



General Assembly

February Session, 2002

Raised Bill No. 115

LCO No. 707

Referred to Committee on Select Committee on Housing

Introduced by:
(HSG)

AN ACT AUTHORIZING STATE BONDS FOR THE RENOVATION OF RENTAL HOUSING IN DISTRESSED MUNICIPALITIES AND FOR A WINDOW REPAIR AND REPLACEMENT PROGRAM.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective July 1, 2002*) (a) As used in this section,
2 (1) "eligible building" means a structure located in a distressed
3 municipality, as defined in section 32-9p of the general statutes, as
4 amended, that contains not more than twenty residential units, and
5 may contain an owner-occupied unit, and (2) "eligible costs" means
6 costs incurred to make renovations and repairs to bring an eligible
7 building into compliance with the State Building Code.

8 (b) There is established a revolving loan fund to be known as the
9 "Rental Housing Revolving Loan Fund". The fund shall contain any
10 moneys required by law to be deposited in the fund. Investment
11 earnings credited to the fund shall become part of the assets of the
12 fund. Any balance remaining in the fund at the end of any fiscal year
13 shall be carried forward in the fund for the next fiscal year. Payments
14 of principal or interest on a low interest loan made pursuant to this
15 section shall be paid to the State Treasurer for deposit in the Rental

16 Housing Revolving Loan Fund. The fund shall be used to make low
17 interest loans pursuant to subsection (c) of this section and to pay
18 reasonable and necessary expenses incurred in administering loans
19 under this section. The Commissioner of Economic and Community
20 Development may enter into contracts with nonprofit corporations to
21 provide for the administration of the Rental Housing Revolving Loan
22 Fund by such nonprofit corporations, provided no low interest loan
23 shall be made from the fund without the authorization of the
24 commissioner as provided in subsection (c) of this section.

25 (c) The state, acting by and in the discretion of the Commissioner of
26 Economic and Community Development, may enter into contracts to
27 provide financial assistance in the form of low interest loans to owners
28 of eligible buildings to make repairs to bring such buildings into
29 compliance with the State Building Code. The commissioner may
30 require owners of eligible buildings who apply for a low interest loan
31 pursuant to this section to submit a copy of the report filed by the
32 building inspector listing code violations, and an estimate of the cost of
33 repairs to correct such violations. The commissioner may establish
34 priorities for the low cost loans provided pursuant to this program,
35 including, but not limited to, types of repairs financed, the location of
36 the eligible building, ability of owners to repay such loans, and the
37 extent to which any repairs will extend the useful life of the eligible
38 building.

39 (d) The commissioner may adopt regulations, in accordance with
40 the provisions of chapter 54 of the general statutes, to specify
41 application procedures and priorities for providing low cost loans
42 pursuant to this section.

43 Sec. 2. (NEW) (*Effective July 1, 2002*) (a) As used in this section,
44 "eligible building" means a two to six-family building that was built
45 prior to 1950 and has wooden windows, and "commissioner" means
46 the Commissioner of Economic and Community Development.

47 (b) The commissioner shall establish a demonstration program in at

48 least three municipalities to promote energy efficiency and
49 environmentally safe housing by providing matching grants to owners
50 of eligible buildings to repair or replace wooden windows in such
51 buildings. At least two of said municipalities shall have a population
52 of one hundred thousand or more and at least one of said
53 municipalities shall have a population of less than one hundred
54 thousand. No such grant shall exceed one hundred dollars for each
55 window to be repaired or replaced. The commissioner may contract
56 with one or more entities to operate the program.

57 (c) The demonstration program shall end on June 30, 2005. On or
58 before February 1, 2005, the commissioner shall report to the select
59 committee of the General Assembly having cognizance of matters
60 relating to housing as to the number of eligible buildings for which
61 assistance was provided, the costs involved, the effectiveness of the
62 demonstration program and the commissioner's recommendation as to
63 whether the demonstration program should be expanded and made
64 permanent.

