



CONNECTICUT
HOUSING FINANCE
AUTHORITY

The Key To Affordable Housing

CONNECTICUT HOUSING FINANCE AUTHORITY

2013 Summary Report

PREPARED FOR THE GOVERNOR & THE
CONNECTICUT GENERAL ASSEMBLY

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PURPOSE

The Connecticut Housing Finance Authority (CHFA) was created in 1969 by the State Legislature for the purpose of helping to 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 this state through employer-assisted housing efforts. (*Section 8-250, Connecticut General Statutes*).

CHFA is a self-funded quasi-public organization, which uses its resources to provide below-market interest rate mortgages for first-time single-family homebuyers and for the development of affordable multifamily rental housing. Tax-exempt bonds are the primary source of mortgage capital for the Authority's housing programs.

Since its founding, CHFA has provided mortgage financing for more than 130,000 first-time homebuyers and has financed the development of nearly 40,000 affordable rental homes.

2013 Summary

CHFA works to alleviate the shortage of affordable housing by providing lower cost mortgage financing and administering other assistance programs to expand homeownership, developing new affordable rental apartments, maintaining existing affordable rental apartments and providing apartments for those with special needs.

This report provides a summary of CHFA's housing finance activities in 2013, the State Emergency Mortgage Assistance Program (EMAP) and other foreclosure prevention activity. This report also provides operating results of CHFA in 2013 compared to budget projections.

<i>Number of single family mortgages</i>	<i>1,733</i>
<i>Number of foreclosure prevention loans</i>	<i>530</i>
<i>Number of new affordable rental housing units approved</i>	<i>919</i>
<i>Number of rehabbed affordable rental units approved</i>	<i>1,508</i>
<i>Number of affordable units preserved with financing</i>	<i>658</i>
<i>Number of market-rate units converted to affordable</i>	<i>254</i>
<i>Estimated jobs created by approved housing*</i>	<i>2,475</i>
<i>Estimated net state revenue from approved housing*</i>	<i>\$ 27.66 million</i>
<i>Estimated new economic activity from housing</i>	<i>\$355.96 million</i>

*These estimates were generated using the REMI PI +State Model, Regional Economic Models, Inc., Amherst, MA. Jobs are categorized into the following segments; construction, service industries, wholesale and retail trades, finance, insurance and real estate industries and manufacturing.

New Initiatives in 2013

Multifamily Rate Special Initiative

To stimulate the development of more affordable housing, CHFA tested a permanent loan interest rate special offer of 4.0% to any developer or owner for a six month period, beginning in March, 2013. The initial announcement generated many inquiries, discussions and subsequent applications. CHFA received 10 applications for \$111.32 million in construction and \$85.91 million in permanent “rate special” Tax Exempt Bond financing, to develop 1,116 units of housing, 942 of them affordable. This initiative triggered a three-fold increase in multifamily production compared to Strategic Plan targets for 2013.

Energy Efficiency Board Policy

In 2013, CHFA’s Board of Directors adopted a Policy Statement on Energy Efficiency in support of the state’s overall policy of encouraging energy conservation and widespread use of renewable energy. The purpose of the policy statement is to ensure that housing constructed or rehabilitated with CHFA financing meets the highest standards of energy efficiency within a reasonable assessment of cost and benefit. The policy also seeks to provide that all CHFA borrowers have access to resources that will reduce their properties’ energy consumption and their overall housing expenses.

The policy statement provides guidelines to staff regarding implementation of the policy. These guidelines include continuous improvement of CHFA’s Multifamily Design, Construction and Sustainability Standards to ensure cost effective energy efficiency in CHFA financed buildings, regular communication with single family and multifamily borrowers on energy efficiency resources and programs, partnerships with energy utility companies and others to encourage energy efficiency statewide, and a process to evaluate energy consumption within the CHFA portfolio.

Lean Kaizen Program

In 2013 CHFA implemented the CHFA Lean Initiative, a process improvement approach to strengthen the way CHFA serves its customers and meets its mission. The Lean Initiative is part of CHFA’s five-year strategic plan adopted by CHFA Board of Directors in November 2012. It supports the goals of Governor Malloy, who directed all state agencies and encouraged all quasi-public agencies to participate in a Governor’s Lean Initiative or undertake Lean initiatives within their agencies as part of ongoing governmental operations.

During the year, 122 employees were trained in lean process methodology. CHFA sponsored or participated in 4 weeklong, process improvement exercises, called *Kaizen* events, establishing cross-functional staff teams to identify needed improvements and develop a plan for their implementation. Kaizen events were held in the following areas:

- CHAMP 4% Selection/Closing Process (joint event with Department of Housing, Department of Economic & Community Development)
- Single Family Underwriting
- Asset Management/Legal Workflow Process
- Orientation and Training of New Employees

As a result of these process improvement exercises, staff has identified waste and time savings ranging from 34% to 54 % in various processes, thereby improving our programs and our focus on expanding affordable housing opportunities in the state of Connecticut.

Promoting Single Family Homeownership

CHFA made homeownership a reality for 1,733 first-time buyers in 2013

To fulfill its mission of helping low- and moderate-income families achieve homeownership, CHFA provides below-market rate mortgages to first-time homebuyers. The first-time mortgage buyer program is financed through proceeds from the sale of bonds issued by CHFA. To qualify for a CHFA mortgage, applicants must meet specific income criteria and the home they plan to purchase must be within sales price guidelines specific to the area of the state.

