

Office of Legislative Research
Connecticut General Assembly



OLR ACTS AFFECTING

HOUSING



2011-R-0244
(Revised)

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November 29, 2011

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NOTICE TO READERS

This report provides brief summaries of the 2011 public acts affecting housing. Not all provisions of the acts are included. Complete summaries of all 2011 public acts will be available when OLR publishes its Public Act Summary book; several are already available on OLR's webpage (<http://www.cga.ct.gov/olr/OLRPASums.asp>). Readers are encouraged to obtain the full text of acts that interest them from the Connecticut State Library, the House Clerk's Office, or the General Assembly's website (www.cga.ct.gov).

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BOND AUTHORIZATIONS

Among other things, **PA 11-57 (§§ 9, 28 & 91)** authorizes (1) \$25 million per year for FYs 12 and 13 for housing development and rehabilitation, (2) \$30 million for FY 12 for supportive housing initiatives, and (3) \$25 million per year for FYs 12 and 13 for the Housing Trust Fund.

EFFECTIVE DATE: FY 12 authorizations are effective July 1, 2011 and FY 13 authorizations are effective July 1, 2012.

CONDOMINIUMS

Common Interest Ownership Act

PA 11-195 makes several changes to the Common Interest Ownership Act. Among other things, it:

1. prohibits an (a) executive board member of a residential common interest community association or master association (representing one or more common interest communities) or (b) individual seeking election to such board, from accepting any item of value based on the understanding that doing so will influence his or her vote, official action, or judgment;

2. prohibits a community association manager or person providing association management services from campaigning for any person seeking election to an executive board;
3. requires an association to hold a hearing before bringing an action or instituting a proceeding against a unit owner other than a declarant;
4. allows a unit owner, other than a declarant, to request such a hearing to enforce a right or obligation against an association or another unit owner; and
5. exempts certain buildings from the insurance requirements for units divided by horizontal or vertical boundaries.

The act also prohibits a contract between a common interest community association and an individual providing association management services from including any clause or agreement that indemnifies or holds the association manager harmless against any liability for loss or damage resulting from the manager's negligence or willful misconduct.

EFFECTIVE DATE: October 1, 2011

FORECLOSURE

Mediation Program and Other Foreclosure-Related Laws

Among other things, **PA 11-201** makes various changes in the judicial branch's foreclosure mediation program, including (1) extending the program's sunset date by two years, until July 1, 2014, for foreclosure actions with return dates on or after July 1, 2009; (2) extending the program to properties owned by religious organizations; (3) generally prohibiting the parties from making motions, other than those related to the mediation, for the eight months following the return date; and (4) increasing documentation requirements.

The act also:

1. creates a task force to study CHFA's loss mitigation programs;
2. codifies into state law the federal Protecting Tenants at Foreclosure Act with a sunset date of December 31, 2017, thus extending its protections beyond the federal act's 2014 expiration; and
3. changes the registration requirements for residential property obtained through foreclosure by, among other things, establishing a new requirement that applies to a broader class of buildings when the

foreclosure process begins and expanding the scope of the existing registration requirement.

EFFECTIVE DATE: Upon passage for the CHFA study and provisions codifying the federal Protecting Tenants at Foreclosure Act; July 1, 2011 for changes to the foreclosure mediation program; and October 1, 2011 for the registration requirements.

HOUSING ASSISTANCE

Live Here, Live Here Program

PA 11-140 (§§ 30-32)

establishes the Learn Here, Live Here program to encourage graduates from the state's public colleges and universities and vocational-technical schools to remain in Connecticut. It does this by segregating eligible graduates' income tax payments, upon their request, into a Connecticut first-time homebuyers account for up to ten years after their graduation. With certain limitations, participants who remain in the state can withdraw the funds or apply to DECD for down payment (of up to the same amount) to help them buy their first home. Under the act, the DECD commissioner creates the program, in consultation with the commissioners of Revenue Services and Higher Education.

EFFECTIVE DATE: July 1, 2011

DECD Programs

PA 11-168 modifies several DECD housing programs.

