

# Finance, Revenue and Bonding Committee

## JOINT FAVORABLE REPORT

**Bill No.:** Senate Bill 456

AN ACT ESTABLISHING A PILOT PROGRAM FOR THE DEVELOPMENT AND IMPLEMENTATION OF TEN-YEAR PLANS TO ERADICATE CONCENTRATED

**Title:** POVERTY IN THE STATE.

**Vote Date:** 4/3/2024

**Vote Action:** Joint Favorable Substitute

**PH Date:** 4/1/2024

**File No.:** 587

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### SPONSORS OF BILL:

Finance, Revenue and Bonding Committee, Senator John W. Fonfara, 1<sup>st</sup> District

Co-sponsors:

Representative Susan M. Johnson, 49<sup>th</sup> District

Representative Robyn A. Porter, 94<sup>th</sup> District

Representative Joshua M. Hall, 7<sup>th</sup> District

Representative James Sanchez, 6<sup>th</sup> District

### REASONS FOR BILL:

This legislation aims to eradicate concentrated poverty in Connecticut by requiring the development and implementation of a tailored, ten-year plan to reduce poverty to a rate of 20% or less for concentrated poverty census tracts in the state. Concentrated poverty is defined as a federal census tract where at least 30% of the residents have incomes below the federal poverty level.

The bill also creates a new Office of Neighborhood Investment and Community Engagement within the Department of Economic and Community Development (DECD) to oversee the implementation of these ten-year plans, monitor the state's progress in reducing concentrated poverty, and facilitate communication between the people and entities involved.

Further, Senate Bill 456 allows Community Development Corporations (CDCs) established for a participating concentrated poverty census tract, or group of tracts, to bring a mandamus action in Superior Court against any state or municipal official responsible for carrying out a requirement or responsibility, under the bill or a ten-year plan, if the official fails to do so in a timely manner.

## **SUBSTITUTE LANGUAGE:**

The substitute language establishes a pilot program for the ten-year plan, instead of requiring each of the [64 census tracts](#) to create their own plan. A concentrated poverty census tract (or a group of these tracts) is eligible to participate in the pilot program if it is in any of the four municipalities with the greatest number of concentrated poverty census tracts (Hartford, Bridgeport, New Haven and Waterbury); and its community members have established a certified CDC to help implement the ten-year plan and help the municipality carry out its responsibilities under the bill.

It also eliminates a provision that would have allowed any aggrieved resident of a qualifying census tract, instead of a CDC, to bring civil action against the state or municipal officials who failed to carry out their responsibilities or execute the ten-year plan in a timely manner.

## **RESPONSE FROM ADMINISTRATION/AGENCY:**

[Jeffrey Beckham Secretary, Office of Policy and Management](#), asserts that this bill creates a complicated and redundant layer of bureaucracy in forming the Office of Neighborhood Investment and Community Engagement within DECD. Furthermore, it includes language that encourages judicial intervention of the functions of government as performed by the executive branch. This is problematic in that appears to automatically provide standing to individuals to file suit against unelected state or municipal officials.

Mr. Beckham emphasizes that the Governor is committed to alleviating poverty across the state, as demonstrated by budgets that have included both broad-based and specially targeted programs designed to foster a more equitable society. These programs are on top of the largest income tax cut in a generation, designed to put extra money in working people's paychecks across the state.

[Daniel O'Keefe, Commissioner, Department of Economic and Community Development](#), explains that Senate Bill 456 builds upon previously enacted legislation; [Public Act 22-118](#) (Section 361) which established the Office of Community Economic Development Assistance (OCEDA), and [Public Act 23-205](#) (Sections 101-102) which established a high poverty-low opportunity (HPLO) census tract grant program. He notes that DECD does not have, and has not received, the resources necessary to carry out the activities prescribed in these acts.

Commissioner O'Keefe also outlines that the new Office of Neighborhood Investment and Community Engagement established by this legislation requires DECD to have staff dedicated exclusively to carry out the provisions of the bill. This new office would require resources to hire additional staff. He cautions that the hiring process would take several months; with additional time to on-board staff who would fulfill the requirements of the program. This impacts the reporting timeline drafted in the bill.

