NCSHA

2013 Annual Awards Entry Form
(Complete one for each entry.)

Entry Name **2013 Connecticut Congressional Communications-Efficient Face Time**

HFA **Connecticut Housing Finance Authority**
Submission Contact **Eric Chatman**
Phone **(860) 571-4240** **Email** **eric.chatman@chfa.org**
Program Contact **Michael Ward or Maura Martin**
Phone **(860) 571-4216** **Email** **maura.martin@chfa.org**

Entry form with description, check(s), and visual aids (optional) must be received by NCSHA by **Monday, July 1, 2013.**

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

HFA **Connecticut Housing Finance Authority**

Entry Name **2013 Connecticut Congressional Communications – Efficient Face Time**

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

HFA: Connecticut Housing Finance Authority (CHFA)
Entry Name: 2013 Connecticut Congressional Communications – Efficient Face Time

Overview

The Connecticut Housing Finance Authority is pleased to offer its strategy for communicating with its Congressional Delegation. We believe that our approach offers a model for direct and efficient advocacy that makes the highest and best use of time and information by carefully managing the when, where and what of this strategy.

Time is always of the essence, and nowhere is this truer than for members of Congress and their key staff members. Yet relationship building is important and requires some "face time" with Members and their key staff. So, time management considerations for such communication needs to meet the need for face-to-face communications with means that are the least intrusive and the most informative. The goal is to minimize the chance that carefully planned hard work will be characterized as a waste of time by Congressional staff and principals. This perspective is foundational in how CHFA manages communications with members of Congress and their key staff. The key variables for success here are choice of meeting venues, messaging, targeting and location. Effective use of time in Washington for the NCSHA Annual Legislative Conference is a key component of CHFA's approach.

Where to Meet and Who – In Connecticut?

Our Congressional communications strategy incorporates communications with all staff as well as members of the House and the Senate. It provides a higher level of focus on those offices where the Representative or Senator holds a seat on key tax-writing, authorizing and appropriations committee.

Our focus on principals uses face-to-face visits to their District Offices, rather than in Washington, DC. We have found that by scheduling visits in our state we get much more "face time" with each Member of Congress. Also, as Connecticut is relatively close to Washington members are often available on Mondays and Fridays in addition to scheduled Congressional calendar breaks. These "@ home" meetings usually entail discussions that are both more focused and wide ranging than time would ever allow in Washington. In the District or State office the meeting with the Congressman or Senator allows CHFA to maintain uninterrupted and undistracted focus on affordable housing both locally and in Congress. Often these discussions will turn to specific issues and situations in the district or state in which the principal has a particular interest or concern. The more in-depth discussion allows CHFA to be a part of the solution and the principal to see first-hand, practical way how CHFA and its housing finance tools are useful and important.

We also strive to include Senators and Representatives in public events for housing finance and development activities and projects undertaken by CHFA. This further reinforces the understanding of CHFA as "part of the solution" rather than "part of the problem". Also, CHFA spends time cultivating relationships with District and State office directors and constituent service staff. This has been a particular focus recently as Connecticut, through CHFA, has provided significant levels of emergency mortgage assistance to distressed homeowners, many of who are referred to CHFA from Congressional constituent service staff. Finally, our state-based strategy include encouraging DC based staff to visit Connecticut and arranging a personalized meeting, local tours of development sites and finished housing development as well as lunch.

HFA: Connecticut Housing Finance Authority (CHFA)
Entry Name: 2013 Connecticut Congressional Communications – Efficient Face Time

Where to Meet and Who – In Washington?

Our strategy also incorporates direct communication with key Washington based Congressional staff. In addition to routine contacts and "check-ins", with Washington-based staff our foundational communications event is a formal "delegation staff briefing" which we hold each year in conjunction with NCSHA Annual Legislative Conference. We view it as an agenda "setting" and "reinforcing" meeting for the legislative cycle…focused entirely on the staff.

We plan this meeting months in advance with "save the date" e-mail notices and follow-up invitations including RSVP requests 's, emailed personally to all relevant Congressional staff six weeks in advance. Invitations are sent to "housing" and "taxation" staff in each office. We encouraged these staff to invite as many other interested junior staff and interns as well, as these folks often are eventually promoted to more senior positions…sometimes in the housing and taxation areas important to CHFA.

The briefing event and materials are carefully planned. The event is scheduled 1) at a location close to but not in their capitol office buildings, 2) at a time will minimize conflicts with their daily calendar, and 3) of a duration that will not discourage attendance. The out of office location provides an environment of undivided attention. The timing and limited duration helps ensure high attendance. Each of the last two years we have held this briefing in a meeting room in the Capitol Visitors Center from 9:00 to 10:00 A.M. with a Continental breakfast provided. Booking and logistics assistance is provided through the office of the Congressman John Larson, the senior member of Connecticut's House delegation and the representative for the town in which CHFA's offices are located in Connecticut.

This event has proved highly successful in each of the past two years. We have achieved 100% representation of the Connecticut's Congressional offices each year with multiple attendees from each office being typical.

This event is supplemented by afternoon visits with Connecticut members of Congress holding key Committee assignments. In the past two years these meeting have focused on Connecticut members of the House Ways and Means and Financial Services Committees. These meetings build on the discussions already held back "@ home" in the district and focuses on the immediate legislative environment and agenda.

Messaging

Our goal is always to make this staff briefing informative, focused and practical. We strive to be specific as to legislative priorities yet also provide some contextual background educating and reminding these staff members who CHFA is, what CHFA does and why it is important to their boss.

The briefing involves a structured Powerpoint presentation. The 2013 Powerpoint presentation is included in the package of materials appended in this application package.

We start with a very simple principle of thanking all offices for their previous support of our legislative agenda. Congressmen are used to being asked for support. They rarely receive a simple acknowledgment and gratitude for their past work and what that has meant to state residents. It also provides us with the chance to update them on recent CHFA activities. This enables them to see our legislative "ask" in the context of work they are generally familiar with and feel good about.

We then present our Legislative Priorities for the session, providing detail about why these measures are important to CHFA, our congressional delegation and their constituencies. We break down what is before them on the Congressional calendar, again placing emphasis on our legislative priorities. Finally, we inform them about what action their office can take to support CHFA priorities. All of this is coordinated with the State of Connecticut Washington Office of the Governor, who clears our priorities, reviews the presentation materials beforehand and attends the briefing to show gubernatorial support for CHFA's agenda and priorities. CHFA attendees include the Executive Director, Chief Financial Officer, Vice President for Programs and the Legislative Liaison. The Legislative Liaison is charged with presenting the Powerpoint. Other Senior staff are free to add specific points for emphasis, engage with staff and respond to questions.

In addition to the Powerpoint and District profile information we distribute a one page summary of our legislative priorities and some one page fact sheets from NCSHA consistent with CHFA priorities. We also provide a package targeted information to each congressional office with a graphic presentation of the impact of affordable housing in that district. The material includes pictures of many attractive, affordable housing projects constructed or rehabilitated in the district as well as demographic information on single family and rental housing in the district. The offices of all five Members of Congress and its two Senators received at least three copies if the entire package of materials. There is one for each of the housing and Tax staff members and a third to be shared by each office's Legislative Director and their Representative or Senator.

Follow-up meetings held with the members of Congress and Senators offices in Connecticut uses the same materials for staff but an abbreviated version of the Powerpoint summarizing for the Member. We believe that these materials have been very effective with Members of Congress themselves. One prominent member of the Delegation, upon leaving our District "@ home" briefing removed copies of our one page summaries of District activity and legislative priorities, folded these in thirds, and saying "this is just great" placed them in his jacket pocket as he went off to a public event. We counted that as a success in "communicating".

Outcomes

CHFA believes that this approach has been very successful. Attendance and interest at our annual staff event is high. Good relationships have been developed and fostered with staff in both Washington and Connecticut. Our legislative agenda a cleared and defined with the Governor's Office which frees us to work each issue as it arises on the calendar. The presentation frames the legislative landscape for CHFA in a way that we return to over and over again in working with the members of the Delegation, state advocacy networks and other state agencies. In concrete terms all members of Connecticut's Congressional delegation co-sponsored the Tiberi-Neal bill fixing the 9 percent Low Income Housing Tax Credit percentage. Connecticut's was the state delegation in Congress first delegation to reach this milestone in 2012.

Connecticut Housing Finance Authority
2013 Legislative Priorities

- Preserve & Strengthen Tax-Exempt Housing Bonds
  - Support an improved Mortgage Credit Certificate (MCC) option

- Preserve & Strengthen Low Income Housing Tax Credits
  - Co-Sponsor successors to H.R.3661 and S.1989
  - Authorize "basis boost" for state priorities

- Support Key HUD Funding:
  - Section 8 Project-based Contracts
  - HOME
  - Choice Communities/Hope VI

- Obtain A Strong State Housing Finance Agency (HFA) Role In Housing Finance Reform
  - Establish State HFA's as a partner
  - Authorize GNMA Securitization Of CHFA-FHA Multifamily "Risk-Share" Loans
  - Maintain traditional role for FHA in affordable housing finance

Congressional Briefing
March 5, 2013

Connecticut Housing Finance Authority

U.S. Capitol Visitors Center, Congressional Meeting Room North

Thanks for your efforts and support

- Passage of 1-year 9% "Credit Fix"
- Passage of Hurricane Sandy Relief – Appropriations
- Introduction and Sponsorship of Hurricane Sandy Relief – Tax Bill

CHFA

Discussion this morning

- CHFA's issues and priorities for:
  - Tax Legislation
  - Federal Budget & Appropriations
  - Housing Finance Reform
- Why these are important to CHFA
- What you can do to help

CHFA
the key to affordable housing

Taxes: Tax–Exempt Bonds & Tax Credits

- Reduction of "tax expenditures" for Reform or Revenue
- Tax expenditures include:
  - Tax-exempt revenue bonds for housing
  - Low Income Housing Tax Credits (LIHTCs)
- Important to CHFA: because CHFA uses:
  - Tax-exempt revenue bonds to help low & moderate income households buy their first home
    - Historically about \$400m each year; \$4b in bonds outstanding
  - Tax-exempt revenue bonds and LIHTCs to fund development and preservation of affordable rental housing
    - Over \$60m in LIHTC private equity raised each year

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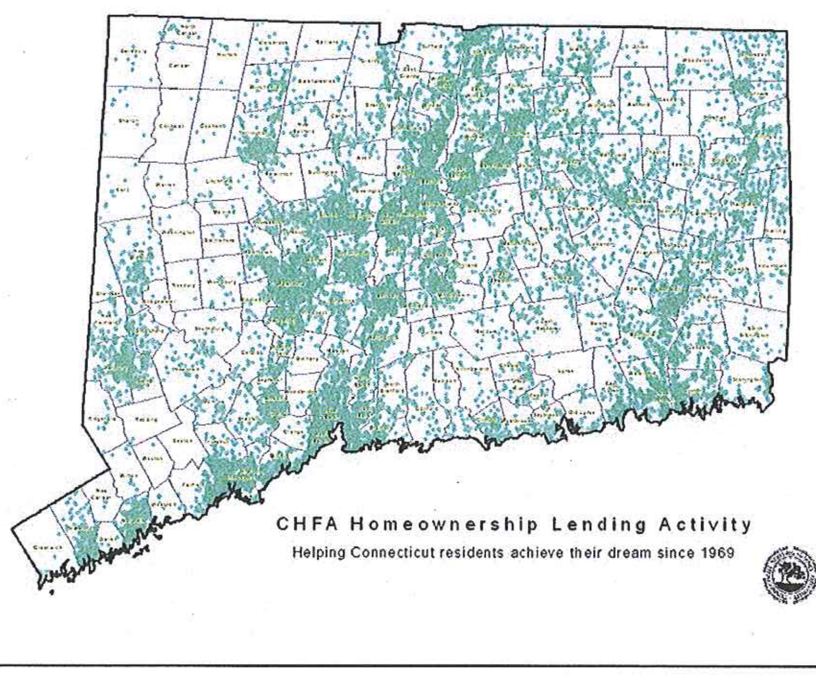
CHFA Homeownership Results

- Over 125,000 new households, nearly all first-time buyers
- Assisted homebuyers in nearly every town
- 70% live in urban communities
- 23% receive CHFA Downpayment Assistance
- 26% are minority borrowers
- 23% of borrowers are single female heads of household
- New buyers move the home purchase market and stimulate the economy through related purchases



2009-2012 Homeownership Results

- Over 6,800 new households
- 70% live in urban towns
- 56% received CHFA Down Payment Assistance
- 37% are minority borrowers
- 36% of borrowers are single female heads-of-household

CHFA
the key to affordable housing

Affordable Rental Housing Approved Activity 2009 - 2012

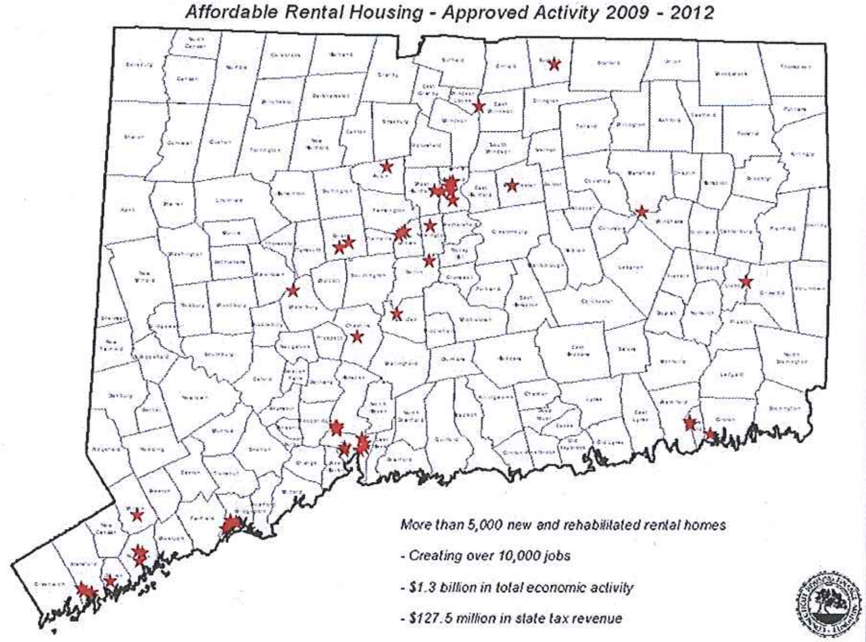
2009-2012 - more than 5,000 new and rehabilitated rental homes:

- Over 10,000 jobs
- $1.3 billion in total economic activity
- $128 million in State tax revenue

- New Construction, Rehabilitation, Public Housing Replacement and Revitalization
- Leveraged impact of many Federal programs:
  - Section 8, HOPE VI, HOME, & CDBG

CHFA
the key to affordable housing

Affordable Rental Housing - Approved Activity 2009 - 2012



More than 5,000 new and rehabilitated rental homes

- Creating over 10,000 jobs

- $1.3 billion in total economic activity

- $127.5 million in state tax revenue

CHFA Tax Priorities:
Preserve & Strengthen Basic Tools

Tax-Exempt Housing Bonds

- Reform the homeownership Mortgage Credit Certificate Option
- Do not devalue further through tax-expenditure "dollar caps" and "bracket limits" and "minimum taxes"

Low Income Housing Tax Credits

- Re-establish value of 9% and 4% Credits @ original 9% and 4% value
  - Replay of H.R.3661 and S.1989 from last Congress
  - 2012 legislation only for 1-year
- Allow a State determined "basis boost" for 4% tax credits associated with tax-exempt bond financing

Federal Budget & Appropriations

- Domestic Discretionary Cuts and Sequester
- Programs Impacted:
  - HOME cut 44% since 2010...now at 1993 levels
  - CDBG now about 24% below FFY 2010
  - Project-based Section 8 contracts – "shorting" pending for FFY 2013
  - Section 8 Vouchers - inadequate renewal funding proposed
  - Housing Trust Fund never funded - $1b proposed
- Important to CHFA because: CHFA leverages these programs for more affordable housing in CT
- Major issues: Contract renewals crowding out other spending; cuts undercut new state efforts

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the key to affordable housing

Governor Malloy's FY 2014 and 2015 Housing Initiatives

- Continues first substantial and sustained State effort in affordable housing in 20 years
- $136,000,000 to support affordable housing across CT for workers, young professionals and low income families.
- $60,000,000 for years 2 and 3 of 10-ten year commitment to preserve and upgrade this key inventory.
- $20,000,000 for additional supportive housing
- CHFA tax-exempt bonds and Housing Tax Credits are key "other funds" for this effort

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CHFA Priority:
Support HUD Key Funding

- Fully fund Section 8 project-based rental assistance contracts and all vouchers – to support renters **and** properties
- Restore HOME Program funding to FFY 2010 level of $1.6 billion
- Maintain HOPE VI/Choice Communities to rebuild failed public housing

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Housing Finance Reform

- Recent History of Upheaval
- Resulting in expanded role, and risk load, for FHA
- Various proposals focused on rebalancing the system
- Affordable housing role and goals not yet defined
- Important to CHFA because:
  - CHFA's affordable housing finance mission
  - State HFA's can help the systems achieve affordable housing goals
  - New infrastructure should provide additional opportunities and resources for CHFA to further affordable housing in CT

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CHFA Priority:
Support housing finance system reform that...

