



**Substitute House Bill No. 6462**

**Public Act No. 11-42**

**AN ACT ESTABLISHING A PRIORITY CATEGORY FOR THE RENTAL HOUSING REVOLVING LOAN FUND.**

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

Section 1. Section 8-37vv of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2011*):

(a) As used in this section, (1) "eligible building" means a structure located in a distressed municipality, as defined in section 32-9p, that contains not more than twenty residential units, and may contain an owner-occupied unit, and (2) "eligible costs" means costs incurred to make renovations and repairs to bring an eligible building into compliance with the State Building Code or state or municipal health or safety codes, or otherwise to make an eligible building suitable for rental to tenants.

(b) There is established a revolving loan fund to be known as the "Rental Housing Revolving Loan Fund". The fund may be funded from moneys allocated to the program established by section 8-37pp or from any moneys available to the Commissioner of Economic and Community Development or the fund from other sources. Investment earnings credited to the fund shall become part of the assets of the fund. Any balance remaining in the fund at the end of any fiscal year

**Substitute House Bill No. 6462**

shall be carried forward in the fund for the next fiscal year. Payments of principal or interest on a low interest loan made pursuant to this section shall be paid to the State Treasurer for deposit in the Rental Housing Revolving Loan Fund. The fund shall be used to make low interest loans pursuant to subsection (c) of this section and to pay reasonable and necessary expenses incurred in administering loans under this section. The Commissioner of Economic and Community Development may enter into contracts with nonprofit corporations to provide for the administration of the Rental Housing Revolving Loan Fund by such nonprofit corporations, provided no low interest loan shall be made from the fund without the authorization of the commissioner as provided in subsection (c) of this section.

(c) (1) The state, acting by and in the discretion of the Commissioner of Economic and Community Development, may enter into contracts to provide financial assistance in the form of low interest loans to owners of eligible buildings for eligible costs. The commissioner may require owners of eligible buildings who apply for a low interest loan pursuant to this section to submit a copy of the report filed by the building inspector listing code violations, and an estimate of the cost of repairs to correct such violations. The commissioner may establish priorities for the low cost loans provided pursuant to this program, including, but not limited to, types of repairs financed, the location of the eligible building, ability of owners to repay such loans, and the extent to which any repairs will extend the useful life of the eligible building.

(2) The commissioner shall establish a priority for low interest loans pursuant to this section for owner-occupants of buildings containing at least two but not more than four residential units, including the unit occupied by the owner. Low interest loans made within such priority category may, at the discretion of such commissioner, include interest-free loans, deferred payment loans payable at the time that the

***Substitute House Bill No. 6462***

building is sold or otherwise transferred, and forgivable loans for which the principal balance is reduced based upon the length of time that the owner continues to occupy the building.

(d) The commissioner may adopt regulations, in accordance with the provisions of chapter 54, to specify application procedures and priorities for providing low cost loans pursuant to this section.

Approved June 3, 2011