Finally, DECD expresses concerns about the language that allows a private individual to file suit against unelected state or municipal officials who fail to carry out the requirements of, or responsibilities stemming from, this legislation. This could have a chilling effect on people wanting to work for the state and municipalities.

## **NATURE AND SOURCES OF SUPPORT:**

[\*\*Fernando Betancourt, Executive Director, The San Juan Center, Inc.\*\*](#), describes the community revitalization work that is currently underway, and delineates the importance of this legislation. The San Juan Center, in consultation with the Clay Arsenal Neighborhood Revitalization Zone, has entered a Memorandum of Understanding with a newly incorporated entity - the Clay Arsenal Community Development Corporation - to expand its wealth creation initiative with a goal of reducing the poverty in the Clay Arsenal neighborhood by ten percent in a five-year period, beginning in 2025.

The City of Hartford recently awarded the Arrowhead Project to Gateway Partnership LLC, which is comprised of the Carabetta Companies and the San Juan Center. This \$18 million dollar project will renovate three existing historical buildings and construction a new one on the corner of Main Street and Albany Avenue. The project will create 46 apartments and several first-floor retail commercial spaces, plus a pedestrian plaza. Gateway Partners, LLC has proposed a Phase II to the Arrowhead Project, Pocito Dulce, which has a \$8.5 million dollar budget and will build 20 housing units in 20,500 sq/ft on the corner of 275 High Street; and North End Gateway II, which has a \$33 million dollar budget and will build 75 housing units adjacent to North End Gateway and SANA Apartments located at 1400,1540 and 1550 Main Street. A third project, Beacon Commons, will be a joint venture between the owner of the site, the Clay Arsenal Community Development Corporation and the San Juan Center to create 39 housing units and commercial spaces that will begin simultaneously with our homeownership program.

[\*\*Leslie Blatteau, Teacher, Parent, New Haven Public Schools\*\*](#), testifies that this bill sheds light on a problem that is becoming more evident in our state - there is not one Connecticut, but two Connecticuts, with a divide rooted in extreme income inequality. The results of the state's most recent tax incidence analysis showed that Connecticut's lowest earners paid 39.9% of their earnings in taxes, while the wealthiest taxpayers paid 7.3%. What we learn from this information is that things have gotten worse for the poorest residents and better for the richest. A recent study by the think tank, [\*\*New America\*\*](#), compared the median household income of one school district against another to measure educational disparities. It found that 23 of the top 300 disparities nationwide occur in Connecticut. We are perpetuating dangerous inequality when we know these disparities exist and we fail to remediate them.

Senate Bill 456 identifies the problem and presents an impactful solution with clear benchmarks to measure progress. It contains an accountability mechanism by allowing residents to bring an action to compel implementation of ten-year plan components to reduce concentrated poverty. This bill has the potential to begin rolling back years of systemic inequality and the damaging consequences that families throughout the state have shouldered n account of it.

[\*\*Samuel S. Gold, Executive Director, Lower Connecticut River Valley Council of Governments \(RiverCOG\)\*\*](#), considers the concept of addressing poverty in the communities where poverty exists to be robust, and one that they support. Other legislation introduced this session has been focused on deconcentrating poverty by relocating poor households, and consequentially destroying their communities. We applaud the approach of this bill by valuing poor communities and seek to invest in them, rather than scattering their residents across the state.

However, Mr. Gold thinks the ten-year plans are too clinical and even paternalistic in their approach. The plans focus on poverty statistics and measures. He asserts that community outreach would yield information, problems, and solutions that cannot be found in the numbers. The priorities of the communities may be different from that of government, and the knowledge and lived experiences of community members can shed light on problems and solutions that the numbers alone do not. A valid planning process must directly engage with the people the plans intend to help. Mr. Gold reminds the committee that municipalities with the greatest concentrations of poverty are also the most under-resourced and understaffed. Without adequate funding and support from the state and surrounding municipalities, these plans may be inadequately implemented. He suggests expanding the geography responsible for addressing the issues of poverty to a regional partnership.

**Ed Hawthorne, President, Connecticut AFL-CIO**, commends the committee for raising Senate Bill 456. Rarely has the General Assembly been so bold in its intent and determination to address the root causes of Connecticut's inequality. Generational poverty goes unaddressed and unabated in many of our communities, and it is evident in the results of the state's most recent tax incidence analysis. The results of the first tax incidence analysis done in 2014 showed that the bottom 50% of earners contributed 23.6% of their income in taxes, while the top 1% contributed just 7.5%. In the space of ten years inequality grew; things got worse for the poorest residents and better for the richest residents.

