

CONNECTICUT HOUSING FINANCE AUTHORITY

2009 Summary Report



2009 SUMMARY REPORT
PREPARED FOR THE CT GENERAL ASSEMBLY
BY THE CONNECTICUT HOUSING FINANCE AUTHORITY
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TABLE OF CONTENTS

PURPOSE 1

ARRA: A NEW FEDERAL OPPORTUNITY 2

PROMOTING SINGLE FAMILY HOMEOWNERSHIP 4

PROVIDING AFFORDABLE RENTAL HOUSING 7

MAINTAINING AFFORDABLE RENTAL HOUSING..... 9

SUPPORTING SPECIAL NEEDS HOUSING 10

MANAGING AFFORDABLE RENTAL HOUSING..... 11

TAX CREDIT ALLOCATIONS..... 13

STRENGTHENING COMMUNITIES THROUGH HOUSING & COMMUNITY DEVELOPMENT 15

COMPARISON OF REVENUE AND EXPENSE PROJECTIONS TO ACTUAL RESULTS..... 18

Purpose

The Connecticut Housing Finance Authority was created in 1969 by the State Legislature. Our purpose is to help alleviate the shortage of affordable housing for low- and moderate-income families and persons in Connecticut, and when appropriate, to promote or maintain the economic development of the State through employer-assisted housing efforts.

ARRA: A New Federal Opportunity

The American Recovery and Reinvestment Act of 2009 (ARRA) signed by President Barack Obama on February 17, 2009, presented several unique opportunities to the Connecticut Housing Finance Authority (CHFA) during a time of economic distress and uncertainty. CHFA worked throughout the year to take advantage of these new opportunities for homeownership, new rental development and state public housing. In doing so, CHFA was able to leverage federal resources to finance housing that otherwise would have been stalled or lost completely. This in turn led to the creation of jobs and economic activity benefiting Connecticut and its residents.

HOMEOWNERSHIP

In 2009, ARRA made an \$8,000 tax credit available to first time homebuyers. This tax credit was originally set to expire on November 30, 2009. Congress extended the credit to April 30, 2010 and expanded a borrower's eligible income. A \$6,500 tax credit for existing homeowners who have lived in their home for at least five years was also added as part of this legislation. The federal tax credit, coupled with CHFA's low interest rate mortgage financing, made homeownership an achievable goal for many of Connecticut's first time homebuyers and existing homeowners wishing to purchase a home.

AFFORDABLE RENTAL DEVELOPMENT

ARRA provided CHFA with two new tools to assist in the development of affordable rental housing through the Low-Income Housing Tax Credit (LIHTC) Program. These tools included the Tax Credit Assistance Program (TCAP), which provides direct funding to CHFA through the federal Department of Housing and Urban Development (HUD), and the Section 1602 Tax Credit Exchange Program (TCEP) that allows CHFA to return unused low-income housing tax credits to the U.S. Treasury in exchange for cash grants.

TAX CREDIT ASSISTANCE PROGRAM

CHFA received an allocation of \$26.2 million from HUD for investment in projects awarded low-income housing tax credits in federal fiscal years 2007, 2008, or 2009. ARRA required CHFA to distribute these funds competitively and to give priority to projects that are expected to be completed by February 2012.

In December 2009, CHFA provided authorization for allocation of all of the \$26.2 million available through TCAP to fund six (6) developments leveraging \$83.7 million in total investment and generating an estimated 1,449 total jobs in the economy. These developments will provide 512 apartment homes in Avon, Meriden, New London, Stamford, West Hartford and Willimantic.

At the close of the year, CHFA was working with all of the development teams to finalize their funding agreements and expedite their progress toward construction.

SECTION 1602 TAX CREDIT EXCHANGE PROGRAM

ARRA also provided CHFA with the ability to exchange returned or unused federal low-income housing tax credits with the U.S. Treasury for a grant at a fixed price. All unused or returned credit allocations from 2007 and 2008 were eligible to be exchanged, as was up to 40% of CHFA's 2009 credit allocation.

Through December 31, 2009, CHFA received approval from the Treasury for \$55.6 million in exchange funds for the return of unused 2008 tax credits. CHFA provided initial authorization assistance to six (6) developments needing \$54.5 million in funding to enable the development of 307 apartments leveraging \$58.0 million in total investment and generating an estimated 1,288 total jobs in the economy.

By year-end CHFA was working with all of the development teams in Hamden, Manchester, New Britain, Norwich, Stamford and Westport to finalize their funding agreements and expedite their progress. Two of these developments were under construction by the close of 2009.

FEDERALIZATION OF STATE PROPERTIES

The American Recovery and Reinvestment Act also provided an opportunity for state housing authorities to transfer state public housing apartments to their federal public housing portfolio. By federalizing the properties, housing authorities have the ability to receive federal funds for capital repairs. Moreover, federalization directly benefits the lowest income residents at these properties by reducing their required rent contribution.

CHFA assisted the housing authorities during this tight timeframe, acting as an informational liaison between the state housing authorities and the Department of Housing and Urban Development. In addition, after reviewing the benefits of the transfers, CHFA agreed with the housing authorities' decision that it was in the best interest of the residents and property to release certain developments from their liens and encumbrances so they could be accepted into the federal program. By year's end, nine housing authorities with 16 developments comprised of 610 apartment homes had applied to federalize their properties.

