



House of Representatives

General Assembly

File No. 40

February Session, 2026

House Bill No. 5240

House of Representatives, March 17, 2026

The Committee on Public Health reported through REP. MCCARTHY VAHEY of the 133rd Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

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:

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2 repealed and the following is substituted in lieu thereof (*Effective from*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

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

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 Section 17a-220 of the general statutes is repealed and the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

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

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

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

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

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

27 (5) "Community residential facility" means a community-based
28 residential facility which houses up to six persons with intellectual
29 disability or autism spectrum disorder and which provides food,
30 shelter, personal guidance and, to the extent necessary, continuing
31 health-related services and care for persons requiring assistance to live
32 in the community. [, provided any such facilities in operation on July 1,
33 1985, which house more than six persons with intellectual disability or
34 autism spectrum disorder shall be eligible for loans for rehabilitation
35 under this section and sections 17a-221 to 17a-225, inclusive.] Such
36 facility shall be licensed and may be certified;

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

39 (7) "Default" means the failure of the borrower to observe or perform
40 any covenant or condition under the capital loan agreement and
41 includes the failure to meet any of the conditions specified in section
42 17a-223, as amended by this act;

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

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

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

53 (11) "Organization" means a private nonprofit corporation which is
54 (A) tax-exempt under Section 501(c)(3) of the Internal Revenue Code of
55 1986, or any subsequent corresponding internal revenue code of the
56 United States, as from time to time amended, (B) qualified to do business
57 in this state, and (C) applying for a loan under the community
58 residential facility revolving loan program;

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

64 [(13)] (12) "Renovate" or "renovation" means renovation of a newly
65 acquired residential facility to meet physical plant requirements for
66 licensure, certification or Fire Safety Code compliance or to make energy
67 conservation improvements;

68 [(14)] (13) "Total property development cost" means the cost of
69 property acquisition, construction [] or renovation [or rehabilitation]
70 and related development costs which may be capitalized under
71 generally accepted accounting principles, including furnishings and
72 equipment, provided in no case may the total property development
73 cost of a residential facility financed pursuant to this section and
74 sections 17a-221 to 17a-225, inclusive, as amended by this act, exceed the
75 total residential development amount approved by the Department of

76 Social Services in accordance with sections 17a-228 and 17b-244, and the
77 regulations adopted thereunder; and

78 [(15)] (14) "Capital repairs and improvements" means major repairs
79 and improvements to an existing community residential facility to
80 maintain the physical plant and property of such facility, which repairs
81 and improvements are reimbursable under the room and board rates
82 established by the Department of Social Services in accordance with
83 section 17b-244 and may be capitalized in accordance with generally
84 accepted accounting principles.

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

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

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

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

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

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

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

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

132 (a) If the organization is seeking to [purchase and renovate a new
133 community residential facility or to rehabilitate an existing community
134 residential facility, it] obtain a community residential facility loan
135 pursuant to section 17a-222, as amended by this act, it shall provide
136 documentation to the department, including, but not limited to: (1) An
137 independent appraisal by a state certified real estate appraiser; and (2)
138 a structural survey of the home by a state licensed engineer. The
139 department shall not provide community residential facility loan funds
140 for the purchase of a residential facility in principal amounts which are

141 in excess of its appraised value and shall not provide such loan funds
142 for renovation [or rehabilitation] in principal amounts which are in
143 excess of actual and reasonable cost as defined in department standards.

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

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

154 (d) If the borrower receives a loan equal to one hundred per cent of
155 the total property development cost of a new community residential
156 facility, it shall agree to reserve one hundred per cent of the maximum
157 number of beds in the funded community residential facility for
158 department referrals from state institutions and waiting lists until such
159 time as the department determines this no longer to be necessary. If the
160 borrower receives a loan which provides less than one hundred per cent
161 of the total property development cost of a new community residential
162 facility, it shall agree to reserve not less than two-thirds of the maximum
163 number of beds in the funded community residential facility for
164 department referrals from state institutions and waiting lists until such
165 time as the department determines this no longer to be necessary. The
166 department may establish priorities for the development of new
167 community residential facilities serving persons with specialized needs
168 and may give preference in funding to applications addressing such
169 needs.

170 (e) The borrower shall provide the department with a promissory
171 note equal to the amount of the loan which shall provide for repayment
172 of the loan principal and interest within a period not to exceed thirty
173 years and a mortgage deed as security for the loan. Such mortgage may

174 be subordinate to a first mortgage interest in the property given by the
175 organization for the purpose of developing such property, provided
176 that the total of both mortgage interests shall not exceed the limit of total
177 property development cost as set forth in section 17a-220, as amended
178 by this act. The department shall file a lien against the title of the
179 property for which community residential facility loan funds are
180 expended.

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

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

191 (h) In the event that the borrower's license to operate the community
192 residential facility is terminated by the department for cause, the
193 department may bring an action to place the facility into receivership
194 pursuant to sections 17a-231 to 17a-237, inclusive, may contract with a
195 private nonprofit corporation to operate the facility or may operate the
196 facility with department staff until such license is restored. If such
197 license is not restored within one year, this shall constitute a default and
198 the department may pursue the remedies provided in this subsection.

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

201 (a) The State Bond Commission shall have the power, from time to
202 time to authorize the issuance of bonds of the state in one or more series
203 and in principal amounts not exceeding in the aggregate six million
204 dollars.

205 (b) The proceeds of the sale of said bonds, to the extent of the amount
206 stated in subsection (a) of this section, shall be used for the purposes of
207 sections 17a-220 to [17a-224] 17a-223, inclusive, as amended by this act.

