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**COMMUNITY REPORT • 2009**

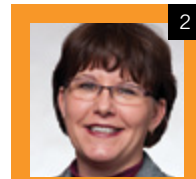
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COLORADO HOUSING AND FINANCE AUTHORITY

**In our 35<sup>th</sup> year,** transformation and resiliency were the backbones of our business. In the face of the most difficult economic cycle since the Great Depression, we were nimble enough to modify our programs so we could serve 17,700 Coloradans with affordable housing, business development, education and services, thereby contributing to state's economic recovery.

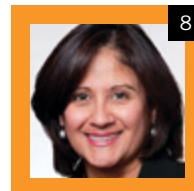
Change inevitably brings with it trepidation of the unknown and questions of stability. However, some could say that 2009 was one of our "finest hours," as we joined forces with state and local governments as well as our private sector partners and "rose to the occasion."

The year began with unprecedented challenges in the marketplace, creating increased demand for our unique services at a time when our historic funding sources weren't available. Yet we responded with calm, steady leadership and transformed to meet our customers' needs. Without hesitation, we were resourceful, believing in ourselves and the mission CHFA was created to fulfill. By working with new programs and new funding sources, we were able to serve Colorado when it needed us most.



## CHFA'S BOARD OF DIRECTORS

- |   |  |   |
|---|--|---|
| <p><b>1 Joel S. Rosenstein</b><br/>CHFA Board Chair<br/>Partner<br/><i>Senn Visciano, P.C.</i></p>                                  | <p><b>4 Sally Symanski</b>, CPA, CGFM<br/><i>Colorado State Auditor</i></p>  | <p><b>8 Anita Padilla-Fitzgerald</b><br/>Founder<br/><i>Megastar Financial</i></p>            |
| <p><b>2 Roxanne (Roxy) Huber</b><br/>CHFA Board Chair Pro Tem<br/>Executive Director<br/><i>Colorado Department of Revenue</i></p>  | <p><b>5 Sam Betters</b><br/>Executive Director<br/><i>Housing Authority of the City of Loveland</i></p>                    | <p><b>9 Jim Hahn</b><br/><i>JMH Consulting</i></p>  |
| <p><b>3 John Blumberg</b><br/>CHFA Board Secretary/<br/>Treasurer<br/>Co-founder &amp; Principal<br/><i>Black Creek Capital</i></p> | <p><b>6 Senator Betty Boyd</b><br/>President Pro-Tem<br/><i>Colorado State Senate</i></p>                                  | <p><b>10 David Myler</b><br/><i>Myler Law Firm</i></p>  |
|   | <p><b>7 Kevin Marchman</b><br/>Board Chairman<br/><i>National Organization of African Americans in Housing (NOAAH)</i></p> | <p><b>11 Mark O'Connor</b><br/>Senior Vice President<br/><i>FirstBank Holding Company</i></p> |



 **In CHFA's home finance area**, adaptation allowed us to continue operations. While those seeking to take advantage of the Federal First-Time Homebuyer Tax Credit could benefit from CHFA products, the bond market had frozen, eliminating our traditional source of financing.

## Ginnie Mae Partnership

As an alternative to the municipal bond market, we collaborated with Ginnie Mae and rolled out the CHFA HomeOpener<sup>sm</sup> and CHFA HomeOpener<sup>sm</sup> Plus loan programs, 30-year fixed rate loans with no first time homebuyer requirements and an optional second mortgage for down payment and/or closing cost assistance. As with all CHFA homeownership programs, we retained the servicing of the loan, ensuring the customers experience the same quality, in-state customer service.



### CUSTOMER PROFILE

In 2009, Christine Rucks bought her first home in Parker, Colorado, using CHFA's programs. Her dad was a big influence on her decision. He says, "The loan [CHFA] offered her and the 20 percent tax benefit with the CHFA MCC are the reasons she's in this house."