- Provides some government backing to ensure long term liquidity and affordability – various proposals
- Establishes a strong affordable housing mission
- Engages State HFA's as key partners to achieve this mission
- Maintains FHA as a basic providers of insurance for well underwritten high LTV mortgages
  - Home mortgages: how to maintain traditional role
  - Affordable rental: allow GNMA securitization to CHFA/FHA Risk Share Loans

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CHFA needs your help to ...

- **Preserve & strengthen housing bond and housing tax credit programs.**
  - Making your support known to leadership in House and Senate
  - Sponsoring new versions of H.R.3661 & S.1989 in current Congress
  - Supporting new MCC Program Reforms & LIHTC 4% Basis boost
- **Support key HUD housing appropriations**
  - HOME, and Section 8 Programs
  - HOPE VI/ Choice Communities Programs
- **Define and obtain a strong state housing finance agency role in a reformed housing finance system**
  - Maintain FHA in its traditional affordable housing role
  - Starting with GNMA Securitization for State HFA/FHA Risk Share Loans

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Quick Updates

- **Section 8 Project Based Contract Administration**
  - CHFA has applied
  - Strong position under the revised solicitation
  - Possible losers have sued and case is pending
- **FHA HERA Down Payment Workaround**
  - Implementing HERA Seller Financing Prohibitions
  - FHA strictly interpreting
  - CHFA working on a "work around" to comply

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the key to affordable housing

DISCUSSION

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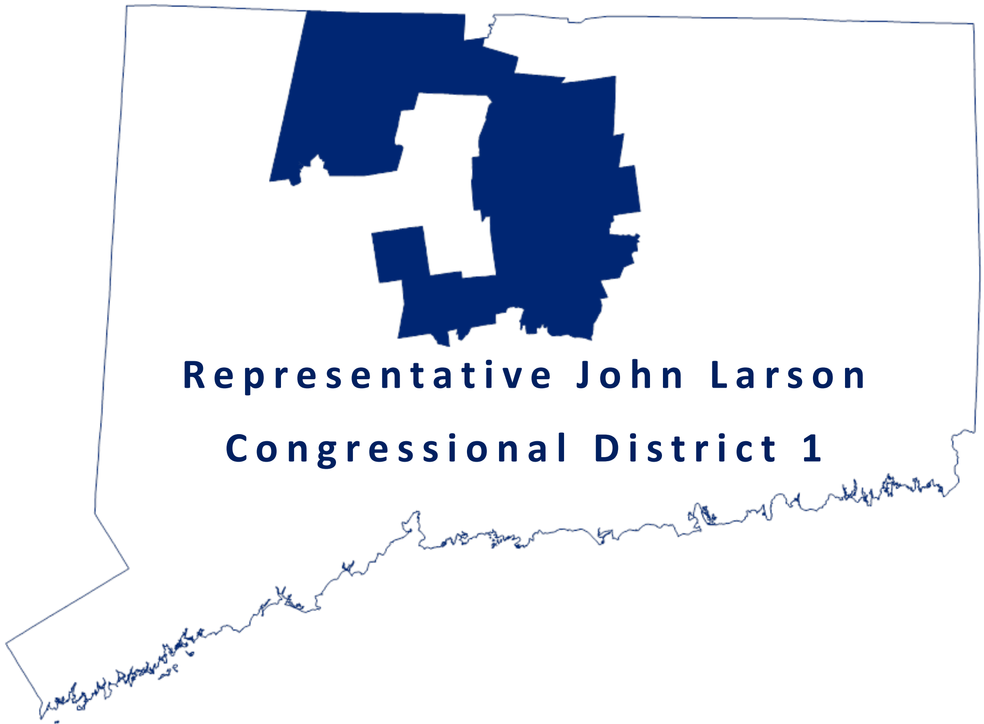
CONNECTICUT HOUSING FINANCE AUTHORITY
CHFA

State of Connecticut



Representative John Larson

Congressional District 1

2011 American Community Survey (ACS) District Profile

† District Homeownership Rate: 65%

† Population: 715,378

† Median Household Income: $60,572

† Non-minority: 72% | Minority: 25% | Other: 3%

† Total housing units: 308,313 | Total occupied: 283,353

Owner-occupied: 185,550 | Renter-occupied: 97,803

CHFA Housing Impact 2009 to 2012:

† Single family:

1,988 mortgage loans of which 64% received Downpayment Assistance

† Rental Housing (New and Rehab):

1,606 rental homes produced:

46% family | 46% elderly | 8% supportive

Congressional District 1

Affordable Rental Housing - Approved Activity 2009 - 2012

Capitol Towers, Hartford
144 one and two bedroom elderly rental homes
Substantial rehab funded with TEB/4% LIHTC
45 jobs created | $6.1m in economic activity

M.D. Fox Manor, Hartford
90 studio, one and two bedroom elderly rental homes
Substantial rehab funded with CHAMP/TEB/4% LIHTC
112 jobs created | $16.2m in economic activity

River Hollow, East Windsor
120 studio, one and two bedroom family rental homes
Conversion of market rate apartments to affordable housing funded with taxable bonds

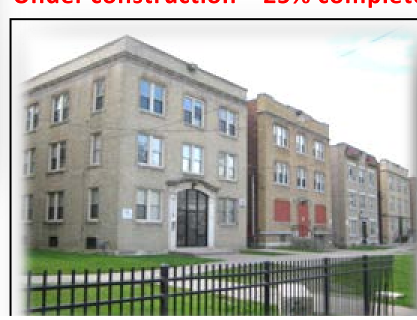
Huntington Woods, Bristol
280 one, two and three bedroom family rental homes
Substantial rehab funded with TEB/4% LIHTC
257 jobs created | $35.4m in economic activity

Under construction – 35% complete

Sigourney Mews, Hartford
88 one, two and four bedroom family rental homes
Mix of new and substantial rehab funded with 9% LIHTC
182 jobs created | $24.7m in economic activity

Dutton Heights, Bristol
84 two bedroom family rental homes
Substantial rehab funded with TEB/4% LIHTC
183 jobs created | $25m in economic activity

Under construction – 25% complete



Horace Bushnell, Hartford
74 one, two, three and four bedroom family rental homes
Substantial rehab funded with 9% LIHTC
213 jobs created | $27.9m in economic activity

Congressional District 1

Affordable Rental Housing – Approved Activity 2009 - 2012

Victory Garden, Newington
74 supportive and affordable rental homes for veterans, at-risk veterans, and their families
Mix of new and substantial rehab funded with 9% LIHTC
360 jobs created | $47.5 in economic activity

100% occupied

photo unavailable

Fieldstone Crossing, Berlin
88 one and two bedroom family rental homes
New construction funded with 9% LIHTC
218 jobs created | $24.7m in economic activity

Sue Ann Shay Place Apartments, Hartford
34 supportive rental homes
New construction funded with Next Steps
122 jobs created | $14.6m in economic activity

Center Street, Manchester
20 supportive rental homes
New construction funded with Next Steps
66 jobs created | $7.3m in economic activity

Shepard Park, Hartford
373 studio, one and two bedroom elderly rental homes
Substantial rehab funded with TEB/4% LIHTC
87 jobs created | $12.6m in economic activity

Alfred E. Plant, West Hartford
137 studio and one bedroom elderly rental homes
New and substantial rehab funded with 9% LIHTC and ITA funds
250 jobs created | $32.5m in economic activity

2008 activity:
Dye House, Manchester - A substantial rehab project of – 57 family rental homes funded with TCAP Exchange, 9% LIHTC and ITA funds.
Hillcrest, South Windsor – 88 elderly rental homes funded with 9% LIHTC
Casa DeFrancisco, Hartford – 50 supportive rental homes funded with Next Steps.

Congressional District 1

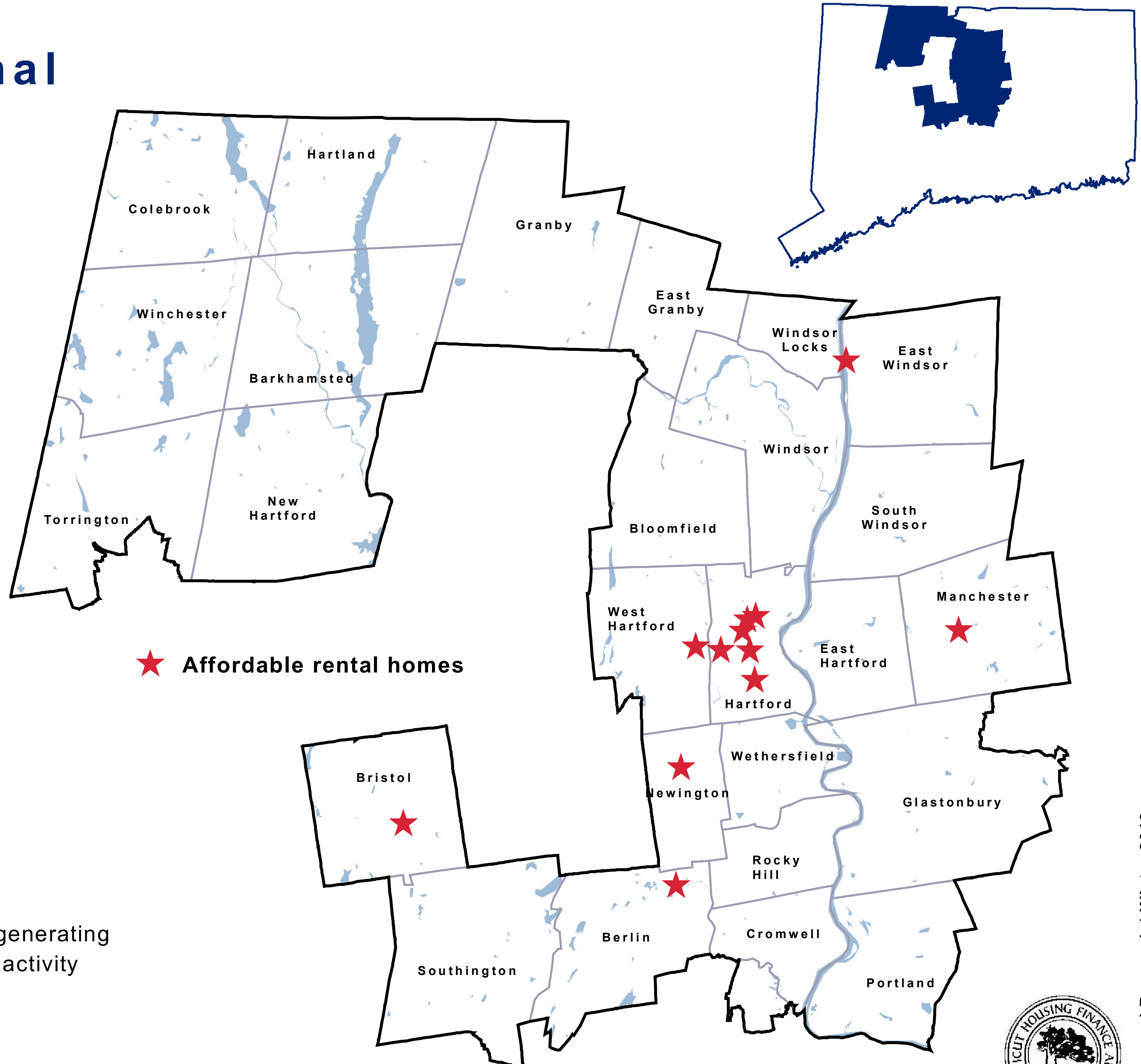
4-Year History of Affordable Rental Housing

2009 to 2012

1,522 rental homes produced:

- 868 family
- 600 elderly
- 54 supportive

Creating over 1,900 jobs and generating $249 million in total economic activity for the State of Connecticut



Planning and Research | Winter 2013

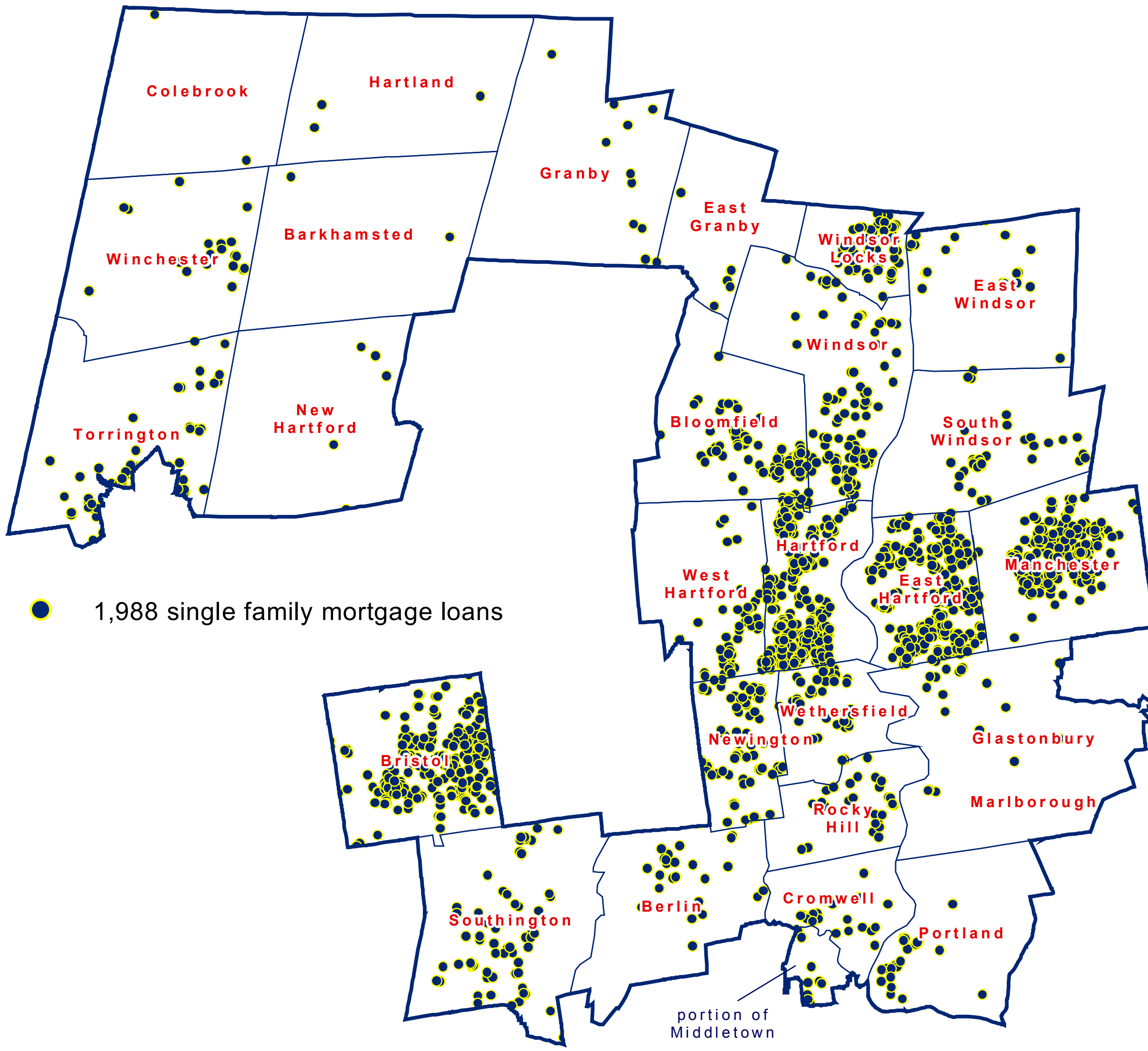
CHFA 4-Year Single Family Mortgage Loan Activity

Congressional District 1

January 1, 2009 to December 31, 2012		
Loan Statistics	**Homebuyer Mortgage Program**	**Downpayment Assistance Loan Program (DAP)**
Number of loans financed	1,988	1,267
Dollars invested	$ 302,488,173	$ 13,676,558
Average loan amount	$ 152,157	$ 10,792
Average borrower income	$ 60,579	$ 61,693

