

OFFICE OF FISCAL ANALYSIS

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sSB-891

AN ACT CONCERNING THE EZEQUIEL SANTIAGO FORECLOSURE MEDIATION PROGRAM AND OTHER ALTERNATIVES TO FORECLOSURE.

As Amended by Senate "A" (LCO 8441)

Senate Calendar No.: 173

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 22 \$	FY 23 \$
Judicial Dept.	BF - Cost	None	None
Treasurer, Debt Serv.	GF - Potential Cost	See Below	See Below
CHFA	Other - Cost	See Below	See Below

Note: BF=Banking Fund; GF=General Fund

Municipal Impact: None

Explanation

The bill changes the sunset provision of the Ezequiel Santiago Foreclosure Mediation Program, currently scheduled to end June 30, 2023, to FY 30 and results in a cost in FY 24 (and ongoing in the outyears subject to inflation) of \$2.2 million for 10 staff members.

The bill expands the existing Emergency Mortgage Assistance Program (EMAP), administered by the Connecticut Housing Finance Authority (CHFA), to aid homeowners under additional circumstances with mortgage relief and establishes a new emergency lien assistance component to the program.¹ These expansions are anticipated to result in greater annual EMAP costs to CHFA and therefore faster draw down of CHFA's existing EMAP funding.

¹ EMAP provides assistance in the form of a 30-year, fixed-rate loan for eligible homeowners. Repayment of such loans provides funding for additional lending.

EMAP is partially funded through General Obligation (GO) bond funds. As of March 1, 2021, unallocated bond balance available to the program is \$5 million. The bill does not change GO bond authorizations relevant to the program. Future General Fund debt service costs may be incurred sooner under the bill to the degree that it causes authorized GO bond funds to be expended more rapidly than they otherwise would have been.

Depending on demand for the emergency lien assistance program specifically, the bill may result in greater annual EMAP administration costs for CHFA, such as costs for a new staff person, which would be funded from EMAP program funds.

If CHFA determines that additional EMAP funding is necessary, the bill allows CHFA to develop a component loan program operated in collaboration with Connecticut-based banks, which may impact the rate of expenditure of existing EMAP funding. It is anticipated that expenditure requirements for CHFA under such a program (e.g. providing loan guarantees) would be lower than under EMAP, so to the extent it is used, this provision of the bill may offset some of the higher annual EMAP costs discussed above. It is not anticipated that such a program would result in state costs beyond the funds already authorized for EMAP.

Senate "A" strikes the language and fiscal impact of the underlying bill and results in the impact described above.

The Out Years

State Impact:

Agency Affected	Fund-Effect	FY 24 \$	FY 25 \$	FY 26 \$
Judicial Dept.	BF - Cost	2.2 million	2.3 million	2.3 million
Treasurer, Debt Serv.	GF - Potential Cost	See Below	See Below	See Below
CHFA	Other - Cost	See Below	See Below	See Below

Note: BF=Banking Fund; GF=General Fund

Municipal Impact: None

The annualized ongoing fiscal impact identified above would continue into the future subject to available funding, program demand and the terms of any bonds issued. The foreclosure mediation program will end in FY 30.

The preceding Fiscal Impact statement is prepared for the benefit of the members of the General Assembly, solely for the purposes of information, summarization and explanation and does not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

Sources: Connecticut Housing Finance Authority