

NCSHA 2015 Annual Awards Entry Form

(Complete one form for each entry)

Deadline: Wednesday, June 10, 2015

Visit ncsha.org/awards to view the Annual Awards Call for Entries.

Instructions: Type entry information into the form and save it as a PDF. Do not write on or scan the form. If you have any questions contact Matt Cunningham at mcunningham@ncsha.org or 202-624-5424.

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

Entry Name: _____

HFA: _____

Submission Contact: (Must be HFA Staff Member) _____ **Email:** _____

Please provide a 15-word (maximum) description of your nomination to appear on the NCSHA website.

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

HFA: _____

Entry Name: _____

Select the appropriate subcategory of your entry and indicate if you are providing visual aids.

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

Connecticut Housing Finance Authority Special Achievement: Partnerships that Get Results

The Need

As part of an ongoing initiative to improve the Connecticut Housing Finance Authority's (CHFA) business practices and processes, CHFA developed an outreach strategy that allows its partners to give feedback and offer guidance to the Authority. CHFA established a variety of committees, holds forums, and hosts roundtables to communicate upcoming initiatives and helps CHFA collect feedback on the Authority from stakeholders. This has resulted in improved communication between CHFA and its customers, greater transparency from the Authority, aided in the development of new CHFA programs and products, helped streamline and improve a number of CHFA's processes and Procedures, and resulted in CHFA meeting a number of its Strategic Plan objectives and goals.

Multifamily Advisory Committee Partnership

In 2009 CHFA established the Multifamily Advisory Committee (MFAC) to help solicit advice from various stakeholders who develop and manage affordable housing projects financed by CHFA. The committee was asked to identify opportunities that would improve CHFA processes and how it communicates those processes and their outcomes.

The committee is made up of representatives of housing authorities, property owners, developers, consultants, and attorneys. The committee established specialized subcommittees that have worked with CHFA on improving the Authority's development process from application to initial closing, underwriting, provided suggestions on processes associated with the asset management function oversight, reporting and compliance. The subcommittees worked independently and made suggestions to CHFA for consideration. CHFA's staff reviewed those recommendations; analyzed potential risks and benefits associated with implementation, and provided responses for consideration.

Since its inception, the MFAC has met twice a year. The Connecticut Department of Housing (DOH) and the Department of Housing and Urban Development (HUD) are also regular participants. Together, CHFA and other housing agencies share upcoming initiatives, agency news, and other updates. Committee members continue to give feedback and offer suggestions to process improvement on a variety of processes, program, and products.

Results

CHFA adopted 22 of the 34 recommendations made by the MFAC and subcommittees. The most recent work of a subcommittee was on the topic of cost containment. Understanding the impact of time on costs CHFA recently rolled out a lending product locking the interest rate for developments able to close in a timely fashion; saving the borrowers hundreds of thousands of dollars in financing costs over time, a unique function of HFAs. Additionally, CHFA has begun collecting survey data on customers who have closed a multifamily loan with CHFA. The survey data will be used to monitor customer satisfaction and help inform staff of ongoing opportunities for process and product improvement.

In 2014, CHFA launched its quarterly Multifamily Newsletter "Developing Partnerships" as a way to regularly and more frequently communicates CHFA initiatives, agency news, and upcoming events that readers would be interested to know. Each issue contains articles to appeal to a variety of CHFA partners including syndicators, community groups, Community Development Financial Institutions, property owners and developers, and other Agencies.

Interagency Energy Partnership

Following Connecticut Governor Malloy's 2013 *Comprehensive Energy Strategy for Connecticut*, CHFA adopted an Energy Efficiency Policy in an effort to further encourage energy conservation and promote the use of renewable resources in the development of affordable housing. As part of the policy, CHFA

Connecticut Housing Finance Authority Special Achievement: Partnerships that Get Results

has partnered with the state's energy providers along with the Connecticut Green Bank (CGB), a quasi-state authority that finances energy improvement projects throughout the state. CHFA and the CGB are collaborating to design and promote a wide range of clean energy finance opportunities for Connecticut's affordable multifamily rental housing.

Results

Over the past year, CHFA and CGB have met every other month to work on providing properties in CHFA's portfolio to assist owners in accessing a number of resources, including in-depth guidance from industry experts. The two primary goals of the demonstration are: 1) to provide the agencies with a roadmap for the evaluation, underwriting and monitoring of energy projects; and, 2) for owners and developers, to create a "how-to" manual for typical energy improvement measures and available financing programs.

In collaboration with New Ecology and Wegowise, CHFA is working with its owners to provide free performance benchmarking and energy tracking services. Wegowise is a web-based utility tracking tool that enables owners to identify opportunities to save energy. Once in place, an effective energy benchmarking tool will help demonstrate the impact of CHFA's current design standards and overall energy policy on recently funded projects.

In coordination with CGB, CHFA is providing technical assistance and guidance to 22 State Sponsored Housing Portfolio properties in the finance and installation of photovoltaic solar panels. State Sponsored Housing Portfolio consists of low-income affordable housing properties constructed or rehabilitated with the state's capital subsidies. Since the program launched in August 2014, participating owners have been working closely with solar professionals to develop customized systems that will help reduce both their monthly electric bills, and their properties' impact on the environment – all with no upfront cost.

Community Development Financial Institutions (CDFIs) Partnership

CHFA has an ongoing partnership with local CDFIs. CHFA has invested in CDFI loan pools to help finance affordable housing projects, collaborated on programs that offer technical assistance to housing developers, and has picked CDFIs to administer programs on CHFA's behalf. In 2013, CHFA hosted its first CDFI Roundtable discussion where it invited Connecticut's CDFIs that have housing development as their primary mission. During that roundtable CHFA and the CDFIs were able to have an open conversation on best practices, the market conditions, and how CHFA might be able to help.

Due to its success, CHFA continues to host a CDFI Roundtable twice a year. This event is the only forum where CDFIs can get together and share their experiences and learn from each other's experience. CHFA actively participates in the roundtable, inviting other organizations, such as DOH and the Federal Home Loan Bank of Boston, who may offer products and additional support to the CDFIs.

Results

Based on feedback from participating CDFIs at one of the Roundtable events, CHFA organized and hosted an open conversation with stakeholders of small multifamily properties, like property owners, municipal officials, CDFI representatives, and traditional lenders. The roundtable discussion focused on the obstacles and opportunities in developing and redeveloping small multifamily real-estate properties including management, development and local challenges, mixed-use properties, municipal observations, zoning and code related issues, along with financing availability.

At one meeting, CHFA prompted participants of the CDFI Roundtable to help guide CHFA in creating a new product that would help to meet the needs of the market. In 2014, CHFA was able to create a new loan pool that provides long-term financing for smaller projects (3-20 units) that the CDFIs typically

**Connecticut Housing Finance Authority
Special Achievement: Partnerships that Get Results**

provide short-term lending too. Since this program's inception, the loan pool has financed the rehabilitation of 21 once vacant or blighted properties, resulting in 85 affordable housing units. Additionally, with guidance from the CDFI Roundtable participants, CHFA issued an RFP in 2014 to use HUD Financial Adjustment Factor funds to finance the creation of new affordable rental housing units targeted to individuals and/or families earning fifty percent of area median income or below.

Syndicator Partnership

Since 2012, CHFA has hosted Syndicator Partner Forums to give CHFA, DOH, property owners and developers an opportunity to get investors' and syndicators' of Connecticut's LIHTCs insight on key components on attractive deals. The forum also allowed investors and syndicators to review and provide their impression on CHFA's underwriting requirements and proposed timelines.

Results

The feedback from the forum helped CHFA better understand the concerns of tax credit investors and syndicators and helped guide enhancements and changes to CHFA's tax credit requirements, processes, and procedures. These forums have also given property owners and developers better insight into what syndicators and investors are looking for in an investment.

Participating Lender and Realtors Partnership

A primary partner to CHFA's homebuyer programs is its participating lending institutions and realtors. Both lenders and realtors act as CHFA's salesforce and play a vital part in helping CHFA meet its production goals. Due to the particular importance of this partnership, in June 2011 CHFA established a working Lender/Realtor advisory committee that meets on a quarterly basis to discuss CHFA activity. The committee is made up of participating lenders and realtors who act as representatives of other realtor boards. The committee has 12 to 15 members who serve on the committee for a two year term. CHFA consults with and gets feedback from the committee on homeownership activities and initiatives.

Additionally, in June 2013 CHFA established and hosts an annual Lender/Realtor Forum where participating lenders and realtors are invited to discuss CHFA updates and any changes to process and Procedures. At the annual forum, CHFA shares historical statistical information on CHFA homeownership lending programs and highlights CHFA lending goals with participants. CHFA also recognizes the top performing lender, correspondent lender, and new participating lender.

Results

As a result of feedback and guidance from the committees, CHFA has increased its lender and realtor training, modified its products to better suit the market and lenders business practices, and most recently modified its frequency of rate changes for its homebuyer products. By working more closely with its salesforce partners, CHFA has increased its homeownership lending by nearly 20% between 2012 and 2013 and 35% between 2013 and 2014. CHFA continues to stay on track with its loan production goals. It is estimated that in 2015 there will be a 17% increase in homeownership lending from the previous year.

Authority Report – Multifamily Advisory Committee



BACKGROUND

The Multifamily Advisory Committee was established in 2009 to solicit advice from the Authority's constituents in the work of affordable multifamily housing development and management. The charge of the Committee is to identify opportunities for the Authority to improve its processes and the manner in which the Authority communicates those processes and their outcomes.

The Committee is made up of representatives of all aspects of multifamily housing including housing authorities, developers, consultants and attorneys. The Committee agreed to a work agenda that would be managed through subcommittees. By the end of 2010, the Committee concluded its work with the Authority on the development process from application to initial closing. The Committee established its 2011 agenda to focus on the processes associated with the asset management function of the Authority and set about this agenda by establishing four subcommittees: 1) Asset Management; 2) Reporting and Compliance; 3) Preservation, and ; 4) Pre-Workout Agreements. The subcommittees worked independently from January through November. Their recommendations were adopted by the Committee and to the Authority for consideration in January. Authority staff was asked to review these recommendations, analyze potential risks and benefits associated with implementation, and provide responses for consideration by the Authority's President.

An inter-departmental team from the Authority's Asset Management, Multifamily Housing Development, and Legal Departments has prepared responses to each of the Committee's recommendations. Each recommendation was reviewed as they related to Authority Procedures and Authority business practices.

Authority staff agreed that 22 of the 34 recommendations made by the Committee should be implemented completely or with some modification. Those recommendations that require amendments to the Authority's Procedures will require approval by the Board of Directors and are generally expected to be presented to the Board for consideration in the second quarter of 2012.

Property Management

- A. The Committee recommended that Capital Needs Assessments (CNAs) be done every five years. The cost of doing the CNA should be covered by the reserves or operations.

Current Authority Practice/Procedure

The Authority has included this as a "Best Practice" in the revised Escrow Policy (*effective May 1, 2012*). It is included in the policy as an eligible expense. The Authority requires a CNA be done for a loan restructure or refinance.

Discussion

None.

Staff Recommendation: Agree

- B. The Committee recommended that the current language be changed from Property Management Fee Policy to Property Management Fee Guidelines.

Current Authority Practice/Procedure

Policy is set for staff to follow in a consistent manner. Staff must seek approvals for any exceptions to policy and document reasoning that supports deviating from policy. This ensures consistency for all owners and management companies.

Discussion

None.

Staff Recommendation: Disagree

- C. The Committee recommended that the Authority take into consideration the track record of a new property management company in determining the management fee. It was also recommended that at time of contract an incentive fee be negotiated and agreed to by the Authority and the owner. The incentives would be funded out of the cash flow or reserves.

Current Authority Practice/Procedure

The Authority caps a new property management company from collecting a management fee above 5%. The management company fee may be reviewed and increased in subsequent years upon demonstrating improvements made to the property by the property management company.

Discussion

The Authority's staff has reviewed this issue and determined that the 5% fee is the appropriate threshold for a new property management company during the first year. The management company fee may be increased in subsequent years upon demonstrating improvements to the property. However, an owner may use his own funds to incentivize a property management company that hits agreed-upon performance benchmarks.

Staff Recommendation: Disagree

Replacement Reserves

- A. The Committee recommended that reserves be based on CNA results, with separate consideration regarding adequate reserves requirements for smaller projects.

Current Authority Practice/Procedure

Effective May 1, 2012, the revised Escrow Policy will address the issue and will require that sufficient reserves be maintained to meet the capital needs of the property as identified by a CNA or minimum balance as determined by the CHFA policy. The policy applies consistently to all properties regardless of size. However, the Authority recognizes for smaller properties and does require properties with 25 or fewer units to have a minimum balance of \$500 per unit.

Staff Recommendation: Agree

- B. The Committee recommended that the Authority eliminate the need for the pre-approval to go out to bid for licensed professional services that are under \$10,000.