Miss Rucks was pleased with the entire homebuying experience, citing CHFA's free homebuyer education course as informative and highlighting the CHFA MCC as a great resource. The process to get the MCC was an easy one, taking her lender "about 10 minutes" to file the paperwork. Miss Rucks is extremely excited to have a home of her own.

## CHFA JumpStart<sup>sm</sup> Loan Program

The CHFA JumpStart loan programs help Coloradans take advantage of the federal First-Time Homebuyer Tax Credit. CHFA JumpStart offers first time homebuyers a 30-year affordable fixed interest rate first mortgage *and* a second mortgage to use for down payment and/or closing costs. The second mortgage is structured to have a zero percent (0%) interest rate if paid back with the borrower's tax credit proceeds. This design allows borrowers to benefit from the federal First-Time Homebuyer Tax Credit at the time of purchase.

## CHFA Statewide Mortgage Credit Certificate (CHFA MCC)

In 2009, CHFA used a portion of its Private Activity Bond (PAB) allocation for a statewide MCC program. The MCC Mortgage Credit Certificate supercharges a homebuyer's federal tax savings by allowing the certificate holder to claim 20 percent of the mortgage interest paid annually, dollar-for-dollar, against any federal tax obligation. The remaining 80 percent of the mortgage interest paid can continue to be used as an itemized deduction. This structure allows homebuyers to put more toward their mortgage payment because they aren't paying as much in taxes.



**CHFA's** Resource, Education, Assistance for Colorado Housing (chfareach) Program completed its fourth year in 2009. The program was created to ensure we promote quality affordable rental housing throughout Colorado by providing resources and training to management and residents. Today, more than 20,000 units are registered in the program. As membership has grown, CHFA staff has expanded the program into the second phase, serving residents. Staff reached out to property managers to learn what was meaningful to their residents and then assisted in identifying resources to meet those needs and interests.

As a result, over 44 classes on topics ranging from sign language to writing wills were offered across the state to 1,050 participants. These classes have enabled CHFA's Asset Management efforts to support affordable housing and build community.



## CUSTOMER PROFILE

The first chfareach resident class took place at The Residences at Franklin Park. Elaine Wahlquist, Social Services Coordinator for the property, informed us that they had a new hearing-impaired resident who was unable to communicate with neighbors or staff members, so we coordinated an American Sign Language (ASL) class for all residents. The class was held in the property's community room and was attended by both residents and staff. "The class was fun and was one of our most well attended events. Although several residents gave positive feedback, the resident who was clearly most pleased was the hearing-impaired resident who now feels welcomed into our community," Wahlquist said. The lessons didn't stop with the class. According to Linda Hilton, Property Manager, "... as a follow-up since the class, staff have been practicing with each other and with the residents to make sure we all become proficient in the common ASL greetings and conversational sentences that we learned."

## Foreclosure Prevention

Some CHFA customers encountered payment difficulties due to lost jobs and other unforeseen circumstances in 2009. To continue our mission of service in their time of need, our default team took extra steps to help our customers avoid foreclosure.

What started with extending service operation hours into the evenings and on weekends, culminated with three foreclosure prevention fairs for CHFA customers. The fairs were held in CHFA's Denver office, and two of our partners' locations in Colorado Springs and Pueblo. More than 20 CHFA employees were on hand to help 66 customers discuss resolutions other than foreclosure.

## Corporate Responsibility

CHFA was created to support the diverse needs of Colorado communities and we take this mission to heart. Beyond our financing structures, we support various organizations in a myriad of ways. Our community relations efforts assist numerous organizations and bring attention to their causes. In 2009 our civic involvement achieved historic levels. We benefited over 155 organizations through sponsorships, membership, employee activities, volunteer hours, and our annual J. David Barba Golf Tournament.



At the beginning of 2009, CHFA's Commercial Lending Division had a challenge in front of it: continue to boost the state's economy without CHFA's traditional funding methods. Intent on meeting the need, the team came together and found new lending tools despite the financial market conditions.

