

Time To Own – Leveling the Playing Field for First-time Homebuyers

Connecticut Housing Finance Authority
Homeownership: Empowering New Buyers

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Program Need and Overview:

First-time homebuyers are facing a housing market without precedent. According to the most recent data from Redfin, in March of this year 52% of homes in Connecticut sold above their list price and the median days on market was just 42. In March 2019, 20.8% sold above their list price and the median days on market was 90 days. In recent years, homebuyers have faced inventory shortages, higher prices, increased mortgage rates, and steep competition for listings. As a result, the buying power of the typical first-time homebuyer has been reduced dramatically. According to Harvard's Joint Center for Housing Studies (JCHS), nationwide "In April 2021, a household had to earn at least \$79,600 a year to afford payments on the median priced home of \$340,700. One year later, the income requirement stood at \$107,600."¹

In response to these headwinds and the clear demand for homeownership opportunities, the State of Connecticut [launched](#) the [Time To Own \(TTO\) Down Payment Assistance Program](#). The program is administered by the Connecticut Housing Finance Authority (CHFA) on behalf of the Department of Housing. Launched in June 2022, the TTO program is meant to address one of the most significant barriers to homeownership: coming up with the necessary funds for a down payment and closing costs. Through the TTO program, eligible borrowers can receive up to \$50,000 for assistance with a down payment and/or closing costs depending on the area in which they are purchasing their home. It is structured as a 10-year 0% non-amortizing loan, of which 10% of the principal amount is forgiven on the anniversary of the loan closing, each year, until fully forgiven. The actual loan amount is based on the borrower's financial needs to reduce the Payment-to-Income Ratio to not lower than 30% so that not less than 30% of the borrower's gross monthly income is applied to the payment. Borrowers must be a current Connecticut resident and be able to demonstrate continued residency in Connecticut for the most recent three years. The borrower must meet all the requirements for CHFA first mortgage loan, including being a first-time homebuyer, and must earn under 100% of the Area Median Income, which for example in Hartford County is \$113,200.

Data-Driven Objectives and Success:

The Time To Own program has had a measurable and sustained impact on the Connecticut housing market and, as shown by the testimonials below, has been well received by those who are using the program.

- ***"I would 100% recommend the Time to Own Program. It was a really easy process to apply for...so don't be afraid to do it! Owning your own home is amazing."*** – Jessica – Enfield, CT
- ***"My favorite part about it (homeownership) is that we can say we finally have our own house...we can say this is our home."*** – Mayreni & Victor – New London, CT

Jessica, Mayreni, and Victor are just three of the many Connecticut first-time homebuyers to take advantage of the Time To Own Program. As of April 30, 2023, roughly 1,200 homebuyers have closed on their new homes using TTO, totaling \$41.47 million in assistance and with an average assistance amount of \$30,180. CHFA has received reservations from 124 of Connecticut's 169 towns. Since launch, CHFA has

¹ Joint Center for Housing Studies - 2022 State of the Nation's Housing Report - https://www.jchs.harvard.edu/sites/default/files/reports/files/Harvard_JCHS_State_Nations_Housing_2022.pdf



received on average roughly 30 TTO reservations totaling just over \$900,000 in funding requests per week.

The Time To Own Program launched with several key objectives in mind. These included 1) improving affordability, 2) targeting areas of opportunity, 3) increasing homeownership options for minority homebuyers, and 4) leveraging other downpayment assistance programs.

1) Improving Affordability

One key outcome of the program is that it is helping lower-income borrowers compete in what would otherwise be a cost prohibitive market. For example, the median borrower income among TTO recipients is \$64,477 and the median sales price is \$250,000 compared to \$79,128 and \$240,000 respectively among non-TTO recipients during the same time-period. During a time of rising interest rates and home prices, the program is also helping keep monthly payments low. The median monthly payment among TTO recipients is \$1,886 compared to \$2,002 among those who did not use the program. If the program did not exist, TTO recipients' monthly payments would be roughly \$182 higher, and some would have likely not qualified for their mortgage at all.

2) Targeting Areas of Opportunity

An important organizational goal for CHFA is to give low- and moderate-income households access to higher opportunity neighborhoods throughout the state. Time To Own was established with that same goal in mind. The program design includes a different assistance cap to help lower-income borrowers access higher-cost markets and higher opportunity levels as defined by the State of Connecticut's [Opportunity Map](#). These areas generally have lower unemployment rates, better educational attainment, and other positive socio-economic factors. For properties in areas designated "high" or "very high" opportunity, the assistance is capped at \$50,000 and for properties in "very low", "low", and "moderate" areas the cap is \$25,000. To date, 32% of Time To Own reservations have come from either high or very high opportunity neighborhoods, compared to just 16% among Non-TTO reservation during the same time period, an indication that the program is having the desired effect.

