

Banking Committee JOINT FAVORABLE REPORT

Bill No.: SB-283

AN ACT CONCERNING PROGRAMS ADMINISTERED BY THE CONNECTICUT

Title: HOUSING FINANCE AUTHORITY.

Vote Date: 3/12/2024

Vote Action: Joint Favorable Substitute

PH Date: 3/5/2024

File No.:

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SPONSORS OF BILL:

Banking Committee

REASONS FOR BILL:

This bill is primarily focused on changing procedures regarding the emergency mortgage assistance program (EMAP) such as qualifications for the program, retooling emergency mortgage assistance payments and agreements, posting additional notices on CHFA website, allowing the CHFA to establish an aggregate limit on the amount of payments certain homeowners receive, and requiring developers for certain projects to hire an advocate for the residents affected for such projects. While the EMAP has been in place and helping prevent evictions for some time now, recently increased rates of evictions and the number of housing burdened people in Connecticut have created an environment different from the one the EMAP was created for, therefore changes have been proposed to update the EMAP in order to keep it in line with the current needs of residents.

SUBSTITUTE LANGUAGE:

The substitute language in this bill includes changing Section 2-(a) paragraphs 1 and 2 of the raised bill which reduces the necessary time being delinquent on mortgage payments to qualify for EMAP from 60 days to 30 days, by returning the minimum time delinquent back to 60 days. Lines 259-273 were also amended, but for the purpose of clarity and technical accuracy, meaning there are no substantive changes.

RESPONSE FROM ADMINISTRATION/AGENCY:

N/A

NATURE AND SOURCES OF SUPPORT:

Gentes, Jeff-CFHC-YLS: Supports this bill stating that it would help the CHFA serve more homeowners, but it can better serve homeowners with the inclusion of two amendments. The first being a removal of any reference to pension and retirement funds as homeowners should not be penalized for having a pension, especially one they cannot tap for emergencies, nor should they be forced to drain their retirement funds in order to get a loan to save their homes. The second advised change would be to keep 35% as the target monthly housing expense as 45% is too high for most households.

Natarajan, Nandini, CEO-Executive Director-CHFA: Supports this bill stating that the EMAP program has long helped homeowners avoid the loss of their homes due to foreclosure from mortgage loans, tax liens, or condo assessments, and the proposed changes would expand eligibility for EMAP loans with no additional requests for funds. This bill would also allow the CHFA to adopt additional financial safeguards in deploying the available funds. However, Section 7 is of some concern as it requires developers of multifamily projects which receive state or federal funding to provide funding to hire an advocate to represent the residents of a project being revitalized, without articulating the scope of services which the advocates for residents would be required to perform. As this would also make the task of financing housing more difficult for developers by adding to budgets without providing an additional source of funds, Section 7 should be removed.

NATURE AND SOURCES OF OPPOSITION:

Mongellow, Tom, President - CEO-Connecticut Bankers Association: Opposes this bill stating that reducing the carefully negotiated 60-day delinquency period to qualify for EMAP to 30 days will provide little additional value to those in real need of assistance while putting an additional burden on lenders and the EMAP program itself. For instance, banks need time to remind borrowers of delinquency and many times the mortgagor and their lender work out an acceptable solution to a delinquent payment, which is often simply forgotten, delayed, or lost, and not indicative of someone needing EMAP services. Additionally, by allowing mortgagors into the program who may not yet need assistance, it will divert limited program dollars away from those mortgagors whose financial difficulties are more dire. This change to the program is also likely to induce confusion and serious concern for many as the mandatory notice banks send out explaining the program, if sent after 30 days, would make borrowers think their mortgage is about to be foreclosed upon, when that is not the case.

Reported by: George Vatis

Date: 03/25/2024