## CUSTOMER PROFILE

Southwest Conservation Corps (SCC) received a CHFA RDLP loan and purchased a building to be the main office/operations center in the San Luis Valley and Upper Arkansas Valley. The company employs and trains young people to complete conservation projects for the public benefit. The organization's CEO, Harry Buell, said it was wonderful working with CHFA, especially since the loan needed to be closed with extremely short notice. Not to mention there were unexpected problems that arose. "CHFA bent over backwards to get the closing done in time," Buell said.

Buell's pleased to have a stable place of business for the operation. After renting four different locations in the last two years, the new Salida location will allow the company to keep growing and offering job opportunities, boosting the local economy.

photo subjects:

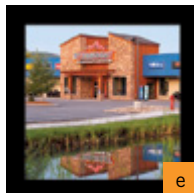
- a Moonlight Pizza, Salida.
- b Colorado Iron & Steel, Fort Collins.
- c Matthews-Gothelf Mansion, Denver.
- d Colorado Municipal League, Denver.
- e Steamboat Power Sports, Steamboat Springs.

## Colorado Credit Reserve (CCR)

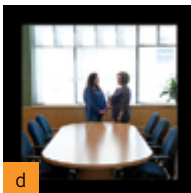
Small businesses are the backbone of a successful economy, but can also be considered the most risky to finance. To address the need for them and the coinciding concerns, CHFA, along with the Governor's office, re-launched the Colorado Credit Reserve program to promote small business lending in this difficult credit environment. CCR creates greater access to capital for small businesses by providing Colorado banks an incentive to stimulate sound lending. A program-funded loan loss reserve account held at participating banks strengthens credit applications. The reserve account offsets possible losses incurred by registered loans. Loans of up to \$500,000 can be made to eligible businesses. The Office of Economic Development provided \$2.5 million in additional funding for the program, which will support up to 500 small business loans. CHFA's role is to connect borrowers with CCR lenders, manage the program for the state, and educate and help lenders use the program. In 2009, more than 59 loans were registered, totaling more than \$1,472,221.

## RDLP Grant

USDA Rural Development awarded CHFA \$750,000 in funding to support job creation and economic development in the struggling communities of rural Colorado. CHFA contributed \$2.25 million of its own funds to the award, generating \$3 million in financing for businesses in 32 counties comprising eastern, southeastern, and south-central Colorado, to purchase real estate or equipment. Counties eligible for participating in the funds were selected based on an evaluation of area out-migration, poverty rates, and unemployment levels. CHFA estimates the funds will support nearly 200 new or existing jobs over the next 12 months.



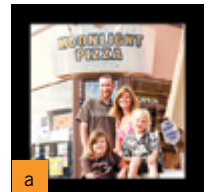
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**With so many people** losing their houses to foreclosure, demand for safe, decent, affordable rental housing was at an all-time high. Luckily, the federal government considered this in its American Recovery and Reinvestment Act (ARRA), passed during the summer of 2009. Two programs were created, the Tax Credit Assistance Program (TCAP) and the Tax Credit Exchange Program (TCEP), to assist developers holding allocations of the federal Low Income Housing Tax Credits (LIHTC). The LIHTC has been integral to the development of the vast majority of affordable rental housing since its inception in the 1986 federal tax reform act. Through TCAP and TCEP, CHFA became the allocator of over \$60 million in federal funding to assist the completion of affordable rental housing projects already underway across the state. CHFA allocated \$25 million in TCAP funds and \$32.8 million in TCEP funds through December.

Together these programs will allow for the completion of 23 developments with 1,500 units of affordable rental housing, providing affordable homes to thousands of Coloradans.

