Connecticut was identified as being “on pace” with the expenditure of its funds.

In addition to our program being developed in consultation with, and approved by, members of this legislature, we submit quarterly reports to the U.S. Department of Housing and Urban Development (HUD) and we have also been audited by the HUD Office of the Inspector General (OIG) and the nonpartisan state Auditors of Public Accounts. This program, as all major programs developed by the federal government, has numerous levels of oversight and accountability.

The Department had one finding by the OIG regarding the procurement of the prequalified Architectural, Engineering and Construction management firms. The OIG finding states that procurement process for the seven prequalified Architectural, Engineering and Construction Management firms did not comply with federal requirements resulting in a recommendation to HUD for the State to repay or support the \$13.3 million awarded to these firms. DOH conducted a Request for Qualifications process which was consistent with the financial certifications and federal procurement requirements required and approved by HUD. It is important to note that HUD also disagrees with the OIG’s interpretation and applicability of the federal requirements used to make this determination. We are currently working closely with our local HUD Field Office to resolve this issue.

I would also like to emphasize that Connecticut’s administration of this program has far surpassed the administration of disaster funds by our neighbors in New York and New Jersey. The federal government has published audit findings, and there have been several media reports that have indicated great financial negligence in other states. The reports indicated that, collectively, over half a billion dollars were misappropriated. Our system was designed with a series of checks and balances to ensure that funding we award is awarded responsibly, with minimal delay, and it’s designed to prevent fraud, waste, and abuse. CDBG-DR staff conducts complex duplication of benefits analyses to ensure that every dollar spent is going towards its intended purpose. We have not received any indication from HUD, or from members of this legislature, that there is reason to be concerned with any allegations of financial malfeasance or negligence in the administration of this program.

DOH cannot support Committee Bill 752: AN ACT CONCERNING HOUSING SEGREGATION:

This proposal would require a comprehensive and in-depth study of the state’s housing stock. It would help to increase data transparency, and it would also help to develop strategies that could further integrate subsidized housing by applying new marketing tactics that reach across lines of race and income. In other words, this bill would study the impact of, and help to combat, exclusionary zoning practices, discrimination, and segregation. When I talk about segregation I’m talking about both racial and economic segregation.

While DOH strongly advocates the promotion of inclusionary zoning and combating discrimination, we cannot support this legislation because it will come at a significant cost to the state. This bill would require the addition of new staffing resources within DOH, which were not appropriated in the Governor’s budget. DOH would not be able to implement the provisions of the bill within available resources.

That being said, the introduction of this proposal is an important step towards starting a conversation that needs to happen here in Connecticut. Housing advocates will attest that Connecticut is one of the more racially segregated states in the nation. This is due, in part, to the zoning practices that have developed over the past several decades; zoning practices which were intentionally designed to prevent people of color and minorities from living in specific neighborhoods and communities. While we do have tools in place, such as the Affordable Housing Land Use Appeals Procedure (C.G.S. 8-30g), which helps combat discriminatory housing practices, we need to work together as a state and do more to foster inclusive communities.

I do not believe it was this committee's intent to enact any housing policies that would promote segregation. However, the bills that have been heard before the Housing Committee this year demonstrate that there is still a significant need to address exclusionary zoning practices, and acknowledge its role in promoting segregation and discrimination in our state. Zoning practices crafted decades ago, which were designed to prevent low income individuals from living in certain neighborhoods, are a significant reason why we remain a segregated state. It is disheartening, and frankly it's regressive, to shape policy which would turn back the hands of time in all the wrong ways and set Connecticut back to a point where I believe we should never return. With all that being said, let me reiterate that DOH views this proposal as being well intended. However, we cannot support it because of the financial implications it will have this biennium.

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