



General Assembly

**Substitute Bill No. 42**

February Session, 2006

\* SB00042PD\_\_031706\_\_\*

**AN ACT PROMOTING TRANSIT ORIENTED DEVELOPMENT.**

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

1 Section 1. Section 7-339n of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective October 1, 2006*):

3 A special services district shall constitute a body politic and  
4 corporate and the ordinance establishing such a district shall confer  
5 upon such district such of the following powers as are provided in the  
6 ordinance: (a) To sue and be sued; (b) to acquire, hold and convey any  
7 estate, real or personal; (c) to contract; (d) to borrow money, provided  
8 any obligation incurred for this purpose shall be discharged not more  
9 than one year after it was incurred, and such district may pledge any  
10 revenues to be received pursuant to section 7-339r against any such  
11 obligation; (e) to recommend to the legislative body of the municipality  
12 in which such district is located the imposition of a levy upon the  
13 taxable interests in real property within such district, the revenues  
14 from which may be used in carrying out any of the powers of such  
15 district; (f) to construct, own, operate and maintain public  
16 improvements, including improvements for transit oriented  
17 development; and (g) to provide, within such district, some or all of  
18 the other services which such municipality is authorized to provide  
19 therein, except that no such ordinance may confer upon any such  
20 district the power to provide elementary or secondary public

21 education services, and provided further no such ordinance may  
22 confer upon any such district the power to provide services which are  
23 then being provided within any portion of the area included in such  
24 district by any multitown body or authority. As used in this chapter  
25 and section 2 of this act, "transit oriented development" means mixed-  
26 use development within walking distance of a transit stop that mixes  
27 residential, retail, office, open space and public uses in a way that is  
28 convenient to travel on foot or by public transportation instead of by  
29 car.

30 Sec. 2. (NEW) (*Effective October 1, 2006*) For the purpose of carrying  
31 out or administering a transit oriented development improvement, a  
32 municipality, acting by and through its special services district, is  
33 authorized under this section, subject only to the limitations and  
34 procedures set forth in this section, to issue from time to time bonds of  
35 the municipality which are payable solely from and secured by: (1) A  
36 pledge of and lien upon any or all of the income, proceeds, revenues  
37 and property of transit oriented development projects, including the  
38 proceeds of grants, loans, advances or contributions from the federal  
39 government, the state or other source; (2) taxes or payments in lieu of  
40 taxes, or both, in whole or in part, allocated to and paid into a special  
41 fund of the special services district; or (3) any combination of the  
42 methods in subdivisions (1) and (2) of this section. For the purposes of  
43 a specified project only, the Connecticut Development Authority may,  
44 upon a resolution with respect to such project adopted by the  
45 legislative body of the special services district, issue and administer  
46 bonds which are payable solely or in part from and secured by the  
47 pledge and security provided for in this section subject to the general  
48 terms and provisions of law applicable to the issuance of bonds by the  
49 Connecticut Development Authority, except that the provisions of  
50 subsection (b) of section 32-23j of the general statutes shall not apply.  
51 Any bonds payable and secured as provided in this section shall be  
52 authorized by a resolution adopted by the legislative body of the  
53 special services district, notwithstanding the provisions of any other  
54 statute, local law or charter governing the authorization and issuance

