

**Statement of the Connecticut Housing Finance Authority**

**Submitted to the**

**Working Groups on Tax Reform**

**Real Estate & Financial Services**

**United State House of Representatives**

**Committee on Ways and Means**

**April 15, 2013**

The Connecticut Housing Finance Authority (CHFA) welcomes the opportunity to share our views with the members of the Committee on Ways and Means Working Group on Tax Reform. We do so with a sense of urgency regarding the future of affordable housing finance in our state, specifically the fate of tax-exempt private activity bonds for housing and the Low Income Housing Tax Credit Program. As you consider changes to the our nation's tax laws for the purposes of reform or to raise additional revenue to reduce the federal deficit CHFA is concerned that these programs could be ended or curtailed in the efforts to reduce "tax expenditures" to achieve these purposes.

Both of these programs are essential tools for financing affordable homeownership and rental housing development. Without CHFA's homeownership programs funded through the issuance of tax-exempt bonds thousands and thousands of Connecticut households would have forgone or indefinitely deferred the dream of homeownership...or have been even more burdened in their efforts to achieve this dream. Without tax-exempt housing bonds and Low Income Housing Tax Credits little to no affordable rental housing would have been developed in here in Connecticut over the last 25 years, including major public housing redevelopment efforts that have been critical to reviving many neighborhoods in our state's major urban centers.

Tax-exempt private activity bonds and the Low Income Housing Tax Credit Program have been foundational pillars of Connecticut's State's affordable housing program for decades. Over the past three decades tax-exempt private activity bonds and low income housing tax credits have been used successfully by state housing finance agencies as their primary source of low-term low-cost debt to support these critical investments. In just the past three years alone CHFA has financed more than 5,000 new or rehabilitated affordable rental apartment homes in our state. This not only has provided or preserved critical affordable housing but has also provided over 10,000 jobs and over \$1.3 billion in critically needed economic activity.

Given the affordable housing challenges before us much more remains to be done. Ending or weakening them now would have a disastrous long term impact on Connecticut efforts to expand housing opportunity for lower income households, rebuild neighborhoods and support the quality of life for our poorer citizens as well as hamper the long awaited and now just beginning recovery in the nation's housing markets.

CHFA urges Congress to maintain tax-exempt housing bonds and the Low Income Housing Tax Credit Program at their current levels and act positively on suggested changes to improve these affordable housing finance tools.

### **Private Activity Bonds Expand Homeownership Opportunity in Connecticut**

Since 1969 CHFA has used tax-exempt private activity bonds to help over 125,000 lower income households achieve the goal of owning their own homes. Helping these households also benefits the economy and economic growth generally. Nationally from 2002-2011, State housing finance agency mortgage revenue bond funded homeownership programs generated more than 73,000 jobs per year and added \$4.07 billion to the national economy, as measured by Gross Domestic Product (GDP), according to models formulated by the National Association of Home Builders (NAHB) and the National Association of REALTORS.

Despite the very recent history associated with the “sub-prime” mortgage crisis, aspirations for homeownership among lower income households have remained intact despite the “Great Recession”. CHFA remains committed helping these households. We believe that the nation needs to remain committed to this goal as well by preserving and strengthening the provision in the Code for allowing private activity bonds to be issued to fund home mortgages for qualified lower income first time homebuyers.

Using tax-exempt bonds to help lower income households purchase their first home has been good for these households and for their communities. Typical CHFA borrowers have always been working people often with more than one household income, often raising young families and living in our state’s larger cities and towns where homeownership is an essential foundation of neighborhood and community well-being. This reality has been even more pronounced in recent years when 70 percent of our borrowers purchased homes in urban communities, over half received down payment assistance second mortgages through CHFA, and over 35 percent were minority households. The typical income for these households is significantly less than the state’s median income. A map showing the distribution of this lending in our state is attached to this statement. It documents an impressive legacy in the efforts to expand homeownership and opportunity in our state.

CHFA’s mortgage loans for these borrowers have been soundly underwritten, taking reasonable risks to expand homeownership working principally with the Federal Housing Administration (FHA) a major partner with CHFA in most of our affordable homeownership lending over the past 40 years. As a result, even though CHFA has provided loans in this segment of the housing market as its sole line of business, delinquency and foreclosure rates compare favorably with industry benchmarks and much, much less than the sub-prime market...which unfortunately swept up many households that would have been better off with the CHFA mortgage.

