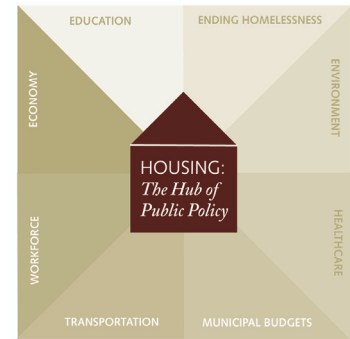


HOUSING: *The Hub of Public Policy 2010*

Briefing Memo

Housing, Transportation & the Environment: *The Convergence of Transit, Green Building and Brownfield Remediation*

March 10, 2010



Some of the best solutions to housing affordability also have profound benefits to our workforce, economy, state budget, land conservation, transit and walkability, downtown revitalization, local businesses, energy use and the earth's climate. By taking strong advantage of the interconnections between housing, transportation, energy and land use, investments and policy in each policy area can strengthen each other and use resources more efficiently.

As we address housing affordability by creating more mixed-income housing, why not build it compactly in smart locations, to save land, help people walk to local businesses or transit, and reduce auto use and emissions?

As we invest in green buildings, create new green-collar jobs and promote green industries, why not use those investments to help households be more financially stable, and help struggling neighborhoods with high concentrations of energy-wasteful housing improve the overall quality of the neighborhood's housing stock?

If Connecticut can create enough mixed-income housing in interesting places with good transit, it can help reverse our outflow of workers, especially our nation-leading loss of workers age 25-34. Those people will then live, work, spend money and pay taxes here in Connecticut, feeding our state's economic and fiscal recovery. This larger and stronger workforce can help attract employers and jobs.

I. ENCOURAGING COORDINATED POLICY: THE MOVE TOWARD DENSITY

A. *Compact, Mixed-Income, Mixed-use Development in Optimal Locations*

Density, mixed-income housing, and mixing housing with other uses nearby can simultaneously make housing affordable, conserve energy and help the climate, encourage transit and walkability, use infrastructure investment more efficiently, strengthen local businesses, create jobs and foster vibrant downtowns that attract younger workers and others we need in Connecticut.

Despite density's many benefits, it is often discouraged by Connecticut's zoning and other land use policies. Fearing increased educational costs, crime, lower property values and unattractive development, municipalities in Connecticut over many years have restricted housing development through zoning that requires large parcels of land for each home, not zoning enough land for residential development, not allowing housing and other development to be mixed, and having permitting processes unfriendly to developers. The cumulative effect is that Connecticut is 47th in the nation in its per capita rate of housing production. The undersupply drives high housing costs that push workers out of state, cause families to struggle, and hurt Connecticut's economic competitiveness.

Many are now understanding and embracing density – for good reasons:

- Denser development requires less land and infrastructure. These areas can be “go zones” that attract

- developers, making them less interested in developing open space or farms.¹
- Dense development is better for the climate. Shared walls in multifamily housing reduce heating and cooling use. Density and walkability allow less auto use, reducing greenhouse gases and other pollution.
- More densely settled places spur innovation, measured by number of patents for new ideas.²
- Homes in more-walkable places command higher prices, demonstrating demand for density and walkability.³
- Walkability can offer more financial security, by lowering transportation costs. Location efficient homeowners have been more resilient against foreclosure.⁴
- Denser development has less impact on water resources.⁵
- Density can save government resources - infrastructure and services can be more efficiently provided to a compactly settled population, as well as increased efficiency of utilities and other private services and goods.
- Denser housing helps the local economy by putting customers closer to local businesses. More prosperous businesses lead to increased local property tax, increased state income and sales tax, and more jobs.

B. HOMEConnecticut & Incentive Housing Zones

Connecticut has made recent progress with policies that encourage density and affordability. The HOMEConnecticut program, administered by the Office of Policy and Management (OPM), encourages municipalities to zone for higher-density, mixed-income housing in responsible growth locations like in city and town centers, and near transit, job centers and infrastructure. Under the program, a town must meet density minimums of 20 multi-family, 10 townhouse or duplex, or 6 single-family units per acre and must guarantee that 20% of the units are deed-restricted to remain affordable for owners or tenants earning 80% or less of the area median income (AMI). As this zoning allows developers to create more units on a given parcel of land, it allows the developer to clear more profit. The mixed-income nature of this housing funnels some of that developer profit into the deed-restricted units to keep them affordable.