55 of bonds generally by the municipality. No such resolution shall be  
56 adopted until after a public hearing has been held upon such  
57 authorization. Notice of such hearing shall be published not less than  
58 five days prior to such hearing in a newspaper having a general  
59 circulation in the municipality. Such bonds shall be issued and sold in  
60 such manner; bear interest at such rate or rates, including variable  
61 rates to be determined in such manner as set forth in the proceedings  
62 authorizing the issuance of the bonds; provide for the payment of  
63 interest on such dates, whether before or at maturity; be issued at,  
64 above or below par; mature at such time or times not exceeding forty  
65 years from their date in the case of bonds issued to finance housing  
66 and facilities related thereto or thirty years from their date in all other  
67 cases; have such rank or priority; be payable in such medium of  
68 payment; be issued in such form, including, without limitation,  
69 registered or book-entry form, carry such registration and transfer  
70 privileges and be made subject to purchase or redemption before  
71 maturity at such price or prices and under such terms and conditions,  
72 including the condition that such bonds be subject to purchase or  
73 redemption on the demand of the owner thereof; and contain such  
74 other terms and particulars as the legislative body of the municipality  
75 or the officers delegated such authority by the legislative body of the  
76 municipality body shall determine. The proceedings under which  
77 bonds are authorized to be issued may, subject to the provisions of the  
78 general statutes, contain any or all of the following: (A) Provisions  
79 respecting custody of the proceeds from the sale of the bonds and any  
80 bond anticipation notes, including any requirements that such  
81 proceeds be held separate from or not be commingled with other funds  
82 of the municipality; (B) provisions for the investment and reinvestment  
83 of bond proceeds until such proceeds are used to pay project costs and  
84 for the disposition of any excess bond proceeds or investment earnings  
85 thereon; (C) provisions for the execution of reimbursement  
86 agreements, or similar agreements, in connection with credit facilities,  
87 including, but not limited to, letters of credit or policies of bond  
88 insurance, remarketing agreements and agreements for the purpose of  
89 moderating interest rate fluctuations; (D) provisions for the collection,

90 custody, investment, reinvestment and use of the pledged revenues or  
91 other receipts, funds or moneys pledged for payment of bonds as  
92 provided in this section; (E) provisions regarding the establishment  
93 and maintenance of reserves, sinking funds and any other funds and  
94 accounts as shall be approved by the legislative body of the  
95 municipality in such amounts as may be established by the legislative  
96 body of the municipality and the regulation and disposition thereof,  
97 including requirements that any such funds and accounts be held  
98 separate from or not be commingled with other funds of the  
99 municipality; (F) covenants for the establishment of maintenance  
100 requirements with respect to facilities and properties; (G) provisions  
101 for the issuance of additional bonds on a parity with bonds issued  
102 prior to the issuance of such additional bonds, including establishment  
103 of coverage requirements with respect to such bonds as herein  
104 provided; (H) provisions regarding the rights and remedies available  
105 to the bond owners, note owners or any trustee under any contract,  
106 loan agreement, document, instrument or trust indenture in case of a  
107 default, including the right to appoint a trustee to represent their  
108 interests upon occurrence of any event of default, as defined in any  
109 such default proceedings, provided that if any bonds or bond  
110 anticipation notes are secured by a trust indenture, the respective  
111 owners of such bonds or notes shall have no authority except as set  
112 forth in such trust indenture to appoint a separate trustee to represent  
113 them; and (I) other provisions or covenants of like or different  
114 character from the foregoing which are consistent with this section and  
115 which the legislative body of the municipality determines in such  
116 proceedings are necessary, convenient or desirable in order to better  
117 secure the bonds or bond anticipation notes, or will tend to make the  
118 bonds or bond anticipation notes more marketable, and which are in  
119 the best interests of the municipality. Any provisions which may be  
120 included in proceedings authorizing the issuance of bonds under this  
121 section may be included in an indenture of trust duly approved in  
122 accordance with this section which secures the bonds and any notes  
123 issued in anticipation thereof, and in such case the provisions of such  
124 indenture shall be deemed to be a part of such proceedings as though

