

PANEL DISCUSSION:
**AFFORDABLE HOUSING AND ECONOMIC DEVELOPMENT
IN CONNECTICUT**

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Inaugural Connecticut
Investor Conference
May 23, 2023



CONNECTICUT
HOUSING FINANCE
AUTHORITY



At a Glance

Rich History

- AAA/Aaa rating since 2001
- Since 1969, CHFA has issued \$22 Billion in bonds for Single and Multifamily housing

Program Management

- Program Assets - \$5.3 billion (as of 12/31/22)
 - Homeownership and Reserve Fund - \$3.96 billion
 - Multifamily - \$1.34 billion

Bond Management

- Bonds Outstanding- \$4.48 billion (as of 12/31/22)
 - Homeownership - \$3.58 billion
 - Multifamily - \$892 million
- Fixed Rate Bonds - \$3 billion
- Variable Rate Bonds - \$1.48 billion

Financing Strategies

Pipeline Management

- Mortgage Offering Rate is according to the market – daily reset
- Frequent Bond Issuance

Credit and Proactive Management

- Diversified Homeownership Asset Mix = Mortgage Backed Securities (65%) / Loans (35%)
- Hands-On Multifamily Operations – underwriting, asset management and servicing

Interest Rate and Counterparty Risk Management

- Over \$900 Million in swaps with 8 AA-/Aa3 or above counterparties
- Over \$900 Million in liquidity facilities with 9 A-1/VMIG 1 or above counterparties

Innovation

1st Housing Finance Agency to receive S&P Second Party Opinion (2022) for its Social Bonds and Sustainability Bonds

S&P Global
Ratings

 Sustainable 1

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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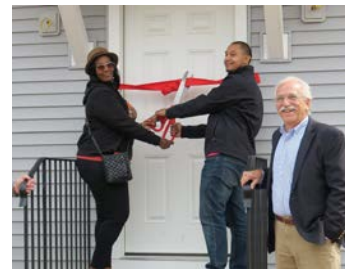
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Impact | Homeownership

Impact of housing bonds on **homeownership** since 1969 and over the last 5 years

	Since 1969	Last 5 Years
Total Loans	149,000	10,500
In Urban Areas (%)	68.4%	60%
With Down Payment Assistance (%)	26%	48%
Racial/Ethnic Minorities (%)	29%	41%
Married (%)	50%	33%



Impact | Rental Housing

Impact of LIHTC and Housing Bonds on **rental housing** since 1986-2022 and over the last 5 years

	1986-2022	2018-2022
Total Units	31,412	5,076
Jobs Supported	50,327	5,672
Estimated Economic Activity	\$5.9 Billion	\$1.57 Billion
Estimated Tax Revenue	\$1.9 Billion	\$98.11 Million



Outlook

Homeownership

Building bridges to equitable wealth

- Time To Own
- Down Payment Assistance Program (DAP)

Multifamily Rental

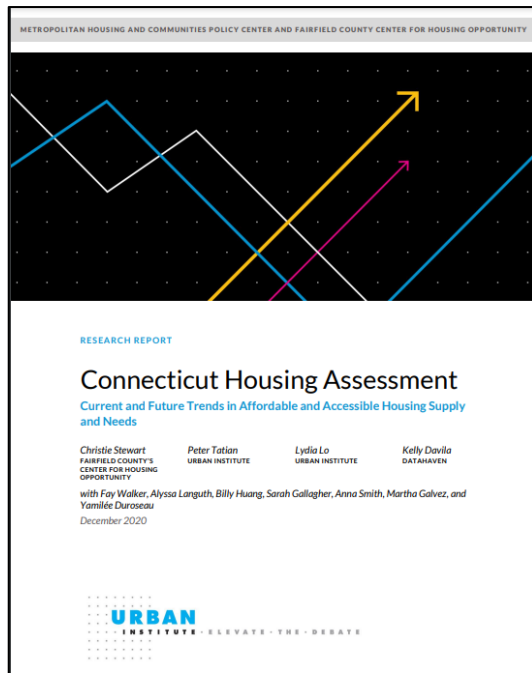
Preserving affordable housing for future generations

- Extending affordability
- Reinvesting in capital improvements

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CT's Housing Landscape



Key Findings from 2021 CT Housing Assessment

From 2001 to 2017, CT's **single-family housing permitting declined 68%**, while large (5+ unit) multifamily permitting increased 67%