MORTGAGE REVENUE BOND PROGRAM

The U.S. Treasury Department announced in 2009 a New Issue Bond Program (NIBP) under which \$219.3 million was allocated to CHFA (\$191.7 million for single family and \$27.6 million for multifamily) using authority provided by the Housing and Economic Recovery Act of 2008 (HERA). This allocation means that the Treasury, working through the government sponsored entities Fannie Mae and Freddie Mac, will purchase up to \$219.3 million of CHFA's bonds. The bonds were first issued by the end of 2009 as taxable floating rate bonds called Program Bonds or escrow bonds. During 2010 these escrow bonds will then be converted to thirty-year, tax-exempt fixed-rate bonds at a pre-determined rate. The proceeds from these bonds will be used to finance

affordable mortgages for homebuyers and to create or rehabilitate affordable rental homes across Connecticut.

Promoting Single Family Homeownership

Promoting homeownership for low- and moderate-income Connecticut households in all areas of the state, thereby building more stable communities and promoting economic growth, is a major objective of the Authority.

PROVIDING HOMEBUYING OPPORTUNITIES

CHFA made homeownership a reality for 1,976 low- and moderate-income borrowers during 2009. These loans totaled \$308.46 million.

- The average amount of mortgage financing provided was \$156,102.
- Borrowers had an average annual income of \$62,849.
- The average monthly mortgage payment was \$844.
- 61% of borrowers (1,199) obtained a Downpayment Assistance Program second mortgage.
- 46% of borrowers (912) were female heads of households.
- 37% (725) were minority borrowers.
- The average age of these borrowers was 34.
- 29% of CHFA's loans (570 loans) were made in the 18 federally targeted areas within targeted communities, and 71% (1,394 loans) were made in the 33 communities identified by the CT Conservation and Development Policy Plan as being regional, urban center communities.

Often the largest obstacle for homeowners to overcome is achieving the funds necessary for a downpayment. Through CHFA's Downpayment Assistance Program 1,199 borrowers were able to obtain second mortgages, totaling \$10.19 million in statewide assistance.

CHFA sponsored 93, 3-hour homebuyer education classes for CHFA borrowers receiving downpayment assistance. These classes, with 1,021 attendees, focused on the fundamentals of successful homeownership.

TARGETED PROGRAMS

CHFA continued to focus on increasing homeownership through its Homebuyer Programs among police officers, teachers, military personnel and public housing tenants.

- During 2009, CHFA continued to offer programs that allow police officers and teachers to live in the towns where they work. CHFA also offered a special program for military personnel wishing to purchase a home. Throughout the year, three Police Homeownership, 42 Teacher Mortgage Assistance, and 19 Military Homeownership loans were purchased, totaling \$11 million.
- CHFA partnered with local housing counseling agencies to provide 8-hour counseling classes to 1,063 prospective homebuyers. During 2009, the Authority sponsored 107, 8-hour classes across the state, several of which were offered in Spanish. These classes educated prospective homeowners about the homebuying process. In addition, 788 individual financial and credit counseling classes were offered.
- A Homeownership loan totaling \$155,000 was made to one person with disabilities, allowing this individual to live an independent lifestyle.
- Section 8 Homeownership loans totaling \$635,850 were made to four borrowers residing in publicly assisted housing, allowing them to move into a home of their own.
- CHFA purchased 53 Rural Housing loans originated in conjunction with RDA single family mortgage programs. These loans, totaling \$8.78 million, supported homeowners who wished to purchase a home in Connecticut's rural areas.

URBAN REHABILITATION HOMEOWNERSHIP (UR HOME) PROGRAM

In 2006, CHFA reactivated the Urban Rehabilitation Homeownership (UR Home) Program utilizing \$1 million of Ameriquest settlement funds which are provided to CHFA as part of a settlement agreement between the Department of Banking and the Ameriquest Corporation. This unique program is aimed at revitalizing urban communities in Connecticut. The funds are used for forgivable loans for rehabilitation in conjunction with a CHFA first mortgage. The loans are available to state, municipal, and private sector employees purchasing a home in one of six targeted communities where they work. The six communities include: Bridgeport, Hartford, New Haven, New London, Waterbury and the Town of Windham, City of Willimantic (selected census tracts). In 2009, CHFA provided 53 UR Home first mortgages totaling \$7.24 million, and provided \$1.11 million of forgivable loans for rehabilitation using the Ameriquest funds.

MANCHESTER PILOT HOMEOWNERSHIP AND DOWNPAYMENT ASSISTANCE PROGRAM

This program assists first-time homebuyers looking to purchase a home in specified areas of Manchester. Under this program, borrowers are eligible for a reduced first mortgage interest rate $\frac{1}{4}\%$ below CHFA's regular Homebuyer Mortgage Program rate. Borrowers are also eligible for a forgivable loan to assist with downpayment and closing costs. Forgivable downpayment loans are offered at a 0% interest rate, forgiven at 20% per year for five years. In 2009, 12 loans were made with \$119,113 of downpayment assistance funding and \$1.80 million of first mortgage financing. Forgivable loan funding in the amount of \$300,000 was exhausted in November 2009; consequently the program was no longer available at the close of the year.

