



CHIF

Connecticut
Housing
Investment
Fund, Inc.

121 Tremont Street
Hartford, Connecticut
06105

For more information
about CHIF:
860.233.5165
800.992.3665 (CT only)
860.233.3920 (fax)
www.chif.org

CHIF is a statewide nonprofit organization that provides financing and services to support affordable housing development, home rehabilitation, and neighborhood revitalization. Since 1968, we have provided more than \$100 million in financing to help stabilize neighborhoods throughout Connecticut. CHIF has provided opportunities for families to purchase homes and to make home improvements.



CHIF | Connecticut Housing Investment Fund | Annual Report 2002



F I N A N C I N G



N E I G H B O R H O O D



R E V I T A L I Z A T I O N

Board of Directors

Lynn C. Blackwell, *Chair*
Administrative Chief
House Democrats

Philip J. Ward,
Immediate Past Chair
Managing Director
CIGNA Retirement and
Investment Services

Gerald W. Hayes,
Senior Vice Chair
Vice President
Corporate & Community Services
Phoenix Life Insurance Company

Margaret L. Morton, *Vice Chair*
Vice President -
Governmental Affairs
Northeast Utilities

John J. Logan, *Secretary*
Principal
Logan Associates

John W. Hebel, *Treasurer*
President
Hebel Energy Solutions, Inc

Dina L. Anselmi,
Associate Professor
Department of Psychology
Trinity College

James S. Carter
Principal
Apollo Holdings LLC

Franca L. DeRosa, Esq.
Attorney
Brown Rudnick Berlack Israels LLP

Roger E. Goldbeck
Vice President, Sales
Tide-mark Press

Denise L. Nappier
Treasurer
State of Connecticut

Michael W. Nichols
Managing Director,
Real Estate Investments
Aetna Portfolio Management Group

Beth B. Parrott
Housing and Finance Consultant

John L. Ritter
Executive Vice President
First New England Capital
Limited Partnership

William M. Russell
President
Corporate Real Estate Advisors

Thomas J. Solecki
Principal
Aspen Capital Group, LLC

Philip S. Will
President
ProDomus, Inc.

Michael E. Zammiti
Vice President
Cornerstone Real Estate Advisers

Board of Directors



Standing, left to right: John Hebel, Philip Will, John Ritter, Jack Logan, Beth Parrott. Seated with Cynthia Russell (second from right), left to right: Lisa MacDonald, Thomas Solecki, Franca DeRosa, Lynn Blackwell, Philip Ward. Not pictured: Dina Anselmi, James Carter, Roger Goldbeck, Gerald Hayes, Margaret Morton, Denise Nappier, Michael Nichols, William Russell, and Michael Zammiti.

Contributors

CHIF wishes to acknowledge with appreciation the following investors and contributors who have helped finance the Neighborhood Rebuilder Program and our other lending activities.

Andrew C. May	The J.P. Morgan Chase Foundation
Aetna Life Insurance Co.	Massachusetts Mutual Life Insurance Company
Banknorth, N.A.	The Melville Charitable Trust
The Chase Manhattan Foundation	People's Bank
The CIGNA Companies	The Phoenix Companies, Inc.
Citizens Bank of CT	The Phoenix Foundation
Connecticut Department of Economic and Community Development	The Philanthropic Initiative
Connecticut Housing Finance Authority (CHFA)	State Street Bank and Trust Company of CT, N.A.
CHFA/IOREBTA Program	The Travelers Indemnity Company
The Fannie Mae Foundation	U.S. Treasury CDFI Fund
Federal Home Loan Bank	U.S. Trust Company of CT
First Union Bank of CT	Webster Bank
Fisher Foundation, Inc.	The Wiremold Foundation
J.P. Morgan Chase Bank	

Connecticut Housing Investment Fund, Inc. – CHIF
121 Tremont Street, Hartford, Connecticut 06105
For more information about CHIF: 860.233.5165 • 800.992.3665 (CT only)
860.233.3920 (fax) • www.chif.org



