

February 20, 2024

Esteemed Chairs Kavros Degraw and Rahman,
Members of the Planning and Development Committee:

The Western Connecticut Council of Governments (WestCOG) appreciates the opportunity to comment on House Bill 5167, *An Act Concerning Property Tax Abatement for Certain First-Time Home Buyers*. As you review this bill, you may wish to consider:

- Reducing closing costs. As the electric vehicle market has shown, giving a rebate at sale is a more effective way of lowering barriers to purchase than providing a tax refund a year later. In the case of real estate, securing funds to close can put homeownership beyond reach for many households that can otherwise afford a mortgage payment.

While some of the costs associated with closing, such as a downpayment, build equity, others create sizable costs for prospective homebuyers with little value to show for them. For instance, see: [Title Insurance Is a Scam That's Built Into Every Single Mortgage \(businessinsider.com\)](https://www.businessinsider.com).

Closing costs averaged \$8,821 in Connecticut in 2021¹, so there is opportunity for savings.

- Extending applicability to condominiums. This would ensure the benefits of the program are available statewide, including in areas where typical single-family home prices exceed the federal sales price limits that govern CHFA mortgages. (In parts of the state close to New York City, few single-family homes are eligible for CHFA mortgages; in these areas, only condominiums may qualify for a CHFA mortgage and thus for the tax abatement).
- Extending applicability for the first-time homebuyer tax abatement to homes that carry a United States Department of Agriculture (USDA) mortgage. USDA, like CHFA, provides income-based and subsidized mortgages with the goal of expanding homeownership in low- and moderate-income households in eligible areas – which covers most of the state (over 100 municipalities). CHFA- and USDA-mortgaged homes both count toward the 10% threshold under CGS §8-30g; tax policy should continue this comparable treatment.

Thank you for your consideration.



Francis R. Pickering
Executive Director

¹ [ClosingCorp 2021 Purchase Closing Cost Report](#)