

## CHFA First-Time Homebuyer Programs

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October 30, 2023 | 2023-R-0268

### Issue

Briefly describe the Connecticut Housing Finance Authority's (CHFA) homebuyer financial assistance programs, particularly for first-time homebuyers. This report updates OLR Report [2019-R-0037](#).

### Summary

CHFA administers 12 financial assistance programs generally for first-time homebuyers. These programs offer down payment and closing cost assistance to homebuyers, as well as mortgages at [below-market interest rates](#) through the issuance of tax-exempt bonds. Interest rates vary among programs and are subject to market conditions. CHFA's conventional loan programs also reduce the cost of mortgage insurance premiums for homebuyers with incomes at or below 80% of the area median income. Eligible homebuyers can use the programs to finance the purchase of one-to-four family residences and units in certain condominium complexes and planned unit developments.

Generally, to participate in the CHFA homebuyer programs, an individual must meet certain income and sales price limits and (1) be a first-time homebuyer (i.e., not have owned a home within the past three years) or (2) purchase a house in an area targeted for revitalization. In addition, some of the programs offer additional interest rate reductions but are open only to certain populations (e.g., people with disabilities, public housing tenants, or veterans).

## CHFA's Homebuyer Programs

Table 1 below briefly summarizes each CHFA homebuyer program and its eligibility criteria. In general, the programs are open only to (1) first-time homebuyers or (2) individuals purchasing a house in federally targeted areas.

For the purposes of CHFA programs, first-time homebuyers are those who have never purchased a house or not had an ownership interest in a principal residence for the past three years. The [federally targeted areas](#) are those areas that the federal government designates as likely to benefit from increased homeownership. They encompass entire municipalities and certain census tracts within other municipalities.

Additionally, the U.S. Treasury establishes [income and sales price limits](#) applicable to CHFA homebuyer programs. These limits are adjusted on an annual basis. A borrower's income must be within the income limits and the home he or she wants to purchase must be within the sales price limit.

The [income limits](#) vary by municipality and household size, generally ranging from \$119,500 for a one or two person household to \$239,820 for a household of three or more. The required income limits are generally higher for buyers purchasing a house in a targeted area. The [sales price limits](#) apply to all CHFA homebuyer programs and vary by region. The limits are \$481,175 (and \$588,100 in targeted areas), except for Fairfield County, where they are \$600,000 in all municipalities.

**Table 1: CHFA's Homebuyer Programs**

Program	Description	Income Limits
<a href="#">Downpayment Assistance Program (DAP)</a>	Second mortgages for down payment and/or closing cost assistance, repaid over 30 years. Can only be used in conjunction with CHFA's first mortgage programs	Based on location
<a href="#">Time To Own</a>	Zero percent, forgivable subordinate financing for down payment, closing costs, or both. Can only be used in conjunction with CHFA's first mortgage; eligible applicants may also receive DAP loan	Based on location
<a href="#">HFA Preferred™ Loan Program</a>	Below-market interest rate Fannie Mae guaranteed mortgages and lower mortgage insurance premiums	Based on location
<a href="#">HFA Advantage® Loan Program</a>	Below-market interest rate Freddie Mac guaranteed mortgages and lower mortgage insurance premiums	Based on location
<a href="#">Government Insured Mortgage Programs</a>	Below-market interest rate government insured mortgages (Federal Housing Administration, Veterans Administration, or U.S. Department of Agriculture)	Based on location

**Table 1 (continued)**

Program	Description	Income Limits
<a href="#">FHA 203(k) Standard and 203(k) Limited Rehabilitation Mortgage Programs</a>	Below-market interest rate government insured mortgages for buyers purchasing a house that needs repairs (mortgage covers purchase and cost of repairs)	Based on location
<a href="#">Home of Your Own Mortgage Program</a>	Additional interest rate reduction of 1/8% on first mortgage for buyers with documented disabilities (or those living with household members with disabilities)	Based on the state income limits of \$119,500 for 1-2 person households or \$137,425 for 3+ person households
<a href="#">Homeownership Mortgage Program</a>	Additional interest rate reduction of 1/8% on first mortgage for buyers transitioning from publicly assisted housing	Based on the state income limits of \$119,500 for 1-2 person households or \$137,425 for 3+ person households
<a href="#">Military Homeownership Program</a>	Additional interest rate reduction of 1/8% on first mortgage for U.S. military members, National Guard members, veterans, and certain widowed military spouses or civil union partners	Based on location
<a href="#">Police Homeownership Program</a>	Additional rate reduction of 1/8% on first mortgage for municipal and state police officers purchasing homes in participating towns	Based on location
<a href="#">Teachers Mortgage Assistance Program</a>	Additional rate reduction of 1/8% on first mortgage for Connecticut public school and vocational-technical teachers (1) purchasing a house in a state-designated priority or transitional district or (2) employed in state-designated academic discipline shortage areas or eligible Alliance District subjects  Additional rate reduction of 1/4% for those who graduated from a historically Black college or university, Hispanic-serving institution, or public high school in an educational reform district	Based on location
<a href="#">Mobile Manufactured Home Mortgage Program</a>	Below-market interest rate mortgages to people purchasing a mobile manufactured house in state-licensed park	Based on location

Source: CHFA

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