

HB 7170

PA 646 (Vetoed)

1971

State & Urban Development 203

House 5427-5431

Senate 3406

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**JOINT
STANDING
COMMITTEE
HEARINGS**

**STATE
AND
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STATE AND COMMUNITY DEVELOPMENT

WEDNESDAY

MARCH 3, 1971

poor cities like New Haven, Hartford, Bridgeport, Waterbury. That's why possibly..and this is just a suggestion to the committee, Mr.Chairman..that possibly this could apply to the higher populated areas, the poor cities, but we don't qualify. Thank you very much.

Representative Tudan: Anyone else on 7169? If not, let's proceed to 7170.

Mr. Daniel Sachs: Mr. Daniel Sachs, New Haven Housing Authority. Our tax abatement program in Chapter 133 as it's presently worded, makes tax abatement available to non-profit owners of moderate income housing, and to limited dividend corporations or profit-motivated owners only if FHA certifies to the Department of Community Affairs that the project could not have been built without tax abatement. Now, my thinking is that a fully arbitrary classification is no reason to exclude...what it does, it limits tax abatement to those profit-motivated owners whose housing is FHA insured, and that's a whole arbitrary classification. There's no reason why any profit-motivated owner who wants to build low-moderate income housing shouldn't be able to take advantage of this tax abatement program, provided he agrees that the money saved in tax abatement is used to reduce the rents. For example, in New Haven we have a man who built us a project of 100 units for the elderly, privately financed with the New Haven Savings Bank, no FHA participation. We're leasing that building 100%, and yet because he didn't go through FHA and get his financing from FHA, he can't get tax abatement. The result is that we have to pay a rent to him which is much higher than what we normally pay. Now, through the combination of tax abatement, and because he has agreed to take a ~~prt~~ or lower return than he would normally be entitled to, those rents could be brought down to what we normally pay for leased housing. However, I'm not focusing just on this project. I think that this Bill if it were passed, would be useful throughout the State. There are a lot of developers who would like to do something in low-moderate housing. They may not want to be bothered with the red tape that they have to go through with FHA. They might be..now with the conventional financing rates going down, it might again be possible through private financing, to provide housing for low and moderate income families, provided that those projects get full tax abatement. And that's what this Bill addresses itself to. My main point is that the present exclusion of private developers who finance their projects privately is wholly arbitrary, and makes no sense in the Statutory scheme. Thank you.

Representative Tudan: Anyone else on 7170? Any opposition? We'll proceed with 7172. AN ACT CONCERNING SUPPLEMENTARY GRANTS FOR CONSTRUCTION OF MODERATE AND LOW INCOME HOUSING FOR LARGE FAMILIES. Senate Bill 169, AN ACT CONCERNING LOW AND MODERATE INCOME HOUSING. Anyone care to appear on that? Hearing none,

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THE CLERK:

Page 5, Cal. 772. Sub. for H.B. 7170. AN ACT CONCERNING SUPPLEMENTARY GRANTS FOR CONSTRUCTION OF MODERATE AND LOW INCOME HOUSING.

DEPUTY SPEAKER:

The gentleman from the 96th.

MR. METTLER: (96th)

Mr. Speaker, I move acceptance of the Joint Committee's favorable report and passage of the bill.

DEPUTY SPEAKER:

Question is on acceptance and passage. Will you remark.

MR. METTLER: (96th)

Yes, Mr. Speaker, the bill before you deletes a prohibition of tax abatement on dwelling units receiving multiple bedroom assistance grants, and eliminates the restrictions on the availability of tax abatement for housing sponsored by limited dividend developers. It will make an important contribution to the growth of housing in the State and I urge its passage.

DEPUTY SPEAKER:

Will you remark further. The gentleman from the 165th.

MR. COLLINS: (165th)

Mr. Speaker, I rise in opposition to this bill. I don't think that the sponsor or anybody interested in this bill has the slightest idea of how much this bill would cost. In trying to check on this fiscal status and its fiscal impact the

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Department of Finance and Control can only estimate potentially millions of dollars would be required to implement this legislation by the State of Connecticut. This opinion is based on the fact that it would broaden considerably the basis upon which taxes abatement payments would be rendered by the State. By the amendment of Sec. 8-2022 to include occupancy, tax abatements would extend to housing occupied by low or moderate income families which could include limited profit sponsors. The original purpose of tax abatement was to encourage additional housing starts not to broaden the basis on which would apply. It should also increase pressures for rental subsidies at some future time in cases where limited profit sponsors must either pay additional taxes or raise tenants' rents. Instead of the municipality abating or freezing the tax assessments, the cost would be passed on to the State. In view of the rather large fiscal impact, I oppose the bill.

DEPUTY SPEAKER:

Will you remark further on the bill. If not, question is on acceptance and passage. All those in favor will indicate by saying AYE. Opposed. The Chair will try your minds again.

MR. COLLINS: (165th)

Mr. Speaker, I move that when the vote is taken it be by roll call.

