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## Urban Homesteading Loan Fund

### Secs. 8-169w (c)-1—8-169w (c)-5.

Repealed, June 30, 1987.

## Urban Homesteading Program

### Sec. 8-169w-1. Definitions

(a) “Abandoned Property” means any real property on which there is a vacant structure and on which (1) real property taxes have been delinquent for one year or more and orders have been issued by the municipality’s fire official, building official or health official and there has been no compliance with those orders within the prescribed time given by such official or within ninety days, whichever is longer, or (2) the owner has declared in writing to the building official that his property is abandoned.

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

(c) “Community Housing Development Corporation” means a nonprofit corporation organized pursuant to the requirements of Chapter 600 and Section 8-217 of the Connecticut General Statutes and whose articles of incorporation have been approved by the Commissioner.

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

(e) “Eligible Properties” means any real property which an urban homesteading agency has acquired pursuant to Section 8-169r or Section 8-169v of the Connecticut General Statutes and which meets all the criteria to receive financial assistance from the Urban Homesteading Fund.

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

(g) “Financial Assistance” means grants or loans of any combination thereof as authorized and defined by Sections 8-169u and 8-169w of the Connecticut General Statutes.

(h) “Interim loan” means a loan which provides funds necessary to develop a project at an interest rate to be determined in accordance with subsection (t) of Section 3-20 of the Connecticut General Statutes and which is due and payable following the cost certification of the project.

(i) “Low and Moderate Income Families” means families or individuals who lack the amount of income necessary to rent or purchase decent, safe and sanitary housing without financial assistance, as determined by the Commissioner.

(j) “Mortgage” means a written instrument in which real estate is used as security for repayment of a debt or obligation.

(k) “Municipality” means city, town, or borough.

(l) “Nonprofit Corporation” means a nonprofit corporation which has 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 its articles of incorporation approved by the Commissioner.

(m) “Permanent loan” means a loan for a term not to exceed thirty years, in an amount which does not exceed the certified development cost of the project and at an interest rate to be determined in accordance with subsection (t) of Section 3-20 of the Connecticut General Statutes.

(n) “Urban Homesteader” or “Homesteader” means any person, firm, partnership, corporation or other legal entity to which urban homesteading property is conveyed.

(o) “Urban Homesteading Agency” means the agency designated by the legislative body of a municipality pursuant to Section 8-169q of the Connecticut General Statutes.

(p) “Urban Homesteading Fund” means the fund established to make grants and loans pursuant to Section 8-169w of the Connecticut General Statutes.

(q) “Urban Homesteading Project” or “Project” means any work or undertaking to provide decent, safe and sanitary urban or rural dwellings, apartments or other living accommodations for families of low and moderate income. Such work or undertaking may include planning of buildings and improvements, acquisition of property, demolition of existing structures, construction, re-construction, alteration and repair and all work in connection therewith.

(r) “Urban Homestead Property” means any real property for use in the Urban Homesteading Program which an urban homesteader has acquired either through Section 8-169s of the Connecticut General Statutes or real property to which the urban homesteader has title.

(Effective March 28, 1989)

### **Sec. 8-169w-2. Program description**

(a) The Urban Homesteading Program is designed to provide the following: low interest loans to urban homesteaders for the purchase and rehabilitation of or construction on urban homestead property; and grants to the community housing development corporation chartered under Section 8-218f of the Connecticut General Statutes for the purchase and rehabilitation of or construction on urban homestead property.

(b) The purpose of this program is to return as many vacant and abandoned properties as possible to the supply of maintained, taxable residential properties as well as to provide home ownership opportunities for low and moderate income families and to make public investments in urban neighborhoods to preserve and stabilize them.

(c) Organizations shall be required to comply with all rules and orders that may be promulgated from time to time by the Commissioner and consistent with the Connecticut General Statutes for the development and management of urban homesteading projects.

(Effective March 28, 1989)

### **Sec. 8-169w-3. Eligibility**

#### **(a) Organizations**

Organizations eligible to receive assistance under the Urban Homesteading Program include urban homesteading agencies, the community housing development corporation chartered under Section 8-218f of the Connecticut General Statutes, and any nonprofit corporation incorporated pursuant to Chapter 600 of the 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, which is an urban homesteader as defined in Section 8-169w-1 (n) above.

#### **(b) Property**

Urban homestead property can be utilized by urban homesteaders and the community housing development corporation chartered under Section 8-218f of the Connecticut General Statutes for the following purposes:

- (1) abandoned property may be used for rehabilitation activities;
- (2) vacant municipally owned property may be used for construction activities.