Black and Latino households 2-3x more likely to rent vs. White households

Half of state's 470,000 renter households are **cost-burdened or severely cost-burdened**

86,000-unit gap in affordable housing needed for **households with very low incomes**



Investing in New Housing – 1st 4 Years



6,000

New affordable housing units produced



\$307.9MM

State investment in new housing



\$3.3 Billion

Leveraged in housing development activities



25,000

Households assisted annually, incl 14,500 w/ rental assistance

Collaborating for Growth



Investing in New Housing – What's Next



4,400 New affordable housing units produced over the next 2 years



\$300MM

State bond investment in affordable housing over next 2 years



\$800MM

Leveraged in LIHTC equity and private financing over next 2 years



\$100MM

Invest in 2,000 new units of housing for middle-income renters over 2 next years

Time to Own



Administered by CHFA on behalf of the Department of Housing

Since June 2022, Governor Lamont has allocated \$60 million

As of May 15, 1,400 closing totaling \$44 million

Governor's FY 24-25 budget includes an additional \$100 million for TTO over next biennium

0%

Subordinate loan with 0% interest rate and no monthly payment required

10%

Of the principal balance forgiven annually until loan is forgiven

Up to 20% Down

And up to 5% closing costs covered by TTO

Up to \$50,000

Loan amount depending on need, location of home purchased

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Avg loan = \$30,379

Collaborating for Growth

Torrington Riverfront Apartments
Torrington



Connecticut Economic Development Update

05/23/2023

ADVANCECT
CONNECTICUT





A Thriving, Inclusive CT Economy

Workforce

Broaden the base of skilled workers to meet increasing industry demand

Communities

Attract and retain talent by investing in vibrant and affordable communities for all

Innovation

Support growth and generate inclusive economic opportunity within CT's most innovative and specialized industries

Business Environment

Improve CT's environment and reputation for starting and growing businesses



A Thriving, Inclusive CT Economy

Workforce

Broaden the base of skilled workers to meet increasing industry demand

- ✓ *Governor's Workforce Council* and *Office of Workforce Strategy* established, now overseeing & coordinating statewide workforce strategy and investment
- ✓ **\$24M** *Good Jobs Challenge* grant (CT won largest award in the U.S.) to strengthen 12 sectoral partnerships with programing, curriculum and training for high-demand skills
- ✓ **\$110M** CareerConneCT funding to support skills-based training serving diverse, underserved populations, focused in-demand skills in growth industries.

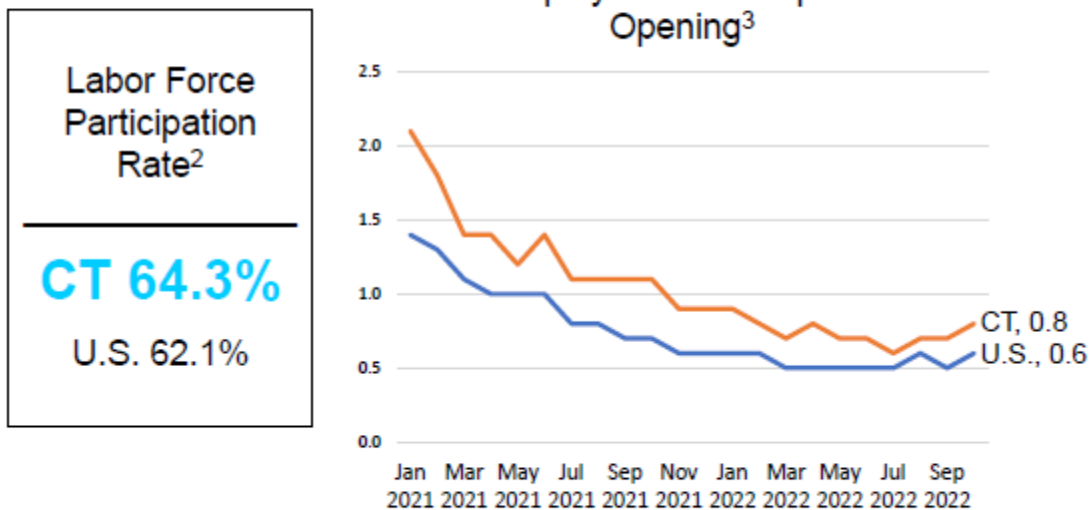
CT LABOR FORCE

Workforce
productivity
creates value for
employers:

Connecticut
State GDP per capita
3rd highest
in the U.S.¹

EASING THE TALENT CRUNCH

Connecticut has a higher labor force participation and a less tight labor market than the U.S. average.



