



General Assembly

Substitute Bill No. 342

February Session, 2004

* SB00342HSGPD030404 *

AN ACT TRANSFERRING ADMINISTRATION OF THE MODERATE RENTAL HOUSING PROGRAM FROM THE DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT TO THE CONNECTICUT HOUSING FINANCE AUTHORITY.

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

1 Section 1. Section 8-70 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective July 1, 2004*):

3 (a) Upon preliminary approval by the State Bond Commission
4 pursuant to the provisions of section 3-21, the state, acting by and
5 through the [Commissioner of Economic and Community
6 Development] Connecticut Housing Finance Authority, may enter into
7 a contract or contracts with an authority or combination of authorities
8 for state financial assistance for a moderate rental housing project or
9 projects in the form of (1) interim and permanent loans or deferred
10 loans; (2) guarantees by the state of the notes of an authority; (3)
11 grants; or (4) any combination of such forms of aid. In the case of a
12 deferred loan, the contract shall require that payments on all or a
13 portion of the interest are due currently but that payments on principal
14 may be made at a later time.

15 (b) Upon preliminary approval by the State Bond Commission
16 pursuant to the provisions of section 3-21, the state, acting by and

17 through the [Commissioner of Economic and Community
18 Development] Connecticut Housing Finance Authority, may enter into
19 a contract or contracts with an eligible developer for state financial
20 assistance for a moderate rental housing project or projects in the form
21 of interim and permanent mortgage loans and, in the case of a housing
22 authority or nonprofit corporation, the [commissioner] authority may
23 enter into a contract or contracts to provide state financial assistance in
24 the form of a grant.

25 (c) Permanent loans or deferred loans made by the state under the
26 authorization of this section (1) shall bear interest payable quarterly on
27 the first days of January, April, July and October for the preceding
28 calendar quarter at a rate to be determined in accordance with
29 subsection (t) of section 3-20, as amended; (2) shall be in an amount not
30 in excess of the development cost of the project or projects, including,
31 in the case of loans or deferred loans financed from the proceeds of the
32 state's general obligation bonds issued pursuant to any authorization,
33 allocation or approval of the State Bond Commission made prior to
34 July 1, 1990, a state service charge, as approved by the Commissioner
35 of Economic and Community Development; and (3) shall be repayable
36 in such installments as are determined by the [Commissioner of
37 Economic and Community Development] Connecticut Housing
38 Finance Authority within fifty years from the date of completion of the
39 project or projects, as determined by the [Commissioner of Economic
40 and Community Development] authority. The term of a permanent
41 loan or deferred loan may be extended upon the recommendation of
42 the [Commissioner of Economic and Community Development]
43 authority with the approval of the State Bond Commission if the
44 commissioner determines that such an extension is necessary for the
45 continuing financial viability of a project. In anticipation of such
46 permanent loans or deferred loans, the state, acting by and through the
47 [Commissioner of Economic and Community Development] authority,
48 with the approval of the Governor and the Treasurer, may make
49 temporary loans or deferred loans or advances to the authority or
50 authorities at an interest rate to be determined in accordance with

51 subsection (t) of section 3-20, as amended. As a condition of making
52 any loan under this section, the [commissioner] authority may require
53 the authority or authorities or the eligible developer to develop a
54 management plan designed to ensure adequate maintenance of such
55 project or projects.

56 (d) Grants made by the state under the authorization of this section
57 shall be in an amount not in excess of the development cost of the
58 projects as approved by the [commissioner] Connecticut Housing
59 Authority.

60 (e) On and after the effective date of regulations adopted under
61 section 8-437, the [Commissioner of Economic and Community
62 Development] Connecticut Housing Finance Authority shall not accept
63 any application for state financial assistance pursuant to this section
64 except an application for a project or development not qualifying for
65 financial assistance pursuant to section 8-433.

66 Sec. 2. Section 8-71 of the general statutes is repealed and the
67 following is substituted in lieu thereof (*Effective July 1, 2004*):

68 In lieu of real property taxes, special benefit assessments and
69 sewerage system use charges otherwise payable to such municipality,
70 except in such municipalities as, by special act or charter, on May 20,
71 1957, had a sewer use charge, an authority shall pay each year to the
72 municipality in which any of its moderate rental housing projects or
73 rental or quasi-ownership units of housing developments receiving
74 financial assistance pursuant to section 8-433 are located a sum to be
75 determined by the municipality, with the approval of the
76 [Commissioner of Economic and Community Development]
77 Connecticut Housing Finance Authority, not in excess of twelve and
78 one-half per cent of the shelter rent per annum for each occupied
79 dwelling unit in any such housing project and each occupied rental or
80 quasi-ownership unit in any such housing development; except that
81 the amount of such payment shall not be so limited in any case where
82 funds are made available for such payment by an agency or

83 department of the United States government, but no payment shall
84 exceed the amount of taxes which would be paid on the property were
85 the property not exempt from taxation.