MORTGAGE RELIEF AND REFINANCING FOR HOMEOWNERS

In response to the mortgage and financial crisis the General Assembly passed, and Governor Rell signed into law, Public Act 08-176 “An Act Concerning Responsible Lending and Economic Security” during its 2008 legislative session. The law took effect on July 1, 2008 and included several components to assist borrowers who are delinquent and facing foreclosure, including continuing the CT FAMLIES Program and expanding the Emergency Mortgage Assistance Program (EMAP). In 2009, the General Assembly passed, and Governor Rell signed into law, Public Act 09-209, “An Act Concerning Implementation of the S.A.F.E. Mortgage Licensing Act, the Emergency Mortgage Assistance Program, Foreclosure Procedures and Technical Revisions to the Banking Statutes.” This legislation further modified CT FAMLIES and EMAP by expanding eligibility for the programs.

The following activity resulted from the CT FAMLIES Program and EMAP:

- CHFA continued the CT Fair Alternative Mortgage Lending Initiative and Education Services (CT FAMLIES) Program which offers refinancing to a 30-year fixed-rate mortgage for homeowners who are delinquent on their adjustable-rate or fixed-rate mortgage. These loans were previously insured by the FHA*Secure* Program established by the Department of Housing and Urban Development, which ended on December 31, 2008. In April 2009, the CT FAMLIES program was reinstated with loans insured by CHFA through its insurance program.
- In 2009, 13 CT FAMLIES loans were purchased totaling \$2.70 million. Since the program’s inception, a total of 75 loans have been purchased totaling \$16.96 million.
- Under the modified program 145 EMAP loans were approved. These borrowers may receive monthly mortgage assistance and/or funds to bring their mortgages current.
- CHFA’s call-center responded to 18,926 calls throughout the year. Over 32,000 homeowners have called for information on state and federal foreclosure assistance programs since the call center’s opening on July 1, 2008.
- CHFA participated in 36 foreclosure prevention outreach events in 2009. Over 2,800 homeowners attended these events that provided information on CHFA’s foreclosure prevention programs.
- Additionally, 57 financial fitness classes with 261 attendees for participants in the Mortgage Crisis Job Training Program and CT FAMLIES borrowers were conducted this year.

Providing Affordable Rental Housing

Providing affordable multifamily housing for Connecticut households in need, as well as promoting neighborhood revitalization and the preservation of federal, state and locally assisted affordable rental housing stock is a main goal for CHFA.

During 2009, CHFA authorized the following mortgage financing for the construction and/or acquisition/rehabilitation of affordable multifamily rental developments.

DYE HOUSE APARTMENTS, MANCHESTER

CHFA committed construction financing in the approximate amount of \$2,596,685, to be paid down to permanent mortgage financing in the amount of \$1,450,000 for the adaptive reuse of this vacant, historical mill building. This development also received financing from the Connecticut Department of Economic and Community Development (DECD) and state and federal Historic Tax Credits, as well as funding under ARRA. When complete, Dye House will consist of 57 new affordable apartments for families in Manchester. The newly rehabilitated building will consist of one-, two- and three-bedroom rental homes. The building is located on over two acres in a neighborhood consisting of both residential and commercial buildings. The neighborhood is adjacent to downtown Manchester, and provides access to community and public facilities and services, including public transportation. Rent and income limits will apply to all 57 apartments.

THE VILLAGE AT HALES COURT, WESTPORT

CHFA approved \$7,790,000 from its Investment Trust Account (ITA) for construction and permanent mortgage financing to create 78 new affordable apartment homes. Low-income housing tax credits were also awarded to this development, as were resources from ARRA. When complete, the development will consist of 39 New-England style duplexes and a community building on the approximately 13-acre site. The development will contain one-, two-, three- and four-bedroom apartment homes. Twenty of the apartments will be targeted to those aged 62 and older, ten to homeless individuals and families, with the rest targeted to families. These homes will be affordable to those earning 60% or less of Area Median Income (AMI).

BATES WOODS APARTMENTS, NEW LONDON

CHFA provided construction and permanent mortgage financing to Bates Woods Apartments in New London. Approximately \$5,450,000 in ITA proceeds was approved to acquire and rehabilitate 126 family apartments in 23 buildings. Low-income housing tax credits were also awarded to this development, as were resources from ARRA. The two-story townhouse-style buildings are located on 34 acres in a residential area within a half mile of shopping, schools, recreation and a public bus line.

BRIARCLIFF APARTMENTS, NEW LONDON

Construction and permanent financing was also approved for Briarcliff Apartments. Approximately \$4,320,000 of ITA financing was approved to acquire and rehabilitate 106 family apartments in 21 two-story townhouse-style buildings. Low-income housing tax credits were also awarded to this development, as were resources from ARRA. The Briarcliff Apartments are centrally located in a residential area within a half mile of shopping, schools, recreation and a public bus line.

SHEPHERD PARK, HARTFORD

Construction and permanent mortgage financing from tax-exempt bond proceeds in the approximate amount of \$23,900,000 was approved for this development. The loan proceeds will be used to acquire and rehabilitate 373 elderly apartments in seven buildings in order to preserve it as affordable rental housing. An additional \$7.2 million in 4% low-income housing tax credits was also provided to this development. Shepherd Park is located on roughly 14.6 acres in an urban neighborhood adjacent to restaurants, commercial and residential buildings, and is within walking distance to a city bus stop. The development contains a range of housing including studio, one- and two-bedroom apartments. All 373 rental homes will be targeted to individuals and families at or below 60% AMI and will continue to receive project-based Section 8 vouchers for the next 20 years.

