



STATE-SPONSORED HOMEBUYER ASSISTANCE PROGRAMS

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CHFA

The Connecticut Housing Finance Authority (CHFA) is a quasi-public housing finance agency responsible for expanding affordable housing opportunities for low- and moderate-income individuals and families. In addition to administering homebuyer assistance programs, CHFA provides (1) temporary mortgage assistance, (2) foreclosure prevention counseling, (3) homebuyer education classes, and (4) financing to affordable or mixed-income rental housing developers ([CGS § 8-241](#) et seq.).

CHFA's programs are generally funded by the bonds it issues and interest it earns on its loans and investments. It also receives general obligation bonds to support programs it administers on the state's behalf.

ISSUE

Briefly describe the state's homebuyer financial assistance programs.

SUMMARY

The state, through the Connecticut Housing Finance Authority (CHFA), administers 13 financial assistance programs for homebuyers. These programs offer mortgages at below-market interest rates to homebuyers; interest rates vary among programs and with market changes. Some programs, such as the HFA Preferred™ Loan Program and Downpayment Assistance Program, also provide reduced mortgage insurance premiums or downpayment assistance. Eligible buyers can use the programs to finance the purchase of one-to-four family residences and units in certain condominium complexes and planned unit developments. Generally, to participate in CHFA homebuyer programs, an individual must meet certain income and sales price limits and (1) be a first-time buyer or (2) purchase a house in an area targeted for revitalization. Some of the programs are open only to certain populations, for example people with disabilities, public housing tenants, or veterans.

CHFA'S HOMEBUYER PROGRAMS

Table 1 briefly summarizes each CHFA homebuyer program and its eligibility criteria. With three exceptions, the programs are open only to first-time buyers and individuals purchasing a house in federally-targeted areas. For the purposes of CHFA programs, first-time buyers are those who have (1) never purchased a house

or (2) not had an ownership interest in a principal residence for the past three years. The [federally-targeted areas](#) are those areas that the federal government designates as likely to benefit from increased homeownership. These areas encompass entire municipalities and certain census tracts within other municipalities.

Additionally, CHFA establishes [standard income limits](#) applicable to many of its homebuyer programs. The income limits vary by municipality and household size, ranging from \$86,300 for a one or two person household to \$170,800 for a household of three or more. Certain programs, such as the Home of Your Own Mortgage Program, have limits above or below these limits, as Table 1 indicates. The standard income limits generally do not apply when a buyer purchases a house in a targeted area. CHFA's [sales price limits](#) apply to all of its homebuyer programs and range from \$274,500 to \$719,125.

Table 1: CHFA's Homebuyer Programs

Program	Description	Reserved for first-time buyers or those buying in targeted area?	Income Limits
Downpayment Assistance Program (DAP)	Below-market interest rate second mortgages for down payment and/or closing costs Used in conjunction with CHFA's first mortgage programs	No, open to eligible CHFA borrowers	Standard income limits
FHA 203(k) and 203(k) Streamline Rehabilitation Mortgage Programs	Below-market interest rate mortgages for buyers purchasing a house that needs repairs (mortgage covers purchase and cost of repairs)	✓	Standard income limits, but not in targeted areas unless the buyer also uses DAP
HFA Preferred™ Loan Program	Below-market interest rate mortgages and reduced mortgage insurance premiums	✓	Standard income limits
Home of Your Own Mortgage Program	Below-market interest rate mortgages for buyers with disabilities	✓	Program specific income limits of \$89,200 for 1-2 person households or \$102,580 for 3+ person households
Homebuyer Mortgage Program	Below-market interest rate mortgages (CHFA's general purpose mortgage program)	✓	Standard income limits, but not in targeted areas unless the buyer also uses DAP
Homeowner's Equity Recovery Opportunity (HERO) Program	Below-market interest rate mortgages for buyers purchasing a house that is (1) foreclosed, (2) abandoned, (3) conveyed by deed in lieu, or (4) a short sale If the house needs repairs, buyer may participate in the HERO program in conjunction with CHFA's rehabilitation mortgage programs	No, open to first-time buyers and existing homeowners	No limits, unless using DAP
Homeownership Mortgage Program	Below-market interest rate mortgages for publicly-assisted housing tenants	✓	Program specific income limits of \$89,200 for 1-2 person households or \$102,580 for 3+ person households

Table 1 (continued)

Program	Description	Reserved for first-time buyers or those buying in targeted area?	Income Limits
Military Homeownership Program	Below-market interest rate mortgages for U.S. military members, National Guard members, veterans, and certain widowed military spouses or civil union partners	✓ (Additionally, previous homeowners eligible if prior house qualifies for an exemption under the Tax Relief and Health Care Act of 2006)	Standard income limits, but not in targeted areas unless the buyer also uses DAP
Mobile/Manufactured Home Mortgage Program	Below-market interest rate mortgages to people purchasing a mobile manufactured house in state-licensed park	✓	Standard income limits
Police Homeownership Program	Below-market interest rate mortgages for municipal and state police officers purchasing homes in participating towns	✓	Standard income limits, but not in targeted areas unless the buyer also uses DAP
Section 8 Housing Choice Voucher Homeownership Mortgage Program	Below-market interest rate mortgages for Section 8 Housing Choice Voucher tenants, tenants may use their voucher toward monthly mortgage payments	✓	Program specific income limits of \$89,200 for 1-2 person households or \$102,580 for 3+ person households
Teachers Mortgage Assistance Program	Below-market interest rate mortgages for Connecticut public school and vocational-technical teachers (1) purchasing a house in a state-designated priority or transitional district or (2) certified in and intending to teach in state-designated academic discipline shortage areas	✓	Standard income limits, but not in targeted areas unless the buyer also uses DAP
Veterans Homeownership Pilot Program	Below-market interest rate mortgages and 0% interest rate down payment assistance loans for U.S. military veterans	✓	Standard income limits, but not in targeted areas unless the buyer also uses DAP

Source: CHFA

HYPERLINKS

CHFA's Homebuyer Programs:

<http://www.chfa.org/Homeownership/for%20Homebuyers/default.aspx> (last visited 25 February 2015)

CHFA's Sales Price Limits:

<http://www.chfa.org/Homeownership/for%20Homebuyers/Tools%20Calculators%20and%20Look-ups/SalesPriceLimits.aspx> (last visited 25 February 2015)

CHFA's Standard Income Limits:

<http://www.chfa.org/Homeownership/for%20Homebuyers/Tools%20Calculators%20and%20Look-ups/IncomeLimits.aspx> (last visited 25 February 2015)

CHFA's list of Targeted Areas:

<http://www.chfa.org/Homeownership/for%20Homebuyers/Tools%20Calculators%20and%20Look-ups/TargetedAreas.aspx> (last visited 25 February 2015)

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