**Patrick O'Brien, Research and Policy Director, Connecticut Voices for Children**, agrees that concentrated poverty is a major problem in Connecticut and that the state needs to take additional steps to address it. He cites the three primary measures of poverty that the United States Census Bureau uses, and argues that defining concentrated poverty census tracts based on only the total poverty rate, rather than the child poverty rate, understates the extent of the concentrated poverty crisis in Connecticut. He notes that from 2021 to 2022, child poverty in Connecticut increased sharply from 3.8 percent to 11.1 percent, under the Supplemental Poverty Measure. He asserts that the concentrated poverty crisis in Connecticut is in large part a "concentrated child poverty crisis" because the child poverty rate in Connecticut is generally higher than the total poverty rate. Mr. O'Brien urges policymakers to modify Senate Bill 456 to include a state-level child tax credit, redefine "concentrated poverty census tracts" to include the rate of child poverty, and require a relevant agency to develop a measure of poverty at the census tract level that incorporates refundable tax credits and other features included in the Supplemental Poverty Measure.

**Werner Oyanadel, Policy Director and Denise Drummond, Legislative Policy Analyst, Commission on Women, Children, Seniors, Equity, and Opportunity (CWCSEO)**, recognize the significant disadvantages that residents in areas of concentrated poverty face, including diminished educational and employment opportunities, limited healthcare access, increased exposure to crime, and significant barriers to economic mobility. Recent data underscores the urgency of addressing poverty in our state. A report released by the United Way, titled [Alice in Connecticut 2023](#), reveals that 552,710 households, or 39% of Connecticut residences, lacked a basic survival budget. Furthermore, food insecurity among Connecticut adults living with children nearly doubled in recent years, jumping from 12% to 23%. These figures, emphasize the need for strategic and comprehensive approach to poverty eradication.

CWCSEO acknowledges the disproportionate impact of poverty on African American and Latino families in Connecticut. Data from the [American Community Survey](#) indicates that these

communities face significantly higher poverty rates compared to their White counterparts. This is compounded by employment and wage gaps, where African American and Latino workers are more likely to be employed in lower-wage occupations, exacerbating the cycle of poverty. Additionally, disparities in housing stability, educational attainment, and health outcomes further hinder economic mobility for these groups. African American and Latino children are particularly vulnerable, often growing up in under-resourced communities that limit their future opportunities. The bill's emphasis on collaborative efforts and community engagement is essential for creating inclusive and effective solutions to address such inequality.

[Constanza Segovia, Co-founder, Organizer, Hartford Deportation Defense](#), highlights that most of their members live in the poorest neighborhoods in Connecticut. This legislation spotlights the reality that our communities are living every day. People around Connecticut are struggling to pay rent, groceries, and medical bills that keep piling up. Most investments are expansions of housing developments that are NOT affordable, our students are not learning well with class sizes that are too large. We know which communities are struggling, and which ones are not, therefore solutions must be targeted. Additionally, this bill provides for our communities with the authority to hold the executive branch accountable in their commitment to alleviating poverty in Connecticut. This is necessary, because we keep hearing that the Governor is committed, but in practice our communities are suffering every day without health care access, and our public schools are still facing some of the highest levels of inequity in the country.

[Jeffrey Stewart, Board Chair, Clay Arsenal Community Development Corporation](#), expresses gratitude for legislation enacted two years ago that allows community-based organizations to form community development corporations (CDC). A group of residents in my Clay Arsenal neighborhood in Hartford formed the Clay Arsenal Community Development Corporation (CARA CDC). We are a certified nonprofit with the State of Connecticut, and a designated 501c3 with the Internal Revenue Services. We are now in the process of developing our plans for projects and applications to the Department of Economic and Community Development for funding. A community-based approach to addressing poverty empowers residents and provides an opportunity to work collaboratively with state, municipal, private sector and philanthropic entities to help guide our neighborhoods' economic development.

None expressed.

**Reported by: Jean Holloway**

**Date: April 16, 2024**