65 (d) The commissioner shall adopt regulations, in accordance with
66 the provisions of chapter 54 of the general statutes, to implement the
67 provisions of this section.

68 Sec. 3. (NEW) (*Effective July 1, 2002*) (a) As used in this section, the
69 following terms shall have the following meanings unless the context
70 clearly indicates another meaning:

71 (1) "Authority" means the Connecticut Housing Finance Authority
72 established pursuant to chapter 134 of the general statutes;

73 (2) "Eligible building" means a structure that contains one to six
74 dwelling units and is located in a neighborhood revitalization zone
75 created pursuant to section 7-600 of the general statutes;

76 (3) "Owner" means any taxpayer filing a state of Connecticut tax
77 return who possesses title to an eligible building, or prospective title to

78 an eligible building in the form of a purchase agreement or option to
79 purchase, or a nonprofit corporation incorporated pursuant to chapter
80 602 of the general statutes, that possesses such title or prospective title;

81 (4) "Qualified rehabilitation expenditures" means any costs incurred
82 for the physical construction involved in the rehabilitation of an
83 eligible building, but excludes: (A) The owner's personal labor, (B) the
84 cost of site improvements, unless to provide building access to persons
85 with disabilities, (C) the cost of a new addition, except as may be
86 required to comply with any provision of the State Building Code or
87 the State Fire Safety Code, (D) any cost associated with the
88 rehabilitation of an outbuilding, and (E) any nonconstruction costs,
89 such as architectural fees, legal fees and financing fees;

90 (5) "Rehabilitation plan" means any construction plans and
91 specifications for the proposed rehabilitation of an eligible building in
92 sufficient detail to enable the authority to evaluate compliance with the
93 standards developed under the provisions of subsections (b) to (d),
94 inclusive, of this section.

95 (b) The authority shall administer a system of tax credit vouchers
96 within the resources, requirements and purposes of this section for
97 owners rehabilitating eligible buildings or taxpayers making
98 contributions to qualified rehabilitation expenditures. For tax years
99 commencing on or after January 1, 2002, any owner shall be eligible for
100 a tax credit voucher in an amount equal to fifty per cent of the
101 qualified rehabilitation expenditures, provided such expenditures
102 exceed twenty-five thousand dollars. The maximum amount for a tax
103 credit voucher shall be thirty thousand dollars per dwelling unit in an
104 eligible building.

105 (c) The authority shall develop standards for the approval of
106 rehabilitation of eligible buildings for which a tax credit is sought.
107 Such standards shall include, but not be limited to, the type of
108 rehabilitation proposed, the need for such rehabilitation and the
109 impact of such rehabilitation upon the tenants and the neighborhood.

110 Any eligible building that is a deteriorated property, as defined in
111 section 7-600 of the general statutes, shall be given priority for tax
112 credit vouchers.

113 (d) The authority may, in consultation with the Commissioner of
114 Revenue Services, adopt written procedures, in accordance with the
115 provisions of section 1-121 of the general statutes, to carry out the
116 purposes of this section.

117 (e) (1) Prior to beginning any rehabilitation work on an eligible
118 building, the owner shall submit a rehabilitation plan to the authority
119 and shall also submit to the authority an estimate of the qualified
120 rehabilitation expenditures.

121 (2) If the authority certifies that the rehabilitation plan conforms to
122 the standards developed under the provisions of subsections (b) to (d),
123 inclusive, of this section, the authority may reserve for the benefit of
124 the owner an allocation for a tax credit equivalent to fifty per cent of
125 the projected qualified rehabilitation expenditures.

