

MINUTES
MORTGAGE COMMITTEE MEETING OF THE
CONNECTICUT HOUSING FINANCE AUTHORITY (CHFA)
February 23, 2017

Committee Members Present: Evonne Klein, CHFA Chairperson and Commissioner of the Department of Housing
Heidi DeWyngaert, Vice Chairperson of CHFA
Kathleen Dorgan (by phone)
Meghan Lowney
Carla Weil
Alicia Woodsby

Committee Members Absent: Anne Foley, Chairperson of Mortgage Committee, representing Benjamin Barnes, Secretary, State Office Policy and Management
Richard Orr

Others Present: Dan Arsenault, Department of Housing
Carl Stenman, Glastonbury Housing Authority
Lou Trajcevski, Newcastle Housing Ventures

Staff Present: Karl Kilduff, Executive Director
Rhonda Caldwell, Asset Manager 2
Norbert Deslauriers, Managing Director of Homeownership
Peg Fitzgerald, Director, Government Relations
Mahjabeen Kabir, Underwriter II
Lisa Kidder, Director, Communications
Lynn Koroser-Crane, Director, Multifamily Housing Asset Management
Duane Lovello, Manager, I Multifamily (Portfolio Security)
Maura Martin, Legislative Program Officer
Terry Nash, Manager II, Multifamily
Nancy O'Brien, Interim Deputy Managing Director for Multifamily Programs
Deb Olson, Manager II, Multifamily
Geoffrey Person, Underwriter I
Victor Rush, Managing Director of Administration
Diane Smith, Director, Planning, Research & Evaluation
Marcus Smith, Manager I, Planning, Research & Evaluation
Joe Voccio, Assistant Director, Multifamily

Ms. Klein called the Mortgage Committee meeting of the Connecticut Housing Finance Authority to order at 9:00 a.m. in the Boardroom of CHFA, 999 West Street, Rocky Hill, Connecticut.

Ms. Olson discussed the Mutual Housing Association of Southwestern Connecticut report. She noted that the Department of Housing (DOH) financed the development, Parkside Gables, Stamford, in 1990 with a grant in the amount of \$7,595,451 under the State Sponsored Limited Equity/Mutual Housing Association Program. Ms. Olson continued that the Mutual Housing Program is designed to have residents participate in the ongoing operation and management of the property. Ms. Olson reviewed the background noting that in June 2016 residents informed CHFA that the property was not being operated in accordance with the State's Mutual Housing Association regulations. Ms. Olson stated that CHFA issued a notice of non-compliance, which expired at the end of December, 2016. A discussion ensued and Ms. Olson noted CHFA will reach out to the development's Board of Directors and work in tandem with DOH to explore available options to address the non-compliance.

Mr. Smith discussed the Qualified Energy Conservation Bond (QECB) resolution. He noted that at the March 31, 2016 meeting the Board of Directors approved a resolution authorizing staff to loan the balance of the QECBs to Connecticut Green Bank with an expiration of April 1, 2017. Mr. Smith explained that uses for the remaining \$1.2 million in QECB proceeds have been identified and are consistent with the existing resolution. He stated that an extension of the resolution expiration date by one year to April 1, 2018 is requested.

Upon a motion made by, Ms. Weil, seconded by Ms. DeWyngaert, the Mortgage Committee members unanimously voted in favor of recommending to the Board for consideration the resolution authorizing an extension of the Amended Resolution Authorizing Qualified Energy Bond Supplemental Resolution and Loan for Energy Conservation Improvements.

Mr. Voccio addressed the Appraisal Procedure waiver request. Mr. Voccio explained that staff is seeking a pilot waiver to the Multifamily Housing Procedures use of total lending costs as the standard for determining Loan-To-Value (LTC) under Sections A-9(3) and A-9(8) for determining a maximum loan amount for CHFA lending in multifamily transactions. Mr. Voccio reviewed the reason behind the request and noted the goal of this pilot is to avoid under-sizing capitalized debt and having to use more low-income housing tax credits or other limited subsidy resources to bridge funding gaps. After discussion, the committee asked that staff report on the pilot waiver and its ramifications.