Single Family Mortgage highlights:

- The 1,733 mortgage loans totaled \$277.6 million
- The average amount of mortgage financing provided was \$160,202
- Borrowers had an average annual income of \$70,226
- The average monthly mortgage payment was \$670
- 41% of borrowers (717 loans) were female heads of households
- 33.9% (587 loans) were to minority borrowers
- The average age of these borrowers was 34
- 22.2% of CHFA's loans (385 loans) were made in the 18 federally targeted areas within targeted communities
- 21.8 % (379 loans) were made in 17 of the communities identified by the State of Connecticut Conservation and Development Policy Plan as being regional, urban center communities
- CHFA partnered with local housing counseling agencies to provide homebuyer education, including classes in Spanish:
 - 109 eight-hour classes on the home buying process, attended by 934 prospective homeowners
 - 82 three-hour pre-purchase homebuyer classes, attended by 765 prospective homeowners.
 - 605 individual financial and credit counseling sessions
 - Conducted 59 landlord education classes with 266 attendees
- Through CHFA's marketing outreach program, staff attended more than 100 events across Connecticut meeting residents and sharing information on homebuyer programs, Reverse Annuity Mortgages for seniors, foreclosure prevention events, informational sessions for Realtors®, and lender training.

Downpayment Assistance Program:

Often the largest obstacle for prospective homeowners to overcome is achieving the funds necessary for a downpayment. Through CHFA's Downpayment Assistance Program (DAP), 41.3% of borrowers (717) were able to obtain downpayment assistance, totaling \$7.8 million statewide.

Borrowers receiving DAP loans must attend a three-hour homebuyer education class. In 2013, CHFA sponsored 82 three-hour homebuyer education classes, focusing on the fundamentals of successful homeownership.

Targeted Mortgage Programs

CHFA works to increase homeownership through targeted programs for police officers, teachers, military personnel, and residents of public housing. The CHFA interest rate is reduced by 1/8 percent for qualified applicants. In 2013 CHFA provided:

- 2 Police Homeownership Loans
- 18 Teacher Mortgage Assistance loans
- 35 Military Homeownership loans

Foreclosure Prevention for Homeowners: Connecticut's Emergency Mortgage Assistance Program (EMAP)

The State's Emergency Mortgage Assistance Program (EMAP) provided emergency relief to 530 homeowners in 2013. EMAP loans provide funds to bring homeowners current on their mortgages and, if needed, monthly mortgage assistance for up to 60 months. EMAP loans allow borrowers with a temporary hardship, such as a job loss or health issue, to remain in their homes as they work to regain their financing stability. Applicants must have participated in the foreclosure mediation process with their lender prior to receiving an EMAP loan.

CHFA worked closely with the offices of the State Attorney General and Department of Banking to support the Governor's Free Mortgage Assistance Events. In 2013, these events were held in New Haven and Hartford. CHFA staff assisted in planning these events, overseeing housing counselors who met with attendees on site, and working directly with more than 1,700 borrowers.

CHFA continued to administer and service more than 950 loans from the Federal Emergency Homeowners Mortgage Loan Program (FEHLP) throughout the year. A U.S. Department of Housing and Urban Development (HUD) program, CHFA received a total of \$55 million under FEHLP to provide relief to homeowners facing foreclosure. The program ended in December 2013 and all of the loans were transferred to HUD.

2013 Foreclosure Prevention Activity:

Counseling and homebuyer education also play an important role in tools in preventing foreclosures. CHFA dedicated significant time and resources to these programs in 2013:

- Conducted 60 financial fitness classes with 220 attendees for CT FAMLIES borrowers and participants in the Mortgage Crisis Job Training Program
- Conducted 176 foreclosure prevention counseling sessions for CHFA borrowers
- Conducted 1,196 foreclosure prevention counseling sessions open to all borrowers
- Conducted 83 foreclosure prevention clinics with 681 attendees
- Conducted 59 landlord education classes with 266 attendees

Financing Affordable Multifamily Rental Housing

In 2013, CHFA approved financing for 3,085 new or rehabilitated affordable housing units

CHFA provides financing to developers and owners, both private developers and state-sponsored housing programs, for affordable multifamily housing. Increasing the supply of quality, affordable rental units can revitalize and stabilize neighborhoods. In addition, CHFA financing is also available to rehabilitate and preserve existing affordable rental housing stock.

In 2013, CHFA's Board of Directors authorized the following mortgage financing for the construction and/or acquisition/rehabilitation of affordable multifamily rental developments.

Art Loft West, New Haven

Art Loft West, or ArLow is a mixed-use property with apartments and retail space with restaurants, shops and businesses. Some of the units are occupied by artists and double as studios, creating an arts-centered identity for the area. The property was refinanced to allow for aggressive marketing of the vacant commercial space and extend affordability of the apartments.

Units	18
Housing Type	Mixed-use
Affordability	1 unit for households with income up to 30% AMI*, 9 units restricted to families with incomes of 30–50% of AMI, 1 for families with incomes of 50-60% AMI, 1 units for households with incomes of 60-80% AMI, 6 units for households with incomes up to 80% AMI
Financing	\$900,000 CHFA first mortgage, \$642,000 DOH FLEX funds, \$500,000 CIA** funds

* AMI = Area Median Income **CIA = Community Investment Account

Berger Apartments, New Haven

Berger Apartments is a former manufacturing facility converted into housing. The first CHFA mortgage matured in 2012, and the new financing will allow for moderate rehab on the units. No residents will be relocated during renovations and affordability restrictions will be extended.

