



Agency Legislative Proposal - 2020 Session

Document Name (e.g. OPM0916Budget.doc; OTG0916Policy.doc): **Bond Financed Housing Programs**

(If submitting electronically, please label with date, agency, and title of proposal – 092611_SDE_TechRevisions)

State Agency: Department of Housing

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Lead agency division requesting this proposal: Commissioner's office

Agency Analyst/Drafter of Proposal: Aaron Turner

Title of Proposal: An Act Making Minor Revisions to Statutes Regarding Bond-Financed Housing Programs and the Homelessness Prevention and Response Fund

Statutory Reference: 8-37qq(a)(2); 8-37mm

Proposal Summary:

Relative to CGS 8-37qq, this modified provision updates the definition of "administrative expense" to add references to the Affordable Housing ("Flex") program and the Housing Trust Fund ("HTF") Program to the list of other bond financed state housing programs currently specified in the statute. The purpose of the definition is to describe administrative expenses that can be paid from time to time with funds in the agency's Housing Repayment and Revolving Loan Fund ("HRRLF"). In general terms, the HRRLF is the account into which repayments and other receivables associated with the agency's capital funding programs are deposited, nearly all of which is then used for short-term lending on a revolving basis. The original intent of the statute was to allow for a portion of the balance of the HRRLF to be used to pay costs associated with the agency's capital funding programs. Over the past decade, the state shifted away from appropriating affordable housing capital funding under the narrow statutory programs currently listed in the definition. Instead, nearly all of the state's affordable housing capital funding is appropriated under the Flex and HTF programs. Adding the references to these two programs to the definition will ensure that HRRLF funds can be used, as originally contemplated, to pay appropriate administrative expenses associated with the capital funding programs that are actually in use by the agency.

Relative to CGS 8-37mm, this change concerns the Homeless Prevention and Response Fund ("HPRF"). The purpose of the HPRF is to provide funding in exchange for units that will be restricted for use by participants in a rapid rehousing program (an intervention designed to get



individuals and families into stable housing quickly when the needs of those individuals and families are relatively minimal, such as overcoming a temporary financial hardship) or individuals and families in need of supportive housing. The program has great potential for helping the state reduce and end homelessness through a cost effective approach. The original statutory language, however, created unintended differences in the way funding could be used to subsidize the units available under each of these two programs. The modified text is not only clearer but also substantively important because it allows HPRF funds to be used in the same way regardless of whether the units will be occupied by rapid rehousing program participants or supportive housing program participants. Providing consistency in the way the funding can be used will simplify the administration of the HPRF and likely increase the number of units that can be subsidized and restricted under the program and, therefore, the number of individuals and families who can benefit from it.

PROPOSAL BACKGROUND

◇ Reason for Proposal

Please consider the following, if applicable:

- (1) Have there been changes in federal/state/local laws and regulations that make this legislation necessary?*
- (2) Has this proposal or something similar been implemented in other states? If yes, what is the outcome(s)?*
- (3) Have certain constituencies called for this action?*
- (4) What would happen if this was not enacted in law this session?*

This proposal will help to clarify and update existing statutes that govern the administration of Department of Housing programs.

◇ Origin of Proposal

☐ **New Proposal**

☒ **Resubmission**

If this is a resubmission, please share:

- (1) What was the reason this proposal did not pass, or if applicable, was not included in the Administration's package?*
- (2) Have there been negotiations/discussions during or after the previous legislative session to improve this proposal?*
- (3) Who were the major stakeholders/advocates/legislators involved in the previous work on this legislation?*
- (4) What was the last action taken during the past legislative session?*

This proposal makes technical and conforming changes to codify current practice into law. This is a resubmission as it passed the House, but not the Senate, during the last legislative session.



PROPOSAL IMPACT

◇ **AGENCIES AFFECTED** *(please list for each affected agency)*

Agency Name: DOH Agency Contact (<i>name, title, phone</i>): N/A Date Contacted: N/A Approve of Proposal <input type="checkbox"/> YES <input type="checkbox"/> NO <input type="checkbox"/> Talks Ongoing
Summary of Affected Agency's Comments N/A
Will there need to be further negotiation? <input type="checkbox"/> YES <input type="checkbox"/> NO

◇ **FISCAL IMPACT** *(please include the proposal section that causes the fiscal impact and the anticipated impact)*

Municipal <i>(please include any municipal mandate that can be found within legislation)</i>
State Click here to enter text.
Federal Click here to enter text.
Additional notes on fiscal impact Click here to enter text.

