



House of Representatives

File No. 993

General Assembly

January Session, 2009

(Reprint of File Nos. 261 and 768)

Substitute House Bill No. 6413
As Amended by House Amendment
Schedule "A"

Approved by the Legislative Commissioner
May 21, 2009

AN ACT REVISING CERTAIN HOUSING STATUTES.

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

1 Section 1. Section 8-114d of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective from passage*):

3 (a) The Commissioner of Economic and Community Development
4 shall award grants-in-aid to housing authorities, municipal developers,
5 [and] nonprofit corporations and housing partnerships operating
6 elderly housing projects pursuant to this part to hire resident services
7 coordinators to (1) facilitate conflict resolution between residents,
8 including between seniors and younger residents, (2) establish and
9 maintain relationships with community service providers and link
10 residents to appropriate community services, (3) act as a liaison to
11 assist in problem solving, (4) assist residents of such housing to
12 maintain an independent living status, (5) assess the individual needs
13 of residents of such housing for the purpose of establishing and
14 maintaining support services, (6) provide orientation services to new
15 residents and maintain regular contact with residents of such housing,

16 (7) monitor the delivery of support services to residents of such
17 housing, (8) organize resident activities and meetings that promote
18 socialization among all residents, and (9) advocate changes in services
19 sought or required by residents of such housing. The commissioner
20 shall award grants-in-aid based on demonstration of need and
21 availability of matching funds. A joint application made by more than
22 one housing authority, municipal developer, [or] nonprofit corporation
23 or housing partnership shall have the same preference as an
24 application made by one housing authority, municipal developer, [or]
25 nonprofit corporation or housing partnership.

26 (b) The employment of resident services coordinators by a housing
27 authority, municipal developer, [or] nonprofit corporation or housing
28 partnership operating elderly housing projects pursuant to this part
29 shall be considered an allowable expense.

30 (c) The Commissioner of Economic and Community Development
31 may convene monthly meetings of the resident services coordinators
32 for in-service training and information sharing. Training topics shall
33 include, but not be limited to, the health care needs of seniors and
34 persons with disabilities, mediation and conflict resolution, and local
35 and regional service resources.

36 Sec. 2. Section 8-119h of the general statutes is repealed and the
37 following is substituted in lieu thereof (*Effective from passage*):

38 Upon preliminary approval by the State Bond Commission
39 pursuant to the provisions of section 3-20, the state, acting by and
40 through the Commissioner of Economic and Community
41 Development, may enter into a contract or contracts with an authority,
42 a municipal developer, [or] a nonprofit corporation or a housing
43 partnership for state financial assistance for a congregate housing
44 project, in the form of capital grants, interim loans, permanent loans,
45 deferred loans or any combination thereof for application to the
46 development cost of such project or projects. A contract with an
47 authority, a municipal developer, a nonprofit corporation or a housing

48 partnership may provide that in the case of any loan made in
49 conjunction with any housing assistance funds provided by an agency
50 of the United States government, if such housing assistance funds
51 terminate prior to complete repayment of a loan made pursuant to this
52 section, the remaining balance of such loan may be converted to a
53 capital grant or decreased loan. Any such state assistance contract with
54 an authority, a municipal developer, a nonprofit corporation or a
55 housing partnership for a capital grant or loan entered into prior to the
56 time housing assistance funds became available from an agency of the
57 United States government, may, upon the mutual consent of the
58 commissioner and the authority, a municipal developer, a nonprofit
59 corporation or a housing partnership, be renegotiated to provide for a
60 loan or increased loan in the place of a capital grant or loan or a part
61 thereof, consistent with the above conditions. Such capital grants or
62 loans shall be in an amount not in excess of the development cost of
63 the project or projects, including, in the case of grants or loans financed
64 from the proceeds of the state's general obligation bonds issued
65 pursuant to any authorization, allocation or approval of the State Bond
66 Commission made prior to July 1, 1990, administrative or other cost or
67 expense to be incurred by the state in connection therewith, as
68 approved by said commissioner. In anticipation of final payment of
69 such capital grants or loans, the state, acting by and through said
70 commissioner and in accordance with such contract, may make
71 temporary advances to the authority, municipal developer, [or]
72 nonprofit corporation or housing partnership for preliminary planning
73 expense or other development cost of such project or projects. Any
74 loan provided pursuant to this section shall bear interest at a rate to be
75 determined in accordance with subsection (t) of section 3-20. Any such
76 authority, municipal developer, [or] nonprofit corporation or housing
77 partnership may, subject to the approval of the Commissioner of
78 Economic and Community Development, contract with any other
79 person approved by the Commissioner of Economic and Community
80 Development for the operation of a project undertaken pursuant to this
81 part. As used in this section, the term "housing partnership" shall have
82 the same meaning as in subsection (n) of section 8-113a.

