



**House Bill No. 5240**

**Public Act No. 26-29**

**AN ACT CONCERNING THE DEPARTMENT OF DEVELOPMENTAL SERVICES' RECOMMENDATIONS REGARDING VARIOUS REVISIONS TO DEVELOPMENTAL SERVICES STATUTES.**

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

Section 1. Subsection (c) of section 17a-218 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(c) The commissioner may provide, within available appropriations, subsidies [to] for persons with intellectual disability who are placed in supervised apartments, condominiums or homes which do not receive housing payments under section 17b-244, in order to assist such persons to meet housing costs.

Sec. 2. Section 17a-220 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

As used in this section and sections 17a-221 to 17a-225, inclusive, as amended by this act:

(1) "Borrower" means an organization which has received a loan pursuant to this section and sections 17a-221 to 17a-225, inclusive, as amended by this act;

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(2) "Capital loan agreement" means an agreement, in the form of a written contract, between the department and the organization which sets forth the terms and conditions applicable to the awarding of a community residential facility loan;

(3) "Certification" or "certified" means certification by the Department of Public Health as an intermediate care facility for individuals with intellectual disabilities pursuant to standards set forth in the rules and regulations published in Title 42, Part 442, Subpart G of the Code of Federal Regulations;

(4) "Community-based" means those programs or facilities which are not located on the grounds of, or operated by, the department;

(5) "Community residential facility" means a community-based residential facility which houses up to six persons with intellectual disability or autism spectrum disorder and which provides food, shelter, personal guidance and, to the extent necessary, continuing health-related services and care for persons requiring assistance to live in the community. [ provided any such facilities in operation on July 1, 1985, which house more than six persons with intellectual disability or autism spectrum disorder shall be eligible for loans for rehabilitation under this section and sections 17a-221 to 17a-225, inclusive.] Such facility shall be licensed and may be certified;

(6) "Community Residential Facility Revolving Loan Fund" means the loan fund established pursuant to section 17a-221;

(7) "Default" means the failure of the borrower to observe or perform any covenant or condition under the capital loan agreement and includes the failure to meet any of the conditions specified in section 17a-223, as amended by this act;

(8) "Department" means the Department of Developmental Services;

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(9) ["Loan" means a community residential facilities] "Community residential facility loan" or "loan" means a loan to a community residential facility which shall bear an interest rate to be determined in accordance with subsection (t) of section 3-20, but in no event in excess of six per cent per annum, and is made pursuant to the provisions of this section and sections 17a-221 to 17a-225, inclusive, as amended by this act;

(10) "Licensed" or "licensure" means licensure by the department pursuant to section 17a-227;

(11) "Organization" means a private nonprofit corporation which is (A) tax-exempt under Section 501(c)(3) of the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as from time to time amended, (B) qualified to do business in this state, and (C) applying for a loan under the community residential facility revolving loan program;

[(12) "Rehabilitate" or "rehabilitation" means rehabilitation of a previously existing and operating community residential facility to meet physical plant requirements for licensure, certification or Fire Safety Code compliance or to make energy conservation improvements;]

[(13)] (12) "Renovate" or "renovation" means renovation of a newly acquired residential facility to meet physical plant requirements for licensure, certification or Fire Safety Code compliance or to make energy conservation improvements;

[(14)] (13) "Total property development cost" means the cost of property acquisition, construction [,] or renovation [or rehabilitation] and related development costs which may be capitalized under generally accepted accounting principles, including furnishings and equipment, provided in no case may the total property development

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cost of a residential facility financed pursuant to this section and sections 17a-221 to 17a-225, inclusive, as amended by this act, exceed the total residential development amount approved by the Department of Social Services in accordance with sections 17a-228 and 17b-244, and the regulations adopted thereunder; and

[(15)] (14) "Capital repairs and improvements" means major repairs and improvements to an existing community residential facility to maintain the physical plant and property of such facility, which repairs and improvements are reimbursable under the room and board rates established by the Department of Social Services in accordance with section 17b-244 and may be capitalized in accordance with generally accepted accounting principles.

Sec. 3. Section 17a-222 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) The department may make a community residential facility [loans] loan to [organizations] an organization for [(1)] construction [or purchase and renovation] of a community-based residential [facilities] facility in a principal [amounts] amount up to one hundred per cent of the total property development cost of the project. [or (2) the refinancing of an indebtedness created in December, 1983, which indebtedness is secured by a mortgage on such residential facility in principal amounts up to one hundred per cent of the total indebtedness provided in no case may the total amount of the loan exceed three hundred fifty thousand dollars.]

(b) The department may make a community residential facility loan to an organization for the purchase and renovation of a community residential facility in a principal amount up to one hundred per cent of the total property development cost of the project, provided in no case shall the total amount of renovation costs above the property acquisition cost exceed one hundred thousand dollars.

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[(b) The department may make community residential facility loans to organizations for rehabilitation of community-based residential facilities in principal amounts up to one hundred per cent of the total property development cost of the project provided in no case may the total amount of the loan exceed sixty thousand dollars.]

