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Land Bank/Land Trust Fund

Sec. 8-214d-1. Definitions

The following definitions apply to Sections 8-214d-1 through 8-214d-14 of the Regulations of Connecticut State Agencies:

(a) “Below Market Price” means an acquisition price for any buildings or improvements constructed on Land Trust property which is less than their appraised value based on a formula as determined by the nonprofit corporation and approved by the Commissioner.

(b) “Commissioner” means the Commissioner of the Department of Economic and Community Development.

(c) “Community Housing Land Bank and Land Trust Fund” means the fund established to make grants pursuant to Section 8-214d of the Connecticut General Statutes.

(d) “Community Housing Land Bank” means land or interests in land which have been acquired by a nonprofit corporation and are being held to provide for existing and future housing needs of low and moderate income families.

(e) “Community Land Trust” means land or interests in land acquired by a nonprofit corporation to be held in trust for the purpose of providing housing for low and moderate income families.

(f) “Department” means the Department of Economic and Community Development.

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

(h) “Financial Assistance” means grants authorized under Section 8-214d of the Connecticut General Statutes.

(i) “Housing Project” or “Project” means any work or undertaking, which may include acquisition of property, to provide decent, safe and sanitary dwelling units for families of low and moderate income.

(j) “Legal Heir” means a person who would inherit the decedent’s property, real or personal, in accordance with the decedent’s will, or in the absence of a will, in accordance with Connecticut state laws.

(k) “Limited Equity Cooperative” means a nonprofit corporation organized for the purposes of owning and operating housing for low and moderate income families and qualifying as a limited equity cooperative, as defined in Section 47-242 of the Connecticut General Statutes.

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

(m) “Nonprofit Corporation” means a nonprofit corporation incorporated pursuant to Chapter 602 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.

(n) “Chief Executive Officer” means one of the following: the first selectman; a chief administrative officer appointed by the board of selectmen; a mayor elected by the electors of the municipality; a warden elected by the electors of the borough; a town, city or borough manager appointed by the board of selectmen, the council, the board of directors, the board of aldermen or the board of burgesses or a chief administrative officer appointed by the mayor.

(o) “Development plan” means a detailed description of a project which has been approved by the commissioner.

(p) “Ancillary service” means a social service program that predominantly serves the residents of the land trust. The program may include, but not be limited to, day care, senior center or other similar program.

(q) “Partially constructed housing development” means a locally approved housing subdivision or other housing project for which certificates of occupancy have not been issued for the total amounts of units permitted.

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

(Effective November 30, 1990; amended January 13, 1999)

Sec. 8-214d-2. Program description

(a) The Commissioner is authorized to extend financial assistance in the form of a grant to nonprofit corporations, to enable them to acquire, hold and manage land and interests in land for the purpose of providing for existing and future housing needs of low and moderate income families.

(b) Program Purpose:

(1) Land Bank Program: to permit a nonprofit corporation to take advantage of an opportunity to acquire suitable property at a time when the corporation may be unable, for good and sufficient reason, as approved by the Commissioner, to actively pursue the development of a housing project for low and moderate income families.

(2) Land Trust Program: to permit a nonprofit corporation to acquire land or interests in land suitable for development and preservation of housing that will remain affordable to low and moderate income families.

(c) Nonprofit corporations 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 projects.

(d) 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.

(Effective November 30, 1990)

Sec. 8-214d-3. Program requirements under land bank

(a) Within two years of the date of acquisition of the property, the nonprofit corporation must submit to the Commissioner, a plan for the development of the land acquired under the Land Bank Program.

(b) The nonprofit corporation’s plan must demonstrate that it currently has an application for project financing under review by a governmental or private financial institution.

(c) The nonprofit corporation’s plan must demonstrate a mechanism, acceptable to the Commissioner, which will guarantee that the land will continue to provide housing affordable to low and moderate income families.

(d) If the nonprofit corporation is unable to submit a plan within the required two year period, the Commissioner may grant an extension if he determines that it is in the best interest of the state.

(Effective August 18, 1988)

Sec. 8-214d-4. Program requirements under land trust

(a) Nonprofit corporations shall hold in trust all land and interests in land acquired under this program in order to encourage the development of housing for low and moderate income families. The nonprofit corporation may:

(1) Lease land and interests in land to low and moderate income families, limited equity cooperatives or other nonprofit corporations;

(2) Sell or lease currently existing buildings or improvements to low and moderate income families, limited equity cooperatives or other nonprofit corporations; or

(3) Allow such low and moderate income families, limited equity cooperatives or other nonprofit corporations to place and hold title to new or additional buildings or improvements on the land.