83 Sec. 3. Section 8-119l of the general statutes is repealed and the
84 following is substituted in lieu thereof (*Effective from passage*):

85 The state, acting by and through the Commissioner of Economic
86 and Community Development, may enter into a contract or contracts
87 with an authority, a municipal developer, [or] a nonprofit corporation
88 or a housing partnership for state financial assistance in the form of a
89 grant-in-aid for an operating cost subsidy for state-financed congregate
90 housing projects developed pursuant to this part. In calculating the
91 amount of the grant-in-aid, the commissioner shall use adjusted gross
92 income of tenants. As used in this section, "adjusted gross income"
93 means annual aggregate income from all sources minus fifty per cent
94 of all unreimbursable medical expenses. As used in this section, the
95 term "housing partnership" shall have the same meaning as in
96 subsection (n) of section 8-113a.

97 Sec. 4. Section 8-119x of the general statutes is repealed and the
98 following is substituted in lieu thereof (*Effective from passage*):

99 The Commissioner of Economic and Community Development
100 shall, in consultation with the Department of Social Services, the State
101 Building Inspector, the Office of Protection and Advocacy for Persons
102 with Disabilities, the Department of Information and Technology and
103 the Office of Policy and Management, establish a state-wide electronic
104 database of information on the availability of dwelling units in the
105 state which are accessible to or adaptable for persons with disabilities.
106 [Such] To the extent practicable, such database shall include such
107 information as: (1) The location of, the monthly rent for and the
108 number of bedrooms in each such dwelling unit, (2) the type of
109 housing and neighborhood in which each such dwelling unit is
110 located, (3) the vacancy status of each such dwelling unit, (4) if a unit is
111 unavailable, the date such unit is expected to become available or the
112 date when a waiting list is expected to open, and (5) any feature of
113 each such unit that makes it accessible to or adaptable for persons with
114 disabilities. [To the extent feasible, the Commissioner of Economic and
115 Community Development shall use information from the computer-

116 assisted mass appraisal systems.]

117 Sec. 5. Section 8-410 of the general statutes is repealed and the
118 following is substituted in lieu thereof (*Effective from passage*):

119 (a) As used in this section:

120 (1) "Eligible applicant" means: (A) A nonprofit entity; (B) a
121 municipal developer; (C) a housing authority; (D) a business
122 corporation incorporated pursuant to chapter 601 or any predecessor
123 statutes thereto or authorized to do business pursuant to chapter 601
124 having as one of its purposes the construction, financing, acquisition,
125 rehabilitation or operation of affordable housing, and having a
126 certificate or articles of incorporation approved by the Commissioner
127 of Economic and Community Development; (E) any partnership,
128 limited partnership, limited liability company, joint venture, sole
129 proprietorship, trust or association having as one of its purposes the
130 construction, financing, acquisition, rehabilitation or operation of
131 affordable housing; or (F) any combination thereof if such combination
132 includes a nonprofit corporation, housing authority or municipal
133 developer, and

134 (2) "Housing partnership" means a housing partnership as defined
135 in subsection (n) of section 8-113a.

136 [(a)] (b) There is established a fund to be known as the "Low and
137 Moderate Income Housing Predevelopment Cost Revolving Loan
138 Fund". The fund shall contain any moneys required by law to be
139 deposited in the fund. Any balance remaining in the fund at the end of
140 any fiscal year shall be carried forward in the fund for the fiscal year
141 next succeeding. The fund shall be used to make loans pursuant to
142 subsection [(b)] (c) of this section and to pay reasonable and necessary
143 expenses incurred in administering loans under this section. The
144 Commissioner of Economic and Community Development may enter
145 into a contract with a nonprofit corporation to provide for the
146 administration of the Low and Moderate Income Housing
147 Predevelopment Cost Revolving Loan Fund by such nonprofit

148 corporation, provided no loan shall be made from the fund without the
149 authorization of the commissioner as provided in subsection [(b)] (c) of
150 this section.

