



General Assembly

February Session, 2006

Raised Bill No. 545

LCO No. 2210

* SB00545PD 031306 *

Referred to Committee on Planning and Development

Introduced by:
(PD)

AN ACT CONCERNING HOUSING PRESERVATION.

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

1 Section 1. (NEW) (*Effective July 1, 2006, and applicable to any*
2 *termination of subsidy for the rental housing development occurring on or*
3 *after July 1, 2007*) As used in sections 2 and 3 of this act:

4 (1) "Development" means a rental housing development that
5 receives government assistance under any covered program, including
6 any property whose mortgage is held by the United States Department
7 of Housing and Urban Development and was formerly insured under
8 any covered program but excluding the foreclosure of a development
9 by an applicable agency.

10 (2) "Covered program" means:

11 (A) New construction, substantial rehabilitation, moderate
12 rehabilitation, property disposition and loan management set-aside
13 programs or any other program providing project-based assistance
14 under Section 8 of the United States Housing Act of 1937, as from time
15 to time amended;

16 (B) The Below Market Interest Rate Program under Section 221(d)(3)
17 of the National Housing Act, 12 USC 1715l(d)(3), (5);

18 (C) Section 236 of the National Housing Act, 12 USC 1715z-1;

19 (D) Section 202 of the Housing Act of 1959, 12 USC 1701q;

20 (E) Programs for rent supplement assistance under Section 101 of
21 the Housing and Urban Development Act of 1965, 12 USC 1701s;

22 (F) Programs under Section 515 of the Housing Act of 1949, 42 USC
23 1485;

24 (G) Programs under Section 521 of the Housing Act of 1949, 42 USC
25 1490a; or

26 (H) The Low Income Housing Tax Credit program, 26 USC 42.

27 (3) "Applicable agency" means any governmental agency that
28 administers a covered program.

29 (4) "Assisted unit" means a dwelling unit in a development,
30 including a cooperative, that is receiving assistance pursuant to a
31 covered program.

32 (5) "Owner" means an individual, partnership, corporation,
33 association, joint venture or business entity that owns or controls a
34 development or any successor in interest of such individual,
35 partnership, corporation, association, joint venture or business entity.

36 (6) "Tenant" means a tenant, subtenant, lessee, sublessee or other
37 person entitled to possession, occupancy or benefits of a rental unit
38 within the development.

39 (7) "Tenant association" means an association, organization or other
40 entity that represents tenants in a development, including, but not
41 limited to, an association that is incorporated as a nonprofit
42 corporation or a cooperative.

43 (8) "Cooperative" shall have the same meaning as in subdivision (10)
44 of section 47-202 of the general statutes. For purposes of sections 2 and
45 3 of this act, a cooperative shall be deemed to be a rental housing
46 development, and the terms "rent" and "rental" shall include
47 occupancy payments made by a member of a cooperative, and the
48 term "tenants" shall include residents of a cooperative.

49 (9) "Low and moderate income household" means any household
50 with an adjusted gross income that satisfies the occupancy
51 requirements for income-restricted units in the development existing
52 before termination of subsidy for the development.

53 (10) "Termination of subsidy for the development" or "termination
54 of subsidy" means: (A) Any sale, transfer of title, lease or prepayment
55 of a loan that was made pursuant to a covered program with respect to
56 a development that would result in the cessation or reduction of the
57 financial assistance or regulatory requirements designed to make the
58 assisted unit affordable to low and moderate income households; (B)
59 an owner's decision not to extend or renew its contractual participation
60 in a covered program, either at or prior to the scheduled date of the
61 expiration of the contract; or (C) the expiration of restrictions for a
62 development that may result in an increase in tenant rent or a change
63 in the form of the subsidy from project-based to tenant-based.

64 (11) "Affordability preservation transaction" means a transaction
65 described in section 3 of this act.

66 Sec. 2. (NEW) *(Effective July 1, 2006, and applicable to any termination of*
67 *subsidy for the rental housing development occurring on or after July 1, 2007)*
68 On and after July 1, 2006, any owner of a development shall, not later
69 than one year before the termination of subsidy for the development,
70 provide written notice of the owner's intent to terminate the subsidy.
71 Such notice shall be sent by first class mail or hand-delivered to (1)
72 each tenant residing in the development, (2) each tenant association
73 representing tenants in the development, (3) the executive director of
74 any housing authority of the municipality in which the development is

75 located, (4) the chief executive officer of the municipality in which the
76 development is located, (5) the executive director of the Connecticut
77 Housing Finance Authority, (6) the Commissioner of Economic and
78 Community Development, and (7) the executive director of the
79 Connecticut Housing Coalition. The notice shall be posted in a
80 conspicuous common area of the development accessible to the
81 tenants. A copy of the notice shall be filed in the land records of the
82 municipality in which the development is located.

83 Sec. 3. (NEW) (*Effective July 1, 2006, and applicable to any termination of*
84 *subsidy for the development occurring on or after July 1, 2007*) The
85 provisions of sections 1 to 3, inclusive, of this act shall not apply to an
86 affordability preservation transaction undertaken by the owner in
87 connection with the refinancing of such a development's governmental
88 program mortgage, or undertaken by a buyer in connection with the
89 sale, transfer or other disposition of such a development by contract or
90 agreement with a proposed new mortgage lender or equity investor, or
91 with the United States Department of Housing and Urban
92 Development, the Connecticut Housing Finance Authority, the
93 Department of Economic and Community Development or any other
94 governmental agency or body, provided the contract or agreement
95 requires the owner or buyer and owner's or buyer's respective
96 successors and assigns to comply with all of the following affordability
97 preservation criteria contained in a regulatory agreement that has been
98 recorded against the property:

99 (1) To maintain the development as low and moderate income
100 housing on terms at least as advantageous to existing and future
101 tenants as the terms required by the affected development's
102 governmental program in effect before the date of notice required by
103 section 2 of this act for a period of time at least as long as what the
104 remaining term of the governmental program would have been but for
105 the termination of subsidy or for a period of time not less than twenty
106 years after the date of the termination of subsidy, whichever is greater;

107 (2) To maintain at least as many dwelling units as low and moderate

108 income housing as were required to be affordable to such households
 109 under the governmental program in effect prior to the termination of
 110 subsidy for a period of time not less than twenty years after the date of
 111 the termination of subsidy; and

112 (3) To maintain as rental subsidy program units such number of
 113 units as were required to be subsidy program units under the contract
 114 for the rental subsidy program in effect prior to the termination of
 115 subsidy for a period of time not less than twenty years after the date of
 116 the termination of subsidy, subject to the existence of a rental subsidy
 117 program.

118 Sec. 4. Section 8-68c of the general statutes is repealed. (*Effective July*
 119 *1, 2006, and applicable to any termination of subsidy for the development*
 120 *occurring on or after July 1, 2007*)

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2006, and applicable to any termination of subsidy for the rental housing development occurring on or after July 1, 2007</i>	New section
Sec. 2	<i>July 1, 2006, and applicable to any termination of subsidy for the rental housing development occurring on or after July 1, 2007</i>	New section
Sec. 3	<i>July 1, 2006, and applicable to any termination of subsidy for the development occurring on or after July 1, 2007</i>	New section

Sec. 4	<i>July 1, 2006, and applicable to any termination of subsidy for the development occurring on or after July 1, 2007</i>	Repealer section
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PD *Joint Favorable*