

Opportunity as Strategy

Connecticut Housing Finance Authority

Management Innovation: Internal Operations

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Opportunity as Strategy

The events of 2020, including a global pandemic and widespread national protests against racial inequality, had a significant impact on the discourse surrounding housing finance and community development. Not surprisingly, as CHFA was envisioning its current three-year strategic plan, the agency's Board and staff challenged themselves to consider what role they played in supporting greater access to quality, affordable housing for marginalized communities. What sprang from these planning conversations was a clear call to prioritize opportunity, both in the outcomes of the collective work CHFA undertakes and in the means to that end. CHFA leadership understood that cultivating this culture of opportunity should not rest with any one program or department. To achieve meaningful and lasting impact, the drive for opportunity needed to be felt throughout the organization.

Innovating from the Inside Out

CHFA's strategic planning process included rebooting its organizational values. One such value – "Committed to Opportunity" – was meant to represent more than just its housing activities; it was a vow to "work with our partners to respond to the deep disparities in access to quality of life." And while this commitment has influenced nearly every aspect of the organization, perhaps the most important effect has been in how staff show up for each other. In 2022, CHFA launched a comprehensive consultant-facilitated, staff-led initiative focused on Diversity, Equity, Inclusion, and Belonging (DEIB). This initiative included the formation of a standing DEIB committee that fosters an environment where all employees, regardless of differences, are safe, supported, empowered, respected, achieving their fullest potential, and delivering their best work.

Certainly, CHFA is not alone in its pursuit of DEIB principles. Indeed, CHFA has followed best practices from industry experts in ensuring executive leadership has been supportive and involved every step of the way. But what sets CHFA's approach to DEIB apart is that the initiative is fundamentally embedded at the staff level. CHFA now has a dedicated DEI and Employee Engagement Officer who facilitates cross-departmental committees to chart a course for continued opportunities for participation. DEIB-affiliated subcommittees and knowledge sharing groups have formed to advance several key action steps, including encouraging opportunities for partnership building throughout CHFA. As of May 1, 2023, approximately one in five employees, representing each department and level of management, are actively involved on the DEIB committee, with many more participating in DEIB-affiliated events.

Opportunity as a New Bottomline

From staff-level engagement, the culture of opportunity has evolved to influence how CHFA conducts its core business. Beginning in 2022, CHFA set out to partner with smaller brokers that are led by under-represented groups. For example, [CHFA now works with Bancroft Capital](#), a certified Service-Disabled Veteran-Owned firm, to act as co-senior managers of bond transactions.

CHFA also became the first Housing Finance Agency to receive [a second party opinion from S&P Global](#) recognizing CHFA's Social Bonds and Sustainability Bonds Framework. This achievement reduces the cost

of mortgage financing that, in turn, helps support “the state’s overarching housing goals including the prevention of homelessness and the expansion of housing choice and opportunity.”

While centering on opportunity as a financial strategy has strengthened CHFA’s market credibility and cemented its accountability, perhaps the most meaningful takeaway is its potential to set an example for other issuers to follow. Though CHFA is both proud and humbled by the impact that both strategic milestones represent, these approaches can be replicated by any HFA.

Funding Opportunity

As part of the current strategic plan, CHFA launched an Opportunity Fund. Established to further CHFA’s strategic plan goals and objectives, the [Opportunity Fund](#) supports housing development needs statewide, and is available to developments that meet specific criteria and that have a need of \$1 million or less. In creating the Fund, CHFA recognized that it can create flexibility and additional opportunities for CHFA to expand the preservation and creation of affordable housing in Connecticut. Since 2021, the Opportunity Fund has injected more than \$10 million into multifamily developments that have created or preserved more than 800 units that otherwise might not have come to fruition. Additionally, the Opportunity Fund was blended with other resources to set up the innovative [Mobile Manufactured Home Refinance program](#) to help existing mobile manufactured homeowners, many of whom have double-digit interest rates, lower their rates to one percent, saving hundreds of dollars per month.

Moving to Opportunity

An important organizational goal for CHFA is to give low- and moderate-income households access to higher opportunity neighborhoods throughout the state. For years, this goal has been primarily manifested through its multifamily rental housing investment. Since 2016, CHFA’s Qualified Allocation Plans have included some form of incentive meant to promote diverse housing opportunities in higher-resourced municipalities that have measurably better outcomes in education, greater employment opportunities and economic health. However, in 2022, CHFA launched a program to incentivize low- and moderate-income homeownership in these very communities.

In collaboration with the Department of Housing, CHFA established [Time To Own \(TTO\)](#), a forgivable down payment loan program. Under TTO, eligible borrowers can receive up to \$50,000 for assistance with down payment and/or closing costs depending on the area in which they are purchasing their home. The program design includes a different assistance cap to help lower-income borrowers access higher-cost markets and higher opportunity areas as defined by the State of Connecticut’s [Opportunity Map](#). These areas generally have lower unemployment rates, better educational attainment, and other positive socio-economic factors.

For properties in areas designated “high” or “very high” opportunity, the assistance is capped at \$50,000 and for properties in “very low”, “low”, and “moderate” areas the cap is \$25,000. To date, one in three Time To Own reservations have been for purchases in either high or very high opportunity neighborhoods, compared to just one in six among CHFA’s non-Time To Own reservations during the same time period. Between program launch in June 2022 through May 8, 2023, TTO has helped nearly 1,200 homebuyers achieve their dream of ownership, more than half of whom are people of color (compared to 33% of all homebuyers in 2021 per Home Mortgage Disclosure Act data).