Current Authority Practice/Procedure:

The Authority's staff has reviewed the Committee's recommendation and it was determined that it was consistent with the Authority's revised Escrow Policy effective May 1, 2012.

Discussion:

None.

Staff Recommendation: Agree

- C. The Committee recommended that the Authority’s Reserve for Replacement Escrow Policy, Section D should read “All requests for purchases or contracts in excess of \$25,000 must be pre-approved.”

Current Authority Practice/Procedure

The Authority’s revised Escrow Disbursement Policy (effective 5/1/2012) has increased the threshold from \$5,000 to \$10,000, which is consistent with Department of Housing and Urban Development (HUD) practice.

Discussion:

None.

Staff Recommendation: Disagree

- D. The Committee recommended that to withdraw replacement reserves funds, the owner will need to provide an invoice and proof of three bids for those expenses that are in excess of \$25,000.

Current Authority Practice/Procedure

Invoices are required to release funds for all items, no matter what the cost and this policy will not change with the escrow policy revisions. However, current policy requires 3 bids for expenses in excess of \$5,000. The revised Escrow Disbursement Policy (effective 5/1/2012) increases this requirement to expenses in excess of \$10,000 will require 3 bids and pre-approval.

Discussion

None.

Staff Recommendation: Disagree

- E. The Committee recommended eliminating the reference to the number of times per year that the Replacement Reserves can be accessed. In particular to cash poor properties.

Current Authority Practice/Procedure

The Authority’s practice is consistent with HUD’s 4350 Reserve Fund Replacement which limits the number of time funds can be drawn to four annually. However the Authority staff also responds to requests from properties experiencing temporary cash flow issues. Effective May 1, 2012 the revised Escrow Policy will allow properties with insufficient cash flow the ability to access the Replacement Reserve funds more frequently than properties with positive cash flow.

Discussion

The reference to the number of times per year a Replacement Reserve can be accessed is in place to encourage bundling smaller requests together and to limit a constant stream of smaller ad hoc requests.

Staff Recommendation: Disagree

- F. The Committee recommended that the turnaround time for a request for Replacement Reserves be reduced to three weeks.

Current Authority Practice/Procedure

The current average turnaround time is two to three weeks.

Discussion

The Authority's new process will improve the turnaround time. Improvements made during the past year, including the elimination of site visits in many instances, have also cut down on processing time.

Staff Recommendation: Agree

Communication

- A. The Committee recommended that property owners be given notification if their property is added onto the Authority's watch list. The Committee also recommends that the watch list procedures be given to an owner at the time of occupancy of the development. The document should have an additional paragraph to describe how the watch list is used by the Authority and to underline that the owner is responsible to correct or address any issues that should arise.

Current Authority Practice/Procedure

Currently the owner is notified only if their property is delinquent or in default, not when a property is placed on the watch list by staff. The owner's responsibilities, and penalties in failing to comply with those responsibilities, are outlined in legal documents.

Discussion

The watch list is an internal document used to direct staff resources. The time in which a property remains on the watch list may vary based on the level of concern, which may range from late reporting on financial statements to a default on the mortgage. Due to the number of properties on the watch list at any given time, the additional time and resources associated with notification beyond those properties that are delinquent or in default would equate to a heavy administrative burden. If asked by an owner, the Authority staff will share whether their property is on the watch list.

Staff Recommendation: Disagree

The watch list procedures are internal workflow documents which cannot result in action against the owner without formal notification of an actual default of responsibilities under the legal documents.

- B. The Committee recommended that the Authority encourage the Owner/Developer to notify the Property Manager on any change orders during development that may affect the operations of the property.

Current Authority Practice/Procedure

Change orders are currently generated, submitted, and signed by the property owner's representative to the Authority.

Discussion

It is expected that property owners are in communication with their property managers on their properties.

Staff Recommendation: Disagree

- C. The Committee recommended that the negative trending underwriting standard be reviewed for its impact on property operations.

Discussion

This issue was addressed previously in the Underwriting module of the Advisory Committee's activities.

- D. The Committee recommended that the Authority develop a strategy to be able to provide information online rather than via fax or e-mail.

Current Authority Practice/Procedure

Several forms and report templates are currently available online at www.chfa.org. However, no materials can be submitted through the web.

Discussion

The Authority agrees with the Committee's recommendation and will discuss this with its ISU department which is looking to launch other applications online. Currently the Authority is working to migrate the Consolidated Application to a web based application.

Staff Recommendation: Agree

SUPPORTIVE HOUSING DEVELOPMENTS

- A. The Committee recommended that the Authority give consideration on the impact the debt coverage ratio has on the Supporting Housing Developments' ability to increase management fees.

Current Authority Practice/Procedure

In CHFA's current Management Fee Policy DCR is only one of the factors that are considered when determining whether or not to approve an increase in management fee. Asset Management acknowledges that for supportive housing developments considering the debt coverage ratio would not be applicable.

Discussion

The majority of the Supportive Housing developments are not required to pay any debt service.

Staff Recommendation: Agree

- B. The Committee recommended that higher security costs typically found in Supportive Housing developments should be recognized in the budget and higher replacement and maintenance costs should be taken into consideration.

Current Authority Practice/Procedure

The Authority reviews all aspects of comparable properties when undertaking its credible financing review during the underwriting process. Supportive Housing developments are reviewed against each other in understanding operating needs including maintenance security and replacement costs. Reasonable costs are allowed in the budget.

Discussion

Owners must include all reasonable costs in their properties' development and operation budgets to have these cost considered.

Staff Recommendation: Agree

- C. The Committee recommended that the Authority acknowledge the staff time and costs needed to work in tandem with the case managers.

Current Authority Practice/Procedure

The Authority allows all reasonable cost in the budget. If staff time is included by the owner in the budget, it is reviewed.

Discussion

None.

Staff Recommendation: Agree

ASSET MANAGERS

- A. The Committee recommended that the Authority assign one asset manager to an owner of multiple properties or to a property management company that manages multiple properties.

Current Authority Practice/Procedure

The Authority prioritizes the assignment of one Asset Manager to either an owner or property management company with multiple properties. However, it is sometimes necessary to split an owners or property management company’s portfolio between two Asset Managers depending on the size and number of properties. To achieve optimal efficiency it is necessary to keep the work load evenly split among staff.

Discussion

Although the staff agrees with the recommendation, in some cases it may not be practical to do so.

Staff Recommendation: Agree

The Authority will continue to keep owners or property management companies with multiple properties under one Asset Manager to the extent practical.

- B. The Committee recommends that the Asset Management should be part of the development process.

Current Authority Practice/Procedure

The Authority’s Asset Management is currently involved in the development process. Asset Management reviews proposed operating expenses as part of the development process. Underwriters include Asset Managers in correspondence during the development process once approved for financing or tax credits.

Discussion

None.

Staff Recommendation: Agree

COMPLIANCE & REPORTING

- A. The Committee recommends that the Authority establish uniform performance measures that property managers need to adhere to.

Current Authority Practice/Procedure

The Authority monitors property managers for compliance through the Regulatory and Management Agreements. Properties that are not in compliance with the Regulatory and Management agreement are notified in the instances of delinquency, pending default, or default.

Discussion

None.

Staff Recommendation: Agree

- B. The Committee recommends adding a section to the Waiting List Report for unknown or not reported for applicants who choose not to volunteer their racial or ethnic profile.

Current Authority Practice/Procedure

The current Waiting List Report captures applicants who reported racial and ethnic profiles.

Discussion

None.

Staff Recommendation: Agree

The Authority will make the recommended changes to the Waiting List Report.

- C. The Committee recommended that the Authority send notification to management companies of any amount disbursed or transferred from escrow or reserve.

Current Authority Practice/Procedure

The Authority does not currently provide any additional notification beyond the disbursement of funds via check or wire transfer.

Discussion

The Authority has combined the response to this item with item D below.

- D. The Committee recommended that the Authority mail quarterly confirmations to the management company within nine business days of closing the quarter.

Current Authority Practice/Procedure

The Authority currently mails periodic interim confirmations upon receipt of a request by the owner or owner’s management company. At the end of each calendar year, confirmations are provided to all owners within 31 days of the calendar year end.

Discussion

None.

Staff Recommendation: Agree

The Authority will respond to such a written request by an owner or owner’s management company. The correspondence should be mailed to the Treasurer of CHFA. The quarterly statement would reflect the disbursement or transfer of funds from escrow accounts (mentioned in recommendation C).

- E. The Committee recommended that at year end, the Authority send “preliminary” confirmation statements so that the management company can prepare their financials for auditors.

Current Authority Practice/Procedure

The Authority services over 850 multifamily loans and ensures that all confirmation statements are mailed within 31 days of the calendar year end. The addition of providing “preliminary” statements would create an administrative burden.

Discussion

None.

Staff Recommendation: Agree

The Authority recognizes that some properties do not report on a calendar year and the time frame for receiving a confirmation statement may impact their preparation of financials. CHFA will send the owner a statement within 31 days of their fiscal year end date beginning with those ending June 30, 2012.

- F. The Committee recommended that the Authority add formulas to the Tenant Profile Report which would calculate excess over base, age of head of household and any other imputations necessary.

Current Authority Practice/Procedure

The rent excess over base and age of head of household are currently calculated manually and then input onto the Tenant Profile Report.

Discussion

The Authority’s staff agrees with the recommendation and will add formulas into the Tenant Profile Report. The updated Tenant Profile Report will be distributed this summer.

Staff Recommendation: Agree

ANNUAL SITE REVIEW PROCESS

- A. The Committee recommended that the Authority standardize the notice format sent to residents so that it is consistent by property, company, and by each management agent.

Current Authority Practice/Procedure

The responsibility of resident notification regarding site visits lies with the property management company in accordance to the tenant lease.

Discussion

Should the industry agree that a standard notice needs to be developed; the Authority would accept the uniform template created by an industry representative.

Staff Recommendation: Disagree

- B. The Committee recommends the Authority create a user friendly checklist on information that should be available during the annual site review.

Current Authority Practice/Procedure

The Authority currently sends a letter which includes the information that should be available during the annual site review in advance of the visit. The Authority will prefill and update the letter

Discussion

2011 was a benchmark year for annual site reviews. CHFA will evaluate its current process in order to improve the process and improve any material sent in advance of the annual site review visit.

Staff Recommendation: Agree

- C. For State-sponsored properties, the Committee believes the timeline “required” by the Authority for submission is unreasonably long, while there is no formal requirement other than 30 day notice to residents of a meeting, 30 day notice before rent increases are implemented and approval of a base rent increase.

Current Authority Practice/Procedure

The Authority requires properties in the State-sponsored portfolio to conform to the following schedule when the property is proposing a rent increase:

- 175 days (4 ½ months) advance notice to the Authority for a potential rent increase.
- Notify residents and the Authority 120 days for proposed increase.
- Residents meeting 90 days in advance when it could be as little as 31 days.
- 6 days for the Authority’s approval.
- Supporting documents

This schedule does not apply to the CHFA financed portfolio.

Discussion

The timeline has been established based on the Authority’s staff experience with the State-sponsored portfolio. However, the Authority’s staff works closely with owners on their own schedule regarding the state portfolio, which is the subject of this recommendation.

The Authority added 15 days (Oct 31) due to the fact that the November holiday often causes the Housing Authorities to postpone their November board meetings. The added days allows the Authority more time to process budgets.

Due process requires a 30 day notice of a meeting, which needs to occur before the board approves a budget. An example is the January due budgets – the meeting should occur prior to mid-Oct so that the Executive Director and Board have time to review and approve a budget for the submission to the Authority by the end of October.

For a 30 day notice of the above meeting, the tenant notice needs to go out in early September.

The Authority has to review and approve a budget. Line item review is necessary and often questions arise with a need for further clarification/documentation which adds to the timeline. Approval is statutorily required (C.G.S.§8-44a(8))

Supporting documents for a rent increase include the tenant meeting notice, meeting minutes, and resolution. The Authority does not view these supporting documents as cumbersome.

Staff Recommendation: Disagree

BUDGET AND MANAGEMENT PLAN

- A. The Committee recommended that the approval of rent increases and overall adequacy of revenue and expenses for the State-sponsored Portfolio should not be a line item review.

Current Authority Practice/Procedure

C.G.S.§8-44a(g) requires the Authority to “ approve an operation or management plan of each housing project, which shall provide income adequate for debt service, administration, including a state service charge, other operating costs and establishment of reasonable reserves for repairs, maintenance and replacements, vacancy and collection loss” The Authority therefore needs to validate with all items. In practice a general line item comparison is reviewed against the previous budget and actual costs. Significant differences are questioned for appropriateness of budgeted amounts. Depending on the owner response, recommendations are made for increases or decreases to be more in line with what might occur in the year ahead.

Discussion

None.