(b) Any lease between a nonprofit corporation and a low or moderate income family, limited equity cooperative or other nonprofit corporation for the use of land and interests in land acquired under the Land Trust Program shall include, but not be limited to the following terms:

(1) Such land shall be developed and used solely for the purpose of housing low and moderate income families;

(2) Where the low or moderate income family, limited equity cooperative or other nonprofit corporation holds title to any building or improvement on the land, the nonprofit corporation holding title to the land shall have, in the event of a sale, the first option to purchase any such building or improvement at a below market price;

(3) The below market price, or a formula for determining such below market price shall be included in the lease;

(4) The legal heirs of any lessee, regardless of income, shall have the right to assume the lease upon the death of the lessee provided that the lessee was a natural person and that the heirs agree to make the leased premises their principal residence; and

(5) A statement that the lease is subject to the laws and regulations of the State of Connecticut governing the Land Trust Program, and must conform to such laws and regulations.

(Effective August 18, 1988)

Sec. 8-214d-5. Eligibility

To be eligible for a grant under this program, a nonprofit corporation shall:

(1) Certify that it is recognized by the federal or state government as a tax exempt organization, if applicable;

(2) Submit an endorsed certificate of incorporation certified by the Secretary of the State which states that the nonprofit corporation has, as one of its purposes, the construction, rehabilitation, ownership or operation of low and moderate income family housing;

(3) Submit a certificate of good standing certified by the Secretary of the State;

(4) Inform the Department, in writing, of the corporation's principal place of business;

(5) Demonstrate the ability to undertake the development of the project through the provision of financial statements of the nonprofit corporation;

(6) Submit a list of any housing project(s) developed, owned or managed by the nonprofit corporation;

(7) Submit names, addresses and telephone numbers of its current directors or officers and statutory agent for service; and

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

(Effective November 30, 1990)

Sec. 8-214d-6. Eligible activities

(a) A nonprofit corporation may enter into a contract with the State to receive a grant to acquire land and interests in land with or without structures thereon, for

the purpose of providing for existing and future housing needs of low and moderate income families.

(b) Upon acquiring title to the land or interest in land, a nonprofit corporation shall develop housing or a plan for the development of the land to meet the needs of low and moderate income families and may:

(1) bank the land for future use as described in Section 3 above;

(2) lease the land to low and moderate income families, limited equity cooperatives or other nonprofit corporations for the development of housing for low and moderate income families; or

(3) lease or sell the building(s) or improvements to low and moderate income families, limited equity cooperatives or other nonprofit corporations to be used only for low and moderate income housing;

(4) use the land to provide ancillary services to residents of the land trust.

(c) If a nonprofit corporation intends to lease the land or sell or lease the buildings which it has acquired under this program, it shall provide the following for approval by the Commissioner:

(1) Identification of the proposed lessee, buyer, or marketing plan;

(2) Description of the lessee's or buyer's proposed use of the land or building(s);

(3) if the lessee or buyer is a family, documentation demonstrating that the family's income falls within the income limits established for the state or federal housing finance program being used, or, if no such program is being used, the family's income must fall within the initial occupancy income limits as established in Section 8-214d-14 of these regulations;

(4) A copy of the proposed lease or contract for sale;

(5) The method to be used by the nonprofit corporation in determining the below market price for its acquisition of buildings or improvements on land which it has leased in accordance with Section 8-214d-4 of these regulations; and

(6) Any other documentation which the Commissioner determines is necessary to ensure that the property is being used for housing low and moderate income families.

(Effective November 30, 1990; amended January 13, 1999)

Sec. 8-214d-7. Application process

(a) The Commissioner may solicit and/or accept applications from nonprofit corporations for financial assistance.

(b) Nonprofit corporations may be required to pay a processing fee.

(c) As part of the application and approval process for the Land Bank Program, the nonprofit corporation shall be required to furnish the following:

(1) An explanation and description of the current housing development activity of the nonprofit corporation which is unrelated to this program which would require them to bank the land; and

(2) Identification of how the land is presently zoned.

(d) As part of the application and approval process for the Land Trust Program, the nonprofit corporation shall be required to furnish the following:

(1) Evidence that the land is properly zoned for the proposed use;

(2) Identification of any governmental or private housing finance programs to be utilized for construction or rehabilitation of housing and evidence that financial assistance has been sought from those agencies; and

(3) Identification of any proposed lessees of the land or lessees or buyers of the buildings or improvements or a marketing plan.