◇ **POLICY and PROGRAMMATIC IMPACTS** *(Please specify the proposal section associated with the impact)*

The proposed changes would allow the Department of Housing to more effectively operate its programs by clarifying the intended use of funding in statute for both 8-37qq(a)(2) and 8-37mm.
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Insert fully drafted bill here

AN ACT MAKING TECHNICAL CHANGES FOR THE DEPARTMENT OF HOUSING

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

Section 1. Section 8-37qq(a)(2) of the general statutes is repealed and the following is substituted in lieu thereof (*Effective Upon Passage*):

(a) “Administrative expense” means any administrative or other cost or expense incurred by the state in carrying out the provisions of any of the following bond-financed state housing programs, including the hiring of necessary employees and the entering of necessary contracts: Housing authority programs for social and supplementary services, project rehabilitation and improvement, and energy conservation pursuant to section 8-44a, moderate rental housing pursuant to section 8-70, moderate cost housing pursuant to section 8-82, housing for elderly persons pursuant to section 8-114a, congregate housing for the elderly pursuant to section 8-119h, housing for low-income persons pursuant to section 8-119dd, urban homesteading pursuant to subsection (a) of section 8-169w, financial assistance for development of limited equity cooperatives and mutual housing pursuant to section 8-214f, financial assistance to elderly homeowners for emergency repairs or rehabilitation pursuant to section 8-219b, home ownership loans pursuant to subsection (a) of section 8-286, housing programs for homeless persons pursuant to sections 8-356 and 8-357, private rental investment mortgage and equity program pursuant to sections 8-401 and 8-403, assistance for housing predevelopment costs pursuant to sections 8-410 and 8-411, residential subsurface sewage disposal system repair pursuant to section 8-420, [affordable housing pursuant to 8-37pp, financial assistance for the development of quality rental housing and homeownership pursuant to 8-336p](#) and energy conservation loans pursuant to section 16a-40b.

Section 2. Section 8-37mm of the general statutes is repealed and the following is substituted in lieu thereof (*Effective Upon Passage*):

(a) For the purposes described in subsection (b) of this section, the State Bond Commission shall have the power, from time to time to authorize the issuance of bonds of the state in one or more series and in principal amounts not exceeding in the aggregate thirty million dollars, provided fifteen million dollars of said authorization shall be effective July 1, 2016.

(b) The proceeds of the sale of said bonds, to the extent of the amount stated in subsection (a) of this section shall be used by the Department of Housing for **[the purposes of]** a homelessness prevention and response fund to provide forgivable loans or grants to **[(1)]** landlords [for one or more of the following purposes: \(1\) to renovate multifamily homes, including performing building code compliance work and other major improvements, \(2\) to provide ongoing maintenance and repair or \(3\) to capitalize operating and replacement reserves.](#) **[in exchange for the landlord’s participation in a rapid rehousing program. A]** [In exchange for such forgivable loans or grants, a landlord shall participate in a](#)



rapid rehousing or supportive housing program, which shall include, but not be limited to a requirement that the landlord abate rent for a designated period and waive security deposits.

[(2) landlords to renovate multifamily homes, including performing building code compliance work and other major improvements, fund ongoing maintenance and repair, or capitalize operating and replacement reserves in exchange for the waiver of security deposits and the abatement of rent by a landlord for supportive housing units.]

(c) The Department of Housing may use not more than five per cent of the total allocation for administrative purposes.

(d) All provisions of section 3-20, or the exercise of any right or power granted thereby, which are not inconsistent with the provisions of this section are hereby adopted and shall apply to all bonds authorized by the State Bond Commission pursuant to this section, and temporary notes in anticipation of the money to be derived from the sale of any such bonds so authorized may be issued in accordance with said section 3-20 and from time to time renewed. Such bonds shall mature at such time or times not exceeding twenty years from their respective dates as may be provided in or pursuant to the resolution or resolutions of the State Bond Commission authorizing such bonds. None of said bonds shall be authorized except upon a finding by the State Bond Commission that there has been filed with it a request for such authorization which is signed by or on behalf of the Secretary of the Office of Policy and Management and states such terms and conditions as said commission, in its discretion, may require. Said bonds issued pursuant to this section shall be general obligations of the state and the full faith and credit of the state of Connecticut are pledged for the payment of the principal of and interest on said bonds as the same become due, and accordingly and as part of the contract of the state with the holders of said bonds, appropriation of all amounts necessary for punctual payment of such principal and interest is hereby made, and the State Treasurer shall pay such principal and interest as the same become due.