



CITIZENS ADVISORY
COUNCIL FOR HOUSING MATTERS



Reply to:

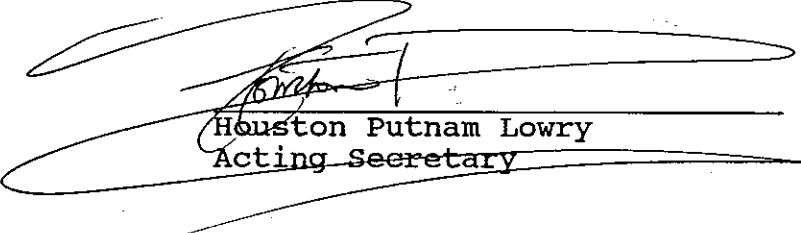
CITIZENS ADVISORY COUNCIL FOR HOUSING MATTERS
September 13, 1995 Minutes

The following people were present at the meeting:

Raphael L. Podolsky
Houston Putnam Lowry
Vic Feigenbaum
Suzanne Colasanto
Ivan Hirsch
M. Rehm for Joe Zibbideo
Elaine G. Denigris
Joe Wincze
Linda Drew
Chip Haslun
Glenn W. Falk
Cynthia Teixeira
David Pels
Richard Tenenbaum
Ed Sanady

1. The proposed agenda was approved.
2. The June 19, 1995 minutes were approved without correction or modification.
3. Suzanne Colasanto reported on housing court clerks.
4. Suzanne Colasanto reported on housing judicial appointments.
5. Vic Feigenbaum reported on computerization of Hartford Housing Court.
6. Cynthia Teixeira reported on the housing specialists.
7. Ivan Hirsch reported on Bridgeport sheriff and door knob problems.
8. RESOLVED - Cynthia Teixeira will report at the next meeting on the availability on a "dear litigant" letter in the Bridgeport Housing Court.
9. Glen Falk reported on the maintenance of housing stock issues.
10. New appointments to the Council were discussed.
11. The small claims magistrate book was discussed.

12. RESOLVED - The modified draft of the small claims magistrate book is approved.
13. Magistrate evaluation procedures were discussed.
14. For lack of any other volunteer, either Joe Wincze or Rafe Podolsky will collect and analyze the magistrate evaluation forms.
15. Rafe Podolsky reported on the Eastern Connecticut housing prosecutor.
14. There were no regional committee reports.
15. There was no new business.
16. The meeting was adjourned at 3:38 p.m.



Houston Putnam Lowry
Acting Secretary

MEMORANDUM

TO: Citizens Advisory Council for Housing Matters

FROM: Subcommittee on Quality of Housing (Robin Hammeal-Urban, Rachel Heerema, Elaine DeNigris, Peter Blasini, Glenn Falk)

RE: Preliminary Thoughts and Recommendations

DATE: September 7, 1995

The subcommittee met on several occasions in New Haven to discuss ways to improve the maintenance of housing stock in Connecticut. We were particularly concerned about the high number of deteriorating and blighted properties in such cities as New Haven, Hartford, and Bridgeport.

To gain insight into the economic realities of urban neighborhoods, we asked Michael Bianchi, a real estate and financial consultant from Workout Solutions, to address the group. Michael is familiar with single-family homes and multi-unit buildings in poor neighborhoods of New Haven and Bridgeport. He shared some distressing information about the current disincentives to rehabilitate rental property. Members of the subcommittee also recounted their own experiences as landlords, attorneys or people otherwise involved with rental housing.

Among other things, Mr. Bianchi suggested that a bank which acquires a property through foreclosure would frequently rather board it up instead of rehabilitating it, because of the expense of renovations and because of potential liability for tenant injuries. A bank usually has no desire to be a property manager, or to lose even more money by fixing up a unit. Given the 30-60% decrease in property values in Connecticut in recent years, some three-family houses may be worth as little as \$10,000. A bank may delay selling a devalued property because under FDIC regulations the financial loss, once it appears on the books, must be counted against the bank's reserves.

Even before a bank forecloses, landlords with little profit margin do not find it feasible to make repairs. (See attached example showing a typical landlord's inability to absorb repair costs.) In neighborhoods with drug-related criminal activity, copper pipes, toilets and other fixtures may be stolen and sold as quickly as they are installed. Aside from crime, high property taxes, insurance and legal costs also deter investors

from devoting their financial resources to urban neighborhoods.

The subcommittee also discussed the role that tenants play in the maintenance of the housing stock, and how the loss of a sense of community may contribute to the neglect or abuse of rented property.

Based on our discussion of these complex issues, and recognizing the limited scope and influence of the Citizens Advisory Council, we recommend the following ideas for consideration:

1. We should promote legislation or otherwise facilitate the process by which municipalities levy fines against the owners of blighted property, and take title if the fines are not paid. The deteriorated housing stock should be taken out of the hands of entities with no stake in the community, and transferred to non-profit groups or homeowners for \$1.00. Perhaps the process can be enhanced by imposing personal liability or increasing the amount of the fines (with proceeds to establish a renovation fund); by adopting a private attorney general provision with potential attorney's fees for enforcing anti-blight laws (the same principle lies behind the Connecticut Unfair Trade Practices Act); or by creating a pro bono program for attorneys to "adopt a property" and pursue remedies against the owners on behalf of a city or neighborhood residents, since municipalities now lack the legal staff to pursue such claims for the hundreds of blighted units in question.

2. At a simpler level, legislation should also require notices of housing code violations to be sent to tenants, with information about the availability of payment into court (Conn. Gen. Stat. § 47a-14h) or other legal remedies. Right now, many tenants do not get copies of the notices from housing code officials, and do not know what to do if local ordinances are violated. The payment into court or other health and safety statutes could also be strengthened with explicit attorney's fees provisions.

3. The Citizens Advisory Council (in conjunction with Neighborhood Housing Services, municipal offices of housing and community development, the courts and community groups) could embark on a public awareness campaign regarding rehabilitation grant programs, legal remedies, and other devices for fixing up the housing stock.

Two Family House for \$70,000

25% down payment of \$17,500

75% mortgage of \$52,500

Mortgage at 10% interest for 25 years; monthly payments of \$475.00

Monthly Income and Expense

Apartment #1 \$475

Apartment #2 \$475

Sub-Total \$900

less 15% vacancy (\$135)

Total Income \$765

Expenses

Mortgage Payment \$475

Insurance \$ 65

Property Taxes \$120

Repairs \$ 40

Total Expenses \$700

MONTHLY PROFIT \$ 65

ANNUAL PROFIT \$780

RETURN ON INVESTMENT 4.4% Maximum \$780 / \$17,500

1.1% or less \$780 / \$70,000