Minutes  
Connecticut Housing Finance Authority  
Board of Directors’ Meeting No. 553  
May 25, 2017

Directors Present: Evonne Klein, Chairperson of CHFA Board and Commissioner of the Department of Housing  
Michael Cicchetti  
Kathleen Dorgan  
Anne Foley, Chairperson of the Mortgage Committee, representing Benjamin Barnes, Secretary, State Office of Policy and Management  
Catherine LaMarr, representing Denise Nappier, State Treasurer (by phone)  
Meghan Lowney  
Richard Orr  
Matt Smith representing Jorge Perez, State Banking Commissioner  
Tim Sullivan representing Catherine Smith, Commissioner of the Department of Economic and Community Development  
Carla Weil  
Alicia Woodsby

Directors Absent: Heidi DeWyngaert, Vice Chairperson of CHFA  
Nuala Droney  
Jared Schmitt, Chairperson of the Finance/Audit Committee

Ms. Klein 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.

Ms. Klein asked for public comments, and there were none. Ms. Klein invited Ms. Dorgan to report on the conference she recently attended. Ms. Dorgan mentioned that she attended the 2017 Habitat for Humanity International Global Conference about international housing issues. She noted that the State Department of Housing was acknowledged, along with the support from CHFA, for its work to end homelessness.

Mr. Kilduff, Executive Director, provided the Executive Director’s report noting that the groundbreakings and events that occurred throughout the state in April are listed in the report. He mentioned the LeanCT Showcase that was held on May 2 at the State Capitol for agencies to highlight how the Lean process is helping to bring about program improvements and efficiencies to state government. Mr. Kilduff stated that staff is moving forward with the strategic planning process and completed internal discussions with each operating division on how to develop tactics and ideas to support the framework approved by the Board. He stated that staff has had discussions with counterparts in New York relating to the volume cap recycling process and is trying to determine commonalities before looping in other states. Mr. Kilduff mentioned that beginning next month, the Board agenda will include, if time permits, educational briefings about broad policy issues and/or things of significance to keep the Board informed.
Debra Olson, Manager 2, Asset Management, reviewed the resolution regarding Rehoboth Place Limited Equity Cooperative, comprised of 15 units located in Hartford. She stated that Rehoboth Place has requested approval to dissolve the cooperative, sell its equity interests and remain in the property subject to the State Moderate Rental Program guidelines. Ms. Olson reviewed the terms of financing explaining the proposed loan from Investment Trust Account funds not to exceed $120,000. She explained that amending the existing loan and sale of the development is recommended. Ms. Olson noted that the property will be sold to a “to-be-formed” entity with Sheldon Oak Central Inc. as the sole manager.

Ms. Olson explained the proposed terms of the sale of the equity interests, including rents following a sale. Ms. Foley stated that the Mortgage Committee supports the recommendation.

Upon a motion made by Ms. Foley, seconded by Ms. Weil, the Board members voted unanimously in favor of adopting the following resolution regarding a loan modification for Rehoboth Place Cooperative, Hartford:

RESOLUTION REGARDING LOAN MODIFICATION FOR REHOBOTH PLACE CO-OPERATIVE HARTFORD, CONNECTICUT CHFA DEVELOPMENT NO. 96026D

WHEREAS, pursuant to a Memorandum of Understanding effective April 9, 2003, by and between the State of Connecticut Department of Economic and Community Development (“DECD”) and the Connecticut Housing Finance Authority (the “Authority”), the Authority acquired the interest of DECD in a loan (the “Acquired Loan”) made to Rehoboth Place Limited Equity Cooperative, a 15-unit limited equity cooperative, evidenced by a Mortgage and Assistance Agreement regarding property known as Rehoboth Place Cooperative, located in Hartford, Connecticut (the “Development”); and

WHEREAS, the current owners desire to restructure the financing to address Development needs, to dissolve the Co-operative, to sell their interests to an entity controlled by Sheldon Oak Central, Inc., to transition from the State Limited Equity Program to the State Moderate Rental Program and remain as tenants; and

WHEREAS, the Authority desires to modify the Acquired Loan and provide financial assistance as set forth herein and as described in the attached memorandum from Debra Olson and Janet Bonner dated May 25, 2017 (the “Memorandum”).

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 modify existing mortgage financing and provide additional mortgage financing, as follows:

a. Provide financing in an amount not to exceed $120,000, for a term of not more than 30 years, at an interest rate of 0% per annum for the initial 2 years, and 4% per annum for the remaining 28 years. Amortization repayment shall not exceed 28 years and will begin after the initial 2 years of the term. The Authority will fund this loan from Investment Trust Account proceeds (the “ITA Loan”) to be used for purposes as described in the attached Memorandum;
b. Amend and restate the Acquired Loan by capitalizing unpaid and delinquent amounts into a new principal amount accruing interest at an interest rate of 4% per annum. Repayment of principal and interest shall be deferred until maturity, provided, however, 50% of annual surplus cash generated by the Development shall be repaid to the Authority and applied toward outstanding interest and then principal, and the Mortgagor shall retain the remaining 50% of annual surplus cash;

c. The ITA Loan and the Acquired Loan, as modified, maybe assumed by an entity approved by the Authority and controlled by Sheldon Oak Central, Inc. or its affiliate (the “Mortgagor”); and

d. Permit pre-payment of both the ITA Loan and the amended Acquired Loan upon a capital transaction or a sale, subject to the approval of CHFA’s Board conditions satisfactory to the Authority. A yield maintenance fee of 5% of the pre-payment value maybe required if net sale/refinancing proceeds are in excess of the prepayment value of the loans.