151 [(b)] (c) The state, acting by and in the discretion of the
152 Commissioner of Economic and Community Development, may enter
153 into a contract to provide financial assistance in the form of interest-
154 free loans or deferred loans to [nonprofit corporations, housing
155 authorities or municipal developers, or to partnerships which include
156 a nonprofit corporation, housing authority or municipal developer,] an
157 eligible applicant for predevelopment costs incurred in connection
158 with the construction, rehabilitation or renovation of housing for low
159 and moderate income persons and families. Such predevelopment
160 costs may include: (1) Feasibility studies, (2) expenses incurred in
161 project planning and design, including architectural expenses, (3) legal
162 and financial expenses, (4) expenses incurred in obtaining required
163 permits and approvals, (5) options to purchase land, (6) expenses
164 incurred in obtaining required insurance, and (7) other preliminary
165 expenses authorized by the commissioner. Notwithstanding the
166 provisions of this section, financial assistance shall be limited to
167 predevelopment costs incurred in connection with the construction,
168 rehabilitation or renovation of housing for low and moderate income
169 persons and families in the case of an eligible applicant that is a (A)
170 business corporation incorporated pursuant to chapter 601 or any
171 predecessor statutes thereto or authorized to do business pursuant to
172 chapter 601 having as one of its purposes the construction, financing,
173 acquisition, rehabilitation or operation of affordable housing and
174 having a certificate or articles of incorporation approved by the
175 commissioner, or (B) partnership, limited partnership, limited liability
176 company, joint venture, sole proprietorship, trust or association having
177 as one of its purposes the construction, financing, acquisition,
178 rehabilitation or operation of affordable housing. Repayment of [such]
179 loans or deferred loans shall be made upon receipt of permanent
180 financing by the borrower, except the commissioner may forgive any
181 such loan or deferred loan in any case where the forgiveness of such

182 loan is in the best interest of the state and the borrower (i) is an eligible
183 applicant that is a nonprofit entity, a municipal developer or a housing
184 authority, or any combination thereof, if such combination includes a
185 nonprofit corporation, housing authority or municipal developer, (ii)
186 has made a good faith effort to obtain permanent financing, and (iii)
187 has been refused such financing. [and where the forgiveness of such
188 loan is in the best interest of the state.] If the eligible applicant is an
189 entity described in subparagraph (A) or (B) of this subsection, the
190 commissioner may forgive a portion of such loan or deferred loan as
191 follows: (I) If the housing is located in a distressed municipality, as
192 defined in section 32-9p, then the commissioner may forgive up to one
193 hundred per cent of such loan or deferred loan, and (II) if the housing
194 is not located in a distressed municipality, then the commissioner may
195 forgive up to fifty per cent of such loan or deferred loan. Payments of
196 principal on such loans or deferred loans shall be paid to the Treasurer
197 for deposit in the Housing Repayment and Revolving Loan Fund. [In
198 the case of a deferred loan, the contract shall require that payments on
199 interest are due immediately but that payments on principal may be
200 made at a later time.]

201 Sec. 6. Section 8-336m of the general statutes is repealed and the
202 following is substituted in lieu thereof (*Effective from passage*):

203 As used in this [section] chapter the following terms shall have the
204 following meanings, unless the context clearly indicates a different
205 meaning or intent:

206 (1) "Authority" means the Connecticut Housing Finance Authority.

207 (2) "Commissioner" means the Commissioner of Economic and
208 Community Development.

209 (3) "Department" means the Department of Economic and
210 Community Development.

211 (4) "Eligible applicant" means: (A) A nonprofit entity; (B) a
212 municipality; (C) a housing authority; (D) a business corporation

213 incorporated pursuant to chapter 601 or any predecessor statutes
214 thereto or authorized to do business pursuant to said chapter 601
215 having as one of its purposes the construction, financing, acquisition,
216 rehabilitation or operation of affordable housing, and having a
217 certificate or articles of incorporation approved by the commissioner;
218 (E) any partnership, limited partnership, limited liability company,
219 joint venture, sole proprietorship, trust or association having as one of
220 its purposes the construction, financing, acquisition, rehabilitation or
221 operation of affordable housing; (F) the Connecticut Housing Finance
222 Authority; (G) a municipal developer; (H) any community
223 development financial institution; or (I) any combination thereof.