126 (f) Following the completion of rehabilitation of an eligible building,
127 the owner shall notify the authority that such rehabilitation has been
128 completed. The owner shall provide the authority with documentation
129 of work performed on the eligible building and shall certify the cost
130 incurred in rehabilitating such building. The authority shall review
131 such rehabilitation and verify its compliance with the rehabilitation
132 plan. Following such verification, the authority shall issue a tax credit
133 voucher to either the owner rehabilitating the eligible building or to
134 the taxpayer named by the owner as contributing to the rehabilitation.
135 The tax credit voucher shall be in an amount equivalent to the lesser of
136 the tax credit reserved upon certification of the rehabilitation plan
137 under the provisions of subsection (e) of this section or fifty per cent of
138 the actual qualified rehabilitation expenditures, but in no event shall a
139 credit allowed under this section exceed thirty thousand dollars per
140 dwelling unit for an eligible building. In order to obtain a credit
141 against any state tax due that is specified in subsection (g) of this

142 section, the holder of the tax credit voucher shall file the voucher with
143 the holder's state tax return.

144 (g) (1) The Commissioner of Revenue Services shall grant a tax
145 credit to a taxpayer holding the tax credit voucher issued under this
146 section against any tax due under chapter 207, 208, 208a, 209, 210, 211
147 or 212 of the general statutes in the amount specified in the tax credit
148 voucher. Such taxpayer shall submit the voucher and the
149 corresponding tax return to the Department of Revenue Services.

150 (2) The tax credit issued under subdivision (1) of this subsection
151 shall be taken by the holder of the tax credit voucher in the same tax
152 year in which the voucher is issued. Any unused portion of such credit
153 may be carried forward to any or all of the four taxable years following
154 the year in which the tax credit voucher is issued.

155 (h) The aggregate amount of all tax credits which may be reserved
156 by the authority upon certification of rehabilitation plans under
157 subsections (b) to (d), inclusive, of this section shall not exceed two
158 million dollars in any one fiscal year.

159 Sec. 4. (*Effective July 1, 2002*) (a) For the purposes described in
160 subsection (b) of this section, the State Bond Commission shall have
161 the power, from time to time, to authorize the issuance of bonds of the
162 state in one or more series and in principal amounts not exceeding in
163 the aggregate ten million dollars.

164 (b) The proceeds of the sale of said bonds, to the extent of the
165 amount stated in subsection (a) of this section, shall be used by the
166 Department of Economic and Community Development for the
167 purpose of capitalizing the Rental Housing Revolving Loan Fund
168 established by section 1 of this act.

169 (c) All provisions of section 3-20 of the general statutes, or the
170 exercise of any right or power granted thereby, which are not
171 inconsistent with the provisions of this section are hereby adopted and

172 shall apply to all bonds authorized by the State Bond Commission
173 pursuant to this section, and temporary notes in anticipation of the
174 money to be derived from the sale of any such bonds so authorized
175 may be issued in accordance with said section 3-20 and from time to
176 time renewed. Such bonds shall mature at such time or times not
177 exceeding twenty years from their respective dates as may be provided
178 in or pursuant to the resolution or resolutions of the State Bond
179 Commission authorizing such bonds. None of said bonds shall be
180 authorized except upon a finding by the State Bond Commission that
181 there has been filed with it a request for such authorization which is
182 signed by or on behalf of the Secretary of the Office of Policy and
183 Management and states such terms and conditions as said commission,
184 in its discretion, may require. Said bonds issued pursuant to this
185 section shall be general obligations of the state and the full faith and
186 credit of the state of Connecticut are pledged for the payment of the
187 principal of and interest on said bonds as the same become due, and
188 accordingly and as part of the contract of the state with the holders of
189 said bonds, appropriation of all amounts necessary for punctual
190 payment of such principal and interest is hereby made, and the State
191 Treasurer shall pay such principal and interest as the same become
192 due.

193 Sec. 5. (*Effective July 1, 2002*) (a) For the purposes described in
194 subsection (b) of this section, the State Bond Commission shall have
195 the power, from time to time, to authorize the issuance of bonds of the
196 state in one or more series and in principal amounts not exceeding in
197 the aggregate two million dollars.