Units	144
Housing Type	Elderly
Affordability	100% affordable for households with income up to 60% of AMI
Financing	\$6.6 million 4% Federal LIHTC† net proceeds, \$17 million CHFA Tax Exempt Bond funds

† Low Income Housing Tax Credit

Fair Haven, New Haven

The Fair Haven development is a new scattered-site affordable housing project, including the completion of the Eastview Terrace development begun three years ago.

Units	63
Housing Type	Family
Affordability	16 units for households with incomes up to 25% of AMI, 31 units for households with incomes between 25-50% of AMI, and 16 units for households with incomes between 50-60% of AMI
Financing	\$15.6 million 9% Federal LIHTC proceeds, \$6.3 million Bank of America, \$2.4 million Housing Authority of New Haven Moving to Work Funds
Estimated Economic Impact	275 new jobs, 150 in construction, \$38.7 million in new economic activity, \$3.07 million in additional state revenue

Quintard Manor, Stamford

Quintard Manor is a Federal Public Housing apartment complex. The complex, more than 40 years old, needs moderate rehabilitation including windows, exterior improvements, repaving of driveway, parking areas and handicap access. Interior upgrades will also be made, but no residents will be displaced during renovations.

Units	60
Housing Type	elderly
Affordability	100% affordable, affordability extended 50 years
Financing	\$3.9 million in CHFA Tax Exempt Bond funding, \$2.1 million in Federal 4% LIHTCs net proceeds, \$1.8 million sponsor loan
Estimated Economic Impact	58 new jobs, 38 in construction, \$8.45 million in new economic activity, \$65,000 in additional state revenue

Ribicoff Cottages, New Haven

The Ribicoff Cottages are dilapidated public housing that will be demolished and rebuilt in two phases. This phase will include demolition of the 100 existing units. Ribicoff Cottages is the final phase of the revitalization of New Haven's West Rock neighborhood.

Units	55
Housing Type	Elderly, disabled, with 11 units with supportive services
Affordability	11 units for households with incomes less than 25% of AMI, 28 units for households with incomes of 25-50% AMI, 5 units for households with incomes of 50-60% of AMI, 11 units for households with incomes 80-100% of AMI
Financing	\$12.2 million of 9% Federal LIHTC proceeds, \$4.9 million Bank of America, \$1.9 million Housing Authority of New Haven Moving to Work Loan
Estimated Economic Impact	211 new jobs, 114 in construction; \$29.8 million in new economic activity, \$2.36 million in additional state revenue

School Apartments, New Britain

School Apartments will take two existing elderly, Section 8 senior apartment buildings in need of renovations and combine them into one development. The rehab will include energy-efficiency upgrades and modernization of kitchens, baths and ADA modifications.

Units	225
Housing Type	Elderly
Affordability	100% Affordable for households with incomes of 50-60% AMI
Financing	\$17.7 million in CHFA Tax Exempt Bond funds, \$7.4 million in 9% Federal LIHTC proceeds, \$2.2 Federal Historic Credit proceeds
Estimated Economic Impact	136 new jobs, 84 in construction; \$20.2 million in new economic activity, \$1.5 million in additional state revenue.

Simsbury Specialty Housing

Simsbury Specialty Housing will bring new affordable housing to the town as part of a mixed-use development. The building will include 8 units for those transitioning from nursing care and needing assisted-living-type care for multiple sclerosis. Other units will have fully accessible living space with support services provided by the Connecticut Chapter of the National Multiple Sclerosis Society.

Units	48
Housing Type	Family, 8 handicap
Affordability	100% affordable
Financing	\$9.6 million in 9% Federal LIHTC proceeds, \$2.5 million in CHFA Taxable Bond Funds, \$1.02 million in DECD Affordable Flex Funds
Estimated Economic Impact	146 new jobs, 78 in construction, \$20.6 million in new economic activity, \$1.6 million in additional state revenue

South Main – East Liberty Apartments, Waterbury

South Main/East Liberty Apartments will involve demolition of two blighted properties, bringing new construction of affordable housing to Waterbury's South End, including supportive housing for U.S. Military Veterans.

Units	33
Housing Type	family, with 7 supportive units for Veterans
Affordability	12 units for households with incomes of up to 25% of AMI, 21 units for households with incomes of 25-50% of AMI
Financing	\$8.8 million in 9% Federal LIHTC proceeds, \$850,000 Waterbury Development Corp., \$349,000 developer/investor equity
Estimated Economic Impact	120 new jobs, 64 in construction, \$16.7 million in new economic activity, \$1.3 million in additional state revenue.

St. Paul's Commons, Bridgeport

St. Paul's Commons will be new construction on two vacant lots on the east side of Bridgeport near the entrance to the Beardsley Park Zoo and one lot is adjacent to St. Paul's Church. The development will include support services.

Units	56
Housing Type	Family, supportive services to 12 units
Affordability	15 units for households with incomes of up to 25% AMI, 23 units for households with incomes of 25-50% AMI, and 18 units for households with incomes of 50-60% AMI
Financing	\$8.19 million in 9% Federal LIHTC proceeds, \$2.4 million in DECD/HUD HOME Funds, \$700,000 City of Bridgeport loan, \$280,000 Neighborworks/New Horizons funds
Estimated Economic Impact	128 new jobs, 77 in construction, \$17.4 million in new economic activity, \$1.4 million in additional state revenue

Summit Park, Hartford

Summit Park is the gut renovation of six historic buildings in Hartford's Frog Hollow neighborhood.