More info: [HOMEConnecticut Campaign](#) and [OPM](#)

Despite past municipal resistance to housing production in Connecticut, there are now 50 of Connecticut's 169 municipalities using the program, and more seeking to. OPM has ceased accepting new HOMEConnecticut applications. More funding may be available from the federal Partnership for Sustainable Communities, a joint HUD-DOT-EPA effort to incentivize states and regions to create affordable, energy-efficient housing in sustainable communities within walking distance of transit.

More info: [HUD](#) (see "[Advance Notice and Requests for Comments - Sustainable Communities Grant Program](#)")

HOMEConnecticut ensures mixed-income development and uses the private market to create some housing affordability. But there is still great need for even deeper housing affordability to serve households earning less than 80% of AMI – which requires additional public subsidy. Addressing the housing needs of even lower-income people will be critical to Connecticut's environmental and smart growth goals – if they can't afford to live in newly revived downtowns or near transit, they'll still make long auto commutes in older, more-polluting cars. Further, it is exactly these lower-income households that most benefit from transportation savings and easier access to jobs.

1 Bruce Katz, Brookings Institution. *Economic and Fiscal Benefits of Density*. Presentation. Pg. 27-30. http://www.brookings.edu/~media/Files/rc/speeches/2005/0512cities_katz/20050512_canada.pdf

2 Brian Knudsen, Richard Florida, Gary Gates, and Kevin Stolarick. *Urban Density, Creativity and Innovation*. May 2007. http://www.creativeclass.com/rfcgdb/articles/Urban_Density_Creativity_and_Innovation.pdf.

3 CEOs for Cities / Joe Cortright, Impresa, Inc. *Walking the Walk: How Walkability Raises Home Values in U.S. Cities*. August 2009. http://blog.walkscore.com/wp-content/uploads/2009/08/WalkingTheWalk_CEOsforCities.pdf.

4 Natural Resources Defense Council. *Reducing Foreclosures and Environmental Impacts Through Location-Efficient Neighborhood Design*. January 2010. <http://www.nrdc.org/energy/files/LocationEfficiency4pgr.pdf>.

5 U.S. Environmental Protection Agency. *Protecting Water Resources with Higher-Density Development*. January 2006. http://www.epa.gov/dced/pdf/protect_water_higher_density.pdf.

C. *Smart Growth Guidelines for Sustainable Design & Development*

The U.S. Environmental Protection Agency (EPA), Capital Region Council of Governments, Jonathan Rose Companies and Wallace Roberts and Todd recently released the *Smart Growth Guidelines for Sustainable Design & Development* to help guide municipalities and regions in Connecticut and other states in fostering development and growth that result in stronger neighborhoods, protected open space and watersheds, and healthier and more affordable homes. It offers a framework for policy decisions that not only encourage density, but help neighborhoods work better and meet a variety of economic, environmental and quality-of-life needs.

More info: [Capitol Region Council of Governments](#)

D. *Policy Alternatives to Promote Compact, Mixed-Income, Mixed-use Development in Optimal Locations*

Encouraging denser development in sound locations goes beyond housing policy. Trying to address housing, transit, economic development or land protection in isolation can waste resources and result in less effective outcomes. Thoughtfully planned places with well-rounded investments will attract developers and residents.

