



General Assembly

January Session, 2023

***Raised Bill No. 1084***

LCO No. 4853



Referred to Committee on BANKING

Introduced by:

(BA)

***AN ACT CONCERNING THE CONNECTICUT HOUSING FINANCE  
AUTHORITY MORTGAGE PROGRAMS.***

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

1 Section 1. (NEW) (*Effective July 1, 2023*) (a) The Connecticut Housing  
2 Finance Authority shall, as part of the homeownership loan program  
3 established pursuant to sections 8-283 to 8-289, inclusive, of the general  
4 statutes, and within the resources allocated by the State Bond  
5 Commission to the Department of Housing for the purposes of said  
6 program, establish a time to own down payment assistance loan  
7 program to assist eligible applicants to purchase a first home by issuing  
8 down payment assistance loans in the manner set forth in said sections,  
9 but subject to the guidelines established pursuant to subsection (b) of  
10 this section.

11 (b) Not later than July 1, 2023, the Connecticut Housing Finance  
12 Authority shall establish guidelines for issuing down payment  
13 assistance loans under the program established pursuant to subsection  
14 (a) of this section. Such guidelines shall enable the authority to:

15 (1) Provide down payment assistance loans, each of which shall be

16 structured as a zero per cent, nonamortizing loan, of which a portion of  
17 the principal amount shall be forgiven annually on the anniversary of  
18 the loan closing date until such loan is forgiven; and

19 (2) If the dwelling being purchased by an eligible applicant under  
20 such program is situated within an affordability incentive zone,  
21 established pursuant to section 8-286e of the general statutes, utilize  
22 lending guidelines that are different from the guidelines utilized for the  
23 purchase of a dwelling that is not situated within an affordability  
24 incentive zone, which alternative lending guidelines may include, but  
25 need not be limited to, increased eligibility limits with respect to the  
26 purchase price of the dwelling or the maximum loan amount or a  
27 reduced interest rate for such loan.

28 (c) (1) For the purposes described in subdivision (2) of this subsection,  
29 the State Bond Commission shall have the power from time to time to  
30 authorize the issuance of bonds of the state in one or more series and in  
31 principal amounts not exceeding in the aggregate two hundred million  
32 dollars, provided one hundred million dollars shall be effective July 1,  
33 2024.

34 (2) The proceeds of the sale of such bonds, to the extent of the amount  
35 stated in subdivision (1) of this subsection, shall be used by the  
36 Department of Housing to make grants-in-aid to the Connecticut  
37 Housing Finance Authority and used by the authority, subject to the  
38 conditions of this section, for the purpose of making loans pursuant to  
39 the program established by subsection (a) of this section.

40 (3) All provisions of section 3-20 of the general statutes, or the exercise  
41 of any right or power granted thereby, that are not inconsistent with the  
42 provisions of this section are hereby adopted and shall apply to all  
43 bonds authorized by the State Bond Commission pursuant to this  
44 section. Temporary notes in anticipation of the money to be derived  
45 from the sale of any such bonds so authorized may be issued in  
46 accordance with section 3-20 of the general statutes and from time to  
47 time renewed. Such bonds shall mature at such time or times not

48 exceeding twenty years from their respective dates as may be provided  
49 in or pursuant to the resolution or resolutions of the State Bond  
50 Commission authorizing such bonds. None of such bonds shall be  
51 authorized except upon a finding by the State Bond Commission that  
52 there has been filed with it a request for such authorization that is signed  
53 by or on behalf of the Secretary of the Office of Policy and Management  
54 and states such terms and conditions as said commission, in its  
55 discretion, may require. Such bonds issued pursuant to this section shall  
56 be general obligations of the state and the full faith and credit of the state  
57 of Connecticut are pledged for the payment of the principal of and  
58 interest on such bonds as the same become due, and accordingly and as  
59 part of the contract of the state with the holders of such bonds,  
60 appropriation of all amounts necessary for punctual payment of such  
61 principal and interest is hereby made, and the State Treasurer shall pay  
62 such principal and interest as the same become due.

63       Sec. 2. (NEW) (*Effective July 1, 2023*) (a) The Connecticut Housing  
64 Finance Authority shall, as part of the homeownership loan program  
65 established pursuant to sections 8-283 to 8-289, inclusive, of the general  
66 statutes, and within the resources allocated by the State Bond  
67 Commission to the Department of Housing for the purposes of said  
68 program, establish a rehabilitation loan pilot program to foster the  
69 rehabilitation of housing by facilitating the acquisition and renovation  
70 of one-to-four family owner-occupied homes.

