

MINUTES
MORTGAGE COMMITTEE MEETING OF THE
CONNECTICUT HOUSING FINANCE AUTHORITY (CHFA)
November 30, 2017

Committee Members Present: Anne Foley, Chairperson of Mortgage Committee, representing Benjamin Barnes, Secretary, State Office Policy and Management
Evonne Klein, CHFA Chairperson and Commissioner of the Department of Housing
Heidi DeWyngaert, Vice Chairperson of CHFA
Kathleen Dorgan
Lisa Tepper Bates
Carla Weil

Committee Members Absent: Richard Orr
Alicia Woodsby

Other Board members Present: Nuala Droney
Timothy Hodges
Catherine LaMarr representing Denise Nappier, State Treasurer
Jared Schmitt, Chairperson of the Finance/Audit Committee
Matt Smith representing Catherine Smith, Commissioner of the Department of Economic and Community Development
Timothy Sullivan, representing Catherine Smith, Commissioner of the Department of Economic and Community Development

Others Present: Dan Arsenault, Department of Housing

Staff Present: Karl Kilduff, Executive Director
Jonathan Cabral, Manager 1, Multifamily
Peg Fitzgerald, Director, Government Relations
Lisa Kidder, Director, Communications
Lynn Koroser-Crane, Director, Multifamily Housing Asset Management
Maura Martin, Legislative Program Officer
Wendy Moores, Assistant Director, Multifamily
Nancy O'Brien, Interim Deputy Managing Director for Multifamily Programs
Victor Rush, Managing Director of Administration
Colette Slover, Underwriter I
Joe Voccio, Assistant Director, Multifamily

Ms. Foley called the Mortgage Committee meeting of the Connecticut Housing Finance Authority to order at 9:00 a.m. in the Boardroom of CHFA, 999 West Street, Rocky Hill, Connecticut.

Ms. Koroser-Crane provided an update on Edward Czescik Homes (ECH). CHFA is the holder of a loan to the Stamford Housing Authority secured by a mortgage on ECH which was transferred to CHFA by the Department of Economic and Community Development in 2003. ECH was devastated in Storm Sandy and has been demolished. Ms. Koroser-Crane stated that at the September 2017 meeting the Board approved a modification of the loan. She noted that instead of proceeding with the approved loan modification, which would have encumbered the Oak Park property in the State-Sponsored Housing Program, the Stamford Housing Authority will be paying off the full loan balance.

Ms. Moores discussed the recommendation regarding the financing of the second phase of the adaptive re-use and conversion of the historic Ponemah Mills into a 121-unit housing development to be known as The Lofts at Ponemah Mills Phase 2, Norwich. She mentioned that the proposed mortgagor has applied to CHFA for tax-exempt bond proceeds to fund the development. Ms. Moores reviewed the proposed development team, the terms and conditions of the loan and the other sources of funding for the project. She mentioned that in July 2017 the Board members approved the extension until April 30, 2018 of a pilot appraisal program waiver that authorizes staff to use estimated total lending costs in determining loan-to-value ratio to size the maximum loan amount for CHFA lending in multifamily transactions. Ms. Moores discussed the maximum loan amount based on different parameters for this transaction but noted that an appraisal was recently received and must be fully reviewed and formally accepted by CHFA. Ms. Tepper Bates noted the support from the community for this development.

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 the financing of The Lofts at Ponemah Mills Phase 2, Norwich.

Mr. Voccio reviewed the recommendation to approve Investment Trust Account and/or other sources of funds to help fund a gap in financing for Willow Creek Apartments Rental Phase II in Hartford. He discussed the background of the project and mentioned that the proposed mortgagor previously received an award of 9 percent Low-Income Housing Tax Credits (LIHTC), and the transaction was on track to close with private mortgage financing. However, a drop in the LIHTC equity pricing has caused a financing gap. Mr. Voccio explained that the development team has made efforts to modify and/or reduce the development scope and increase the deferred developer fee. He noted that CHFA continues to negotiate with the developer, and the resolution authorizes the Executive Director to finalize negotiations. Several Committee members questioned the high costs. Mr. Voccio explained that the costs are higher due in part to the project requiring significant reconstruction and site work and mentioned that this project is the adaptive reuse of property which can be more expensive. There was some discussion about the high developer fees, and Mr. Voccio stated that the fees are in line with CHFA's structured scale.

Upon a motion made by Ms. Weil, seconded by Ms. Klein, the Mortgage Committee members voted unanimously in favor of recommending to the Board for consideration the resolution regarding the financing of Willow Creek Apartments Rental Phase II, Hartford.

Mr. Voccio discussed the approvals made by CHFA to authorize a mortgage loan to the Mill at Killingly Apartments, a 32-unit mixed-income development located in Killingly. He noted that the proposed mortgagor was successful with receiving a Housing Tax Credit Contribution award. However, the proposed mortgagor encountered unforeseen environmental issues and has been unable to achieve closing of the construction loan in a timely manner, resulting in additional costs. Staff recommends modifying the resolution adopted by CHFA in February 2017 to reflect changes in the State of Connecticut Department of Economic & Community Development funding, the Deferred Developer Fee Loan and to extend the compliance date to May 31, 2018.

Upon a motion made by Ms. DeWyngaert, seconded by Ms. Klein, the Mortgage Committee members voted unanimously in favor of recommending to the Board for consideration the resolution regarding the financing of Mill at Killingly, Killingly.

Ms. Foley asked the Mortgage Committee members to consider the minutes from the September 28, 2017 meeting.

Upon a motion made by Ms. Klein, seconded by Ms. DeWyngaert, the Mortgage Committee members voted in favor of adopting the minutes from the September 28, 2017 meeting as presented. Ms. Weil abstained from the vote.

Ms. O'Brien provided an overview of the sessions and workshops held in September and October and summarized upcoming 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 9:25 a. m.