



General Assembly

**Amendment**

January Session, 2005

LCO No. 6696

**\*SB0040006696SD0\***

Offered by:  
SEN. DUFF, 25<sup>th</sup> Dist.

To: Senate Bill No. 400

File No. 271

Cal. No. 233

**"AN ACT VALIDATING THE CONVEYANCE OF CERTAIN LAND  
FROM THE HOUSING AUTHORITY OF THE TOWN OF  
WALLINGFORD TO RIDGELAND ROAD, LLC."**

1 After the last section, add the following and renumber sections and  
2 internal references accordingly:

3 "Sec. 501. Section 8-214f of the general statutes is repealed and the  
4 following is substituted in lieu thereof (*Effective October 1, 2005*):

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

8 (b) As used in this section and sections 8-214g and 8-214h, "mutual  
9 housing association" means a nonprofit corporation, incorporated  
10 pursuant to chapter 602 or any predecessor statutes thereto, and  
11 having articles of incorporation approved by the Commissioner of  
12 Economic and Community Development in accordance with  
13 regulations adopted pursuant to section 8-79a or 8-84, having as one of

14 its purposes the prevention and elimination of neighborhood  
15 deterioration and the preservation of neighborhood stability by  
16 affording community and resident involvement in the provision of  
17 high quality, long-term housing for low and moderate income families  
18 in which residents (1) participate in the ongoing operation and  
19 management of such housing, (2) have the right to continue residing in  
20 such housing for as long as they comply with the terms of their  
21 occupancy agreement, and (3) have an ownership interest in such  
22 occupancy agreement conditional upon compliance with its terms but  
23 do not possess an equity interest in such housing.

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

40 (d) The state, acting by and through the Commissioner of Economic  
41 and Community Development, may enter into a contract with a  
42 mutual housing association to provide financial assistance for the  
43 development of housing for low and moderate income families. State  
44 financial assistance provided under this subsection may be in the form  
45 of grants, loans, deferred loans or any combination thereof and may be  
46 used for the acquisition or development of housing sites and for the  
47 costs incurred in the development of such housing. Contracts for state

48 financial assistance provided under this subsection shall provide that  
49 the mutual housing association: (1) Require resident members to pay a  
50 membership fee as a condition of eligibility for occupancy of a  
51 dwelling unit, provided such membership fee shall be refundable to  
52 the resident member, with nominal interest, when the resident  
53 member vacates such unit; (2) may allow, in fixing the rentals for  
54 dwelling units, for a reasonable return on equity capital contributed to  
55 the development of such housing through mutual housing association  
56 membership fees or grants obtained from sources other than the state,  
57 provided such return on equity capital shall be utilized by the  
58 association to develop additional dwelling units; and (3) shall permit  
59 continued occupancy by resident members whose incomes rise above  
60 low and moderate income limits, provided the rent to be paid for such  
61 continued occupancy shall be fixed at a level not less than twenty-five  
62 per cent of the resident members' adjusted household income, and  
63 provided any increased rent collected for continued occupancy shall be  
64 used by the association to develop additional dwelling units for low  
65 and moderate income families or shall be credited against the rent  
66 owed by another low or moderate income resident member of the  
67 association.

68 [(e) On and after the effective date of regulations adopted under  
69 section 8-437, the Commissioner of Economic and Community  
70 Development shall not accept any application for state financial  
71 assistance pursuant to this section except an application for a project or  
72 development not qualifying for financial assistance pursuant to section  
73 8-433.]

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

82 appropriate to ensure the continued use of such land, interests and  
83 buildings for the benefit of low or moderate income families. In such  
84 case, the equity of each resident in such property shall either (1) be  
85 used first for payment of any debt incurred by the resident from  
86 membership in the cooperative and then for payment to the resident of  
87 any remaining equity, or (2) transferred with the property so that the  
88 resident does not lose such equity.

89 Sec. 502. Subsection (b) of section 8-214d of the general statutes is  
90 repealed and the following is substituted in lieu thereof (*Effective*  
91 *October 1, 2005*):

92 (b) A nonprofit corporation holding title to real property acquired  
93 with state financial assistance made under this section may convey title  
94 to structures and improvements situated upon such real property to  
95 very low, low and moderate income families, limited equity  
96 cooperatives or other corporations, provided (1) the terms and  
97 conditions of any instrument conveying such title requires that such  
98 structures and improvements be developed and used solely for the  
99 purpose of housing for very low, low or moderate income families,  
100 except that such terms and conditions, in the discretion of the  
101 commissioner and with the approval of the State Bond Commission,  
102 may be subordinated in the case of a subsequent first mortgage or a  
103 requirement of a governmental program relating to such real property,  
104 (2) the nonprofit corporation retains title to the real property upon  
105 which such structures and improvements are situated, and (3) the  
106 nonprofit corporation shall have first option to purchase any structures  
107 and improvements transferred at a below-market price agreed to at the  
108 time of such transfer. A nonprofit corporation holding title to real  
109 property acquired with state financial assistance made under this  
110 section for which a declaration of condominium has been filed may  
111 transfer the units in such condominium to (A) another eligible  
112 nonprofit corporation as determined by the commissioner, or (B) very  
113 low, low or moderate income families in accordance with chapter 828,  
114 subject to deed restrictions, acceptable to the commissioner, requiring  
115 that the units be used solely for the purpose of housing for very low,

116 low and moderate income families, provided in the case of a transfer  
117 under subparagraph (B) of this subdivision, the original nonprofit  
118 corporation shall have first option to purchase the unit at a below-  
119 market price agreed to at the time of acquisition of the unit by the  
120 family."