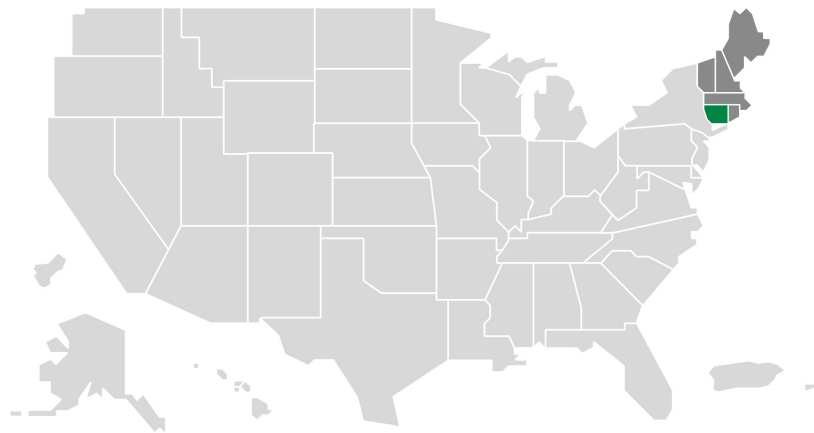


ENHANCING LIVES, IMPACTING COMMUNITIES: THE FEDERAL HOME LOAN BANK SYSTEM



CONNECTICUT
STATE REPORT

CONNECTICUT STATE REPORT

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Since its creation in 1989, the Federal Home Loan Bank System’s Affordable Housing Program (AHP) has been a substantial and valuable source of real estate equity for the financing of affordable housing in the United States. From 1990 through 2016, the 11 Federal Home Loan Banks (FHLBanks) collectively contributed more than \$4.1 billion (\$5.4 billion in inflation-adjusted dollars) in AHP real estate finance equity for rental, home construction and rehabilitation activities. This equity was combined with \$65.7 billion (\$83.9 billion in inflation-adjusted dollars) in leveraged dollars from other private and public sources, enabling \$69.9 billion (\$89.3 billion in inflation-adjusted dollars) in total development funding for more than 601,000 housing units. From 1995 through 2016, the FHLBanks also collectively contributed approximately \$1.0 billion (\$1.2 billion in inflation-adjusted dollars) in AHP equity for down payment assistance and mortgage principal reduction, assisting more than 183,000 home purchase activities. Each FHLBank allocates at least 10 percent of its annual net earnings to fund its AHP. As such, the continued operating and mission success of the FHLBanks has directly enhanced the development and purchase of affordable housing throughout the country and has had a positive impact on local and state economies and on the national economy. The state of Connecticut is in the Boston district. This report details the economic impact of housing within Connecticut that has been enhanced by AHP funding from 1990 through 2016.*

* Note: some projects within Connecticut may have received AHP funding from a Federal Home Loan Bank other than FHLBank Boston. For further detail on the economic impact study methodology, please see: Study Methodology and Appendices Report.

CONNECTICUT Rental, Home Construction and Rehabilitation Activities

Economic Basis



\$45.86 MILLION

TOTAL AHP SUBSIDY

AHP provides real estate finance equity for both rental and for-sale housing. AHP is more often referred to as a subsidy or grant and is delivered to FHLBank-member financial institutions to assist in the funding for construction, rehabilitation and purchase of affordable housing.

\$58.47 MILLION

TOTAL AHP SUBSIDY INFLATION-ADJUSTED



\$687.59 MILLION

DEVELOPMENT COST

Development Cost refers to the cost of acquiring land or pre-existing housing units, demolition and/or relocation costs and any costs incurred while constructing, rehabilitating or redeveloping housing.

\$883.84 MILLION

DEVELOPMENT COST INFLATION-ADJUSTED

 **158**

PROJECTS

Projects refers to the distinct use of AHP funding for a specific acquisition, construction or rehabilitation of building(s) or housing unit(s).

 **3,856**

TOTAL UNITS

Total Units refers to the total number of single-family and multifamily units constructed using AHP funding, where each individual dwelling unit in a multifamily building is counted separately.

Inflation-Adjusted refers to the measure of return that takes into account the time period's inflation rate. For example, \$100 in 1990 is worth \$192 in 2018. This study reports all economic impacts in inflation-adjusted dollars.

CONNECTICUT Home Purchase Activities

Economic Basis



\$5.04 MILLION

TOTAL AHP SUBSIDY

AHP provides real estate finance equity for both rental and for-sale housing. AHP is more often referred to as a subsidy or grant and is delivered to FHLBank-member financial institutions to assist in the funding for construction, rehabilitation and purchase of affordable housing.