Staff Recommendation: Disagree

- B. The Committee recommended the Authority allow for pre-paid expenses on the budget and management plan. The Committee recommends there be clarification on how to account for grants such as RSC on the budget and management plan.

Current Authority Practice/Procedure

The Authority currently accepts budgets for properties in the State-sponsored Housing Portfolio prepared in accordance with the Department of Economic and Community (DECD) Accounting Manual or the Authority’s budgeting and accounting format. DECD’s Manual does not allow for pre-paid expenses, non-state issue grants or depreciation. The Authority’s format allows for both (grants can be listed in the “Other Income” or “Extraordinary Income” lines). An owner may opt to use either format, but must use it consistently for the property’s budget and management planning from year to year as well as reporting annual financial statements.

Discussion

The DECD Accounting manual is slated for review on 2012, however the Authority’s budgeting and accounting document will account for both pre-paid expenses and account for grants on the budget and management plan.

Staff Recommendation: Agree

- C. The Committee recommended that the Authority add an unlocked area to place any notes on the Budget and Management Plan.

Current Authority Practice/Procedure

Currently all fields are locked on the budget and management plan to protect embedded formulas from been lost or corrupted.

Discussion

None.

Staff Recommendation: Agree

The Authority’s staff agrees that there should be an unlocked area on the document where an owner can write in any notes. The template will be updated with an unlocked area for notes.

PRESERVATION OF HOUSING AFFORDABILITY PROGRAM

- A. The Committee recommends expanding the draft program to include properties outside of the Authority’s Portfolio. The Committee believes the Program should bring together the standard array of the Authority’s financing tools with DECD and HUD resources.

Current Authority Practice/Procedure

The Authority’s Board of Director’s established a Preservation Policy in which they directed staff to create a preservation program for the Authority’s Portfolio. This program has been established and is exclusive to the Authority’s portfolio. Properties outside of the portfolio may request financing and be reviewed on a case-by-case basis, but is considered to be new acquisition. The Authority works with DECD and HUD regularly to review common opportunities for funding with regard to new development and preservation.

Discussion

None.

Staff Recommendation: Agree

- B. The Committee recommends priorities are established for the Program in case resources become limited. Priority should be given to properties that include units set aside affordable to households at or below 25% of AMI; properties at significant risk of loss due to deteriorating physical condition, diminished owner capacity, market conditions conversion to market rate and/or loss of subsidies; properties with positive record of the current proposed ownership and management, especially in terms of quality property management and positive working relationship with tenants.

Current Authority Practice/Procedure

The priorities set for the Program describe the Preservation Policy goals and are not intended to rate or rank applications. The Program is administered on a rolling basis and there is no competitive process in place.

Discussion

None.

Staff Recommendation: Disagree

- C. The Committee recommends the Authority limit requirement that any in-portfolio restructuring maintain current income to the Authority through the original mortgage term if the Authority's interest spread earnings on the proposed new mortgage is greater than the present value of earnings from the remaining spread on the current mortgage to be an economic indifference penalty that makes the Authority no worse off.

Current Authority Practice/Procedure

CHFA, in its primary multifamily lending, utilizes various sources to fund loans to multifamily owners. These loans are provided with specific terms that in many instances mirror that of the funding source. Whenever a restructure/modification/refinance is reviewed on a property with existing CHFA debt, it is necessary to consider the terms of the existing debt and the source of its funding. It is imperative that CHFA does not compromise the financial structure of these deals.

Discussion

Staff will always underwrite to ensure that all obligations that exist on any existing debt are met after a financial restructure is completed. While it is a priority of the Workout Group to provide relief to owners who are experiencing operational and financial stresses, relief can only come in a form that does not transfer these stresses to the Authority. All financial restructures are constructed to maximize the relief provided to each property and its very unique circumstances and provide for the long term sustainability of the property.

In some instances circumstances dictate that the collection of interest spread may require curtailment, however, CHFA has a commitment to affordable housing in the aggregate and any income that is foregone for the benefit of one property is income that is not available for other similarly needy and deserving properties.

Staff Recommendation: Agree

Staff agrees that interest spread may be curtailed on a case-by-case basis as underwriting allows and in accordance with Authority Procedures.

- D. The Committee recommends the Authority make exceptions to the prohibition on prepayment in advance of 5-8 years be permitted for projects in strong neighborhoods with market options where the potential purchaser is committed to maintain the long-term affordability of the property.

Current Authority Practice/Procedure

The Authority’s staff follows the current policy on prepayment which in part relates to bond rating.

Discussion

None.

Staff Recommendation: Disagree

- E. The Committee recommends that the Authority permit funding outside of timed rounds for preservation projects.

Current Authority Practice/Procedure

Depending on the funding a preservation project may be funded outside of timed rounds. For example a preservation projects can submit for 4% funding at any time during the course of the year to underwriting. Though the 9% LIHTC round is competitive process and must adhere to a schedule timeline.

Discussion

None.

Staff Recommendation: Agree

PRE-WORKOUT AGREEMENT

- A. The Committee recommended clarification of certain language in the Authority’s form Pre-Workout Agreement (including related sections of the Authority’s Procedures) and Conditional Lockbox Account Agreement. The Committee’s recommendation included specific edits to each document.

Current Authority Practice/Procedure

Section D-3 (a) and (b) of the Authority’s Procedures describe two documents used to assist the Authority in objectively evaluating developments experiencing financial distress, and the conditions upon which the Authority may consider temporary or permanent mortgage restructuring.

Discussion

The Authority’s form Pre-Workout Agreement and Conditional Lockbox Account Agreement were discussed and certain language was identified for clarification.

Any edits to the Authority’s Procedures must be presented to and approved by the Authority’s Board of Directors.

Staff Recommendation: Agree

The staff agrees that certain language contained in the Authority’s form Pre-Workout Agreement and Conditional Lockbox Agreement be clarified.

**MULTIFAMILY ADVISORY COMMITTEE MEETING
FRIDAY, OCTOBER 31, 2014
MEETING NOTES**



IN ATTENDANCE: See attendance list

CHFA UPDATES

- **Strategic Plan** – Dara Kovel reported that CHFA is in year three of its 5-Year Strategic Plan. In most cases, CHFA has met or exceeded its goals across the board. At the last CHFA Board of Directors meeting, the board has tasked CHFA to do more and more quickly. CHFA is working on expanding its initiatives including a market rate conversion product and small multifamily property financing.
- **Multifamily Newsletter** - Earlier in 2014, CHFA published its first Multifamily quarterly eNewsletter. The purpose of the newsletter is to keep the development community up-to-date on CHFA multifamily activity. The newsletter is developed by staff and managed by Marcus Smith. Each edition of the newsletter highlights a project, a municipality (not necessarily project specific), and updates readers on any new CHFA initiatives. CHFA is looking for feedback from the group. Please feel free to contact Marcus Smith with recommendations or any feedback.
- **State Sponsored Housing Portfolio** - Helen Muniz of DOH gave an updated on the State Sponsored Housing Portfolio (SSHP). The financing round for the SSHP has wrapped up for 2014 with the July round funding \$25 million in projects. In addition to project funding, DOH is providing pre-development funding and technical assistance to properties ready to proceed. In addition, CHFA has contracted with the Connecticut Housing Coalition to provide technical assistance to 10 properties ready to proceed per the Capital Plan.
- **The New Consolidated Application** - Diane Smith updated the group that the new version of the Consolidated Application (ConApp) is up and running on BizNet for all CHFA and DOH applications rounds. CHFA and DOH held three training sessions over the last few months walking through the changes and updates on the ConApp. If anyone in the group has any questions or comments, please let Diane Smith or Ed LaChance know. Chris Polek will be the point person going forward. If additional training is required, a webinar may be offered.

DEPARTMENT OF HOUSING UPDATE

DOH is currently in the process of reviewing the applications for the Affordable Housing Innovations – Small Projects round which were due on October 15th. DOH is also reviewing pre-development and the “Just in Time Project Funding” applications which are accepted on a rolling basis.

- **“Just in Time” Project Funding** – These funds are available to developers of market-rate residential or mixed-use rental projects for which all necessary funding and discretionary approvals have been obtained, who are interested in a subsidy to enable them to restrict a portion of the units at an affordable level.
- **CHAMP 6** - DOH received 26 applications totaling \$100 million in requests well over the \$25 million budgeted for the CHAMP 5 round. DOH announced CHAMP 5 recipients last week. CHAMP 6 round applications are due in December and CHAMP 7 round applications will be due in mid-June 2015.
- **Community Investment Account (CIA)** - Funding Round - DOH will be accepting proposals on a rolling basis. Information on the application process and funding eligibility can be found on DOH’s website. The types of proposals accepted will be broad and the intent is to award CIA funds to proposals that would not be funded in any other DOH rounds.
- **Congregate Housing Round** - DOH does not have a scheduled congregate housing funding round in 2014/2015. However, there may be a funding round in 2016/2017 if resources are available.

HUD UPDATE

Suzanne Piacentini of HUD gave a brief update on HUD activities. There continues to be consolidations of offices at HUD which will impact those who work with HUD in Connecticut. HUD asset management will be on a regional level, with asset managers located in various regional offices. This change will likely result in owners having asset managers in multiple locations. Any questions on asset management should be directed to Rick Daugherty (the new Multifamily Director).

CHFA NEW FINANCING FRAMEWORK

A subcommittee of the Multifamily Advisory group met three times over the last six months to review and make recommendations that would make CHFA financing more efficient and more affordable by providing rate locks. Hazim Taib, gave a presentation on the proposed changes based on the subcommittee's recommendations. CHFA also looked at other HFA and traditional lender practices. CHFA will set its rate and assess fees in a manner more consistent with what other financial institutions do, including many HFAs. For example:

- CHFA will charge a 1.25% origination fee;
- Proposed bond issuance fee of 1.50%;
- Interest rate lock for a 30 year/30 amortizing tax-exempt bond loan would be 10 year Treasury note plus 2.50%;
- Interest rate lock for a 40 year/40 amortizing tax-exempt bond loan would be a 20 year Treasury note plus 2.50%;
- Interest rate lock for a 30 year/30 amortizing taxable bond loan would be a 10 year treasury note plus 2.875%.

Timing is key when locking in an interest rate. A developer may ask for a rate lock 90 to 180 days prior to construction. CHFA will continue to look at other financing structures in order to offer the best rates. CHFA anticipates offering a rate lock starting in 2015.

AFFIRMATIVELY FURTHERING FAIR HOUSING

The CHFA Affirmatively Furthering Fair Housing Task Force has met over the last few months to review CHFA practices in regards to Affirmatively Furthering Fair Housing, and working to come up with incentives. CHFA is looking for feedback from the group on some of the challenges in developing in non-urban municipalities and opportunities CHFA could offer to help developers.

The group discussed local low density zoning as a barrier and to developing affordable multifamily housing in "non-exempt" towns. Residential preferences were also discussed as a local issue that can have an impact on affirmative fair marketing. There has been limited success working with urban housing authorities to market units in non-urban communities to their residents; however residents are concerned about access to work, amenities, and services.

Some suggestions to help Affirmatively Further Fair Housing include offering mobility training, availability of acquisition and predevelopment financing, and land banking. The availability of State and housing authority project-based Section 8 may help.

SMALL MULTIFAMILY STRATEGY

CHFA received an Award of Program Excellence from the National Council of State Housing Agencies (NCSHA) for its work around small multifamily properties. Over the last several years, CHFA has partnered with Community Development Financial Institutions (CDFIs) to offer financing to developers and owners of small multifamily properties, generally fewer than 20 units.

CHFA has also partnered with LISC and the Connecticut Housing Coalition to offer a technical assistance program, "Housing Connections", targeted to affordable housing development in non-federally targeted communities. These communities are suburban and rural in nature and generally have few affordable housing units. Through the Housing Connections program, over 261 units of affordable units have been created and nearly 500 units are in the pipeline in towns such as Goshen and Litchfield.

In addition, CHFA has partnered with the Connecticut Main Street Center to offer technical assistance through the "Come Home to Downtown" pilot program which is aimed at facilitating viable, interesting housing opportunities while revitalizing downtown neighborhoods by providing customized technical assistance to communities and owners of small, under-utilized downtown properties. Over the course of the first two years, five communities – Meriden, Middletown, New Britain, Torrington, and Waterbury – as well as five property owners and their buildings, as the focus of the program. The "Come Home to Downtown" may result in 100 units of new housing.

NEXT MEETING

The next Multifamily Advisory Committee will take place on **Friday, April 24, 2015 at 12:00** (lunch will be served at 12:00 noon and the meeting will start at 12:30 p.m.) in the CHFA Boardroom. Committee members may email suggestions to Diane Smith at diane.smith@chfa.org

Developing Partnerships



CONNECTICUT
HOUSING FINANCE
AUTHORITY

The Key To Affordable Housing

CHFA's Multifamily Housing Newsletter - Issue Number 2 - Fall 2014

A Message from the Executive Director

At CHFA, the summer and fall seasons are punctuated by the groundbreaking and ribbon cuttings that mean new homes to many families and individuals in need of affordable housing.