86 Sec. 3. Section 8-72 of the general statutes is repealed and the
87 following is substituted in lieu thereof (*Effective July 1, 2004*):

88 Each developer or housing authority shall manage and operate its
89 housing projects in an efficient manner so as to enable it to fix the
90 rentals for dwelling accommodations at the lowest possible rates
91 consistent with providing decent, safe and sanitary dwelling
92 accommodations, and no housing authority or nonprofit corporation
93 shall construct or operate any such project for profit. To this end an
94 authority or a nonprofit corporation shall fix the rentals for dwelling in
95 its projects at no higher rates than it finds to be necessary in order to
96 produce revenues which, together with all other available money,
97 revenues, income and receipts of the authority or nonprofit
98 corporation from whatever sources derived, will be sufficient (a) to
99 pay, as the same become due, the principal and interest on the bonds
100 of the authority or nonprofit corporation; (b) to meet the cost of, and to
101 provide for, maintaining and operating the projects, including the cost
102 of any insurance, and the administrative expenses of the authority or
103 nonprofit corporation; provided nothing in this section shall be
104 construed as prohibiting any authority or nonprofit corporation from
105 providing for variable rentals based on family income. In the operation
106 or management of housing projects an authority or nonprofit
107 corporation shall, at all times, rent or lease the dwelling
108 accommodations therein at rentals within the financial reach of
109 families of low income. The [Commissioner of Economic and
110 Community Development] Connecticut Housing Finance Authority
111 may establish maximum income limits for admission and continued
112 occupancy of tenants, provided such maximum income limits and all
113 revisions thereof for housing projects operated pursuant to any
114 contract with any agency of the federal government shall be subject to
115 the prior approval of such federal agency. The [Commissioner of
116 Economic and Community Development] Connecticut Housing

117 Finance Authority shall define the income of a family to provide the
118 basis for determining eligibility for the admission, rentals and for the
119 continued occupancy of families under the maximum income limits
120 fixed and approved. The definition of family income, by the
121 [Commissioner of Economic and Community Development]
122 Connecticut Housing Finance Authority, may provide for the
123 exclusion of all or part of the income of family members which, in the
124 judgment of [said commissioner] the Connecticut Housing Finance
125 Authority, is not generally available to meet the cost of basic living
126 needs of the family. No housing authority or developer shall refuse to
127 rent any dwelling accommodation to an otherwise qualified applicant
128 on the ground that one or more of the proposed occupants are children
129 born out of wedlock. Each housing authority and developer shall
130 provide a receipt to each applicant for admission to its housing
131 projects stating the time and date of application and shall maintain a
132 list of such applications, which shall be a public record as defined in
133 section 1-200. The [Commissioner of Economic and Community
134 Development] Connecticut Housing Finance Authority shall, by
135 regulation, provide for the manner in which such list shall be created,
136 maintained and revised. No provision of this part shall be construed as
137 limiting the right of the housing authority to vest in an obligee the
138 right, in the event of a default by such authority, to take possession of
139 a housing project or cause the appointment of a receiver thereof or
140 acquire title thereto through foreclosure proceedings, free from all the
141 restrictions imposed by this chapter with respect to rental rates and
142 tenant selection. The [Commissioner of Economic and Community
143 Development] Connecticut Housing Finance Authority shall approve
144 an operation or management plan of each housing project, which shall
145 provide an income adequate for debt service, if any, administration,
146 including a state service charge, other operating costs and
147 establishment of reasonable reserves for repairs, maintenance and
148 replacements, vacancy and collection losses. [Said commissioner] The
149 Connecticut Housing Finance Authority shall have the right of
150 inspection of any housing during the period between the date on
151 which construction thereof begins and the date the state loan is fully