224 (5) "Housing", "housing development" or "development" means a
225 work or undertaking having as its primary purpose the provision of
226 safe, well-designed and adequate housing and related facilities for low
227 and moderate income families and persons and includes existing
228 housing for low and moderate income families and persons and
229 housing whose primary purpose is to provide dwelling
230 accommodations for low and moderate income families and persons
231 but has dwelling accommodations for others.

232 (6) "Housing Trust Fund" or "fund" means the Housing Trust Fund
233 created under section 8-336o, as amended by this act.

234 (7) "Housing Trust Fund program" or "program" means the housing
235 trust fund program developed and administered under section 8-336p,
236 as amended by this act.

237 (8) "Low and moderate income families and persons" means families
238 and persons whose income falls within the income levels set by the
239 commissioner pursuant to regulations adopted under subsection (a) of
240 section 8-336q, except that the commissioner may establish income
241 levels up to and including one hundred twenty per cent of the area
242 median income, as determined by the United States Department of
243 Housing and Urban Development.

244 (9) "Municipal developer" means a municipality acting by and

245 through its legislative body, except that in any town in which a town
246 meeting or representative town meeting is the legislative body,
247 "municipal developer" means the board of selectmen if such board is
248 authorized to act as the municipal developer by the town meeting or
249 representative town meeting.

250 (10) "Secretary" means the Secretary of the Office of Policy and
251 Management.

252 (11) "State Bond Commission" means the commission established
253 under section 3-20.

254 (12) "Treasurer" means the State Treasurer and includes each
255 successor in office or authority.

256 Sec. 7. Section 8-336o of the general statutes is repealed and the
257 following is substituted in lieu thereof (*Effective from passage*):

258 (a) There is established the "Housing Trust Fund" which shall be a
259 nonlapsing fund held by the Treasurer separate and apart from all
260 other moneys, funds and accounts. The following funds shall be
261 deposited in the fund: (1) Proceeds of bonds authorized by section 8-
262 336n; (2) all moneys received in return for financial assistance awarded
263 from the Housing Trust Fund pursuant to the Housing Trust Fund
264 program established under section 8-336p, as amended by this act;
265 [and] (3) all private contributions received pursuant to section 8-336p,
266 as amended by this act; and (4) to the extent not otherwise prohibited
267 by state or federal law, any federal housing funds or other public
268 funds received. Investment earnings credited to the assets of said fund
269 shall become part of the assets of said fund. The Treasurer shall invest
270 the moneys held by the Housing Trust Fund subject to use for financial
271 assistance under the Housing Trust Fund program.

272 (b) Any moneys held in the Housing Trust Fund may, pending the
273 use or application of the proceeds thereof for an authorized purpose,
274 be (1) invested and reinvested in such obligations, securities and
275 investments as are set forth in subsection (f) of section 3-20, in

276 participation certificates in the Short Term Investment Fund created
277 under sections 3-27a and 3-27f and in participation certificates or
278 securities of the Tax-Exempt Proceeds Fund created under section 3-
279 24a, (2) deposited or redeposited in such bank or banks at the direction
280 of the Treasurer, or (3) invested in participation units in the combined
281 investment funds, as defined in section 3-31b. Unless otherwise
282 provided pursuant to subsection (c) of this section, proceeds from
283 investments authorized by this subsection shall be credited to the
284 Housing Trust Fund.

285 (c) The moneys [of] held in the Housing Trust Fund shall be used to
286 fund the Housing Trust Fund program established under section 8-
287 336p, as amended by this act, and are in addition to any other
288 resources available from state, federal or other entities that support the
289 program goals established in said section 8-336p.

290 (d) (1) The commissioner may select an eligible applicant to be a
291 third-party contract administrator to administer a revolving loan fund
292 or to carry out some of the duties of the department under the Housing
293 Trust Fund program. The third-party contract administrator shall be
294 selected through a competitive process in the case of a contract having
295 a cost of more than fifty thousand dollars. No more than fifteen per
296 cent of the cost of the contract may be used for administrative
297 expenses.

298 (2) Moneys held in the Housing Trust Fund may be used by the
299 department and awarded to a third-party contract administrator for
300 the purpose of establishing or maintaining a revolving loan fund,
301 provided all outstanding loans are assigned to the department when
302 the third-party contract administrator is (A) no longer administering
303 the revolving loan fund; (B) in default of its obligations to the
304 department; or (C) no longer functioning as an entity.