### Finance Efforts with Treasury Initiatives

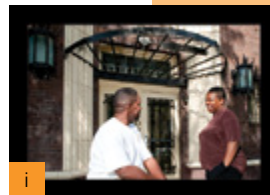
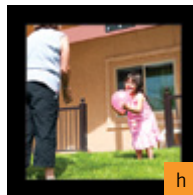
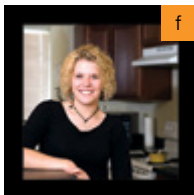
In October, the Obama Administration announced a state and local housing finance agency (HFA) assistance initiative as part of its *Homeowner Affordability and Stability Plan*, to provide temporary aid to strengthen the weakened housing capital markets. Through the plan, the US Treasury Department, in conjunction with the Federal Housing Finance Agency, Fannie Mae, and Freddie Mac, has invested in new bonds and provided replacement liquidity, both of which will jumpstart the housing finance market.

The program had very tight timeframes, yet was of such importance to supporting new mortgage revenue bonds and providing replacement liquidity to support variable rate debt, CHFA made participation a priority. Our expertise allowed us to access the resources within the timeframes to benefit all Coloradans. CHFA was one of 90 state and local HFAs to participate from around the nation, and one of only two in Colorado (the other being El Paso County). CHFA's resources under the plan will allow us to expand our programs targeted at first time homebuyers throughout the state, offering them even more competitive interest rates. The program will retain the option for a second mortgage to cover down payment and closing costs. The program will launch in the first quarter of 2010 and is expected to serve up to 1,800 first time homebuyers.

### CUSTOMER PROFILE

Denver Gardens is a case study of how several government-funded programs come together to ensure our nation's most vulnerable populations are being protected during these challenging economic times. This project has combined assistance from both federal and state funded programs as well as ARRA to provide housing to low income seniors in southeast Denver, while at the same time creating jobs and spurring economic investment in our community. Jason Van Aernam, from Community Housing Concepts said, "The TCAP funding that Denver Gardens received is the main reason this project is running right now."

photo subjects:  
**f&g** Sunshine Peak Apartments, Montrose.  
**h** Ashwood Apartments, Pueblo.  
**i** Aromor Apartments, Denver.



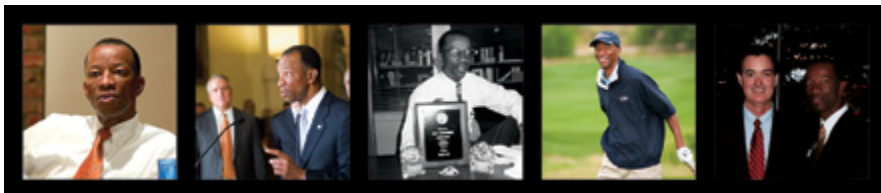
🌿 **At the end of 2009**, CHFA's Executive Director, Mr. Roy Alexander, retired. Mr. Alexander served as Executive Director and CEO for nine years, his career at CHFA spanned 21 years. Under Roy's leadership, CHFA transformed its visibility in the business and nonprofit community, focused on customers, and created the infrastructure to ensure Coloradans understand the benefits CHFA offers. Throughout Roy's tenure, he strived to increase the efficacy of CHFA's mission.

His early efforts strengthened our balance sheet, allowing us to bring loan servicing in-house. His more recent efforts included obtaining high-grade corporate ratings and decreasing reliance on the state's moral obligation pledge to support CHFA's debt, opening a Western Slope Office to be personally available to Coloradans outside the metro area, and initiating unprecedented growth in loan production and households served in the 2000s.



Through it all, he was driven by a deep belief in the strength of the CHFA team to accomplish our goals.

At the beginning of 2005, Roy laid out a big, hairy, audacious goal (a *BHAG*) when he implemented the vision "to double the number of households served in five years." At the end of 2004, CHFA was actively serving 83,000 households. The goal was to double that number to 166,000 by the end of 2009. Roy led the CHFA staff, promoting innovation and creativity when pursuing new activities. It was during this time that CHFA began to offer free homebuyer education for anyone interested, created a community development entity to apply for and administer new markets tax credits, and developed the **chfareach** program to enhance quality of life throughout CHFA's rental portfolio. The CHFA team collectively met the goal in September 2009 and went on to serve more than 177,000 households. Achieving such a goal was a tremendous way to celebrate CHFA's 35<sup>th</sup> anniversary.