The buildings' exterior will be repaired, and entirely new apartments created with the buildings.

Units	42
Housing Type	Family
Affordability	11 units for households with incomes of up to 25% AMI, 11 units for households with incomes of 25-50% AMI, and 20 units for households with incomes of 50-60% AMI
Financing	\$7.1 million in 9% Federal LIHTC proceeds, \$1.8 million in Federal Historic Credit proceeds, \$2.3 million in State Historic credit proceeds, \$700,000 City of Hartford funds
Estimated Economic Impact	72 new jobs, 67 in construction, \$9.38 in new economic activity, \$860,000 in additional state revenue

Trinity Park, Stamford

Trinity Park is an older development in need of rehab including new boilers, hot water heaters, windows, roofing, bathroom and lighting upgrades. The rehabilitation will take place floor by floor with residents relocated elsewhere in the building or off site if needed, then moving back as each floor is renovated.

Units	48
Housing Type	Family
Affordability	12 units for households with incomes of up to 25% AMI, 24 units for households with incomes of 25-50% AMI, and 12 units for families with incomes of 50-60% AMI
Financing	\$3 million 4% Federal LIHTC net proceeds, \$4.3 million MHA/Seller Take-Back Financing, \$1 million People's Bank loan,
Estimated Economic Impact	84 new jobs, 30 in construction, \$15.8 million in new economic activity, \$930,000 in additional state revenue

Twin Acres, Hartford

Twin Acres is a townhouse complex overlooking Colt Park. The plan is to add 10 new units and enlarge the existing units to allow more families to live in the development. Six handicap units will also be added.

<i>Units</i>	50
<i>Housing Type</i>	Family, 6 handicap units
<i>Affordability</i>	10 units for households with incomes of up to 25% AMI, 15 units for households with incomes of 25-50% AMI, 15 units for households with incomes of 50-60% AMI, and 10 units for households with incomes of 100–120% AMI
<i>Financing</i>	\$ 8.4 million 9% Federal LIHTC proceeds, \$3.2 million DECD Housing Trust Fund, \$300,000 City of Hartford HOME Funds
<i>Estimated Economic Impact</i>	127 new jobs, 68 in construction, \$17.5 million in new economic activity, \$1.41 million in additional state revenue

Market Rate Conversion Program

Another strategy for increasing the number of affordable rental housing units in the state is to convert some of the existing market rate apartment inventory. Properties that are reaching the end of the first mortgage period are often looking for finance to fund improvements. CHFA offers favorable refinancing terms to these developments in exchange for adding affordability restriction to a portion of the existing units. In 2013, an additional 254 affordable rental units were added to the state's inventory without the long lead time of new construction.

Brookside Commons Apartments, East Hartford

Brookside Commons Apartments is a market rate complex in a residential area. As part of the refinancing agreement, the owner is adding affordability restrictions to 104 units, and will build up replacement reserves for long-term maintenance.

Units	258 units, with 104 affordable
Housing Type	Family
Affordability	52 units for households with income of up to 60% AMI, 52 for households with income up to 80% AMI
Financing	\$12.5 million CHFA Taxable Bond funds

Deerfield Apartments, Windsor

Deerfield Apartments is a market-rate complex built in 1978. As part of the refinancing agreement, the owner is adding affordability restrictions to 70 units and will build up replacement reserves for long-term maintenance of the property.

Units	176 units, with 70 affordable
Housing Type	Family
Affordability	35 units for households with incomes up to 60% of AMI, 35 for households with income up to 80% of AMI
Financing	\$13 million CHFA Taxable Bond funds

The Oaks Apartments, Manchester

The Oaks Apartments is a market-rate complex built in 1973. As part of the refinancing agreement, the owner is adding affordability restrictions to 80 units and will build up replacement reserves for long-term maintenance of the property.

Units	200 units, with 80 affordable
Housing Type	Family
Affordability	40 units for households with incomes up to 60% of AMI, 40 for households with income up to 80% of AMI
Financing	\$14 million CHFA Taxable Bond funds

CHAMP Developments

The Competitive Housing Assistance for Multifamily Properties (CHAMP) Program, launched in 2012, is funded by the Department of Housing, and supported by CHFA. Designed to provide gap funding in the form of grants and/or loans that can be leveraged with tax credits and other funding, the CHAMP program has created 580 new and rehabilitated affordable housing units in the state CHAMP Rounds 2 and 3 were held in 2013, with two rounds currently planned for 2014.

Loom City Lofts, Vernon, CHAMP 2

Loom City Lofts is an adaptive reuse of a former mill building in the Rockville section of Vernon. The new units will be affordable for 40 years.

Units	68
Housing type	Family
Affordability	60 units affordable to households with incomes of 50-60% AMI, 8 units affordable to households with incomes of up to 120% AMI
Financing	\$5 million in CHAMP Funds, \$4.2 million in CHFA Tax Exempt Bond funds, \$3.1 million in 4% Federal LIHTC proceeds, \$2.8 million in Federal Historic Credits proceeds, \$1.8 million in State Historic Credits
Estimated Economic Activity	151 new jobs, 37 in construction, \$21 million in new economic activity, \$1.73 million in additional state revenue

Residences at Laurel Hill, Brookfield, CHAMP 2

New construction of apartments and a small commercial property will be combined in this development near the town center in Brookfield.