305 Sec. 8. Subsection (d) of section 8-336p of the general statutes is
306 repealed and the following is substituted in lieu thereof (*Effective from*
307 *passage*):

308 (d) The Commissioner of Economic and Community Development
309 may, with the approval of the Secretary of the Office of Policy and
310 Management, solicit and accept contributions from private entities,
311 nonprofit and for-profit corporations, philanthropic organizations and
312 financial institutions, to support and expand the resources available
313 through the Housing Trust Fund. All such funds shall be deposited in
314 the Housing Trust Fund. Funding from any other local, state or federal
315 agency may be deposited into the Housing Trust Fund, provided the
316 programmatic requirements of such agency does not conflict with the
317 purposes of the Housing Trust Fund program.

318 Sec. 9. Section 8-37yy of the general statutes is repealed and the
319 following is substituted in lieu thereof (*Effective from passage*):

320 (a) The Department of Economic and Community Development
321 shall, in consultation with the State-Assisted Housing Sustainability
322 Advisory Committee, established pursuant to section 8-37zz,* establish
323 and maintain the State-Assisted Housing Sustainability Fund for the
324 purpose of the preservation of eligible housing. The moneys of the
325 fund shall be available to the department to provide financial
326 assistance to the owners of eligible housing for the maintenance,
327 repair, rehabilitation, and modernization of eligible housing and for
328 other activities consistent with preservation of eligible housing,
329 including, but not limited to, (1) emergency repairs to abate actual or
330 imminent emergency conditions that would result in the loss of
331 habitable housing units, (2) major system repairs or upgrades,
332 including, but not limited to, repairs or upgrades to roofs, windows,
333 mechanical systems and security, (3) reduction of vacant units, (4)
334 remediation or abatement of hazardous materials, including lead, (5)
335 increases in development mobility and sensory impaired accessibility
336 in units, common areas and accessible routes, (6) relocation costs and
337 alternative housing for not more than sixty days, necessary because of
338 the failure of a major building system, and (7) a comprehensive
339 physical needs assessment. Financial assistance shall be awarded to
340 applicants consistent with standards and criteria adopted in
341 consultation with the [recommendations of the State-Assisted Housing

342 Sustainability Advisory Committee] Joint Standing Committee of the
343 General Assembly on Housing.

344 (b) In each of the fiscal years ending June 30, 2008, and June 30,
345 2009, the department may expend not more than seven hundred fifty
346 thousand dollars from the fund for reasonable administrative costs
347 related to the operation of the fund, including the expenses of the
348 State-Assisted Housing Sustainability Advisory Committee, the
349 development of analytic tools and research concerning the capital and
350 operating needs of eligible housing for the purpose of advising the
351 General Assembly on policy regarding eligible housing and the study
352 required by section 107 of public act 07-4 of the June special session*.
353 Thereafter, the department shall prepare an administrative budget.
354 [which shall be effective upon the approval of said committee.]

355 (c) [(1)] The department [shall] may adopt regulations, in
356 accordance with chapter 54, to implement the provisions of this section
357 and sections 8-37xx, 8-37zz and 8-37aaa. Such regulations shall
358 establish [(A)] guidelines for grants and loans, and [(B)] a process for
359 certifying an emergency condition in not more than forty-eight hours
360 and for committing emergency funds, including costs of resident
361 relocation, if necessary, not more than five business days after
362 application by the owner of eligible housing for emergency repair
363 financial assistance. [The guidelines under subparagraph (A) of this
364 subdivision shall provide for deferred payment of principal and
365 interest upon approval of the committee.

366 (2) The department shall adopt written policies and procedures to
367 implement such provisions while in the process of adopting such
368 policies and procedures in regulation form, and the commissioner shall
369 print a notice of intention to adopt the regulations in the Connecticut
370 Law Journal not later than twenty days prior to implementing such
371 policies and procedures. The department shall submit final regulations
372 to implement said sections to the legislative regulation review
373 committee not later than October 1, 2009. Policies and procedures
374 implemented pursuant to this subdivision shall be valid until the time

375 final regulations are effective.]

376 (d) In reviewing applications and providing financial assistance
377 under this section, the department, in consultation with the [State-
378 Assisted Housing Sustainability Advisory Committee] Joint Standing
379 Committee of the General Assembly on Housing, shall consider the
380 [long term] long-term viability of the eligible housing and the
381 likelihood that financial assistance will assure such long term viability.
382 As used in this section, "viability" includes, but is not limited to,
383 continuous habitability and adequate operating cash flow to maintain
384 the existing physical plant and any capital improvements and to
385 provide basic services required under the lease and otherwise required
386 by local codes and ordinances.