152 paid or, in the case of a grant, during the period for which any housing
153 project built pursuant to such grant is used for housing for families of
154 low and moderate income. An authority or developer shall
155 semiannually submit to [said commissioner] the Connecticut Housing
156 Finance Authority a sworn statement setting forth such information
157 with respect to the tenants and rentals for each housing project
158 hereunder and the costs of operating each housing project under its
159 jurisdiction as [said commissioner] the Connecticut Housing Finance
160 Authority requires. Any person who makes a false statement
161 concerning the income of the family for which application for
162 admission to or continued occupancy of housing projects is made may
163 be fined not more than five hundred dollars or imprisoned not more
164 than six months or both. With regard to a family who, since the last
165 annual recertification, received any public or general assistance and
166 received earnings from employment, the authority or developer shall
167 not require any interim recertification due to an earnings increase. At
168 the annual recertification, the authority or developer shall base rent
169 levels on such family's average income throughout the preceding
170 twelve months. During the subsequent twelve-month period, the
171 authority or developer shall not require any interim recertifications
172 due to increased earnings from employment. However, if a family's
173 income has decreased, nothing in this section shall preclude an interim
174 recertification or recertification based on the reduced income level.

175 Sec. 4. Section 8-72a of the general statutes is repealed and the
176 following is substituted in lieu thereof (*Effective July 1, 2004*):

177 (a) The maximum income limits under section 8-72 shall be eighty
178 per cent of the area median income adjusted for family size.

179 (b) Notwithstanding the provision of subsection (a) of this section,
180 each developer or housing authority may propose different maximum
181 income limits. In fixing exceptions to maximum income limits under
182 section 8-72, the [Commissioner of Economic and Community
183 Development] Connecticut Housing Finance Authority shall take into
184 consideration (1) the latest average wage as computed by the Labor

185 Commissioner for the city or town served by the authority, (2) the
186 number of vacancies in the projects under the authority's control, (3)
187 the number of applications for admission to tenancy or for continued
188 occupancy which are refused because of income disqualification and
189 (4) the latest area median income, as determined by the United States
190 Department of Housing and Urban Development.

191 Sec. 5. Section 8-73 of the general statutes is repealed and the
192 following is substituted in lieu thereof (*Effective July 1, 2004*):

193 (a) A tenant in a moderate rental housing project shall vacate the
194 dwelling unit occupied by him not later than sixty days after the
195 housing authority or developer has mailed to such tenant, properly
196 addressed, postage prepaid, written notice that the annual income of
197 such tenant's family, determined under section 8-72, is in excess of that
198 permitted for continued occupancy of such dwelling unit under said
199 section. Upon the failure of such tenant to vacate such dwelling unit on
200 or before the expiration of such sixty-day period and so long as such
201 tenant continues to occupy such dwelling unit after the expiration
202 thereof, such tenant shall be obligated, notwithstanding the provisions
203 of section 8-72, to pay to the authority or developer monthly as rent for
204 such dwelling unit an amount equal to the going rental therefor as
205 fixed by the authority or developer plus an amount equal to two per
206 cent of the excess of the annual income of such family over that
207 permitted for continued occupancy of such dwelling unit under
208 section 8-72.

209 (b) Notwithstanding the provisions of subsection (a), if the eviction
210 of such tenants would result in or increase the number of vacancies in
211 such project, the housing authority or developer may request approval
212 of the [Commissioner of Economic and Community Development]
213 Connecticut Housing Finance Authority to permit continued
214 occupancy by tenants having an annual income over the maximum
215 limits established for such project and rental of existing vacant units to
216 tenants having an annual income over such maximum limits. If the
217 [commissioner] Connecticut Housing Finance Authority finds that the

218 vacancy rate which would result from refusal to grant such approval
219 may result in an inability of the project to provide an income adequate
220 for debt service, if any, administration, including the state service
221 charge, other operating costs and reserves for repairs, maintenance,
222 replacements and collection costs, he may approve such occupancy for
223 a period of one year, subject to renewal for additional one-year
224 periods. The amount fixed as rent for units so occupied pursuant to
225 this subsection shall be determined as provided in subsection (a) but in
226 no event shall such rent be in excess of one hundred thirty-three per
227 cent of the going rental as established pursuant to said section 8-72.