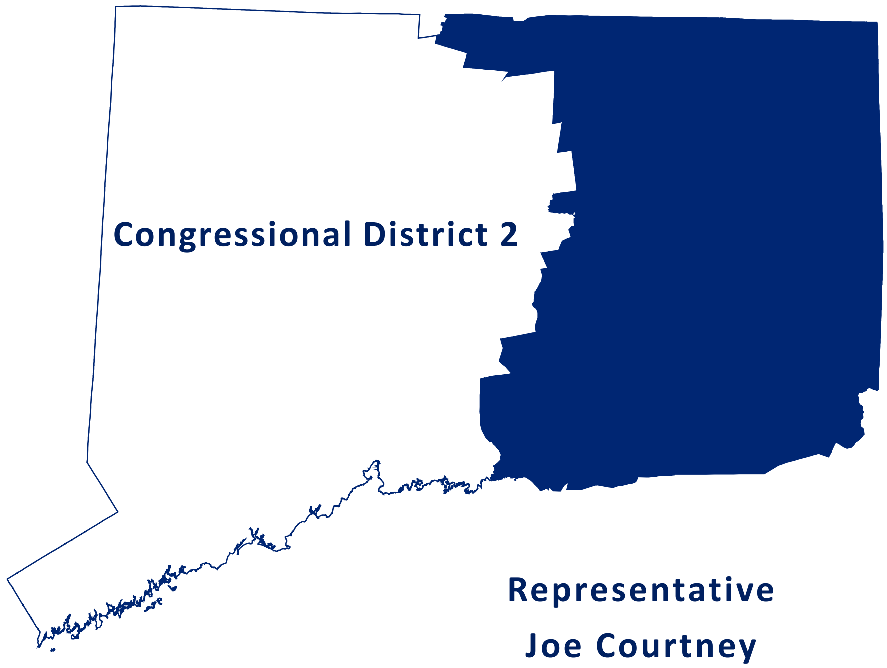
Borrower Statistics	**Homebuyer Mortgage Program**	**Downpayment Assistance Loan Program (DAP)**
Average # in family	2.3	2.3
Average age	34.9	35.0
# married	574	378
% married	28.9%	29.8%
# single	1,414	889
% single	71.1%	70.2%
# female HOH*	955	598
% female HOH	48.0%	47.2%
# single, female HOH*	770	480
% single, female HOH*	38.7%	37.9%
# minority	868	586
% minority	43.7%	46.3%

* Head-of-Household



Planning and Research | Winter 2013

State of Connecticut



Representative

Joe Courtney

2011 American Community Survey (ACS) District Profile

† District Homeownership Rate: 73%

† Population: 711,006

† Median Household Income: $68,925

† Non-minority: 88% | Minority: 9% | Other: 3%

† Total housing units: 301,315 | Total occupied: 269,280

Owner-occupied: 197,661 | Renter-occupied: 71,619

CHFA Housing Impact 2009 to 2012:

† Single family:

1,689 mortgage loans of which 56% received Downpayment Assistance

† Rental Housing (New and Rehab):

714 rental homes produced:

81% family | 9% elderly | 10% supportive

Congressional District 2

Affordable Rental Housing - Approved Activity 2009 - 2012

American Legion, Jewett City
18 one bedroom supportive rental homes
New development funded with CIA & Next Steps
51 jobs created | $6.1m in economic activity

Groton Estates, Groton
348 one, two, and three bedroom family rental homes
Conversion of market rate apartments to affordable housing funded with taxable bonds.

Woodcrest Elderly, Somers
60 one bedroom elderly rental homes
New development funded with TEB/4% LIHTC
147 jobs created | $19.8 m in economic activity

Prides Point, New London
126 two and three bedroom family rental homes
SHP revitalization funded with 9% LIHTC/ ITA funds
239 jobs created | $30.7m in economic activity

Progress Point, New London
106 two and three bedroom family rental homes
SHP revitalization funded with 9% LIHTC/ITA funds
202 jobs created | $26.0m in economic activity

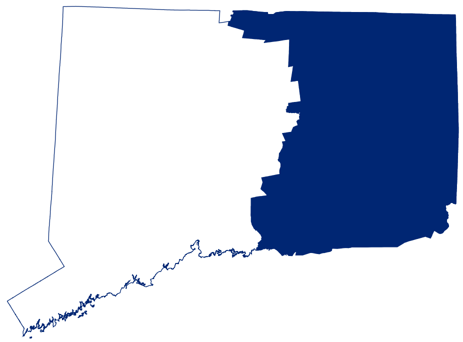
2008 activity:

Summitwoods II, Norwich

– 22 family rental homes

funded with 9% LIHTC.

Cedarwoods, Windham
56 one bedroom supportive rental homes
Funded with 9% LIHTC
239 jobs created | $30.7m in economic activity



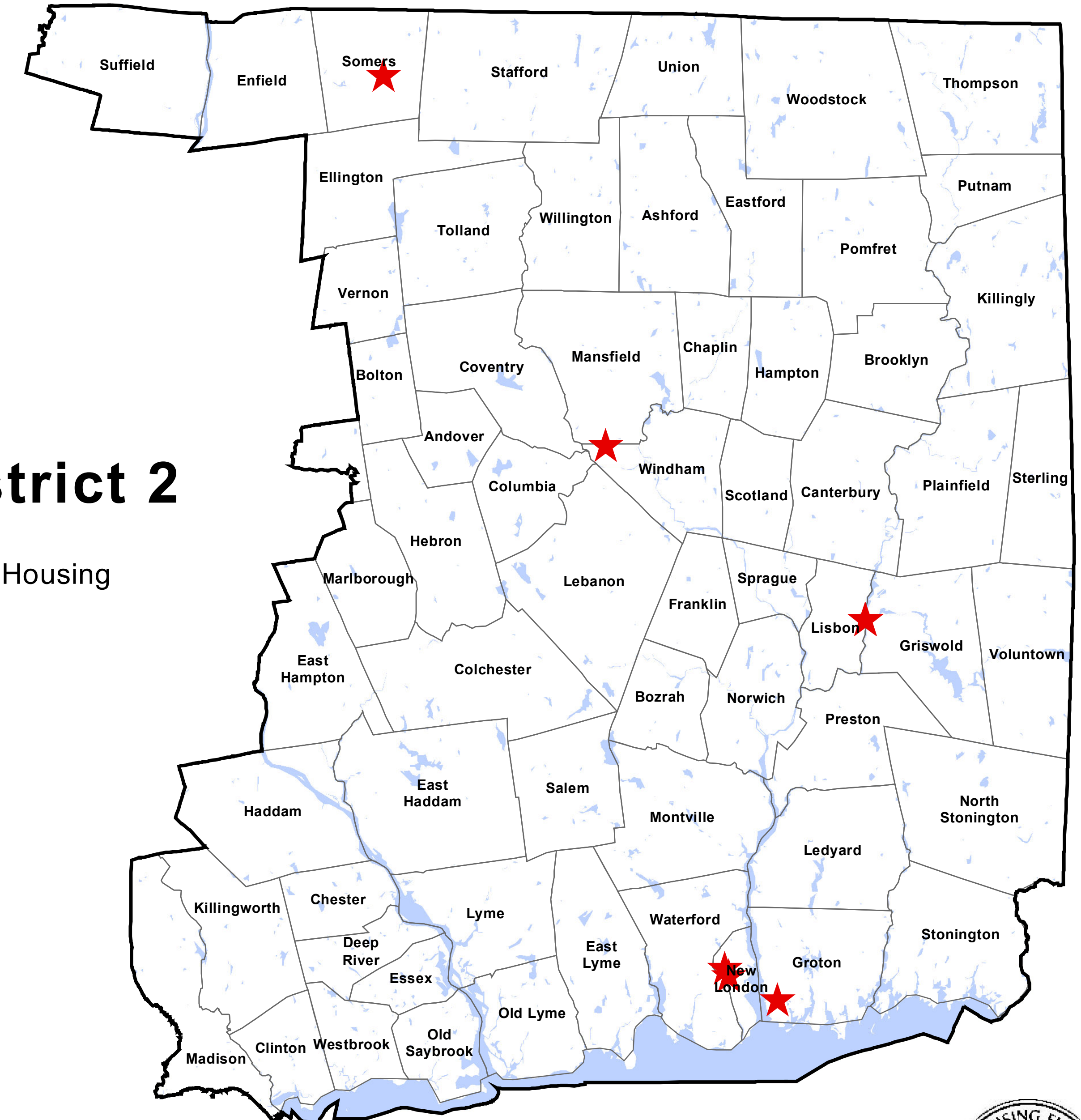
Congressional District 2

4-Year History of Affordable Rental Housing
2009 to 2012 Approvals

★ 714 rental homes:

- 60 elderly
- 636 family
- 18 supportive

Creating over 878 jobs and generating
$113 million in economic activity
for the State of Connecticut.



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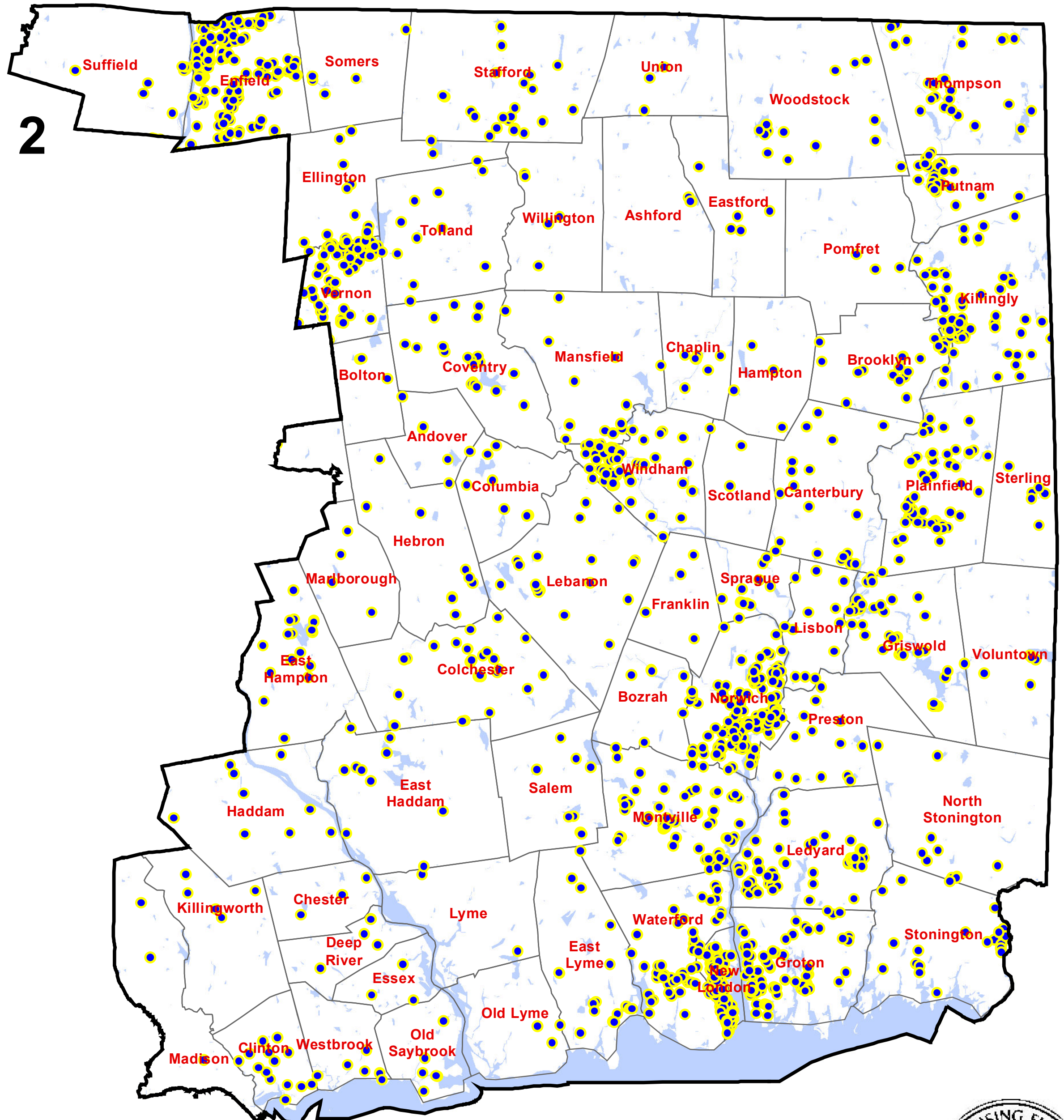
Congressional District 2

CHFA 4-Year Single Family Mortgage Loan Activity

1,689 single family mortgage loans



January 1, 2009 to December 31, 2012

Loan Statistics	Homebuyer Mortgage Program	Downpayment Assistance Loan Program (DAP)
Number of loans financed	1,689	944
Dollars invested	$ 267,537,342	$ 9,621,033
Average loan amount	$ 158,400	$ 10,192
Average borrower income	$ 61,899	$ 62,286

Borrower Statistics	Homebuyer Mortgage Program	Downpayment Assistance Loan Program (DAP)
Average # in family	2.2	2.4
Average age	33.5	33.0
# married	559	335
% married	33.1%	35.5%
# single	1,130	609
% single	66.9%	64.5%
# female HOH*	637	356
% female HOH	37.7%	37.7%
# single, female HOH*	519	289
% single, female HOH*	30.7%	30.6%
# minority	285	175
% minority	16.9%	18.5%

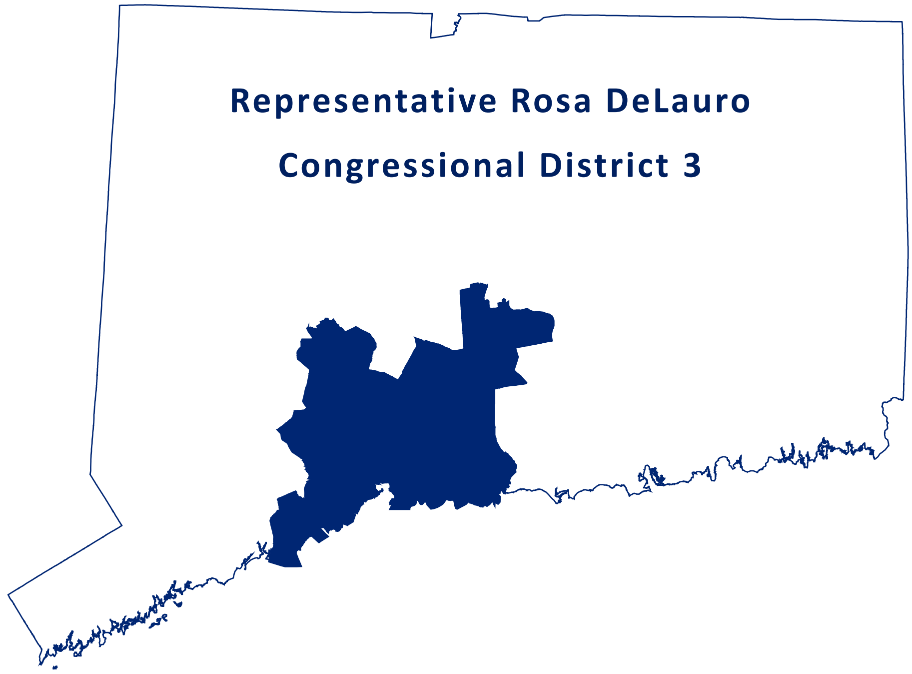
* Head-of-Household

Planning and Research | Winter 2013

State of Connecticut

Representative Rosa DeLauro

Congressional District 3



2011 American Community Survey (ACS) District Profile

† District Homeownership Rate: 64%

† Population: 718,549

† Median Household Income: $61,277

† Non-minority: 76% | Minority: 22% | Other: 2%

† Total housing units: 301,790 | Total occupied: 273,877

Owner-occupied: 174,579 | Renter-occupied: 99,298

CHFA Housing Impact 2009 to 2012:

† Single family:

1,162 mortgage loans of which 51% received Downpayment Assistance

† Rental Housing (New and Rehab):

784 rental homes produced:

49% family | 34% elderly | 17% supportive

Connecticut Housing Finance Authority

Congressional District 3

Affordable Rental Housing - Approved Activity 2009 - 2012

Under construction
25% complete

Rockview, New Haven
77 two, three, and four bedroom elderly rental homes
SHP Revitalization funded with 9% LIHTC
294 jobs created | $39m in economic activity

122 Wilmot, New Haven
47 one and two bedroom elderly rental homes
SHP Revitalization funded with 9% LIHTC
227 jobs created | $30.4m in economic activity

River Run, New Haven
140 one and two bedroom elderly rental homes
Acquisition rehabilitation funded with TEB/4% LIHTC
78 jobs created | $10.9m in economic activity