Lynn Blackwell with
Cynthia Russell

CHIF – Staff

Seated left to right:

Shelly McDougall
Account Specialist –
Loan Servicing

Cynthia L. Russell
President and CEO

Edward E. Bohnwagner, III
Vice President of Finance
and CFO

Grace Mroz
Account Specialist –
Loan Servicing

Standing left to right:

Marjorie Oi Dixon
Staff Accountant

Mary Kay Garrow
Vice President for Lending and
Community Development

Lisa A. Ruggeri
Program Administrator

Arlene Dossat
Loan Servicing Manager

Edward J. Poremba, Jr.
Loss Mitigation Specialist

Matthew Kosky
Program Administrator

Parelea Morgan
Account Specialist –
Loan Servicing

Sharon H. Costello
Executive Assistant

Carith Dean
Loan Servicing Administrator

Sarah Rossignol
Loan Servicing Clerk II

Maureen L. Hansen
Housing Specialist –
Lending Officer

Dear Colleagues:

Managing growth and adapting to the ever-changing economic climate were CHIF's biggest challenges in 2002. CHIF's most notable accomplishments in 2002 were completing a new strategic plan, and increasing capitalization of the Community Loan Pool. CHIF developed new relationships with funders in 2002 to capitalize the Community Loan Pool. Banknorth and JP Morgan Chase were two banks that made investments, and Citizen's Bank renewed its existing commitment to the Pool. The Connecticut Housing Finance Authority (CHFA) approved \$2.250 million to support CHIF's lending programs, the largest investment CHIF has received to date from a state agency.

CHIF was successful in achieving many of the lending goals set for 2002. CHIF made more loan commitments in 2002 than in 2001 and closed loans on projects located in many different communities throughout Connecticut. With financing from CHIF, 37 families purchased their first home, and once-neglected neighborhoods started to recover through CHIF's investment in local revitalization. CHIF increased the number of loans closed by 19% from 2001 and loaned 20% more funds in 2002 from the previous year. CHIF borrowers constructed new or renovated existing homes in the State's four corners, including Winsted in the Northwestern region, Norwich in the southeastern region, Branford in the south central region, and Waterbury in the central region. CHIF introduced a new demonstration program supported with a grant from the Fisher Foundation and helped families obtain down payment and closing cost assistance to purchase their first home.

CHIF's success is the result of strong partnerships with colleagues. We acknowledge the support of the Connecticut Partnership Office of Fannie Mae, Local Initiatives Support Corporation (LISC), the Connecticut Housing Coalition, and the Connecticut CDFI Alliance who collaborated with CHIF on many programs in 2002.

On behalf of the CHIF Board of Directors and staff, thank you for helping us achieve our goals in 2002.

Sincerely,

Lynn C. Blackwell
Chair, Board of Directors

Cynthia L. Russell
President and CEO





Neighborhood Rebuilder Program

The Neighborhood Rebuilder Program is a loan program that combines construction financing with bridge loans and forgivable loans called “appraisal gap subsidies.” The program is designed



Rehabilitation

CHIF provided funds from the Neighborhood Rebuilder Program to finance the acquisition, rehabilitation, and new construction of 28 units on Mortson Street, Hartford. Prior to redevelopment, Mortson Street was one of the most blighted neighborhood streets in Hartford. (above)



A view (above) of one of the new houses constructed on vacant lots on Mortson Street as part of Phase 1 of the Mortson-Putnam Heights Neighborhood Revitalization Project.

Pictured at right, a restored “Perfect Six” converted into two townhouses purchased by homeowners. The Mortson-Putnam Heights Neighborhood Revitalization Project, developed by Mortson/Putnam Heights Ventures, LLC, is a two-phase project involving funding from CHIF, Local Initiatives Support Corporation, the City of Hartford, Citibank, and the State Department of Economic and Community Development.



to help non-profit and for-profit developers finance construction and rehabilitation. CHIF makes loans to developers to acquire and rehabilitate existing vacant buildings or construct new, single-family homes.

