

OFFICE OF FISCAL ANALYSIS

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sHB-6992

AN ACT ESTABLISHING THE HOMES FOR CT LOAN PROGRAM.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 26 \$	FY 27 \$
Comptroller	GF - Potential Cost	up to 10 million	
Resources of the General Fund	GF - Potential Revenue Gain	up to 10 million	
Connecticut Housing Finance Authority (CHFA)	CHFA - Cost/Revenue Impact	300,000	300,000

Note: GF=General Fund; CHFA=Resources of CHFA

Municipal Impact: None

Explanation

The bill, which requires the Connecticut Housing Finance Authority (CHFA) to establish the Homes for CT Loan Program and the Office of the State Comptroller to guarantee the program, results in (1) a potential cost of up to a cumulative total of \$10 million to the General Fund, (2) a potential revenue gain of up to a cumulative total of \$10 million to the General Fund, and (3) an estimated annual cost of \$300,000 to CHFA's own resources associated with developing, marketing, and administering a program to construct residential buildings.

Loan Guarantee

CHFA may allow up to \$100 million to be loaned under this program and will guarantee the loans. The bill caps the payable claims and associated potential cost at \$10 million. Claims will ultimately be paid

out of the General Fund by the comptroller. Annual expenditures for this program begin in FY 26 and are dependent on the number of claims paid.

Loans that are reimbursed to the lending financial institution will be assumed by CHFA. Any funds CHFA receives from collection efforts will be deposited in the General Fund resulting in a potential revenue gain of up to \$10 million beginning in FY 26.

Program and Administration

CHFA will incur costs to hire additional staff or to contract with necessary third parties to manage the development, marketing, and administration of the Homes for CT Loan Program.¹ It is anticipated CHFA will require up to two full time positions; however, the staff necessary could vary depending on the ultimate demand for loans through participating financial institutions, the claims made under the loan guarantee, and the need for collection efforts by CHFA.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to the demand for loans and claims made under the loan guarantee. Payments from the Office of the State Comptroller will cease once \$10 million is expended.

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.