1. **Protect and Enhance HOMEConnecticut Funding.** Avoid funding cuts. Apply for U.S. HUD Sustainable Communities Initiative funds, when available, to supplement dwindling HOMEConnecticut funding.
2. **Tie Additional Funding Sources to HOMEConnecticut.** Give municipalities that create Incentive Housing Zones under the program higher priority and/or quicker consideration for non-housing funds like roads, schools, infrastructure, business supports, etc.
3. **Leverage municipal grants for effective land use.** Prioritize towns that are suitable and willing to grow.
4. **Improve Plan of Conservation & Development.**
 - a. As OPM creates the next Plan of Conservation and Development for 2011-2016, OPM could transition to an electronic guide map with multiple layers of information, to better balance conservation factors with development factors.
 - b. As “Priority Funding Areas” are defined (as directed by statute), they could help areas of the state that are suitable and willing to grow, by giving them faster consideration and higher priority for a variety of state funds for housing, roads, infrastructure, economic development and more.

More info: [OPM](#)

5. **Increase Cooperation Between State Agencies.**
 - a. Establish a permanent commissioner-level committee to guide coordinated land use policies, including DECD, OPM, DOT, DEP, DoAg, CHFA and CDA, as well as non-government experts.
 - b. Establish permanent committees of agency staff, to coordinate implementation, streamline procedures and policies, and simultaneously review development applications.
6. **Streamline Permitting and Regulations Affecting Development.** Development is complicated. It requires assembling funding from many sources, and seeking approvals from many local, state and federal agencies and commissions. Streamlining Connecticut’s permitting processes can reduce conflicting requirements, uncertainty and wasted time and money, thus reducing housing costs.

More info: [1/27/10 Hub Forum briefing memo on *Housing & The Workforce*](#) and [Blue Ribbon Commission on Housing and Economic Development](#)
7. **Encourage As-Of-Right Zoning.** Encourage “As-Of-Right” zoning - as is used in the HOMEConnecticut program - to “front load” the process of community decision-making. Zoning regulations and design standards can ensure that development meets community wishes. Developers appreciate the certainty and get through permitting quicker, while municipalities retain control.
8. **Increase Planning Capacity and Technical Assistance.** Planning in Connecticut tends to be underfunded and understaffed. Even though governments have budget deficits, consider investing in greater planning capacity, in order to use funds wisely and maximize land use revenues.
9. **Tie Lending and Public Policy Decisions to a Location Efficiency Index.** Instead of just comparing housing costs with income, a Location Efficiency Index considers housing and transportation costs simultaneously,

since location can affect the household budget considerably. One way to capitalize on this is a location efficient mortgage that considers transportation costs. Another way is for governments to use similar indexing tools to set development goals and benchmark success.

- a. The Center for Neighborhood Technology has created a mapping tool for over 330 U.S. metro areas, showing Housing/Transit affordability, greenhouse gas emissions, and vulnerability to gas price increases. *More info:* [Center for Neighborhood Technology](#)
- b. HUD is working on an index of housing, transportation and other costs related to where one lives, to help individuals make informed housing choices and help lenders make mortgage decisions based on this data.

II. FOSTERING TRANSIT-ORIENTED, MIXED-INCOME HOUSING

Our buildings and transportation combined are responsible for 71% of United States greenhouse gas emissions. The average American household spends a combined 52% of their budget on housing and transportation, their two biggest costs (34% housing, 18% transportation); Connecticut households, having higher housing costs than other states, would tend to spend more than this 52%.⁶ If we attend to where and how housing is built, we can dramatically reduce our climate impact, and help households save money to spend in other areas of the economy.

To take advantage of this opportunity, Connecticut can encourage higher-density, mixed-income, mixed-use development around transit stations. And for areas of Connecticut not served by rail or busway, promote density and mixed-income development in town centers that are linked by enhanced bus service.

Transit Oriented Development (TOD) allows residents, workers and shoppers to be within walking distance of transit. TOD can buffer against energy price fluctuations and offer long-term stability to household budgets. And by transporting people efficiently and reducing auto use, transit is critical to reducing our impact on the climate, and pollution that exacerbates asthma and other health conditions.

