

**2014 Entry Form**  
**(Complete one for each entry.)**

Fill out the entry name *exactly* as you want it listed in the program.

**Entry Name** \_\_\_\_\_

**HFA** \_\_\_\_\_

**Submission Contact** \_\_\_\_\_

**Phone** \_\_\_\_\_ **Email** \_\_\_\_\_

Qualified Entries must be received by **Tuesday, July 1, 2014.**

For more information about Qualified Entries, [click here to access the 2014 Entry Rules.](#)

Use this header on the upper right corner of each page.

HFA \_\_\_\_\_

Entry Name \_\_\_\_\_

Communications	Homeownership	Rental Housing	Special Needs Housing
<input type="checkbox"/> Annual Report <input type="checkbox"/> Promotional Materials and Newsletters <input type="checkbox"/> Creative Media	<input type="checkbox"/> Empowering New Buyers <input type="checkbox"/> Home Improvement and Rehabilitation <input type="checkbox"/> Encouraging New Production	<input type="checkbox"/> Multifamily Management <input type="checkbox"/> Preservation and Rehabilitation <input type="checkbox"/> Encouraging New Production	<input type="checkbox"/> Combating Homelessness <input type="checkbox"/> Housing for Persons with Special Needs
Legislative Advocacy	Management Innovation	Special Achievement	Are you providing visual aids?
<input type="checkbox"/> State Advocacy <input type="checkbox"/> Federal Advocacy	<input type="checkbox"/> Financial <input type="checkbox"/> Human Resources <input type="checkbox"/> Operations <input type="checkbox"/> Technology	<input type="checkbox"/> Special Achievement	<input type="checkbox"/> YES <input type="checkbox"/> NO

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## Background

The State of Connecticut has a serious lack of affordable rental housing. According to the 2010 Census, there is only one affordable unit for every three individuals or families looking for affordable units. The mission of the Connecticut Housing Finance Authority is to alleviate the shortage of affordable housing. CHFA achieves its mission through its lending programs and the leveraging of federal and state tax credits.

In 2013, CHFA approved financing for more than 3,000 affordable units. The traditional method of delivering new apartments to the housing stock is a long process. Good sites for affordable housing development are scarce. Land acquisition, zoning approvals, architectural design and permitting process, as well as construction all lend themselves to year-long development timelines. In addition, new construction is extremely expensive in the Connecticut market and of on-going concern to CHFA's Board. Therefore, CHFA staff began working on a new solution to deliver new units to market in a faster, more cost effective way.

## The Plan

In talking with private developers, CHFA discovered there could be opportunities to carve out some affordable rental housing in existing market-rate housing complexes. Owners and property managers of many older rental complexes were looking for financing to upgrade, renovate and make capital improvements to their developments. If CHFA could provide the financing for acquisition or refinancing, would owners agree to convert a percentage of their market rate units to affordable? CHFA decided to find out.

The first developer to take advantage of the option needed longer-term financing than banks were offering at the time. CHFA offered the 40-year financing the developer was looking for at an attractive rate for taxable bonds. In return, he agreed to add income restrictions to a portion of the market rate units – 40% of the total units would be restricted: 20% to those with incomes at 80% of Area Median Income (AMI) and 20% at 60% AMI. This deal, late in December of 2012 launched CHFA's Market-Rate Conversion initiative, which uses taxable bond funds to provide the financing. What started as a test program has grown into a significant program in 2013.

## The Results

In 2013, three market rate rental complexes have been converted to mixed income through this program. CHFA provided attractive taxable financing in return for converting a portion of their units to affordable housing. By accepting the restrictions to rent to tenants with incomes up to 60% or up to 80% of Area Median Income on a portion of their existing units, owners have been able to get much needed financing. The financing allows owners to make improvements to the properties that help them attract new residents and keep their vacancy rates low. The existing residents stay in place, and over time through attrition, new households will move in to the restricted income units, ensuring that lower income families have access to quality housing in their communities. This process also ensures that local community opposition cannot preclude affordable housing opportunities for low and moderate income families.

CHFA has put a total of \$40M in taxable debt into a total of almost 1,000 units, 252 of which will be affordable for the next 40 years. Almost overnight, CHFA created hundreds of units at a cost of almost \$57,000 per unit. Moreover, this program uses a plentiful resource of taxable debt. Through this simple program, the affordable housing in Connecticut is increased effectively and quickly.