CHFA is not a state agency. Its bonds and notes are not obligations of the state of Colorado, and are not repaid with tax dollars.

This report was written and designed by the CHFA Marketing and Strategic Development team, and was printed without the use of state general fund dollars.

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*We are pledged to the letter and spirit of U.S. policy for the achievement of equal housing opportunity throughout the Nation. We encourage and support an affirmative advertising and marketing program in which there are no barriers to obtaining housing because of race, color, religion, sex, handicap, familial status, or national origin.*

To learn more about CHFA's products and services, visit our website at [www.chfainfo.com](http://www.chfainfo.com)



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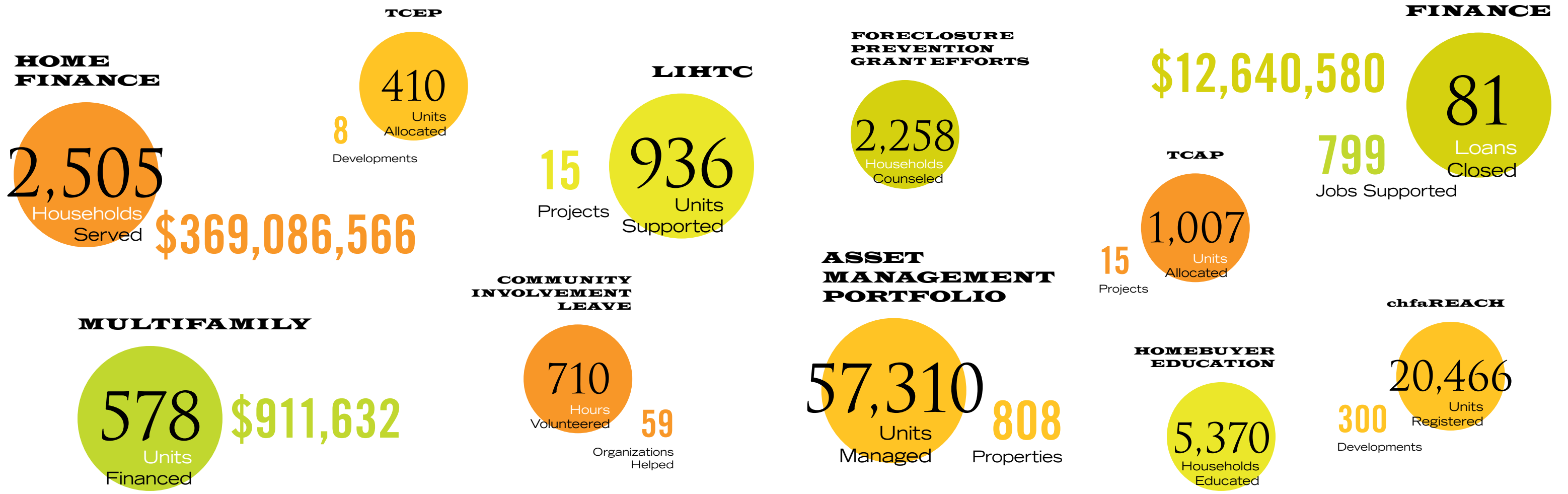