Units:	72
Housing Type:	Family
Affordability:	All units for households with incomes between 50-60% of AMI
Financing	\$5 million 9% LIHTC proceeds, \$5 million DECD/DOH CHAMP funds, \$7.9 million Tax- Exempt Bond funds from the Town of Brookfield, \$1 million deferred Developer Fee

Old Middletown High School Apartments, Middletown – CHAMP 3

Old Middletown High School Apartments is a 119-year old building, converted to apartments in 1978, but in need of moderate rehabilitation. The financing covers the acquisition and rehabilitation of the property, included new roof, windows heat, hot water, kitchen and bath upgrades and energy efficiency improvements.

Units	65
Type of Housing	Elderly
Affordability	All units for households with incomes of between 50-60% AMI, affordability extended for 40 years
Financing	\$4.2 million in 4% Federal LIHTC proceeds, \$4.5 million DOH funds, \$2.6 million in CHFA Tax Exempt Bond funds, \$1.5 million in State Historic Credits
Estimated Economic Impact	106 new jobs, \$14.64 million in new economic activity

Park West Apartments, Vernon– CHAMP 3

Park West is a 45 year old development, with a 20-year Section 8 HAP contract covering 159 units. The development needs site improvements for drainage and erosion control, interior upgrades to the units, better insulation and new high-efficiency heating equipment. Some residents will be temporarily relocated during renovations.

Units	189
Type of Housing	Family
Affordability	57 units for households with incomes of up to 25% AMI, 67 units for households with incomes of 25-50% AMI, 35 units for households with incomes of 50-60% AMI, and 30 units for households with incomes of up to 120% AMI. Affordability extended 40 years.
Financing	\$15.9 million in CHFA Tax Exempt Bond funds, \$6 million in 4% Federal LIHTC proceeds, \$2.2 million in DOH funds, \$5.7 million seller take-back loan
Estimated Economic Impact	194 new jobs, \$27.9 million in new economic activity

Torrington West, Torrington – CHAMP 2

Torrington West, built in 1983 needs significant repairs including new roofing, windows, boilers, elevator upgrade, sidewalk and parking lot repairs, interior modernization and energy efficiency upgrades. The project will be an in-place rehabilitation, with residents relocating to common areas of the building during the day while their apartments are renovated.

Units	78
Type of Housing	Elderly
Affordability	100% affordable for households with incomes of 50-60% AMI. Affordability extended for 40 years
Financing	\$3.2 million in CHFA Tax Exempt Bond funds, \$2.6 million in DECD/DOH funds, \$2.1 million in 4% Federal LIHTC net proceeds,
Estimated Economic Impact	54 new jobs, 30 in construction, additional economic activity \$4.4 million, additional state revenue \$590,000

Watertown Crossing Village, Waterbury – CHAMP 3

Watertown Crossing is a family complex with 2-4 bedroom apartments. The property is well-maintained but in need of capital improvements due to wear and tear. Rehabilitation will include new roofing, windows, appliances, and upgrades to the HVAC system

Units	108
Type of Housing	Family
Affordability	100% affordable for households with incomes of 50-60% AMI, affordability extended to 2054
Financing	\$5 million in 4% Federal LIHTC proceeds, \$5.5 million in CHFA Tax Exempt Bond funds, \$4 million in DOH funds, \$2.9 million in assumed debt
Estimated Economic Impact	142 new jobs, \$20.3 million in new economic activity

Preservation of Affordable Housing - 658 units

When affordable rental developments are built, the mortgage financing requires that the units be affordable for a period of years, often 30 years or the life of the mortgage. As mortgages are paid off, CHFA works with owners/property managers to renew or extend the affordability restrictions, as well as financing improvements, upgrades and repairs to the properties.

In 2013, CHFA provided additional financing totaling \$11.4 million from its Investment Trust Account (ITA) for improvements to several properties in its multifamily housing loan portfolio. In addition, the terms of the financing for these properties guarantees that the units will remain affordable for an extended period of time, 30 years or more.

- 213 Buckingham – 24 units
- Augustana Homes – 186 units
- Burritt School – 110 units
- Cheshire Village I & II – 100 units
- Country Place I & II – 194 units
- Frog Hollow Homes – 26 units
- Putnam Park – 18 units

Supporting Special Needs Housing

In 2013, CHFA approved financing for three supportive developments with 67 units, through the State's Permanent Supportive Housing Initiative.

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. Funding for the developments listed below came from the state's Permanent Supportive Housing Initiative (PSHI), administered by the Interagency Committee on Supportive Housing (ICSH) described below.

570 State Street, Bridgeport

570 State Street is a new construction project with apartments, community and commercial space.

<i>Units</i>	30, 10 set aside for special needs residents
<i>Type of Housing</i>	Mixed-use, supportive
<i>Affordability</i>	10 units for households with incomes less than 50% of AMI, and 10 units for households with incomes less than 120% AMI
<i>Financing</i>	\$6.03 million PSHI
<i>Estimated Economic Impact</i>	70 new jobs, 44 in construction, \$9.6 million in new economic activity, \$791,000 in net state revenue

Francis Xavier Apartments, Waterbury

Francis Xavier Apartments is an adaptive reuse project, converting a vacant school building into supportive housing. The development has 5 units set aside for young adults with special needs who are homeless or transitioning from foster care.

<i>Units</i>	20, 10 supportive units
<i>Type of Housing</i>	Adaptive re-use, supportive
<i>Affordability</i>	Affordable to households with incomes less than 50% of AMI
<i>Financing</i>	\$6.14 million in PSHI funding
<i>Estimated Economic Impact</i>	73 new jobs, 47 in construction, \$9.9 million in new economic activity and \$812,000 in net state revenue

Val Macri Supportive Housing, New Haven

Val Macri is a gut rehab of an existing vacant apartment building, converting into supportive housing.

