

MINUTES
MORTGAGE COMMITTEE MEETING OF THE
CONNECTICUT HOUSING FINANCE AUTHORITY (CHFA)
July 26, 2018

Committee Members

Present: Anne Foley, Chairperson of Mortgage Committee, representing
Benjamin Barnes, Secretary, State Office Policy and
Management
Kathleen Dorgan
Evonne Klein, CHFA Chairperson and Commissioner of the
Department of Housing
Heidi DeWyngaert, Vice Chairperson of CHFA (by phone)
Carla Weil
Richard Orr (by phone)
Alicia Woodsby (by phone)

Committee Members

Absent: Lisa Tepper Bates

Others Present: Mike Santoro, Department of Housing

Staff Present:

Karl Kilduff, Executive Director
Jonathan Cabral Manager 1, Multifamily
Michelle O. DeRosa, Underwriter 3
Norbert Deslauriers, Managing Director of Homeownership
Peg Fitzgerald, Director, Government Relations
Maura Hayden-Walker, Underwriter 2
Robert Hicks, Assistant Director, Legal
Lisa Kidder, Director, Communications
Jennifer Landau, Director, Multifamily
Leslie Malaga, Multifamily Architect 1
Seema Malani, Multifamily Architect 2
Maura Martin, Legislative Program Officer
Wendy Moores, Director, Multifamily
Terry G. Nash-Giovanucci, Manager 2, Multifamily
Nancy O'Brien, Managing Director for Multifamily Programs
Colette Slover, Underwriter 2, Multifamily
Diane Smith, Director, Planning, Research & Evaluation
Joe Voccio, Director, Multifamily

Ms. Foley, Chairperson of the Mortgage Committee (the “Committee”), called the meeting to order at 9:00 a.m. in the Boardroom of CHFA’s offices, 999 West Street, Rocky Hill, Connecticut.

Ms. Landau discussed the Memorandum of Agreement (MOA) for funding initiatives with the Department of Housing (DOH). Ms. Landau noted that since 2012 CHFA and DOH have worked in tandem on various funding, program and technical assistance projects to support the Governor’s commitment to revitalize the State-Sponsored Housing Portfolio over ten years. She continued that DOH wants to include additional scope of services related to other funding initiatives that may require tax credits and/or CHFA bonds and DOH state funding. CHFA recommends establishing a new MOA to cover the full range of activities contemplated under the expanded scope of services and any new programs. Ms. Landau summarized CHFA’s responsibilities in the process. Ms. Landau noted that DOH’s current process will continue for funding advances, seeking certain approvals and legal representation in the closing process.

Upon a motion made by Ms. Weil, seconded by Ms. Dorgan, the Mortgage Committee members voted unanimously in favor of recommending to the Board for consideration the resolution regarding authorization for the Executive Director to enter into the Memorandum of Agreement with the Department of Housing for one year.

Ms. Moores reviewed the resolution regarding mortgage financing for Armstrong Court Phase I located in Greenwich. Ms. Moores explained the proposed financing of Tax-Exempt Bond proceeds will be evidenced by two notes 1) a construction note in a principal amount not to exceed \$5,025,000 at an interest rate no higher than 5.82% for a term of 24 months and 2) a permanent loan in an amount not to exceed \$2,525,000 at an interest rate no higher than 6.13% interest only for 24 months converting to a fully amortizing permanent loan for 40 years. Ms. Moores reviewed the background of the development noting 18 townhome units will be constructed on vacant land within the existing Armstrong Court. Ms. Moores continued the family development will be comprised of 6 two-bedroom and 12 three-bedroom units. Ms. Moores summarized the other funding sources associated with the project noting that DOH funding is subject to Bond Commission approval.

Upon a motion made by Ms. Klein, seconded by Ms. Weil, the Mortgage Committee members voted unanimously in favor of recommending to the Board for consideration the resolution regarding mortgage financing for Armstrong Court Phase I, Greenwich, Connecticut.

Ms. Dorgan recused herself from the Washington Village Phase Two – 9%/4% discussion.