\$5.99 MILLION

TOTAL AHP SUBSIDY INFLATION-ADJUSTED



\$41.15 MILLION

FIRST MORTGAGES

First Mortgages refers to the volume and value of first-lien position mortgages financed by lenders in a home purchase activity.

\$47.01 MILLION

FIRST MORTGAGES INFLATION-ADJUSTED

 **482**

TOTAL UNITS

Total Units refers to the total number of single-family and multifamily units constructed using AHP funding, where each individual dwelling unit in a multifamily building is counted separately.

Inflation-Adjusted refers to the measure of return that takes into account the time period's inflation rate. For example, \$100 in 1990 is worth \$192 in 2018. This study reports all economic impacts in inflation-adjusted dollars.

CONNECTICUT Rental, Home Construction and Rehabilitation Activities

Economic Impact



\$1.99 BILLION

TOTAL ECONOMIC BENEFITS

Total Economic Benefits measure the economic activities associated with rental, home construction and rehabilitation enhanced by AHP funding.



13,580 JOBS

JOB CREATION

Job Creation includes new full-time, part-time, temporary, permanent, salary-based and fee-based jobs generated by the addition of AHP-enhanced rental, home construction and rehabilitation activities.



\$835.72 MILLION

LABOR INCOME

Labor Income refers to all forms of income that stem from employment, such as salaries and hourly wages and profits made by developers, builders and contractors.

2.25

MULTIPLIER (IMPLAN Factor)

Multiplier is a term used for the economic ripple effect measured by an economic impact model. In this case, the multiplier effect accounts for how each additional job or dollar of output enhanced by AHP funding impacts the home construction and rehabilitation of affordable rental and housing units.

\$67.34 MILLION

TAX REVENUE

Tax Revenue includes the revenue generated by local and state taxes related to rental, home construction and rehabilitation.

All dollars are in inflation-adjusted dollars.

CONNECTICUT Home Purchase Activities

Economic Impact



\$170.30 MILLION

TOTAL ECONOMIC BENEFITS

Total Economic Benefits measure the economic activities associated with home purchases, enhanced by AHP funding.



1,060 JOBS

JOB CREATION

Job Creation includes new full-time, part-time, temporary, permanent, salary-based and fee-based jobs generated by the addition of AHP-enhanced home purchase activities.



\$46.51 MILLION

LABOR INCOME

Labor Income refers to all forms of income that stem from employment, such as salaries and hourly wages and profits made by developers, builders and contractors.

2.15

MULTIPLIER (IMPLAN Factor)

Multiplier is a term used for the economic ripple effect measured by an economic impact model. In this case, the multiplier effect accounts for how each additional job or dollar of output enhanced by AHP funding impacts the home purchases of affordable housing units.

\$7.36 MILLION

TAX REVENUE

Tax Revenue includes the revenue generated by local and state taxes related to rental, home construction and rehabilitation.

All dollars are in inflation-adjusted dollars.

Bringing a Disabled Veteran Home



Maple Street

Alex Beech,* a disabled veteran and Chelsea Groton Bank customer, stopped into a local branch looking to purchase his first home. He told the loan officer he had been renting the same property in Norwich, Connecticut, for many years and the landlord offered to sell it to him. He proudly told the loan officer that he has primarily paid for everything with cash and has no debt, and he explained that his only sources of income were his military pension and disability and that he had no credit.

The Chelsea Groton Bank worked with Beech, coaching him for three months on how to work through multiple obstacles, including finding acceptable forms of alternative credit, and helping him to obtain a purchase and sales agreement. Beech began happily dropping off all the required paperwork to the branch. Throughout this process, the loan officer determined that Beech did not have enough funds to purchase the house and close. That was when the Chelsea Groton Bank lending team determined he may qualify for an Equity Builder Program grant through the Federal Home Loan Bank of Boston.

Beech attended credit counseling with Catholic Charities of Norwich and was subsequently granted \$11,000 for his down-payment and closing costs through the Equity Builder Program. His loan issues were resolved, and he was approved for a Veterans Administration loan.

Several months later, Beech brought his adult daughter to witness the closing on his home. He successfully lowered his monthly payment from the \$800 he was paying for rent to a fully amortizing payment of \$720, including taxes and insurance. In addition to saving \$80 a month, as a homeowner, he now benefits from a tax deduction. More important, he now has the pride and security of owning a home of his own.