<i>Units</i>	17, 11 supportive
<i>Type of Housing</i>	Supportive housing,
<i>Affordability</i>	Affordable to households with incomes between 25-50% AMI
<i>Financing</i>	\$2.45 million PSHI funding
<i>Estimated Economic Impact</i>	33 new jobs, 16 in construction, \$4.53 million in economic activity and \$370,000 in net state revenue

Supportive Housing in other developments:

In 2013, eight affordable housing developments also included units with supportive services in their housing mix.

- Fair Haven, New Haven: 13 units
- Liberty Commons Apartments, Waterbury, 7 units
- Park West Apartments, Vernon, 20 units
- Ribicoff Cottages, New Haven, 11 units
- Sasco Creek Apartments, Westport, 6 units
- St. Paul's Commons, Bridgeport, 12 units
- Summit Park, Hartford, 9 units
- Watertown Crossing Village, Waterbury, 11 units

About ICSH

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), CHFA, the Department of Economic and Community Development (DECD), the Department of Mental Health and Addiction Services (DMHAS), the Department of Social Services (DSS), and the Corporation for Supportive Housing through the Interagency Committee for Supportive Housing (ICSH).

In the years since its inception, the ICSH has expanded to include additional state agencies to meet the needs and priorities of the State. The Department of Children and Families (DCF) joined the ICSH 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. The Department of Corrections and the Court Support Services Division of the Judicial Branch both joined to address the needs of individuals re-entering communities, including persons with serious mental health needs and/or substance abuse issues who are community-supervised offenders supervised by the executive or judicial branch and who are living in a shelter or who are homeless.

Administration of Tax Credit Programs

Housing Tax Credit Contribution (HTCC) Program - 2013

CHFA issues tax credit vouchers to business firms making cash contributions to qualified non-profits that develop affordable housing. The total amount available under the HTCC program is \$10 million annually, with a \$2 million set-aside for supportive housing, and a \$1 million set-aside for workforce housing. CHFA allocated the Housing Tax Credit Contributions to the non-profit organizations listed below, which will result in the development of 532 affordable homes and apartments.

HTCC Non-Profit Programs Receiving Contributions

Project Name	Units	Contribution Received	Set Aside
Live Where You Work Program (fka Workforce Housing Down Payment Fund)	0	\$500,000	W
Workforce II Revolving Loan Fund	0	\$500,000	W
Southend Community Building Initiative Phase II	11	\$300,000	S
570 State Street	30	\$200,000	S
Maplewood School	32	\$100,000	S
Fair Haven Mutual Housing	44	\$500,000	S
Warner Gardens	56	\$294,118	S
Boston Avenue Supportive Housing	24	\$205,882	S
Belden Street 2013	6	\$500,000	G
Park Renewal 2013	11	\$500,000	G
Affordable Housing Development Project	13	\$500,000	G
Carriage Maker Place	32	\$400,000	G
Access to Assets Windham	5	\$390,000	G
73 Broad Street	7	\$359,670	G
2013 New Haven Rehabilitation Initiative	16	\$500,000	G
Lakeview Apartments	6	\$500,000	G
Sullivan McKinney Elder Housing	40	\$150,000	G
Hartford Habitat – Bloomfield Project	6	\$500,000	G
The Goodwin	47	\$500,000	G
Bridgeport Neighborhood Build 2	11	\$429,000	G
Seymour Hollander Apartments	86	\$500,000	G
CHIF Community Loan Pool	0	\$500,000	G
Washington Street Apartments	12	\$500,000	G
29 Tiffany Street	12	\$300,000	G
New Fair Haven XV (aka Nueva Vida XV)	25	\$371,330	G
Total	532	\$10,000,000	

W = work force housing S = Supportive Housing G = General Housing

Low-Income Housing Tax Credit (LIHTC) Program – 2013

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.

In 2013, CHFA received applications totaling more than double the amount of tax credits available. The applicant pool requested \$16.8 million in tax credits, to create 999 total units of housing, with 882 units of affordable housing at or below 60% of AMI, 10 general class developments, 4 public housing class developments.

The tax credits recipients are listed below and credits were awarded in 2013.

9% Low Income Housing Tax Credit Awards

City/Town	Project Name	Type of Housing	Qualified Units	Credit Awarded
New Haven	Fair Haven	Family/Supportive	63	\$1,616,367
New Haven	Ribicoff Cottages	Elderly/Family/Supportive	44	\$1,251,609
Simsbury	Simsbury Specialty Housing	Family	48	\$1,036,148
Waterbury	Liberty Commons Apartments (fka South Main – East Liberty Apartments)	Family/Supportive	33	\$1,005,631
Hartford	Twin Acres	Family	40	\$896,166
Hartford	Summit Park	Family/Supportive	42	\$767,553
Bridgeport	St. Paul's Commons	Family/Supportive	56	\$921,310
			326	\$7,494,784

CHFA's Asset Management Staff oversees the State Sponsored Housing Portfolio and a Private Portfolio

State Sponsored Housing Portfolio Activity

In 2012, Governor Malloy announced a \$300 million commitment to fund improvements to the state's public housing over 10 years. Those funds are being administered by CHFA on behalf of the Department of Housing (DOH). In 2012-2013, the first of these funds were awarded to the developments below. Two of these developments, Dutton Heights and Sasco Creek, also received Federal Low Income Housing Tax Credits, further leveraging the state funds to increase the amount of work to be completed. Dutton Heights and Sasco Creek will undergo a full redevelopment. The remaining properties will benefit from a variety of rehabilitation activities including new roofs, boilers, upgrades to interior kitchens and baths, as well as exterior improvements to sidewalks, parking lots and common areas.