Connecticut can improve TOD around existing train stations, but is also on the verge of creating two new transit lines that would bring enormous economic, fiscal and quality of life benefits to Connecticut:

- The New Haven-Springfield rail line carries infrequent Amtrak service and freight, but CT DOT is planning to install a second track along the line that will facilitate frequent commuter service. The project is gaining momentum, recently securing \$40 million from the federal government. The line will serve New Haven, North Haven, Hamden, Wallingford, Meriden, Berlin, Newington, Hartford, Windsor, Windsor Locks and Enfield. *More info:* [DOT](#)
- The New Britain-Hartford Busway just received a commitment of \$45 million in federal funds, signaling U.S. DOT's interest and willingness to continue funding it. The busway will be a 9.4-mile bus-dedicated roadway built from downtown New Britain to Union Station in Hartford, also stopping in Newington and West Hartford. *More info:* [DOT](#) and [Capital Region Council of Governments](#)

Encouraging compact development around stations solves many policy issues:

- Walking to transit allows people to leave cars at home, reducing road congestion, energy use, pollution and climate change impact.
- Housing near stations will bring more riders – and farebox revenue – reducing reliance on operating subsidy.
- Property value and economic activity increase in well-developed TOD areas, bringing state and local revenue, jobs and economic growth.
- Good transit access helps workers get to jobs, and gives businesses access more workers.
- Higher-density, mixed-income zoning near stations can help housing affordability.

⁶ Jonathan Rose Companies and Wallace, Roberts and Todd. Sponsored by U.S. Environmental Protection Agency (EPA) and Capital Region Council of Governments. *Smart Growth Guidelines for Sustainable Design & Development*. November 2009. Pg. 2. http://www.crcog.org/publications/CommDevDocs/Sustainable%20Communities/EPA_SG_Guidelines_Finalism.pdf.

Issues requiring attention:

- Assessing the revenue benefits of potential transit oriented development, and possible ways that future revenue can help Connecticut create transit right now, and
- Planning and zoning by municipalities – in collaboration with the state – to ensure higher-density, mixed-income, mixed-use development around stations.

A. Funding Transit With Increased Value and Revenue Generation Near Stations

Most thoughtfully-developed areas around transit stations significantly increase in value:

- *New Jersey to Manhattan, MidTOWN Direct.* Property values within ½ mile of stations increased 113% (above inflation). ½ to 2 miles increased 82%. 2 to 5 miles increased 65%. The study also noted significant revitalization of struggling neighborhoods resulting from increased transit.⁷
- *Arlington County, Virginia, outside Washington DC, Rosslyn-Ballston Corridor.* Land in the corridor increased value 81% from \$4.9 billion to \$8.88 billion.⁸
- *Chicago, IL.* Single-family homes within 1000 feet of rail were valued 20% more than non-TOD homes.⁹
- *San Diego, CA.* Near the Coaster commuter-rail line, condominiums were priced 46.1% more and single-family homes 17% more than comparable non-TOD housing nearby.¹⁰

These are just a few of many examples across the country.

As Connecticut creates new transit and fosters development around stations, local and state governments will likely see increased revenue of various types:

- Local property tax from new development and increased value of existing property.
- Sales tax from commerce in mixed-use TOD zones.
- Income and sales tax from people attracted to Connecticut who otherwise wouldn't live here.
- Additional revenue from parking, business improvement districts or other means.

These benefits could be maximized and used to pay for transit and related needs:

- 1) Financing of initial transit investment and ongoing operating costs
- 2) Increased property tax revenues for municipalities
- 3) Subsidy to deepen housing affordability

It could seem paradoxical for advocates of affordable housing to want development that leads to higher prices and rents. But if mixed-income zoning is established early, the hotter market around stations can lead to more affordable housing units, because developers will make enough profit on the market-rate units to keep some units affordable. More development will also address Connecticut's chronic housing undersupply that drives up prices.

Instead of considering Connecticut's new transit projects in relation to current population and development patterns, attention should be paid to future development. Connecticut still has higher housing costs than most other states, indicating pent up demand for housing here – moderately-sized, moderately-priced housing will be readily rented or sold. And if this new housing can be mixed with other uses in interesting downtown settings, it will be an even stronger magnet for younger workers to settle in Connecticut. Accounting for these future riders

7 Dellecker-Michaelson, Juliette, *Walk-and-Ride: How MidTOWN DIRECT has affected residential property values within walking distance of train stations*, Columbia University, May 2004.