228 Sec. 6. Section 8-74 of the general statutes is repealed and the
229 following is substituted in lieu thereof (*Effective July 1, 2004*):

230 No moderate rental housing project shall be developed until (1) the
231 housing authority or, in the case of a developer, the [Commissioner of
232 Economic and Community Development] Connecticut Housing
233 Finance Authority has provided notice to the general public of the
234 project by publication, in ten-point boldface type, of a description of
235 the project in a newspaper of general circulation in the municipality in
236 which the proposed project is to be located; (2) the [Commissioner of
237 Economic and Community Development] Connecticut Housing
238 Finance Authority has approved the site, not less than thirty days after
239 publication of the notice required under this section and after having
240 given due consideration to any comments received from the public, the
241 plans and layout and the estimated cost of development, and (3) the
242 [commissioner] Connecticut Housing Finance Authority has approved
243 the proposed methods of financing, the proposed rents and income
244 limits for admission and continued occupancy and a detailed estimate
245 of the expenses and revenues thereof. During the period of any grant
246 or loan contract entered into under part I or III of this chapter or this
247 part, the developer shall submit to the [commissioner] Connecticut
248 Housing Finance Authority for his approval its rent schedules and its
249 standards of tenant eligibility and continued occupancy, and any
250 changes therein and its proposed budget for each fiscal year, together
251 with such reports and financial and operating statements as the

252 [commissioner] Connecticut Housing Finance Authority finds
253 necessary. The [commissioner] Connecticut Housing Finance
254 Authority may recommend the use of modern materials and methods
255 of construction and factory-built houses in such projects, provided the
256 use thereof would not be detrimental to the public health and safety,
257 and may, in his discretion, withhold approval of the plans therefor if
258 he believes that failure to use such methods or materials or factory-
259 built houses would result in unnecessarily high costs. The
260 [commissioner] Connecticut Housing Finance Authority is authorized
261 to make and enforce reasonable orders and regulations and to
262 determine the allocation of dwelling units to be constructed by an
263 authority. The provisions of section 31-53, as amended, shall apply to
264 housing projects constructed by an eligible developer under this part.

265 Sec. 7. Section 8-76 of the general statutes is repealed and the
266 following is substituted in lieu thereof (*Effective July 1, 2004*):

267 Upon the determination by the [Commissioner of Economic and
268 Community Development] Connecticut Housing Finance Authority of
269 the termination of the acute shortage of moderate rental housing in the
270 locality or upon the determination by the [Commissioner of Economic
271 and Community Development] Connecticut Housing Finance
272 Authority and the developer owning a moderate rental housing project
273 that it is in the best interest of the state and such developer, such
274 project or any part thereof may be sold by the developer upon terms
275 and conditions approved by the [Commissioner of Economic and
276 Community Development] Connecticut Housing Finance Authority.

277 (a) Such project or any part of such project sufficiently separable
278 from other property retained by the developer, unless the developer
279 deems it advisable to sell such project as individual one-family or two-
280 family dwelling units, shall be sold, in accordance with regulations
281 adopted by [said commissioner] the Connecticut Housing Finance
282 Authority which shall establish the order of priorities among the
283 following eligible purchasers: A cooperative or condominium
284 association, membership in which is open to any tenants of the project

285 or part of the project to be sold, the Department of Housing and Urban
286 Development or a private sponsor, provided any such purchaser shall
287 agree to use such project for purposes of housing for persons or
288 families of moderate income for as long as a need for such housing
289 continues to exist, as determined by [said commissioner] the
290 Connecticut Housing Finance Authority, and provided further no
291 tenant occupying a dwelling unit of the project at the time of sale shall
292 be evicted except for cause.

293 (b) In the sale of a one-family or two-family dwelling unit in a
294 project, or of shares in a cooperative or condominium association
295 purchasing a project or part of a project, preference shall be given to
296 buyers in accordance with the following schedule: (1) First preference
297 shall go to persons who are tenants of the project at the time of sale
298 and whose incomes are below the levels for continued occupancy in
299 the project; (2) second preference shall go to persons who are tenants
300 of the project at the time of sale other than those tenants specified in
301 subdivision (1) of this subsection; (3) third preference shall go to
302 applicants who are residents of the community on the waiting list for
303 admission to moderate rental housing projects in the community and
304 whose incomes are below the maximum limits for admission to such
305 moderate rental housing projects; (4) fourth preference shall go to
306 veterans who are residents of the community and whose incomes are
307 below the maximum limits for admission to occupancy of such
308 moderate rental housing projects in the community; (5) fifth preference
309 shall be given to other residents of the municipality, including
310 occupants of publicly-assisted housing projects whose incomes are
311 below the levels for continued occupancy in moderate rental housing
312 projects in the community. No sale or lease of one-family or two-
313 family dwelling units, or of a share in a cooperative or condominium
314 association owning a housing project, originally purchased from the
315 authority according to this section, shall be made to any person who
316 does not meet the qualifications of one or more of the above categories
317 without the approval of the [Commissioner of Economic and
318 Community Development] Connecticut Housing Finance Authority

319 and any deed conveying such dwelling units or housing project shall
320 state this restriction, which shall run with the land until released by
321 written instrument in recordable form executed by said commissioner,
322 and which may be enforced by [said commissioner] the Connecticut
323 Housing Finance Authority.

