

MINUTES
MORTGAGE COMMITTEE MEETING OF THE
CONNECTICUT HOUSING FINANCE AUTHORITY (“CHFA”)
REGULAR MEETING
November 17, 2011

Committee Members Present: Barbara McGrath, Chairperson of the Mortgage Committee
Jeffrey Freiser
Scott Guilmartin
Megan Lowney
Catherine Smith, CHFA Chairperson and Commissioner of
Department of Economic & Community Development

Committee Members Absent: Michael Meotti

Ms. McGrath, Chairperson of the Mortgage Committee (the “Committee”), called the meeting to order at 9:10 a.m. in the Boardroom of CHFA’s offices, 999 West Street, Rocky Hill, Connecticut 06067.

Ms. McGrath asked the Committee members to consider the minutes from the October 27, 2011, meeting.

Upon a motion made by Mr. Freiser, seconded by Ms. Smith, the Committee members voted unanimously in favor of adopting the minutes from the October 27, 2011, meeting as presented.

Ms. Carol Gooden, Senior Mortgage Underwriter, discussed the Tax-Exempt Bond Construction Only Financing proposal for West Village Apartments located in New Haven. Ms. Gooden noted that the resolution requests \$7.9 million in Tax-Exempt Bond construction only financing. West Village Apartments is a mixed-used property comprised of 148 supportive housing apartments and houses the main offices, program space and athletic facility of Central Connecticut Coast YMCA. Central Connecticut Coast YMCA plans to bifurcate the commercial and residential operations of the property by creating commercial condominiums which would separately acquire and operate each component of the building. West Village Limited Partnership will acquire the residential portion of the building and rehabilitate the apartments and common space. Ms. Gooden commented that residents will not be displaced as the rehabilitation will be conducted in phases. The affordability of the property will be extended 38 years. A portion of the financing for the rehabilitation is being funded under the American Recovery and Reinvestment Act and must be expended by February 2012. Ms. Gooden continued that documents have not been submitted to CHFA in a timely manner, but West Village LTD is doing its best to comply. In answer to a question, Ms. Gooden noted that the YMCA has a contract with Connection Inc. to provide social services to residents. A discussion ensued on the existing loan balance to CHFA. Ms. Gooden

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explained that CHFA acquired the loan from the Department of Economic and Community Development (“DECD”) and it will remain on the property. Ms. Gooden stated that no resident will lose voucher assistance. Mr. Guilmartin suggested staff incorporate debt coverage ratios into board write ups. Ms. Gooden continued that there is no debt payment existing on the property, only soft debt. Ms. Kovel noted that at the end of the construction period CHFA’s involvement ends. Ms. Lowney asked if staff was confident with the February closing date. Ms. Gooden replied staff was working to meet the deadline but many key documents were still missing from the developer. Ms. Kovel stated that it is an accelerated closing schedule, and staff is working hard to accommodate the developer.

Upon a motion made by Ms. Smith, seconded by Ms. Lowney, the Committee members voted unanimously in favor of recommending to the Board for consideration the resolution for Tax-Exempt Bond Construction Only Financing for West Village Apartment, New Haven.

Ms. Diane Smith, Program Development Officer, reviewed the resolution regarding Allocation of Community Investment Account (“CIA”) Funds. Ms. Smith stated that the CIA was established through legislation in 2005 requiring the collection of recording fees for all documents entered into the municipal land records. Ms. Smith explained that funds are used to assist projects or programs of Affordable Housing, Historic Preservation, Open Space Acquisition and Agriculture and Dairy. Ms. Smith continued that funds are disbursed to CHFA, DECD, the Department of Energy and the Environmental Protection and Agriculture. CHFA has invested more than \$20 million in CIA funds since 2007. A total of 1400 units of affordable housing has been developed creating 753 construction jobs. Ms. Smith noted that approximately \$3.0 million in CIA funds are available for affordable housing activities in 2011. Ms. Smith continued that in support of the Governor’s “First Five” economic development initiative, it is recommended that these funds are allocated to establish a program for new employees that live near or in the community where they work. The remaining funds will be used to support other affordable housing initiatives. Ms. Smith commented that staff is working with key partners to move these and other key initiatives forward. Ms. Catherine Smith suggested that designated funding be flexible in lieu of targeting specific amounts. Mr. Guilmartin voiced concern with the funds being dispersed to projects not associated with affordable housing, specifically funds designated to the Farmers’ Market. A discussion ensued on the topic. Ms. Kovel commented that the program parameters were under development. Ms. Catherine Smith noted that it would be a positive initiative to partner locally grown food with residents in supportive housing areas. Mr. Freiser commented that state statute requires that CIA funds are used to supplement housing and CHFA should comply with the statute as well as our own mission. In answer to a question, Ms. Koroser-Crane explained that the Authority Projects Tenants Support (“APTS”) program is not a duplicate of the HA Small Improvement Program (fka “HATSOFF”) program. She explained that CHFA collects a \$5 per unit monthly fee from housing authorities. The property owners can apply for the funds, which they can use for assistance and/or upgrades to their property. Mr. Freiser suggested proposing to the state legislature termination of the APTS program. He explained that the housing authorities could

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retain the funds at the onset to improve cashflow, etc. Ms. Kovel commented that staff has discussed and is reviewing the program.