8 Ohland, Gloria, *Value Capture: How to Get a Return On The Investment in Transit and TOD*. Transit for America, 2003. <http://www.reconnectingamerica.org/public/show/valuecap>. p.2.

9 Center for Transit-Oriented Development "Capturing the Value of Transit." November 2008. <http://www.reconnectingamerica.org/public/projects/318>. p. 6-7

10 Cervero, Robert et al., "Transit-Oriented Development in the United States: Experiences, Challenges, and Prospects", Transit Cooperative Research Program, Sponsored by the Federal Transit Administration, 2004. Pg. 173.

would not only help planning purposes, but help us maximize the economic and fiscal potential of these efforts.

A potential way to help pay for Connecticut's new transit projects is Tax Increment Financing(TIF). This financing method borrows funds now to pay for transit and related infrastructure, and pays those funds back over the years with the expected increased revenue. Study and analysis by the state, regional planning organizations and municipalities could determine how much housing and other development could be built around stations, and then how much increased revenue could result. This would be the foundation for a financing plan that could be used to cover Connecticut's portion of the transit investments.

Analysis of Tax Increment Financing and other ways to fund transit using future revenue from development (sometimes called "value capture") can be found at the University of Minnesota [Center for Transportation Studies](#).

The same planning and analysis done to support Tax Increment Financing can also help Connecticut compete for federal transit funds. The Obama Administration is interested in "breaking down silos" between policy areas, and wants to see it at the state level as well. HUD, US DOT and EPA are working together on this nexus of housing, transportation and environment. Applications for federal transit funds may be stronger if they describe a comprehensive development strategy around stations.

Finally, this same planning will also set the stage for private investment. Developers and investors have choices of where to put their money and energy, and are unlikely to choose places with too many unknown variables. Private investment is more likely where government processes are streamlined, communities are in favor of development and infrastructure is planned.

Predictability can help federal and state policymakers, developers and private investors feel confident investing money and effort into this endeavor. Connecticut could consider legislation requiring municipalities with stations to zone around those stations for higher-density mixed-income housing in a mixed-use setting, and streamline local permitting processes – as a precondition of receiving a new station or station upgrade. This would not be intended to force municipalities into development they don't want, but to offer the certainty that can drive planning, policy and investment for TOD.

B. Getting TOD Planned, Zoned and Built, and Ensuring Housing Affordability

Planning and zoning early for TOD – long before transit construction - can avoid missed opportunities or subpar development. Strong collaboration across agencies and jurisdictions can help.

Researchers and practitioners of TOD offer these policy considerations:

- **Housing Affordability.** Zoning for mixed-income housing and a mix of uses is critical. Because most TOD areas have higher land values, home prices and rents, if zoning does not require mixed-income housing, the TOD zones will be populated only by people of higher income, defeating our policy goals for housing affordability, transit ridership and climate change.
- **Surface Parking.** Some stations in Connecticut are surrounded by a sea of surface parking, instead of development. Living near transit instead of parking near transit can get more cars off the road. Parking can be in compact garages or under buildings. Commuter parking can be placed a few blocks from the station and linked by shuttle or trolley. Shared parking can use space efficiently, with parking by residents at night and businesses during the day. Instead of minimum parking requirements for developers, parking maximums can be used.
- **Buses Serving Train Stations.** Buses on the New Britain-Hartford Busway will be able to get off the busway and circulate neighborhoods and job centers. But rail that is fixed can benefit from convenient shuttle bus routes around stations, which expands the area that is easily and quickly accessible to transit.

- **Planning Places.** Good TOD incorporates many initiatives to create vibrant places. Zoning, infrastructure, outdoor spaces, entertainment, public art, small business support and other tools can shape how the place evolves.
- **Mixed Uses.** A balance of housing, jobs, shopping, services, entertainment and other needs along the transit line puts most of people's needs near transit, reducing the need to drive.
- **Intensive Use of TOD Areas.** Mixing daytime and evening uses can keep "feet on the street" more hours of the day.