Generally, it:

1. makes “housing partnerships” eligible recipients of DECD grants or loans to build and operate congregate housing and hire resident service coordinators;
2. expands uses of DECD-administered Housing Trust Fund Program funding, authorizing (a) the trust fund to provide financial assistance as a revolving loan and (b) third-party contractors to receive funds to establish or maintain a revolving loan fund or undertake some of DECD's program duties;
3. authorizes (a) the Housing Trust Fund to accept local, state, or federal funds if not otherwise prohibited by federal and state law and (b) DECD to deposit these funds in the trust fund if the monies are received for purposes that do not conflict with those of the trust fund;
4. allows DECD’s database of accessible or adaptable housing for people with disabilities to contain certain information only when it is practicable; and

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

EFFECTIVE DATE: Upon passage

Rental Housing Revolving Loan Fund

PA 11-42 requires the DECD commissioner to establish a priority category under the Rental Housing Revolving Loan Fund for low-interest loans made for two- to four-unit owner-occupied buildings. By law, this fund provides low-interest loans for rehabilitating multifamily property in distressed municipalities.

Loans made under the act's priority category may, at the commissioner's discretion, be in the form of (1) interest-free loans; (2) deferred payment loans, due when the building is sold or transferred; and (3) forgivable loans under which the principal balance is reduced based on how long the owner occupies the building.

EFFECTIVE DATE: October 1, 2011

INSURANCE

Actual Cash Value of a Building

The law provides the standard language for a fire insurance policy (e.g., homeowners' insurance). It defines the term "actual cash value" as the amount it would cost to repair or replace property with material of like kind and quality.

PA 11-196 redefines "actual cash value" with respect to an insured building as the amount it would cost to repair or replace the building with material of like kind and quality, minus reasonable depreciation. It defines "depreciation" as a decrease in real property's value over time due to wear and tear.

EFFECTIVE DATE: January 1, 2012

LANDLORD AND TENANT

Security Deposits

PA 11-94 eliminates the requirement that landlords pay a minimum 1.5% interest rate on residential security deposits. Prior law required them to pay at least the average savings deposit interest rate paid by insured commercial banks published in the Federal Reserve Board Bulletin in November of the prior year (i.e., deposit index), but not less than 1.5%. (The 2010 deposit index rate is 0.28%.) The

act retains the deposit index method for calculating the security deposit interest rate.

EFFECTIVE DATE: January 1, 2012

MISCELLANEOUS

Consolidated Plan for Housing and Community Development

PA 11-124 repeals the requirements that the (1) Department of Economic and Community Development (DECD) and the Connecticut Housing Finance Authority (CHFA) prepare a long-range state housing plan every five years and submit it to the General Assembly and (2) the DECD commissioner annually supplement the plan with an action plan that assesses progress. The act replaces the long-range plan with the federally mandated Consolidated Plan for Housing and Community Development, which DECD currently prepares in consultation with CHFA.

EFFECTIVE DATE: October 1, 2011

Discrimination Based on Gender Identity or Expression

PA 11-55 statutorily prohibits discrimination on the basis of gender identity or expression in the sale or rental of housing and other laws over which the Commission on Human Rights and Opportunities (CHRO) has jurisdiction (e.g., employment). It

explicitly prohibits several kinds of housing discrimination based on gender identity or expression, including:

1. refusing to sell or rent after a person makes bona fide offer, or refusing to negotiate for the sale or rental of a dwelling, or otherwise denying or making a dwelling unavailable;
2. discriminating in the terms, conditions, or privileges of a dwelling's sale or rental, or in the provision of services or facilities in connection with the sale or rental;
3. for profit, inducing or attempting to induce someone to sell or rent a dwelling by representing that people of a particular gender identity or expression are moving, or may move, into the neighborhood; and
4. coercing, intimidating, threatening, or interfering with someone in the exercise or enjoyment of, or on account of the person having exercised, enjoyed, or aided or encouraged someone else in the exercise or enjoyment of, these rights.

The act authorizes people to file discrimination complaints with CHRO. Violators are subject to a fine of between \$25 and \$100, up to 30 days imprisonment, or both.

EFFECTIVE DATE: October 1, 2011

PUBLIC HOUSING

Tenant Commissioner Selection

PA 11-203 makes changes affecting tenant commissioners who sit on municipal housing authority boards. Specifically, it:

1. expands the definition of "tenants" who are eligible to participate in a tenant commissioner election or serve on the board;
2. provides a mechanism for housing authority tenants to petition for a tenant commissioner election;
3. establishes requirements for a housing authority's recognized jurisdiction-wide tenant organization to select a tenant commissioner in the absence of an election petition;
4. establishes procedures under which this organization selects a tenant commissioner; and
5. allows tenant commissioners to vote to establish or revise rents.

