



NCSHA 2011 Annual Program Awards

Connecticut Housing Finance Authority Improves Performance Through Partnership with Customers

What do you do when you hear complaints from customers about your services?

How do you respond to customers who may be reluctant to share their concerns about the level of service they receive?

We said “Please tell us more”

In May 2009, CHFA embarked on a campaign to hear exactly what our multifamily housing programs customers had to say about our services and their first hand experiences in navigating through our underwriting and asset management processes. We began by inviting anyone who was interested, including some of our harshest critics, to participate on a Multifamily Advisory Committee. From about 30 invitations, an initial group of about 20 people joined us for a year long series of nearly monthly meetings to discuss and demystify the inner workings of CHFA. The agendas, priorities and subcommittees were selected and decided entirely by the Advisory Committee members.

CHFA’s commitment to this work was: to have the appropriate CHFA staff present to listen, exchange ideas, learn from each other; and to enact recommendations which grow out of the Advisory Committee’s work.

The first meeting in June 2009 was attended by about 20 people and within 2-3 meetings the group had grown by word of mouth to a membership of nearly 40. The rules were simple - Committee members were welcome to attend all meetings or only the meetings of interest to them. There was no aspect of CHFA operations that was not open for discuss. And although CHFA staff participated as a resource in all committee meetings and in each of four subcommittees – agendas and discussion in every case were decided and lead by the Advisory Committee membership.

The year that followed produced:

- a new level of transparency and predictability about CHFA decision making;
- increased clarity, knowledge and understanding about CHFA programs and processes; and
- a strengthened partnership between CHFA and the private and non-profit developer community and private property owners and managers.

Along the way, CHFA made modifications and adjustments to internal policies and practices in response to committee discussion and observations across a wide range of activities. Subcommittees were formed focusing on operational and/or process related issues selected by the Committee. Committee members agreed to chair the subcommittees and bring recommendations for improvement. Overall, the Committee, through the subcommittee work,



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made recommendations regarding communication of Board activity using the website, streamlining the application and decision-making process for financing, and improving documents from the application to the loan documents. The Committee's work on the development application process was finalized in December 2010 with a formal report from CHFA staff on the recommendations made by the subcommittees dedicated to the underwriting and closing processes.

The collaboration and partnership established through the Multifamily Advisory Committee yielded several actionable results:

- **Transparency in Communication:** The materials prepared for the monthly CHFA board meeting in addition to the minutes are now posted to our website two to three days in advance of the board meeting.
- **Input in Application Updates:** The Committee now participates in the annual review of updates made to the CHFA/DECD Application for Housing Development Financing; an Excel-based application developed in partnership with the CT Department of Economic and Community Development. In addition, the Committee recommended that CHFA and DECD consider a web-based application which is currently under development.
- **Process Improvement:** The Committee recommended "Leaning" the application and approval process to clarify requirements, improve customer service and communication as well as shortening process times. CHFA established an interdepartmental team to map the decision-making process from the completion of a financing application through the first draw of funds. Connecticut Department of Labor has facilitated this project which revealed a process which included 300 steps over several months. CHFA staff dedicated numerous hours eliminating or re-engineering more than a third of the steps, reducing the process time by four months and potentially saving nearly \$30,000 in total staff time per project per year.
- **Best Practices:** The Committee advised CHFA to consider its underwriting and other business standards, particularly in light of changes in the economy and the housing market. The Committee advised a review of income and expense trending, and debt coverage ratios among other things. In response, CHFA did a "temperature check" and surveyed through phone interviews, HFAs across the country, banks, syndicators and public finance agencies. In February 2011, the Board approved updated Procedures guiding the Low-income Tax Credit Program. Updated Procedures affecting underwriting are scheduled to be presented to the Board in the third quarter of 2011.

With the development side of the house fully engaged, the Committee and CHFA agreed to replicate the experience to strengthen CHFA's asset management function which began in February 2011. As in the model adopted for the application and development process, the asset management iteration of the Committee has established four task focused subcommittees:

- **Preservation** – The Subcommittee will explore the criteria for Capital Needs Assessments, their use in financing for both the public and private portfolios. The underwriting standards for preservation will be reviewed. Energy conservation measures



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as it relates to both preservation and underwriting will be considered. Communication of affordable properties available for sale or transfer as a result of expiring restrictions or financial restructuring will also be covered.

- Asset Management Workgroup – The Subcommittee will discuss the asset management role in the various programs as well as CHFA's role and CHFA's expectations of owners. Asset management requirements for financing and compliance by type and property and asset management fees and property management will be considered. The Subcommittee will also investigate best practices in asset management.
- Compliance & Reporting – The Subcommittee will discuss types, standards and frequency of asset management and compliance reporting. The agenda also includes the review of the reserve process and guidance documents.
- Pre-Workout Agreement/TDR – The pre-workout agreement and troubled debt restructuring will be discussed.

The chief outcome of this initiative has been a growth in collaboration and partnership with our customers. Prior to instituting the multifamily advisory committee, relationships with customers revolved around individual projects. Employees and customers now have a better and more respectful understanding of each other that is based on the mutual goal of providing affordable housing to the residents of Connecticut.