387 (e) On or before February 1, 2009, and annually thereafter, the
388 department [, in consultation with the State-Assisted Housing
389 Sustainability Advisory Committee,] shall submit a report on the
390 operation of the fund, for the previous calendar year, to the General
391 Assembly, in accordance with section [11-4a] 32-1m, as amended by
392 this act. The report shall include an analysis of the distribution of
393 funds and an evaluation of the performance of said fund and may
394 include recommendations for modification to the program.

395 Sec. 10. Section 8-37zz of the general statutes is repealed and the
396 following is substituted in lieu thereof (*Effective from passage*):

397 (a) There is established a State-Assisted Housing Sustainability
398 Advisory Committee. The committee shall consist of the following
399 members:

400 (1) One appointed by the speaker of the House of Representatives,
401 who may be a member of the General Assembly;

402 (2) One appointed by the president pro tempore of the Senate, who
403 may be a member of the General Assembly;

404 (3) One appointed by the majority leader of the House of

405 Representatives, who shall represent a housing authority with one
406 hundred or more but less than two hundred fifty units of eligible
407 housing and be appointed from a list submitted by the Connecticut
408 Chapter of the National Association of Housing and Redevelopment
409 Officials;

410 (4) One appointed by the majority leader of the Senate, who shall
411 represent a housing authority with fewer than one hundred units of
412 eligible housing and be appointed from a list submitted by the
413 Connecticut Chapter of the National Association of Housing and
414 Redevelopment Officials;

415 (5) One appointed by the minority leader of the House of
416 Representatives, who shall represent a housing authority with two
417 hundred fifty or more units of eligible housing and be appointed from
418 a list submitted by the Connecticut Chapter of the National
419 Association of Housing and Redevelopment Officials;

420 (6) One appointed by the minority leader of the Senate, who shall
421 represent a housing authority with fewer than one hundred units of
422 eligible housing and be appointed from a list submitted by the
423 Connecticut Chapter of the National Association of Housing and
424 Redevelopment Officials;

425 (7) Four appointed by the Governor;

426 (8) The State Treasurer, or the Treasurer's designee; and

427 (9) The State Comptroller, or the Comptroller's designee.

428 (b) The committee shall meet at least quarterly and shall advise the
429 Commissioner of Economic and Community Development and the
430 Connecticut Housing Finance Authority on the administration,
431 management, procedures and objectives of the financial assistance
432 provided pursuant to section 8-37yy, as amended by this act,
433 including, but not limited to, the [establishment of criteria, priorities
434 and procedures for such financial assistance and the] adoption of

435 regulations pursuant to section 8-37yy, as amended by this act.

436 (c) The chairperson and vice-chairperson of the committee shall be
 437 selected by the committee from among its members. The chairperson,
 438 or the vice-chairperson in the absence of the chairperson, may establish
 439 subcommittees and working groups of the members as needed and
 440 designate a chairperson of each such subcommittee.

441 (d) The initial term of the members appointed to the committee
 442 pursuant to subdivisions (1) to (7), inclusive, of subsection (a) of this
 443 section shall be staggered by lottery conducted by the committee. After
 444 the initial term, the terms of all members shall be three years. Members
 445 may be reappointed for an unlimited number of terms.

446 Sec. 11. Subsection (a) of section 32-1m of the general statutes is
 447 amended by adding subdivision (17) as follows (*Effective from passage*):

448 (NEW) (17) A report on the State-Assisted Housing Sustainability
 449 Fund along with an analysis of the distribution of funds, an evaluation
 450 of the performance of the fund and any recommendations for
 451 modification of the program established by section 8-37yy, as amended
 452 by this act, if any.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	8-114d
Sec. 2	<i>from passage</i>	8-119h
Sec. 3	<i>from passage</i>	8-119l
Sec. 4	<i>from passage</i>	8-119x
Sec. 5	<i>from passage</i>	8-410
Sec. 6	<i>from passage</i>	8-336m
Sec. 7	<i>from passage</i>	8-336o
Sec. 8	<i>from passage</i>	8-336p(d)
Sec. 9	<i>from passage</i>	8-37yy
Sec. 10	<i>from passage</i>	8-37zz
Sec. 11	<i>from passage</i>	32-1m(a)

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 10 \$	FY 11 \$
Department of Economic & Community Development	GF - See Below	See Below	See Below

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill allows for-profit entities to qualify for financial assistance for predevelopment costs incurred in connection with the construction, rehabilitation, or renovation of housing for low and moderate income persons and families under certain conditions. To the extent that more entities will qualify, the funding sources utilized to provide such financial assistance will be expended more rapidly than they otherwise would have been. Approximately \$100 million is currently available from various housing funding sources and could be used to support the predevelopment loan program.