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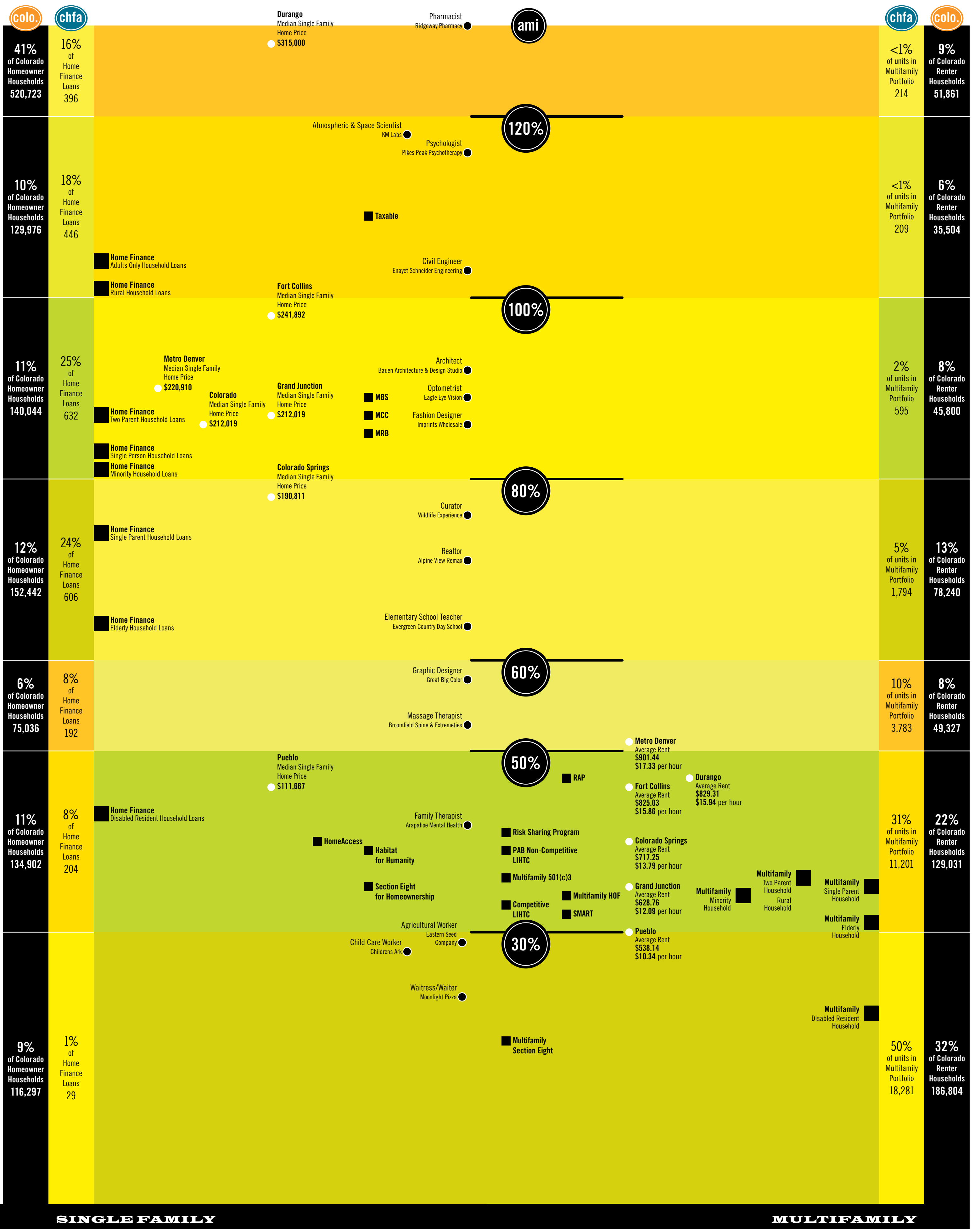


Despite our challenges in 2009, the CHFA team stayed focused on our customers and beneficiaries. We continued our involvement in the community beyond our lending activities. The figures here provide more information on results for all activities.



## CHFA HOUSING BENEFICIARIES 2009

In addition to tracking the total of our efforts in a year, we also take time to look at whom we serve. The following diagram charts the composition of households served by our housing programs in 2009, as well as the types of jobs our business finance programs have supported and the median wages earned. This information is overlaid with information on cost of housing across the state. We use this information to determine how well CHFA's programs meet needs across Colorado's housing continuum.



Methodology questions may be directed to Rachel Basye, 303.297.7439, rbasye@chfainfo.com