



General Assembly

January Session, 2005

Raised Bill No. 6724

LCO No. 3586

03586_____CE_

Referred to Committee on Commerce

Introduced by:
(CE)

**AN ACT CONCERNING THE DISPOSITION OF PROPERTY UNDER
THE LIMITED EQUITY COOPERATIVE PROGRAM.**

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

1 Section 1. Section 8-214f of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2005*):

3 (a) As used in this section and sections 8-214g and 8-214h, "limited
4 equity cooperative" shall have the same meaning as provided in
5 section 47-242.

6 (b) As used in this section and sections 8-214g and 8-214h, "mutual
7 housing association" means a nonprofit corporation, incorporated
8 pursuant to chapter 602 or any predecessor statutes thereto, and
9 having articles of incorporation approved by the Commissioner of
10 Economic and Community Development in accordance with
11 regulations adopted pursuant to section 8-79a or 8-84, having as one of
12 its purposes the prevention and elimination of neighborhood
13 deterioration and the preservation of neighborhood stability by
14 affording community and resident involvement in the provision of
15 high quality, long-term housing for low and moderate income families

16 in which residents (1) participate in the ongoing operation and
17 management of such housing, (2) have the right to continue residing in
18 such housing for as long as they comply with the terms of their
19 occupancy agreement, and (3) have an ownership interest in such
20 occupancy agreement conditional upon compliance with its terms but
21 do not possess an equity interest in such housing.

22 (c) The state, acting by and through the Commissioner of Economic
23 and Community Development, may enter into a contract with a
24 nonprofit corporation, as defined in section 8-39, to provide financial
25 assistance for the development of limited equity cooperatives for low
26 and moderate income families. State financial assistance provided
27 under this subsection may be in the form of grants, loans, deferred
28 loans or any combination thereof and may be used for the acquisition
29 or development of housing sites and for the costs incurred in the
30 development of limited equity cooperatives. In the case of a deferred
31 loan, the contract shall require that payments on interest are due
32 immediately but that payments on principal may be made at a later
33 time. Any nonprofit corporation which receives such assistance shall
34 require that members who participate in the cooperative project for
35 which assistance was requested under this section contribute their
36 labor during the development or operation of the cooperative, or make
37 a cash contribution to become a member of the cooperative, or both.

38 (d) The state, acting by and through the Commissioner of Economic
39 and Community Development, may enter into a contract with a
40 mutual housing association to provide financial assistance for the
41 development of housing for low and moderate income families. State
42 financial assistance provided under this subsection may be in the form
43 of grants, loans, deferred loans or any combination thereof and may be
44 used for the acquisition or development of housing sites and for the
45 costs incurred in the development of such housing. Contracts for state
46 financial assistance provided under this subsection shall provide that
47 the mutual housing association: (1) Require resident members to pay a
48 membership fee as a condition of eligibility for occupancy of a

49 dwelling unit, provided such membership fee shall be refundable to
50 the resident member, with nominal interest, when the resident
51 member vacates such unit; (2) may allow, in fixing the rentals for
52 dwelling units, for a reasonable return on equity capital contributed to
53 the development of such housing through mutual housing association
54 membership fees or grants obtained from sources other than the state,
55 provided such return on equity capital shall be utilized by the
56 association to develop additional dwelling units; and (3) shall permit
57 continued occupancy by resident members whose incomes rise above
58 low and moderate income limits, provided the rent to be paid for such
59 continued occupancy shall be fixed at a level not less than twenty-five
60 per cent of the resident members' adjusted household income, and
61 provided any increased rent collected for continued occupancy shall be
62 used by the association to develop additional dwelling units for low
63 and moderate income families or shall be credited against the rent
64 owed by another low or moderate income resident member of the
65 association.

66 [(e) On and after the effective date of regulations adopted under
67 section 8-437, the Commissioner of Economic and Community
68 Development shall not accept any application for state financial
69 assistance pursuant to this section except an application for a project or
70 development not qualifying for financial assistance pursuant to section
71 8-433.]

72 (e) If the Commissioner of Economic and Community Development
73 determines, based on a full examination of the circumstances, that a
74 nonprofit corporation is unable to manage the land, interests in land or
75 buildings acquired or constructed with state financial assistance under
76 this section, the commissioner may release such land, interests in land
77 or buildings from the obligations of the limited equity cooperative
78 program and may impose any new restrictions in the deed or deeds for
79 the land, interests in land or buildings as the commissioner deems
80 appropriate to ensure the continued use of such land, interests and
81 buildings for the benefit of low or moderate income families.

This act shall take effect as follows and shall amend the following sections:		
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Section 1	<i>October 1, 2005</i>	8-214f
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Statement of Purpose:

To offer more options to the Commissioner of Economic and Community Development to ensure the prevention of any additional loss of affordable housing units.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]