The bill also allows a third party contractor to administer a revolving loan fund or perform duties under the Housing Trust Fund program, with administrative expenses not to exceed 15 percent of the contract cost. This change could result in 1) funds being expended more quickly than they would be if the Department of Economic and Community Development (DECD) remained the administrator; and 2) a minimal decrease in funding to the extent that the contractor's administrative expenses would exceed those of DECD. However, the bill also allows funding from certain sources to be deposited into the Housing Trust Fund, which could increase the fund balance. To date, approximately \$90 million in the Housing Trust Fund has been

authorized to DECD, of which \$40 million has been approved by the State Bond Commission. An additional \$20 million is available for authorization effective July 1, 2009.

House "A" defines the term "housing partnership" and has no fiscal impact.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis**sHB 6413 (as amended by House "A")******AN ACT REVISING CERTAIN HOUSING STATUTES.*****SUMMARY:**

This bill modifies several Department of Economic and Community Development (DECD) programs.

The bill:

1. adds "housing partnerships" as eligible (a) recipients of DECD grants or loans to hire resident service coordinators (RSCs), (b) for the Low- and Moderate-Income Housing Predevelopment Cost Revolving Loan Fund program, and (c) to build and operate congregate housing;
2. expands eligibility for (a) DECD's Low- and Moderate-Income Housing Predevelopment Cost Revolving Loan Fund, making for-profit developers eligible for the program, and changing repayment requirements, and (b) DECD-administered Housing Trust Fund Program funding, allowing third-party contractors to receive funds to administer a revolving loan fund or undertake some the department's program duties;
3. authorizes (a) the Housing Trust Fund to accept housing or other public funds not otherwise prohibited by federal and state law and (b) DECD to accept both federal and other government funds if the applicable agency's programmatic requirements do not conflict with the trust fund's purposes;
4. allows DECD's data collection for a database of housing that is

accessible or adaptable to people with disabilities be completed “to the extent practicable,” among other things; and

5. changes reporting requirements for the State-Assisted Housing Sustainability Fund.

It also makes technical and conforming changes.

*House Amendment “A” specifies that “housing partnership” under the bill has the same meaning as CGS § 8-113a and makes technical changes.

EFFECTIVE DATE: Upon passage

DECD HOUSING PROGRAM MODIFICATION

Public Housing for the Elderly

By law, a “housing partnership” means any partnership, limited partnership, joint venture, trust or association consisting of:

1. a housing authority, a nonprofit corporation, or both and
2. a for-profit (a) business corporation or partnership, limited partnership, joint venture, trust, limited liability company, or association that has as one of its purposes the construction, rehabilitation, ownership, or operation of housing and basic organizational documents that DECD approves in accordance with its regulations for public housing developers, or (b) a combination of these entities (CGS § 8-113a(n)).

The bill makes these partnerships, and thus for-profit entities, eligible for DECD funding to hire RSCs and to receive DECD funding for operating and building congregate housing (Housing for Elderly Persons programs).

Low- and Moderate-Income Housing Predevelopment Cost Revolving Loan Fund

Under current law, DECD’s commissioner may provide loans or deferred loans under the low- and moderate-income predevelopment

cost program for nonprofit corporations, housing authorities, municipal developers, or partnerships that include these entities. The bill allows for-profit corporations and partnerships to qualify when they have affordable housing construction, financing, acquisition, rehabilitation, or operation as one of their purposes. The bill defines all of these entities as “eligible applicants.” But it limits financial assistance that for-profits may receive to predevelopment costs related to construction, rehabilitation, or renovation of low- and moderate-income housing.

Current law allows nonprofit corporations, housing authorities, municipal developers, or combinations to also receive financing for other costs, such as feasibility studies and land purchases. The bill changes “nonprofit corporations” to “nonprofit entities.”