**(c) Urban Homesteaders****(1) Selection**

The urban homesteading agency shall select from among applicants for urban homestead property those applicants who, in determination of the agency, can acquire the necessary financial and technical resources to rehabilitate or construct, own and manage urban homestead program property. Such property shall be offered to such qualified applicants in accordance with the following priorities:

(A) Persons displaced by governmental activities declaring in writing their intent to occupy the property for a period of not less than two years;

(B) low and moderate income families declaring in writing their intent to occupy the property for a period of not less than two years;

(C) families or persons declaring in writing their intent to occupy the property for a period of not less than two years;

(D) nonprofit community housing development corporations;

(E) any other qualified applicant, provided the urban homesteading agency has certified that no qualified urban homesteaders of higher priority have applied.

**(2) Initial Occupancy**

Initial occupancy income limits for homesteaders who are of low and moderate income shall not be in excess of 96% of the median income in the applicable Standard Metropolitan Statistical Area as published by the U.S. Department of Housing and Urban Development.

(Effective March 28, 1989)

**Sec. 8-169w-4. Application process****(a) Application Submission Procedures/Requirements**

(1) The Commissioner may solicit and/or accept applications for financial assistance for urban homesteading projects from eligible organizations as defined in Section 8-169w-3 (a) of these regulations.

(2) As part of the application and project approval process, applicants shall be required to furnish the following:

(A) Evidence of the organization's eligibility: for urban homesteading agencies, designation by the local legislative body of the municipality that is certified on an annual basis;

(B) Evidence of housing need and marketability;

(C) Proposed location;

(D) Evidence of site control;

(E) Evidence that local site plan approval has been obtained;

(F) Evidence of local support and commitment for funding from other sources;

(G) Evidence that the project is designed in compliance with criteria promulgated by the Commissioner;

(H) Evidence of the eligible organization's ability to provide or obtain technical assistance before and during the rehabilitation or construction process regarding property management, record keeping, property maintenance or any other area necessary to ensure the success of each homesteading project;

(I) Evidence of general administrative capability to operate the program;

(J) An estimate of the cost of the project;

(K) Preliminary architectural plans and drawings for new construction or substantial rehabilitation;

(L) Architect's contract;

(M) Evidence of planning and zoning commission approval;

(N) Income eligibility standards for homesteaders.

(3) The Commissioner may, from time to time, require additional information of the applicant.

(b) **Criteria for Selection**

Projects shall be accepted or rejected by the Commissioner based on the factors listed in Section 8-169w-4 (a), above, the availability of financial assistance, and the following:

(A) Any needs outlined in the five year housing advisory plan;

(B) Local housing assistance plans, if in existence;

(C) Any other statistical data on housing need and marketability for the area of the proposed site as available;

(D) Suitability of the proposed site and project;

(E) The apparent capability of the applicant to plan, complete and manage the project.

(c) If a project is rejected, the applicant shall be notified in writing of the reasons for the rejection.

(d) If accepted, the Commissioner shall notify the applicant that the project may proceed and inform the applicant of the contents and terms of the contract for state financial assistance to be entered into with the applicant.

(Effective March 28, 1989)

**Sec. 8-169w-5. Contract for financial assistance**

(a) **Bond Commission Approval**

The Commissioner shall, from time to time, request approval of state financial assistance in the form of loans or grants or any combination thereof from the State Bond Commission.

(b) **Contract Requirements**

(1) Following preliminary approval by the State Bond Commission pursuant to the provisions of Section 3-20 of the Connecticut General Statutes, the state, acting by and through the Commissioner, may enter into a contract or contracts with an eligible organization for financial assistance for a project or projects in the form of loans or grants or any combination thereof in an amount not in excess of the development cost of the project or projects as approved by the Commissioner.

(2) Such contract shall include, but not be limited to, the following: affirmative action requirements, the amount of financial assistance to be provided, the term of the contract, and the rights and obligations of the parties under the contract or contracts.

(Effective March 28, 1989)

**Sec. 8-169w-6. Use of funds**

(a) **Loan Procedures**

Funds will be provided to eligible organizations to aid these organizations in providing loans to urban homesteaders for the purchase and rehabilitation of or construction on urban homestead property.

(1) **Underwriting Criteria**

The Commissioner may authorize loans made by urban homesteading agencies to eligible urban homesteaders. In determining eligible homesteaders, not more than 38% of gross monthly income should be applied to all mortgages, taxes, homeowners insurance and all countable obligations. Countable obligations will include all installment debts and credit union loans for over 8 months from date of closing in addition to court ordered child support payments. Five percent (5%) of all monthly short

term debt or revolving credit shall be counted. All credit reports should be current at time of application. Written explanations for previous poor credit and/or bankruptcies must be included with the loan application.