208 (c) All provisions of section 3-20, or the exercise of any right or power
209 granted thereby which are not inconsistent with the provisions of
210 sections 17a-220 to [17a-224] 17a-223, inclusive, as amended by this act,
211 are hereby adopted and shall apply to all bonds authorized by the State
212 Bond Commission pursuant to said sections, and temporary notes in
213 anticipation of the money to be derived from the sale of any such bonds
214 so authorized may be issued in accordance with said section 3-20 and
215 from time to time renewed. Such bonds shall mature at such time or
216 times not exceeding twenty years from their respective dates as may be
217 provided in or pursuant to the resolution or resolutions of the State
218 Bond Commission authorizing such bonds. None of said bonds shall be
219 authorized except upon a finding by the State Bond Commission that
220 there has been filed with it a request for such authorization, which is
221 signed by or on behalf of the Commissioner of Developmental Services
222 and states such terms and conditions as said commission, in its
223 discretion, may require. Said bonds issued pursuant to sections 17a-220
224 to [17a-224] 17a-223, inclusive, as amended by this act, shall be general
225 obligations of the state and the full faith and credit of the state of
226 Connecticut are pledged for the payment of the principal of and interest
227 on said bonds as the same become due, and accordingly and as part of
228 the contract of the state with the holders of said bonds, appropriation of
229 all amounts necessary for punctual payment of such principal and
230 interest is hereby made, and the Treasurer shall pay such principal and
231 interest as the same become due.

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

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	17a-218(c)
Sec. 2	<i>from passage</i>	17a-220

Sec. 3	<i>from passage</i>	17a-222
Sec. 4	<i>from passage</i>	17a-223
Sec. 5	<i>from passage</i>	17a-225
Sec. 6	<i>from passage</i>	Repealer section

PH *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note**State Impact:** None**Municipal Impact:** None**Explanation**

The bill makes technical, clarifying, and conforming changes that do not result in a fiscal impact.

The Out Years**State Impact:** None**Municipal Impact:** None

OLR Bill Analysis**HB 5240*****AN ACT CONCERNING THE DEPARTMENT OF DEVELOPMENTAL SERVICES' RECOMMENDATIONS REGARDING VARIOUS REVISIONS TO DEVELOPMENTAL SERVICES STATUTES.*****SUMMARY**

This bill makes various changes to Department of Developmental Services (DDS)-related statutes. First, it allows DDS to make payments directly to landlords for people with intellectual disability who participate in the department's Community-Based Housing Subsidy Program (see BACKGROUND)(§ 1). Under current law, DDS may only pay program participants directly.

Second, the bill modifies the DDS Community Residential Facility Revolving Loan Fund Program, which issues loans related to community-based residential facilities for people with intellectual disabilities or autism spectrum disorder. Principally, the bill:

1. makes several changes to the size and scope of eligible loan projects, such as increasing the maximum loan amount for capital repair and improvement projects and eliminating rehabilitation projects from the program (§ 3);
2. requires loan recipients to be licensed or certified providers that own or operate the community residential facility for the loan's duration (§ 3); and
3. specifies that DDS may require organizations seeking a loan to submit additional documentation (§ 4).

The bill also conforms to current practice by repealing provisions allowing DDS to administer the program through a (1) contract with a statewide private nonprofit housing development corporation or (2)

memorandum of understanding with the Connecticut Housing Finance Authority (§ 6). (DDS has solely administered the program for over 50 years.)

Lastly, the bill makes technical and conforming changes, including eliminating obsolete provisions.

EFFECTIVE DATE: Upon passage

COMMUNITY RESIDENTIAL FACILITY REVOLVING LOAN FUND PROGRAM

Under current law, DDS uses the Community Residential Facility Revolving Loan Fund to issue loans at up to 6% annual interest to private, nonprofit organizations to construct, purchase, renovate, rehabilitate, or make capital repairs and improvements to certain community-based residential facilities. Eligible facilities are those housing up to six people with intellectual disability or autism spectrum disorder and providing food, shelter, personal guidance, and necessary continuing health care.

Construction and Purchase and Renovation Loans

Under existing law and the bill, DDS may issue loans to organizations to construct or purchase and renovate community-based residential facilities in amounts up to 100% of projects' total property development cost. However, for purchase and renovation projects, the bill adds a restriction that prohibits their total renovation costs from being over \$100,000 above the cost to acquire the property.

Loans for Rehabilitation and Capital Repairs and Improvements

Current law allows DDS to issue loans of \$3,000 to \$40,000 to organizations that own or have capital leases for existing community-based residential facilities for rehabilitation and capital repairs and improvements. The bill eliminates the allowance for rehabilitation projects and increases the maximum loan amount for capital repairs and improvements to \$100,000. It also eliminates (1) a separate allowance for DDS to issue loans of up to \$60,000 that cover up to 100% of a project's total property development costs to rehabilitate a facility and (2) the

statutory definition of “rehabilitation” for purposes of the revolving loan program.

Documentation

By law, an organization seeking a loan under the program must give DDS an independent appraisal by a state-certified real estate appraiser and a structural survey of the home by a state-licensed engineer. The bill specifies that DDS may require organizations to submit additional documentation.

BACKGROUND

DDS Community-Based Housing Subsidy Program

By law, this program provides rental subsidies to people with intellectual disability who receive residential services from DDS but whose current services or income do not cover their housing costs. Participants must rent or lease their own eligible apartment, condominium, or home in the community and not have other funding options to pay their monthly housing costs (e.g., HUD Section 8 Certificate vouchers or Connecticut Rental Assistance Program vouchers).

COMMITTEE ACTION

Public Health Committee

Joint Favorable

Yea 31 Nay 0 (03/03/2026)