FAIR STREET APARTMENTS, NORWALK

CHFA approved construction financing in the approximate amount of \$6,850,000, to be paid down to permanent financing in the amount of \$3,885,000 for Fair Street Apartments. This development was also provided 4% low-income housing tax credits. The 57 apartment homes, community room and office space are located in a four-story apartment building on over 2 acres of land in Norwalk. The one- and two-bedroom homes will be rented to families at or below 60% AMI. There will also be a limited amount of rental subsidies and supportive services for military veterans.

WILLIAM T. ROWE APARTMENTS, NEW HAVEN

CHFA approved \$18,500,000 in first mortgage construction financing which, upon completion, will be paid down to a \$4,790,000 permanent first mortgage loan. When complete, the nine-story apartment building will contain 104 apartments with additional first floor space for supportive services, resident and community meetings, a management office and approximately 2,000 square feet of retail space. Of the total 104 apartments, 78 will have rents affordable to residents with incomes not to exceed 60% AMI, while the remaining 26 "work force" rental homes will be priced to be affordable to hospital-area neighborhood residents. This development is part of a downtown New Haven neighborhood and community revitalization commitment among the City of New Haven, the New Haven Housing Authority and Yale-New Haven Hospital.

Maintaining Affordable Rental Housing

In 2009, CHFA also provided additional financing for the maintenance of several developments in its multifamily housing loan portfolio.

BATES WOODS APARTMENTS AND BRIARCLIFF APARTMENTS, NEW LONDON

In January, CHFA provided \$1,993,000 from ITA funds to restructure debts, perform capital improvements and rehabilitate 49 vacant apartments at these developments. Bates Woods is comprised of 160 apartments in 29, two-story buildings while Briarcliff comprises 142 apartments in 28, two-story buildings. The 49 vacant apartments will be renovated and rented as affordable two- and three-bedroom rental homes.

SOUTHWEST TERRACE, WINDSOR LOCKS

Financing in the amount of \$250,000 was provided from ITA funds for this development comprised of 40 rental homes. Originally an elementary school, the building was converted to elderly housing. The ITA loan will be used to convert a section of an underutilized community room into office space, which can also be used by the residents for social activities.

LAUREL COMMONS, WINSTED

CHFA provided ITA funds in the amount of \$100,000 for this complex comprised of 44 apartments for the elderly. These funds will be used to partially replenish the property's operating reserve and repay a construction loan.

95 VINE STREET, HARTFORD

CHFA provided co-first mortgage financing of up to \$674,000 from ITA proceeds for this moderate-income rental property. These funds will be used for capital spending, payment of outstanding payables, establishment of an operating reserve escrow, and to bring the loan current. This financing will help stabilize the 31-apartment development, leading to increased income for the property and extending its affordability.

HORACE BUSHNELL APARTMENTS, HARTFORD

Investment Trust Account funds in the amount of \$485,000 were approved for this development. Horace Bushnell Apartments consists of 89 low-income apartments in nine buildings. The approved mortgage financing will be used to rehabilitate vacant apartments and common areas in four buildings to increase occupancy.

MYSTIC RIVER HOMES CONGREGATE, NOANK

In 2007, CHFA provided mortgage financing from ITA funds in the amount of \$475,000 for this development. The loan funded capital improvements to the roof and replacement of windows. In 2009, CHFA provided additional financing of \$213,500 to complete repairs to the fire/sprinkler system, as well as replace an alarm panel and patio doors at this 51-apartment congregate living facility.

WESTBROOK VILLAGE AND BOWLES PARK, HARTFORD

Financing in the amount of \$1,500,000 in ITA funds was approved for these moderate rental developments. These funds will be used to rehabilitate 85 vacant apartments. The loan proceeds will also fund site improvements at the two developments and open a marketing office at Westbrook Village.

ROLLING RIDGE APARTMENTS, WEST HAVEN

Investment Trust Account financing in the approximate amount of \$500,000 was approved for this development that provides 180 apartment homes for families. The ITA funds will be used to fund capital improvements for attic insulation, storm drainage improvement, asphalt and concrete repairs to walkways and parking lots, kitchen and bath renovations, and improvements to the laundry room and playground.

TRUMBULL CENTRE, HARTFORD

In 2001, CHFA provided loan financing to this multifamily rental housing development with a parking garage and commercial/retail space in Hartford. In 2009, CHFA authorized additional financing of \$513,500 to fund anticipated 2010 operating deficits. Trumbull Centre is a mixed-use, market-rate development consisting of 100 residential apartments, 7,500 square feet of retail space on the first floor and a 600+ space parking garage. The development was part of the "Six Pillars" initiative to generate development activity in downtown Hartford.

Supporting Special Needs Housing

SUPPORTIVE HOUSING

Supportive housing creates permanent, affordable service-supported housing opportunities for very-low income homeless individuals and families with severe and prolonged mental illness and/or chronic chemical dependency, and those who are homeless or at risk of becoming homeless, particularly those experiencing repeated or persistent homelessness.

Since 1993, the State of Connecticut has been active in implementing supportive housing through a unique collaboration of public and private organizations including the Office of Policy and Management (OPM), the Connecticut Housing Finance Authority, the Department of Economic and Community Development, the Department of Mental Health and Addiction Services (DMHAS), the Department of Social Services (DSS), and the Corporation for Supportive Housing. Most recently, the Department of Children and Families (DCF) joined this collaborative effort to address the needs of homeless youth and young adults including those aging out of state care or transitioning out of youth systems such as foster care or residential programs.