Without the Equity Builder Program and the efforts of the Chelsea Groton lending team, Beech would not have been able to stand in front of his newly acquired home and shed tears of pride and joy at his dream come true. “We are thrilled! It is a dream come true. I never thought homeownership would be an option for me,” says Beech.

“Chelsea Groton Bank and our customers truly appreciate and value the Equity Builder Program as an opportunity to make homeownership a reality for customers like Mr. Beech, who otherwise would not be able to make their goal of homeownership a reality,” says the loan officer.

*Name has been changed

**Maple Street
Norwich, Connecticut 2015**

CONNECTICUT

Project Profile: Home Purchase Activity



Habitat for Humanity of Eastern Connecticut

The initiative involved the construction of a single-family home in New London, Connecticut. The property was originally foreclosed and donated from the Bank of America Real-Estate Owned program to Habitat for Humanity of Eastern Connecticut, Inc., to rehabilitate and sell to a very-low-income household. As the property was damaged from a fire, the sponsor demolished the existing unsafe structure and built a new home on the lot. The residents benefit from homeownership readiness services provided by Habitat for Humanity of Eastern Connecticut, the sponsor. Some of the services include counseling by a volunteer family partner, who acts like a role model for families that may not have grown up in a homeownership situation. Affordable Housing Program Direct Subsidy was used toward construction. Liberty Bank provided a six-month construction line of credit.

SOURCES

Sponsor Cash Contribution	\$	128,684
Present Value of Habitat First Mortgage	\$	34,405
FHLBank Boston AHP Direct Subsidy	\$	25,000
Total Sources	\$	188,089

Restoration of Affordable Rental Housing in Connecticut



Summit Park

Since the early 1990s, Mutual Housing Association of Greater Hartford, Inc., has been working to transform a distressed, gang-plagued neighborhood in Hartford, Connecticut known as Frog Hollow into a clean, safe and thriving community.

Frog Hollow, where the average household income hovers around \$26,000, is just north of Trinity College and southwest of downtown Hartford.

It is also home to Summit Park—a 42-unit scattered, site-rental development. As part of its efforts to revitalize Frog Hollow, Mutual Housing Association of Greater Hartford spearheaded the acquisition and rehabilitation of Summit Park.

Summit Park comprises six historic buildings, providing a mix of one-, two- and three-bedroom homes for families, seniors and people with special needs earning up to 50 and 60 percent of the area median income. The homes offer convenient access to shops, parks, medical care facilities and public transportation.

The \$13.3 million initiative also included three retail suites for neighborhood businesses as well as an onsite property management office. In addition to the newly renovated apartments, residents now have access to financial planning, leadership development and homeownership counseling educational programs.

Webster Bank, N.A., applied for an Affordable Housing Program (AHP) direct subsidy on behalf of the nonprofit developer. The project received a \$500,000 AHP grant, as well as other sources of funding, including Low-Income-Housing Tax Credits and federal and state historic credits.

The renovation incorporated principles of historical preservation and sustainable design. While Mutual Housing Association of Greater Hartford focused on maintaining the historic character of the buildings, the organization also added solar panels, energy-efficient heating and hot water systems, water-conserving fixtures and many other green building elements. The homes were fully occupied by early 2017.

Besides improvements made by Mutual Housing Association, the city of Hartford invested in the neighborhood with a new recreational center, street improvements and a new sewer system.

**Summit Park
Hartford, Connecticut 2016**

CONNECTICUT

Project Profile: Rental Activity



Willington, Connecticut

A 24-unit mixed-income rental housing development was constructed in Willington, Connecticut for elderly residents. The one-bedroom cottage-style units are located within the town’s senior center and housing development. The town is leasing the land to the sponsor, Wilmington Housing Authority, and providing additional funding support for infrastructure improvements to allow all units access at grade level. The project was designed with energy-efficiency measures in place. These features include water-conserving fixtures, high-efficiency heating systems, energy-efficient windows and Energy Star appliances and lighting fixtures. Residents benefit from a network of services offered onsite and in the immediate locality on a referral basis. These include self-sufficiency programs, education to prevent fraud, healthcare and mental health counseling. Putnam Bank is providing both the initial construction financing and the permanent loan through the Affordable Housing Program subsidized advance. Additional funding sources include sponsor equity, state of Connecticut tax credits and other Department of Economic and Community Development funding.

SOURCES

Connecticut Department of Economic and Community Development	
Competitive Housing Assistance for Multifamily Properties	
	\$ 3,454,686
FHLBank Boston Subsidized Advance	\$ 1,730,000
Town of Willington	\$ 1,398,100
FHLBank Boston AHP Direct Subsidy	\$ 25,000
Total Sources	\$ 7,082,786