

Regulations of Connecticut State Agencies

TITLE 8. Zoning, Planning, Housing, Economic and Community Development and Human Re-

Agency

Department of Housing

Subject

Affordable Housing Program

Inclusive Sections

§§ 8-119jj-1—8-119jj-29

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Affordable Housing Program

Sec. 8-119jj-1—8-119jj-15. Repealed

Repealed April 20, 1990.

Sec. 8-119jj-16. Definitions

The following definitions apply to Sections 8-119jj-16 through 8-119jj-26 of the Regulations of Connecticut State Agencies:

(a) “Admission Income Limit” means the maximum income allowed for admission to an affordable housing development.

(b) “Affordable Housing Development” or “Development” means any work or undertaking to provide decent, safe and sanitary dwelling units for families of low income, which may include the planning of buildings and improvements, the acquisition of property, site preparation, the demolition of existing structures, new construction, or the rehabilitation of existing buildings.

(c) “Base Rent” means the minimum rent that any tenant will pay as established for each development and approved by the Commissioner.

(d) “Commissioner” means the Commissioner of Housing.

(e) “Continued Occupancy Limit” means the maximum income allowed for continued occupancy in an affordable housing development.

(f) “Department” means the Connecticut Department of Housing.

(g) “Deferred Loan” means a loan where the principal and interest payments shall become due and payable no later than the sale and/or disposition of the development.

(h) “Developer” means:

(1) a housing authority established in accordance with Section 8-40 of the Connecticut General Statutes and the Connecticut Housing Authority when exercising the rights, powers, duties or privileges of, or subject to the immunities or limitations of housing authorities pursuant to Section 8-121 of the Connecticut General Statutes; or

(2) a nonprofit corporation incorporated pursuant to Chapter 600 of the Connecticut General Statutes, having as one of its purposes the construction, rehabilitation, ownership or operation of housing and having articles of incorporation approved by the Commissioner; or

(3) a municipal developer, which means a municipality which has not declared by resolution a need for a housing authority pursuant to Section 8-40 of the Connecticut General Statutes, acting by and through its legislative body, except that in any town in which a town meeting or representative town meeting is the legislative body, “municipal developer” means the Board of Selectmen if such board is authorized to act as the municipal developer by the town meeting or representative town meeting; or

(4) a partnership, consisting of:

(A) a housing authority, a nonprofit corporation, a municipal developer, or any combination thereof; and

(B) (i) a business corporation incorporated pursuant to chapter 599 of the general statutes

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having as one of its purposes the construction, rehabilitation, ownership or operation of housing, and having articles of incorporation approved by the Commissioner in accordance with regulations adopted pursuant to section 8-119jj of the Connecticut General Statutes; or

(ii) a for-profit partnership, limited partnership, joint venture, trust or association having as one of its purposes the construction, rehabilitation, ownership or operation of housing and having basic documents of organization approved by the Commissioner in accordance with regulations adopted pursuant to section 8-119jj of the Connecticut General Statutes; or

(iii) any combination of the entities included under subparagraphs (i) and (ii) of this subdivision.

(i) “Equity Interest” means a housing site or cash contribution either of which must be approved by the Commissioner as part of the total project development cost to be furnished by a developer receiving a grant.

(j) “Family” means a household consisting of one or more persons.

(k) “Financial Assistance” means any grants or deferred loans provided for the purpose of developing a low income housing development for which a contract is entered into by the state with a developer.

(l) “Mortgage” means an interest in real property created by a written instrument providing a first lien on such property as security for repayment of a debt or obligation.

(Effective January 29, 1991)

Sec. 8-119jj-17. Program description

(a) The affordable housing program provides financial assistance to developers to assist in the creation of rental units for low income families. Developers may receive state financial assistance in the form of grants or deferred loans for the development of rental housing, including, but not limited to, real property acquisition and preparation, construction or rehabilitation, architect’s fees, and administrative or other costs or expenses incurred by the state.

(b) The Commissioner may, for good cause shown, if he deems it in the best interest of the state, waive any non-statutory requirement imposed by these regulations.

(c) Developers shall be required to comply with all rules and orders promulgated from time to time by the Commissioner and consistent with the Connecticut General Statutes for the development and management of rental affordable housing developments pursuant to Section 8-119bb through Section 8-119jj of the Connecticut General Statutes.