- Brookside Limited Equity Cooperative, Waterbury
- Crestview Ridge, Oxford
- Dutton Heights, Bristol
- Faylor Apartments, East Lyme
- Kugeman Village, Cornwall
- Historic Townley, Hartford
- Londonberry Gardens, New London
- Meadowview, Stratford
- Sasco Creek, Westport
- Sharon Ridge, Sharon
- Silverbrook Estate, Orange
- Shettucket Village, Sprague
- The Atlantic, Stamford
- The Glen Apartments, Danbury,

10-Year Capital Plan

With the significant investment in public housing from Governor Malloy, CHFA engaged Recap Real Estate Advisors to review the capital needs, financial position and market position of the properties in the State Sponsored Housing portfolio (300 properties) and make recommendations regarding the long-term sustainability of the properties. When completed, the Capital Plan will provide recommendations which will guide the allocation of the Governor's \$30 million per year for the portfolio.

Resident Engagement

CHFA issued two RFPs during the year to provide technical assistance to Housing Authorities and also to residents regarding the newly enacted statute pertaining to resident involvement in redevelopment. The RFP for technical assistance to Housing Authorities was awarded in 2013 jointly to NONN/NAHRO and Housing Education Resource Center. The RFP process for technical assistance to residents ended in 2013, and the work will be awarded in early 2014.

Private Portfolio Activity

- CHFA continued its ongoing portfolio management oversight, which included performance management of its portfolio of 289 developments and 22,781 apartments, which includes Real Estate Owned (REO) properties held by subsidiaries of the Authority.
-
- Acted as HUD contract administrator for 60 project-based Section 8 developments, including the review and approval of \$58.3 million in subsidy payments for 5,663 apartments. Also sub-contracted to oversee 236 Section 8 apartments for Housing Authorities
- Monitored low-income housing tax credit compliance of 16,238 apartments for 226 properties.

Energy Partnership Program

In 2013, CHFA's Board of Directors approved the implementation of a new Energy Efficiency Policy. As part of the implementation of that policy, staff has been working with portfolio owners to encourage installation of energy-efficient measures in partnership with utility company programs that provide incentives and rebates for such installations. CHFA introduced 42 properties, with a total of 3,661 units to the utility company programs.

REO/Equity Properties

- Eno Farms, Simsbury: A buyer was selected through an RFP process, however litigation with 5 residents that failed to re-certify and also filed a "Verified claim" on the land records (which affects the title) continues to hold up a sale.
- Trumbull Centre & 111 Pearl, Hartford: A buyer has been selected through an RFP process, closing anticipated during the first quarter of 2014.
- 272 Cleveland Avenue, Hartford: CHFA took title in September. The Property is part of CHFA Small Properties, Inc. RFP for sale published February 2014.
- Winthrop Drive, Farmington: CHFA took title in June. The property is part of CHFA Small Properties, Inc., and RFP for sale is anticipated to be published in March 2014.

Loan Modifications

CHFA's Board of Directors approved the following loan modifications in 2013:

- Putnam Park, 213 Buckingham Street, Frog Hollow Homes, Hartford: Broad Park Development Corporation – Modification and Refinancing.
- Maplewood School, Bridgeport: Modify existing debt by capitalizing past due interest to the balance, grant a 6 month moratorium for August 1, 2013 – January 1, 2014.
- Fair Haven Homes, New Haven: Combine and restructure the acquisition and construction loans, extending the term for an additional 40 years, reducing interest rate to 0%.
- Londonberry Gardens, New London: Extend the interest only term of the existing Modification Agreement two years to August 31, 2015 while owner secures financing to structure a recapitalization plan.
- Chestnut Grove, New Milford: Modify existing \$350,000 note, waive all late fees and penalties.
- Lawnhill Terrace, Stamford: Modify existing \$1,842,189 principal balance, conditional on the approved allocation of 9% LIHTC's.
- King Court, East Hartford: Modified \$128,597.13 unpaid note to begin amortization May1, 2013.

CHFA's Board of Directors approved the following loan moratoriums

- Science Park, New Haven: Moratorium from March 1, 2013 – February 1, 2014.
- Westbrook Village & Bowles Park, Hartford: Moratorium from May 1, 2013 – October 31, 2013.
- Harrison Apartments, Bridgeport: Moratorium from July 1, 2013 – January 1, 2014.
- Westbrook Village & Bowles Park, Hartford: Extend Moratorium from November 1, 2013 – April 30, 2014.
- Harrison Apartments, Bridgeport: Extend Moratorium from January 1, 2014 – July 1, 2014.
- Maplewood School, Bridgeport: Extend Moratorium from February 1, 2014 – January 1, 2015.
-

The mortgages on two properties were prepaid in 2013 removing them from the CHFA Portfolio:

- Burritt School, New Britain.
- Crossroads, Enfield

Energy Conservation Loan

- Groton Estates, Groton: New taxable bond loan up to \$575,000 to fund energy improvements.

OTHER:

Operating Expense Proforma Reviews: Completed 25 reviews consisting of 11 CHAMP-3 reviews, 7 TEB & 4% reviews, 6 Permanent Supportive Housing reviews, and 1 ITA & 9% review.