71       (b) Not later than July 1, 2023, the Connecticut Housing Finance  
72 Authority shall establish guidelines for issuing down payment  
73 assistance and rehabilitation loans under the pilot program established  
74 pursuant to subsection (a) of this section. Such guidelines shall enable  
75 the authority to:

76       (1) Provide down payment assistance and rehabilitation loans, each  
77 of which shall be used to purchase a one-to-four family owner-occupied  
78 home to support rehabilitation, construction, demolition, energy  
79 efficiency or aesthetic improvements;

80 (2) Provide rehabilitation loans, each of which shall be structured as  
81 a zero per cent, nonamortizing loan, of which a portion of the principal  
82 amount shall be forgiven annually on the anniversary of the loan closing  
83 date until such loan is forgiven; and

84 (3) If the dwelling being purchased by an eligible applicant under  
85 such program is situated within an affordability incentive zone  
86 established pursuant to section 8-286e of the general statutes, utilize  
87 lending guidelines that are different from the guidelines utilized for the  
88 purchase of a dwelling that is not situated within an affordability  
89 incentive zone, which alternative lending guidelines may include, but  
90 need not be limited to, increased eligibility limits with respect to the  
91 purchase price of the dwelling or the maximum loan amount or a  
92 reduced interest rate for such loan.

93 (c) (1) For the purposes described in subdivision (2) of this subsection,  
94 the State Bond Commission shall have the power from time to time to  
95 authorize the issuance of bonds of the state in one or more series and in  
96 principal amounts not exceeding in the aggregate one hundred million  
97 dollars, provided fifty million dollars shall be effective July 1, 2024.

98 (2) The proceeds of the sale of such bonds, to the extent of the amount  
99 stated in subdivision (1) of this subsection, shall be used by the  
100 Department of Housing to make grants-in-aid to the Connecticut  
101 Housing Finance Authority and used by the authority, subject to the  
102 conditions of this section, for the purpose of making loans pursuant to  
103 the program established by subsection (a) of this section.

104 (3) All provisions of section 3-20 of the general statutes, or the exercise  
105 of any right or power granted thereby, that are not inconsistent with the  
106 provisions of this section are hereby adopted and shall apply to all  
107 bonds authorized by the State Bond Commission pursuant to this  
108 section. Temporary notes in anticipation of the money to be derived  
109 from the sale of any such bonds so authorized may be issued in  
110 accordance with section 3-20 of the general statutes and from time to  
111 time renewed. Such bonds shall mature at such time or times not

112 exceeding twenty years from their respective dates as may be provided  
113 in or pursuant to the resolution or resolutions of the State Bond  
114 Commission authorizing such bonds. None of such bonds shall be  
115 authorized except upon a finding by the State Bond Commission that  
116 there has been filed with it a request for such authorization that is signed  
117 by or on behalf of the Secretary of the Office of Policy and Management  
118 and states such terms and conditions as said commission, in its  
119 discretion, may require. Such bonds issued pursuant to this section shall  
120 be general obligations of the state and the full faith and credit of the state  
121 of Connecticut are pledged for the payment of the principal of and  
122 interest on such bonds as the same become due, and accordingly and as  
123 part of the contract of the state with the holders of such bonds,  
124 appropriation of all amounts necessary for punctual payment of such  
125 principal and interest is hereby made, and the State Treasurer shall pay  
126 such principal and interest as the same become due.

127       Sec. 3. (NEW) (*Effective July 1, 2023*) (a) The Connecticut Housing  
128 Finance Authority shall, within the resources allocated by the State  
129 Bond Commission to the Department of Housing, establish a small  
130 multifamily lending program to provide a revolving loan fund, which  
131 fund shall be available to community development financial institutions  
132 established under 12 CFR Part 1805, as amended from time to time, to  
133 provide acquisition, construction, rehabilitation and permanent  
134 financing for small multifamily properties with not fewer than three and  
135 not more than thirty units.

136       (b) Not later than July 1, 2023, the Connecticut Housing Finance  
137 Authority shall establish guidelines for issuing loans under the program  
138 established pursuant to subsection (a) of this section. Such guidelines  
139 shall provide that:

140       (1) Loans issued under such program shall be utilized to (A) provide  
141 investors with acquisition, construction, rehabilitation or permanent  
142 financing for vacant or blighted properties, (B) increase the affordable  
143 housing stock in higher income communities, (C) restore vacant and  
144 blighted properties to performing properties, and (D) assist

145 revitalization efforts in low and moderate-income communities; and

146 (2) If the property being purchased by an eligible applicant under  
147 such program is situated within an affordability incentive zone  
148 established pursuant to section 8-286e of the general statutes, utilize  
149 lending guidelines that are different from the guidelines utilized for the  
150 financing of a property that is not situated within an affordability  
151 incentive zone, which alternative lending guidelines may include, but  
152 need not be limited to, increased eligibility limits with respect to the  
153 purchase price of the property or the maximum loan amount or a  
154 reduced interest rate for such loan.

155 (c) (1) For the purposes described in subdivision (2) of this subsection,  
156 the State Bond Commission shall have the power from time to time to  
157 authorize the issuance of bonds of the state in one or more series and in  
158 principal amounts not exceeding in the aggregate one hundred million  
159 dollars, provided fifty million dollars shall be effective July 1, 2024.