Mr. Voccio discussed the hybrid mortgage financing proposal for Washington Village Phase Two development. Mr. Voccio stated that the 2018 Qualified Allocation Plan allows alternative financing structures to enable the possibility of a potential demonstration program for 9%/4% hybrid Low Income Housing Tax Credit (LIHTC) deals to be submitted to CHFA. He explained this hybrid structure enables unused, excess LIHTC basis to generate additional tax credits and

equity to reduce funding gaps in a transaction. Mr. Voccio continued that Washington Village Phase Two has demonstrated the ability to utilize this 9%/4% LIHTC structure. Mr. Voccio reviewed the background of the project to replace 136 units of public housing that will occur in a series of phases.

Mr. Voccio reviewed financing for Washington Village Phase Two – 9% noting Taxable Bond proceeds for a first mortgage construction loan of up to \$7.2 million at an interest rate not to exceed 4.40% per annum to be paid down and converted to a fully amortizing permanent first mortgage loan of up to \$3.7 million with a term of 22 years amortized for 35 years at an interest rate not to exceed 5.57% per annum is recommended. Mr. Voccio continued that the 9% phase will contain 43 units with a mix of one, two and three bedrooms with 33 units rented to households with mixed income ranging from 0 to 60% Area Median Income (AMI). The remaining 10 units are market rate. Mr. Voccio reviewed other funding sources including a tax abatement from the City of Norwalk. Mr. Voccio summarized the challenges of the proposal.

Mr. Voccio discussed Washington Village Phase Two – 4% stating Tax-Exempt bond proceeds for a first mortgage construction loan of up to \$9.2 million at an interest rate not to exceed 5.54% per annum to be paid down and converted to a fully amortizing permanent first mortgage loan of up to \$3.725 million with a term of 40 years at an interest rate not to exceed 6.23% per annum is proposed. Mr. Voccio noted this proposal is comprised of 43 units with a mix of one, two and three bedrooms.

Upon a motion made by Ms. Klein, seconded by Ms. Weil, the Mortgage Committee members voted in favor of recommending to the Board for consideration the resolution regarding 9% Taxable mortgage financing for Washington Village Phase Two, Norwalk, Connecticut. Ms. Dorgan abstained.

Upon a motion made by Ms. Klein, seconded by Ms. Weil, the Mortgage Committee members voted in favor of recommending to the Board for consideration the resolution regarding 4% Tax-Exempt mortgage financing for Washington Village Phase Two, Norwalk, Connecticut. Ms. Dorgan abstained.

Mr. Voccio discussed the Willow Creek Apartments Rental Phase I resolution. Mr. Voccio noted staff recommends a loan of approximately \$574,000 funded from Financing Adjustment Factor funds. Mr. Voccio explained that the development received an award of \$1,722,498 in 9% LIHTCs from the 2017 credit ceiling in March 2016. Mr. Voccio summarized the financing terms of the construction-permanent loan at a rate of 0.0% per annum during the construction term with no required amortization at a rate of 0.0% per annum during the permanent term of 30 years. Mr. Voccio continued the funds will allow the developer to expand the existing community space by more than 2,000 sq. ft. to accommodate additional residents from subsequent phases of the development. Mr. Voccio noted Willow Creek is a 62-unit mixed-income development serving households with incomes at or below 60% AMI and includes 13 supportive housing units.

Upon a motion made by Ms. Klein, seconded by Ms. Dorgan, the Mortgage Committee members voted unanimously in favor of recommending to the Board for consideration the resolution to provide funding for Willow Creek Apartments Rental Phase I, Hartford, Connecticut.

Ms. Foley asked the Mortgage Committee members to consider the minutes from the June 28, 2018 meeting.

Upon a motion made by Ms. Klein, seconded by Ms. Weil, the Mortgage Committee members unanimously voted in favor of adopting the minutes from the June 28, 2018.

Ms. O'Brien updated the committee on multifamily activities.

There being no further business to discuss, upon a motion made by Ms. Klein, seconded by Ms. Weil and unanimously approved the meeting was adjourned at 9:24 a.m.