Sources: 1) Lightcast, 2021; AdvanceCT calculations; 2) Bureau of Labor Statistics, LAUS, Nov. 2022; 3) Bureau of Labor Statistics, JOLTS, Oct. 2022

A Thriving, Inclusive CT Economy

Communities

Attract and retain talent by investing in vibrant and affordable communities for all. DECD activity includes:

- ✓ **\$81M** in *Communities Challenge* grants to 20 localities with another \$20M to be allocated in 2023
- ✓ **\$175M** in grants to 54 recipients via Community Investment Fund with another \$700M over the next 4 years
 - Priorities: Transit oriented development, housing in underserved/distressed communities
- ✓ **\$150M** Small Business Boost program underway
 - \$25M via 190+ small business loans in 68 of 169 towns; 58% to diverse (MWBE) business owners¹

¹ DECD data as of Feb 28, 2023

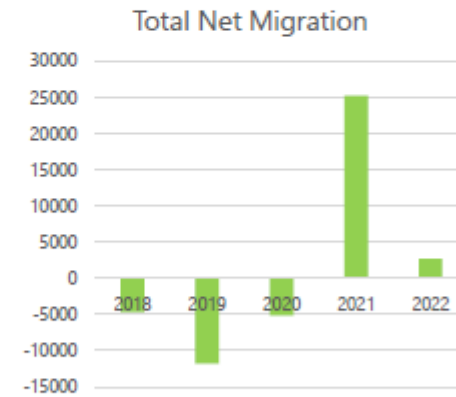
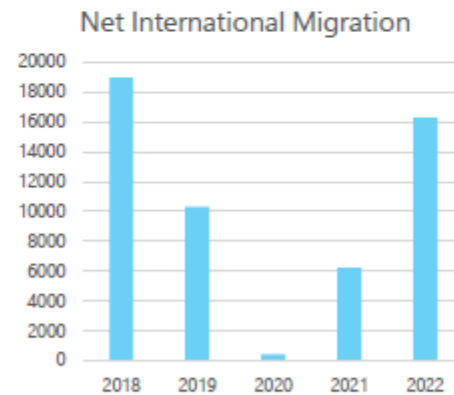
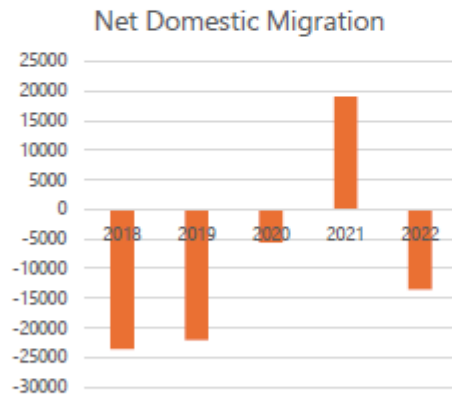
Reduced Domestic Outmigration



Recovering International In-migration



More CT Residents



Source: US Census, Population Estimates Program, 2018 - 2022.
NB: Migration calculated as of July 1 in the estimate year. I.e. 2020 data includes July 1, 2019 - June 30, 2020.

A Thriving, Inclusive CT Economy

Innovation

Support growth and generate inclusive economic opportunity within CT's most innovative and specialized industries. Recent developments include:

- ✓ New funds from *Connecticut Innovations*:
 - \$100M ClimateTech Fund, investing in renewable & sustainable energy companies
 - \$50M Future Fund, investing in diverse ideas, people and industries
- ✓ ClimateHaven, a new climate tech incubator slated to open at Yale
- ✓ DECD's \$20M in smart manufacturing/MIF support
- ✓ Innovation Corridor public/private partnership initiative represents further potential to bring placed-based, innovation "centers of excellence" to CT

LTM: 5,500+ Announced Jobs and \$2.6B in Capex Across 84 Projects

Expansions	57	HQ Relocations	5	New Investments	26	FDI Projects	8	TeamCT Wins*	34
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Projects by Sector



Jobs by Sector



Capex by Sector



■ Financial Services ■ Life Sciences ■ Manufacturing ■ Tech ■ Healthcare ■ Other ■ Entertainment

Source: AdvanceCT Project Tracker, which includes projects within AdvanceCT & DECD and publicly announced new jobs and CAPEX from DOL & media sources
Covers period 02/01/2022 – 01/31/2023. *TeamCT indicates either DECD or AdvanceCT (or both) worked on the project.