CHIF introduced the Neighborhood Rebuilder Program in 1997 with \$500,000 capital from Citizens Bank and the Episcopal Diocese. Since 1997, CHIF has increased the Community Loan Pool to a revolving fund of \$6.7 million. In 2002, CHIF closed 37 construction, bridge, and appraisal gap loans to support the development of new and single family homes.

The Neighborhood Rebuilder Program is successful for many reasons. The program:

- ▲ leverages CHIF’s resources with other funders, including Local Initiatives Support Corporation (LISC), the Connecticut Housing Finance Authority (CHFA), the State Department of Economic and Community Development (DECD), and municipal community development programs such as the cities of Hartford, Manchester, and New London.
- ▲ provides flexible financing by offering three different types of loans.
- ▲ focuses on helping low and moderate income families become homeowners.
- ▲ targets funding to local organizations working to strengthen neighborhoods.



New Construction

Developers constructing new homes on vacant lots also used the Neighborhood Rebuilder Program in 2002. CHIF provided construction, bridge, and subsidies to Dresca Construction to acquire and build these single-family homes in the Asylum Hill neighborhood of Hartford. The developer also obtained financing from the City of Hartford for the project.

Pictured above is one of the vacant lots located on Sargeant Street. To the right and below are two of the three new four-bedroom homes constructed during 2002.



CHIF supports projects that help stabilize neighborhoods and create new homeownership opportunities.



In 2002

CHIF added \$1.75 million for construction loans.

CHIF received a commitment from the Connecticut Housing Finance Authority for \$1 million for Neighborhood Rebuilder Loans.

CHIF introduced a new downpayment assistance program funded with a grant from The Fisher Foundation.



Affordable Housing Production Programs

CHIF believes that to be successful, neighborhood revitalization strategies should include financing programs that offer loans for the development and rehabilitation of many different housing types. CHIF loan programs are designed to provide resources to develop new homes as well as rental units, and to rehabilitate existing homes as well as apartments. To accomplish this goal, CHIF provided financing in 2002 to developers and homeowners through the Predevelopment, Interim Bridge, USDA Home Mortgage, and Energy Conservation Loan programs.

Rental Housing Financing: The Predevelopment and Interim Bridge programs provide low interest loans to support the development of new rental housing. In 2002, CHIF financed the development of 64 units of rental housing for low-income families and senior citizens.



Affordable Housing Production Programs *continued*



Pictured at left is the **South Common project located in Kent during construction. The project, developed by the Kent Affordable Housing Committee in conjunction with The Community Builders, will include 24 units of rental housing.**

Rehabilitation Financing: Single family homeowners and apartment building owners can repair roofs, siding and windows, and upgrade heating systems through the Energy Conservation Loan Program (ECL). In 2002, 147 families financed home improvements with ELC loans. CHIF administers the ECL program in partnership with the State Department of Economic and Community Development.



CHIF provided predevelopment and interim bridge loans to WHA Development Corporation, a development company established by the Winchester Housing Authority. WHA Development Corporation will develop 44 rental units on a former industrial site in downtown Winsted. Pictured above is a rendering of the project, Laurel Commons Senior Housing.

Homeownership Financing: CHIF provides first-time homebuyers with low interest mortgages to purchase homes in rural areas of the state. The program, in collaboration with the US Department of Agriculture, has provided 29 families with mortgages to purchase homes.



Loan Servicing

In addition to lending, CHIF services the loans it makes and the loans for State, municipal, and private lenders. In 2002, CHIF serviced over 13,000 loans, and provided portfolio management services to 15 clients.

