

Office of Legislative Research
Connecticut General Assembly



HOUSING



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NOTICE TO READERS

This report provides highlights of new laws (public acts) affecting housing enacted during the 2012 regular and special legislative sessions. The report does not cover special acts and public acts that were vetoed unless the veto was overridden.

Not all provisions of the acts are included here. Complete summaries of all 2012 public acts are available on OLR's webpage:
<http://www.cga.state.ct.us/olr/publicactsummaries.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: <http://www.cga.state.ct.us/default.asp>.

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BONDING

The FY 13 bond act includes a new \$60 million bond authorization for the Connecticut Housing Finance Authority's (CHFA) Emergency Mortgage Assistance Program.

The act increases an existing bond authorization for Department of Economic and Community Development (DECD) housing development and rehabilitation by \$62,500,000, from \$25 million to \$87.5 million. Of these funds, it designates up to:

1. \$30 million to revitalize state low and moderate income housing units of CHFA's state housing loan portfolio,
2. \$12.5 million for congregate housing development,
3. \$1 million for grants for accessibility modifications for those transitioning from institutions to homes under the Money Follows the Person program, and
4. \$500,000 to purchase upgrades and software for the homeless information system (§§ 29-30).

The act also authorizes up to \$60 million in bonds for the Capital Region Development Authority (CRDA) to provide grants or loans to encourage residential housing development in downtown Hartford (§ 43). ([PA 12-47](#) redesignates the Capital

City Economic Development Authority as the CRDA and expands the scope of the projects it oversees to include, among other things, residential housing development in areas outside downtown Hartford.)

([PA 12-189](#), effective July 1, 2012)

COMMON INTEREST COMMUNITIES

Annual Budgets and Special Assessments

A new law changes requirements under the Common Interest Ownership Act (CIOA) for approval of annual budgets and special assessments for certain large common interest communities and master associations. It provides that, for certain communities and master associations, a proposed budget or assessment is approved unless (1) a majority of all unit owners participating in the voting vote to reject it and (2) at least one-third of unit owners entitled to vote on the measure vote to reject it. These provisions apply to common interest communities that have 2,400 or more units and were established prior to July 3, 1991. The provisions also apply to master associations exercising the powers on behalf of one or more common interest communities or for the benefit of the unit owners of one or more such communities, with the

same size and establishment requirements as specified above.

The act also changes the approval requirement under CIOA for assignments of the right to future income as security for loan agreements in common interest communities. It provides that the assignment is approved unless a majority of unit owners vote against it, rather than approved only if a majority vote for it (although the declaration can specify higher numbers).

([PA 12-180](#), effective July 1, 2012)

Attaching Religious Items to Doorways

New legislation restricts anyone from prohibiting or hindering a condominium unit's owner, lessee, or sublessee from attaching a religious item to the unit's entry door or entry door frame. Subject to the constitutional protection of religious liberty, the act provides certain exceptions, such as if the items are beyond a certain size or patently offensive.

([PA 12-113](#), effective July 1, 2012)

Community Association Managers and Continuing Education for Real Estate Brokers and Salespersons

New legislation requires applicants for community association manager registration to submit to criminal background checks. It also establishes

education and testing requirements for community association managers. The testing requirement does not apply to anyone who has been registered as a community association manager for at least 10 years as of October 1, 2012. The Department of Consumer Protection (DCP) must adopt regulations on the testing and education requirements.

By law, to renew their licenses, real estate brokers and salespersons must complete continuing education requirements, which can be satisfied, among other things, through courses approved by the Real Estate Commission within DCP. The act requires these courses to include practices and laws on common interest communities.

([PA 12-113](#), effective October 1, 2012)

HOUSING DEVELOPMENT

Brownfield Remediation and Development

A new law makes programmatic and administrative changes to DECD's program that provides financial assistance to clean up and redevelop brownfields. Among several changes, the act allows loan proceeds to be used to develop affordable housing and narrows the range of entities eligible for assistance. It makes changes to the Brownfield Liability Protection Program, including the

process for accepting brownfields into the program and giving developers more time to pay the program's application fees.