In this issue of "Developing Partnerships" we're highlighting Gateway at 570, a beautiful new development in Bridgeport. Gateway has much going for it -- a great location near the center of Bridgeport, close to jobs, mass transit, and services, plus Energy Star certification. CHFA is proud of its role in bringing this housing to 30 families.

If you have been working with CHFA for a while...[Read more](#)

Welcome Pat Sylvester!

Pat Sylvester is the new Administrator for Multifamily Housing Development at CHFA, leading a

Spotlight On... Gateway at 570

Each issue features an exciting new development in affordable housing in Connecticut.



With funding from the Interagency for Supportive Housing, Gateway at 570 provides housing for previously homeless individuals with services on site.

In this issue, CHFA turns the spotlight on Gateway at 570 in downtown

team of 17 underwriters, analysts and housing professionals. She joins CHFA with more than 15 years of experience in affordable housing at the Maryland Department of Housing and Community Development (MDHCD).

Pat most recently served as MDHCD's Director of Multifamily Housing managing rental development and assistance programs, including TEBs, LIHTCs, and state and federal financing and rental assistance resources. Pat also served as Director of Single Family Housing and Chief of Staff for MDHCD.

Pat has a BA from the Johns Hopkins University and a JD from the University of Maryland Law School with experience working as an attorney with the Maryland General Assembly and as a state administrative law judge.

Upcoming Dates

October 1, 2014

****NEW**** Multifamily Bond Initiative
Applications now accepted
[Details here](#)

October 8, 2014

Community Developers Network -
ConApp Training
Presented by CT Housing Coalition
[RSVP today](#)

October 14-15, 2014

NEAHMA Annual Conference
[Register online](#)

October 29, 2014

RPA Connecticut Forum - 4th
Regional Plan Preparation
[Event info here](#)

October 31, 2014

Semi-annual LIHTC Compliance

Bridgeport. Developed by Bridgeport Neighborhood Trust, Gateway at 570 is a 5-story integrated mixed-income, mixed-use new construction supportive housing development containing 30 residential units, community space, and commercial space. Gateway at 570 is funded in part by the Interagency for Supportive Housing's Permanent Supportive Housing Initiative.

The development serves as an example for energy efficient design in multifamily affordable housing. Gateway at 570 is Connecticut's first Energy Star-certified Multifamily High-rise building. And the project recently received the Multi-Family Residential Award of Honor by the U.S. Green Building Council Connecticut Chapter.

The residential units consist of ten units set aside for individuals with special needs, ten units that are affordable to households with incomes less than 50% of the Area Median Income (AMI) and ten units that are affordable to households with incomes at or below 80% AMI. BNT will provide services and coordinate case management for ten of the residents, as well as the services for the other residents on an as needed basis.

Read more about the Interagency for Supportive Housing [here](#).

CHFA in Your Town

Each issue highlights a different community and CHFA's ongoing efforts to support the development and preservation of affordable housing in that town.



With support from CHFA, Come Home to Downtown works with owners of properties like 999 West Main Street in New Britain to create viable redevelopment strategies.

Conference
*Presented in partnership with
Spectrum Enterprises*
[Learn more](#)

November 3, 2014
9% LIHTC Applications due
[More info here](#)

December 3, 2014
CHAMP 6 application deadline
[More info here](#)

Do you have a housing-related event
you want to showcase?
[Let us know about it!](#)

CHFA in the News

**Killingly celebrates renovations to
Maple Courts elderly housing**
Norwich Bulletin / September 17,
2014

**New affordable housing units open
on Ann Street (Stamford)**
Stamford Times / September 4, 2014

**Bristol's Dutton Heights re-
dedicated**
Bristol Press / July 29, 2014

**Downtown Meriden project lands
\$6 million in state loans**
Record-Journal / July 25, 2014

Find more news in our [Press Room](#)

Nicknamed the "Hardware City," New Britain is a city filled with a variety of attractions and diverse neighborhoods. Over the last 25 years, CHFA has invested over \$75 million in the development and preservation of affordable multifamily housing in New Britain. In addition to those investments, CHFA has partnered up with the Connecticut Main Street Center and developed the "Come Home to Downtown" pilot program which aims to facilitating viable, interesting housing opportunities while revitalizing downtown neighborhoods. New Britain was one of the communities chosen to participate in the second year of the program in large part because of its commitment to mass transit and developing the area around that transit.

The program's intention is to strengthen communities by creating specific strategies to redevelop vacant or underutilized buildings into a mix of housing choices. The program provides customized technical assistance to communities and owners of small, under-utilized downtown properties. New Britain is one of five communities selected to participate in the program.

Engaging an expert team of consultants, the program is working with city officials and a downtown building owner to develop a viable redevelopment option including:

- Determining what financing would likely be needed for the properties redevelopment;
- Performing an assessment of zoning and regulatory requirements;
- Reviewing the downtown management function; and
- Measuring the downtown's walkability.

Learn more about the "Come Home to Downtown" program [here](#).

Working to Serve You Better

Over the summer, staff from both CHFA and the Department of Housing worked together to reorient and streamline the Consolidated Application (ConApp) in an effort to make it work for a larger variety of different sources of financing and transactions, and make the application a more user friendly experience. As part of the process, both agencies reached out for customer input with both internal staff and external users.

The ConApp will now be LEAN-er and more robust. Notable changes include:

- No Zip File
- A consolidation of certifications
- A reduction of 70 appendices to six
- And better consistency throughout the document

In preparation for the upcoming 9% Low Income Housing Tax Credit round, CHFA and DOH staff hosted a few ConApp training sessions at the Lyceum. If you missed a training session, or would like to see the new

ConApp, you can register for an upcoming ConApp training webinar coming later this year. Stay tuned for more details!

Comments? Suggestions? We want to hear from you! Send an e-mail to marcus.smith@chfa.org.

Follow CHFA on social media!
We welcome posts with photos of your developments and events.



CHFA Gives Back

Congrats to Shannon Burruss, recipient of the CHFA-sponsored CONN-NAHRO college scholarship.

Shannon graduated top of her class from Hamden High School and will be attending Benedict College in South Carolina this fall, majoring in Education with a primary focus on Special Education. Shannon was the Student Union Vice President for the Black & Hispanic Council for the past 2 years.



Best wishes for a successful academic year!

In the next issue...

Developing Partnerships will bring you the latest news and events from CHFA, and preview what's on tap for 2015.

Stay tuned!



CONNECTICUT
HOUSING FINANCE
AUTHORITY

The Key To Affordable Housing

www.chfa.org

Developing Partnerships



CONNECTICUT
HOUSING FINANCE
AUTHORITY

The Key To Affordable Housing

CHFA's Multifamily Housing Newsletter - Issue Number 3 - Winter 2015

A Message from Chairwoman Klein

2015 is shaping up to be a year of change at CHFA. In recent months, CHFA has been looking at making changes to lending rates, fees and programs in response to concerns raised by developers about the cost of doing business with the Authority.

[Read more](#)

Upcoming Dates

January 28th

iForum: Connecticut Needs Housing Choices...AND Mobility

Hosted by Partnership for Strong Communities

[More info here](#)

January 28th

Information Session: C-PACE for Multifamily Housing

Hosted by Bridgeport Regional Business Council

[More info here](#)

CHFA in Your Town

Each issue highlights a different community and CHFA's ongoing efforts to support the development and preservation of affordable housing in that town.



February 10th

Adaptive Reuse: Housing in CT

Hosted by Urban Land Institute of

Boston/New England

[Register here](#)

Do you have a housing-related event you want to showcase?

[Let us know about it!](#)

CHFA in the News

Bristol Housing Authority's Zbikowski Park to be revitalized
Hartford Courant / 12.15.14

Groundbreaking held at Thread Mill
The Day / 12.12.14

12 get \$19.2 million to revamp affordable housing
Hartford Business Journal / 12.9.14

301 recast affordable housing units bow in New Britain
Hartford Business Journal / 10.27.14

Depot Crossing housing completed
New Britain Herald / 10.21.14

Find more news in our [Press Room](#)

With support from CHFA's "Housing Connections" program, Old Saybrook's Ferry Crossing is providing much needed affordable housing options to shoreline families.

When so many pull together to make something happen, the rewards tend to be that much sweeter. Such was the case in Ferry Crossing, a 16-unit affordable housing development in Old Saybrook. The first to benefit from the HOMEConnecticut incentive housing zone legislation, Ferry Crossing marks a significant achievement in the town's efforts to provide its residents with increased affordable housing options.

Ferry Crossing also benefited from an array of technical assistance through the "Housing Connections" program, a CHFA program administered by the Local Initiatives Support Corporation and the Connecticut Housing Coalition. The "Housing Connections" program works to increase the supply of affordable housing in the state's rural and suburban communities. Ferry Crossing represents an effective partnership between the local nonprofit, HOPE Partnership, and a regional nonprofit developer, the Women's Institute for Housing and Economic Development.

The Town of Old Saybrook retains ownership of the land and leases the property to HOPE for \$1 per year. The low cost of the land and financing allowed rents to remain affordable to working families who had previously been unable to afford to live in the area. Four of the 16 units are targeted to families who are living in motels, are homeless, or are at risk of homelessness. Two additional units are reserved for military veterans.

The development is the first of its kind in the area, created to help address the high housing costs on the shoreline.

CHFA Recognized for Program Excellence

CHFA has been recognized for Program Excellence from the National Council of State Housing Agencies (NCSHA) for its work with Community Development Finance Institutions (CDFIs) and local partners to revitalize and develop small affordable multifamily rental housing in communities across the state.



By partnering with CDFIs including the Connecticut Housing Investment Fund, the Local Initiative Support Corporation (LISC), the Greater New Haven Community Loan Fund, the Hartford Community Loan Fund, and the Housing Development Fund, CHFA is able to meet the needs of a segment of the market not typically directly financed by CHFA. In 2014, over 300 units were funded by CDFIs through this program.

In addition, CHFA's "Housing Connections" program, administered by LISC and the Connecticut Housing Coalition, has produced more than 271 units of new affordable housing with another 689 units in the planning and development stage in 40 communities including Brooklyn, Bethany, Essex, Litchfield, Norfolk, North Haven, Sharon and Washington.

CHFA has also partnered with the Connecticut Main Street Center to identify under-utilized buildings in town centers that could accommodate housing on upper floors of retail shops. The program provides the technical assistance that helps convert unused or underused space for housing, bringing additional income to building owners and adding vibrancy to Main Streets with more foot traffic.

Learn more [here](#).

What's On Tap for 2015

A preview of programs, initiatives and events that will be rolling out in 2015

Coming in 2015, CHFA will be announcing a new rate setting process that will allow borrowers to access very competitive interest rates and an expedited closing process. Stay tuned!

Don't forget that CHFA's **Multifamily Bond Initiative** continues in 2015 and provides below market interest rates for projects within 1/2 mile of planned/existing rail or CT fast track or in non-exempt 8-30g communities.

CHFA and the CT Department of Housing will continue to roll out new initiatives aimed at revitalizing the **State-Sponsored Housing Portfolio**. The next round of capital funding will be announced in the coming days. Information can be found at <http://www.chfa.org/> or www.ct.gov/doh.

Also coming this month is a new round of funding for energy improvement projects. The **Qualified Energy Conservation Bonds (QECB)** provides low-interest financing for qualifying energy conservation projects. More info to come.

The **2015 Multifamily Design Standards, Construction Cost guidelines**, and **Energy Conservation guidelines** have been updated and are posted on our website.

CHFA recently updated its Audited Financial Statement preparation instructions and workbook. **Take a look.**

Stay up to date on these and many other programs and initiatives. Follow us on **Twitter** or join us on **Facebook**.

2014: The Year in Numbers

A look back at CHFA's impact on the state's affordable housing landscape

to hear from you! Send an e-mail to marcus.smith@chfa.org.

Stay on top of the latest news and information from CHFA. Follow us on social media!

We welcome posts with photos of your developments and events.



Total # of units produced in 2014 **3,687**

2,111 Jobs created by CHFA-funded developments

of State-Sponsored Housing units funded **535**

\$80.4MILLION Total dollars allocated in 2014

CHFA Gives Back

Each month, the CHFA Employee Activity Committee (EAC) organizes a fundraiser to support a different cause. Last year, the EAC helped raise over **\$3,000** for the American Heart Association, St. Jude's Children's Hospital, the Ronald McDonald House, and many more.



In addition to fundraising, CHFA staff volunteer their time for organizations across the state -- Habitat for Humanity, Rebuilding Together, and numerous charity events.

Many thanks to all who helped support the various causes throughout the year!