Recent conditions in the nation's capital markets have not made it easy to use these bonds to support these homebuyers with the traditional level of benefit these programs have provided. To help housing finance agencies to better serve these homebuyers in such financial market conditions CHFA joins its colleague agencies across the nation in urging the Congress to approve an improved and strengthened Mortgage Credit Certificate program. Improving and strengthening through greater flexibility in targeting, valuing and managing the allocation and use of these certificates would allow state housing finance agencies, at their discretion, to better focus this support to select borrowers using a market sensitive approach that may be better able to meet state housing policy priorities and objectives.

Again, CHFA urges the Committee to preserve the current tax-exemption for housing bonds for homeownership and strengthen the mortgage credit certificate option enabling us to continue to support lower income Connecticut households working to realize their dreams for their own decent and affordable place to live.

### **Private Activity Bonds and Low Income Housing Tax Credits are Essential for the Development and Preservation of Affordable Rental Housing**

The affordability of rental housing for low income households remains a persistent problem here in Connecticut. Some regions of Connecticut are among the most costly rental markets in the nation, where the impact on lower income working families is severe. A recent study indicates that in the Stamford-Norwalk area indicate wages of over \$31 per hour are necessary to afford a typical two bedroom rental in that area. Such burdensome rents hinder the ability of lower income households to form, spend on other necessities and save for their own futures...all of which hinder economic health and vitality for these households and their communities. Connecticut has a shortage of affordable rental housing and more needs to be developed. Additionally many urban communities across the state have aging rental housing inventories that require major capital reinvestment and many, many abandoned commercial properties that need to be adapted to residential uses to reduce blight and provide needed housing.

This all makes the development of new affordable rental housing and the preservation of the legacy investment affordable housing essential for long term economic growth and essential quality of life. Additionally, as we noted earlier, the development, preservation and rehabilitation of this housing provides real jobs in the construction and related sectors.

An exhibit documenting many of these housing investments in all five of Connecticut's Congressional Districts also attached to this statement. The high quality housing improved or constructed with support from tax-exempt bonds and Low Income Housing Tax Credits are often critical anchor properties in their neighborhoods. Their development and maintenance supports the long term health and vitality of these areas in a way that would not otherwise be realized.

Additionally over the past three years these tools have been critical in supporting a major unprecedented new commitment by the State of Connecticut to invest nearly \$500 million in the development and rehabilitation of

affordable rental housing, including \$300 million over the next 10 years to revitalize Connecticut aging public housing stock across the State. Further investment funded with tax-exempt bonds and Low income Housing Tax Credits are critical to realizing the promise of this dramatic new commitment to our state's communities and lower income people.

For the past quarter century tax-exempt housing bonds for rental housing and the Low Income Housing Tax Credit Programs have been indispensable tools for the development and rehabilitation of high quality affordable rental housing. Without them little to no affordable rental housing would have been developed and our communities and lower income people would have experienced even greater challenges. Their use in tight integration with State housing priorities and their inherent private sector discipline makes them powerful, highly productive and irreplaceable tools for the development of quality rental apartments and the development and regeneration of neighborhoods.

## **Summary**

In your efforts to change and reform the nation's tax code we urge you not to eliminate or curtail these critical affordable housing investment tools – tax-exempt bonds for home ownership and rental housing development and Low Income Housing Tax Credits for rental housing. Their loss or weakening will do serious damage to affordable housing efforts, neighborhoods and lower income people all across our state...at a time when more such investment, not less, is needed.