West Village, New Haven
127 studio and one bedroom supportive rental homes
Funded with TEB/4% LIHTC
163 jobs created | $22.1m in economic activity

Under construction – 80% complete

Under construction
40% complete

Fair Haven Mutual Housing, New Haven
44 one, two, three and four bedroom family rental homes
New development funded with 9% LIHTC
153 jobs created | $17.7m in economic activity

Under construction
67% complete

Brookside Phase II, New Haven
101 two and three bedroom family rental homes
New development funded with 9% LIHTC
459 jobs created | $53.2m in economic activity

Congressional District 3

Affordable Rental Housing – Approved Activity 2009 - 2012

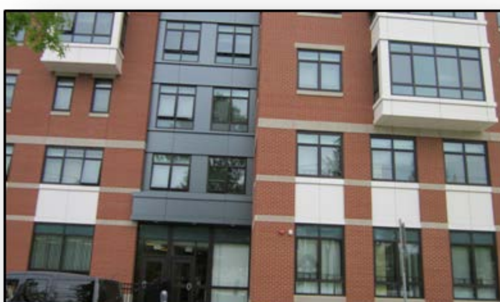
Currently leasing

Leeway Welton Apartment, New Haven
10 one-bedroom supportive rental homes
Funded with Next Steps
39 jobs created | $4.5m in economic activity

94% occupied

Quinnipiac Terrace Phase III, New Haven
33 one, two, and three bedroom family rental homes
SHP Revitalization funded with TEB/4% LIHTC
155 jobs created | $20.7m in economic activity

100% occupied



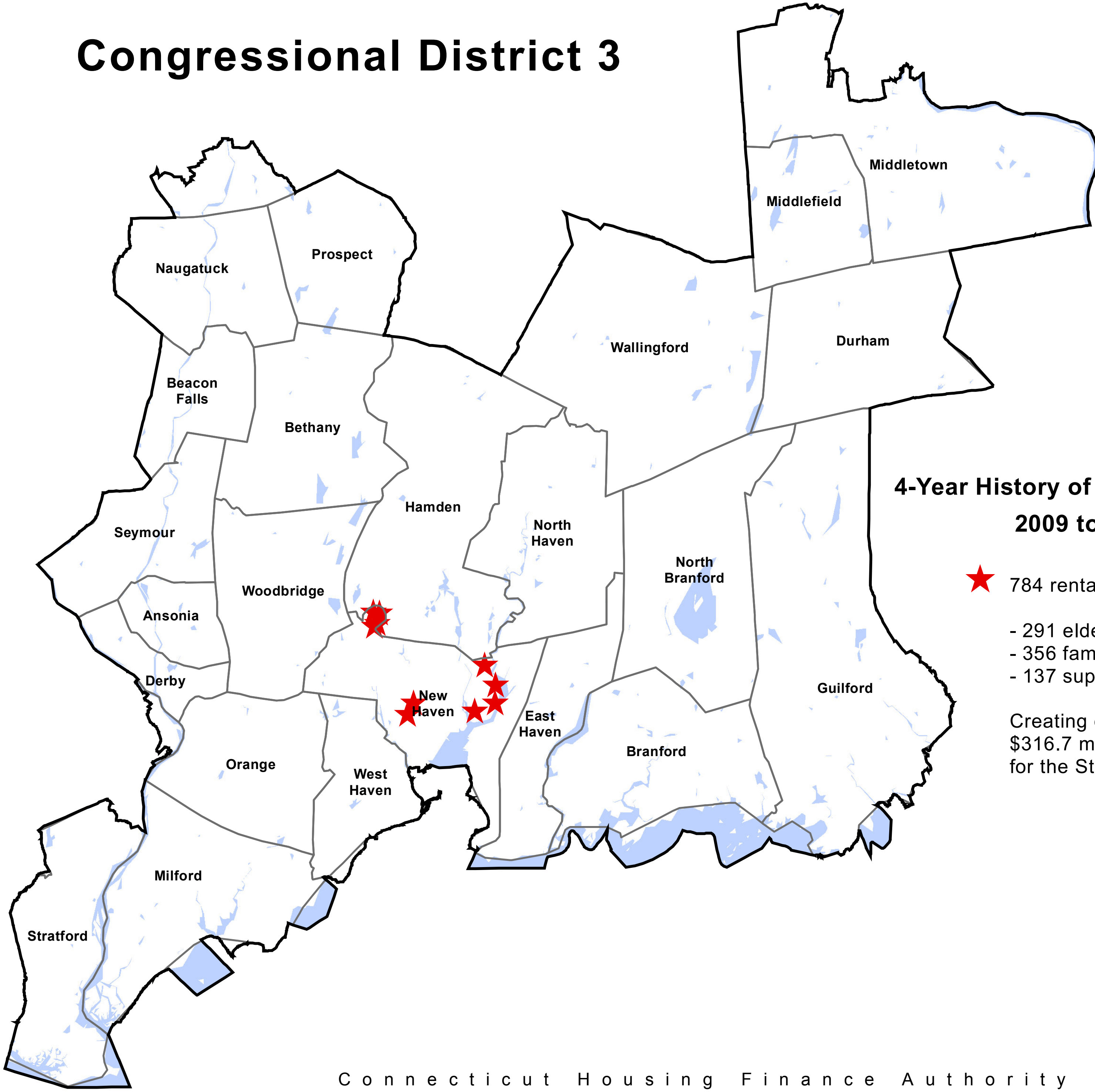
Trinity Rowe Apartments, New Haven
104 one and two bedroom family rental homes
New development funded with TEB/4% LIHTC
403 jobs created | $53.5m in economic activity

Rent-up began in September

West Rock Phase I, New Haven
101 one, two, three and four bedroom family rental homes
SHP Revitalization funded with TEB/4% LIHTC
485 jobs created | $64.7m in economic activity

2008 activity:
Valley Supportive Housing, Ansonia & Derby - 20 supportive rental homes funded with Next Step s.
Highwood Square, Hamden – 27 family rental homes funded with 9% LIHTC.
451 Putnam, Hamden – 17 supportive rental homes funded with Next Steps.

Congressional District 3



4-Year History of Affordable Rental Housing 2009 to 2012 Approvals

★ 784 rental homes:

- 291 elderly
- 356 family
- 137 supportive

Creating over 3,456 jobs and generating $316.7 million in economic activity for the State of Connecticut.

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Connecticut Housing Finance Authority

Congressional District 3

CHFA 4-Year Single Family Mortgage Loan Activity

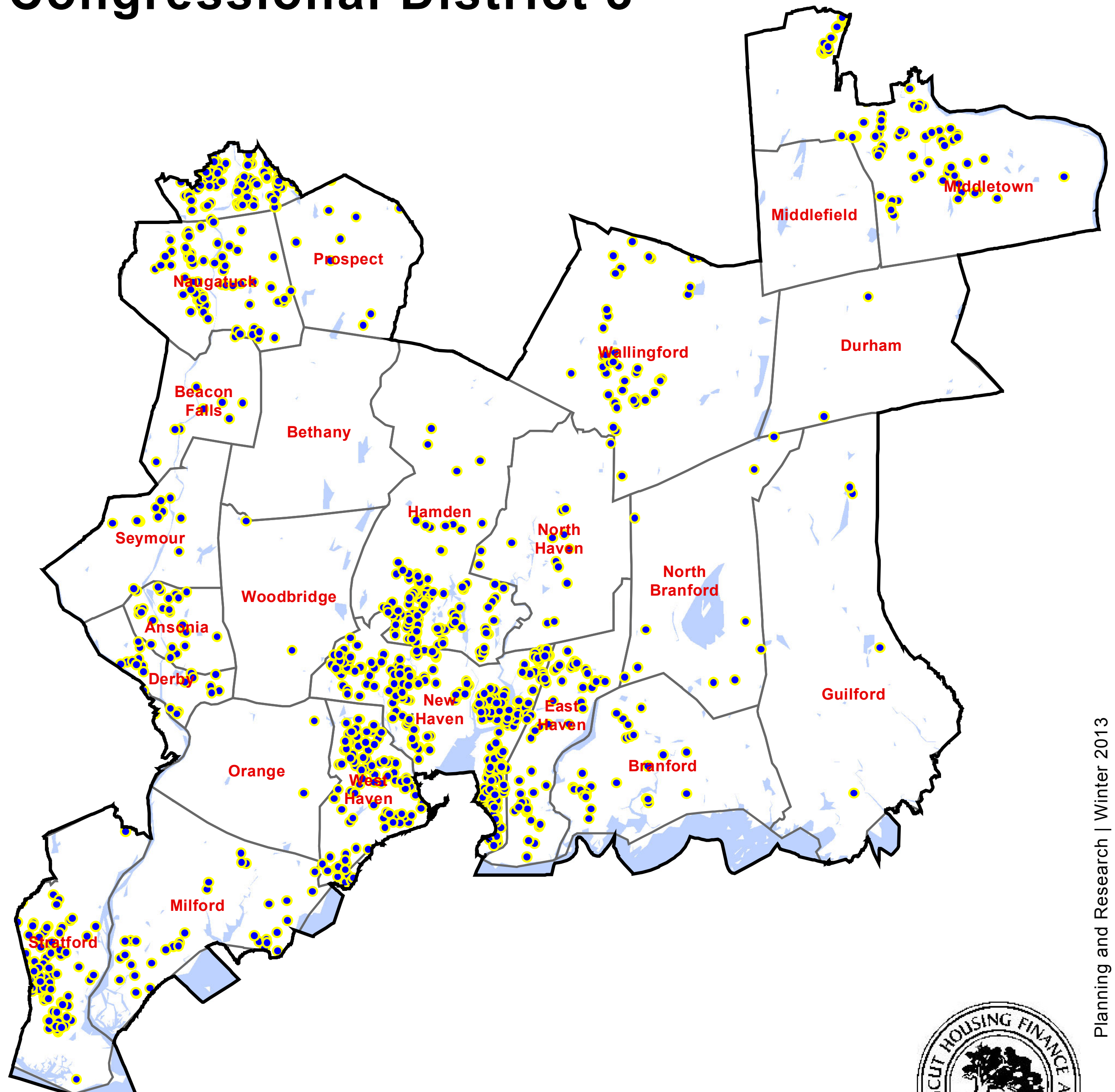
1,162 single family mortgage loans

January 1, 2009 to December 31, 2012

Loan Statistics	Homebuyer Mortgage Program	Downpayment Assistance Loan Program (DAP)
Number of loans financed	1,162	598
Dollars invested	$ 185,739,556	$ 6,468,618
Average loan amount	$ 159,845	$ 10,817
Average borrower income	$ 66,835	$ 66,938

Borrower Statistics	Homebuyer Mortgage Program	Downpayment Assistance Loan Program (DAP)
Average # in family	2.3	2.5
Average age	35.5	34.9
# married	369	210
% married	31.8%	35.1%
# single	793	388
% single	68.2%	64.9%
# female HOH*	549	270
% female HOH	47.2%	45.1%
# single, female HOH*	437	208
% single, female HOH*	37.6%	34.8%
# minority	488	269
% minority	42.0%	45.0%

* Head-of-Household



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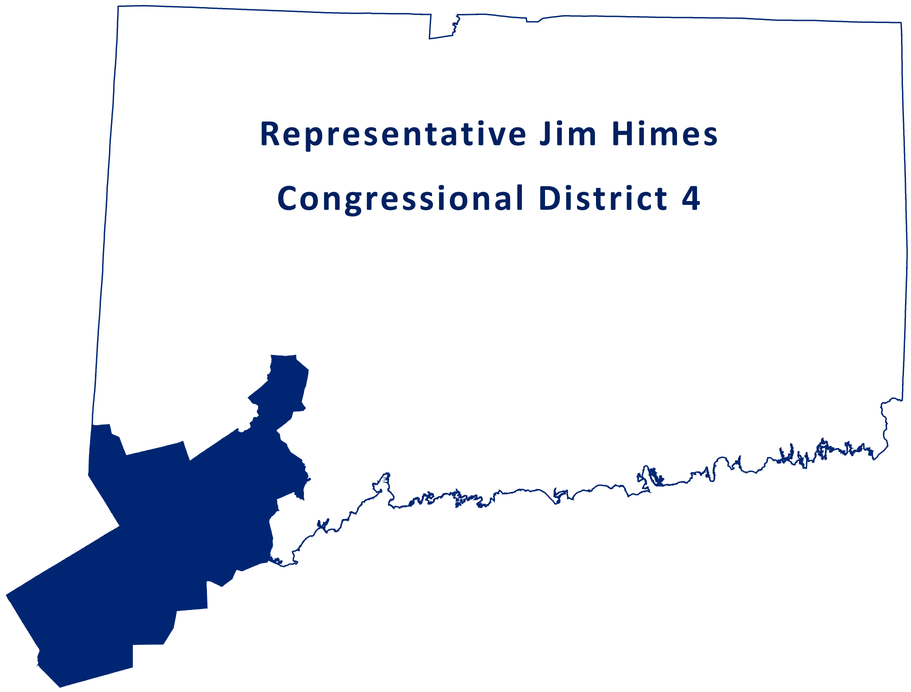
Connecticut Housing Finance Authority

State of Connecticut



2011 American Community Survey (ACS) District Profile

† District Homeownership Rate: 66%

† Population: 726,619

† Median Household Income: $79,097

† Non-minority: 74% | Minority: 24% | Other: 2%

† Total housing units: 283,596 | Total occupied: 259,338

Owner-occupied: 171,351 | Renter-occupied: 87,987

CHFA Housing Impact 2009 to 2012:

† Single family:

535 mortgage loans of which 35% received Downpayment Assistance

† Rental Housing (New and Rehab):

1,057 rental homes produced:

76% family | 19% elderly | 5% supportive

Congressional District 4

Affordable Rental Housing - Approved Activity 2009 - 2012

Clinton Commons, Bridgeport
33 one, two and three bedroom family rental homes
New construction funded with TEB/4% LIHTC & Taxable – GE
132 jobs created | $14.8m in economic activity

88% occupied

River Commons, Norwalk
34 one and two bedroom family rental homes
Substantial rehab funded with CHAMP/TEB/4% LIHTC
76 jobs created | $10.8m in economic activity

Under construction 50% complete →

Elias Howe, Bridgeport
37 one bedroom elderly rental homes
Substantial rehab funded with taxable bonds
63 jobs created | $8.9m in economic activity

Under construction 80% complete ←

Albion Street, Bridgeport
35 two bedroom supportive rental homes
New construction funded with TEB/4% LIHTC
148 jobs created | $20.2m in economic activity

Greenfield, Stamford
45 two and three bedroom family rental homes
SHP Revitalization funded with 9% LIHTC
280 jobs created | $37.1m in economic activity

98% occupied

Sycamore Place, Bridgeport
118 one and two bedroom elderly rental homes
Expiring use funded with TEB/4% LIHTC
114 jobs created | $15.3m in economic activity

Under construction 25% complete ←

Elmcrest Terrace, Norwalk
18 supportive housing homes funded with 9% LIHTC
77 jobs created | $10.1m in economic activity

Under construction 30% complete →

Allen O'Neill, Darien
106 two bedroom family rental homes
SHP Revitalization funded with 9% LIHTC
419 jobs created | $54.9m in economic activity

Congressional District 4

Affordable Rental Housing – Approved Activity 2009 - 2012

Under construction 49% complete

Bayview Towers, Stamford
200 one, two, three and four bedroom family rental homes
Acquisition/Rehab funded with TEB/4% LIHTC
232 jobs created | $31.9m in economic activity

In lease-up

Wilton Commons, Wilton
51 one and two bedroom elderly rental homes
New construction funded with TEB/4% LIHTC
126 jobs created | $15.3m in economic activity

100% occupied

Fair Street Apartments, Norwalk
57 one and two bedroom family rental homes
New construction funded with TEB/4% LIHTC
115 jobs created | $17.6m in economic activity

98% occupied

Metro Green Residences, Stamford
50 one, two and three bedroom family rental homes
New construction funded with 9% LIHTC
284 jobs created | $37.1m in economic activity

82% occupied

Palmers Hill, Stamford
85 one, two and three bedroom family rental homes
New construction funded with 9% LIHTC
276 jobs created | $36m in economic activity

Ludlow Place, Stamford
50 two, three and four bedroom family rental homes
Expiring use funded with 9% LIHTC & ITA & Taxable – Citibank
224 jobs created | $29.7m in economic activity

2008 activity:

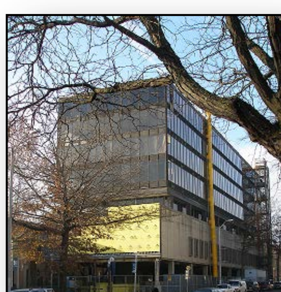
Hales Court, Westport - 78 family rental homes funded with 9% LIHTC