In the next issue...

Developing Partnerships will bring you the latest news and events from CHFA, as well as a glimpse at some of the exciting work our partners are doing.

Stay tuned!



CONNECTICUT
HOUSING FINANCE
AUTHORITY

The Key To Affordable Housing

www.chfa.org

You may update your profile with your areas of interest below. You may choose to receive any or all items pertaining to the various categories listed. Please choose carefully or you may delete yourself from receiving important notifications. Should you have any questions, please contact chfainformation@chfa.org before updating your profile.

Developing Partnerships



CHFA's Multifamily Housing Newsletter - Issue Number 4 - Spring 2015

A Message from Hazim Taib

Vice President, Finance

As a relative "newcomer" to CHFA, I have spent a lot of time during my first 18 months listening to the needs and concerns of developers, syndicators and investors.

Working with CHFA staff and our partners at the Department of Housing, we have been looking at ways to address these concerns, primarily the costs of doing business with CHFA.

[Read more](#)

CHFA Announces New Multifamily Financing Program

CHFA's multifamily financing programs now feature an interest rate cap, a 30-day rate lock and other enhancements that allow developers

Spotlight On...Industria Commons + Brytania Square

Each issue features an exciting new development in affordable housing in Connecticut.



New Britain's Industria Commons and Brytania Square are the latest State-Sponsored Housing Portfolio redevelopment success stories.

Last fall's ribbon-cutting ceremony marked the transition of Corbin and Pinnacle Heights into one of Connecticut's newest affordable housing success stories. Located in New Britain, Industria Commons and Brytania Square represent the boldest move yet to reimagine an aging State-Sponsored Housing Portfolio property into a vibrant, sustainable community.

The plan included the demolition of existing post-war structures and the new construction of 301 apartments in 67 buildings. Developed and managed by the Simon Konover Company, Industria and Brytania consists of one-, two-, three- and four-bedroom apartments, many designated for families earning less than 25% of the area median income.

The total redevelopment cost was approximately \$80 million, financed in part by CHFA through Investment Trust Account (ITA) funds, FLEX funds from the CT

to benefit from the potential shift in a rising interest rate market.

To learn more, visit the [Multifamily Financing program page](#) of the CHFA website. There you will find an overview of the loan program, sample loan documents and a complete list of program parameters and applicable fees.

Upcoming Dates

April 21st

*Public Housing Revitalization:
Building Communities Together*
Hosted by Partnership for Strong
Communities

[Event info here](#)

April 24th

*CHFA & Spectrum Enterprises LIHTC
Compliance Conference*
Sheraton Hartford South, Rocky Hill

[Register here](#)

May 1st

HTCC application deadline

[Program info here](#)

June 10th

CHAMP 7 application deadline

[More info here](#)

Do you have a housing-related event you want to showcase?

[Let us know about it!](#)

CHFA in the News

[Bridgeport Neighborhood Trust announces new development](#)
CT Post / 4.2.15

[\\$23.7M for 251 apartments](#)
Waterbury Republican-American / 3.27.15

Department of Housing, and equity proceeds from Low Income Housing Tax Credits.

Learn more about CHFA's multifamily financing programs [here](#).

CHFA in Your Town South Norwalk Pilot Renovation Program

In 2014, CHFA provided funding to the Norwalk Redevelopment Agency, through its nonprofit community development housing corporation North Walke Housing Corporation (NWHC), to create housing opportunities for low- and moderate-income individuals and families in Norwalk.

NWHC partnered with Jonathan Rose Companies and established a purchase rehabilitation program to support revitalization and stabilization efforts in the community near the South Norwalk Train Station, while providing much needed affordable housing. NWHC will purchase and rehabilitate up to five small multifamily properties (2 to 4-family houses) over the next three years.

Buyers of the rehabbed homes will be families and individuals with incomes at 80% area median income (AMI), with the rental units targeted toward households earning 50% AMI.

Each issue highlights a different community and CHFA's ongoing efforts to support the development and preservation of affordable housing in that town.

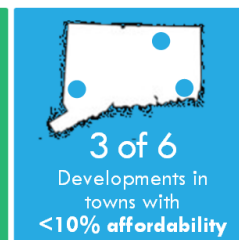
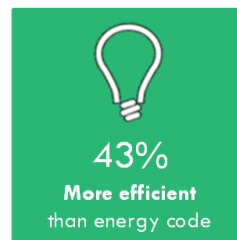
NORWALK
re: DEVELOPMENT
AGENCY



**Jonathan Rose
Companies**

Behind the Numbers: 9% LIHTCs

CHFA **recently announced** the 2014 recipients of 9% Low Income Housing Tax Credits (LIHTCs). The impact this investment will have extends far beyond the 367 units of affordable housing it will help create.



CT parcels \$60M for affordable housing

Hartford Business Journal / 3.26.15

Norwich still benefits from Main Street program

The Day / 1.26.15

Vernon apartments to get energy efficiency upgrades

Journal Inquirer / 1.12.15

Find more news in our [Press Room](#)

Comments? Suggestions? We want to hear from you! Send an e-mail to marcus.smith@chfa.org.

Stay on top of the latest news and information from CHFA. Follow us on social media!

We welcome posts with photos of your developments and events.



CHFA Partners in Housing

From time to time, we will spotlight some of our partners who are making a measurable, lasting impact on Connecticut's affordable housing landscape.

Through a network of public-private partnerships, CHFA is able to further its mission to provide affordable housing to Connecticut's low- and moderate-income families. One such partner is the Local Initiatives Support Corporation (LISC). For over 15 years, CHFA has invested in LISC programs that provide predevelopment, acquisition, and construction financing to non-profit affordable housing organizations working in urban, suburban and rural communities. LISC also provides project technical assistance, training, grants, and organizational development services. This partnership has led to the creation of 1,677 housing units totaling \$310 million in housing development activity in Connecticut.



Along with the Connecticut Housing Coalition, LISC administers CHFA's *Housing Connections* program, which works to increase the supply of affordable housing in Connecticut's rural and suburban communities. By supporting and promoting local initiatives and organizations, *Housing Connections* provides a comprehensive array of technical assistance from the early stage planning and zoning for affordable housing through project development and occupancy. Since its inception in 2007, *Housing Connections* has assisted in the development of 271 affordable homes, representing nearly \$47 million in development activity with an additional 668 units currently in the pipeline.

To learn more about the work CHFA is supporting, click [here](#).

In the next issue...

Developing Partnerships will bring you the latest news and events from CHFA, as well as a glimpse at some of the exciting work our partners are doing

Stay tuned!



www.chfa.org

You may update your profile with your areas of interest below. You may choose to receive any or all items pertaining to the various categories listed. Please choose carefully or you may delete yourself from receiving important notifications. Should you have any questions, please contact chfainformation@chfa.org before updating your profile.

NEW PRODUCT DEVELOPMENT TEAM (NPDT)

Meeting Notes – June 24, 2014



1. CHFA 5-Year Strategic Plan and Reorganization

Diane Smith shared with the group news of a recent reorganization of CHFA's Multifamily Department. As part of the reorg, the Multifamily Department is now made up of three teams: Development, Asset Management, and Operations. Development will do the underwriting for any transactions while Asset Management will continue its current function, to oversee the portfolios. The Operations team is made up of technical services, a reporting group, and a policy group. The Operations team will be a cross functional supporting the whole Multifamily Department. Diane will be managing the Policy group which includes Marcus Smith, Terry Nash, and Jonathan Cabral. Both Jon and Diane will continue to manage the current contracts with the CDFIs.

Jonathan Cabral presented a brief PowerPoint (attached) that summarizes the CDFIs role in CHFA's 5-Year Strategic Plan. CHFA is looking to continue and strengthen its partnerships in CDFIs. CDFIs have the ability, expertise, and flexibility to meet a segment of the market the CHFA has difficulty with.

2. CHFA Initiatives

Last year CHFA issued a Request for Qualifications for CDFIs interested in participating in a small multifamily loan pool to provide acquisition, construction, and permanent financing to owners of 3 – 20 unit vacant or blighted multifamily rental properties. The program was launched in April and has provided, to date, 5 loans totaling \$500,000 resulting in 21 housing units.

CHFA is also continuing to work with the Connecticut Main Street Center (CMSC) on the Come Home to Downtown Pilot Program (CHDT). John Simone shared with the group some details of the pilot program. Come Home to Downtown is a pilot program aimed at facilitating viable, interesting housing opportunities while revitalizing downtown neighborhoods by providing customized technical assistance to communities and owners of small, under-utilized downtown properties. Over the course of the first two years, five communities – Meriden, Middletown, New Britain, Torrington, and Waterbury – as well as five property owners and their buildings as the focus of the program. The CHDT team has engaged with municipal officials and the building owners to develop viable redevelopment options including:

- Determining what financing would likely be needed for redevelopment;
- Performing an assessment of zoning and regulatory requirements;
- Reviewing the downtown management function; and
- Measuring the downtown's walkability.

Specific recommendations for improving the buildings, including a recommended floor plan designed to attract new residents downtown, was also provided to each property owner. The program's five targeted properties may result in up to 100 new rental units. Each of the buildings was chosen in part because they are representative of the types of buildings found in downtowns all across Connecticut. They will serve as models for the redevelopment process, signaling what changes need to be made in order to facilitate this type of redevelopment in order downtowns.

CMSC and CHFA staff has met and is working with for profit lenders to determine how they may be more active in financing these types of projects. After meeting with one such national for profit lender, the lender determined that they had a gap in their lending product and is working to develop a product that may help finance small mixed-use property owners. The group expressed interest in helping to become another option for property owners in the pilot to finance their properties.

3. CDFI Initiatives

Landlord Entrepreneurship & Affordability Program (HDF)

Valerie Saiz shared with the group information on the Landlord Entrepreneurship & Affordability Program (LEAP) offered through the Housing Development Fund (HDF). Through LEAP, potential landlords can acquire foreclosed properties, secure subsidy and financing necessary for rehabilitation and energy conservation. HDF targets individuals with income levels at or below 80% of the area median income (AMI) (although income levels can go as high as 100% AMI), offering training and support in collaboration with NHS of New Haven. The rental units in the properties they purchase and rehabilitate must remain affordable to income eligible families up to 80% AMI. Loan terms also include:

- 30 Year Term
- Minimum credit score 620
- 2% origination fee
- CHFA offers down payment assistance loan – Up to 10%/\$10,000
- CHFA 1st time homebuyer rate

Transit Oriented Development Fund (LISC)

Andrea Pereira discussed the new Transit Oriented Development Fund partially funded by the Department of Economic and Community Development (DECD) and CHFA. The \$15 million fund will provide pre-development and acquisition financing to encourage developers to carry out transit oriented development in communities within ½ mile of stations along the CTfastrak (Hartford to New Britain Busway) and the New Haven-Hartford-Springfield (NHHS) rail corridor. LISC has provided \$13 million of its own capital into the fund and will serve as the fund manager. The fund will support the development of mixed-use, retail, commercial office space, and new housing. LISC is currently working with DECD and CHFA on contracts. More information will come once those contracts have been executed.

Multifamily Permanent Loan (CHIF)

Cal Vinal shared information on CHIF's \$6 million Multifamily Permanent Loan Pool. The pool is funded by 12 lending institutions and CHFA. The loan offers permanent financing to Connecticut resident landlords with properties with less than 30 units. There are no income restrictions required in loans made to buildings located in a low or moderate income census tracts.

Low-Income Multifamily Energy Loan (CHIF)

In addition, CHIF also offers a product to help finance provides financing at below market rates to multifamily property owners for the purchase and installation of cost-saving energy conservation improvements. CHIF has on average been closing on 90 loans a month.

4. Challenges/Opportunities

The group shared some of the challenges they see in the market. Small multifamily financing is still challenging, but CHFA has helped by offering the CDFI Small Multifamily Loan Pool. Some group members indicated a few new products that could really help meet a market demand:

- Purchase/Rehab foreclosure program
- Condo financing – Non government insured
- Downtown ownership housing financing/opportunities

The group indicated that it would like to convene the CDFI roundtable on a more frequent and regular basis. The group felt that it's a way to understand what each CDFI is doing and potentially help in partnership development.

