



General Assembly

**Substitute Bill No. 298**

February Session, 2022



**AN ACT ESTABLISHING THE URBAN HOMEOWNERSHIP LOAN FUND.**

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

1 Section 1. (NEW) (*Effective October 1, 2022*) (a) For purposes of this  
2 section, "qualified census tract" means a census tract so designated by  
3 the Secretary of Housing and Urban Development in accordance with  
4 26 USC 42(d)(5)(B)(ii), and "local community development financial  
5 institution" means an entity that meets the requirements of 12 CFR  
6 1805.201.

7 (b) There is established a loan fund to be known as the "Urban  
8 Homeownership Loan Fund" and to be administered by the Connecticut  
9 Housing Finance Authority. The Connecticut Housing Finance  
10 Authority shall draw on the fund to provide any local community  
11 development financial institution with financial assistance to establish a  
12 local revolving fund managed by such local community development  
13 financial institution for the purpose of providing home loans in  
14 communities containing one or more qualified census tracts.

15 (c) For a period of five years commencing on October 1, 2022, the  
16 Connecticut Housing Finance Authority may draw on the Urban  
17 Homeownership Loan Fund to match any funds committed to any local  
18 revolving fund established by a community development financial  
19 institution under subsection (b) of this section, provided such

20 committed funds are from an entity other than the state.

21 (d) Any community development financial institution that  
22 establishes a local revolving fund under subsection (b) of this section  
23 shall allocate funds from any such revolving fund on a revolving basis,  
24 provided the funds are allocated for residential home purchases or  
25 projects located within qualified census tracts by (1) residents who  
26 reside in such qualified census tract, or (2) community development  
27 corporations located in a municipality containing any such qualified  
28 census tract.

29 (e) The Urban Homeownership Loan Fund may be funded from any  
30 moneys available to the Commissioner of Housing and the authority  
31 may apply for and accept gifts, grants or donations from public or  
32 private sources to enable the authority to carry out the objectives of the  
33 fund. Any portion of the funds contributed by the Commissioner of  
34 Housing or by the state may be used for forgivable loans to cover any  
35 portion of any redevelopment costs that exceed the fair market sale price  
36 of any home purchased by a homeowner in a qualified census tract  
37 utilizing funds made available to such homeowner through a local  
38 revolving fund established under subsection (b) of this section. If a  
39 portion of the loan is forgivable under this subsection, the property  
40 secured by such loan shall be encumbered by a written instrument  
41 containing a restriction requiring the property to be owner-occupied for  
42 a minimum of five years. If such occupancy restriction is violated by the  
43 homeowner, a one-time penalty payable to the issuing community  
44 development financial institution shall apply. Such one-time penalty  
45 shall be equal to: (1) One hundred per cent of the forgiven portion of the  
46 loan for a violation occurring within the first year after the issuance of  
47 the loan, (2) eighty per cent of the forgiven portion of the loan for a  
48 violation occurring within the second year after the issuance of the loan,  
49 (3) sixty per cent of the forgiven portion of the loan for a violation  
50 occurring within the third year after the issuance of the loan, (4) forty  
51 per cent of the forgiven portion of the loan for a violation occurring  
52 within the fourth year after the issuance of the loan, and (5) twenty per