160 (2) The proceeds of the sale of such bonds, to the extent of the amount  
161 stated in subdivision (1) of this subsection, shall be used by the  
162 Department of Housing to make grants-in-aid to the Connecticut  
163 Housing Finance Authority and used by the authority, subject to the  
164 conditions of this section, for the purpose of making loans pursuant to  
165 the program established by subsection (a) of this section.

166 (3) All provisions of section 3-20 of the general statutes, or the exercise  
167 of any right or power granted thereby, that are not inconsistent with the  
168 provisions of this section are hereby adopted and shall apply to all  
169 bonds authorized by the State Bond Commission pursuant to this  
170 section. Temporary notes in anticipation of the money to be derived  
171 from the sale of any such bonds so authorized may be issued in  
172 accordance with section 3-20 of the general statutes and from time to  
173 time renewed. Such bonds shall mature at such time or times not  
174 exceeding twenty years from their respective dates as may be provided  
175 in or pursuant to the resolution or resolutions of the State Bond  
176 Commission authorizing such bonds. None of such bonds shall be

177 authorized except upon a finding by the State Bond Commission that  
178 there has been filed with it a request for such authorization that is signed  
179 by or on behalf of the Secretary of the Office of Policy and Management  
180 and states such terms and conditions as said commission, in its  
181 discretion, may require. Such bonds issued pursuant to this section shall  
182 be general obligations of the state and the full faith and credit of the state  
183 of Connecticut are pledged for the payment of the principal of and  
184 interest on such bonds as the same become due, and accordingly and as  
185 part of the contract of the state with the holders of such bonds,  
186 appropriation of all amounts necessary for punctual payment of such  
187 principal and interest is hereby made, and the State Treasurer shall pay  
188 such principal and interest as the same become due.

189       Sec. 4. (NEW) (*Effective October 1, 2023*) Notwithstanding any  
190 provision of the general statutes, the following requirements shall apply  
191 to the Low Income Housing Tax Credit program administered by the  
192 Connecticut Housing Finance Authority:

193       (1) There shall be not less than three resident meetings outlining the  
194 development and relocation, which shall be held prior to approval by  
195 the board of directors of the authority of any development consisting of  
196 existing residents. At the first of such three resident meetings, all  
197 residents shall be provided a copy of the Connecticut Housing Finance  
198 Authority Tenants' Guide to Section 42 Low-Income Housing Tax  
199 Credits;

200       (2) Proof that resident participation has been completed shall be  
201 submitted to the board of directors of the authority for development  
202 approval;

203       (3) All Low-Income Housing Tax Credit relocations shall be  
204 conducted in accordance with the Uniform Relocation Assistance and  
205 Real Property Acquisition Policies Act of 1970, P.L. 91-646, as amended  
206 from time to time;

207       (4) All leases for Low-Income Housing Tax Credit properties shall  
208 include the following statement: "Under the Section 42 Low-Income

209 Housing Tax Credit (LIHTC) program, the tenant may not be evicted or  
210 not permitted to renew without good cause, which is generally defined  
211 as material violations of the lease, such as non-payment of rent, damage  
212 to property, failure to follow property rules, interference with other  
213 tenants, or fraud, and is subject to determination through applicable  
214 legal process.";

215 (5) The chief executive officer of all local municipalities and  
216 legislators of the district shall be notified of all Low-Income Housing  
217 Tax Credit projects not later than ten days after the approval of any  
218 authority loan;

219 (6) Visible signage indicating all funding sources shall be posted at  
220 the project construction or rehabilitation site not more than thirty days  
221 after the approval of any authority loan, which signage shall be visible  
222 from the street and not less than thirty-two square feet in surface area;

223 (7) All existing residents of the project shall be eligible for relocation  
224 payments or other relocation assistance in accordance with the Uniform  
225 Relocation Assistance and Real Property Acquisition Policies Act of  
226 1970, P.L. 91-646, as amended from time to time;

227 (8) All developers shall have a minimum of five years of development  
228 experience in the state to receive approval by the authority;

229 (9) All developers shall work with management agents or persons  
230 acting as agent owners and shall have not less than five years of Low-  
231 Income House Tax Credit management experience, including specific  
232 experience with the requirements imposed by the Uniform Relocation  
233 Assistance and Real Property Acquisition Policies Act of 1970, P.L. 91-  
234 646, as amended from time to time; and

235 (10) Any owner, developer or consultant who is not in good standing  
236 with the authority or the Department of Housing shall not be eligible to  
237 receive any new funding from the authority until such owner, developer  
238 or consultant is in good standing with respect to all outstanding  
239 projects.



This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2023</i>	New section
Sec. 2	<i>July 1, 2023</i>	New section
Sec. 3	<i>July 1, 2023</i>	New section
Sec. 4	<i>October 1, 2023</i>	New section

**Statement of Purpose:**

To: (1) Require the Connecticut Housing Finance Authority to establish (A) a time to own down payment assistance loan program, (B) a down payment assistance rehabilitation loan pilot program, and (C) a small multifamily lending program; and (2) establish various requirements concerning the Low-Income Housing Tax Credit program administered by the Connecticut Housing Finance Authority.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*