5. Next Meeting – Diane will schedule the next CDFI roundtable for November 2014. An email invite will be sent out.



CONNECTICUT
HOUSING FINANCE
AUTHORITY

June 24, 2014

**COMMUNITY DEVELOPMENT
FINANCIAL INSTITUTIONS
ROUNDTABLE**



Agenda

- Introductions
- CDFI's Role in the CHFA 5-Year Strategic Plan
- CHFA Initiatives
 - Come Home to Downtown Pilot – CMSC/CHFA
 - CDFI Small Multifamily Loan Pool – CHFA
- CDFI Initiatives
 - Landlord Entrepreneurship & Affordability Program (LEAP) – HDF
 - Transit Oriented Development Fund – LISC
 - Multifamily Permanent Loan – CHIF
 - Low-Income Multifamily Energy Loan – CHIF
 - National CDFI Fund/Bond Programs
- Challenges/Opportunities
- Next Steps



CHFA 5-Year Strategic Plan



- CHFA's rental housing production goal for 2013 through 2017 is 5,250 units
- CHFA's goal is to finance 200 units annually through its partnerships with CDFIs over 5 years
- Between 2013 and YTD, CDFIs have financed 572 units of rental housing using CHFA funds





Pilot Lending Pool

- Supports CHFA pilot program with CT Main Street Center
- Loan pool to help rehab small mixed-use buildings
- Pilot in Middletown, Torrington, Waterbury, Meriden & New Britain
- Increases housing opportunities in downtowns
- Administered by the Local Initiatives Support Corporation (LISC)



CDFI Small Multifamily Loan Pool

- \$5 million Loan Pool
- Provides acquisition/construction, construction, and permanent financing
- Properties with 3 - 20 rental housing units
- Units are affordable to 80% AMI or property is located in LMI census tract
- Property is blighted and/or vacant
- Offered through GNHCLF, HCLF, and HDF
- Between April – YTD, about \$500,000 has been drawn from the pool resulting in 21 housing units





Connecticut Housing Finance Authority

Request for
Qualifications
Small Multifamily
Lending Program

September 2013



**CONNECTICUT HOUSING FINANCE AUTHORITY
REQUEST FOR QUALIFICATIONS
SMALL MULTIFAMILY
LENDING PROGRAM**

Table of Contents

OVERVIEW 1

BACKGROUND..... 1

OBJECTIVES 1

FUNDING 2

PROGRAM DESCRIPTION 2

PROJECT ELIGIBILITY 3

PROGRAM PROCESS 3

ELIGIBLE RESPONDENTS 4

SUBMISSION REQUIREMENTS..... 4

 Letter of Interest 4

 Tab. A) Organization’s Information..... 4

 Tab. B) Underwriting..... 5

 Tab. C) Oversight and Ongoing Compliance 5

 Tab. D) Forms Required with Submittal..... 5

EVALUATION AND SELECTION CRITERIA 5

DIRECTIONS FOR SUBMISSION..... 6

DEFINITIONS 7

DISCLAIMERS BY CHFA..... 7

EXHIBIT A. PROPERTY ELIGIBILITY DECISION TREE 8

EXHIBIT B. DRAW REQUEST FORM 9

EXHIBIT C. REPORTING 10

**CONNECTICUT HOUSING FINANCE AUTHORITY
REQUEST FOR QUALIFICATIONS
SMALL MULTIFAMILY
LENDING PROGRAM**

OVERVIEW

The Connecticut Housing Finance Authority (“CHFA”), a body politic and corporate constituting a public instrumentality and political subdivision of the State of Connecticut, was created in 1969 and operates pursuant to [Chapter 134](#) of the Connecticut General Statutes, as amended. Our purpose is to help alleviate the shortage of affordable housing for low- and moderate-income families and persons in Connecticut.

For additional financial information, please reference the Authority’s website at www.chfa.org.

BACKGROUND

Over the last few years, Connecticut has seen the demand for multifamily rental housing increase. In order to encourage growth and strengthen the State’s economy, it is necessary for Connecticut to offer a variety of housing options for its residents and potential residents. As part of CHFA’s 5 Year Strategic Plan, CHFA is tasked to help increase the supply of affordable housing options by providing needed financing to multifamily developers and property owners. CHFA wants to engage Community Development Finance Institutions (CDFIs) to partner in developing a lending program which would provide financing to smaller multifamily properties that would not normally apply for direct financing through CHFA.

OBJECTIVES

CHFA is seeking qualified CDFIs to combine CHFA loan funds with their own loan products for financing to small multifamily housing developments. Properties financed under this partnered blended product should have no more than 20 rental housing units, but no less than 3 rental housing units, per multifamily building. The programs goals include but are not limited to:

- Provide investors with rehabilitation, acquisition, construction and/or permanent financing to vacant or blighted properties;
- Increase affordable housing stock in higher income geographies;
- Bring vacant and blighted multifamily properties back online;
- Assist revitalization efforts in low- and moderate- income geographies.

FUNDING

CHFA will make available a pool of funding totaling \$5 million to qualified CDFIs to provide construction and permanent financing to small multifamily properties on a project-by-project basis. The funding will be available to CDFIs at 2.0% per annum and will be drawn on a project-by-project basis until exhausted. Repayment to CHFA will be based on the underlying loan agreement on the project/property not to exceed 24 months for acquisition and construction financing and/or 240 months for permanent lending.

PROGRAM DESCRIPTION

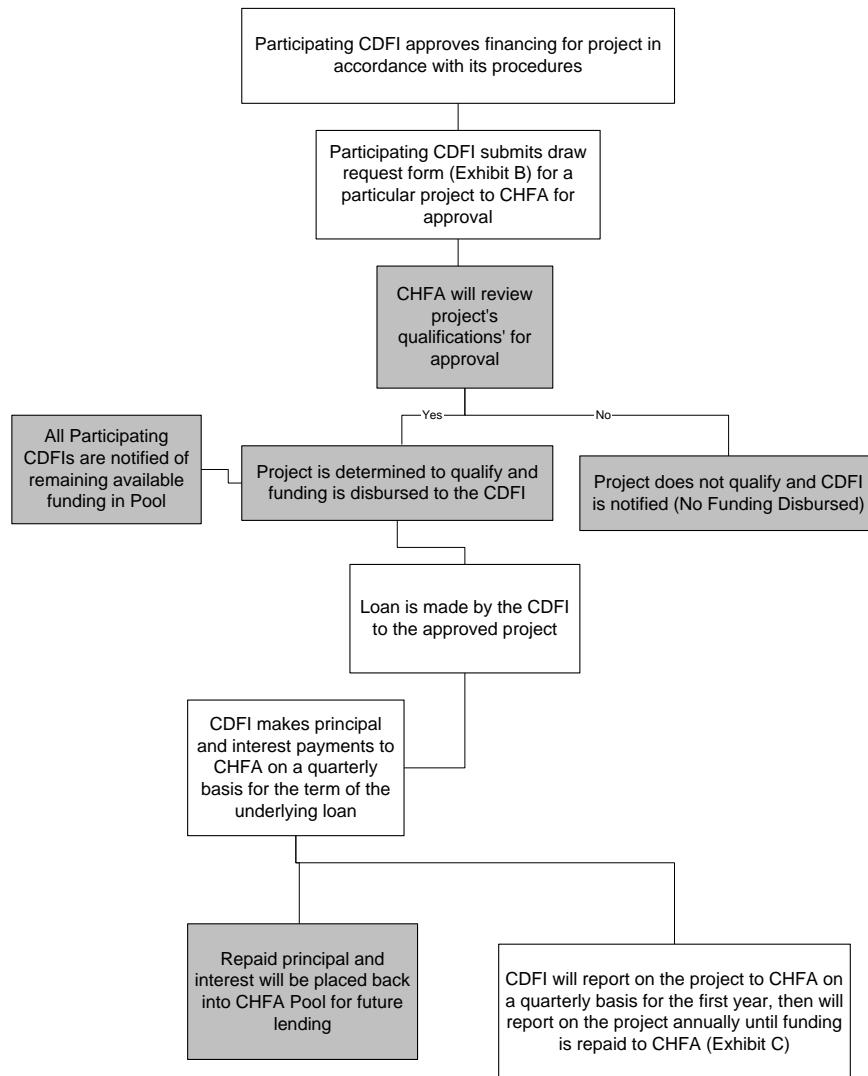
CHFA/CDFI Small Property Loan Program	
ELIGIBLE USE:	<ul style="list-style-type: none"> • Acquisition with construction financing of vacant and/or blighted multifamily rental properties with 3 – 20 units. • Construction financing of vacant and/or blighted multifamily rental properties with 3 – 20 units. • Construction/Permanent financing for unoccupied multifamily rental properties with 3 – 20 units with the purpose to fully occupy.
DRAW CYCLE:	On a rolling basis as funding is available
TARGET GEOGRAPHY:	Connecticut Statewide
TARGET POPULATION:	Low/Moderate Income Census Tracts (as defined by the U.S. Census) <ul style="list-style-type: none"> • Affordable and/or Market rate housing allowed. Middle/Upper Income Census Tracts (as defined by the U.S. Census) <ul style="list-style-type: none"> • Units must be 100% affordable to occupants with incomes of up to 80% AMI for the life of the loan.
TYPE OF FUNDING:	Full recourse loan to the CDFI
RATE:	2.0%
MAXIMUM DRAW	The lesser amount of \$500,000 or 75% of the total development costs
TERM:	<ul style="list-style-type: none"> • Acquisition and construction financing not to exceed 24 months • Permanent financing not to exceed 240 months
REPAYMENT:	Quarterly principal and interest payments made to CHFA based on the underlying loan agreement terms at initial draw. For construction financing, quarterly interest only payments will be made to CHFA.
EVALUATION PROCESS:	Exhibit A
SPECIAL REQUIREMENTS:	
1.	CDFI must finance at least 25% of the project using other sources of funds.
2.	CDFI must hold and service the loan and asset manage the development for the life of the investment, or until purchased by another entity.
3.	CDFI must report status and income compliance on individual projects to CHFA.

PROJECT ELIGIBILITY

CHFA will review each draw request based on the program requirements. A decision tree on the eligibility of a property may be found as “Exhibit A” of this RFQ.

PROGRAM PROCESS

CHFA will require participating qualified CDFIs to enter into a full recourse loan agreement with CHFA prior to any funds being disbursed. Once an agreement has been executed between the qualified CDFI and CHFA, a CDFI may submit a draw request from CHFA on a project-by-project basis as long as funding is available and the project meets the program criteria. The draw request process is as follows:



ELIGIBLE RESPONDENTS

CDFIs must meet the following requirements in order to be considered for qualification:

- Primary business is housing and community development;
- Have an existing loan program which has been operational for at least 3 years;
- Must be able to provide other forms of financing with CHFA funding;
- Must be able to commit a minimum of \$500,000 for the purposes of this lending product;
- Have the capacity to lend and manage a small multifamily property portfolio;
- Must be able to provide a quarterly report on investment, or when requested by CHFA;

SUBMISSION REQUIREMENTS

CDFIs interested in participating in the pool must submit the below information for review by CHFA. The purpose of the information requested below is to assist CHFA in determining if a CDFI is eligible to participate in the small multifamily lending program.

Respondents must compile responses using the following outline:

Letter of Interest

The cover letter must summarize the scope of work to be undertaken by the applicant's organization. The cover letter must identify the primary contact person in the organization for this RFQ. Please include phone number, facsimile number, website and e-mail address. The letter must be signed by an authorized principal of the firm who can enter into a contract with CHFA on behalf of their respective organization.

Tab. A) Organization's Information

Please provide the following information about your organization:

1. Provide a narrative of the organization's mission and what percentage of work is in housing and community development;
2. Provide the names and qualifications of your CDFI key staff related to this request;
3. Please provide information on your organization's current acquisition, construction, and permanent multifamily lending programs and history of those programs performance;
4. Provide the number of small multifamily (3-20 units) transactions the CDFI has closed in the last 18 months;
5. Please provide a pipeline report which lists property name, estimated funding requests, the number of housing units for small multifamily properties (3-20 units) created, and anticipated date of funding;

6. Provide information on how your organization's small multifamily lending program is part of a community plan or initiative *(if applicable)*;
7. Provide the organization's latest audited financial statements;
8. Provide the organization's current financing reporting and capacity.

Tab. B) Underwriting

Please provide the underwriting standards from your organization:

1. Underwriting standards for any lending for units between 3 – 20 units.
2. Underwriting standards for mixed-use residential and commercial units *(if applicable)*.
3. Anticipated rate at which your organization will be lending CHFA funding.
4. Organization's approval process by loan amount and level of authority (Credit/Loan committee, Executive Director, Board of Directors).

Tab. C) Oversight and Ongoing Compliance

Please provide the following information for your organization:

1. Number of properties your organization monitors for income compliance.
2. Provide procedures or description on your organization's construction standards, construction oversight, and verification of scope of work completed.
3. Number of staff members or percentage of staff time devoted to monitoring and compliance.
4. Provide the organization's oversight/asset management procedures and process, including verification of tenant income.

Tab. D) Forms Required with Submittal

Please complete and submit the following documents. These documents may be found after the Exhibits on page 11 of this RFQ:

1. Certification Regarding Public Act 13-162
2. Certification Regarding Connecticut General Statutes § 4-250

EVALUATION AND SELECTION CRITERIA

CHFA established a tentative schedule to advertise, receive, and review responses to this RFQ. CHFA's evaluation criteria shall include, but are not limited to:

1. A CDFI's depth and capacity in terms of professional credentials, program effectiveness, CDFI's capacity, financial stability and experience;
2. The thoroughness of the response to this RFQ;

3. The CDFI's ability to service the loan and perform compliance reviews of the project/property.
4. The compliance with the required format to this RFQ.