ARCH STREET HOUSING, NEW BRITAIN

In 2008, CHFA approved commitments of financial assistance and mortgage funding under the Next Steps Supportive Housing Initiative including first mortgage financing in the approximate amount of \$6,066,395 for the construction and rehabilitation of 21 supportive housing rental homes at Arch Street Housing. In 2009, CHFA approved an amendment to the financing allowing Next Steps funding in the amount of \$800,000 to be substituted for other financing. The financing will be used for the construction of a three-story building consisting of 12 apartments and the rehabilitation of a vacant three-story building containing nine rental homes. Both buildings will be located on Arch Street in New Britain. All of the apartment homes will be marketed to adults and families with special needs earning no more than 50% AMI. The developments' location on a public bus line provides convenient access to shopping, churches and health services. The first floor of each building will be used for commercial and retail space.

NEXT STEPS, ROUND III

In 2009, seven applicants submitted revised responses to the 2008 Request for Proposals for approximately \$14 million in available funding at the invitation of the Interagency Committee for Supportive Housing. These applications were rated and ranked and three were approved for financing by year's end.

Managing Affordable Rental Housing

CHFA MULTIFAMILY PORTFOLIO

CHFA continued its ongoing portfolio management oversight which included budgeting of capital needs and the risk management of its portfolio of 277 developments and 21,746 apartments, which includes Real Estate Owned (REO) properties held by subsidiaries of the Authority. In 2009, the following activities were completed in support of those objectives. CHFA:

- Financed nine Investment Trust Account loans totaling \$4.2 million for 722 apartments. These funds will be used for capital needs and operating deficits.
- Acted as contract administrator for 74 developments, including the review and approval of \$65.2 million in subsidy payments for 6,800 project-based Section 8 apartments. Also sub-contracted to oversee 155 Section 8 apartments.
- Monitored low-income housing tax credit compliance of 11,452 apartments for 177 properties.
- Closed on the sale of five REO properties consisting of 434 apartments for a total of \$45.8 million while maintaining affordability restrictions.
- Restructured five loans that were either delinquent or troubled assets in the amount of \$13.3 million.

In addition to preserving or extending affordability requirements, CHFA also works to combat the physical deterioration of the developments in its portfolio, many of which are decades old. In 2009, CHFA approved a mortgage modification that resulted in the preserved affordability of over 1,600 apartments, as described below.

SUBSIDIZED HOUSING PARTNERS, LLC

The Subsidized Housing Partners, LLC (SHP) portfolio comprises 14 properties across the State with 1,611 Section 8 subsidized rental homes. Of these, 1,536 are apartments for the elderly and 75 are family apartments. The properties, which were financed by CHFA tax-exempt bonds between 1978 and 1984, were subject to first mortgages, capitalization and preservation loans in the approximate amount of \$37.4 million. These mortgages were set to expire between 2011 and 2019.

In 2009, CHFA approved a \$58.5 million mortgage modification to change the loan terms and provide additional financing to these developments. By providing this financing, CHFA was able to ensure these properties will remain affordable for an additional 40 years while also providing adequate reserves for capital improvements needed to keep the property at CHFA's quality standards. The most critical needs, such as boilers, roofs, windows and pavements, will be remedied in the first three years.

CHFA STATE HOUSING PORTFOLIO

CHFA continued to address the financial and physical needs of the State Housing Portfolio of 17,000 apartments. Site visits were performed to assess capital needs and prioritize the urgency of such needs, as well as review local plans regarding affordable housing preservation and development. In 2009, the following activities were completed in support of those objectives. CHFA:

- Reviewed and approved operating budgets for 321 developments within the portfolio.
- Closed five ITA loans for five developments for capital improvements, totaling \$1.2 million. Processed an additional ITA loan in the amount of \$1.5 million.
- Preserved affordable housing by transferring ownership of five properties with non-performing loans.
- Restructured one delinquent loan in the amount of \$674,000.
- Provided additional \$2.5 million of funding to restructure three owners that were on moratorium for the past several years.
- Provided training to public housing authorities in areas of Tenant Selection and Tenant Recertification of Income Process.

Tax Credit Allocations

HOUSING TAX CREDIT CONTRIBUTION (HTCC) PROGRAM

CHFA issues tax credit vouchers to business firms that make cash contributions to qualified non-profits who develop affordable housing. The total amount available under the HTCC program is \$10 million annually. There is a \$2 million set-aside priority for supportive housing and a workforce housing set-aside of \$1 million.

CHFA allocated the full \$10 million under the Housing Tax Credit Contribution Program to the non-profit organizations listed below, who in turn will develop a total of 713 affordable homes and apartments.

