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## **OLR Bill Analysis**

### **HB 5314**

#### ***AN ACT CONCERNING THE "HOMES FOR CT" LOAN PROGRAM.***

#### **SUMMARY**

This bill makes several changes to the "Homes for CT" loan program, a Connecticut Housing Finance Authority (CHFA)-administered program established under the FY 26-27 bond act to help owners and developers get funding to build new residential buildings. Under the program, participating banks and credit unions make loans to eligible borrowers and CHFA guarantees repayment, up to specified amounts. The law also authorizes CHFA, within available resources, to make additional subordinate loans to Homes for CT borrowers subject to any terms it sets, such as interest rates and maturity.

The bill caps the interest rate participating lenders may charge under the program at the Wall Street Journal prime rate on the date the borrower and bank or credit union lock in the rate, rather than a specified Federal Home Loan Bank of Boston (FHLBank Boston) rate on that date, as current law requires. The current cap is the FHLBank Boston's New England Fund rate for short- or long-term advances, based on the advance term that most closely matches the loan's term.

The bill also:

1. specifies that the CHFA loans to Homes for CT borrowers may be amortizing, deferred, or forgivable as to principal and interest;
2. authorizes CHFA to make grants to Homes for CT borrowers, subject to terms it sets; and
3. limits CHFA's authority to provide these loans and grants to available resources allocated by the State Bond Commission.

By law, "Homes for CT" loans must be used for expenses needed to

complete residential building construction or build related improvements that CHFA determines are necessary. The program may issue up to \$100 million in loans and pay up to \$10 million to honor loan guarantees. The FY 26-27 bond act authorizes up to \$20 million in state general obligation bonds for FYs 26 and 27 for the program.

EFFECTIVE DATE: July 1, 2026

**COMMITTEE ACTION**

Banking Committee

Joint Favorable

Yea 13 Nay 0 (03/10/2026)