324 (c) The purchase price of a project or any part thereof may be
325 payable by a purchase money note only when the cost of the project
326 was financed with a loan or deferred loan by the state. Each purchase
327 money note shall provide for its complete amortization by periodic
328 payments within a period not exceeding forty-one years from its date,
329 shall bear interest at a rate to be determined by the State Bond
330 Commission and shall be secured by a first mortgage on the dwelling
331 unit purchased, provided when the sale is to a tenant of the project or
332 to a cooperative or condominium association, membership in which is
333 open to any tenants of the project or part of the project to be sold, the
334 [commissioner] Connecticut Housing Finance Authority may set an
335 interest rate on such purchase money note commensurate with the
336 amount by which the income of any such individual tenant purchaser
337 or of any tenant member of a cooperative or condominium association
338 exceeds the maximum limits permitted for continued occupancy of
339 such project, but in no case shall such interest rate be set below the
340 minimum determined by the State Bond Commission.

341 (d) In the event that the original purchaser of a one-family or two-
342 family dwelling unit sells, assigns, transfers or otherwise conveys any
343 interest in such unit, the entire unpaid principal balance of the note,
344 with interest thereon, shall become due and payable. In the event that
345 the original purchaser of a one-family or two-family dwelling unit
346 ceases to occupy said unit, the entire unpaid principal balance of any
347 loan, made pursuant to this section on and after April 9, 1976, with
348 interest thereon, may become due and payable at the discretion of the
349 [commissioner] Connecticut Housing Finance Authority. If such sale,
350 assignment, transfer or conveyance takes place within seven years of
351 the original purchase, the state, acting by and in the discretion of the
352 [commissioner] Connecticut Housing Finance Authority, may

353 recapture a portion of the assistance it provided to finance the
354 purchase of the unit, to be determined as follows: The original
355 purchaser shall pay to the state an amount equal to the sum of (1)
356 additional interest representing the difference between the actual
357 interest paid by the original purchaser on the permanent mortgage
358 loan and the interest that the original purchaser would have paid had
359 the terms of the mortgage loan required interest at a rate of eight per
360 cent per annum, from the date of execution of the mortgage loan to the
361 date of prepayment of the mortgage loan; and (2) fifty per cent of the
362 net appreciation if the unit is resold in the first, second or third year,
363 thirty per cent of the net appreciation if the unit is resold in the fourth
364 or fifth year and twenty per cent of the net appreciation if the unit is
365 resold in the sixth or seventh year following the original purchase.
366 Notwithstanding the provisions contained in this subsection, the total
367 amount of such recapture shall not exceed the net gain realized upon
368 the resale of the unit. Permanent mortgage documents provided to
369 original purchasers on and after July 1, 1987, shall contain provisions
370 necessary to fulfill the requirements of this subsection.

371 (e) The proceeds of any sale of any project, or of any part thereof,
372 the cost of which was financed with a loan or deferred loan by the state
373 to a housing authority, after payment of all necessary expenses
374 incident to such sale, shall be applied to liquidate the outstanding
375 balance of such loan or deferred loan. To this end, the [authority]
376 Connecticut Housing Finance Authority shall endorse each purchase
377 money note received by the authority in payment of the purchase price
378 to the order of the state without recourse and shall deliver such note,
379 together with a duly executed assignment of the mortgage securing the
380 same, to the [Commissioner of Economic and Community
381 Development] Connecticut Housing Finance Authority, and the State
382 Treasurer shall credit the face amount of such note as having been paid
383 upon such loan. If the proceeds of the sale of such project or of any
384 part thereof, including as such proceeds the face amount of any
385 purchase money note received by an authority and endorsed and
386 delivered by it to the [Commissioner of Economic and Community