([PA 12-183](#), effective July 1, 2012)

Capital Region Development Authority

A new law redesignates the quasi-public Capital City Economic Development Authority (CCEDA) as the Capital Region Development Authority (CRDA), preserving many of CCEDA's powers, duties, and functions, including the authority to issue bonds. CCEDA previously oversaw several completed and ongoing development projects in a statutorily designated area in Hartford (i.e., the Capital City Economic Development District). Its duties included advising state agencies on development projects proposed in the district. The act expands the district and the range of eligible projects and allows CRDA to plan and implement some of these projects outside the district.

Among other things, the act (1) increases the number of housing units CRDA may construct or rehabilitate in the district and (2) authorizes CRDA to develop and redevelop property anywhere in Hartford and demolish and redevelop vacant buildings in East Hartford. It also extends by four years, from June 30, 2013, to June 30, 2017, the deadline for the State Bond Commission to issue up to \$115

million in state general obligation bonds for DECD to fund specified projects in the Capital City Economic Development District, including housing rehabilitation and new construction, demolition, and redevelopment.

([PA 12-147](#), effective upon passage)

Housing for Economic Growth Program

A new law gives the Office of Policy and Management (OPM) more discretion over incentive housing zone (IHZ) adoption grants it awards to municipalities under Connecticut's Housing for Economic Growth Program. Specifically, it allows OPM to award (1) a grant of up to \$50,000, rather than up to \$2,000 for each housing unit that can be built on developable land in the zone based on the law's minimum as-of-right densities and (2) program grants for IHZ predevelopment funds.

The law also (1) prohibits a municipality that receives a zone adoption grant from receiving a subsequent grant until construction starts in the IHZ for which it received the previous grant; (2) allows a municipality that applies for preliminary eligibility for a zone adoption grant to subsequently waive its right to receive the payment; and (3) eliminates the deadline by which OPM must make one-time building permit grant payments to municipalities for each building permit they issue in an incentive housing development.

(PA 12-1, June Special Session (JSS), §§ 122 & 181-182, effective upon passage)

Private Rental Investment Mortgage and Equity Program (PRIME)

Under the PRIME program, the DECD commissioner subsidizes multifamily housing projects financed by CHFA. New legislation makes programmatic and administrative changes to PRIME. Among other things, the act:

1. caps the proportion of low-income units a project can have to qualify for PRIME subsidies;
2. requires the state to receive equity in all PRIME-subsidized projects rather than allowing it to do so for some projects; and
3. allows the commissioner to provide subsidies directly to a project's developer or mortgagor instead of only through CHFA.

The act also requires DECD approval for dissolving municipal redevelopment agencies that planned and implemented state-assisted projects.

(PA 12-161, effective July 1, 2012)

Urban Revitalization Pilot

A new law requires the DECD commissioner, within existing resources, to establish a pilot program in one or more distressed municipalities to

foster city neighborhood revitalization and stabilization by facilitating the acquisition and renovation of one- to four-family homes and prioritizing owner-occupancy.

DECD must report to the Housing Committee by (1) February 1, 2013 on the program's status; (2) January 1, 2014 with an interim report; and (3) January 1, 2015 with a final report.

(PA 12-1, JSS, § 197, effective upon passage)

INSURANCE

Property Insurance

A new law specifies when insurers may impose a hurricane deductible in a policy instead of an overall policy deductible under homeowners and certain other policies issued or renewed on or after July 1, 2012. It also broadens the applicability of standard fire insurance policy provisions regarding the (1) period when a loss is payable after proof of loss, (2) period when a suit or action for the recovery of a claim must be commenced, and (3) definitions of actual cash value and depreciation.

By law, insurance adjusters may not charge or collect a fee if, within 30 days of a loss to a structure covered by a fire insurance policy, the insurer offers in writing to pay the full policy limits. The act requires that any fee the adjuster charges

the insured be (1) based only on the amount of the insurance settlement proceeds actually received by the insured and (2) collected by the adjuster after the insured has received the proceeds from the insurer.

([PA 12-162](#), effective July 1, 2012, except that the hurricane deductible provisions are effective October 1, 2012.)