DEPUTY SPEAKER:

All those in favor of a roll call will indicate by saying AYE. In the opinion of the Chair a sufficient number has supported

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the request for a roll call. A roll call will be ordered. The House will stand at ease for a moment.

The House will come to order. The Chair understands there is business on the Clerk's desk.

THE CLERK:

BUSINESS FROM THE SENATE. Senate Favorables. From Judiciary, Sub. for S.B. 654. AN ACT CONCERNING THE AUTHORITY OF THE COMMISSIONER OF MOTOR VEHICLES TO MAKE REGULATIONS.

DEPUTY SPEAKER:

Tabled for the Calendar.

THE CLERK:

General Law. Sub. for S.B. 1629. AN ACT CONCERNING LIMITATION ON CERTAIN CONTRACTS FOR INSTRUCTION OR USE OF ANY PHYSICAL OR SOCIAL TRAINING SCHOOL.

DEPUTY SPEAKER:

Tabled for the Calendar.

THE CLERK:

Government Administration and Policy. Sub. for S.B. 1810. AN ACT PERMITTING TOWNS TO CHARGE DEVELOPERS INSPECTION AND ENGINEERING FEES.

DEPUTY SPEAKER:

Tabled for the Calendar.

THE CLERK:

Public Health and Safety. Senate Bill 1830. AN ACT CONCERNING PARTICIPATION OF HOSPITALS IN THE HEALTH AND EDUCATION FACILITIES AUTHORITY ACT.

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DEPUTY SPEAKER:

Tabled for the Calendar.

The House will come to order. For the benefit of the members who have returned to the Chamber, your attention is directed to Page 5, Cal. 772, Sub. for H.B. 7170, File 769. The question pending before you is acceptance and passage. Will you remark further on the bill. The gentleman from the 96th.

MR. METTLER: (96th)

Mr. Speaker, speaking for the second time on the bill, which is in your calendar 772, H.B. 7170, File 769 for those who have just returned to the Chamber. The Minority Leader has raised the question as to the cost of this program. I might mention two things. First of all, in the budget which we passed an hour or so ago, there is an allocation of \$3.2 million for the purpose of tax abatements. I might also stress that the bill very clearly specifies that the abatement shall be used for the development of housing. I urge passage of the bill.

DEPUTY SPEAKER:

Will you remark further on the bill. If not, will be members please be seated and the aisles cleared. The staff come to the well. The machine will be opened. Have all the members voted and is your vote properly recorded. The machine will be closed and the Clerk will take a tally. The Clerk will announce the tally.

THE CLERK:

Total number Voting	164
Necessary for Passage	83
Those Voting Yea	94
Those Voting Nay	70
Absent and Not Voting	13

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DEPUTY SPEAKER:

THE BILL IS PASSED.

THE CLERK:

Going back to Cal. 764, Sub. for H.B. 6949. AN ACT CONCERNING REIMBURSEMENT OF TOWNS FOR STATE AID FOR WELFARE PURPOSES.

DEPUTY SPEAKER:

The gentleman from the 148th.

MR. BROWN: (148th)

I move for acceptance of the Joint Committee's favorable report and passage of the bill.

DEPUTY SPEAKER:

Question is on acceptance and passage. Will you remark.

MR. BROWN: (148th)

Mr. Speaker, this bill is an act concerning reimbursement of towns for state aid for welfare purposes. It provides for state reimbursement to towns of 100 percent of general assistance programs after July 1, 1971, instead of the current rate of 75 percent. There are many of us, Mr. Speaker, who share the view that the rising welfare costs must become ultimately the main Federal concern. We know, however, that the towns are bearing an un reasonable burden in this regard and as a first step we believe that the State should reimburse the towns 100 percent and ultimately and hopefully that the Federal Government will have the entire assumptionry. This is a landmark piece of legislation. It is a very important piece of legislation. There

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File numbers and I'll move for suspension for immediate consideration.

They should be in the Clerk's possession and we'll file this list too, if he wishes.

THE CHAIR:

That's what we're talking about, Senator. We want to compare the bills themselves, against the list we have.

Would you come up, Senator Ives and we'll expediate this very quickly?

SENATOR IVES:

Mr. President, I move for suspension of the rules for immediate consideration of the following bills:

THE CHAIR:

If there is no objection it is so ordered.

SENATOR IVES:

Mr. President, House Bill 5109, File 1268; House Bill 5298, File 1699; House Bill 5433, File 1310; House Bill 5730, File 940; House Bill 5781, File 1196; House Bill 5782, File 1211; House Bill 6277, File 289; House Bill 6411, File 1117; House Bill 6448, File 1377; House Bill 6685, File 1461; House Bill 6716, File 1684; House Bill 6927, File 934; House Bill 7170, File 769; House Bill 7811, File 1104; House Bill 8410, File 1106; House Bill 8225, File 1197; House Bill 8796, File 927; House Bill 8835, File 1305; House Bill 9189, File 1453; House Bill 6928, File 1080; House Bill 8485, File 1642.

Mr. President, I move for the adoption of the bills listed.

THE CHAIR:

Is there any objection to the adoption or passage of the bills? Hearing none; said bills declared passed.