

OFFICE OF FISCAL ANALYSIS

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SB-988

AN ACT CONCERNING THE PURCHASE OF A MOBILE MANUFACTURED HOME PARK BY ITS RESIDENTS. AMENDMENT

LCO No.: 8550

File Copy No.: 194

Senate Calendar No.: 134

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 24 \$	FY 25 \$
Department of Revenue Services	GF - Revenue Loss	Potential	Potential
CHFA	Resources of CHFA - Potential Cost	See Below	See Below
Various State Agencies	GF - Potential Cost	See Below	See Below

Note: GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 24 \$	FY 25 \$
Various Municipalities	Potential Cost	See Below	See Below

Explanation

The amendment strikes the underlying bill and its associated fiscal impact, resulting in the fiscal impact described below.

The amendment results in potential costs to the resources of the Connecticut Housing Finance Authority (CHFA) associated with developing financing for more mobile manufactured home park resident associations (“associations”) to purchase their park, to the extent more associations request such assistance and take advantage of

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CHFA's program.¹ The amendment also results in a potential General Fund revenue loss beginning in FY 24 and could result in additional expenditures by various municipalities or state agencies in certain circumstances beginning in FY 24. For reference, in FY 22 there were 192 applications filed with the Department of Consumer Protection for either a new mobile park license or the annual license renewal.

Under current law, if a park owner plans to discontinue use of a park, an association can receive: (1) technical assistance from the Department of Housing (DOH) and (2) assistance financing the purchase through the CHFA's Mobile Manufactured Home Parks Acquisition Program ("program").² The program is new and has yet to be used.

Section 2, among other things, expands the circumstances under which DOH and CHFA are required to assist an association in developing financing for the purchase of their park. The technical assistance provided by DOH staff could be provided to a reasonable number of additional associations at no additional cost. It is anticipated that CHFA's existing program could be expanded under the amendment, which could result in increased costs for CHFA to the extent the program is utilized.

The program is funded within CHFA's resources, which include a combination of tax-exempt private activity bonds and taxable market-rate bonds. To the extent the expanded program extends the uses of CHFA's resources, there is some possibility of either reduced use of such resources for existing programs or of greater reliance on taxable bonds to increase overall resources available for CHFA's programs. Borrowing through the use of taxable bonds is typically slightly more expensive than the issuance of tax-exempt bonds - it is anticipated that any increase in borrowing costs to CHFA from additional use of taxable

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.

² Connecticut Housing Finance Authority, August 2022, [Mobile Manufactured Home Parks Acquisition Program Guideline](#)

bonds would be passed on to residents' associations.

Other mortgage assistance programs administered by CHFA have been supported by General Obligation (GO) bonds. The amendment does not authorize new GO bond authorizations for this program, nor expand a GO bond-funded program so no change in General Fund debt service is anticipated from the bill.

Section 2 also allows an association of residents that meet certain criteria to assign rights to: (1) a municipality in which the association is located, (2) a housing authority in the municipality, (3) a state agency, or (4) a non-profit organization, for the purpose of continuing the use of the property as a mobile manufactured home park. To the extent a municipality (or housing authority on behalf of a municipality) or state agency assumes the rights of an association of residents under this provision and chooses to exercise the assigned rights, various municipalities or agencies, respectively, could incur costs associated with purchasing a mobile manufactured home park beginning in FY 24.

Section 3 exempts certain mobile manufactured home park sales from part of the state real estate conveyance tax, resulting in a potential General Fund revenue loss beginning in FY 24. The magnitude of the revenue loss is dependent on: (1) the existence and number of exempt conveyances, and (2) the value of the property conveyed.

The preceding Fiscal Impact statement is prepared for the benefit of the members of the General Assembly, solely for the purposes of information, summarization and explanation and does not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.