LENDING AND MORTGAGES

Emergency Mortgage Assistance Program

A new law makes changes to the Emergency Mortgage Assistance Program (EMAP). Principally, it makes it easier for applicants to qualify by, among other things, (1) eliminating pensions and retirement funds valued at \$100,000 or less from the list of assets that applicants must disclose to CHFA; (2) accepting as proof of eligibility delinquent taxes; insurance; and condominium or common interest community charges, assessments, and fees, whether or not they are paid into escrow or impound accounts as reserves; and (3) eliminating a requirement for qualifying debts to be contractually delinquent. The act also allows CHFA to consider the length of time the mortgagor has lived in his or her home when determining if the mortgagor will be able to repay EMAP within a reasonable time.

([PA 12-1](#), [JSS, §§ 125-129](#), effective upon passage)

Escrow Accounts

Prior law required the interest rate on tax and insurance escrow accounts to be at least the average savings deposit interest rate paid by insured commercial banks as published in the Federal Reserve Board Bulletin in November of the previous year (i.e., deposit index), but not less than 1.5%. New legislation retains the deposit index method for calculating the interest rate but eliminates the minimum 1.5% interest rate. (The 2012 deposit index is 0.16%.)

By law, state banks and trust companies, national banking associations, state or federally chartered savings and loan associations, savings banks, insurance companies, and other mortgagee or mortgage servicing companies must pay interest on these accounts.

([PA 12-106](#), effective October 1, 2012)

Mortgage Licensing and Real Estate Appraisals

New legislation makes numerous changes to mortgage licensing laws. Among other things, it:

1. modifies mortgage licensing requirements, including exempting bona fide nonprofit organizations that promote affordable housing or provide homeownership education or similar services;

2. changes loan processor and underwriter licensing requirements;
3. prohibits the banking commissioner from denying a mortgage licensing application on the basis of an expunged criminal conviction; and
4. redefines what it means to influence a residential property real estate appraisal, which the law prohibits.

([PA 12-96](#), effective October 1, 2012, except that the provisions on influencing a residential property real estate appraisal are effective upon passage)

MISCELLANEOUS

Berlin Moratorium

New legislation extends by one year, the Town of Berlin's current four-year moratorium from the affordable housing land use appeals procedure. It requires that one year be subtracted from the duration of the next moratorium that the town receives. By law, a town may qualify for a moratorium from this procedure by obtaining a certification from the DECD commissioner showing it meets a specific threshold of affordable housing units.

([PA 12-2, JSS, § 129](#), effective upon passage)

PENALTIES

Misdemeanor Classifications Concerning Housing

New legislation changes several misdemeanor classifications, including some concerning housing. For example, it classifies unfit sanitation in rented dwellings as a class C misdemeanor, thus increasing its maximum prison sentence from 60 days to three months, and maximum fine from \$200 to \$500 (§ 115).

The act creates a new class D misdemeanor punishable by up to 30 days in prison, a fine of up to \$250, or both. It classifies discrimination in housing and sexual orientation discrimination in housing as class D misdemeanors, thus increasing their maximum fines (but not their maximum prison terms). Under prior law these offenses were punishable by up to 30 days in prison, a fine of between \$25 and \$100, or both (§§ 95 and 97).

([PA 12-80](#), effective October 1, 2012)

PEOPLE WITH DISABILITIES AND THE ELDERLY

Equal Treatment of Renters With Mental Disabilities

The law prohibits landlords from evicting tenants who are elderly or have a physical disability and reside in a building or complex with five or more

units or a mobile manufactured home park because their lease expires (i.e., lapse of time). They may be evicted for other reasons, such as nonpayment of rent. Covered disabilities are those expected to result in death or last continuously for at least 12 months.

New legislation extends the protection from eviction to tenants who either have mental disabilities or permanently reside with certain family members who do. Under the act, "physical or mental disability" includes intellectual disability, physical disability, and people who have a handicap under the federal Fair Housing Act.

([PA 12-41](#), effective October 1, 2012)

Rental Rebate Application Period

New legislation lengthens, from four to six months, the period for submitting applications under the rental rebate program for the elderly and people with permanent total disabilities. Under prior law, renters could apply from May 15 through September 15 for a rebate for the previous year. Under the act they can apply from April 1 through October 1.