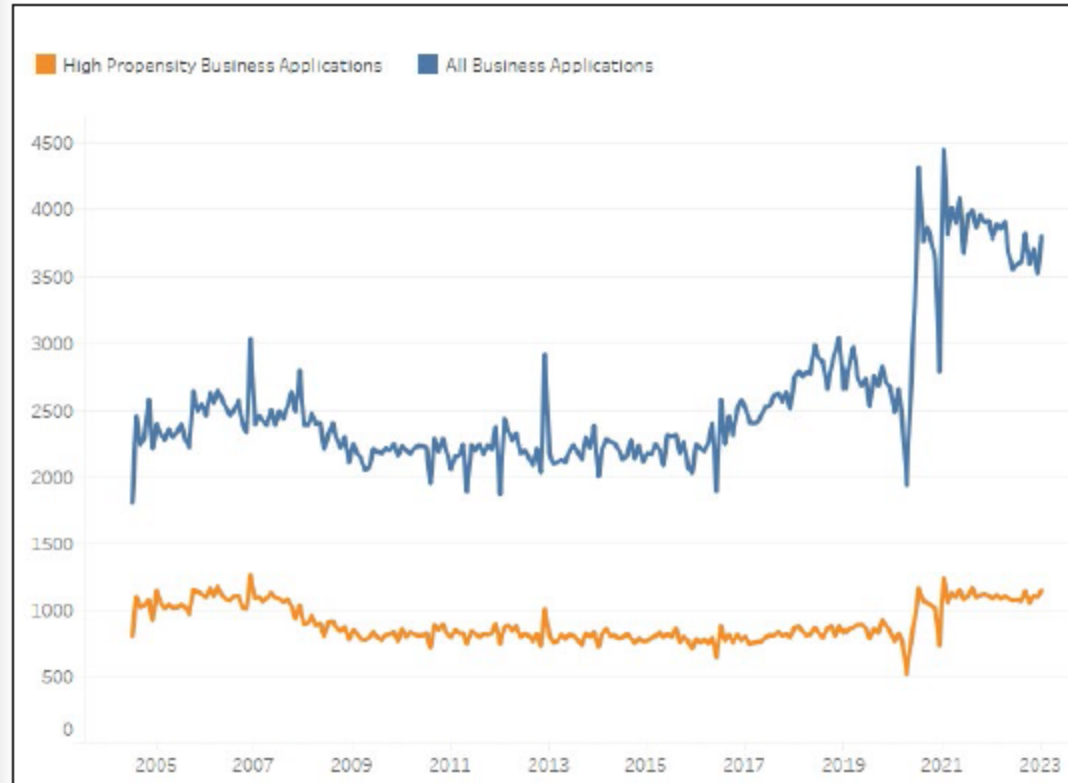
A Thriving, Inclusive CT Economy

Business Environment

Improve CT's environment and reputation for starting and growing businesses

- ✓ Dramatically improved fiscal stability
 - 4 years of General Fund surplus; \$1B projected FY 2023 surplus
 - \$5.8B paydown of unfunded pension fund liabilities
- ✓ Creation of Business One-Stop – “front door” for business
- ✓ Marketing: \$20M+ spent in FY22 to sell CT, change perceptions
- ✓ AdvanceCT focus on business attraction, retention & expansion, marketing and telling CT story

CT Business Formation is at an All Time High



Source: U.S. Census Bureau, BFS, 2023.

Connecticut's Biggest Challenges



Economic Growth Still Lags

Although LTM growth is relatively strong, the last 5 years lags the country and peer states



Supply of Housing

Over last 10+ years, Connecticut's housing supply has increased <1%, below the national average



[Mis] Perception of Connecticut

We need to better align perception of our state with reality



CT still has Not Recovered its Pre-Pandemic Workforce

While our labor markets are not as tight as the rest of the country, our labor supply has not recovered