(c) The portion, if any, of the total property development cost described in subsections (a) and (b) of this section which is to be paid by the organization may come from one or both of the following sources: (1) Actual cash under the control of the organization; or (2) a loan secured by a mortgage on the property, which mortgage may include both the land and the building.

(d) The department may make a community residential facility loans loan to an organizations organization which own or have that owns or has a capital leases lease for an existing community-based community residential facilities facility for rehabilitation and capital repairs and improvements in amounts an amount not less than three thousand dollars and not greater than forty one hundred thousand dollars. Notwithstanding the provisions of section 17a-225, as amended by this act, the department may make loans a loan pursuant to this subsection upon execution of a promissory note equal to the amount of the loan which shall provide for repayment of the loan principal and interest. The term of such loans loan shall be consistent with the reimbursement through the rates established by the Department of Social Services in accordance with section 17b-224.

(e) Any organization that receives a community residential facility loan shall be a licensed or certified provider that owns and operates the community residential facility for the period of the loan.

Sec. 4. Section 17a-223 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

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(a) If the organization is seeking to [purchase and renovate a new community residential facility or to rehabilitate an existing community residential facility, it] obtain a community residential facility loan pursuant to section 17a-222, as amended by this act, it shall provide documentation to the department, including, but not limited to: (1) An independent appraisal by a state certified real estate appraiser; and (2) a structural survey of the home by a state licensed engineer. The department shall not provide community residential facility loan funds for the purchase of a residential facility in principal amounts which are in excess of its appraised value and shall not provide such loan funds for renovation [or rehabilitation] in principal amounts which are in excess of actual and reasonable cost as defined in department standards.

(b) The borrower shall sign a capital loan agreement in which it agrees to meet all existing department guidelines for use of community residential facility loan funds and to use such loan funds exclusively for the purchase and renovation of property, construction [, renovation or rehabilitation] or capital repairs and improvements of a community residential facility as approved by the department.

(c) The borrower shall agree to maintain the facility as a licensed or certified community residential facility for a period equal to the amortization period of the loan. The minimum such obligation shall be five years and the maximum such obligation shall be thirty years.

(d) If the borrower receives a loan equal to one hundred per cent of the total property development cost of a new community residential facility, it shall agree to reserve one hundred per cent of the maximum number of beds in the funded community residential facility for department referrals from state institutions and waiting lists until such time as the department determines this no longer to be necessary. If the borrower receives a loan which provides less than one hundred per cent of the total property development cost of a new community residential facility, it shall agree to reserve not less than two-thirds of the maximum

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number of beds in the funded community residential facility for department referrals from state institutions and waiting lists until such time as the department determines this no longer to be necessary. The department may establish priorities for the development of new community residential facilities serving persons with specialized needs and may give preference in funding to applications addressing such needs.

(e) The borrower shall provide the department with a promissory note equal to the amount of the loan which shall provide for repayment of the loan principal and interest within a period not to exceed thirty years and a mortgage deed as security for the loan. Such mortgage may be subordinate to a first mortgage interest in the property given by the organization for the purpose of developing such property, provided that the total of both mortgage interests shall not exceed the limit of total property development cost as set forth in section 17a-220, as amended by this act. The department shall file a lien against the title of the property for which community residential facility loan funds are expended.

(f) The capital loan agreement shall require the borrower to make periodic payments of principal and interest to the department which payments shall be deposited in the Community Residential Facility Revolving Loan Fund.

(g) In the event of a default or if the capital loan agreement is terminated prior to the borrower's having satisfied its obligations under said agreement, the department shall require the return to the Community Residential Facility Revolving Loan Fund of the outstanding amount of the loan and may foreclose on its mortgage in accordance with the provisions of chapter 49.

(h) In the event that the borrower's license to operate the community residential facility is terminated by the department for cause, the

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department may bring an action to place the facility into receivership pursuant to sections 17a-231 to 17a-237, inclusive, may contract with a private nonprofit corporation to operate the facility or may operate the facility with department staff until such license is restored. If such license is not restored within one year, this shall constitute a default and the department may pursue the remedies provided in this subsection.

Sec. 5. Section 17a-225 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) 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 six million dollars.

(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 for the purposes of sections 17a-220 to [17a-224] 17a-223, inclusive, as amended by this act.

(c) All provisions of section 3-20, or the exercise of any right or power granted thereby which are not inconsistent with the provisions of sections 17a-220 to [17a-224] 17a-223, inclusive, as amended by this act, are hereby adopted and shall apply to all bonds authorized by the State Bond Commission pursuant to said sections, 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 Commissioner of Developmental Services and states such terms and conditions as said commission, in its

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discretion, may require. Said bonds issued pursuant to sections 17a-220 to [17a-224] 17a-223, inclusive, as amended by this act, 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 Treasurer shall pay such principal and interest as the same become due.

Sec. 6. Section 17a-224 of the general statutes is repealed. (*Effective from passage*)