TOD Implementing Entity

Strong zoning and design standards play an important role in ensuring good development, but even more can be done after those are put in place. Places that do TOD well typically have a quasi-public transit authority that manages financing; buys, packages and sells land; develops property; sells bonds to raise revenue and coordinates with other agencies and jurisdictions.

An interesting implementation method is the New Jersey Transit Village program. Their process has clear steps and evaluation points, touting village level control. For participating in the program, New Jersey villages earn two crucial benefits: access to grants from a \$1 million transit village initiative fund and technical assistance and priority consideration by the Transit Village Task Force. The Task Force consists of ten state organizations (such as NJ DOT, NJ Transit, Economic Development Authority) that jointly consider applications and assist communities. Pulling multiple agencies into a team can cut through bureaucratic obstacles and act as a single point of contact for the many players involved in TOD.

More info – [NJ Dept. of Transportation](#)

Discouraging Land Speculation

TOD areas tend to attract development and investment that causes property values to increase, and landowners and speculators know this. So there is considerable incentive for someone to hold land for years, expecting strong appreciation and profit upon selling. While profitable for the individual, it can damage TOD efforts by leaving gaps that disrupt density and design, or eyesores that inhibit investment in the neighborhood.

One alternative is to have a quasi-public authority responsible for coordinating development around stations. This authority can purchase available property near stations early in the process, before the transit and most new TOD development occur. It can then make that property available for affordable or mixed-income housing, or other development that balances the mix of uses.

Another alternative is Split Rate Taxation, which splits the usual property tax into two separate tax rates for the land itself, and then the improvements upon the land (i.e. buildings). With higher tax rates on the land, it becomes unprofitable to sit on underutilized land because the landowner is paying significant tax on it. If done right, in order to afford taxes the landowner will develop the property to generate revenue, or sell it to a developer. Split rate taxes in the United States have been used primarily in Pennsylvania. In 2009, Connecticut legislation approved a 5-year pilot program allowing the City of New London to use split rate taxation. An evaluation of that program is expected in early 2010.

Housing Away From Rail and Busway, with Enhanced Bus Service

Much of the state is too far from rail and the busway to benefit from them. For these areas, there could be more dense, mixed-income development in or near walkable town centers that are linked with enhanced bus service.

One concern raised about promoting housing development away from major metro areas and transit is that it may increase auto use there. But this can be mitigated with trolleys or buses circulating within town centers, and

enhanced bus service between towns. A recent study by the Regional Plan Association, commissioned by Transit for Connecticut, proposes 13 additional bus routes in Connecticut. The need for these bus routes is based on current commuting and development patterns; it could be that increased development in more town centers will justify additional routes.

More info - [Transit for Connecticut](#)

III. ENERGY EFFICIENCY AND RENEWABLE ENERGY TO MAKE HOUSING AFFORDABLE AND IMPROVE NEIGHBORHOODS

Density is critical to reducing energy use and emissions. In addition to walkability and transit benefits, multifamily housing units share walls – and thus share some heating and cooling. Multifamily buildings can also be more efficient by sharing energy provision and other infrastructure. Energy efficiency and energy-generating equipment like solar or geothermal can make housing even more affordable by lowering utility costs, which is important to lower-income households that most need the energy savings. Energy investments can also be combined with other funding sources to enable housing rehabilitation.

A. Energy Efficiency and Renewable Energy in Affordable Housing: New Construction and Major Rehab

Many believe that building green requires large upfront investment, but studies show it need not cost more than conventional building. In 2005 New Ecology, Inc. published a cost benefit study of 16 green affordable developments using a life-cycle approach to its cost-benefit analysis. 14 of the 16 cases showed project benefits outweighing costs over a 30-year building life, with a savings of over \$15,000 per unit. About half of the projects cost the same or less than building to code, and those projects that cost more had less than a 3% markup.¹¹

Enterprise Green Communities, a major funder and advocate of green affordable housing, studied nearly 16,000 units of housing in 360 developments that meet Enterprise's Green Communities criteria, and found that on average it cost \$4,524 per housing unit to meet the green criteria, but saved \$4,851 in energy costs over the life of the housing, while reducing annual CO2 emissions by two tons per housing unit. Savings could increase in future years as energy prices rise.

