



**STATEMENT OF NANDINI NATARAJAN
CHIEF EXECUTIVE OFFICER-EXECUTIVE DIRECTOR
CONNECTICUT HOUSING FINANCE AUTHORITY
ON MARCH 22, 2021**

**TESTIMONY BEFORE THE PLANNING AND DEVELOPMENT COMMITTEE
ON HOUSE BILL NO. 6646
AN ACT CONCERNING CRUMBLING CONCRETE FOUNDATIONS**

Senator Cassano, Representative McCarthy Vahey, Senator Hwang, Representative Zullo and members of the Planning and Development Committee. I am Nandini Natarajan, the Chief Executive Officer-Executive Director of the Connecticut Housing Finance Authority (CHFA). Thank you for the opportunity to provide testimony on House Bill No. 6646, *AN ACT CONCERNING CRUMBLING CONCRETE FOUNDATIONS*.

CHFA was created in 1969 by the State Legislature to help alleviate the shortage of affordable housing for low- and moderate-income families and persons in Connecticut. We are a quasi-public authority that issues our own federally tax-exempt mortgage revenue bonds to fulfill this statutory mission. The proceeds from these bonds are in turn used to finance affordable mortgages for low- and moderate-income, first-time homebuyers and to fund the construction, renovation, and extended affordability of rental apartments.

House Bill 6646 would authorize CHFA to issue up to \$100 in million in revenue bonds to make loans to the captive insurance company that is charged with adjusting and paying claims for the rebuilding of pyrrhotite-affected home foundations in the state. To secure repayment of the bonds, a substantial portion of a surcharge placed on homeowners' insurance policies would be directed to CHFA.

While CHFA commends the committee's efforts to assist those with pyrrhotite-affected foundations, we question whether the approach laid out in House Bill 6646 is the best, or even a viable, solution. In fact, it is doubtful that such a bond offering is allowable under current, applicable law. Frankly, CHFA's issuance of a revenue bond to capitalize another entity, in the way this bill contemplates, would be an unprecedented approach for our organization.

Regardless of these important legal questions, we fear that the proposal in House Bill 6646 might not be an efficient use of the surcharge dollars that the state collects. We are skeptical that the bonds will qualify for tax-exempt status. If the bonds are taxable, they will bear a

materially higher interest rate, meaning that the issuance will raise less money for loans to the captive that can be used to assist impacted homeowners. As a result, this arrangement may not be the best way to stretch the dollars that the state raises through the surcharge.

Given our serious concerns with the House Bill 6646 as drafted, we ask that the committee convene the various relevant stakeholders to discuss whether there is a better solution to help those homeowners impacted by pyrrhotite-affected foundations. Thank you for your time and consideration, and we look forward to discussing this matter with you over the coming weeks.