([PA 12-69](#), effective October 1, 2012)

Security Deposits Made by Senior Citizens and Individuals With Disabilities Living in Public Housing

A new law lowers the annual interest rate that housing authorities, community housing authorities, and other corporations must pay on security deposits made by senior citizens and individuals with disabilities living in public housing.

Prior law required housing authorities and other corporations to pay an annual rate of 5.25%. Starting January 1, 2013, the act instead requires them to pay at least the average savings deposit interest rate paid by insured commercial banks as published in the Federal Reserve Board Bulletin in November of the prior year (i.e., deposit index). (The deposit index for calendar year 2012 is 0.16%.)

By law, housing authorities and other corporations must return security deposits to these tenants after they have lived in the housing for at least one year.

([PA 12-24](#), effective October 1, 2012)

PUBLIC SAFETY AND NUISANCE

Housing Blight Ordinances

A new law requires towns that have housing blight ordinances to include in their implementing regulations provisions that

require (1) written notice of a violation to the property's owner and occupant and (2) a reasonable opportunity to remediate the property before any enforcement action.

The act imposes a fine of up to \$250 per day for a willful violation of a blight regulation when it can be shown for each day, based on actual inspection of the property, that blighted conditions continued after a person received written notice and had a reasonable opportunity to remediate the conditions. It also allows new owners or occupants of a blighted property to request a 30-day extension and opportunity to remediate.

([PA 12-146](#), effective October 1, 2012)

Insulation Materials

Prior law banned urea-formaldehyde foamed-in-place insulation (UFFI), except for urethane or styrene foam insulation. A new law (1) restricts the sale and use of all types of foamed-in-place insulating material unless the manufacturer or supplier certifies to the Department of Construction Services that the material complies with certain specifications, which the act establishes and (2) replaces the broad definition of UFFI with a narrower definition that excludes formaldehyde polymers and derivatives.

The certification to the commissioner must include a statement (1) that the insulating material is not a UFFI material and has met allowable emissions standards under specified tests and (2) under oath that the material complies with the act.

([PA 12-164](#), effective upon passage)

Noise Reduction in Neighborhoods Near Public Airports

The law authorizes several initiatives for preserving the state's licensed, privately-owned airports that have paved runways and conduct at least 5,000 operations per year. New legislation adds to these initiatives the requirement that noise mitigation programs be established in those neighborhoods where noise levels exceed applicable Federal Aviation Administration standards and that the programs be funded with available federal dollars. It allows the programs to be combined with energy conservation programs.

([PA 12-138](#), effective July 1, 2012)

Smoke and Carbon Monoxide Detectors and Alarms

A new law requires all one-family dwellings, instead of only those issued new occupancy building permits on or after October 1, 1978, to be equipped with smoke detection and

warning equipment. It also requires all one- and two-family dwellings, instead of only those issued new occupancy building permits on or after October 1, 2005, to be equipped with carbon monoxide detection and warning equipment, unless they do not contain a fuel burning appliance, fireplace, or attached garage.

The act (1) sets standards the equipment must meet, (2) requires building owners to install the equipment on each level of a building, and (3) establishes requirements for residential buildings that remain occupied during interior alterations, additions, or construction requiring a building permit.

([PA 12-184](#), effective October 1, 2012)

STATE HOUSING AGENCY

Department of Housing (DOH)

New legislation establishes the DOH, with a commissioner as its department head, and makes it the lead agency responsible for all housing matters. It establishes an Interagency Council on Affordable Housing to advise and assist the DOH commissioner. By January 15, 2013 the council must report to the governor and joint standing committees of cognizance on (1) planning and implementing the new department and (2) the state's housing resources and delivery systems.

The act places the DOH in DECD for administrative purposes only, making it DECD's successor with respect to housing-related functions, powers, and duties (which include community development, redevelopment, and urban renewal). Any DECD order or regulation in force on January 1, 2013, continues in force and effect until amended, repealed, or superseded by law.

([PA 12-1, JSS, §§112-114 & 121](#), effective July 1, 2012)

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