More info – [Enterprise Green Communities](#)

Not only is green building cost-effective compared to initial investment, but it can offer residents remarkable savings. For instance, affordable housing designed for the Guildford Housing Authority will, when built, cost residents only \$7 per apartment in monthly utility costs.

More Info – [Green Planet Options](#)

Many people in green building fields see growing consumer demand for energy efficiency and predict that demand will be the main driver of “going green” in much of the housing market, without government intervention. But affordable housing is different in important ways: a) Low-income households have far fewer housing choices, and can't shop around for energy efficiency, b) To create affordable housing – especially in an expensive market like Connecticut – developers must cut costs wherever they can, so even a modest increase in upfront costs can make a development unfeasible. Government support or an increased blending of energy factors into underwriting for affordable housing finance may be necessary.

11 The Costs and Benefits of Green Affordable Housing, p. 163 (2005) – New Ecology Inc.
www.newecology.org/research-publications/executive-summary

B. Programs To Foster Green Affordable Housing

Enterprise Green Communities. An arm of Enterprise Communities, Enterprise Green Communities in five years has invested \$700 million to build and preserve nearly 16,000 green affordable homes. The program features a green housing criteria for affordable housing developers and support for policymakers and developers in creating weatherization programs. The program targets permanent (non-emergency) housing, that reserves units for renters earning 60% of the Area Median Income (AMI), or buyers earning 80% of AMI. Applicants that meet these and other goals can earn grants of \$20,000 to \$75,000 to be used on any part of a mixed income project.

More info – [Enterprise Green Communities](#)

Connecticut Housing Finance Authority. CHFA has implemented green standards for affordable housing it finances, and last year won an award by Global Green USA for the greenest Low Income Housing Tax Credit (LIHTC) program in the nation. By including these standards in its underwriting, CHFA motivates affordable housing developers to design for energy efficiency and other green factors, and then allows for added upfront costs within the financing offered.

More info – [CHFA](#)

Weatherization Assistance Program. For years Connecticut has had a Weatherization Assistance Program (WAP), administered by Dept. of Social Services and carried out by regional Community Action Agencies, that helps individual homeowners and renters retrofit their homes for energy efficiency. It typically has been funded \$2- to \$3 million per year, but last year's American Recovery and Reinvestment Act (ARRA) gave Connecticut \$64.3 million for this program, considerably more capacity. Of this \$64 million, \$19 million will retrofit developments in the state housing portfolio, which includes state-funded public housing and other affordable housing using project-based subsidies. This portion is administered by the Dept. of Economic and Community Development (DECD). As of this writing, DECD has planned the rehab and use of these funds, and is now securing a contractor to perform the work.

The remainder of the WAP program will help renters and homeowners that apply, working through one of four Community Action Agencies or the CT Energy Efficiency Fund (described below). Assistance starts with an energy consultant visiting and inspecting the home, and making minor repairs on the spot, such as sealing drafty doors or windows. The consultant recommends any further work that should be done, and guides the renter or homeowner to contractors to do the work, and various programs and rebates that can help pay for it. The WAP program will pay for up to \$6,500 of the recommended weatherization work. The WAP program is also available to landlords to weatherize multifamily housing.

More info – [DSS](#)

Connecticut Energy Efficiency Fund (CEEF). Created by the state of Connecticut, but funded through electric bills, CEEF is operated by Connecticut Light & Power and United Illuminating. CEEF is an eligible provider under the Weatherization Assistance Program (above) but their work goes farther, with an array of programs for new construction and intensive rehab. It connects homeowners and businesses with rebates or loans for installing energy efficient systems in existing buildings, building efficient new homes or purchasing Energy-Star products.

