

Banking Committee JOINT FAVORABLE REPORT

Bill No.: HB-6494

AN ACT CONCERNING THE DOWN PAYMENT ASSISTANCE PROGRAM AND

Title: AFFORDABILITY INCENTIVE ZONES.

Vote Date: 3/17/2021

Vote Action: JOINT FAVORABLE Substitute

PH Date: 3/2/2021

File No.: 242

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SPONSORS OF BILL:

Banking Committee

REASONS FOR BILL:

This bill is established to do three things. First to require the Connecticut Housing Finance Authority to determine certain guidelines for the down payment assistance program. Second, the bill will allow the Connecticut Housing Finance Authority to determine affordability incentive zones within the down payment assistance program. Lastly, this bill will clarify that the loans issued under the down payment assistance program will include reasonable closing costs for the purchase of a dwelling. Each of these factors and pieces of the bill will assist in establishing guidelines, zones, and rules for the down payment assistance program as well as affordability incentive zones.

RESPONSE FROM ADMINISTRATION/AGENCY:

Nandini Natarajan, Chief Executive Officer and Executive Director, Connecticut Housing Finance Authority: In a public hearing testimony, they expressed concerns about certain unintended consequences of the bill's text, as well as some potential adverse impacts on people they seek to serve. They are concerned that, first CHFA will be prohibited from refusing an application for a DAP loan based on someone's credit score. Second, they are afraid CHFA will have to cover all closing costs if requested by the borrower with the language currently presented. Third, they disagree with the decision to prohibit CHFA from deferring payments on the principal of DAP loans.

NATURE AND SOURCES OF SUPPORT:

Betsy Gara, Executive Director, Connecticut Council of Small Towns: Ms. Gara wrote a public hearing testimony with her belief that this bill would help address the racial disparities by promoting greater housing choice and economic diversity.

Jeff Gentes, Manager of the Fair Lending and Foreclosure Prevention Work, Connecticut Fair Housing Center: Mr. Gentes wrote a public hearing testimony to display his beliefs that this bill would expand first-time homebuyer opportunities to more communities.

NATURE AND SOURCES OF OPPOSITION:

None Expressed

Reported by: Courtney Berry / Dawn Marzik

Date: 3/24/2021