Progress Drive, Stamford – 95 family rental homes funded with 9% LIHTC

Park City, Bridgeport - 48 supportive rental homes funded with Next Steps

99% Occupied

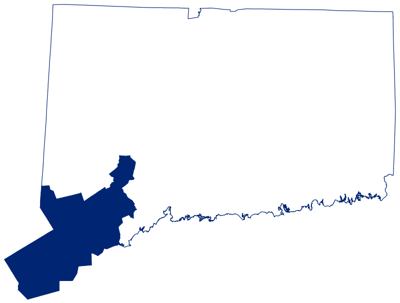
323 Fairfield Avenue @ Bijou Square, Bridgeport
84 one and two bedroom family rental homes
Acquisition rehab funded with Taxable bonds – GE
264 jobs created | $35.4m in economic activity



In lease-up

333 State Street, Bridgeport
54 one and two bedroom family rental homes
Acquisition rehab funded with Taxable Bonds – GE

Congressional District 4

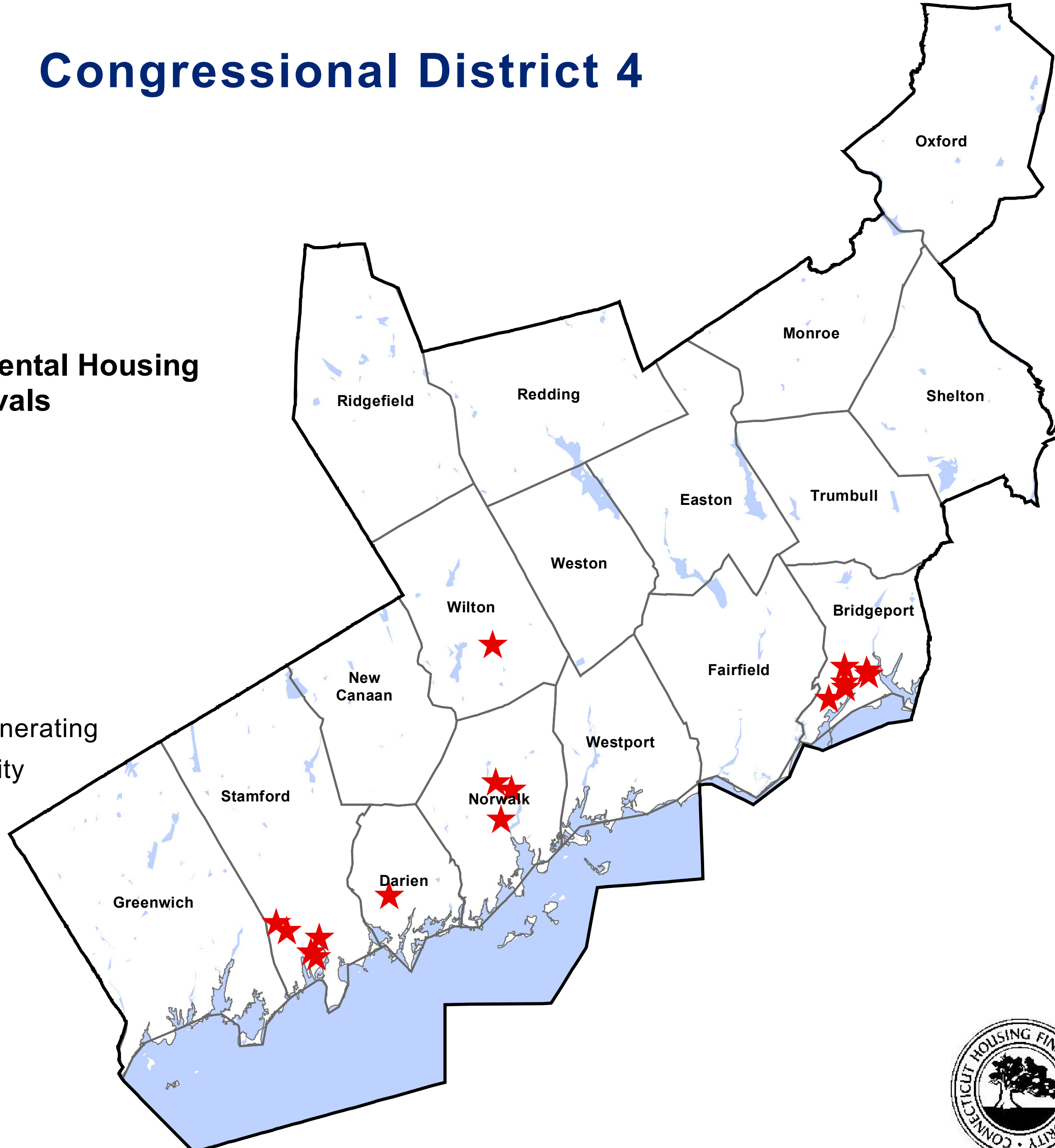


4-Year History of Affordable Rental Housing 2009 to 2012 Approvals

★ 1,057 rental homes:

- 206 elderly
- 798 family
- 53 supportive

Creating over 2,682 jobs and generating $354.9 million in economic activity for the State of Connecticut.



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CHFA 4-Year Single Family Mortgage Loan Activity

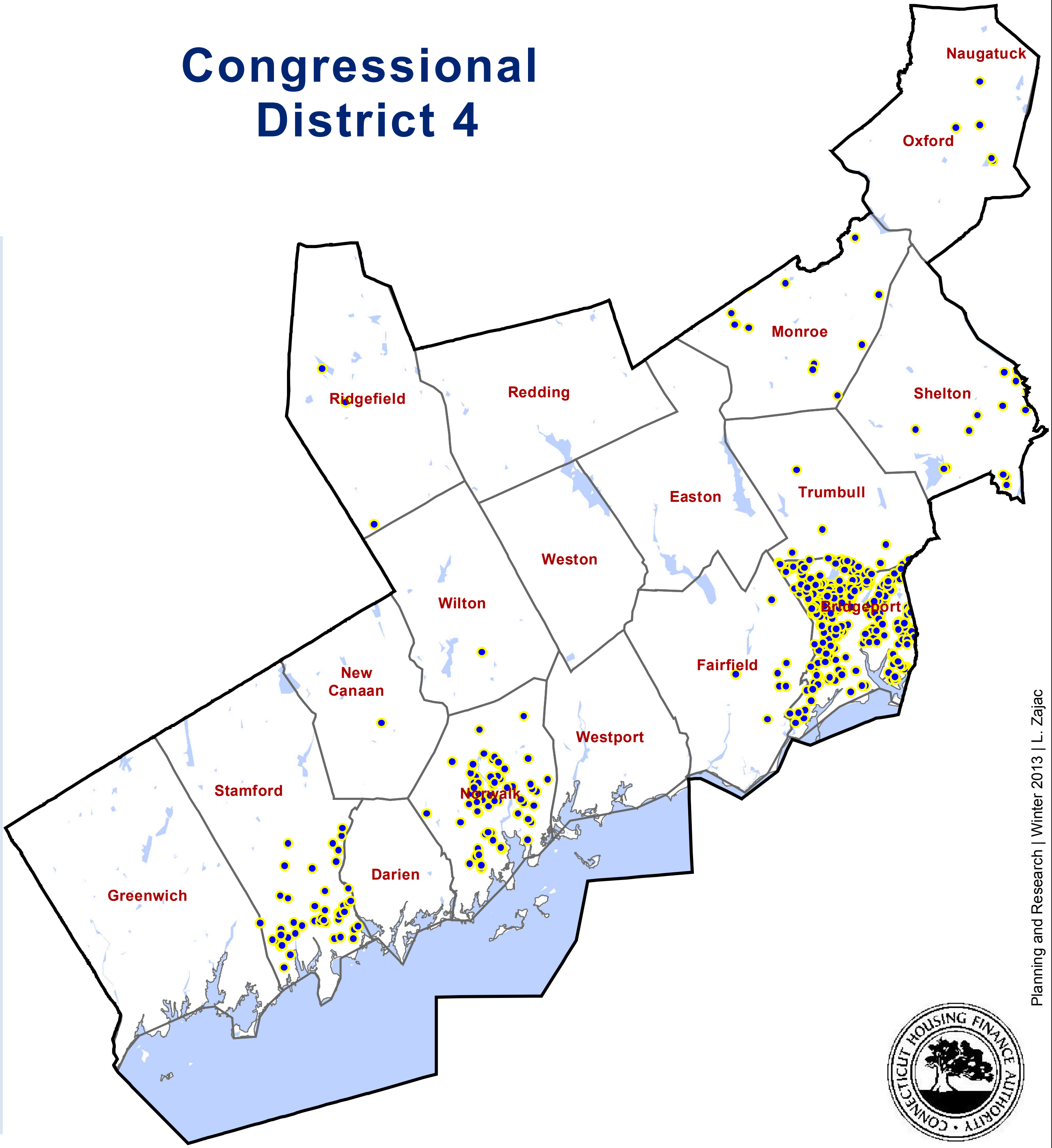
535 single family mortgage loans

Congressional District 4

January 1, 2009 to December 31, 2012		
Loan Statistics	**Homebuyer Mortgage Program**	**Downpayment Assistance Loan Program (DAP)**
Number of loans financed	535	186
Dollars invested	$ 87,920,605	$ 2,174,153
Average loan amount	$ 164,338	$ 11,689
Average borrower income	$ 70,378	$ 71,420

Borrower Statistics	**Homebuyer Mortgage Program**	**Downpayment Assistance Loan Program (DAP)**
Average # in family	2.5	2.8
Average age	37.0	36.5
# married	193	80
% married	36.1%	43.0%
# single	342	106
% single	63.9%	57.0%
# female HOH*	265	87
% female HOH	49.5%	46.8%
# single, female HOH*	215	67
% single, female HOH*	40.2%	36.0%
# minority	375	137
% minority	70.1%	73.7%

* Head-of-Household



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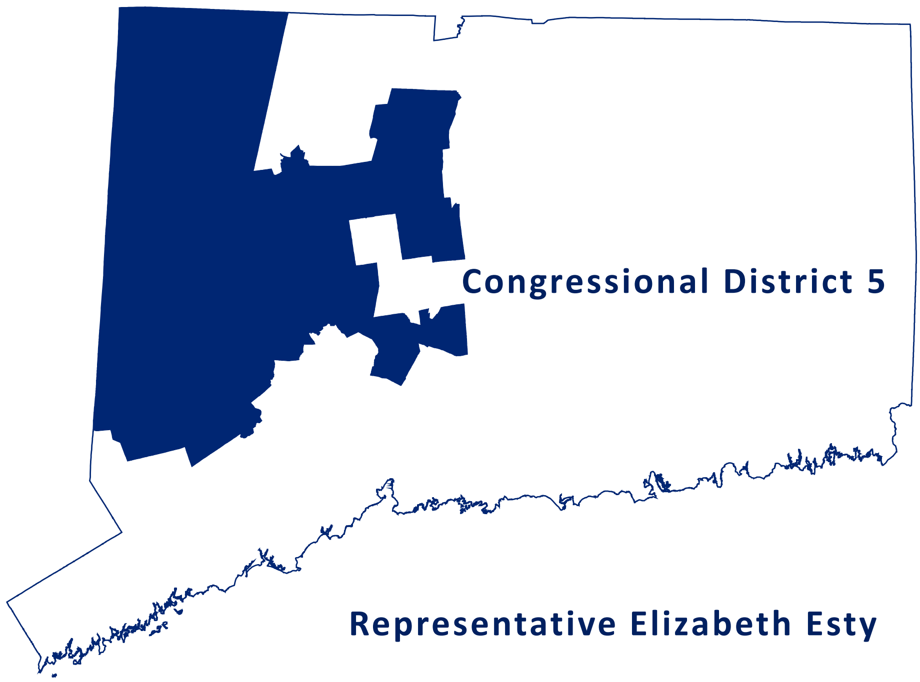
State of Connecticut



2011 American Community Survey (ACS) District Profile

† District Homeownership Rate: 68%

† Population: 709,157

† Median Household Income: $79,097

† Non-minority: 79% | Minority: 18% | Other: 3%

† Total housing units: 299,028 | Total occupied: 265,795

Owner-occupied: 181,918 | Renter-occupied: 83,877

CHFA Housing Impact 2009 to 2012:

† Single family:

1,450 mortgage loans of which 56% received Downpayment Assistance

† Rental Housing (New and Rehab):

850 rental homes produced:

98% family | 2% elderly

Congressional District 5

Affordable Rental Housing - Approved Activity 2009 - 2012

Awaiting Initial Closing

Beachport, Cheshire
20 studio and one bedroom elderly rental homes
SHP Revitalization funded with TEB/Taxable - GE
48 jobs created | $6.5m in economic activity

Under construction 33% complete

Corbin Heights, New Britain
235 one, two, three and four bedroom family rental homes
SHP Revitalization funded with 9% LIHTC & ITA funds
743 jobs created | $88.4m in economic activity

Chamberlain Heights, Meriden
124 two, three and four bedroom family rental homes
SHP Revitalization funded with 9% LIHTC & ITA funds
304 jobs created | $39.9m in economic activity

Awaiting Initial Closing

Country Village, Waterbury
232 one, two, three and four bedroom family rental homes
Substantial rehab funded with TEB/4% LIHTC
250 jobs created | $36m in economic activity

Under construction – 25% complete

Pinnacle Heights Ext. , New Britain
66 two and three bedroom family rental homes
Funded with 9% LIHTC & ITA funds
214 jobs created | $25.5m in economic activity

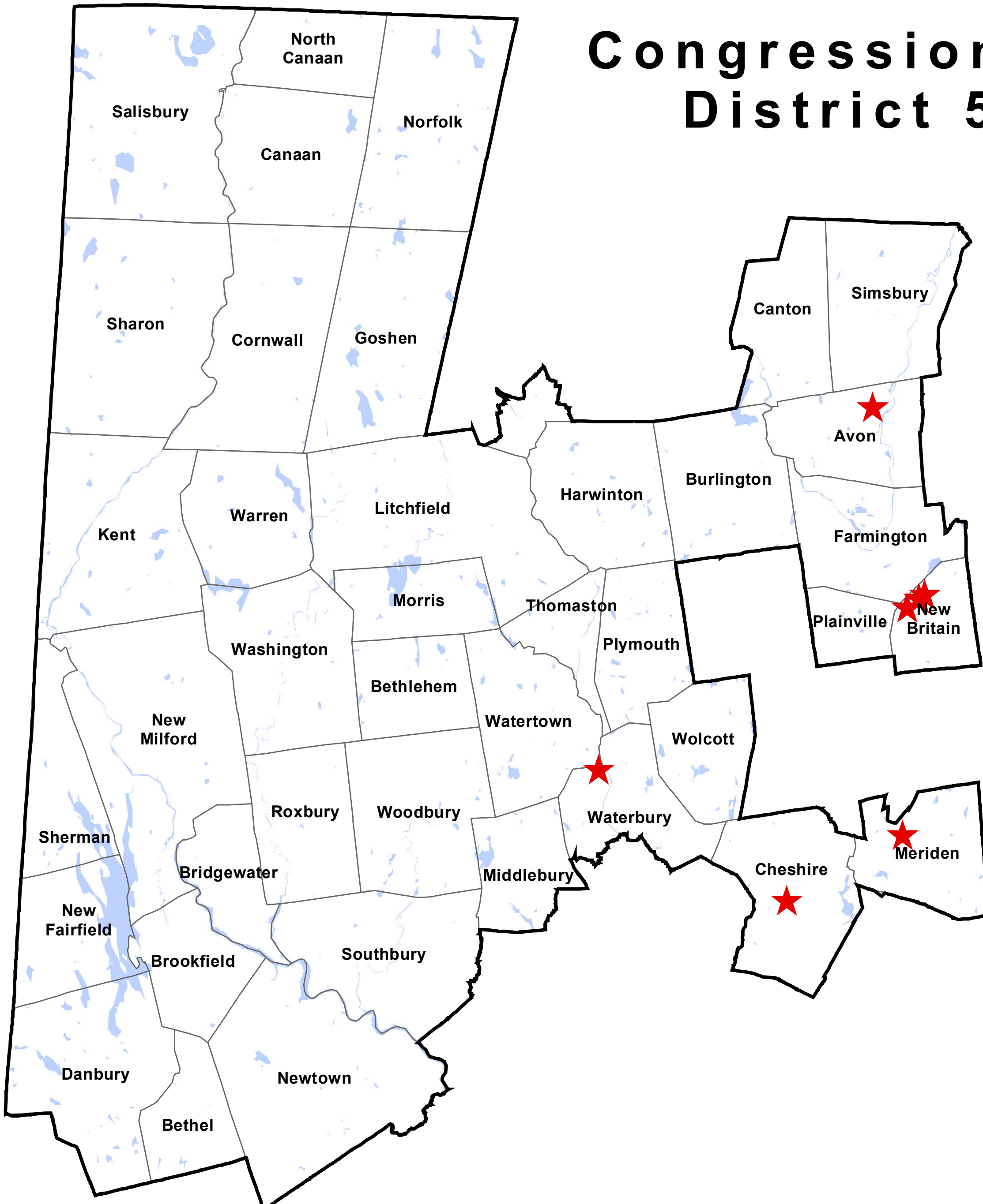
Awaiting Initial Closing

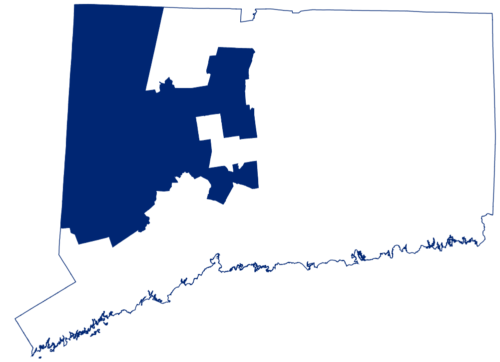
Jefferson Heights, New Britain
70 one and two bedroom family rental homes
SHP Revitalization funded with 9% LIHTC
176 jobs created | $23.2m in economic activity

98% occupied

Peachtree Village, Avon
103 one and two bedroom family rental homes
New development funded with 9% LIHTC & ITA funds
180 jobs created | $24.0m in economic activity

Congressional District 5





4-Year History of Affordable Rental Housing 2009 to 2012 Approvals

★ 850 rental homes:

- 193 elderly
- 657 family

Creating over 1,915 jobs and generating $243.5 million in econimic activity for the State of Connecticut.