125 they were expressly included therein. Any pledge made by the  
126 municipality shall be valid and binding from the time when the pledge  
127 is made, and any revenues or other receipts, funds or moneys so  
128 pledged and thereafter received by the municipality shall be subject  
129 immediately to the lien of such pledge without any physical delivery  
130 thereof or further act. The lien of any such pledge shall be valid and  
131 binding as against all parties having claims of any kind in tort, contract  
132 or otherwise against the municipality, irrespective of whether such  
133 parties have notice of such lien. Neither the resolution nor any other  
134 instrument by which a pledge is created need be recorded. The  
135 legislative body of the municipality may enter into a trust indenture by  
136 and between the municipality and a corporate trustee, which may be  
137 any trust company or bank having the powers of a trust company  
138 within or without the municipality. Such trust indenture may contain  
139 such provisions for protecting and enforcing the rights and remedies  
140 of the bond owners and note owners as may be reasonable and proper  
141 and not in violation of law, including covenants setting forth the duties  
142 of the municipality in relation to the exercise of its powers pursuant to  
143 this section and the custody, safeguarding and application of all  
144 moneys. The municipality may provide by such trust indenture for the  
145 payment of the pledged revenues or other receipts, funds or moneys to  
146 the trustee under such trust indenture or to any other depository, and  
147 for the method of disbursement thereof, with such safeguards and  
148 restrictions as it may determine. All expenses incurred in carrying out  
149 such trust indenture may be treated as project costs. Such bonds shall  
150 not be included in computing the aggregate indebtedness of the  
151 municipality, provided, if such bonds are made payable, in whole or in  
152 part, from funds contracted to be advanced by the municipality, the  
153 aggregate amount of such funds not yet appropriated to such purpose  
154 shall be included in computing the aggregate indebtedness of the  
155 municipality. As used in this section, "bonds" means any bonds,  
156 including refunding bonds, notes, interim certificates, debentures or  
157 other obligations. For purposes of this section and section 8-134a of the  
158 general statutes, references to the Connecticut Development Authority  
159 shall include any subsidiary of the Connecticut Development

160 Authority established pursuant to subsection (l) of section 32-11a of the  
161 general statutes.

162       Sec. 3. (NEW) (*Effective October 1, 2006*) (a) Any municipality may,  
163 by charter or ordinance, and any two or more municipalities may, by  
164 concurrent ordinances of their legislative bodies, adopt the provisions  
165 of this section and designate any existing board, commission or  
166 agency, or create a new board, commission or regional authority to be  
167 designated as its municipal or transit development authority for transit  
168 oriented development projects. Such ordinance shall contain a brief  
169 statement of the purpose of the authority and shall include the  
170 following: (1) Establishment of a process to plan and implement  
171 transit oriented projects, which shall include public participation; (2)  
172 the name of the authority and address of its principal office and where  
173 applicable, a statement that the authority is constituted as a  
174 departmental unit of such municipality or that an existing municipal  
175 department is designated as such authority; (3) a statement that the  
176 authority is created as a municipal or regional transit development  
177 authority under this section; (4) the names, addresses and terms of  
178 office of the first members of the authority, except in the case where  
179 the authority is constituted a departmental unit or an existing  
180 municipal department is designated as such authority, in which case  
181 the name of such department and its office address shall be given. As  
182 used in this section, "transit oriented development" means mixed-use  
183 development within walking distance of a transit stop that mixes  
184 residential, retail, office, open space and public uses in a way that is  
185 convenient to travel on foot or by public transportation instead of by  
186 car.

187       (b) If a new board or commission is created by a municipality, the  
188 municipality shall, by ordinance, determine the number of members  
189 thereof, their compensation, if any, the method of their appointment  
190 and removal and their terms of office, which shall be so arranged that  
191 not more than one-half of such terms shall expire within any one year.

192       (c) If a regional authority is created, the member municipalities

193 shall, by concurrent ordinances, determine the number of members  
194 thereof, the number of votes to be cast by each member, the method of  
195 determining the members' compensation, if any, the method of their  
196 appointment and removal and their terms of office, which shall be so  
197 arranged that not more than one-half of such terms shall expire within  
198 any one year.