NON-PROFIT ORGANIZATIONS RECEIVING CASH CONTRIBUTIONS

Developer	Total Units	Total HTCCs	Set Aside
Housing Development Fund, Inc.	N/A	\$500,000	W
Friendship Service Center of New Britain, Inc.	21	\$200,000	S
Women's Institute Realty of Connecticut, Inc.	48	\$500,000	S
Cathedral Green, Inc.	28	\$339,444	S
Housing Operations Management Enterprises, Inc.	20	\$418,390	S
F.O.H. Inc.	10	\$500,000	G
Edgewood Elm Housing, Inc.	10	\$500,000	G
HOPE, Inc.	3	\$500,000	G
Bridgeport Neighborhood Trust, Inc.	12	\$300,000	G
Ripowam Corporation	88	\$500,000	G
The Glendower Group, Inc.	101	\$500,000	G
Prudence Crandall Center, Inc.	18	\$500,000	G
Corporation for Urban Homeownership	17	\$500,000	G
Neighborhood Housing Services of New Haven, Inc.	8	\$500,000	G
My Sister's Place	30	\$495,925	G
Continuum of Care, Inc.	10	\$400,000	G
CIL Realty Incorporated	10	\$492,911	G
Continuum of Care, Inc.	10	\$100,000	G
Bridgeport Neighborhood Trust, Inc.	10	\$200,000	G
Harboursite Senior Housing, LP	77	\$500,000	G
Eastern Connecticut Housing Opportunities, Inc.	3	\$303,300	G
Mutual Housing Association of Southwestern Connecticut	6	\$500,000	G
Housing Authority of the Town of Ridgefield	132	\$500,000	G
Grace Development Corporation of Waterbury, Inc.	41	\$250,030	G
Total	713	\$10,000,000	

S = Supportive Housing Set Aside, W=Workforce Housing Set Aside, G=General Affordable Housing

LOW-INCOME HOUSING TAX CREDIT (LIHTC) PROGRAM

Debt financing for the development of multifamily housing, such as mortgage loans, must be supplemented or augmented in order to balance the development budget and achieve development feasibility while servicing low-income households. Low-income housing tax credits are a critical source of equity for developers, and they continue to be highly sought in a time when subsidy dollars are limited. Below is a listing of LIHTC Program activity for the past calendar year.

In 2009, CHFA was able to take advantage of a federal program that resulted from the American Recovery and Reinvestment Act. Leveraging the funds available from the Tax Credit Assistance Program, CHFA was able to provide low-income housing tax credits to an unprecedented nine developments.

LOW-INCOME HOUSING TAX CREDIT PROGRAM ACTIVITY FOR 2009

Tax Credit Reservations Authorized in 2009					
City/Town	Project Name	Type of Housing	# of Units	Qualified Units	Tax Credit Amount
*Stamford	58 Progress Drive	Family	95	57	\$1,949,149
*New Britain	New Royal Bride(add'l credits)	Elderly	28	22	\$95,689
New London	Briarcliff Apartments	Family	106	95	\$1,060,000
New London	Bates Woods Apartments	Family	126	107	\$1,070,000
Meriden	Chamberlain Heights	Family	124	124	\$1,220,000
Stamford	Palmers Hill	Family	85	51	\$510,000
Willimantic	Cedarwoods	Family	56	56	\$560,000
Stamford	Ludlow Place	Family	50	50	\$1,807,772
Avon	Peach Tree Village	Senior	103	72	\$720,000
Avon	Peach Tree Village (add'l credits)	Senior	103	72	\$60,000
Stamford	Metro Green Apartments II	Family	50	40	\$1,811,264
West Hartford	Alfred E. Plant	Senior	137	137	\$1,370,000
* Applied in 2008 and received 2009 Credits					
Low-Income Housing Tax Credit Allocation Certifications Issued in 2009					
City/Town	Project Name	Type of Housing	# of Units	Qualified Units	Tax Credit Amount
Berlin	Stonebridge II	Elderly	84	67	\$682,080
Trumbull	Huntington Senior Housing	Elderly	40	40	\$482,385
North Haven	Parnell Brook Senior Housing	Elderly	103	103	\$895,383
New Haven	Quinnipiac Terrace II	Family	79	79	\$2,198,511
Stamford	Clinton Avenue	Family	60	60	\$1,578,854
Hartford	Dutch Point II	Family	54	54	\$1,221,396
Hartford	Zion Street Mutual Housing	Family	24	24	\$283,781
Branford	Kirkham Mutual Housing	Elderly	17	17	\$232,150
Middletown	Middlesex Supportive Housing	Supportive	21	21	\$338,507
Colchester	Amston Village	Elderly	32	32	\$202,176
Dayville	Dayville Affordable Housing	Family	116	112	\$494,272
Hartford	Northend Gateway	Family	57	45	\$1,101,262

Strengthening Communities through Housing & Community Development

CHFA is committed to strengthening neighborhoods through helping to integrate housing within overall community development efforts. During 2009, CHFA continued its important collaborative investments with others active in this field and through direct program investments.

REAL ESTATE HOLDINGS

WINDHAM PROPERTIES

Since 2004, CHFA has invested over \$5.0 million dollars in the acquisition, maintenance and operation of the Windham House and former YMCA properties. In 2008, CHFA approved up to \$350,000 to supplement the 2008 and 2009 operating budget for both the Windham House and the former YMCA properties.

In 2009, Investment Trust Account ITA proceeds totaling \$299,900 were approved for Windham House to supplement an operating budget shortfall as well as provide additional safety improvements to the building. In August, it was determined the building was no longer safe for continued occupancy by the residents, who were then placed in temporary housing until permanent housing could be found. In support of these efforts, an additional \$117,265 was approved from ITA funds to cover building repairs and resident transitions pending a final decision regarding the future of Windham House. In November, additional funds of up to \$737,627 were approved to cover the relocation of Windham House residents and related expenses, as well as building maintenance of the Windham House and YMCA.