Financial Statements

Consolidated Statements of Financial Position September 30, 2002 and 2001

	2002			2001		
	Operating	Loan	Total	Operating	Loan	Total
Assets:						
Cash and cash equivalents	\$ 627,594	\$ 3,069,906	\$ 3,697,500	\$ 634,666	\$ 3,013,398	\$ 3,648,064
Grants receivable	-	-	-	-	71,000	71,000
Accounts receivable	111,043	-	111,043	152,974	-	152,974
Interest receivable	22,858	-	22,858	30,946	-	30,946
Prepaid expenses	29,313	-	29,313	44,212	-	44,212
Other assets	20,235	-	20,235	10,085	-	10,085
Loans receivable, net of allowance for loan losses	-	2,744,583	2,744,583	-	2,216,800	2,216,800
Property and equipment, net	326,387	-	326,387	377,479	-	377,479
Total assets	\$ 1,137,430	\$ 5,814,489	\$ 6,951,919	\$ 1,250,362	\$ 5,301,198	\$ 6,551,560
Liabilities and Net Assets						
Liabilities:						
Accounts payable and accrued liabilities	\$ 193,851	\$ -	\$ 193,851	\$ 207,380	\$ -	\$ 207,380
Notes payable	-	3,047,709	3,047,709	-	2,677,933	2,677,933
Total liabilities	193,851	3,047,709	3,241,560	207,380	2,677,933	2,885,313
Net Assets:						
Unrestricted:						
Undesignated	227,166	1,320,943	1,548,109	358,429	1,221,549	1,579,978
Board designated	583,829	-	583,829	518,714	-	518,714
Total unrestricted	810,995	1,320,943	2,131,938	877,143	1,221,549	2,098,692
Temporarily restricted	132,584	1,445,837	1,578,421	165,839	1,401,716	1,567,555
Total net assets	943,579	2,766,780	3,710,359	1,042,982	2,623,265	3,666,247
Total liabilities and net assets	\$ 1,137,430	\$ 5,814,489	\$ 6,951,919	\$ 1,250,362	\$ 5,301,198	\$ 6,551,560

Consolidated Statements of Activities For the years ended September 30, 2002 and 2001

	2002			2001		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Operating revenue:						
Interest income – Investments	\$ 114,869	\$ -	\$ 114,869	\$ 191,870	\$ -	\$ 191,870
Interest income – Loans	147,820	-	147,820	119,887	-	119,887
Total interest income	262,689	-	262,689	311,757	-	311,757
Interest expense on borrowings	(98,810)	-	(98,810)	(85,472)	-	(85,472)
Net interest income	163,879	-	163,879	226,285	-	226,285
Fee income	1,257,441	-	1,257,441	1,387,890	-	1,387,890
Grants and contributions	30,050	455,000	485,050	67,671	840,000	907,671
Gain on sale of real estate owned	-	-	-	957	-	957
Total operating revenue	1,451,370	455,000	1,906,370	1,682,803	840,000	2,522,803
Satisfaction of program restrictions	142,649	(142,649)	-	-	-	-
Total revenue	1,594,019	312,351	1,906,370	1,682,803	840,000	2,522,803
Expenses:						
Program services	1,281,817	-	1,281,817	1,291,173	-	1,291,173
General and administrative	278,956	-	278,956	255,218	-	255,218
Provision for loan losses	-	-	-	100,000	-	100,000
Total operating expenses	1,560,773	-	1,560,773	1,646,391	-	1,646,391
Forgivable loans	-	301,485	301,485	-	569,445	569,445
Total expenses	1,560,773	301,485	1,862,258	1,646,391	569,445	2,215,836
Change in net assets	33,246	10,866	44,112	36,412	270,555	306,967
Net assets, beginning of year	2,098,692	1,567,555	3,666,247	2,062,280	1,297,000	3,359,280
Net assets, end of year	\$ 2,131,938	\$ 1,578,421	\$ 3,710,359	\$ 2,098,692	\$ 1,567,555	\$ 3,666,247

From Connecticut Housing Investment Fund, Inc. Consolidated Financial Statements, September 30, 2002 and 2001, and Independent Auditor's Report Thereon, November 13, 2002, Kostin, Ruffless & Company, LLC. Complete audited Financial Statements and Opinion by Kostin, Ruffless & Company are available upon request from CHIF.