Connecticut Housing Finance Authority

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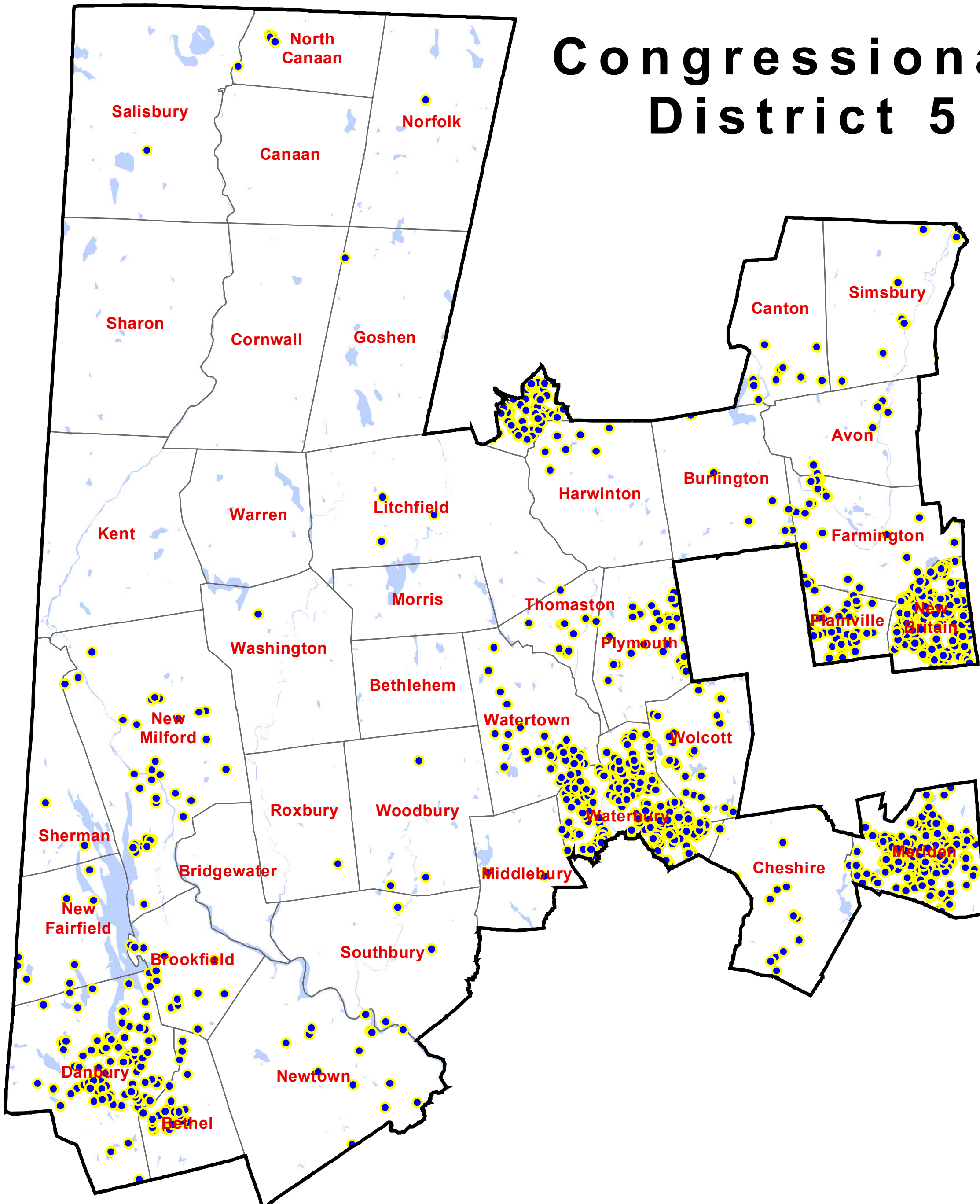
Congressional District 5

CHFA 4-Year Single Family Mortgage Loan Activity

1,450 single family mortgage loans



January 1, 2009 to December 31, 2012

Loan Statistics	Homebuyer Mortgage Program	Downpayment Assistance Loan Program (DAP)
Number of loans financed	1,450	818
Dollars invested	$ 218,029,066	$ 8,621,673
Average loan amount	$ 150,365	$ 10,540
Average borrower income	$ 63,841	$ 63,053

Borrower Statistics	Homebuyer Mortgage Program	Downpayment Assistance Loan Program (DAP)
Average # in family	2.3	2.5
Average age	34.1	34.2
# married	496	297
% married	34.2%	36.3%
# single	954	521
% single	65.8%	63.7%
# female HOH*	645	357
% female HOH	44.5%	43.6%
# single, female HOH*	503	272
% single, female HOH*	34.7%	33.2%
# minority	514	345
% minority	35.4%	42.2%

* Head-of-Household

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Connecticut Housing Finance Authority

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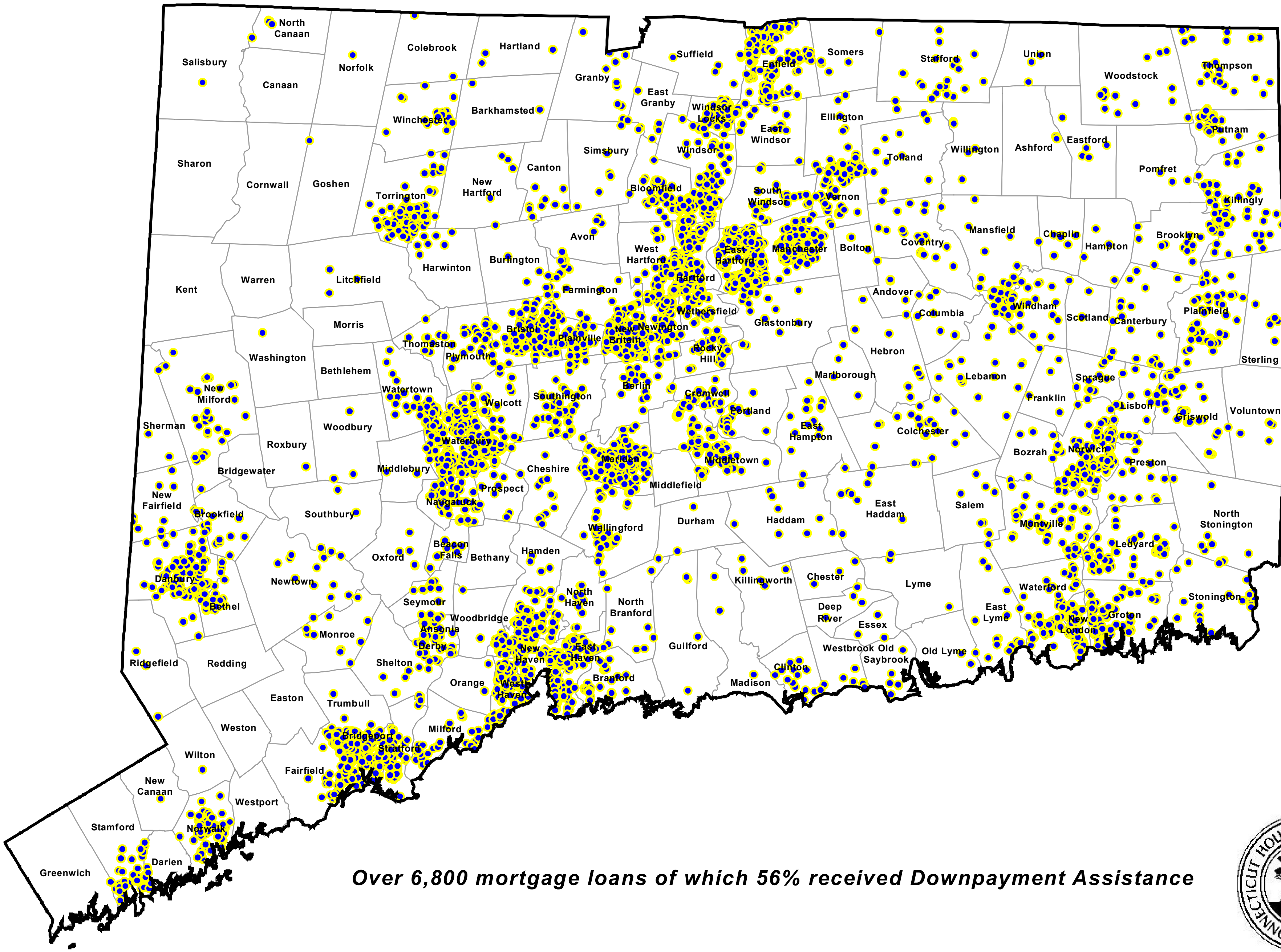
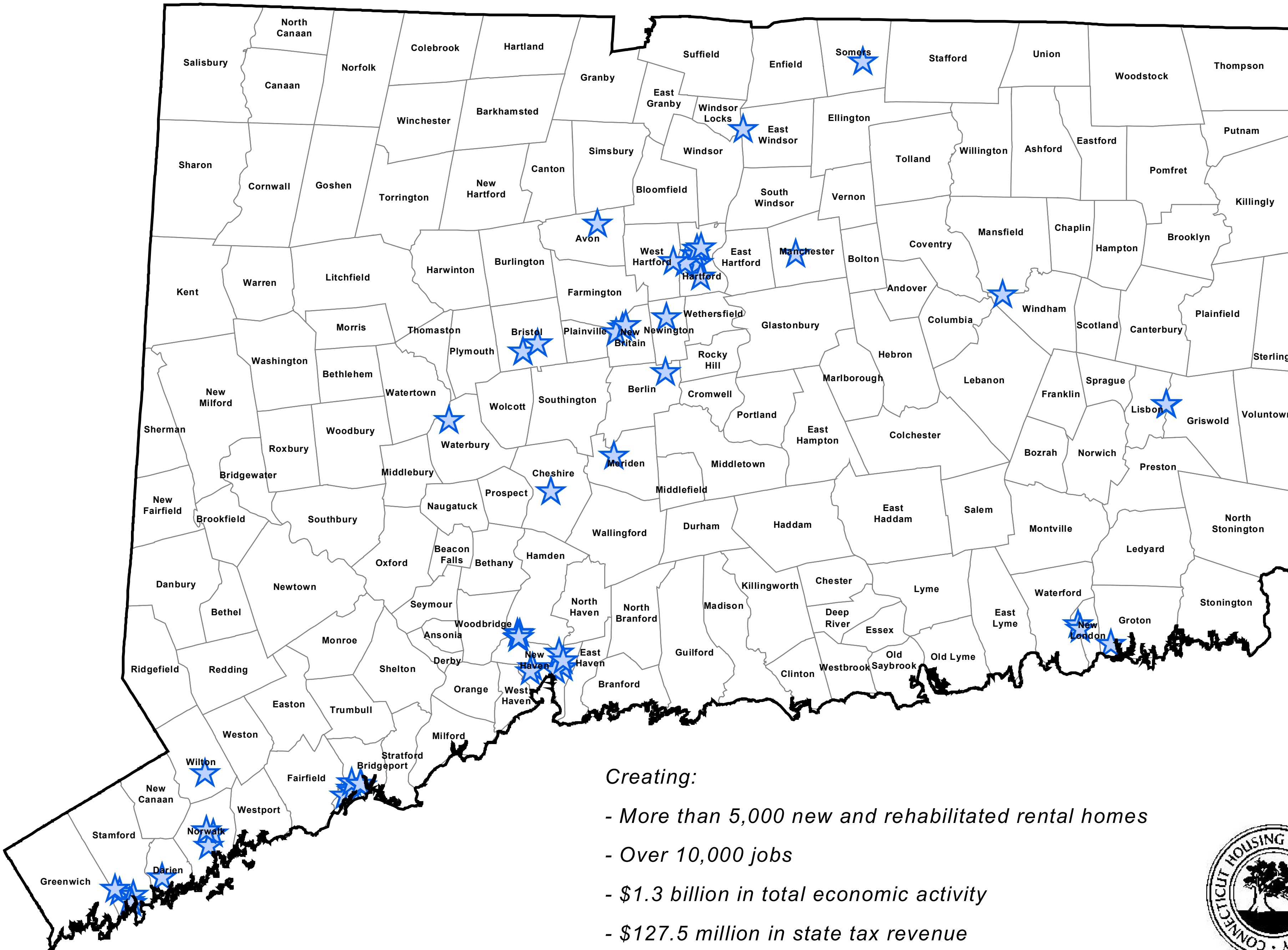
Single Family Mortgage Loan Activity - Purchased 2009 - 2012



Over 6,800 mortgage loans of which 56% received Downpayment Assistance

Affordable Rental Housing -- Approved Activity 2009 - 2012



Creating:

- *More than 5,000 new and rehabilitated rental homes*
- *Over 10,000 jobs*
- *$1.3 billion in total economic activity*
- *$127.5 million in state tax revenue*

CONNECTICUT HOUSING FINANCE AUTHORITY

Tax-Exempt Housing Bonds Q&A

What are Mortgage Revenue Bonds?

The Mortgage Revenue Bond (MRB) and tax-exempt multifamily housing bond programs (collectively, Housing Bonds) are financing tools used by Housing Finance Agencies (HFAs) to finance low-interest mortgages for low- and moderate-income home buyers and to acquire, construct, and rehabilitate multifamily housing for low-income renters. HFAs, as well as other state and local governmental entities, sell Private Activity Bonds (PABs) to investors at low rates to finance affordable housing. In return, investors collect tax-free interest over the life of the bond.

How Do HFAs Use Housing Bonds?

Because interest payments made on Housing Bonds are tax-free, HFAs can pass on the interest savings to home buyers and renters in reduced housing costs. In a typical year, as many as 100,000 families buy their first homes with MRB mortgages. Each year, HFAs use multifamily tax-exempt housing bonds to finance an additional 30,000 apartments. Housing Bonds have provided 4 million lower-income Americans with affordable homeownership and another 1 million with rental housing opportunities.

HFAs also use their MRB authority to issue Mortgage Credit Certificates (MCCs), which provide a nonrefundable federal income tax credit for part of the mortgage interest qualified home buyers pay each year. The MCC program is a flexible subsidy source which can be adjusted depending on the incomes of different home buyers, and provides a relatively constant level of benefit to first-time home buyers regardless of the spread between market and MRB rates.

In 2011, the most recent year for which data are available, MRBs provided $8.4 billion to support the purchase of nearly 55,019 homes nationwide. This represents an increase of $1 billion over 2010. HFAs also issued 4,014 MCCs in 2011, a slight decrease from 2010. Multifamily bonds provided over $4 billion to finance more than 27,200 rental apartments in 2011.

How Much Bond Authority Do States Have?

Because the federal government subsidizes Housing Bonds through tax-free interest, each state's annual issuance of Housing Bonds, and other PABs, including industrial development, redevelopment, and student loan bonds, is capped. Since 2000, the PAB cap has been indexed to inflation. The 2013 cap is $95 per capita, with a minimum state allowance of $291,875,000. Volume cap figures are published by the IRS on an annual basis.