387 Development] Connecticut Housing Finance Authority, as aforesaid,
388 are more than sufficient to liquidate the outstanding balance of such
389 loan, such proceeds shall be applied toward the outstanding balance, if
390 any, on any loan or deferred loan made pursuant to this part on any
391 other project owned and operated by such authority. If any balance
392 remains after all such loans or deferred loans have been liquidated, an
393 amount equal to one-half of any balance remaining shall be retained by
394 or paid over to the state and an amount equal to the remaining one-
395 half of such balance shall be retained by or paid over to the authority
396 for payment by it to the municipality in which the project is located.
397 The proceeds of the sale of any project the cost of which was financed
398 by notes or bonds issued by the authority and guaranteed by the state,
399 or of any part thereof, after payment of all necessary expenses incident
400 to such sale, shall be applied so far as practicable to the redemption of
401 all such outstanding notes or bonds. If such proceeds are more than
402 sufficient to redeem all such outstanding notes and bonds, one-half of
403 any balance remaining shall be paid over to the state and the
404 remaining one-half of such balance shall be paid over to the authority
405 for payment by it to the municipality in which the project is located. If
406 such proceeds are insufficient for complete redemption of such notes
407 and bonds, any balance remaining after redemption of the largest
408 possible amount thereof shall be paid over to the state. No such sales
409 shall affect the obligation of the authority upon such notes or bonds or
410 the obligation of the state on its guarantee thereof. The proceeds of the
411 sale of any project, or any part thereof, the cost of which was financed,
412 wholly or partially, by a grant, after payment of all necessary expenses
413 incident to such sale, shall first be used for the repayment of such grant
414 to the state.

415 (f) The proceeds of any sale of any project, or of any part thereof, the
416 cost of which was financed with a loan or deferred loan by the state to
417 a nonprofit corporation, after payment of all necessary expenses
418 incident to such sale, shall be applied to liquidate the outstanding
419 balance of such loan or deferred loan. To this end, the nonprofit
420 corporation shall endorse each purchase money note received by the

421 nonprofit corporation in payment of the purchase price to the order of
422 the state without recourse and shall deliver such note, together with a
423 duly executed assignment of the mortgage securing the same, to the
424 [Commissioner of Economic and Community Development]
425 Connecticut Housing Finance Authority, and the State Treasurer shall
426 credit the face amount of such note as having been paid upon such
427 loan or deferred loan. If any balance remains after the loan or deferred
428 loan has been liquidated, such balance shall be paid over to the state
429 for deposit to the credit of the General Fund. The proceeds of the sale
430 of any project, or any part thereof, the cost of which was financed,
431 wholly or partially, by a grant, after payment of all necessary expenses
432 incident to such sale, shall first be used for the repayment of such grant
433 to the state. If any balance remains after the grant has been repaid,
434 such balance shall be paid over to the state for deposit to the credit of
435 the General Fund.

436 Sec. 8. Section 8-76a of the general statutes is repealed and the
437 following is substituted in lieu thereof (*Effective July 1, 2004*):

438 The [Commissioner of Economic and Community Development]
439 Connecticut Housing Finance Authority is authorized and directed on
440 behalf of the state (a) to do any and all acts or things necessary or
441 appropriate to service purchase money notes and mortgages
442 originated pursuant to the provisions of section 8-76, including
443 entering into agreements with banks, mortgage service agencies and
444 other institutions to service such notes and mortgages for service fees
445 payable from collections of principal and interest on such notes, (b)
446 upon default in the repayment of any such purchase money note to
447 acquire title to the premises mortgaged to secure the same in the name
448 of the state by foreclosure or otherwise and (c), upon acquisition by the
449 state of title to any premises mortgaged to secure any such purchase
450 money note, to dispose of the same for such price and upon such terms
451 as he deems proper.

452 Sec. 9. Section 8-77 of the general statutes is repealed and the
453 following is substituted in lieu thereof (*Effective July 1, 2004*):

454 In reviewing the needs of municipalities of the state for moderate
455 rental housing projects as the basis for allocating amounts of state
456 financial assistance for such projects, the [Commissioner of Economic
457 and Community Development] Connecticut Housing Finance
458 Authority shall take into account the respective needs of such
459 municipalities resulting from (1) the construction of a public project or
460 (2) a civil preparedness emergency as defined in section 28-1, as
461 amended.

462 Sec. 10. Section 8-78 of the general statutes is repealed and the
463 following is substituted in lieu thereof (*Effective July 1, 2004*):