(e) As part of the application and approval process for the Land Bank and Land Trust Program, the nonprofit corporation shall be required to furnish the following:

- (1) Evidence of housing need and marketability;
 - (2) Identification of the land or interests in land to be acquired, including a legal description of the land;
 - (3) An appraisal of the value of the land or interest in land, buildings, and improvements;
 - (4) Financial information on the projected cost of acquiring the property;
 - (5) A description of the nonprofit corporation's proposed use of the land, buildings and improvements;
 - (6) Certification as to whether the proposed project will complete a partially constructed housing development as defined in Section 8-214d-4 (q) of this regulation.
- (f) The Commissioner may, from time to time, require additional information from the nonprofit corporation.
- (Effective November 30, 1990; amended January 13, 1999)

Sec. 8-214d-8. Selection process

- (a) Applications shall be approved or disapproved by the Commissioner based on the factors listed in Sections 8-214d-5, 8-214d-6, and 8-214d-7 above, the availability of financial assistance and the following:
- (1) Any needs outlined in the Five Year Housing Advisory Plan;
 - (2) Preference to low income families to the extent financially possible;
 - (3) Local housing assistance plans, if in existence;
 - (4) Any other statistical data on housing need and marketability;
 - (5) Suitability of the proposed site and project; and
 - (6) The administrative capability of the nonprofit corporation to plan, complete and manage a project including past experience and staffing.
- (b) If an application is disapproved, the nonprofit corporation shall be notified in writing of the reasons for the rejection.
- (c) If an application is approved, the Commissioner shall notify the nonprofit corporation, in writing, that the project may proceed and indicate the expected terms and conditions of the contract for financial assistance under this program.
- (Effective November 30, 1990)

Sec. 8-214d-9. Contract for financial assistance

- (a) Following application approval, the Commissioner shall request that the State Bond Commission provide financial assistance in the form of a grant from the Community Housing Land Bank and Land Trust Fund to the nonprofit corporation.
- (b) Following approval of the State Bond Commission pursuant to the provisions of Section 3-21 of the Connecticut General Statutes, the State, acting by and through the Commissioner, may enter into a contract(s) with a nonprofit corporation for financial assistance in the form of a grant.
- (c) Such contract(s) shall include but not be limited to: the amount of financial assistance to be provided, and the rights and obligations of the parties under the contract(s).
- (Effective August 18, 1988)

Sec. 8-214d-10. Restrictions on the sale or use of the property

- (a) In addition to whatever remedies exist in the contract, the nonprofit corporation shall, upon demand by the Commissioner, transfer title to the State for that land or interests in land acquired with the grant, if the Commissioner determines that:

(1) reasonable progress in the development of the property as described in Sections 8-214d-3 and 8-214d-6 above, has not been made from the date of acquisition of the land or interests in land;

(2) the property has been developed or used for purposes other than for housing to benefit low and moderate income families; or

(3) the nonprofit corporation has amended its purpose so that it no longer conforms with that originally submitted and approved.

(b) Restrictive covenants shall be included in all deeds for property for which the State has provided financial assistance. This provision may be waived if the Commissioner determines that such waiver will be in the State's best interest.

(c) If a nonprofit corporation dissolves its organization, the nonprofit corporation must convey its interests in the property to the Department or to the Department's designated receiver.

(Effective November 30, 1990)

Sec. 8-214d-11. Maximum income limits

(a) Homeownership income limits shall not exceed those established and determined from time to time by the Connecticut Housing Finance Authority's Home Mortgage Program.

(b) For all others, income limits shall not exceed those established from time to time under the Department's Moderate Rental Program. This income limit may be waived by the Commissioner if it is determined to be in the best interest of the State.

(c) Notwithstanding subsections (a) and (b) above, where a federal and/or State program is being utilized, income limits shall be determined according to that program.

(Effective August 18, 1988)

Sec. 8-214d-12. Financial reporting and access to records

(a) Each nonprofit corporation shall maintain complete and accurate books and records, insofar as they pertain to land bank and land trust projects, and they shall be set up and maintained in accordance with the latest procedures approved by the Commissioner.

(b) Each nonprofit corporation shall furnish the Commissioner with financial statements and other reports relating to the operation of the project in such detail and at such times as he may require.

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

(Effective August 18, 1988)

Sec. 8-214d-13. Fiscal compliance and examination

Each nonprofit corporation 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 August 18, 1988)

Sec. 8-214d-14. Conveyance of land or interest in land to a municipality

(a) Immediately following the expiration date of the remedy period for default, the department shall send a notice to the chief executive officer of the municipality where the land is located inquiring whether the municipality is interested in taking title to the land. The notice shall include all pertinent information about the land and any conditions under which the transfer shall take place. The municipality shall have thirty (30) days to respond to the notice. If the municipality fails to respond or responds in the negative, the land shall be retained by the department or declared surplus to the state's needs.

(b) Should the municipality respond in the affirmative, the municipality shall pass a resolution indicating that it will accept title to the property in accordance with Section 8-214d of the general statutes as they may be amended from time to time.

(c) Immediately upon receipt of title to the property either through foreclosure or a voluntary transfer, the commissioner shall request approval from the State Bond Commission to convey title to the municipality.

(d) Upon approval of the State Bond Commission, the commissioner shall convey title to the municipality by quitclaim deed. The transfer shall be subject to a restrictive covenant that ensures compliance with section 8-214d of the general statutes as they may be amended from time to time.

(Adopted effective January 13, 1999)