(Effective January 29, 1991)

Sec. 8-119jj-18. Eligibility

To be eligible to participate in this program;

(a) A housing authority must, in addition to the requirements in subsection (d) below:

(1) Be in good standing with the Department; and

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(2) Submit a statement from the legal counsel of the municipality that verifies that the housing authority is recognized and continues to be properly constituted by the municipality in accordance with Section 8-40 of the Connecticut General Statutes.

(b) A nonprofit corporation must, in addition to the requirements in subsection (d) below:

(1) Submit documentation of tax exempt status;

(2) Submit an endorsed certificate of incorporation, which includes the articles of incorporation, certified by the secretary of the state;

(3) Submit a certificate of good standing certified by the secretary of the state; and

(4) Inform the department, in writing, of the corporation's principal place of business.

(c) A partnership must, in addition to the requirements in subsection (d) below:

(1) Submit a copy of the organizational documents of the partnership;

(2) Submit for each entity comprising the partnership an endorsed certificate of incorporation, which includes articles of incorporation, certified by the secretary of the state, or a copy of each entity's documents of organization, as appropriate;

(3) Submit remaining information required in subsection (a), (b), or (e), as appropriate, for each member of the partnership; and

(4) Submit a statement in writing of the partnership's principal place of business.

(d) All housing authorities, nonprofit corporations or partnerships must:

(1) Submit a list of housing developments which they have developed, owned, or managed; and

(2) Submit a statement authorizing the Commissioner to apply for a credit report from any appropriate credit reporting agency covering the developer for consideration in determining the financial capability of the developer.

(e) A municipal developer must submit a notarized copy of its legislative body's resolution designating their governing body as a municipal developer.

(Effective April 20, 1990)

Sec. 18-119jj-19. Application approval process

(a) Developers may be required to pay a processing fee.

(b) Applications shall be approved or disapproved by the Commissioner based on but not limited to the following:

(1) Housing need and marketability;

(2) Any needs outlined in the Five Year Housing Advisory Plan;

(3) Site control and suitability;

(4) Plans and specifications in accordance with the Commissioner's design standards;

(5) Financial information on projected cost of development and management;

(6) The apparent capability of the developer to plan, complete and manage the affordable housing development;

(7) Local support; and

(8) Execution of a cooperation agreement.

(c) If an application is disapproved, the developer shall be notified in writing of the

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reasons for the disapproval.

(d) If an application is approved, the Commissioner shall notify the developer, in writing, that the affordable housing development may proceed and inform the developer of the contents and terms of the contract(s) for state financial assistance to be entered into with the developer.

(Effective April 20, 1990)

Sec. 8-119jj-20. Contract for financial assistance

(a) Contract(s) shall include, but not be limited to: the amount of the financial assistance to be provided, the amount of the state service charges to be assessed during the development and management of the affordable housing development(s), the term of the contract(s), and the rights and obligations of the parties under the contract(s).

(b) All deferred loans shall be secured by a mortgage note and deed on terms and conditions satisfactory to the Commissioner.

(c) A lien shall be filed on all property for which the state has provided financial assistance. The Commissioner may subordinate the state's lien if the level of state financial assistance so warrants.

(Effective April 20, 1990)

Sec. 8-119jj-21. Management

(a) Developers shall manage affordable housing developments in an efficient manner so that base rents can be fixed at the lowest possible level consistent with the provision of decent, safe and sanitary dwelling units.

(b) The total income for a development shall be sufficient to meet the costs of development operation including but not limited to:

(1) The cost of operating and maintaining the development including its administrative costs, provision of reasonable reserves for repairs, maintenance and replacements, and vacancy and collection losses;

(2) Property taxes, either full or abated, or payments in lieu of taxes not otherwise paid by the state to the municipality;

(3) The cost of a state service charge if one is assessed;

(4) A limited dividend for partnerships only, as approved by the Commissioner; and

(5) The cost of the principal and/or interest due and payable on the loan, if applicable.

(c) The Commissioner shall annually approve an operation or management plan for each development.