464 The aggregate amount of all bonds and notes issued by the state
465 pursuant to subsection (a) of section 8-80 to meet its obligations under
466 assistance agreements for moderate rental housing projects entered
467 into by it shall not exceed the sum of (1) one hundred sixty-nine
468 million one hundred thirty-two thousand four hundred thirty-five
469 dollars, exclusive of any notes or bonds, the avails of which shall be
470 used for the purpose of refunding outstanding notes or bonds issued
471 for said purposes, and (2) twenty-eight million dollars, provided the
472 proceeds of such bonds and notes issued pursuant to the authorization
473 in subdivision (2) of this section shall be made available for use only
474 with respect to moderate rental housing projects. In considering
475 housing projects for use of the bond proceeds, the [Department of
476 Economic and Community Development] Connecticut Housing
477 Finance Authority shall attempt to capture all federal Section 8
478 subsidies, for family, elderly, and congregate housing units available
479 to the Department of Economic and Community Development,
480 Connecticut Housing Finance Authority or from other sources;
481 encourage the construction or rehabilitation of multifamily rental
482 projects which meet the Mortgage and Revenue Bond Tax Act of 1980
483 criteria for moderate income; and utilize any other federal subsidy
484 programs for low and moderate income housing which may become
485 available now or in the future, provided the state bonds can be
486 adequately secured and the intent of this section can be assured. The
487 [Department of Economic and Community Development] Connecticut

488 Housing Finance Authority may also enter into joint loan
489 participations with other financing sources in order to maximize the
490 number of housing units produced for the amount allocated.

491 Sec. 11. Section 8-79 of the general statutes is repealed and the
492 following is substituted in lieu thereof (*Effective July 1, 2004*):

493 Funds borrowed by a developer to pay for options on sites,
494 engineering and architectural services and other preliminary expense
495 incident to the construction of a moderate rental housing project under
496 the provisions of this part may, subject to the approval of the
497 [Commissioner of Economic and Community Development]
498 Connecticut Housing Finance Authority, be included as part of the cost
499 of such project to be financed by the issuance of notes and bonds
500 guaranteed by the state pursuant to the provisions of section 949 of the
501 1949 revision of the general statutes and section 8-70.

502 Sec. 12. Section 8-79a of the general statutes is repealed and the
503 following is substituted in lieu thereof (*Effective July 1, 2004*):

504 The [Commissioner of Economic and Community Development]
505 Connecticut Housing Finance Authority shall make and enforce
506 regulations, in accordance with the provisions of chapter 54, to carry
507 out the purposes of this part, to determine the allocation of the loans,
508 deferred loans or mortgage loans to be granted, the terms and
509 conditions of such loans, the conditions for approval of the articles of
510 organization of a developer applying for assistance under this part and
511 the credit requirements of mortgage borrowers.

512 Sec. 13. Subsection (e) of section 8-80 of the general statutes is
513 repealed and the following is substituted in lieu thereof (*Effective July*
514 *1, 2004*):

515 (e) The proceeds from the sale of such bonds and notes, except
516 refunding bonds and notes, shall be deposited in a fund designated the
517 "Rental Housing Fund", which fund shall be used to provide the state
518 financial assistance authorized by section 8-70. Payments from the

519 fund to eligible developers shall be made by the State Treasurer on
520 certification of the [Commissioner of Economic and Community
521 Development] Connecticut Housing Finance Authority in accordance
522 with the contract for financial assistance between the state and such
523 developer. All payments by a developer of interest and principal on
524 loans by the state and of state service charges, as authorized by section
525 8-70, shall be paid to the State Treasurer for deposit in said fund. State
526 service charges, as authorized by section 8-72, shall be paid to the State
527 Treasurer for deposit in the Housing Repayment and Revolving Loan
528 Fund. The principal of, and interest on, bonds and notes referred to in
529 subsection (a) of this section, not paid from refunding bonds and notes,
530 shall be paid first out of the moneys in the Rental Housing Fund, and if
531 in any year said fund is not sufficient, then such deficit shall be paid
532 from the General Fund of the state; and if in any year said fund is more
533 than sufficient to meet the principal of the bonds and notes maturing
534 in such year and the interest thereon, the excess shall be applied to the
535 payment of, and principal on, the bonds and notes maturing in any
536 succeeding year or years. Notwithstanding the next preceding
537 sentence, whenever the State Bond Commission authorizes the
538 issuance of a series of bonds which consist of or include term bonds, it
539 shall determine whether or not the annual sinking fund requirement
540 for such term bonds shall be paid out of the moneys in the Rental
541 Housing Fund or out of moneys in the General Fund of the state; if the
542 State Bond Commission determines not to use such moneys in said
543 Rental Housing Fund therefor, such moneys shall be used and
544 expended to pay interest and redemption premium, if any, on any
545 rental housing bonds or notes, or the principal of any rental housing
546 notes or serial bonds, or the principal upon redemption of such term
547 bonds, or to purchase and retire any rental housing bond at a price not
548 to exceed the principal amount thereof and, notwithstanding the
549 foregoing provisions may be used in whole or in part in any year to
550 assist housing projects in the state upon the prior approval of the State
551 Bond Commission of a request by the [Commissioner of Economic and
552 Community Development] Connecticut Housing Finance Authority
553 which request shall briefly identify the projects and state the amount of

554 such moneys to be used and expended therefor. Amounts paid from
555 the General Fund to cover any deficits in the Rental Housing Fund,
556 including any such amounts paid prior to July 1, 1994, shall be deemed
557 appropriated for such purpose.

