

Minutes
Connecticut Housing Finance Authority
Board of Directors' Meeting No. 570
February 28, 2019

Directors Present: Kathleen Dorgan
Anne Foley, Chairperson of the Mortgage Committee, representing Melissa McCaw, Secretary, State Office of Policy and Management
Timothy Hodges (by phone)
David Kooris, representing the Department of Economic & Community Development
Sarah Sanders, representing Shawn Wooden, State Treasurer
Matt Smith, representing Jorge Perez, State Banking Commissioner
Franklin Perry II
Michael Santoro, Acting Commissioner, representing the Department of Housing
Jared Schmitt, Chairperson of the Finance/Audit Committee
Lisa Tepper Bates (by phone)
Carla Weil

Directors Absent: Michael Cicchetti
Heidi DeWyngaert, Vice Chairperson of CHFA
Kiley Gosselin
Richard Orr

Ms. Foley called the meeting of the Connecticut Housing Finance Authority ("CHFA") to order at 9:30 a.m. in the Boardroom of CHFA, 999 West Street, Rocky Hill, Connecticut. She asked for public comments, and there were none.

Ms. Foley read the resolutions honoring Evonne Klein, Catherine Smith and Alicia Woodsby for their service to CHFA. The resolutions will be signed by Ms. DeWyngaert and sent to Ms. Klein, Ms. Smith and Ms. Woodsby.

Mr. Kilduff, Executive Director, provided the Executive Director's report. Information about events that occurred in February was provided in the materials. As a follow-up to questions asked at the January Board meeting regarding the loan guarantee program initiative to assist federal employees from the partial federal shutdown, Mr. Kilduff stated that 12 financial institutions were approved to provide lending by the Department of Banking, but only 2 provided loans. Webster Bank provided 130 loans and People's United Bank provided 6 loans aggregating approximately \$534,600. The loan product has closed and the loans will be moving through the repayment and collection process. Mr. Kilduff asked for Board member volunteers to serve on the Qualified Allocation Plan (QAP) Task Force, and Ms. Dorgan, Mr. Hodges, Ms. Mosquera-Bruno, Ms. Tepper Bates, and Ms. Weil will serve as members along with CHFA and Department of Housing staff. Mr. Kilduff mentioned that comments were solicited from the development community as well as advocacy groups on the QAP. No comments were received from the development community and the advocacy groups asked for no point reductions for passive housing. The Board asked for copies of the written comments.

Mr. Schmitt mentioned that there were no action items discussed at the Finance/Audit Committee meeting. A question arose regarding the reduction in the percentage of minority borrowers in January 2019 versus January 2018. Mr. Taib noted that it is still very early in the year, but staff will continue to track and provide the Board with more information on minority single-family borrowers.

Before the next presentation, Mr. Hodges and Ms. Weil noted a potential conflict of interest and abstained from the discussion and vote on the recommendation for Capital for Change (C4C). Mr. Cabral, Manager, Planning, Research & Evaluation, spoke about the request to approve \$2,000,000 of funding for the C4C lending programs. He discussed CHFA's background in making investments in programming offered through Community Development Financial Institutions (CDFIs). Mr. Cabral explained that C4C has requested an investment from CHFA to support its programs, which include predevelopment financing, rehabilitation and new construction financing for homeownership, and both construction and permanent financing for affordable rental housing development. In response to a question, Mr. Cabral stated that in the past CHFA has provided funding to the Local Initiatives Support Corporation and the Connecticut Housing Investment Fund Inc and Greater New Haven Community Loan Fund which merged to form Capital for Change. Mr. Cabral explained that CHFA's investment in the CDFIs helps leverage other sources of funds. He noted that CDFIs have traditionally provided financing not normally offered through CHFA and provide additional technical assistance for less sophisticated borrowers.