(Effective April 20, 1990)

Sec. 8-119jj-22. Admission and continued occupancy income limits

(a) The admission income limit shall be fifty percent of the area median income, adjusted for family size, as determined from time to time by the U.S. Department of Housing and Urban Development.

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(b) The continued occupancy income limit shall be the admission income limit as defined in subsection (a) above, multiplied by a factor of 1.60.

(c) For the purpose of determining eligibility for continued occupancy income verification shall be annually.

(d) All tenants shall be notified, in writing, of changes in their rent or of over income status resulting from the income re-verification at least thirty (30) days prior to the effective date of such changes.

(Effective April 20, 1990)

Sec. 8-119jj-23. Rent determination

Rents for developments shall be determined as follows:

(1) Where federal or state rental assistance is available, the rent schedule will be determined by the rules governing the program of the federal or state agency.

(2) In developments where no rental subsidy exists, a base rent shall be established and the tenant will pay the higher of:

(A) A percentage of the adjusted gross income not to exceed thirty percent, minus a utility allowance for those tenants who pay their own utilities. The percentage shall be established by the developer and approved by the Commissioner; or

(B) A base rent established by the developer and approved by the Commissioner.

(Effective January 29, 1991)

Sec. 8-119jj-24. Procedures for rent changes

The following procedures shall be followed by all developers for any proposed rent increases, except rent increases based on circumstances such as family income or composition:

(a) A 30 day written notice mailed to all tenants that a change in the rent schedule will be considered by the developer, at its next meeting, (include the date and time of the meeting) and may result in a rent increase.

(b) Advise tenants that they may submit written comments to the developer within the 30 day period, and that they may review any documents supporting the proposed rent increase which will be on file at the office of the developer. Also, tenants may attend the meeting and make comments at that time.

(c) At the end of the 30 day period, the developer shall submit within 15 days to the Commissioner, its recommended management plan plus all tenant comments.

(d) Within 30 days after receipt of the developer's recommendation the Commissioner will approve, disapprove, or request modification of the rent increase or any portion thereof.

(e) If the rent increase is approved by the Commissioner the developer must then give the tenants at least 30 days written notice prior to the effective date of the rent increase.

(Effective April 20, 1990)

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Sec. 8-119jj-25. Program and financial reporting

(a) Developers shall, annually, provide income data which covers the period through September thirtieth. Such data shall be provided on all households entering a housing development and those occupying the development during the year.

(b) Developers shall maintain complete and accurate books and records in accordance with the latest procedures approved by the Commissioner.

(Effective January 29, 1991)

Sec. 8-119jj-26. Fiscal compliance and examination

Developers receiving financial assistance shall be subject to examination of all books and records. Examinations shall be performed by independent public accountants registered to practice in the State of Connecticut, or by qualified Department personnel. All examinations shall be performed in accordance with procedures established by the Department.

(Effective April 20, 1990)

Affordable Housing Projects

Sec. 8-119jj-27. Definitions

(a) “Developers’ Fee” means a bonus earned by developers that have successfully completed key events in the development process.

(b) “Key Events” means the four main phases in the development process: (1) Preliminary Application Approval, (2) Final Application Approval, (3) Construction Start; and (4) Construction Completion.

(c) “Successfully Completed” means completion of key events in a timely manner.

(Effective December 27, 1990)

Sec. 8-119jj-28. Terms and conditions

(a) A developers’ fee may be established at up to 10% of the total development cost, less the cost of land, or \$100,000, whichever is less.

(b) The fee schedule shall be determined as follows:

<u>Percent of Fee</u>	<u>Key Event</u>
10%	Preliminary Application
15%	Final Application
25%	Construction Start
50%	Construction Completion

(c) Developer’s fees are earned based on the schedule established for completing key events in the development process, as approved by the Commissioner.

(d) Developers shall only earn a fee for those key events that are completed according

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to the established schedule. Developers may not be entitled to earn a fee for key events completed after the established schedule. Developers shall earn, but not receive, any fee, until completion of the housing development.

(Effective December 27, 1990)

Sec. 8-119jj-29. Implementation

The provisions of Section 8-68g-1, except as otherwise provided, shall govern the implementation of the Affordable Housing Program developers' fee.

(Effective December 27, 1990)