199 (d) Adoption of such charter or of such ordinance or ordinances by  
200 the legislative body or bodies shall constitute the authority created  
201 thereby a public body politic and corporate of the state, except where  
202 the authority is or becomes a departmental unit of such municipality  
203 as herein provided, and any such authority shall be a political  
204 subdivision of the state established and created for the performance of  
205 an essential public and governmental function.

206 (e) Any municipality may become a member of an existing authority  
207 upon such terms and conditions as the authority may determine. Any  
208 municipality which is a member of an existing authority may, by vote  
209 of its legislative body, elect to withdraw from such authority. Such  
210 withdrawal shall be effective only upon such terms and conditions as  
211 the authority may require and after compliance with the terms and  
212 conditions contained in any contracts between such municipality and  
213 the authority or the holders of any bonds of the authority. No such  
214 withdrawal shall relieve such municipality of any liability,  
215 responsibility or obligation incurred by it as a member of the authority  
216 or as a user of any of its projects.

217 Sec. 4. Subsection (c) of section 32-223 of the general statutes is  
218 repealed and the following is substituted in lieu thereof (*Effective*  
219 *October 1, 2006*):

220 (c) No financial assistance shall be given to an eligible applicant and  
221 no participation interest in a loan made by the Connecticut  
222 Development Authority for the benefit of an eligible applicant shall be  
223 purchased by the department until the commissioner has approved the  
224 application submitted in accordance with subsection (a) of this section.

225 Notwithstanding any other provision of this section, in the event that  
226 the financial assistance requested is the purchase by the department of  
227 a participation interest in a loan made by the Connecticut  
228 Development Authority, such authority may submit such application  
229 and other information as is required of eligible applicants under  
230 subsection (a) of this section on behalf of such eligible applicant and no  
231 further application shall be required of such eligible applicant. No  
232 financial assistance shall exceed: (1) Except as otherwise provided in  
233 subdivisions (2) to (5), inclusive, of this subsection, fifty per cent of the  
234 total project cost, (2) in the case of financial assistance to any project in  
235 a targeted investment community, ninety per cent of the project cost,  
236 (3) when two or more municipalities which are not targeted  
237 investment communities jointly initiate a municipal development  
238 project in accordance with the provisions of subsection (e) of section  
239 32-224, seventy-five per cent of the total project cost, (4) in the case of a  
240 municipal development project jointly initiated by two or more  
241 municipalities at least one of which is a targeted investment  
242 community, the sum of: (A) Seventy-five per cent of the portion of the  
243 total project cost allocable to the participation of the municipality or  
244 municipalities which are not targeted investment communities and (B)  
245 ninety per cent of the portion of the total project cost allocable to the  
246 participation of any targeted investment community or communities,  
247 [and] (5) in the case of a defense diversification project, ninety per cent  
248 of the total project cost if the project involves a municipal development  
249 project or the acquisition or development, or both, of real property for  
250 an unspecified occupant, and one hundred per cent in the case of any  
251 other defense diversification project, and (6) in the case of a transit  
252 oriented development project, one hundred per cent. A municipality's  
253 share of the total project cost, if any, may, with the approval of the  
254 commissioner, be satisfied entirely or partially from noncash  
255 contributions, including contributions of real property, from private  
256 sources, or, to the extent permitted by federal law, from moneys  
257 received by the municipality under any federal grant program.

258 Sec. 5. (NEW) (*Effective October 1, 2006*) Notwithstanding the

259 provisions of the general statutes, any transit oriented development  
260 project of a transit development authority established under section 3  
261 of this act or a special services district, established under chapter 105a  
262 of the general statutes shall be eligible for financial assistance under  
263 sections 32-220 to 32-234, inclusive, of the general statutes.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2006</i>	7-339n
Sec. 2	<i>October 1, 2006</i>	New section
Sec. 3	<i>October 1, 2006</i>	New section
Sec. 4	<i>October 1, 2006</i>	32-223(c)
Sec. 5	<i>October 1, 2006</i>	New section

**PD**      *Joint Favorable Subst.*