Upon a motion made by Mr. Santoro, seconded by Mr. Kooris, the Board members voted in favor of adopting the following resolution regarding an investment in the Capital for Change Lending Program (Mr. Hodges, Mr. Smith and Ms. Weil abstained from the vote):

RESOLUTION REGARDING INVESTMENT
IN CAPITAL FOR CHANGE
LENDING PROGRAM

WHEREAS, Capital for Change ("C4C") has applied to the Connecticut Housing Finance Authority (the "Authority") for financing to support C4C's lending programs throughout Connecticut; and

WHEREAS, C4C provides financial products and services in economically distressed markets and to low and moderate income families, including mortgage financing; and

WHEREAS, the Authority desires to provide financing to C4C, as described in the attached memorandum from Jonathan M. Cabral dated February 28, 2019.

NOW THEREFORE, be it resolved by the Board of Directors of the Connecticut Housing Finance Authority, as follows:

Section 1. The Authority is authorized to provide financing up to \$2,000,000.00, at the initial rate of THREE (3%) percent per annum subject to annual review, over a 5 year term. Interest shall be paid quarterly, in arrears, based on the total of the proceeds then advanced to C4C.

Section 2. The Authority's commitment to provide financing shall be conditioned upon the following:

- a. Funds may be used by C4C for predevelopment financing, rehabilitation and new construction homeownership financing, and construction and permanent financing for affordable rental housing of 30 units or less.
- b. Principal shall be repaid at the maturity of the underlying loans from C4C, but in no event shall the term of the underlying loan exceed 20 years.
- c. C4C shall guarantee repayment with full recourse.
- d. C4C shall use the Authority financing as a matching fund from sources other than the Authority, such that no more than 50% of any development shall be funded from the Authority financing.
- e. C4C shall not charge any borrower financed under this program more than 3% in excess of the CHFA rate on the amounts advanced.
- f. C4C shall comply with such reporting requirements on the use of the financing as the Authority may request.

Section 3. The Executive Director is hereby authorized to modify or supplement the terms and conditions hereof and to take all other actions consistent with this Resolution, as may be in the best interest of the Authority and necessary for the development of quality affordable housing.

Section 4. Failure to provide any of the above-referenced requirements in a form acceptable to the Authority, and to execute the contract contemplated by this Resolution on or before August 30, 2019, shall render this Resolution void and of no further effect, provided, however, upon good cause shown and upon payment by C4C of any extension or other fees as may be required by the Authority, the Executive Director may extend the time for compliance hereunder.

Mr. Cabral discussed some of the early indicators resulting from the CHFA housing needs study recently commissioned to help CHFA identify potential market opportunities for both single and multifamily lending. He discussed the scope of the study. Mr. Cabral reviewed early indicators relating to population trends, state labor market and wage trends, changes in owner-occupied home values over time and changes in housing costs for both renters and homeowners in the state. The Board questioned whether the study considers problems with crumbling foundations in the eastern part of the state, whether the study considers millennial preferences (i.e. housing types, locations, lot sizes, condition of available stock) and stock available to match preferences. Another question arose as to whether online banking and financing impacts CHFA and if so, how CHFA can address that competition. Mr. Cabral discussed some of the challenges going forward. A suggestion was made to find a mechanism to better understand the intensions of the large percentage of apartment dwellers with respect to homeownership in Connecticut, particularly in the Stamford area. Several Board members asked to be more engaged in the remainder of the process, and Mr. Cabral agreed to facilitate the requests for participation by the Board.

Ms. Foley asked the Board members to consider the items on the Consent Agenda.

Upon a motion made by Mr. Perry, seconded by Mr. Smith the Board members voted unanimously in favor of accepting the following consent agenda items.

Reports Accepted:

- 2019 Series A Bond Issue (Single Family)
- Financial Reports
- Delinquency Reports
- Finance/Audit Monthly Tracking Report
- Internal Audit Report

Ms. Foley asked the Board members to consider the minutes from the January 31, 2019 regular meeting.

Upon a motion made by Mr. Perry, seconded by Mr. Smith, the Board members voted in favor of adopting the minutes from the January 31, 2019 regular meeting as presented (Ms. Sanders abstained from the vote).

There being no further business to discuss, upon a motion made by Mr. Santoro, seconded by Mr. Smith and unanimously approved, the Board members voted to adjourn the meeting at 10:08 a.m.