

State-Sponsored First-Time Homebuyer Assistance Programs

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Issue

Briefly describe the state's homebuyer financial assistance programs, particularly for first-time homebuyers. This report updates OLR Report [2015-R-0054](#). **This report has been updated by OLR Report [2023-R-0268](#).**

Summary

The state administers 11 financial assistance programs for homebuyers through the Connecticut Housing Finance Authority (CHFA). Ten of the programs are reserved primarily for first-time homebuyers. These programs offer mortgages at below-market interest rates to homebuyers through the issuance of tax exempt bonds; interest rates vary among programs and are subject to market conditions. Some programs also provide lower mortgage insurance premiums and down payment assistance, such as the HFA Preferred™ Loan Program and Downpayment Assistance Program, respectively. 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. In addition, some of the programs offer additional interest rate reductions but are open only to certain populations (e.g., people with disabilities, public housing tenants, or veterans).

CHFA's Homebuyer Programs

Table 1 briefly summarizes each CHFA homebuyer program and its eligibility criteria. In general, the programs are open only to (1) first-time buyers or (2) individuals purchasing a house in federally targeted areas.

For the purposes of CHFA programs, first-time buyers are those who have never purchased a house or 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. They encompass entire municipalities and certain census tracts within other municipalities.

Additionally, the U.S. Treasury establishes [income and sales price limits](#) applicable to CHFA homebuyer programs. These limits are adjusted on an annual basis. A borrower's income must be within the income limits and the home he or she wants to purchase must be within the sales price limit.

The [income limits](#) vary by municipality and household size, generally ranging from \$96,300 for a one or two person household to \$188,860 for a household of three or more. The required income limits generally do not apply when a buyer purchases a house in a targeted area. The [sales price limits](#) apply to all CHFA homebuyer programs and vary by municipality, ranging from \$271,600 to \$676,820.

Table 1: CHFA's Homebuyer Programs

Program	Description	Specifically for first-time buyers?	Exception for non first-time buyers in a targeted area?	Income Limits
Downpayment Assistance Program (DAP)	Below-market interest rate second mortgages for down payment; Used in conjunction with CHFA's first mortgage programs	No, open to eligible CHFA borrowers	N/A, open to eligible CHFA borrowers	Based on location
FHA 203(k) and 203(k) Streamline Rehabilitation Mortgage Programs	Below-market interest rate government insured mortgages for buyers purchasing a house that needs repairs (mortgage covers purchase and cost of repairs)	✓	✓	Based on location, but not in targeted areas unless the buyer also uses DAP
HFA Preferred™ Loan Program	Below-market interest rate Fannie Mae guaranteed mortgages and lower mortgage insurance premiums	✓	✓	Based on location
HFA Advantage® Loan Program	Below-market interest rate Freddie Mac guaranteed mortgages and lower mortgage insurance premiums	✓	✓	Based on location
Home of Your Own Mortgage Program	Below-market interest rate mortgages for buyers with disabilities	✓	✓	Based on the state income limits of \$96,300 for 1-2 person households or \$110,745 for 3+ person households
Homebuyer Mortgage Program	Below-market interest rate government insured mortgages (CHFA's general purpose mortgage program)	✓	✓	Based on location, but not in targeted areas unless the buyer also uses DAP
Homeownership Mortgage Program	Below-market interest rate mortgages for publicly-assisted housing tenants	✓	✓	Based on the state income limits of \$96,300 for 1-2 person households or \$110,745 for 3+ person households
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. Veterans may be eligible for a first-time homebuyer rule exemption.	✓	✓	Based on location, but not in targeted areas unless the buyer also uses DAP

Program	Description	Specifically for first-time buyers?	Exception for non first-time buyers in a targeted area?	Income Limits
Mobile/Manufactured Home Mortgage Program	Below-market interest rate mortgages to people purchasing a mobile manufactured house in state-licensed park	✓	✓	Based on location
Police Homeownership Program	Below-market interest rate mortgages for municipal and state police officers purchasing homes in participating towns	✓	✓	Based on location, but not in targeted areas unless the buyer also uses DAP
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	✓	✓	Based on location, but not in targeted areas unless the buyer also uses DAP

Source: CHFA

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