At the close of the year, CHFA had authorized the advertisement of sale of the Windham House.

NEW BRITAIN PROPERTIES

In 2007, Richman Konover ("Konover") was approved as the developer for the revitalization of Corbin Heights and Pinnacle Heights Extension, New Britain. In 2008, a Memorandum of Understanding with Richman Konover was signed and the local planning committee met throughout the year to provide feedback on plans for the property which included affordable rental homes. In 2009, Konover finalized a housing revitalization plan, prepared design plans, specifications and project cost estimates, and submitted separate 9% tax credit financing proposals for Corbin Heights and Pinnacle Heights Extension. In accordance with state statutory requirements, a public hearing was held on the housing revitalization plan in June 2009. Along with enlisting community support for the redevelopment, the Konover development team is making ongoing efforts to seek out capital and operating funding to enhance the financing structure for the housing revitalization plan. Meanwhile, to better identify uncertain project infrastructure costs and evaluate overall construction costs, CPS Properties, Inc. (CHFA's subsidiary that holds title to the New Britain properties) conducted a Request

For Proposals process and engaged a third party consultant at year-end to conduct a subsurface infrastructure investigation, review the original housing revitalization plans and specifications, and prepare an independent overall construction cost estimate for the housing revitalization plan.

Also in 2009, CHFA approved \$1,500,000 in mortgage financing from Investment Trust Account proceeds to fund an anticipated operating deficit and make capital and emergency repairs at these properties. These repairs include the repair/replacement of furnaces, hot water heaters, roofs, driveways and sidewalks and other immediate health and safety concerns and standard maintenance functions. Some of these funds will also be used for consulting services for the development to identify infrastructure costs.

COMMUNITY INVESTMENTS

CHFA PARTNERSHIP WITH GE MONEY BANK IN SUPPORT OF BRIDGEPORT REVITALIZATION

CHFA and GE Money Bank, the consumer and small business financial services unit of General Electric, entered into a partnership in 2007 to make low-cost financing available to developments that support and encourage downtown stabilization and revitalization in the City of Bridgeport. GE Money Bank saw Bridgeport's draft master plan, "*Re-imagining Downtown Bridgeport*," as an opportunity to invest in a distressed urban area that had a clear path to successful community and economic revitalization. GE Money Bank committed to invest up to \$25 million in Bridgeport and sought a strong partner to design and implement the financing strategy. CHFA offered a partnership opportunity whereby GE Money Bank purchased \$25 million of Authority-issued taxable bonds.

In 2008, CHFA and GE Money Bank announced the re-release of a Request for Proposals, soliciting responses for first mortgage construction and/or permanent financing for mixed-use and/or mixed income multifamily rental and/or homeownership developments in downtown Bridgeport. As a result, CHFA approved a proposal from 323 Fairfield Avenue, LLC to partially finance construction of 323 Fairfield Avenue at Bijou Square in Bridgeport. This development is a five story elevator building with 84 residential homes and approximately 10,000 square feet of first floor commercial/retail space. In 2009, CHFA approved an increase in construction and permanent mortgage financing to \$14.2 million. Additionally, the Housing Development Fund (HDF) replaced the Community Preservation Corporation as lead lender.

As there were still funds available, CHFA re-issued the RFP in 2009, which was also expanded beyond the downtown area to include the entire City of Bridgeport. Subsequently, CHFA approved \$10.10 million financing for 333 State Street. When finished, 333 State Street will turn a vacant seven-story building into 65 apartment homes and commercial space. The development will contain 59 market-rate and six workforce apartments. The six rent-restricted workforce apartments will be available to people earning 80% of area median income (AMI) who also work in Bridgeport.

At the close of the year, three applications remained under consideration pending the availability of uncommitted funds. Final decisions regarding these applications will be made in 2010.

COMMUNITY INVESTMENT ACT PROCEEDS

The Community Investment Act (CIA) was established through legislation which requires the collection of recording fees for all documents entered into the municipal land records. The proceeds of this account are distributed amongst CHFA, the Connecticut Commission on Culture and Tourism, the Connecticut Department of Environmental Protection and the Connecticut Department of Agriculture. This legislation allows CHFA to use the CIA proceeds to supplement new or existing affordable housing programs. CHFA has used CIA funds for initiatives supporting programs that provide financing for mixed-use properties, technical assistance and training for non-profit developers, second mortgage financing for homebuyers in selected areas, and selected multifamily developments. With regard to multifamily developments, the CIA funding has provided much-needed, flexible gap financing for shovel-ready developments that had already received CHFA Board approval for financing and/or tax credits. This will have an immediate, positive impact on the economy as jobs are created.