What Restrictions Exist on the Use of Housing Bonds?

Congress restricts mortgages financed by MRBs to first-time home buyers who earn no more than the area median income (AMI), and homes purchased with MRB mortgages must be no more than 90 percent of the average area purchase price. The median income of an MRB borrower in 2011 was approximately $38,967, 77 percent of the national median.

For multifamily housing, developments financed by Housing Bonds must set aside at least 40 percent of their apartments for families with incomes of 60 percent of AMI or less, or 20 percent for families with incomes of 50 percent of AMI or less.

Why Should Congress Protect Housing Bonds?
Housing Bonds have been an unqualified success in providing lower-income Americans a unique and otherwise unavailable opportunity to own a decent and affordable home.

There is a growing need for both affordable rental and homeownership opportunities. Low-income households often find it difficult to secure affordable housing close to their jobs and schools.

Eliminating or curbing the tax exemption would not reduce the need for affordable housing but would lead investors to demand higher interest rates, thus directly and negatively impacting the availability of lower cost financing for low-income working families and populations with special needs. The outcome would be higher borrowing costs for state and local governments, less investment in affordable housing, and fewer jobs. This would come at exactly the wrong time as state and local government finances remain under pressure and are unable to meet the growing need for affordable housing.

From 2002-2011, State HFA MRB homeownership programs generated more than 73,000 jobs per year and added $4.07 billion to the national economy, as measured by Gross Domestic Product (GDP), according to models formulated by the National Association of Home Builders (NAHB) and the National Association of REALTORS. In 2011, HFA multifamily Housing Bond activity added an estimated additional 18,000 jobs, $1.1 billion in local income, and $120 million in taxes and other revenue for local governments, according to estimates using HFA survey data and economic impact multipliers estimated by NAHB.

Would Other Tools for Financing Affordable Housing be More Efficient?
Proponents of eliminating tax-exempt bonds have proposed that there are other, ostensibly more efficient, tax tools that Congress should consider in lieu of tax exemption. While there may be other effective tax tools to create affordable housing opportunities, we should not eliminate or impair a proven and effective tool with a 30-year track record and replace it with an unproven new program.

What Does This Program Cost?
According to the Office of Management and Budget's (OMB) FY 2013 budget estimate the 2013 through 2017 total cost of the Housing Bond program will be $16.96 billion, or approximately $3.39 billion annually. The cost of the MRB program for 2013 through 2017 is estimated to be $9.17 billion and the cost for the multifamily bond program is estimated to be $7.79 billion over that same period.

Using OMB's estimated expenditure figures for FY 2013, the cost of the Housing Bond program represents approximately 1.2 percent of all affordable and non-affordable housing-related federal tax expenditures and 0.24 percent of all federal tax expenditures.

Housing Credit Program Q&A

What is the Housing Credit?

The Housing Credit is a federal tax credit created by President Reagan and Congress in the Tax Reform Act of 1986. It offers a dollar-for-dollar reduction in a taxpayer's income tax liability in return for making a long term investment in affordable rental housing. State agencies award Housing Credits to developers, who then sell the Credits to private investors in exchange for funding for the construction and rehabilitation of affordable housing. These funds allow developers to borrow less money and pass through the savings in lower rents for low-income tenants. Investors, in turn, receive a ten-year tax credit based on the cost of constructing or rehabilitating apartments that cannot be rented to anyone whose income exceeds 60 percent of area median income (AMI).

Why Should Congress Preserve the Housing Credit in Tax Reform?

The Housing Credit is essential to addressing the housing affordability crisis. It accounts for most of the country's new rental housing affordable to low-income people, creating opportunities for the millions of families in our country today who pay more than half of their income for housing, live in substandard and overcrowded conditions, or have no housing at all. A 2012 study by NYU concluded that 62 percent of tenants in Housing Credit developments have incomes at or below 40 percent of AMI, far below the Housing Credit income limits. In addition, rental assistance is very well-targeted in these developments with nearly 70 percent of extremely low-income households, those with annual incomes below 30 percent of AMI, receiving some form of rental assistance.

In addition, the Housing Credit is essential to preserving existing affordable housing. In 2011, two-thirds of bond-financed Housing Credit developments were used to maintain or extend affordability for properties at-risk of rent increases, conversion to market use, deterioration, elimination of income-targeting rules, or other circumstances that could remove existing units from the affordable housing stock. Over 25,000 affordable apartments were preserved using the Housing Credit in 2011 alone.

The Housing Credit is also vital to the housing and economic recovery. The program generates approximately $7.1 billion in income; $2.8 billion in federal, state, and local taxes; and 95,000 jobs per year across all U.S. industries. Only 0.65 percent of Housing Credit developments have ever resulted in foreclosure, an unparalleled record compared to all other real estate asset classes.

How Much Housing Has Been Developed Because of the Housing Credit?

Since the Housing Credit program began in 1987, state housing agencies have financed over 2.6 million Housing Credit affordable rental homes, with approximately 100,000 units added to the inventory each year.

In Addition to Housing, What Other Benefits Does the Program Provide?

In addition to providing shelter, safe, sustainable, and affordable rental housing opportunities lead to improved child well-being, enhanced educational achievement, improved health outcomes, increased employment access, proximity to transportation options, community revitalization, and reduced dependence on emergency services and institutional care.[1]

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[1] Examples of research documenting these impacts include: Making Affordable Housing at Transit a Reality (Enterprise Community Partners & FRESC); The Positive Impacts of Affordable Housing on Health: A Research Summary (Center for Housing Policy and Enterprise Community Partners 2007); Supportive Housing for Returning Prisoners: Outcomes and Impacts of the Returning Home Ohio Pilot Project (The Urban Institute 2012); The Role of Affordable Housing in Creating Jobs and Stimulating Local Economic Development (Center for Housing Policy 2011); Denver Housing First Collaborative: Cost Benefit Analysis and Program Outcomes Report (Colorado Coalition for the Homeless 2006).

Who administers the Housing Credit?

The Housing Credit is typically administered by state Housing Finance Agencies (HFAs), state-chartered authorities established to help meet the affordable housing needs of the residents of their states. Although they vary widely in characteristics, such as their relationship to state government, most HFAs are independent entities that operate under the direction of a board of directors appointed by each state's governor. The Housing Credit, along with tax-exempt housing bonds and the HOME program, is at the center of HFA activity on affordable housing.

Who oversees the Housing Credit's administration?

The Housing Credit is overseen by the U.S. Treasury through the Internal Revenue Service (IRS), which monitors the program for noncompliance and issues program guidance and regulations. In addition to IRS monitoring, state agency scrutiny and private sector oversight - under threat of severe tax penalty for noncompliance - are hallmarks of the Housing Credit program and have eliminated the need for extensive federal involvement and bureaucratic regulations. This oversight system represents an unprecedented departure from previous federal housing programs and is an essential element of the program's success.

What does the Housing Credit cost?

The cost of the Housing Credit to the federal government is fixed and determined by statute. Each state's Housing Credit allocation is subject to a volume cap based on its population that limits the availability of the Credit in each state. In 2013, the state Credit cap is $2.25 times the state's population, with a state minimum of $2,590,000. Volume cap figures are published by the IRS on an annual basis.

According to the Office of Management and Budget's FY 2013 budget estimate, for 2013 through 2017, the Housing Credit will cost $39.3 billion dollars or approximately $7.8 billion annually. Using estimated expenditure figures for FY 2013, the cost of the Housing Credit represents approximately 3 percent of all, affordable and non-affordable, housing-related federal tax expenditures and 0.5 percent of all federal tax expenditures.

Whom does the Housing Credit serve?

While the program was originally designed to serve low-income working households earning between 50 and 60 percent of AMI, state HFAs often reach families with much lower incomes. The flexibility of the Housing Credit has made it an attractive tool for meeting housing needs across rural, urban, and suburban areas, including permanent supportive housing for homeless and special needs populations including veterans, Native American tribes, and the elderly. In 2011 for example, the latest year for which data is available, 25 percent of Housing Credit apartments were targeted towards elderly residents.

The program allows states to allocate Housing Credits to developments they select pursuant to qualified allocation plans (QAPs) they develop that identify the type, location, and other characteristics of affordable housing needed throughout the state. The plans must describe the criteria agencies will apply in allocating the Credit and are subject to review on an annual basis after a public hearing and comment process. In this way, the Housing Credit empowers states to respond to the housing needs, priorities, and challenges that states consider most important.

Does the Housing Credit leverage other funding?
A unique feature of the Housing Credit is its ability to leverage private equity which investors contribute upfront with the expectation of obtaining Credits in the future. In addition, virtually every state combines the Housing Credit with some federal subsidy to make housing affordable to extremely low-income families, the elderly and special needs populations. Approximately 40 percent of Housing Credit apartments have been financed using tax-exempt bonds, most of which has been used to further the goal of affordable housing preservation.

Why is the Housing Credit necessary?
According to the American Community Survey, the number of renters earning $15,000 or less (in real terms) grew by 2.2 million between 2001 and 2010. The number of rental units that were both adequate and affordable to these households, however, declined by 470,000 over this period. As a result, the gap between the supply of and demand for these units widened. In 2001, 8.1 million low-income renters competed for 5.7 million affordable units, leaving a gap of 2.4 million units. By 2010, the shortfall had more than doubled to 5.1 million units. Moreover, of these affordable units, more than 40 percent were occupied by higher-income renters.[2]

The Housing Credit accounts for most of the country's new rental housing affordable to low-income people, creating affordable housing opportunity for the millions of families in our country today who pay more than half of their income for housing, live in substandard and overcrowded conditions, or have no housing at all.

In addition, the program annually produces approximately 95,000 new full-time jobs, adds $7.1 billion to the economy, and contributes approximately $2.8 billion in federal tax revenue.

What would be the Impact of Repealing the Housing Credit Program?
Repeal of the program would stop the development of thousands of desperately need rental homes made possible by the Housing Credit. Affordable housing needs would intensify and tens of thousands of low-income families would face greater difficulty accessing affordable homes. Thousands of affordable units would be lost because the Housing Credit would not make possible their preservation.

Jobs and economic revenue would decrease because of the reduction in construction, supplies, and other economic activity associated with the Housing Credit.

The federal revenue raised from repealing the Housing Credit would be minimal, especially in the first several years. Although often listed in the top ten of corporate tax expenditures, the cost of the Housing Credit is dwarfed by the top four corporate tax expenditures and all of the largest corporate tax expenditures are smaller than the smallest of the top ten individual tax expenditures. Furthermore, the revenue raised from the program's repeal would be minimal because the Housing Credit is purchased up front but given out over ten years and, thus, taxpayers would continue to receive their credits for several years after repeal.

[2] The State of the Nation's Housing 2012, Joint Center for Housing Studies of Harvard University.

Isn't the Housing Credit Producing Housing that the Private Sector Would Create Anyway?
Unlike many other tax expenditures, which subsidize activity that would occur at some level without a tax benefit, virtually no affordable rental housing development would occur without the Housing Credit. To develop new rental homes affordable to renter households with incomes equivalent to the full-time minimum wage, the construction cost would have to be 28 percent of the current average (which is already 30 percent below the 2007 peak in real terms).[3]

Doesn't the Housing Credit Just Enable Corporate Investors to Reduce their Tax Liability?
The Housing Credit is a purchased tax benefit, and substantially all of the net economic benefit of the program goes to low-income families, not corporations. Investors must pay for the credits; they do not receive them for activities in which they would otherwise engage absent the Credit. In contrast to other corporate tax expenditures, corporations are only the intermediaries that enable private resources to be used to deliver affordable rental housing to low-income and special needs populations, housing which would not be built without the Credit. Therefore, the Housing Credit should not be eliminated or cut to finance lower tax rates for corporations.

Isn't the Housing Credit an Example of the Proliferation of Tax Expenditures under the Code?
The Housing Credit is the product of tax reform. It was signed into law by President Reagan as part of the Tax Reform Act of 1986. The legislative history for the Housing Credit states Congress created the Housing Credit because "it was concerned that the tax preferences for low-income rental housing available under prior law were not effective in providing affordable housing for low-income individuals. Congress believed a more efficient mechanism for encouraging the production of low-income rental housing could be provided through the low-income rental housing tax credit." Over its 26-year life, the Housing Credit has become the most successful affordable rental housing production program in history.

[3] America's Rental Housing: Meeting Challenges, Building on Opportunities, 2011, Joint Center for Housing Studies of Harvard University.

Allow Ginnie Mae to Securitize HFA Risk-Sharing Loans to Unlock Affordable Multifamily Lending

What is the FHA-HFA Risk-Sharing program?

The FHA-HFA Risk-Sharing program allows state Housing Finance Agencies (HFAs) that meet rigorous financial standards to underwrite FHA multifamily loans in return for sharing the risk of losses on those loans. FHA provides full insurance on the loans, and HFAs agree to accept up to 90 percent of the risk of losses on those loans. The more risk HFAs assume, the more underwriting flexibility FHA permits them. In the event of a default, FHA and the HFA apportion the loss according to the risk-sharing agreement they have made.

Congress established the FHA-HFA Risk-Sharing program in 1992 to increase and speed up FHA's multifamily mortgage production. The program has been very successful, with 26 state HFAs financing nearly 1,000 loans, totaling more than $5 billion in principal and supporting more than 101,000 affordable rental homes.

HUD's FY 2013 Budget estimates total HFA Risk-Sharing loan activity of $233 million in FY 2012, 2.1 percent of all expected FHA multifamily loan activity of $10.9 billion. In FY 2011, HFAs financed 72 loans, with a total principal balance of $592 million, supporting 8,033 rental homes. The total FHA-HFA Risk-Sharing program as of September 30, 2011 was 984 loans with an unpaid principal balance of $5.3 billion.

The FHA-HFA Risk-Sharing program's loan default rates have been very low and premium revenue has exceeded total claims, generating net revenue for the federal government.

Does the FHA-HFA Risk-Sharing program produce greater affordability than other FHA multifamily mortgage insurance programs?

All projects insured under the Risk-Sharing program must qualify as affordable housing. For the purposes of this program affordable housing means:

- A project in which 20 percent or more of the units are both rent-restricted and occupied by families whose income is 50 percent or less of the area median income as determined by HUD, with adjustments for household size; or
- A project in which 40 percent or more of the units are both rent-restricted and occupied by families whose income is 60 percent or less of the area median income as determined by HUD, with adjustments for household size.

Rent restricted means that gross rent for a unit does not exceed 30 percent of the imputed limitation applicable to such unit. HFAs are responsible for determining gross rent and/or income limitations, including a determination of personal benefits expenditures, such as utilities.

A November 1, 2011 fiscal-year-end report on the Risk-Sharing program's activity in FY 2011 states, "…the risk sharing program is a bigger contributor to the achievement of the Department's affordable housing goals than are the FHA full insurance programs."

Several other major FHA multifamily mortgage insurance programs do not contain any rent restriction or income limit affordability requirements.

Is there an overall cap on how much Risk-Sharing activity may be done in one year?

No, the Risk-Sharing program is a permanent multifamily insurance program without a specific activity limit. However, it is subject to HUD's overall commitment authority limit for the FHA General Risk/Special Risk Insurance Fund (GI/SRI), authorized by Congress, which applies to several FHA multifamily insurance programs.

Why should Congress allow Ginnie Mae to securitize FHA-HFA Risk-Sharing loans?

Permitting Ginnie Mae to securitize FHA-HFA Risk-Sharing loans would allow HFAs to reduce the cost of financing rental housing developments, making it possible to achieve lower rents and reach even lower income tenants.

If Ginnie Mae were to securitize FHA-HFA Risk-Sharing loans, HFAs predict the interest rate on the underlying mortgages could be reduced by as much as 200 basis points or 2 percent. This rate reduction would lower rents and potentially reduce the need for and cost of other federal housing subsidies.

Does Ginnie Mae securitize other multifamily loans?

Yes. In fact, most FHA-insured multifamily loans are packaged into Ginnie Mae securities issued by lenders. Ginnie Mae guarantees the timely payment of interest and principal, increasing investor interest and driving down the interest rates on the securities and the underlying loans.

Ginnie Mae securitization of FHA-HFA Risk-Sharing loans would increase liquidity, making more loans possible for the development and preservation of affordable rental housing. This housing activity would in turn stimulate local economies by creating jobs, increasing tax revenue, and expanding investment.

Why is the need for Ginnie Mae securitization of FHA-HFA Risk-Sharing loans particularly acute now?

HFAs have typically sold tax-exempt private activity Housing Bonds to finance the development and preservation of affordable rental housing. In the current economic environment, however, the tax-exempt bond market remains very sluggish, making it very difficult for HFAs to issue bonds at rates that allow them to achieve interest rates on multifamily loans low enough to produce rents affordable to low-income families.