198 (b) The proceeds of the sale of said bonds, to the extent of the
199 amount stated in subsection (a) of this section, shall be used by the
200 Department of Economic and Community Development for the
201 purpose of funding the demonstration program established pursuant
202 to section 2 of this act.

203 (c) All provisions of section 3-20 of the general statutes, or the

204 exercise of any right or power granted thereby, which are not
205 inconsistent with the provisions of this section are hereby adopted and
206 shall apply to all bonds authorized by the State Bond Commission
207 pursuant to this section, and temporary notes in anticipation of the
208 money to be derived from the sale of any such bonds so authorized
209 may be issued in accordance with said section 3-20 and from time to
210 time renewed. Such bonds shall mature at such time or times not
211 exceeding twenty years from their respective dates as may be provided
212 in or pursuant to the resolution or resolutions of the State Bond
213 Commission authorizing such bonds. None of said bonds shall be
214 authorized except upon a finding by the State Bond Commission that
215 there has been filed with it a request for such authorization which is
216 signed by or on behalf of the Secretary of the Office of Policy and
217 Management and states such terms and conditions as said commission,
218 in its discretion, may require. Said bonds issued pursuant to this
219 section shall be general obligations of the state and the full faith and
220 credit of the state of Connecticut are pledged for the payment of the
221 principal of and interest on said bonds as the same become due, and
222 accordingly and as part of the contract of the state with the holders of
223 said bonds, appropriation of all amounts necessary for punctual
224 payment of such principal and interest is hereby made, and the State
225 Treasurer shall pay such principal and interest as the same become
226 due.

227 Sec. 6. (*Effective July 1, 2002*) (a) For the purposes described in
228 subsection (b) of this section, the State Bond Commission shall have
229 the power, from time to time, to authorize the issuance of bonds of the
230 state in one or more series and in principal amounts not exceeding in
231 the aggregate two million dollars.

232 (b) The proceeds of the sale of said bonds, to the extent of the
233 amount stated in subsection (a) of this section, shall be used by the
234 Connecticut Housing Finance Authority for the purposes of section 3
235 of this act.

236 (c) All provisions of section 3-20 of the general statutes, or the
237 exercise of any right or power granted thereby, which are not
238 inconsistent with the provisions of this section are hereby adopted and
239 shall apply to all bonds authorized by the State Bond Commission
240 pursuant to this section, and temporary notes in anticipation of the
241 money to be derived from the sale of any such bonds so authorized
242 may be issued in accordance with said section 3-20 and from time to
243 time renewed. Such bonds shall mature at such time or times not
244 exceeding twenty years from their respective dates as may be provided
245 in or pursuant to the resolution or resolutions of the State Bond
246 Commission authorizing such bonds. None of said bonds shall be
247 authorized except upon a finding by the State Bond Commission that
248 there has been filed with it a request for such authorization which is
249 signed by or on behalf of the Secretary of the Office of Policy and
250 Management and states such terms and conditions as said commission,
251 in its discretion, may require. Said bonds issued pursuant to this
252 section shall be general obligations of the state and the full faith and
253 credit of the state of Connecticut are pledged for the payment of the
254 principal of and interest on said bonds as the same become due, and
255 accordingly and as part of the contract of the state with the holders of
256 said bonds, appropriation of all amounts necessary for punctual
257 payment of such principal and interest is hereby made, and the State
258 Treasurer shall pay such principal and interest as the same become
259 due.

This act shall take effect as follows:	
Section 1	<i>July 1, 2002</i>
Sec. 2	<i>July 1, 2002</i>
Sec. 3	<i>July 1, 2002</i>
Sec. 4	<i>July 1, 2002</i>
Sec. 5	<i>July 1, 2002</i>
Sec. 6	<i>July 1, 2002</i>

HSG

Joint Favorable C/R

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