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

a. The Authority’s acceptance and approval of the sale of the Development, equity repayment of cooperative ownership interests, property management organization and leasing documentation;

b. The approval of the State Department of Housing of the transition from the State Limited Equity Program to the State Moderate Rental Program and the Authority’s confirmation of affordability restrictions on the Development consistent with the State of Connecticut Moderate Rental Program regulations and requirements; and

c. As applicable and as determined by the Authority, compliance by the proposed mortgagor with the Authority’s Standard Closing Requirements, which materials are available online at http://www.chfa.org/Rental%20Housing/Loan%20Closing%20Materials/default.aspx, the terms of which are incorporated herein by reference, provided, however, if there is any inconsistency between the provisions of this Resolution and the Standard Closing Requirements, the terms of this Resolution shall control.

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 close the mortgage financing authorized herein on or before December 31, 2017 shall render this Resolution void and of no further effect, provided, however, upon good cause shown and upon payment by the proposed mortgagor of any extension or other fees as may be required by the Authority, the Executive Director may extend the time for compliance hereunder.
Wendy Moores, Assistant Director of Multifamily, discussed the requests for the conversion of four multifamily developments to the U.S. Department of Housing and Urban Development (“HUD”) Rental Assistance Demonstration (RAD) Program: Eastview Terrace, New Haven; 122 Wilmot Road, New Haven; Dutch Point Colony Hope VI, Phase I, Hartford; and Dutch Point Colony Hope VI Phase II, Hartford. Under the RAD Program, public housing properties may convert existing public housing program subsidies to project-based Section 8 subsidy contracts. Ms. Moores stated that there is no CHFA financing with any of the four developments requesting conversion. However, there are 9 percent low-income housing tax credits, and approval of the conversion to the HUD RAD program would require the subordination of the Extended Low-Income Housing Commitment (ELIHC) to the terms and conditions of the RAD Program. Ms. Moores discussed the benefits of the conversion to the RAD Program.

Ms. Moores discussed the conversion of Millport Phase II to the HUD RAD Program. Millport Phase II consists of 18 public housing units that will be demolished and replaced with 40 new units. She explained that HUD requested that CHFA authorize the subordination of the ELIHC to the RAD Use Agreement prior to the May 25 Board meeting so the closing would not be delayed. Ms. Moores stated that as requested by HUD, staff authorized the subordination of the ELIHC earlier this week.

Mr. Kilduff stated that a proposal will be presented to the Board to authorize staff in the future to approve subordination of ELIHCs for participation in the RAD Program; however, any conversions that require the subordination of CHFA debt would still be brought to the Board for consideration and approval.

Upon a motion made by Ms. Foley, seconded by Mr. Smith, the Board members voted unanimously in favor of adopting the following resolution authorizing the conversion of 1) Eastview Terrace, New Haven; 2) 122 Wilmot Road, New Haven; 3) Dutch Point Colony Hope VI, Phase I, Hartford; and 4) Dutch Point Colony Hope VI Phase II, Hartford to the HUD Rental Assistance Demonstration Program:

RESOLUTION AUTHORIZING THE
CONVERSION OF MULTIFAMILY DEVELOPMENTS TO
THE HUD RENTAL ASSISTANCE DEMONSTRATION (RAD) PROGRAM

WHEREAS, the Connecticut Housing Finance Authority (the “Authority”) provided an allocation of 9% tax credits for the development of multifamily rental housing developments in the City of New Haven, Connecticut known as 122 Wilmot Road and Eastview Terrace, and for the development of multifamily rental housing developments in the City of Hartford, Connecticut known as Dutch Point Colony HOPE Phase I and Dutch Point Colony HOPE Phase II (the “Developments”); and

WHEREAS, none of the Developments have Authority financing; and

WHEREAS, the United States Department of Housing and Urban Development (“HUD”) administers a program known as the Rental Assistance Demonstration (“RAD”) Program, whereby public housing properties may convert existing public housing program subsidies to project-based Section 8 subsidy contracts; and
WHEREAS, the owners of the Developments described above are applying to participate in the RAD program; and

WHEREAS, the owners have represented that participation in the RAD Program will provide stability and continuity to the Developments, and provide opportunities to secure cash flow into the future and assure the continued validity and affordability of the Developments; and

WHEREAS, the owners have requested the Authority consent to their participation in the HUD RAD program and agree to the terms and conditions thereof, including the subordination of Authority documents establishing affordability requirements to the terms and conditions of the RAD Program as required by HUD; and

WHEREAS, the Authority desires to authorize the participation of the Developments in the HUD RAD Program.