558 Sec. 14. Section 8-81a of the general statutes is repealed and the
559 following is substituted in lieu thereof (*Effective July 1, 2004*):

560 (a) The [Commissioner of Economic and Community Development]
561 Connecticut Housing Finance Authority, in consultation with the
562 Office of Protection and Advocacy for Persons with Disabilities, shall
563 establish, within available appropriations, a pilot program requiring
564 that a multifamily housing project built or substantially rehabilitated
565 with the use of any state financial assistance on and after July 1, 1988,
566 shall be fully adaptable for use and occupancy by persons having
567 physical or mental disabilities or by persons without such disabilities.

568 (b) The [Commissioner of Economic and Community Development]
569 Connecticut Housing Finance Authority shall adopt regulations, in
570 accordance with the provisions of chapter 54, to carry out the purposes
571 of this section.

572 (c) The [Commissioner of Economic and Community Development]
573 Connecticut Housing Finance Authority shall submit a report to the
574 General Assembly containing an evaluation of the operation and
575 effectiveness of the pilot program authorized under this section not
576 later than six months following the completion of the project.

577 Sec. 15. (NEW) (*Effective July 1, 2004*) Notwithstanding any
578 provision of the general statutes, the Connecticut Housing Finance
579 Authority (1) may exercise any power granted to the Commissioner of
580 Economic and Community Development under title 8 of the general
581 statutes that the Connecticut Housing Finance Authority requires for
582 the purposes of administering the moderate rental housing program
583 authorized under part II of chapter 128 of the general statutes, and (2)
584 shall assume any duty or obligation imposed on the Commissioner of
585 Economic and Community Development under title 8 of the general

586 statutes that is required for the administration of said moderate rental
 587 housing program. Such powers, duties and obligations shall include,
 588 but not be limited to, those under section 8-371l of the general statutes.

589 Sec. 16. Section 8-68f of the general statutes is repealed and the
 590 following is substituted in lieu thereof (*Effective July 1, 2004*):

591 Each housing authority which receives financial assistance under
 592 any state housing program, and the Connecticut Housing Finance
 593 Authority or its subsidiary when said authority or subsidiary is the
 594 successor owner of housing previously owned by a housing authority
 595 under part II or part VI of this chapter, shall, for housing which it owns
 596 and operates, (1) provide each of its tenants with a written lease, (2)
 597 adopt a procedure for hearing tenant complaints and grievances, (3)
 598 adopt procedures for soliciting tenant comment on proposed changes
 599 in housing authority policies and procedures, including changes to its
 600 lease and to its admission and occupancy policies, and (4) encourage
 601 tenant participation in the housing authority's operation of state
 602 housing programs, including, where appropriate, the facilitation of
 603 tenant participation in the management of housing projects. If such
 604 housing authority or the Connecticut Housing Finance Authority or its
 605 subsidiary operates both a federal and a state-assisted housing
 606 program, it shall use the same procedure for hearing tenant grievances
 607 in both programs. The [Commissioner of Economic and Community
 608 Development] Connecticut Housing Finance Authority shall adopt
 609 regulations in accordance with the provisions of chapter 54 to establish
 610 uniform minimum standards for the requirements in this section.

This act shall take effect as follows:	
Section 1	<i>July 1, 2004</i>
Sec. 2	<i>July 1, 2004</i>
Sec. 3	<i>July 1, 2004</i>
Sec. 4	<i>July 1, 2004</i>
Sec. 5	<i>July 1, 2004</i>
Sec. 6	<i>July 1, 2004</i>
Sec. 7	<i>July 1, 2004</i>

Sec. 8	<i>July 1, 2004</i>
Sec. 9	<i>July 1, 2004</i>
Sec. 10	<i>July 1, 2004</i>
Sec. 11	<i>July 1, 2004</i>
Sec. 12	<i>July 1, 2004</i>
Sec. 13	<i>July 1, 2004</i>
Sec. 14	<i>July 1, 2004</i>
Sec. 15	<i>July 1, 2004</i>
Sec. 16	<i>July 1, 2004</i>

HSG

Joint Favorable Subst. C/R

PD