

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.

As Amended by House "A" (LCO 7191)

House Calendar No.: 146

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 24 \$	FY 25 \$
CHFA	Resources of CHFA - Potential Cost	See Below	See Below
Treasurer, Debt Serv.	GF - Potential Cost	See Below	See Below

Note: GF=General Fund

Municipal Impact: None

Explanation

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

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 5-9 make changes to the Down Payment Assistance Program (DAP) and establish a small multifamily lending program,

both administered by the Connecticut Housing Finance Authority (CHFA). These sections could result in increased or more rapid use of previously-authorized bond funds. DAP is funded through CHFA's 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 for DAP. The bill does not change any GO bond authorizations.

These sections also result in potential administrative costs to CHFA associated with operating the small multifamily lending program.¹

Section 10 establishes a working group to study ways to provide greater access to loans for homeownership of mobile manufactured homes. This has no fiscal impact as the working group is anticipated to have sufficient expertise to meet the bill's requirements.

House "A" replaces provisions requiring the Departments of Banking and Housing to conduct a study with new provisions establishing a working group, which removes a cost of less than \$30,000 in FY 24 to the Department of Banking. The amendment also makes various other changes by striking the underlying bill, resulting in the fiscal impact above.

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.

¹ 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.