The analysis of such evaluation criteria shall reside solely with CHFA.

Following CHFA's evaluation of the responses to this RFQ, each responding CDFI will receive a written notification from CHFA apprising each responding CDFI of whether or not the said CDFI has been determined qualified to participate in the program.

CHFA will require each participating qualified CDFIs to enter into a full recourse loan agreement prior to that CDFI being able to draw any funding. Once an agreement has been executed between the qualified CDFI and CHFA, a CDFI may submit a draw request from CHFA on a project-by-project basis as long as funding is available and the project meets the program criteria.

DIRECTIONS FOR SUBMISSION

Qualifications must be submitted to CHFA by 4:00 PM E.D.T. on October 18, 2013 without exceptions, at the following address, to be deemed responsive and eligible for consideration:

Diane Smith
Connecticut Housing Finance Authority
999 West Street
Rocky Hill, CT 06067

To assure that submitted qualifications arrives at the proper place and on time, your submitted materials must be identified on the envelope or package as follows:

Request for Qualifications
Small Multifamily
Lending Program
Due Date: October 18, 2013

CHFA will contact those CDFIs who applied with a decision on their eligibility on or before November 15, 2013.

DEFINITIONS

Blighted Property – A structure is blighted when it exhibits objectively determinable signs of deterioration sufficient to constitute a threat to human health, safety, and public welfare.

Low-Income Census Tract – A geography defined by the U.S. Census having a median family income less than 50% of the area median income.

Moderate-Income Census Tract – A geography defined by the U.S. Census having a median family income of at least 50% and less than 80% of the area median income.

Middle-Income Census Tract – A geography defined by the U.S. Census having a median family income of at least 80% and less than 120% of the area median income.

Upper-Income Census Tract – A geography defined by the U.S. Census having a median family income of 120% or more of the area median income.

DISCLAIMERS BY CHFA

1. Responses to this RFQ shall be prepared at the sole cost of the respondent. CHFA will not reimburse for any expenses incurred in connection with this RFQ including but not limited to the cost of preparing the initial response and any additional information requested, or travel or other expenses incurred.
2. CHFA, in its sole judgment, reserves the right to (i) amend, modify or withdraw this RFQ, (ii) revise any requirements to this RFQ, (iii) require supplemental statements or information from any respondents to this RFQ, (iv) accept or reject any or all responses to this RFQ, (v) renegotiate or hold discussions with any respondent(s) to this RFQ and allow such respondent(s) to correct deficient responses which may not completely conform to the instructions contained herein, or immediately eliminate responses which are late, incomplete, or unresponsive to the RFQ, and (vi) cancel and revise, in whole or in part, this RFQ if CHFA, in its sole discretion, deems it to be in its best interest.
3. CHFA may exercise any or all of the foregoing rights at any time without notice and without liability to any respondent to this RFQ or any other party.
4. Responses are property of CHFA and are matters of public record.
5. CHFA may request from a respondent any or all submitted material in an electronic format.

EXHIBIT A. PROPERTY ELIGIBILITY DECISION TREE

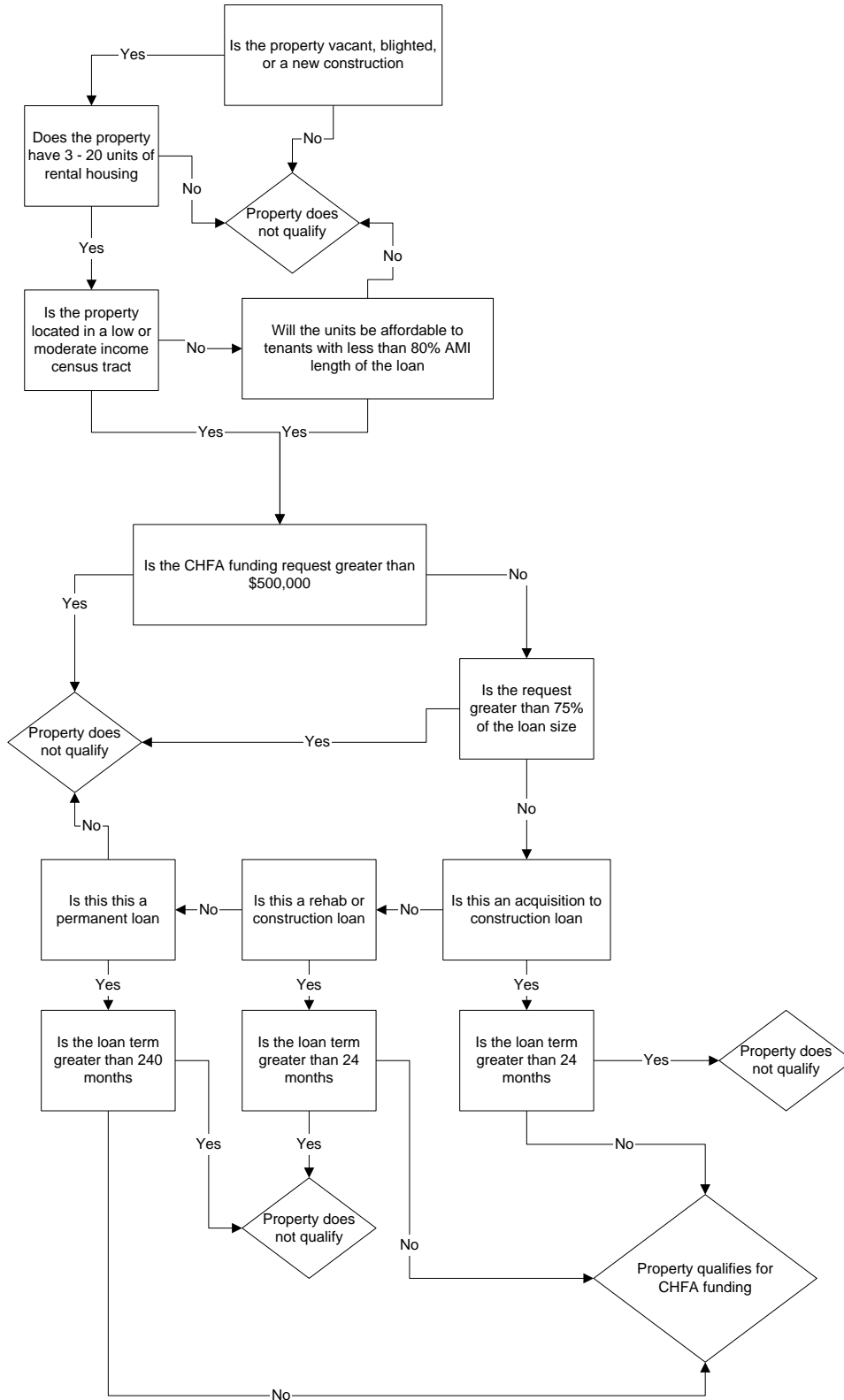


EXHIBIT B. DRAW REQUEST FORM



**Draw Request Form
Connecticut Housing Finance Authority**

CDFI Name: _____ Request Date: _____

Purpose: (Check all that apply)

- Acquisition/Construction
- Construction
- Permanent

Property's Condition (Check all that apply)

- Vacant
- Blighted

CDFI Loan Approval Date: _____ Anticipated Closing Date: _____

Loan Term: _____ Rate on Loan: _____%

Number of Units in Property: _____ Percent of units that is affordable to 80% AMI: _____%

Owner's Name: _____

Project Address: _____

Amount of funds to be drawn: \$ _____ Percent of CHFA financing in the project: _____%

Organization's Wiring Instructions

ABA: _____

Bank: _____

Bank Address: _____

Account Number: _____

CDFI Contact

Name: _____

Phone Number: () _____

Email Address: _____

"I hereby certify to CHFA that the above-referenced loan information is accurate, that work has been completed as indicated, that the organization has complied with all terms and conditions of the Agreement."

Authorized by: _____ Date: _____

Executive Director Signature

(Attached Loan Approval Material & Term Sheets)

EXHIBIT C. REPORTING

CDFIs will be required to submit a quarterly report to CHFA giving an update on the status of each approved project. As part of this reporting, CHFA asks that CDFIs provide a narrative description of status of each project, any additional community outcomes which resulted from the investment, and an updated timeline of each projects through the anticipated date of occupancy.



Connecticut Housing Finance Authority

Request for Proposals
Very Low-Income
Housing Development
CDFI Program

December 2014



**CONNECTICUT HOUSING FINANCE AUTHORITY
REQUEST FOR PROPOSALS
VERY LOW-INCOME HOUSING DEVELOPMENT
CDFI PROGRAM**

Table of Contents

OVERVIEW	1
BACKGROUND.....	1
OBJECTIVES	1
FUNDING	1
FUNDING ELIGIBILITY.....	2
COMPLIANCE REQUIREMENTS.....	2
ELIGIBLE RESPONDENTS.....	2
SUBMISSION REQUIREMENTS	3
Letter of Interest.....	3
Tab. A) Organization’s Information.....	3
Tab. B) Proposal	3
Tab. C) Oversight and Ongoing Compliance	4
Tab. D) Forms Required with Submittal.....	4
EVALUATION AND SELECTION CRITERIA	4
DIRECTIONS FOR SUBMISSION.....	5
DEFINITIONS	5
DISCLAIMERS BY CHFA.....	6



**CONNECTICUT HOUSING FINANCE AUTHORITY
REQUEST FOR PROPOSALS
VERY LOW-INCOME HOUSING DEVELOPMENT
CDFI PROGRAM**

OVERVIEW

The Connecticut Housing Finance Authority (“CHFA”), a body politic and corporate constituting a public instrumentality and political subdivision of the State of Connecticut, was created in 1969 and operates pursuant to [Chapter 134](#) of the Connecticut General Statutes, as amended. Our purpose is to help alleviate the shortage of affordable housing for low- and moderate-income families and persons in Connecticut.

For additional financial information, please reference the Authority’s website at www.chfa.org.

BACKGROUND

In order to encourage growth and strengthen the State’s economy, it is necessary for Connecticut to offer a variety of housing options for its residents and potential residents. As part of CHFA’s 5 Year Strategic Plan, CHFA is tasked to help increase the supply of affordable housing options by providing needed financing to multifamily developers and property owners. CHFA wants to engage Community Development Finance Institutions (“CDFIs”) to partner in providing financing to multifamily properties with units targeted to very low-income families.

OBJECTIVES

CHFA is seeking program or project proposals from CDFIs that will result in the creation of new affordable rental housing targeted to individuals and/or families earning 50% of Area Median Income (“AMI”) or below. Proposals may be used to provide:

- Property acquisition;
- Construction financing (Davis Bacon may apply);
- Permanent financing;
- Gap financing.

FUNDING

CHFA will make available a total of \$5 million to qualified CDFIs to provide funding for acquisition, rehabilitation, permanent financing, or gap funding with a maximum of up to \$2,000,000 per CDFI (\$500,000 per project). The source of funds will be HUD Financial



Adjustment Factor Funds (“FAF”) and may include CHFA Investment Trust Account funds. CDFI may charge borrowers up to a 3% interest rate when lending these funds.

FUNDING ELIGIBILITY

Proposals must meet the following criteria in order to be eligible for these funds:

- To provide decent, safe, and sanitary housing affordable to very low-income families;
- Property must have a minimum of five (5) units but no more than thirty (30) units;
- Mixed-income projects are permissible, provided that the CHFA funds are used exclusively for units to be occupied by individuals or families of very low-income;
- Priority will be given to properties located in a non-exempt municipality as defined by the [Affordable Housing Appeals List published by the Connecticut Department of Housing](#);
- The minimum affordability period is for twenty (20) years. This requirement does not necessitate that a tenant must be displaced by reason of ceasing to qualify as a very low-income family provided the property owner exercises reasonable efforts to lease the next available similar unit to a family or person of very low-income.

COMPLIANCE REQUIREMENTS

CDFIs applying for CHFA funding for eligible projects must monitor compliance for a minimum of twenty (20) years:

- Project must have and execute a Fair Housing Marketing Plan;
- Property owners and CDFIs must maintain file documentation to confirm tenant income and rent charged;
- Property owners must permit CHFA, HUD and other authorized personnel, at their discretion, to inspect the assisted property and review tenant files to determine compliance;
- CDFIs must periodically report to CHFA on project, tenant incomes and rent rolls;
- The Davis-Bacon Act rules may apply when using funds for construction financing;
- Must provide a quarterly report on investment, or when requested by CHFA.