3) Increasing Homeownership Options for Minority Homebuyers

Given the well documented racial and ethnic homeownership gaps in Connecticut and throughout the country², a key goal of the program is to target traditionally underserved areas and racial and ethnic minorities. CHFA has made a concerted effort to advertise and hold homeownership events in majority-minority neighborhoods and to tap into existing partnerships to promote the program. As a result, 50.29% of reservations have come from racial and ethnic minority households. For reference, according to CHFA's analysis of the 2021 Home Mortgage Disclosure Act data³, 67% of loans originated for traditional single-family homes⁴ went to White Non-Hispanic households.

² Joint Center for Housing Studies - *In Nearly Every State, People of Color are Less Likely to Own Homes Compared to White Households* - <https://www.jchs.harvard.edu/blog/nearly-every-state-people-color-are-less-likely-own-homes-compared-white-households>

³ CHFA – Home Mortgage Disclosure Act Dashboard - <https://www.chfa.org/about-us/home-mortgage-disclosure-act-hmda-dashboard/>

⁴ Home Mortgage Disclosure Act; 1 to 4 Unit, owner occupied, secured by 1st lien, home purchase



4) Leveraging Other Down Payment Assistance Programs

The final key goal of the Time To Own program has been to leverage other sources of down payment and closing cost assistance, including CHFA's existing Down Payment Assistance Program (DAP). Of the total number of TTO reservations received to date, 68% also utilized CHFA's DAP program. Several borrowers also utilized some form of private, non-profit, or municipal programs to supplement the assistance provided through TTO.

Sustainability:

Recognizing the program's success, the state bond commission has authorized new funding several times already. The initial allocation of \$20 million was authorized by the bond commission in December 2021. After launching in June 2022, it was then reauthorized in December 2022 and again in April 2023, each time with an additional \$20 million. Moving forward [Governor Lamont's FY 24-25 Budget Proposal](#) calls for an additional \$100 million over two years, estimating the program will support approximately 2,500 homebuyers with the purchase of their first home. Other proposals during the 2023 legislative session have called for upwards of \$200 million in TTO funding over the next two years, an acknowledgement of the program's early success and potential impact.

Partnerships:

CHFA partners with nearly 70 participating banks and mortgage companies throughout the state to offer low interest or competitive loans to eligible homebuyers. For the TTO program, CHFA tapped into that existing partnership to efficiently operate the program. Borrowers were encouraged to reach out to the 29 participating TTO lenders as the first step in their homebuying process. These lenders were selected based on their historic production and efficiency in using CHFA's products.

As a part of our efforts to advertise and promote the program, CHFA used a network of local and regional community organizations, specifically leveraging partnerships made during the rollout of [MyHomeCT](#)—Connecticut's Homeowner Assistance Fund program. These partners included organizations like the Connecticut NAACP, Connecticut Home Builders Association, Urban League of Southern Connecticut, and more. In total CHFA has held and/or attended more than 20 community events to promote the program.

Media Coverage:

Time To Own has drawn significant media attention as a new and attractive program for first-time homebuyers. As seen in Appendix C, several news articles have been written about the rollout and innovative aspects of the program.

Conclusion

Since launch, the Time To Own program has proven to be a critical resource for first-time home buyers. The program has helped increase homebuyer competitiveness, lower monthly payments, and put new homeowners in a positive equity position. In total, roughly 1,200 home buyers have used the program to purchase their first home. The program has been recognized for its success by local media, industry partners, and legislators and state officials who are likely to significantly increase the funding availability in the future. The Time To Own program can serve as a replicable model for other state housing agencies looking for a product to increase homeownership opportunities for first-time and first-generation buyers.



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Category: Homeownership - Empowering New Buyers

Appendix A – Program Data



Data is current through 4/30/2023

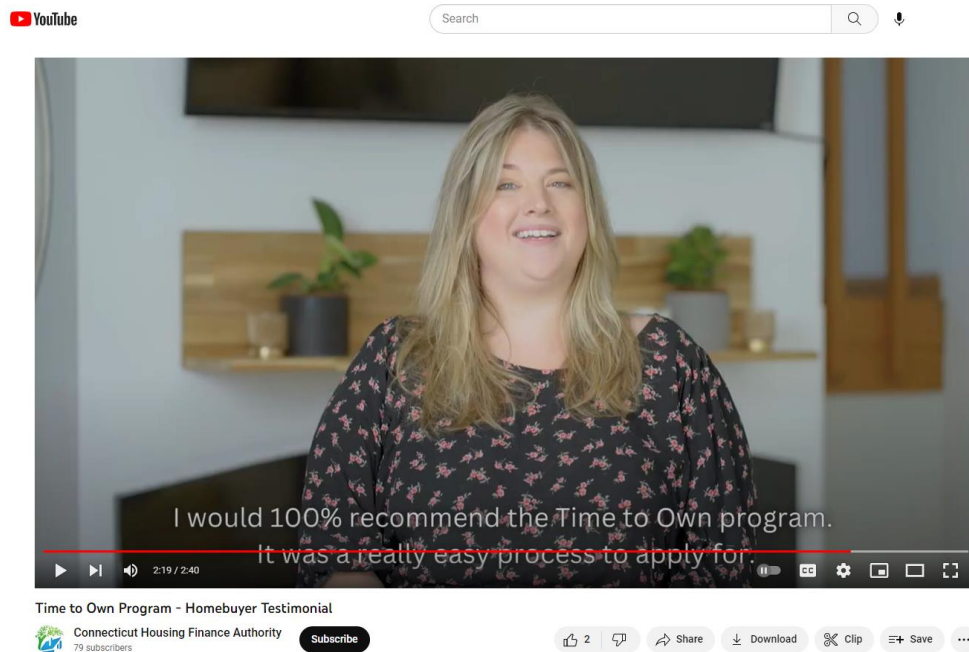


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Appendix B – Advertising

Homebuyer Testimonials:

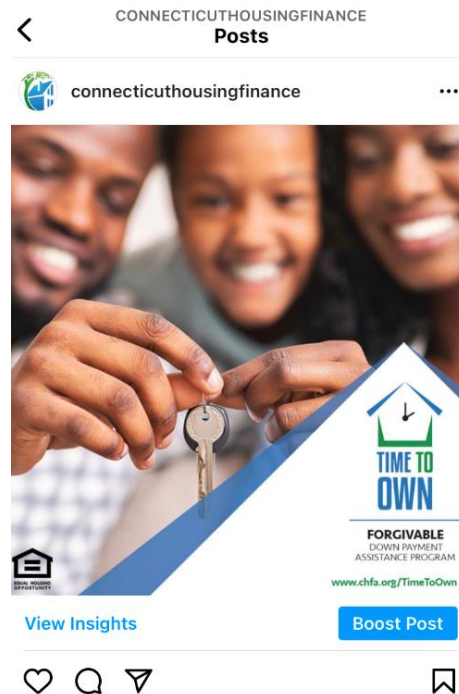
Video Link: <https://www.youtube.com/watch?v=InsSwMztEdE&t=4s>





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Social Media:



Trifold Handout:



ELIGIBILITY REQUIREMENTS

- To be eligible for the CHFA Time to Own - Forgivable Down Payment Assistance Program, borrowers must receive a CHFA first mortgage loan.
- Borrowers must be a current resident of Connecticut and able to demonstrate continued residency for the most recent three (3) years.
- Borrowers must be first-time homebuyers or have not owned a home in the past three (3) years unless purchasing in a Targeted Area of the state. Borrowers may not own any other property at the time of the CHFA mortgage closing. (see: Targeted Areas at chfa.org)
- The Time to Own Program Area Median Income (AMI) Limits and CHFA Sales Price and Income Limits apply. (see: chfa.org/TimeToOwn)

IMPORTANT INFORMATION

- The Time to Own Program is a 0% interest rate loan with no monthly payments.
- Ten percent (10%) of the principal balance will be forgiven annually, on the anniversary date of the loan closing, until the loan is fully forgiven on the tenth anniversary.
- Assistance may be used to cover up to 20% down payment and up to 5% closing costs.
- Loan amounts up to \$50,000 for homes located in High or Very High Opportunity Areas (per State of CT Opportunity Map). (See: CT Opportunity Areas at chfa.org)
- Loan amounts up to \$25,000 for homes located in areas other than High or Very High Opportunity Areas.
- This is a needs based program with a minimum Housing Expense-to-Income ratio of 30%.
- Applicants must meet all CHFA first mortgage and Time to Own Program eligibility and underwriting criteria. The Time to Own CHFA - Participating Lender will work with applicants to determine complete program eligibility requirements. (see: Time to Own - Participating Lenders list at: chfa.org/TimeToOwn)

HOW TO APPLY

- To learn more about the program and to apply, contact one of the Time to Own, CHFA - Participating Lenders for guidance.
- (see: chfa.org/TimeToOwn) or call us toll free at: 844-CTI-HOME (844-281-4663)





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Appendix C – Media Coverage

**Lamont and Webster Bank
announce program for first-
time home buyers**

by Jessica Bravo
June 22, 2022 @ 4:43 pm



Lamont, CEO and president of Webster Bank, announce the new program at the press conference on Wednesday.

**First-Time Homebuyers Have
Something To Cheer About**

by Christine Stuart February 20, 2023, 5:00 am



(Andy Dean Photography via Shutterstock) Credit: Andy Dean Photography / Shutterstock

First-time homebuyers, who have been struggling to get into the market, have something to cheer about in Gov. Ned Lamont's budget. It's a program called Time To Own.



News

**Zero interest loans are
back for some home
buyers in Connecticut**

Connecticut Public Radio | By Abigail Brone

Published April 26, 2023 at 4:24 PM EDT

▶ LISTEN • 1:05



A woman walks up the stairs to a newly renovated unit in the Colonial Village public housing complex in Norwalk.

- **[NEWS8](#) - Time to Own! Gov. Ned Lamont proposes plan to help young people buy homes in Conn.**
- **[CTNEWSJUNKIE](#) - First-Time Homebuyers Have Something To Cheer About**
- **[CTMIRROR](#) - Lamont and Webster Bank announce program for first-time home buyers**
- **[WNPR](#) - Zero-interest loans are back for some homebuyers in Connecticut**
- **[FOX61](#) - Millions available for first-time home buyers in Connecticut**