Upon a motion made by Mr. Freiser seconded by Ms. Smith, the Committee members voted unanimously in favor of recommending to the Board for consideration the amended resolution regarding the allocation of Community Investment Account Funds to any or all of the following: First Five Employee Housing Initiative, CT Main Street, Department of Agriculture/PHA Farmer's Market, Housing Authority Small Improvement Program ("HATS OFF") and Rural & Suburban Technical Assistance Program.

Mr. George Rapp, Senior Asset Manager, reviewed the resolution requesting additional funding for CPS Properties, Inc., located in New Britain. Mr. Rapp explained that CHFA staff was planning to request Investment Trust Account ("ITA") funding to offset operating deficits at the December, 2011 Board of Directors meeting. Due to damage sustained at Corbin Heights and Security Manor from the recent snow storm the request is being accelerated. Mr. Rapp continued that Corbin Heights sustained approximately \$60,000 in damages related to fallen trees and loss of electrical services. Security Manor sustained tree and roof damage in the approximate amount of \$12,000. Mr. Rapp stated that a claim has been submitted to the insurance carrier, but the deductible of \$10,000.00 will not be met. An ITA loan in the amount of \$375,000 is being requested to cover operating deficits through April, 2012 for Corbin Heights, Pinnacle Heights Extension and Security Manor. Approximately \$303,000 will be allocated to the operating deficit and the remaining \$72,000 will be used to fund the repairs needed due to the recent to Corbin Heights and Security Manor.

Upon a motion made by Ms. Smith seconded by Mr. Freiser, the Committee members voted unanimously in favor of recommending to the Board for consideration the resolution regarding ITA funding for CPS Properties, Inc. New Britain.

Mr. Peter Simoncelli, Senior Mortgage Underwriter, reviewed the report on Corbin Heights and Pinnacle Heights Extension located in New Britain. Mr. Simoncelli noted the developer needs to resolve the following development issues by November 30: 1) finalize construction costs and confirm a balanced sources and uses of funds for Corbin Heights and Pinnacle Heights Extension and 2) obtain evidence of additional project-based rent subsidies to meet State legislation and CHFA debt service coverage requirements. Mr. Simoncelli stated that the developer is working to achieve these goals. At the end of October the developer and the Hospital of Special Care ("HSC") signed a Letter of Intent establishing parameters for the transfer of an approximately 3-acre portion of Corbin Heights pending satisfaction of requirements to comply with State legislation, the housing revitalization plan that was approved by Commissioner Smith of the Department of Economic and Community Development and CHFA's prerequisite that the use of the land is compatible with residential housing. Mr. Simoncelli noted that a meeting is scheduled for December 1 with the HSC and the developer to discuss the process to move forward with the transfer. Mr. Freiser voiced

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concern that the approved housing revitalization plan contemplates the 3-acre portion of the Corbin Heights property being “given” to the HSC and suggested that CHFA maximize benefits for housing purposes in negotiations regarding the transfer of this property. Ms. Catherine Smith clarified that it has not been determined that the parcel will be transferred as a “gift”. Ms. Kovel noted the parcel is not being given away and the cost of conveyance was proposed as the purchase price by DECD and pursuant to approved master plan.

Ms. Cristina Tsombanos, Tax Credit Underwriting Analyst, discussed the report of the Housing Tax Credit Contribution (“HTCC”) Program. Ms. Tsombanos stated that staff is proposing moving the 2012 HTCC application deadline from July to May. Reservations will be presented to the Board in July. Ms. Tsombanos explained that the change is advantageous to the development community in that the awardees can seek contributors to their housing programs earlier in the year with construction beginning in the fall rather than the spring. Ms. Tsombanos noted that procedural changes will be presented to the Board to make more consistent with state statute but are not needed to modify the schedule.

Ms. Alanna Kabel, Administrator, Single Family Special Programs reviewed the reports for Federal Emergency Homeowners’ Loan (“FEHLP”) and Emergency Mortgage Assistance (“EMAP”) Programs. Ms. Kabel reported that 962 FEHLP closings have been done to date. She continued there are 100 borrowers who will not move forward. She explained that many of those are working with their lenders to modify their mortgage, which will help them long term. Over the next two years, CHFA will follow the loans per its obligation to the U. S. Department of Housing and Urban Development (“HUD”). Ms. Kabel continued a Homeowners Mortgage Assistance Event was held at the convention center on November 15 and was heavily attended. She continued that homeowners were happy to be able to speak with lenders and receive information on EMAP. A total of 287 EMAP loans were approved from November 2010 to October 2011 and 165 loans closed between November 2010 and October 2011. Staff will direct the majority of their efforts to EMAP, which will continue to result in approved loan activity.

There being no further business to discuss, upon a motion made by Ms. McGrath, seconded by Mr. Freiser, and unanimously approved, the meeting was adjourned at 10:05 a.m.