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

Section 1. The Authority hereby consents to the participation of the above-described Developments in the HUD RAD Program.

Section 2. The Executive Director and the staff of the Authority are hereby authorized to take all actions necessary or desirable to comply with requirements of the HUD RAD Program, including, but not limited to, subordination of Authority documents establishing affordability requirements to the terms and conditions of the RAD Program as required by HUD and upon such terms and conditions as the Executive Director determines to be in the best interests of the Authority.

Terry Nash, Manager 2, stated that the 2016 Low-Income Housing Tax Credit (LIHTC) Qualified Allocation Plan (QAP) signed by the Governor in August 2016 contained comprehensive changes that included realigning the application criteria and points to the State’s policies and adding a new incentive for the development of family housing in areas of opportunity. No changes are being recommended to the 2017 LIHTC QAP, and therefore no public comments are required. Ms. Nash stated that there is one minor non-substantive edit of the word “qualified” to “total” in 1.c in the points section to be consistent with the policy objective’s intent as outlined earlier in the threshold section of the QAP. This edit does not require public comment; but a public hearing is required by the Internal Revenue Code prior to submitting the LIHTC QAP to the Governor for signature. In response to a question as to whether or not the changes made in the 2016 QAP are doing what staff had hoped, Mr. Kilduff stated that one year is not sufficient time to make a determination.

Upon a motion made by Ms. Foley, seconded by Ms. Lowney, the Board members voted unanimously in favor of adopting the following resolution authorizing a public hearing for the 2017 Low-Income Housing Tax Credit Qualified Allocation Plan for CHFA:
RESOLUTION AUTHORIZING PUBLIC HEARING FOR 2017 LOW-INCOME HOUSING TAX CREDIT QUALIFIED ALLOCATION PLAN OF THE AUTHORITY

WHEREAS, the Connecticut Housing Finance Authority (the “Authority”) is the designated allocating agency for Low-Income Housing Tax Credits in Connecticut; and

WHEREAS, the Authority desires to authorize a public hearing for the proposed 2017 Low-Income Housing Tax Credit Qualified Allocation Plan as provided herein in accordance with requirements of the Internal Revenue Code of 1986 as amended.

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

The Executive Director is hereby authorized to hold a public hearing with regard to the proposed 2017 Low-Income Housing Tax Credit Qualified Allocation Plan in accordance with the requirements of the Internal Revenue Code of 1986 as amended.

Lynn Koroser-Crane, Director of Multifamily Housing Asset Management, explained that in 2013 CHFA and the State Department of Housing executed a Memorandum of Agreement (MOA) regarding the administration of funding to support the Governor’s commitment to revitalize the State-Sponsored Housing Portfolio. Staff recommends extending the MOA for one year through June 30, 2018.

Upon a motion made by Ms. Foley, seconded by Ms. Weil, the Board members voted unanimously in favor of adopting the following resolution authorizing an amendment to the Memorandum of Agreement for the State-Sponsored Housing Portfolio:

RESOLUTION REGARDING AMENDMENT TO THE MEMORANDUM OF AGREEMENT FOR THE STATE-SPONSORED HOUSING PORTFOLIO

WHEREAS, the State of Connecticut has authorized $300 million for rehabilitation of State-Sponsored Housing portfolio developments; and

WHEREAS, the Connecticut Housing Finance Authority (the “Authority”) and the State of Connecticut Department of Housing (“DOH”) are parties to a Memorandum of Agreement regarding administration of capital funds (“MOA”) executed by the parties in 2013, as amended to date; and

WHEREAS, the Authority desires to extend the MOA with DOH for one year as described in the attached memorandum dated May 25, 2017 from Lynn Koroser-Crane, Director, Multifamily Housing Asset Management.
NOW THEREFORE, be it resolved by the Board of Directors of the Connecticut Housing Finance Authority as follows:

Section 1. The Executive Director is authorized to extend the MOA with DOH for one year through June 30, 2018; and any further amendments or annual renewals will be brought to the Board for consideration.

Section 2. 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 necessary to effectuate this Resolution.

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

Upon a motion made by Mr. Cicchetti, seconded by Ms. Foley, the Board members voted unanimously in favor of accepting the following consent agenda items:

Reports Accepted:
- 2017 Series C Bond Issue (Single Family)
- Financial and Delinquency Reports
- Finance Audit Monthly Tracking Report
- Internal Audit Report
- State-Sponsored Housing Portfolio
- State Supportive Housing

Ms. Klein asked the Board members to consider the minutes from the April 27, 2017 regular meeting.

Upon a motion made by Ms. Foley, seconded by Mr. Cicchetti, the Board members voted in favor of adopting the minutes from the April 27, 2017 regular meeting as presented (Mr. Orr and Ms. Dorgan abstained from the vote).

There being no further business to discuss, upon a motion made by Ms. Foley, seconded by Mr. Cicchetti and unanimously approved, the Board members voted to adjourn the meeting at 9:48 a.m.