Upon a motion made by Ms. Weil, seconded by Ms. Woodsby, the Mortgage Committee members unanimously voted in favor of recommending to the Board for consideration the resolution authorizing a six-month Pilot Waiver to Procedures Regarding Multifamily Housing.

Next, Mr. Voccio reviewed the Center Village request for mortgage financing. He reviewed the financing terms noting that two loans totaling an amount not to exceed \$9,300,000 from Tax-Exempt Bond proceeds is requested. Mr. Voccio reviewed the background of the 50-unit elderly

rental housing development located in Glastonbury. Mr. Voccio explained the development was constructed in 1975 under the State Elderly Program and is owned and operated by the Glastonbury Housing Authority. Mr. Voccio continued that approval will facilitate the new construction and gut rehabilitation into 72 affordable apartments for the elderly. Mr. Voccio noted that the redevelopment will leverage approximately \$5.3 million in federal subsidies in the form of Low Income Housing Tax Credits and \$6.5 million from CHAMP 9 funds from DOH.

Upon a motion made by Ms. DeWyngaert, seconded by Ms. Weil, the Mortgage Committee members unanimously voted in favor of recommending to the Board for consideration the resolution authorizing mortgage financing for Center Village, Glastonbury, Connecticut.

Mr. Voccio reviewed the resolution regarding Victoria Gardens located in Waterford. Mr. Voccio noted that in March, 2016 Victoria Gardens received a 9% Low Income Housing Tax Credit award to develop 90 units of elderly rental housing. Mr. Voccio continued that the development developed a \$1.3 million funding gap with private mortgage financing due to the drop in equity pricing following the November election. Mr. Voccio reviewed the financing terms noting a first-priority mortgage construction and permanent loans not to exceed \$10,300,000 is proposed. Mr. Voccio continued the loans will be funded from Investment Trust Account (ITA) proceeds and the proposed mortgagor has applied for 2017 Housing Tax Credit Contribution (HTCC) funds. Mr. Voccio stated that if HTCC funds are received it may be used to reduce the ITA funding amount. In answer to a question, Ms. O'Brien noted that CHFA has used this approach to funding in the past on a limited basis. Mr. Kilduff noted that different areas of the state, i.e. the eastern area, may require more assistance with gap funding than other portions of the state.

Upon a motion made by Ms. Lowney, seconded by DeWyngaert, the Mortgage Committee members unanimously voted in favor of recommending to the Board for consideration the resolution authorizing financing for Victoria Gardens, Waterford, Connecticut.

Mr. Voccio discussed the resolution regarding the Mill at Killingly noting that in 2016 the proposed mortgagor received a 9% LIHTC award to develop a 32-unit mixed-income development. Mr. Voccio explained that in December, 2016 the investor member rescinded its offer following the November election due to uncertainty in the LIHTC industry. Mr. Voccio continued that this left the developer with a funding gap of approximately \$600,000. Mr. Voccio reviewed the funding terms noting a construction to permanent second-priority mortgage loan of approximately \$600,000 at an interest rate of 0% during the construction term is recommended. The loan will be funded from ITA proceeds. The mortgagor has applied for 2017 HTCC funds and if awarded may be applied to reduce the ITA loan.

Ms. Klein asked the Mortgage Committee members to consider the minutes from the January 26, 2017 meeting.

Upon a motion made by Ms. Weil, seconded by Ms. DeWyngaert the Mortgage Committee members voted in favor of adopting the minutes from the January 26,

2017, meeting as presented. Ms. Dorgan abstained.

Ms. O'Brien summarized the Upcoming Multifamily Activities report:

- 18 applications have been submitted for 9% Low-Income Housing Tax Credit Round and rating and ranking are being finalized;
- 12 CHAMP 10 applications have been submitted and are in process;
- 43 Housing Tax Credit Contribution Program application have been submitted of which 34 are complete applications;
- Conn-NAHRO will offer training involving Consolidated Application in preparation of the State Sponsored Housing Portfolio round; and
- SSHP CHFA/DOH funding applications are due 4/26/17

There being no further business to discuss, upon a motion made by Ms. DeWyngaert, seconded by Ms. Lowney the meeting was adjourned at 9:30 a.m.