More info – [CT Energy Efficiency Fund](#)

Connecticut Clean Energy Fund (CCEF). Similar to the CT Energy Efficiency Fund, the CT Clean Energy Fund is state-chartered, ratepayer-funded and administered by CL&P and UI, but the Clean Energy Fund helps with renewable energy production in buildings, such as solar or geothermal. It has an Affordable Housing Initiative where developers get a rebate for installing a photovoltaic system in an affordable housing development (4-family housing up to \$60,000, large developments up to \$850,000).

More info – [CT Clean Energy Fund](#)

C. Neighborhood Improvement Using Energy Efficiency

Housing in poor repair, often clustered in urban neighborhoods, is extremely energy-wasteful, which could merit high priority for energy efficiency investments. Retrofitting this housing for energy efficiency also improves the overall quality of the units. Because substandard housing is often concentrated in poorer neighborhoods, retrofitting a significant number of housing units in a neighborhood (especially when combined with other types of investment) can improve the overall housing quality and financial health of a neighborhood.

Kansas City's Green Impact Zone. Kansas City's Green Impact Zone uses multiple funding sources to foster development. It focuses 10 different federal grants into approximately 150 residential blocks in a depressed part of Kansas City. The grants provide jobs, green training, affordable housing, weatherization, and rehab of vacant and foreclosed homes. Pulling together modest amounts of funding from multiple sources can reach a critical mass that gets results.

Connecticut's will have to grapple with two major obstacles: 1) Neglectful landlords unwilling to invest in their buildings and resistant to energy upgrades. 2) In rental housing where tenants pay all utility costs, landlords have little incentive to maintain or improve properties for energy efficiency. But if the landlord pays all utilities, the tenant won't be motivated to conserve energy. Future policy could explore feasibility of shared-energy leases.

IV. TURNING BROWNFIELDS INTO QUALITY HOUSING

Brownfields are underutilized buildings with contamination from previous industrial use. Because of Connecticut's long industrial history, it has many. Remediating and redeveloping these buildings can reduce the need for new development, but they present unique challenges: 1) Residential use requires more intensive remediation of contaminants. The cost of remediation can be formidable. 2) Developers are concerned with legal liability for contamination beyond their control, like previous spillage onto an adjacent site, future technology discovering contaminants currently unknown, or future policy changes requiring buildings to be cleaner than today's standards. 3) Complicated financing and technical issues in brownfield redevelopment require specialized skills that many developers don't possess.

State policy changes in 2009 may greatly help the process of remediating brownfields for housing:

- **Redevelopment in the 500-Year Flood Plain.** The 500-year floodplain is the area which is expected to flood within the next 500 years. Many Connecticut brownfields are in the flood plain, because they were built in proximity to waterways for power or transport. The Dept. of Environmental Protection and others have been concerned about development in the flood plain because: 1) runoff from developments poses environmental risks to nearby waterways, and 2) resident safety could be compromised if the area floods.

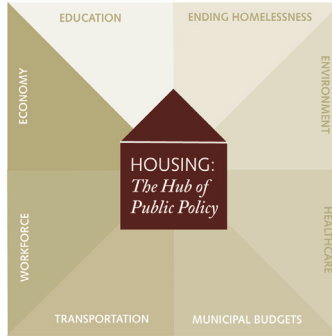
The Dept. of Economic and Community Development and the Dept. of Environmental Protection agreed on a new policy, formalized in legislation during the 2009 session, allowing these brownfield redevelopments to occur if: 1) housing or other "critical uses" are above the 500-year flood level, and 2) redevelopment occurs within the footprint of the existing property.

More info – [Office of Brownfield Remediation and Development](#)

- **Relief from Legal Liability.** The same legislation included a variety of measures to reduce legal uncertainty. More info – [Office of Brownfield Remediation and Development](#)

Connecticut Office of Brownfield Remediation. The CT Office of Brownfield Remediation, based at the Dept. of Economic and Community Development, is a "one stop" state resource for information on programs and services for brownfield redevelopment in Connecticut. It works with the CT Department of Environmental Protection and the Connecticut Brownfields Redevelopment Authority (a subsidiary of the CT Development Authority) to streamline permitting and financing processes, and offer technical assistance for individual projects.

More info – [Office of Brownfield Remediation and Development](#)



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Questions?

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