(2) Interest Rate

Interest rates will be determined by the Commissioner based on the homesteader's income, the amount needed to rehabilitate or construct on the eligible property, and the potential rental income derived from the rehabilitated or constructed property, with the goal of keeping housing related expenses at or below the percentage of the borrower's gross monthly income as specified in Section 8-169w-6 (a) (1) of these regulations. The commissioner shall collect interest on each loan extended under this section at a rate to be determined in accordance with subsection (t) of Section 3-20 of the Connecticut General Statutes.

(3) Eligible Costs

Loans shall be made from the Urban Homesteading Fund for the purchase, rehabilitation of or construction on eligible urban homesteading properties. Eligible costs included in the loan are those acquisition, rehabilitation or construction costs determined eligible and approved by the Commissioner. Eligible costs may also include: appraisal fees; building permits; costs of processing and settling the loan; architectural, engineering or related professional services if required to bring the structures up to code standards and construction costs. The cost of general property improvements may be included in the loan if they are:

(A) necessary to put the property in a generally good and readily maintainable condition;

(B) they do not exceed 20% of the total cost of rehabilitation; and

(C) the minimum improvements required to meet code standards are satisfied first.

A portion of the Urban Homesteading fund may be used by the Commissioner for necessary costs of administering this program.

(4) Appraisals

Appraisals shall be made on the after-rehabilitation or completed value of the property. Total indebtedness of the property shall not exceed 97% of the after-rehabilitated or constructed value.

(5) Terms of Loan

The Commissioner may make interim loans, and/or permanent loans from the fund. The term of the interim loan shall not exceed one year. However, in the event that it is determined and can be demonstrated by the recipient organization that the best interests of the project will be served by extending this one year period, such an extension may be requested by the recipient organization, and may be granted by the Commissioner. The term of the permanent loan shall not exceed twenty years, unless it can be demonstrated by the recipient organization that the best interests of the project will be served by a term of no more than thirty years, subject to approval of the Commissioner.

(6) Security Requirements

All loans made by the Commissioner from the Urban Homestead Fund shall be secured by a first or second mortgage on the urban homesteading property which will be held by the Commissioner of Housing. A third mortgage may be granted by the Commissioner by special request and upon his approval.

(7) Default and Remedy Provisions

In the event of default, the Commissioner may foreclose on the property or take any steps necessary to protect the financial interest of the State.

**(b) Grant Procedures**

Financial assistance may be provided to all urban homesteading agencies in order to provide grants to the community housing development corporation chartered under Section 8-218f of the Connecticut General Statutes, for the purchase and rehabilitation of or construction on urban homestead program property.

**(1) Eligible Costs**

Grants may be made from the Urban Homesteading Fund for the purchase, rehabilitation of or construction on eligible property. Eligible costs included are those acquisition, rehabilitation or construction costs determined eligible and approved by the Commissioner. Eligible costs may include appraisal fees; building permits; administrative costs; and architectural, engineering or related professional services, if required to bring the structures up to code standards; and construction costs. The cost of general property improvements may be included if they are:

(A) necessary to put the property in a generally good and readily maintainable condition;

(B) they do not exceed 20% of the total cost of rehabilitation or construction; and

(C) the minimum improvements required to meet code standards are satisfied first.

A portion of the Urban Homesteading fund may be used by the Commissioner for necessary costs of administering this program.

**(2) Security Requirements**

All contracts for state financial assistance entered into pursuant to Section 8-169w of the Connecticut General Statutes shall provide that the recipient organization repay the grant if the property for which financial assistance is provided is no longer used for the purposes intended. The Department shall cause to be filed a lien on the property for which financial assistance is to be provided.

(Effective March 28, 1989)

**Sec. 8-169w-7.**

Repealed, March 28, 1989.

**Sec. 8-169w-8. Financial reporting and access to records****(a) Record Keeping**

Each organization shall maintain complete and accurate books and records, insofar as they pertain to state urban homesteading projects, and they shall be set up and maintained in accordance with the latest manual approved by the Commissioner.

**(b) Financial Statements**

Each organization shall furnish the Commissioner with financial statements and other reports relating to the development and operation of the project in such detail and at such times as he may require.

**(c) Access to Records**

At any time during regular business hours, and as often as the Commissioner may require, the Commissioner or his representatives shall be entitled to full and free access to the accounts, records and books of the organization relative to the project, said permission to include the right to make excerpts or transcripts from such accounts, records and books.

(Effective June 30, 1987)

**Sec. 8-169w-9. Fiscal compliance and examination**

Organizations receiving financial assistance shall be subject to examination of all books and records related to the project. 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 in accordance with procedures established by the Department. An examination is to be completed as soon as possible following the completion of the project and at such other times as the Department may require.

(Effective June 30, 1987)