Opportunity through Collaboration

Another way that the events of 2020 impacted CHFA's strategic approach to opportunity is by highlighting the importance of community engagement and collaboration. Over the last year, CHFA has worked closer than ever with community organizations and local governments to address the unique challenges facing their communities. This has led to developing new partnerships and finding innovative solutions to address the needs of residents. Starting with the rollout of MyHomeCT, Connecticut's Homeowner Assistance Fund program, CHFA has developed a network of local and regional community organizations. These partners include organizations like the Connecticut NAACP, Connecticut Home Builders Association, Urban League of Southern Connecticut, and more. In total CHFA has held and/or attended more than 20 community events to promote its programs and services in just the last year.

Simultaneously, CHFA deepened its investment in research and outreach, both to inform internal development of new housing solutions and to provide Connecticut-specific housing market analysis and information to all professionals in the field. Recognizing that knowledge is key to creating more and better access to housing opportunities, this investment took the form of blogs, presentations, and roadshow-style conversations with a wide array of federal and state legislators, regional councils of governments, municipalities, and non-profit partners.

Now in the final year of its current strategic plan, CHFA is exploring how this pursuit of opportunity can continue to evolve to meet emerging challenges. Too often, housing is seen as a zero-sum game, with clearly defined winners and losers. Some projects are funded, others are not. Some aspiring homebuyers have their offers accepted, others are not as lucky. This legacy framework is not conducive to some of those most critical principles that emerged in 2020: equity in the face of systemic racism and prejudice, inclusion in the face of fractured partisanship, housing choice in the face of NIMBYism and unyielding market forces. But by holding opportunity as its strategic north star and pursuing it in a multitude of ways – from how we invest our finite, tangible resources to how we invest in our staff – CHFA can continue to advance its mission more responsibly and sustainably.

| Appendix

BANCROFT CAPITAL ANNOUNCES OVER \$2.9 BILLION IN JUNE 2022 CO-MANAGED TRANSACTIONS

Posted: July 1, 2022

Fort Washington, PA – July 1, 2022 – Bancroft Capital, a certified Service-Disabled Veteran-Owned Small Business (SDVOSB) specializing in Institutional Brokerage and Capital Markets services, announces with great pride and appreciation that it has co-managed over \$2.9 billion in transactions for the month of June.

“Our team sincerely thanks our June 2022 issuers for selecting Bancroft to serve as co-manager of their transactions. We are grateful for the confidence shown in us by our clients, consistently allowing us to carry out our mission of training disabled vets through our Veteran Training Program,” said Bancroft Founder & CEO Cauldon D. Quinn.

Special thanks to:

Bank of Montreal

CenterPoint Energy Resources

Connecticut Housing Finance
Authority

Goldman Sachs Group



Source: <https://www.bancroft4vets.com/2022/07/bancroft-capital-announces-over-2-9-billion-in-june-2022-co-managed-transactions/>

S&P Global
Ratings




Second Party Opinion

Connecticut Housing Finance Authority's Sustainability Framework

Feb. 18, 2022

Connecticut Housing Finance Authority (CHFA) is a quasi-public organization created by the state of Connecticut in 1969. Its mission is to alleviate the shortage of housing for low- to moderate-income families and individuals in Connecticut. Through the General Statutes of Connecticut (the Act), CHFA is authorized to make or purchase construction and mortgage loans to finance the development, rehabilitation, purchase, or leasing of single-family and multifamily housing. CHFA uses U.S. federal tax-exempt bonding authority to access the lowest cost of capital for these purposes. To date, CHFA's investments have built or renovated more than 55,000 affordable multifamily units and nearly 145,000 Connecticut residents have purchased their first homes with a CHFA below-market interest rate mortgage.

In our view, CHFA's Sustainability Framework, published on Feb. 18, 2022, is aligned with the:

-  Social Bond Principles, ICMA, 2021
-  Green Bond Principles, ICMA, 2021
-  Sustainability Bond Guidelines, ICMA, 2021

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Source: https://www.spglobal.com/_assets/documents/ratings/research/101209040.pdf



STATE OF CONNECTICUT

GOVERNOR NED LAMONT

06/13/2022

Governor Lamont Announces Launch of Time to Own: A State Program Offering Down Payment Assistance for New Homebuyers in Connecticut

(HARTFORD, CT) – Governor Ned Lamont announced today the launch of **Time to Own**, a new state program offering down payment assistance to low and moderate-income homebuyers in Connecticut.

Now accepting applications as of today, the program provides a new source of funds for down payment and closing costs for applicants applying to the Connecticut Housing Finance Authority's (CHFA) First-Time Homebuyer Program. It is being administered by CHFA on behalf of the Connecticut Department of Housing and is funded with \$20 million that was allocated for homebuyer assistance by the State Bond Commission in December.

"We all know one of the greatest obstacles to homeownership is having a down payment and covering closing costs," **Governor Lamont said**. "This program breaks new ground, offering homebuyers the opportunity to secure their first home with help of an innovative, forgivable loan program. It will bring the dream of homeownership to life for thousands of Connecticut residents."

Source: <https://portal.ct.gov/Office-of-the-Governor/News/Press-Releases/2022/06-2022/Governor-Lamont-Announces-Launch-of-Time-to-Own>