The bill extends DECD’s loan forgiveness option for recipients that are nonprofits, housing authorities, and municipal developers under existing law to for-profit entities or a combination of these. By law, DECD’s commissioner may forgive the loan to a nonprofit entity, municipal developer, or housing authority, or any combination of these, when (1) the entity has made a good faith effort to obtain permanent financing and (2) it is in the best interest of the state. Under the bill, if the applicant is an “eligible applicant,” which includes for-profits, the commissioner may forgive 100% of the loan when the development is in a distressed municipality, as defined by law, and 50% if not. (It is not clear whether the conditions for nonprofits, housing authorities, and municipal developers concerning loan forgiveness being based on attempts to obtain permanent financing and forgiveness being in the best interest of the state apply when a for-profit entity is involved.)

By law, principal payments of the loans must be made to the treasurer and deposited in to the Housing Repayment and Revolving Loan Fund. Under current law, the contract awarding a deferred loan must include a provision that interest payments are due immediately, but principal payments may be made later. The bill eliminates this

requirement.

Housing Trust Fund Program

The bill allows DECD's commissioner to select an eligible applicant to be a third-party contract administrator to administer a revolving loan fund or to carry out some of the department's duties under the program. (The bill extends the existing Housing Trust Fund law's definition of an "eligible applicant" to cover the program and fund; i.e., this provision.) It specifies that (1) the third-party contract administrator must be selected through a competitive process in the case of a contract costing more than \$50,000 and (2) no more than 15% of the cost of the contract may be used for administrative expenses.

The bill authorizes DECD to use funds held in the Housing Trust Fund to make awards to third-party contract administrators to establish or maintain a revolving loan fund. But all outstanding loans are assigned to the department when the third-party contract administrator is (1) no longer administering the revolving loan fund; (2) in default of its obligations to the department, or (3) no longer functioning as an entity.

By law, DECD administers the Housing Trust Fund program, which encourages housing for homeownership creation at a cost that will enable low- and moderate-income families to afford it while paying no more than 30% of gross household income on it, among other things.

Database on Housing Units That Are Accessible or Adaptable for People with Disabilities

The law requires DECD to establish a database of housing units that are accessible or adaptable for people with disabilities. The law requires the database to include unit information such as (1) location, rent, and number of bedrooms; (2) housing type and neighborhood; and (3) vacancy status and when it may be available, if applicable. The bill requires DECD, "to the extent practicable," to include this information. It also requires the database to state when a waiting list for such units may open. It eliminates the requirement that DECD's

commissioner, to the extent feasible, use the computer-assisted mass appraisal systems.

State-Assisted Housing Sustainability Fund

The law requires DECD and the State-Assisted Housing Sustainability Fund Advisory Committee to establish and maintain the State-Assisted Housing Sustainability Fund. Under current law, DECD awards financial assistance in consultation with the advisory committee. The bill instead requires DECD to do so in consultation with General Assembly's Housing Committee. It no longer requires DECD's administrative budget for the fund to be subject to Housing Committee approval. It allows rather than requires DECD to adopt regulations for the fund.

The bill also eliminates the requirement that DECD's annual report on fund operation be completed in consultation with the advisory committee, and makes the report part of a larger report on DECD's activities that the law requires DECD to complete annually.

BACKGROUND

Distressed Municipalities

As of 2008, according to DECD, Connecticut's distressed municipalities are: Ansonia, Bridgeport, Bristol, Brooklyn, Derby, East Hartford, Enfield, Hartford, Killingly, Meriden, Naugatuck, New Britain, New Haven, New London, North Canaan, Norwich, Plainfield, Plymouth, Putnam, Sprague, Torrington, Waterbury, West Haven, Winchester, and Windham.

Legislative History

On April 6, 2009, the Planning and Development Committee favorably reported a substitute for the original bill (File 261) bill, which replaced the affordable housing appeals procedure's 10% threshold under CGS § 8-30g with distressed municipality criteria for the purpose of determining the percentage of loan forgiveness under DECD's affordable housing predevelopment cost loan program. On May 4, the Finance, Revenue, and Bonding Committee reported the bill

substitute favorably.

COMMITTEE ACTION

Housing Committee

Joint Favorable Substitute

Yea 10 Nay 0 (03/10/2009)

Planning and Development Committee

Joint Favorable Substitute

Yea 17 Nay 1 (04/06/2009)

Finance, Revenue and Bonding Committee

Joint Favorable

Yea 51 Nay 0 (05/04/2009)