ELIGIBLE RESPONDENTS

CDFIs certified by the United States Department of the Treasury and doing business in Connecticut must meet the following requirements in order to be considered eligible:

- Primary business is housing and community development;



- Have an existing loan program which has been operational for at least 3 years;
- Have a track record with financing low-income rental properties;
- Must be able to provide other forms of financing to supplement with CHFA funding;
- Have the capacity to lend and asset manage a small multifamily property portfolio.

SUBMISSION REQUIREMENTS

CDFIs interested in participating in the pool must submit the below information for review by CHFA. The purpose of the information requested below is to assist CHFA selecting qualified proposals serving very low-income households.

Respondents must compile responses using the following outline:

Letter of Interest

The cover letter must summarize the scope of work to be undertaken by the respondent's organization. The cover letter must identify the primary contact person in the organization for this RFP. Please include phone number, facsimile number, website and e-mail address. The letter must be signed by an authorized principal of the firm who can enter into a contract with CHFA on behalf of their respective organization.

Tab. A) Organization's Information

Please provide the following information about your organization:

1. A narrative of the organization's mission and what percentage of work is in housing and community development;
2. The names and qualifications of your CDFI key staff related to this request;
3. Information on your organization's current rehabilitation, construction, and permanent multifamily lending programs and history of those programs performance;
4. The number of low-income multifamily rental property transactions the CDFI has closed in the last 18 months;
5. A pipeline report which lists property name, estimated funding requests, the number of housing units for very low-income families created, and anticipated date of funding;
6. Information on how your organization's small multifamily lending program is part of a community plan or initiative (*if applicable*);
7. The organization's latest audited financial statements;
8. The organization's current financing reporting and capacity.

Tab. B) Proposal

Please provide CDFI's proposal:

1. Description of project/program;
2. Amount requested and a plan on how and when the funds will be used;



3. Line item budget;
4. Timeline for the program/project and expenditure of the funding request;
5. Underwriting standards for any lending for multifamily rental units;
6. Underwriting standards for mixed-use residential and commercial units (*if applicable*);
7. Organization's approval process by loan amount and level of authority (Credit/Loan committee, Executive Director, Board of Directors).

Tab. C) Oversight and Ongoing Compliance

Please provide the following information for your organization:

1. Number of properties your organization monitors for income compliance;
2. Provide procedures or description on your organization's construction standards, construction oversight, and verification of scope of work completed;
3. Number of staff members or percentage of staff time devoted to monitoring and compliance;
4. Provide the organization's oversight/asset management procedures and process, including verification of tenant income.

Tab. D) Forms Required with Submittal

Please complete and submit the following documents. These documents may be found after the "Disclaimers by CHFA" on page 8 of this RFP.

1. Certification Regarding Connecticut General Statutes § 4-250
2. Certification Regarding Connecticut General Statutes § 4-252a

EVALUATION AND SELECTION CRITERIA

CHFA established a tentative schedule to advertise, receive, and review responses to this RFP. CHFA's evaluation criteria shall include, but are not limited to:

1. Preference will be given to programs/projects located in non-exempt municipalities;
2. The number of new units created targeted to individuals and families earning 50% of AMI or below;
3. Projects that will result in deeper affordability, 25% of AMI or below;
4. A CDFI's depth and capacity in terms of professional credentials, program effectiveness, CDFI's capacity, financial stability and experience;
5. A CDFI's pipeline of multifamily projects targeted to very low-income individuals and families;
6. The thoroughness of the response to this RFP;



7. The CDFI's ability to service any potential loans and perform compliance reviews of the project/property;
8. The compliance with the required format to this RFP.

The analysis of such evaluation criteria shall reside solely with CHFA.

Following CHFA's evaluation of the responses to this RFP, each responding CDFI will receive a written notification from CHFA apprising each responding CDFI of whether or not the proposal was selected for funding.

CHFA will require each selected CDFI to enter into an "agreement" prior to that CDFI being able to draw any funds. Once an agreement has been executed between the CDFI and CHFA funds may be disbursed.

DIRECTIONS FOR SUBMISSION

Proposals must be submitted to CHFA by 4:00 PM E.S.T. on January 16, 2015 without exceptions, at the following address, to be deemed responsive and eligible for consideration:

Jonathan Cabral
Connecticut Housing Finance Authority
999 West Street
Rocky Hill, CT 06067

To assure that submitted qualifications arrives at the proper place and on time, your submitted materials must be identified on the envelope or package as follows:

Request for Proposals
Very Low-Income Housing Development
CDFI Program
Due Date: January 16, 2015

CHFA will contact those CDFIs who applied with a decision on their eligibility on or before February 2, 2015.

DEFINITIONS

Affordable Rent – Rent is computed by multiplying the HUD maximum income adjusted for family size by 30% (maximum imputed housing expense allowance) then divided by 12 (months). All decimal points round down.

Area Median Income – Midpoint in the family-income range for a metropolitan statistical area or for the non-metro parts of the state.



Financial Adjusted Factor Funds – Section 1012(a) of the Stewart B. McKinney Homeless Assistance Amendment Act of 1988, Pub. L. 100-628, 102 Stat. 3224, 3268 (1988), as amended (the “McKinney Act”), provides that fifty (50) percent of the amounts that are recaptured from the refunding of certain state agency bonds that financed projects shall be made available to the state agency to be used in providing decent, safe, and sanitary housing affordable to very low-income families or person.

Non-Exempt Municipalities – Cities and towns that have less than 10% of their housing stock defined as affordable on the Affordable Housing Appeals List. In developing the Affordable Housing Appeals Procedure List, affordable units include:

- Assisted housing units or housing receiving financial assistance under any governmental program for the construction or substantial rehabilitation of low and moderate income housing that was occupied or under construction by the end date of the report period for compilation of a given year’s list;
- Rental housing occupied by persons receiving rental assistance under C.G.S. Chapter 138a (State Rental Assistance/RAP) or Section 142f of Title 42 of the U.S. Code (Section 8);
- Ownership housing or housing currently financed by the Connecticut Housing Finance Authority and/or the U.S. Department of Agriculture; and
- Deed-restricted properties or properties with deeds containing covenants or restrictions that require such dwelling unit(s) be sold or rented at or below prices that will preserve the unit(s) as affordable housing as defined in C.G.S. Section 8-39a for persons or families whose incomes are less than or equal to 80% of the area median income.

The Affordable Housing Appeals List can be found on the Connecticut Department of Housing Website: <http://www.ct.gov/doh/cwp/view.asp?a=4513&q=530486>

Very Low-Income Families – Families with an income of 50% or below of Area Median Income.

DISCLAIMERS BY CHFA

1. Responses to this RFP shall be prepared at the sole cost of the respondent. CHFA will not reimburse for any expenses incurred in connection with this RFP including but not limited to the cost of preparing the initial response and any additional information requested, or travel or other expenses incurred.
2. CHFA, in its sole judgment, reserves the right to (i) amend, modify or withdraw this RFP, (ii) revise any requirements to this RFP, (iii) require supplemental statements or information from any respondents to this RFP, (iv) accept or reject any or all responses to this RFP, (v) renegotiate or hold discussions with any respondent(s) to this RFP and



allow such respondent(s) to correct deficient responses which may not completely conform to the instructions contained herein, or immediately eliminate responses which are late, incomplete, or unresponsive to the RFP, and (vi) cancel and revise, in whole or in part, this RFP if CHFA, in its sole discretion, deems it to be in its best interest.

3. CHFA may exercise any or all of the foregoing rights at any time without notice and without liability to any respondent to this RFP or any other party.
4. Responses are property of CHFA and are matters of public record.
5. CHFA may request from a respondent any or all submitted material in an electronic format.

**The Connecticut Housing Finance Authority
is an Affirmative Action/Equal Opportunity Employer**

You are invited to participate in a Syndicator-Partner Forum to discuss underwriting requirements and standards and to explore opportunities to facilitate multifamily housing development and closings. The goal for us is to understand our processes better and thereby generate ideas to create efficiencies in the underwriting process.

Forum participants will include syndicators, investors, underwriters, project managers, and senior staff from Connecticut Housing Finance Authority and the Department of Housing. Your input will contribute to the success of this event – please join us!

Date: Friday, November 14, 2014

Time: 10:00 am – 12:00 pm

Place: Connecticut Housing Finance Authority
999 West Street, Rocky Hill, CT

Questions: Terry Nash 860-571-4253 or terry.nash@chfa.org

A detailed agenda will be provided shortly before the Forum.

Reducing transaction costs

Reducing reserve requirements

Comparing CT with other states on both transaction costs and reserve requirements

Understanding criteria that we can use as a shorthand for whether a project has a possibility of attracting 4% LIHTC investor interest

Expediting closings

Understanding the schedules of syndicators and investors, especially what need before they do detailed underwriting, go to loan committee, engage counsel to start working on closings

Syndicator–Partner Forum

A G E N D A

11/14/2014

10:00 am – 12:00 pm

**CHFA | 999 West Street
Rocky Hill, CT**

Board Room

- Welcome remarks
- Introductions
- Underwriting
 - Developer Fees
 - Operating expenses and capitalized reserves
 - Reducing overall costs
- Financing
 - Rate specials
 - Expediting closings
- Legal
 - Closing process
 - Timing – early engagement



CONNECTICUT
HOUSING FINANCE
AUTHORITY

CHFA MULTIFAMILY UNDERWRITING STANDARDS SUMMARY



Debt Service Coverage Ratio	1.15 standard - may be higher depending on market conditions or lower for insured loans	
Loan-To-Value	80% of the lesser of total cost or appraised market value, but may be increased to 90% for public benefit or special programs	
Vacancy Rates	<u>Income Type</u> Up to 25% Area Median Income (AMI) > 25% up to 60% AMI > 60 % up to 80% AMI > 80% AMI and Market Rate Commercial Income	<u>Underwriting Vacancy Assumptions</u> 2.5 - 5.0% 5.0 - 10.0% 7.0 - 10.0 % 10.0 - 15.0% 20.0 - 50.0%
Proforma Trending Assumptions	Income: 2%, Expenses and Taxes: 3% and Replacement Reserves: 4%	
Per Unit Operating Expense Range Guidelines	<u>Proforma Stabilized Year 2014</u> The following amounts must be escalated by 3% compounded annually to derive expense range guidelines for future stabilized years Supportive Housing \$10,000 - \$13,500 per unit per year (Excludes Replacement Reserves and Real Estate Taxes) 30 units or less \$7,000 - \$10,500 per unit per year (Excludes Replacement Reserves and Real Estate Taxes) 31 - 100 units \$7,000 - \$10,500 per unit per year (Excludes Replacement Reserves and Real Estate Taxes) 101 units or more \$6,500 - \$9,000 per unit per year (Excludes Replacement Reserves and Real Estate Taxes) Notwithstanding these range guidelines, operating expense projections may be adjusted by CHFA during underwriting	
Replacement Reserve	<u>New Construction</u> Elderly \$325 per unit per year Assisted Living \$400 per unit per year Family & Supportive Housing \$400 per unit per year	<u>Rehabilitation</u> \$350 per unit per year \$425 per unit per year \$425 per unit per year
Working Capital Deposit	Cash deposit or Letter of Credit equal to 1.0% Total Development Costs (TDC) [exclusive of costs relating to acquisition, reserves and syndication] + 6 mos. scheduled debt service posted at closing and released in stages post-completion	
Operating Deficit Reserve	Present value amount necessary to maintain 1.15 debt service coverage ratio for a minimum of 15 years	
Developer Allowance/Fee	Up to 15.0% of TDC	
General Contractor Overhead & Profit and General Requirements	Overhead & Profit: up to 7.0% of construction costs (Divisions 2 through 16), General Requirements: 9.0% of construction costs (Divisions 2 through 16)	
Loan Term	Up to 40 years, fully amortizing	
Interest Rates	Please contact Ms. Patricia Rynn Sylvester, Administrator, Multifamily Housing Development - Phone: 860-571-4269 E-mail: pat.sylvester@chfa.org	
Market Study/Appraisal	Contracted by CHFA but paid for by the applicant in advance	
Application Fee	For-profit applicants: \$2,500, not-for profit applicants \$1,250. Non-refundable fee to be paid at submission of a CHFA financing application. If financing is approved, fee amount will be credited against full Loan Commitment Fee	
Loan Commitment Fee	Collected upon execution of CHFA Loan Commitment Letter. Fees are as follows: 2.00% of loan amount up to \$1,000,000 1.75% of loan amount > \$1,000,000 up to \$2,500,000 1.50% of loan amount > \$2,500,000 up to \$5,000,000 1.25% of loan amount > \$5,000,000	
Other Fees/Reimbursables	Appraisals, Market Study, Environmental Review, Field Observation, CHFA third-party Legal fees are all reimbursable in the Development Budget, but the responsibility of the mortgagor/applicant	
Cost Certifications	General Contractor, Mortgagor, Low-Income Housing Tax Credit (LIHTC)	