

MINUTES
MORTGAGE COMMITTEE OF THE
CONNECTICUT HOUSING FINANCE AUTHORITY (CHFA)
REGULAR MEETING
October 31, 2019

Committee Members

Present: Seila Mosquera-Bruno, Chairperson of CHFA and Commissioner
of the Department of Housing
Anne Foley, Chairperson of Mortgage Committee, representing
Melissa McCaw, Secretary, State Office Policy and
Management
Lisa Tepper Bates
Carla Weil

Committee Members

Absent: Heidi DeWyngaert, Vice Chairperson of CHFA
Kiley Gosselin

Staff Present:

Diane Smith, Interim Executive Director
Andrew Bolger, Data and Research Analyst 1
Tina Brockett, Assistant Counsel
Jonathan Cabral, Interim Director of Planning, Research &
Evaluation
Fred Cover, Underwriter 2, Multifamily
Peg Fitzgerald, Director, Government Relations
Lisa Kidder, Director, Communications
Jennifer Landau, Director, Multifamily
Maura Martin, Interim Managing Director of Administration
Wendy Moores, Director, Multifamily
Terry Nash-Giovannucci, Manager II, Planning Research &
Evaluation
Michelle Onofrio, Manager 1, Multifamily
Joe Voccio, Director, Multifamily

Ms. Anne Foley, Chairperson of the Mortgage Committee (the “Committee”), called the meeting to order at 9:03 a.m. in the Boardroom of CHFA’s offices, 999 West Street, Rocky Hill, Connecticut.

Noting a potential conflict of interest, Ms. Weil recused herself from the St. Paul’s Flax Hill discussion and vote.

Ms. Moores reviewed the resolution regarding a permanent first mortgage loan for St. Paul’s Flax Hill Cooperative, an 86-unit multifamily property located in Norwalk. CHFA will fund the loan from taxable bond proceeds in the principal amount of up to \$5.3 million at an interest rate not to exceed 3.50% per annum for 30 years. She stated that additional funding of \$3.03 million

will be provided by the Department of Housing (DOH) and has been approved by the State Bond Commission. Ms. Moores summarized the development's previous financing with CHFA, housing unit mix, Area Median Income (AMI) percentages and governance structure. This is the first development under consideration for inclusion in the Multifamily Funding Initiative Program. It will enable St. Paul's to maximize its borrowing capacity and reduce DOH's funding amount from \$4 million to \$3.03 million. Ms. Moores also outlined the proposed renovations to the building which include improvements to energy efficiency, mechanical and site upgrades and in-unit upgrades to kitchens, bathrooms and the installation of new flooring. In response to a question, staff stated that affordability will be maintained for the duration of the 30 year mortgage. Staffs of both CHFA and DOH were commended for creatively working together on the financing for this project.

Upon a motion made by Ms. Tepper Bates, seconded by Ms. Mosquera-Bruno, the Mortgage Committee members voted in favor of recommending to the Board for consideration the resolution regarding the financing of St. Paul's Flax Hill Cooperative, Norwalk. Ms. Weil was recused and did not vote.

Mr. Voccio discussed the hybrid financing proposal for Washington Village Phase Three which consists of: 1) a construction loan of approximately \$12.5 million at an interest rate not to exceed 3.25% per annum for 30 months and 2) a permanent loan in the amount of approximately \$6.9 million at an interest rate not to exceed 3.25% per annum, payable interest-only for 30 months and then converted to a amortizing permanent loan with a term of 30 years, amortized over 35 years with a prepayment option after 20 years amortization. The reduced interest rate offered by the Multifamily Funding Initiative Program will maximize borrowing capacity and reduce funding from the state.

Washington Village Phase Three is the final phase of a master redevelopment program to replace 136 public housing units. The project received a Low Income Housing Tax Credit (LIHTC) reservation in the recent 9% round. To generate additional tax credits and equity, the transaction will utilize a hybrid structure, similar to Phase Two of the redevelopment, to benefit from the use of both 4% and 9% LIHTC equity.

Washington Village Phase Three – 4% will contain 58 units consisting of 10 market-rate units and 48 units to be rented to households with mixed incomes ranging from 0 to 80% AMI. Mr. Voccio spoke about the additional sources of permanent funding. The public housing units will also benefit from an Annual Contribution Contract with 17 units of the Phase Three – 4% receiving a rental subsidy from Housing and Urban Development and an additional fourteen units expected to receive project-based Section 8 subsidy.

Mr. Voccio outlined the complexities of the hybrid financing structure. In response to a question he stated that it was designed so that the tax-exempt bonds only fund the Washington Village Phase Three – 4% portion and the TD bank loan only funds the Washington Village Phase Three – 9% transaction. Staff was commended on their efforts related to the hybrid financing structure of the transaction and most importantly the impressive results of the entire redevelopment project.

Upon a motion made by Ms. Weil, seconded by Ms. Tepper Bates, the Mortgage Committee members voted unanimously in favor of recommending to the Board for consideration the resolution regarding the financing of Washington Village Phase Three – Norwalk 4% with Tax Exempt bonds.

Ms. Foley asked committee members for their input on the Mortgage Committee meeting schedule for 2020 and after some discussion, there was consensus to lengthen the subcommittee meetings for broader consideration of proposals and to adjust the start time of the board meeting. The need to notice special meetings in the event that the regular schedule was altered at any time during the calendar year was also discussed. The reports on Design/Build and Workforce Housing scheduled for this meeting were tabled and to be included as part of November's meeting agenda.

Upon a motion made by Ms. Tepper Bates, seconded by Ms. Weil, the Mortgage Committee members voted unanimously in favor of extending the meeting time of the November 21st Mortgage Committee meeting, if necessary.

There being no further business to discuss, upon a motion made by Ms. Tepper Bates, seconded by Ms. Weil and unanimously approved the meeting was adjourned at 9:35 a.m.