- **PILOT SUBURBAN AND RURAL AFFORDABLE HOUSING TECHNICAL ASSISTANCE PROGRAM**
In July 2006, the Connecticut Housing Finance Authority (CHFA) issued a Request for Proposals from qualified organizations to administer a pilot program to provide technical assistance to help suburban and rural communities with the development of affordable housing. The Local Initiatives Support Corporation (LISC) was selected as the program's administrator and LISC launched the pilot program in early 2007. The Authority approved \$275,000 of CIA proceeds to continue funding for this program into 2010.
- **CONNECTICUT HOUSING INVESTMENT FUND (CHIF) PERMANENT FINANCING PROGRAM**
CHIF has identified a supportive development in Bridgeport to which it will provide permanent financing utilizing \$712,000 of CHFA CIA funds. This development will renovate two blighted buildings and create 12 affordable supportive housing apartments.
- **THE CONNECTICUT TRUST FOR HISTORIC PRESERVATION**
The Trust utilized Community Investment Act funds to support its Historic Building Financing Fund which provides forgivable loans for houses being restored in urban areas. CHFA provided \$261,681 of CIA funds to invest in the rehabilitation of three sites in two of Hartford's historic neighborhoods, Asylum Hill and Upper Albany. All three sites contain blighted, vacant buildings and will create affordable homeownership. The total development cost for the ten homes is \$2,677,137. The funding provided by CHFA will allow the developers, the Christian Activities Council (CAC) and the Northside Investment Neighborhood Alliance (NINA), to complete the buildings.

- **THE NEW ROYAL BRIDE, NEW BRITAIN**
In 2008, CHFA approved permanent mortgage financing for the adaptive reuse and rehabilitation of an existing historic seven-story building. In 2009, CHFA allocated \$2.0 million of CIA funds to this development that, when complete, will consist of commercial space on the first and second floors with 28 one- and two-bedroom units for the elderly on the upper floors.
- **323 FAIRFIELD AVENUE AT BIJOU SQUARE, BRIDGEPORT**
As noted above, this development is a five story elevator building with 84 residential homes and approximately 10,000 square feet of first floor commercial/retail space. In 2009, the Authority approved an increase in construction and permanent mortgage financing to \$14.2 million, utilizing \$2.2 million of CIA funds.

COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS

CHFA invests in Community Economic Development Financial Institutions (CDFIs) to provide technical assistance non-profit developers, provide financing associated with community development, and assist in the coordination of comprehensive community development in urban areas of the State. In 2009, CHFA continued its partnerships with the Local Initiative Support Corporation, the Connecticut Housing Investment Fund, the Greater New Haven Community Loan Fund (GNHCLF) and the Community Economic Development Fund (CEDF). CHFA partners with these organizations through the capitalization of their lending programs.

- CHFA extended its partnership with CEDF by providing an investment of up to \$600,000 over three years.
- CHFA extended its \$1 million partnership investment with CHIF for an additional three-year term.

Comparison of Revenue and Expense Projections to Actual Results

The following financial statement indicates the operating results of the Authority compared to its 2009 budget projections. They are provided in anticipation of completion of audited Financial Statements for the Authority and are subject to the limitations and conditions noted.

TWELVE MONTHS ENDED **DECEMBER 31, 2009**

COMPARISON OF REVENUE AND EXPENSE PROJECTION TO ACTUAL RESULTS

(in 000,000's)

<u>Category</u>	<u>2009 Budget Projection</u>	<u>YTD Actual ***</u>	<u>Variance to Budget</u>
Net Operating Revenues	8.7	12.4	3.7
Net Non-Operating Revenues (Expenses)	(10.3)	1.6	11.9 ^{(1) (3)}
Total Net Revenues (change in net assets)	(1.6)	14.0	15.6 ^{(1) (3)}
Net Operating Revenues	8.7	12.4	3.7
Total Operating Revenues:	238.3	242.5	4.2
Mortgage Loan Interest	189.0	180.6	(8.4)
Investment Interest	45.5	54.6	9.1
Fees and Other Income	3.8	7.3	3.5
Total Operating Expenses:	229.6	230.1	0.5
Interest	185.7	188.4	2.7
Servicer Fees	10.4	8.7	(1.7)
Operating Budget Expenses	30.9	28.3	(2.6)
Foreclosure Expenses	1.0	0.3	(0.7)
Mortgage Insurance Fund Claims	0.1	0.0	(0.1)
Other Expenses	1.5	4.4	2.9
Net Non-Operating Revenues (Expenses)	(10.3)	1.6	11.9 ^{(1) (3)}
Total Non-Operating Revenues:	0.0	12.1	12.1
Realized Asset or Investment Gains	0.0	12.1	12.1
Other Non-Operating Revenues	0.0	0.0	0.0
Total Non-Operating Expenses:	10.3	10.5	0.2
Realized Asset or Investment Losses	0.0	0.0	0.0
Depreciation (Building)	0.1	0.1	0.0
Provision for Losses - CHFA funded portfolios	5.0	5.0	0.0
Bond Issuance, Premiums, Rebates	5.2	5.4	0.2
Total Net Revenues (change in net assets)	(1.6)	14.0	15.6 ^{(1) (3)}

*** Calculations for the provision for losses have not been completed and amounts related to arbitrage rebate expense and independent audits for subsidiaries, including Trumbull Centre have not been received and are therefore not reflected in these numbers. Current estimate of the provision for loss related to Trumbull Centre is between \$12 and \$20 million.

- (1) No adjustment for the fluctuation in the market value of investments is included.
- (2) The provision for losses for CHFA funded portfolios is expected to exceed the budget projection by the amount related to Trumbull Centre.
- (3) Does not include amounts received or expensed in 2009 pursuant to CGS Sec 4-66aa (SB410-recording fee income), PA 08-176 (Emergency Mortgage Assistance Program funding), Federal Exchange Program funding or National Foreclosure Mitigation Counseling funding.