But even in a healthy Housing Bond market, HFAs need alternative multifamily financing executions, especially since their bond authority is strictly limited. Alternative executions allow them to offer the lowest rates possible to affordable housing developers and to sustain their lending programs even when some tools are not available to them.

Will allowing Ginnie Mae to securitize FHA-HFA Risk-Sharing loans increase federal government spending?

No. In fact, the Congressional Budget Office (CBO) estimates that allowing Ginnie Mae to securitize HFA Risk-Sharing loans would result in $20 million in mandatory savings over 10 years ($2 million annually).

The Administration's FY 2013 Budget documents also show that the Risk-Sharing program is a money-maker for the federal government.

Who supports allowing Ginnie Mae to securitize FHA-HFA Risk-Sharing loans?

Ginnie Mae, FHA, and HUD all support allowing Ginnie Mae to securitize FHA-HFA Risk-Sharing loans, as do many members of Congress. In fact, the President's FY 2013 Budget includes NCSHA's proposal. The House Financial Services Committee included a similar proposal in the Housing Preservation and Tenant Protection Act, H.R. 4868, which it reported in 2010.

Would this proposal expand Ginnie Mae's authority and involvement in affordable housing or increase risk to the federal government?

This legislation would not expand significantly Ginnie Mae's role in affordable housing. Ginnie Mae already securitizes FHA-insured loans. Congress provided $500 billion in mortgage-backed securities guarantee authority to Ginnie Mae in FY 2012 and Ginnie Mae is requesting the same amount for FY 2013. HUD's FY 2013 Budget estimates total HFA Risk-Sharing loan activity of $233 million in FY 2012, 2.1 percent of all expected FY 2012 FHA multifamily loan activity and less than one-half of 1 percent of all estimated Ginnie Mae activity.

Allowing Ginnie Mae to securitize FHA-HFA Risk-Sharing loans would in fact reduce the risk and involvement of the federal government in affordable housing by allowing state HFAs, which are best suited to meet the needs of their communities with this innovative tool, to take on a portion of that risk and underwrite the loans. In addition, FHA-HFA Risk-Sharing loans securitized by Ginnie Mae are less likely to be financed with tax-exempt bonds.

Why does the law currently prohibit Ginnie Mae from securitizing Risk-Sharing loans?

Congress created the FHA-HFA Risk-Sharing program in 1992, in recognition that states could help finance and preserve affordable housing in a way that private lenders had failed to do. Congress designed the Risk-Sharing program to avoid the mistakes of an earlier HUD program called the Multifamily Coinsurance Program, which provided insurance for rental housing loans made by private lenders who agreed to share in potential financial losses. Under the program, private lenders assumed approximately 20 percent, and HUD 80 percent, of the responsibility for potential losses incurred through defaulted coinsurance mortgages.

The coinsurance program allowed private lenders to pool coinsured mortgages into securities guaranteed by Ginnie Mae. When individual coinsured loans defaulted, HUD paid the lender approximately 80 percent of the losses on the mortgage. If a lender who had pooled coinsured loans into Ginnie Mae securities defaulted, however, the Ginnie Mae guarantee rendered HUD responsible for the lender's entire portfolio and 100 percent of the losses.

Flaws in the coinsurance program and inadequate HUD enforcement of program requirements led to significant defaults and losses to HUD. HUD terminated the program in 1990.

The FHA-HFA Risk-Sharing program is a significant departure from the coinsurance program, because state HFAs are responsible for underwriting and up to 50 percent of the risk. As public agencies, state HFAs are permanent, credit-worthy entities that meet their obligations under the program. In addition, HUD reviews all participating HFAs' annual financial statements and revises underwriting guidelines as needed.

The FHA-HFA Risk-Sharing program has been very successful since its inception. The portfolio has very low program loan default rates. Given the strong success of the Risk-Sharing program, lifting the prohibition on Ginnie Mae securitization is a prudent decision, which would benefit the federal government without imposing any additional risk or cost.

Should the Ginnie Mae FHA-HFA Risk-Sharing loan securitization authority be temporary?

No, permanent authorization of Ginnie Mae securitization of FHA-HFA Risk-Sharing loans is needed to ensure that HFAs will be able to use the best execution possible for their multifamily loans into the future. Enacting a permanent provision would provide long-term assurance that HFAs could lower their borrowing costs, offer more competitive products to private sector lenders and developers, and produce more affordable rents to low-income residents without interruption.

What are state Housing Finance Agencies (HFAs)?

HFAs are widely known for their safe and sound first-time homebuyer lending programs, which have provided a reliable source of affordable mortgage money for working families over many decades in strong and weak economies. They also provide low-cost multifamily financing to facilitate the development of affordable rental homes.

HFAs administer several key federal housing programs, including tax-exempt Housing Bonds, Housing Credits, HOME, vouchers, and Section 8 project-based assistance, along with various state housing programs.

What is the National Council of State Housing Agencies (NCSHA)?

NCSHA is a national nonprofit, nonpartisan association that represents the interests of state HFAs before Congress and the Administration. In addition to its policy and legislative advocacy work, NCSHA provides HFAs education and training and facilitates best practice exchange among them.

NCSHA's members are the HFAs of the 50 states, the District of Columbia, New York City, Puerto Rico, and the U.S. Virgin Islands, along with many of their affordable housing partners.

Statement of
Mary Kenney, Executive Director, Illinois Housing Development Authority,
On Behalf of
The National Council of State Housing Agencies
Before the
Subcommittee on Insurance, Housing and Community Opportunity
U.S. House of Representatives
June 7, 2012

Thank you Chairwoman Biggert, Ranking Member Gutierrez, and members of the House Financial Services Subcommittee on Insurance, Housing and Community Opportunity, for convening this hearing on the Federal Housing Administration's (FHA) multifamily mortgage insurance programs. I appreciate the opportunity to testify in support of strengthening FHA's affordable multifamily lending capacity by authorizing Ginnie Mae to securitize FHA-insured multifamily loans under the FHA-Housing Finance Agency (HFA) Risk-Sharing program. Enhancing this program's proven ability to address our nation's growing affordable rental housing need at no cost and with minimal taxpayer risk is a sound, prudent course of action at this time, when such approaches are desperately needed.

As you may recall, the full Financial Services Committee included this authority in the Housing Preservation and Tenant Protection Act, H.R. 4868, which it reported in 2010. HUD, FHA, Ginnie Mae, and several affordable housing industry groups all support the proposal, which is contained in the Administration's FY 2013 Budget.

I am Mary Kenney, the executive director of the Illinois Housing Development Authority (IHDA), Illinois' state HFA. I am testifying on behalf of the National Council of State Housing Agencies. NCSHA is a national nonprofit, nonpartisan association that represents the interests of state HFAs before Congress and the Administration. NCSHA's members are the HFAs of the 50 states, the District of Columbia, New York City, Puerto Rico, and the U.S. Virgin Islands.

State HFAs are widely known for our safe and sound first-time homebuyer lending programs, which have provided a reliable source of affordable mortgage money for working families over many decades in strong and weak economies. We also provide low-cost multifamily financing to facilitate the development of affordable rental homes.

HFAs administer several key federal housing programs, a number of which are essential to our affordable rental home production efforts, including tax-exempt Housing Bonds, the Low Income Housing Tax Credit (Housing Credit), HOME, and the FHA-HFA Multifamily Risk-Sharing program. We thank you for your long-standing, bipartisan support of these programs and urge you to seize every opportunity to preserve and strengthen them, especially as Congress strives to further reduce the federal deficit and reform our housing finance and tax systems.

Addressing the Growing Need for Rental Housing

A strong arsenal of financing tools is essential to combat the shortage of affordable rental housing in this country, which is becoming even more severe as the full impact of the prolonged housing and economic crises is felt. Harvard University's Joint Center for Housing Studies' 2011 report, *America's Rental Housing*, found that in recent years, housing affordability has deteriorated as economic difficulties have taken a toll on household incomes, while doing little to reduce household housing outlays. Some 10.1 million renters, more than one in four, now spend over half their incomes on housing. The number of severely cost-burdened renters grew from 20.7 percent in 2001 to 26.1 percent in 2009. This shortage will likely worsen as more people move into the rental market after experiencing foreclosure.

According to the Joint Center, the shrinking affordable housing stock, falling incomes, and increased competition from higher-income renters have widened the gap between the number of very low-income renters and the number of affordable, adequate, and available rental units. In 2003, 16.3 million very low-income renters competed for 12 million affordable and adequate rentals not occupied by higher-income households. By 2009, the number of these renters reached 18 million while the number of units dipped to 11.6 million, pushing the supply gap to 6.4 million units.

To address this problem, the Joint Center asserts that "creative approaches will be necessary to close the gap between what low-income renters can afford to pay and the rents developers need to provide decent housing." I am here to talk to you about one such approach.

Authorize Ginnie Mae to Securitize FHA-HFA Risk-Sharing Loans

Congress has the opportunity now to make greater use of a sound and proven housing program and delivery system to support the development of affordable rental homes by allowing Ginnie Mae to securitize FHA-HFA Risk-Sharing loans. In granting this authority, Congress would:

- Make the highly successful FHA-HFA Risk-Sharing program even more effective, efficient, and productive;
- Achieve greater affordability within FHA-financed rental housing;
- Increase FHA multifamily productivity while reducing FHA's workload and risk;
- Further utilize the well-established, state-based HFA delivery system; and
- Generate revenue for the federal government.

Build on the Highly Successful FHA-HFA Risk-Sharing Program

Established in 1992 to increase and speed up FHA's multifamily mortgage production, the FHA-HFA Risk-Sharing program has been very successful, with 26 state HFAs financing nearly 1,000 loans, totaling more than $5 billion in principal and supporting more than 101,000 affordable rental homes. This activity has generated jobs, increased tax revenue, and promoted economic growth.

In Illinois, IHDA has financed 56 properties since 1994, providing more than 5,800 affordable homes and creating an estimated 8,500 jobs statewide. IHDA's investment in these projects totals $411 million, leveraging an additional $112.5 million. Of these 56 developments, 25 house a total of 3,013 low-income families, while the remaining 31 developments contain 2,789 rental homes serving the elderly. Importantly, the loan default rate has been very low—only one of the 56 loans has defaulted.

The FHA-HFA Risk-Sharing program allows state HFAs that meet rigorous financial standards to underwrite FHA multifamily loans in return for sharing the risk of losses on those loans. To qualify to participate in the program, an HFA must have a "top-tier" rating by a nationally recognized rating agency or otherwise demonstrate its capacity as a sound and experienced agency based on its track record in financing multifamily housing, fund balances, administrative capabilities, investment policies, internal controls, financial management, portfolio quality, and state and local support. The HFA must have at least five years of experience in multifamily underwriting. It also must maintain adequate reserves, hold a top-tier rating, or establish a dedicated account acceptable to HUD to demonstrate its ability to fulfill its financial obligations to FHA.

Under the program, FHA provides full insurance on the loans, and HFAs agree to accept up to 90 percent of the risk of losses on them. The more risk HFAs assume, the more underwriting flexibility FHA permits them. In the event of a default, FHA and the HFA apportion the loss according to the risk-sharing agreement they have made.

The program's loan default rates are very low. Premium revenue has exceeded total claims, generating net revenue for the federal government over the life of the program. A HUD FY 2011 report dated November 1, 2011, states, "[T]he risk sharing portfolio performed well during the fiscal year with no major defaults or claims on either the HFA or GSE loans."

Seize this Opportunity to Make the FHA-HFA Risk-Sharing Program Even More Productive and Efficient

Permitting Ginnie Mae to securitize FHA-HFA Risk-Sharing loans would reduce the cost of financing rental housing developments, making it possible to achieve lower rents and reach even lower income tenants. If Ginnie Mae were to securitize FHA-HFA Risk-Sharing loans, HFAs predict the interest rate on the underlying mortgages could be reduced by as much as 200 basis points, or 2 percent. This rate reduction would lower rents and potentially reduce the need for and cost of other federal housing subsidies.

Most FHA-insured multifamily loans are packaged into Ginnie Mae securities issued by lenders. Ginnie Mae guarantees the timely payment of interest and principal, increasing investor interest and driving down the interest rates on the securities and the underlying loans.

FHA-HFA Risk-Sharing loans, however, cannot be securitized through Ginnie Mae, so they have historically been financed through other means, including tax-exempt Housing Bonds or GSE participation investments. Ginnie Mae securitization of FHA-HFA Risk-Sharing loans would increase liquidity and reduce financing costs, making more loans possible for the development and preservation of affordable rental housing. This housing activity would in turn stimulate local economies by creating jobs, increasing tax revenue, and expanding investment.

The FHA-HFA Risk-Sharing program increases efficiency by delegating processing, underwriting, and servicing to state HFAs, reducing the workload on HUD staff and leading to faster loan processing than is common under the traditional FHA insurance programs. Strengthening the FHA-HFA Risk-Sharing program by allowing Ginnie Mae securitization will multiply these advantages and amplify the Risk-Sharing program's benefits.

Achieve Greater Affordability in FHA-Financed Rental Housing

Unlike virtually all other FHA multifamily loan insurance programs, all developments financed under the FHA-HFA Risk-Sharing program must qualify as affordable housing under the same requirements that apply to the Housing Credit and Housing Bond programs. This means that:

- 20 percent of the development's units must be both rent-restricted and occupied by households with incomes of 50 percent or less of the HUD-determined area median income (AMI); or

- 40 percent of the units must be both rent-restricted and occupied by families whose income is 60 percent or less of AMI.

A rent-restricted apartment's rent cannot exceed 30 percent of the imputed income based on the income limit for that apartment, i.e., the 50 percent and 60 percent of AMI limits mentioned above. HFAs are responsible for determining rent and income limits, including associated expenses, such as utilities.

In contrast, virtually all other major FHA multifamily mortgage insurance programs do not carry any rent restrictions or income limit affordability requirements. Even HUD, in its report summarizing Risk-Sharing program activity in FY 2011 acknowledged that, "…the risk-sharing program is a bigger contributor to the achievement of the Department's affordable housing goals than are the FHA full insurance programs."

Limited But Important Expansion of Ginnie Mae Activity

Enacting this authority would not expand significantly Ginnie Mae's role in affordable housing. Ginnie Mae already securitizes FHA-insured loans. Congress provided $500 billion in mortgage-backed securities guarantee authority to Ginnie Mae in FY 2012, and Ginnie Mae is requesting the same amount for FY 2013.

HUD's FY 2013 Budget estimates total HFA Risk-Sharing loan activity of $233 million in FY 2012, 2.1 percent of all expected FY 2012 FHA multifamily loan activity and less than one-half of 1 percent of all estimated Ginnie Mae activity. Even if allowing Ginnie Mae securitization of FHA-HFA Risk-Sharing loans doubled the program's volume, it would still total less than 1 percent of all Ginnie Mae activity.

Based on a recent survey NCSHA conducted of all HFAs, allowing Ginnie Mae securitization would increase total program volume somewhat. Though this increase is likely to be small, it would represent vital affordable housing lending that would probably not be conducted without federal support.

Reduce Taxpayer Risk

Allowing Ginnie Mae to securitize FHA-HFA Risk-Sharing loans would in fact reduce the risk to and involvement of the federal government in affordable housing by allowing state HFAs, which are best suited to meet the needs of their communities with this innovative tool, to take on a portion of that risk and underwrite the loans. In addition, FHA-HFA Risk-Sharing loans securitized by Ginnie Mae are less likely to be financed with tax-exempt bonds and may replace some loans that would have been fully insured by FHA, reducing taxpayer risk by transferring some of that risk to HFAs.

Generate Revenue for the Federal Government

The Congressional Budget Office (CBO) estimates that allowing Ginnie Mae to securitize HFA Risk-Sharing loans would result in $20 million in mandatory savings over 10 years ($2 million annually). The Administration's FY 2013 Budget documents also show that the Risk-Sharing program is a money-maker for the federal government.

Allowing Ginnie Mae Securitization of Risk-Sharing Loans is a No-Cost, Low-Risk, Prudent, Helpful Proposal

In conclusion, the FHA-HFA Risk-Sharing program has been very successful since its inception. Given the program's proven track record, lifting the prohibition on Ginnie Mae securitization is a prudent decision that would help meet our nation's affordable housing challenges with minimal risk and no additional cost to the federal government.

Though NCSHA also supports the Administration-proposed small multifamily loan risk-sharing proposal, we do not view it as a substitute for our proposed amendment to the FHA-HFA Risk-Sharing program. Notably, however, the Administration's small buildings proposal also calls for Ginnie Mae securitization, showing the value of this essential element.

Thank you for the opportunity to testify today. Please let me know if NCSHA or IHDA can provide any additional information.