Strengthening Communities through Housing & Community Development Special Programs

CHFA is committed to strengthening neighborhoods by helping to integrate housing within overall community development efforts. During 2013, CHFA continued its important collaborative investments with others active in this field and through direct program investments.

Community Investment Account (CIA)

The Community Investment Account was established through legislation in 2005, requiring the collection of recording fees for all documents entered into the municipal land records. Funds are allocated to CHFA and three other agencies. The Authority receives these funds in proportion to fees collected. In 2013, The Community Investment Account (CIA) provided funding for the following programs:

- **Farmer's Market**- This program is collaboration with the Department of Agriculture to provide fresh fruit and vegetables to families with children aged 5 + in state sponsored public housing. During the summer of 2013 over 1500 vouchers were redeemed at Farmers Market vendors.
- **Housing Authority Small Improvement Program (HASIP)** - The purpose of the program is to provide funds to State-Sponsored Housing Authority owned developments that wish to make physical improvements to the property or provide resident activities or special programming. In 2013, 50 properties were served, \$367,566 expensed.
- **Bridge Loan Program** – This program was designed at the end of 2013 to assist State Sponsored Housing Portfolio owners with predevelopment costs associated with the redevelopment of their properties. The program will be launched in 2014.
- **Energy Conservation loan program** – This program was designed at the end of 2013 to assist the CHFA portfolio with the installation of energy savings measures. CHFA will pre-fund the work with a Letter of Agreement from the UI or CL&P.
- **Depot Crossing**— This property is a partially completed three-story, 23,986 square foot building across from the Berlin Train Station. CHFA, through a partnership with the CT Housing Investment Fund, provided funds that will develop Depot Crossing into a mixed-use, mixed income, transit-oriented property creating 16 units of housing, with commercial/retail activity occupying the first floor.

Community Development Financial Institutions

CHFA invests in Community Development Financial Institutions (CDFIs) to provide technical assistance to 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 2013, CHFA continued its partnerships with the Local Initiative Support Corporation (LISC), the Connecticut Housing Investment Fund (CHIF), and the Greater New Haven Community Loan Fund (GNHCLF) for a total of \$9 million. CHFA partners with these organizations through the capitalization of their lending programs.

The Authority's investment from 1999 through 2013 participated in a total of 96 completed transactions creating 1,899 units. The Authority's cost per unit on these transactions was approximately \$11,000. For every \$1.00 of Authority investment, another \$16.00 was leveraged in total development costs.

- CHFA extended its partnership investment with LISC for an additional five-year term in the amount of \$5 million.
- CHFA extended its partnership investment with GNHCLF for an additional five-year term in the amount of \$2 million.

In addition, CHFA designed a new initiative with the CDFIs to make available \$5 million in low-cost capital for the redevelopment or rehabilitation of vacant or blighted small multifamily rental properties with less than 20 units. The Hartford Community Loan Fund, the Housing Development Fund and the Greater New Haven Community Loan Fund will participate in this initiative which will be launched in the 1st quarter of 2014.

Funding and Financial Statements

CHFA is a self-funded quasi-public organization, which uses its resources to provide below market interest rate mortgages for single-family homeownership and multifamily rental property. Tax-exempt bonds are the primary source of mortgage capital for the Authority's Housing programs. CHFA maintains a credit rating of AAA with Standard & Poor's, as well as an Aaa rating with Moody's Investor Service.

*****DRAFT-INCOMPLETE AND SUBJECT TO CHANGE*****

CONNECTICUT HOUSING FINANCE AUTHORITY
STATEMENT OF REVENUES, EXPENSES WITH COMPARISON TO BUDGET
TWELVE MONTHS ENDED DECEMBER 31, 2013
(in 000's)

	<u>2013 Budget Projection</u>	<u>YTD Dec 31 2013 Actual</u>	<u>Variance to Annual Budget</u>
Operating Revenues			
Interest on mortgage loans	190,400	173,538	(16,862)
Interest on investments	29,100	25,116	(3,984)
Fees and other income	3,800	5,618	1,818
Total Operating Revenues	<u>223,300</u>	<u>204,272</u>	<u>(19,028)</u>
Operating Expenses			
Interest	147,500	140,064	(7,436)
Servicer fees	9,900	7,331	(2,569)
Administrative (Operating Budget Expenses)	37,742	32,160	(5,582)
Other expenses	3,500	1,099	(2,401)
Mortgage insurance fund claims	100	-	(100)
Total Operating Expenses	<u>198,742</u>	<u>180,654</u>	<u>(18,088)</u>
Net Operating Income	<u>24,558</u>	<u>23,618</u>	<u>(940)</u>
Non-Operating Expenses			
Amortization of deferred financing costs	6,700	-	(6,700)
Bond Issuance Costs	-	3,849	3,849
Depreciation	200	202	2
Provision for losses	5,000	3,909	(1,091)
Total Non-Operating Expenses	<u>11,900</u>	<u>7,960</u>	<u>(3,940)</u>
Change in Net Position	<u>12,658</u>	<u>15,658</u>	<u>3,000</u>

Notes:

- 1) Does not include amounts received or expensed or expected to be received or expensed pursuant to CGS Sec 4-66aa (CIA), the National Foreclosure Mitigation Counseling Program (NFMC) or Making Home Affordable Outreach and Intake Project (MHA).
- 2) No adjustment for the fluctuation in the market value of investments is included.
- 3) Arbitrage rebate expense calculations are incomplete and are not included in these numbers.