

Planning and Development Committee JOINT FAVORABLE REPORT

Bill No.: HB-6963

AN ACT CONCERNING THE ENFORCEMENT OF REQUIREMENTS IMPOSED
BY CERTAIN MUNICIPAL APPROVALS AND THE NEW HOME

Title: CONSTRUCTION GUARANTY FUND.

Vote Date: 3/21/2025

Vote Action: Joint Favorable Substitute

PH Date: 2/19/2025

File No.: 620

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SPONSORS OF BILL:

Planning and Development Committee.

REASONS FOR BILL:

To change the expiration dates for certain land use application approvals, raise the maximum payout from the New Home Construction Guaranty Fund from \$30,000 to \$50,000, authorize the Commissioner of Consumer Protection to pursue restitution from individual owners of new home construction companies with judgments against them, and allocate funds for managing the Guaranty Fund.

RESPONSE FROM ADMINISTRATION/AGENCY:

[Bryan Cafferelli, Commissioner of the Department of Consumer Protection – Testimony](#)

Bryan Cafferelli, Commissioner of the Department of Consumer Protection, expressed support for the bill and its intent to strengthen the New Home Construction Guaranty Fund. He explained the program allows consumers harmed by fraudulent or illegal actions by a new home construction contractor to recover their financial losses from the fund. He noted that the amount consumers are eligible to receive has not increased since the fund's inception in 1999. Over the past 25 years, construction costs have increased significantly, rendering the fund underutilized. By increasing the potential payout to \$50,000 per new home construction contract, DCP can provide greater relief to consumers harmed by the actions of NHCCs.

Commissioner Cafferelli referenced recent serious issues involving a contractor who collected large sums of money from consumers but failed to perform the promised work. He further noted that the language in the bill permits DCP to pay out from the fund based on criminal action taken by the Office of the Attorney General against a NHCC. The Attorney

General pursues criminal cases against individual owners of NHCC businesses based on their involvement in illegal activity. Unfortunately, current law requires DCP to conduct an additional administrative proceeding before consumers can access the fund, even when a criminal case has already addressed the individual and business entities involved. This adds a significant operational burden on DCP and delays restitution. The change in Section 7 of the bill would eliminate these operational burdens and delays, he states.

NATURE AND SOURCES OF SUPPORT:

Jim Perras, CEO, Home Builders & Remodelers Association of Connecticut (HBRA-CT)

Perras highlighted that HB 6963 would empower zoning enforcement officers to act when stalled development sites pose health or safety risks, increase the Guaranty Fund cap to \$50,000 per claim, allow DCP to seek restitution from individuals responsible for fraudulent construction companies, and provide administrative funds to maintain the Guaranty Fund. While supporting the bill's intent, Perras proposed amendments to enhance its impact. Notably, he suggested allowing municipalities to access the Guaranty Fund on behalf of homeowners' associations in situations where stalled projects create hazardous conditions but do not qualify for individual claims. Under his proposal, municipalities could file a collective claim capped at the total of individual unit entitlements following a majority HOA vote. Individual homeowners would retain partial claim rights for future issues, reduced by the municipality's payout amount. Perras concluded by reaffirming HBRA-CT's commitment to working with legislators to refine the bill in a manner that protects homeowners without penalizing responsible builders or hindering housing production.

NATURE AND SOURCES OF OPPOSITION:

None expressed.

Reported by: Shai Richards

Date: 4/04/2025