

OFFICE OF FISCAL ANALYSIS

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sHB-6688

AN ACT CONCERNING MORTGAGES, THE RESIDENTIAL HEATING EQUIPMENT FINANCING PROGRAM, THE CONNECTICUT HOUSING FINANCE AUTHORITY AND MOBILE MANUFACTURED HOMES.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 24 \$	FY 25 \$
Banking Dept.	BF - Cost	Less than \$30,000	None
CHFA	Resources of CHFA - Potential Cost	See Below	See Below
Treasurer, Debt Serv.	GF - Potential Cost	See Below	See Below

Note: BF=Banking Fund; GF=General Fund

Municipal Impact: None

Explanation

The bill makes changes pertaining to housing-related financing that result in the fiscal impacts described by the section below.

Sections 1-3 make certain requirements of mortgagees, not anticipated to result in a fiscal impact to the state or municipalities.

Section 4 has no fiscal impact as it expands the types of devices that can be used within the existing energy savings infrastructure program to include geothermal heating and cooling systems and heat pump dryers.

Sections 5-7 make changes to the Down Payment Assistance

Program and related programs that could result in increased or more rapid use of previously-authorized bond funds.¹ DAP is funded through the Connecticut Housing Finance Authority's (CHFA) resources and may be recapitalized through General Obligation (GO) bond funds. Future General Fund debt service costs may be incurred sooner under the bill to the degree that it causes authorized GO bond funds to be expended or to be expended more rapidly than they otherwise would have been.

As of March 1, 2023, there is an unallocated bond balance of \$9 million available under the relevant authorization. The bill does not change GO bond authorizations relevant to the program.

These sections also result in potential administrative costs to CHFA associated with (1) operating the rehabilitation loan pilot program for one-to-four family owner-occupied homes, which would require contracting with a vendor, and (2) operating the small multifamily lending program.²

Section 8 requires a joint study by the Departments of Banking and Housing, for which the Department of Banking would need to hire a consultant. This results in a one-time cost of less than \$30,000 in FY 24.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to the use of previously-authorized bond funds for the bill's new provisions.

¹Section 5 requires CHFA to establish a "time to own" down payment assistance program. While CHFA currently operates a very similar program, the bill's program would be different because the current program operates under the laws governing the Housing Trust Fund.

² CHFA is a quasi-public authority that issues its own federally tax-exempt and taxable mortgage revenue bonds. The authority pays its operating expenses using funds derived from the excess of interest income from loans over bond interest expenses.