The act also increases, from five to seven, the maximum number of commissioners who may sit on housing authority boards if, after a tenant commissioner is elected or selected under the act's

provisions, additional commissioners are necessary to achieve compliance with federal rules or state minority representation requirements.

EFFECTIVE DATE: October 1, 2011

Resident Participation in Public Housing Revitalization

PA 11-72 requires housing authorities planning to transform or dispose of property to involve their residents in these activities. Specifically, it requires a housing authority intending to undertake a major physical transformation or disposition of property it owns or operates to (1) notify residents of its intention as soon as practicable, (2) implement a resident participation plan, and (3) make reasonable efforts to enter into a signed agreement with any duly elected tenant organization.

A housing authority that does not adopt and implement a resident participation plan is not eligible to apply to DECD or CHFA for financial assistance for a property's major physical transformation. DECD and CHFA must consider giving preference to applications for financial assistance from authorities that have entered into a signed agreement.

EFFECTIVE DATE: October 1, 2011

SUPPORTIVE HOUSING

Permanent Supportive Housing

PA 11-61 (§§ 133-135) and **PA 11-64** make the same changes to the Department of Mental Health and Addiction Services (DMHAS) supportive housing initiative. Primarily, they:

1. eliminate references to the Pilot and Next Step initiatives and instead refers to the initiative as "permanent supportive housing," thus reflecting its ongoing status;
2. add the Department of Correction and the Court Support Services Division of the Judicial Branch to those state entities already collaborating with DMHAS on the initiative (i.e., the departments of Social Services, Children and Families, and Economic and Community Development; and CHFA); and
3. create a new request for proposals process for scattered-site models of supportive housing.

EFFECTIVE DATE: Upon passage

Budget Provisions

PA 11-6 (§ 55) allows the Social Services, Mental Health and Addiction Services, and Correction commissioners; the Office of Policy and Management secretary; and the Court Support Services Division executive director to develop a plan for providing supportive housing services, including necessary rental subsidies, for an additional 160 people and families identified as frequent users of expensive state services in FY 12 and FY 13. The officials may enter into memoranda of understanding to reallocate necessary support and housing resources for this purpose, within existing appropriations.

EFFECTIVE DATE: July 1, 2011

TAX CREDITS

Historic Preservation Tax Credits Expansion

The law authorizes business tax credits for restoring certified historic property to (1) residential use or (2) mixed residential and nonresidential uses. Developers qualify for these credits under separate programs based on the property's current use (e.g., commercial or industrial) and the intended reuse (e.g., residential or mixed residential and non-residential). **PA 11-48 (§§ 121 & 122)** expands the range of eligible property and eligible reuses under the programs for

restoring non-residential historic property and transfers the administration of these credits from the Connecticut Commission on Culture and Tourism to DECD.

For property that will be converted for residential use, the act extends the range of credit-eligible property to: certified historic cultural buildings; institutional property, former municipal, state, and federal property; and residential buildings with five or more units.

For property that will be converted for mixed residential and non-residential uses, the act extends the range of credit-eligible property to: cultural buildings; institutional and mixed residential and nonresidential property; and former municipal, state, and federal property. It also drops a requirement that at least 33% of the rehabilitated property's square footage be for residential use. Under prior law, developers could claim the credit only if they restored the property to mixed residential and nonresidential uses. Under the act, they can claim the credit for restoring the property to either nonresidential use or mixed use.

EFFECTIVE DATE: July 1, 2011, and applicable to income years commencing on or after January 1, 2011

***Urban and Industrial Sites
Reinvestment and New
Markets Tax Credits***

Business taxpayers investing in certain business development and real estate projects, including low-income housing, may qualify for both state Urban and Industrial Sites Reinvestment tax credits and federal New Markets tax credits. **PA 11-78** aligns some of the rules for the state tax credits with the federal ones for projects receiving investments eligible for both credits. It requires these projects to meet the state and federal eligibility criteria and subjects them to the federal rules for recapturing (i.e., repaying) tax credits.

EFFECTIVE DATE: July 1, 2011

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