# Congressional District 1

Affordable Rental Housing - Approved Activity 2009 - 2012

**95% occupied**



Capitol Towers, Hartford

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

**100% occupied**



M.D. Fox Manor, Hartford

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

**97% occupied**



River Hollow, East Windsor

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

**87% occupied**



Huntington Woods, Bristol

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

**Under construction – 35% complete**



Sigourney Mews, Hartford

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

**77% occupied**



Dutton Heights, Bristol

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

**Under construction – 25% complete**



Horace Bushnell, Hartford

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

# Congressional District 1

Affordable Rental Housing – Approved Activity 2009 - 2012



**100% occupied**

photo unavailable

Fieldstone Crossing, Berlin

88 one and two bedroom family rental homes

New construction funded with 9% LIHTC

218 jobs created | \$24.7m in economic activity

Victory Garden, Newington

74 supportive and affordable rental homes for veterans, at-risk veterans, and their families

Mix of new and substantial rehab funded with 9% LIHTC

360 jobs created | \$47.5 in economic activity



Center Street, Manchester

20 supportive rental homes

New construction funded with Next Steps

66 jobs created | \$7.3m in economic activity



Sue Ann Shay Place Apartments, Hartford

34 supportive rental homes

New construction funded with Next Steps

122 jobs created | \$14.6m in economic activity



Alfred E. Plant, West Hartford

137 studio and one bedroom elderly rental homes

New and substantial rehab funded with 9% LIHTC and ITA funds

250 jobs created | \$32.5m in economic activity



Shepard Park, Hartford

373 studio, one and two bedroom elderly rental homes

Substantial rehab funded with TEB/4% LIHTC

87 jobs created | \$12.6m in economic activity

2008 activity:

**Dye House, Manchester** - A substantial rehab project of – 57 family rental homes funded with TCAP Exchange, 9% LIHTC and ITA funds.

**Hillcrest, South Windsor** – 88 elderly rental homes funded with 9% LIHTC

**Casa DeFrancisco, Hartford** – 50 supportive rental homes funded with Next Steps.

# Congressional District 2

Affordable Rental Housing - Approved Activity 2009 - 2012



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



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



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



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



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

2008 activity:

**Summitwoods II, Norwich**

– 22 family rental homes

funded with 9% LIHTC.



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

# Congressional District 3

Affordable Rental Housing - Approved Activity 2009 - 2012

**Under construction  
25% complete**

Rockview, New Haven

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

**Under construction - 40% complete**



122 Wilmot, New Haven

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



River Run, New Haven

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



West Village, New Haven

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

**Under construction – 80% complete**

**Under construction  
40% complete**

Fair Haven Mutual Housing, New Haven

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

**Under construction  
67% complete**

Brookside Phase II, New Haven

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

# Congressional District 3

Affordable Rental Housing – Approved Activity 2009 - 2012



Currently leasing



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



94% occupied

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

100% occupied



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

Rent-up began in September



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

2008 activity:

**Valley Supportive Housing, Ansonia & Derby** - 20 supportive rental homes funded with Next Step s.

**Highwood Square, Hamden** – 27 family rental homes funded with 9% LIHTC.

**451 Putnam, Hamden** – 17 supportive rental homes funded with Next Steps.

# Congressional District 4

Affordable Rental Housing - Approved Activity 2009 - 2012



**In rent-up**

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



**88% occupied**

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

**Under construction**  
**50% complete**



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



**Under construction**  
**80% complete**



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



**Under construction**

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



**98% occupied**

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



**Under construction**  
**25% complete**



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

**Under construction**  
**30% complete**



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

# Congressional District 4

Affordable Rental Housing – Approved Activity 2009 - 2012



**Under construction**  
**49% complete**



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

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



**In lease-up**



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



**98% occupied**

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



**100% occupied**

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

**82% occupied**



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



**99% Occupied**



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



**In lease-up**

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

2008 activity:

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

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

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

# Congressional District 5

Affordable Rental Housing - Approved Activity 2009 - 2012



**Awaiting  
Initial  
Closing**  
←

Beachport, Cheshire

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

**Under construction – 25% complete**

Pinnacle Heights Ext. , New Britain

66 two and three bedroom family rental homes  
Funded with 9% LIHTC & ITA funds  
214 jobs created | \$25.5m in economic activity

**Under construction  
33% complete**

Corbin Heights, New Britain

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

**Awaiting Initial Closing**

Jefferson Heights, New Britain

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



Chamberlain Heights, Meriden

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

**98% occupied**



**Awaiting  
Initial  
Closing**  
←

Country Village, Waterbury

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

Peachtree Village, Avon

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