

**MEMORANDUM OF  
UNDERSTANDING BETWEEN  
THE OFFICE OF POLICY AND MANAGEMENT AND  
THE CONNECTICUT HOUSING FINANCE AUTHORITY**

This Memorandum of Understanding (MOU) is entered into by the Office of Policy and Management (OPM) and the Connecticut Housing Financing Authority (CHFA), hereinafter referred to as “the Parties”.

**WHEREAS**, there is a mutual desire among the Parties to re-capitalize and promote CHFA’s existing Small Multifamily Loan Program (Program), which provides loans through community development financial institutions (CDFIs) for the acquisition, rehabilitation, or long-term financing of small multifamily properties (limited to those between 3 and 20 units);

**WHEREAS**, the Parties seek to enhance the Program’s loan pipeline in areas near transit stations, in neighborhoods served by transit, and in other areas of concentrated development, such as downtowns and village centers;

**WHEREAS**, Section 2(a)(1) of Public Act 16-04, May Special Session authorized the sale of bonds for use by OPM “[f]or transit-oriented development and predevelopment activities, not exceeding \$8,000,000”, and a current balance of \$2,800,000 remains from this authorization;

**WHEREAS**, Section 378(a)(1) of Public Act 17-02, June Special Session authorized the sale of bonds for use by OPM “[f]or transit-oriented development and predevelopment activities, not exceeding \$6,000,000”;

**WHEREAS**, Section 389(a)(2) of Public Act 17-02, June Special Session authorized the sale of bonds for use by OPM “[f]or the Responsible Growth Incentive Fund, not exceeding \$2,000,000”;

**WHEREAS**, on June 1, 2018, the State Bond Commission allocated \$8,800,000 in funding to OPM for transit-oriented development and pre-development activities, and \$2,000,000 to OPM for the Responsible Growth Incentive Fund;

**WHEREAS**, OPM has reviewed the existing Program requirements and has determined the Responsible Growth Incentive Fund and funds for transit-oriented development and pre-development activities can be used to support the existing Program; and

**WHEREAS**, OPM shall provide to CHFA a permanent infusion of cash up to \$5,000,000, as detailed in item #2 below, to support the existing Program.

**NOW, THEREFORE**, the Parties agree to the following:

1. CHFA’s Board of Directors (Board) shall, through Board resolution, approve a total of \$3,000,000 to the Small Multifamily Loan Program (Program) by no later than June 30, 2019 and may, through Board resolution, approve up to an additional \$2,000,000 as funds are available, by no later than June 30, 2023.

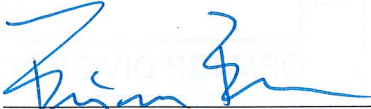
2. OPM shall provide matching funds to the Program equal to the amount approved by the Board, not to exceed \$5,000,000, which shall include up to \$2,000,000 from the Responsible Growth Incentive Fund and up to \$3,000,000 for transit-oriented development and predevelopment activities.
3. OPM shall transfer matching funds upon written notification from CHFA of approval by its Board under item 1 of this MOU and upon receipt of a CORE generated invoice from CHFA in the amount approved by the Board that specifies the source(s) and amount(s) of OPM matching funds.
4. CHFA shall ensure that Program loans using funds for transit-oriented development and predevelopment activities are made in accordance with existing Program requirements and are limited to properties that are either within ½ mile of a public transportation station or within ¼ mile of an existing public transit stop.
5. CHFA shall ensure that Program loans using Responsible Growth Incentive Funds are made in accordance with existing Program requirements which are not subject to any locational limitations.
6. CHFA shall ensure that each Program loan executed under this MOU consists of an equal amount of CHFA and OPM matching funds.
7. OPM shall provide, upon CHFA's request, an advisory statement whenever there is uncertainty on the allowed use of OPM matching funds under items 4 and 5.
8. CHFA shall submit to OPM a quarterly report of Program loan activity within twenty (20) days following the close of each fiscal quarter. Reports shall include:
  - a. a detailed summary of new Program loan activity during the three-month period including but not limited to: loan number, name of the trustor, full property address, amount of loan, source of funding, number of units, and brief summary of the project and certification that loans using TOD funds meet the geographic requirements in Section 4 of this agreement;
  - b. a cumulative list of all Program loan activity under the Program starting from the effective date of this MOU, which shall include owner and full address, number of affordable units, income census tract level, amount and source of funding, percentage of financing, type of loan, loan terms (months), request date, and maturity date; and
  - c. the total amount of remaining unencumbered balances from each source of OPM matching funds transferred to CHFA.

A final report shall be submitted to OPM upon expiration of this MOU, or no later than ninety (90) days after the cancellation of this MOU.

9. CHFA shall establish appropriate accounting controls to satisfy all reporting requirements under item 8.
10. CHFA agrees to maintain appropriate staff resources to oversee and administer the Program as delineated herein.
11. OPM matching fund obligations identified in item 2 shall cease after June 30, 2023, if the Board has not fully approved its funds under item 1.
12. This MOU shall expire once OPM matching funds have been fully committed; such funds have been provided to CDFI to execute Program loans; and CHFA has fulfilled its reporting requirements in item 8.
13. Either Party, through written notice, may cancel this MOU at any time. In such an instance, CHFA shall promptly return to OPM any of its previously transferred matching funds that remain unencumbered at the time of cancellation upon receipt of a CORE generated invoice from OPM.

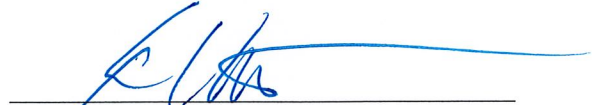
14. The term of this MOU may be modified or amended by mutual written authorization of both parties at any time prior to its expiration or cancellation.

**ACCEPTANCE AND APPROVALS**



\_\_\_\_\_  
Benjamin Barnes, Secretary  
Or Susan Weisselberg, Deputy Secretary  
Office of Policy & Management

Date: 12/26/18



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Karl Kilduff, Executive Director  
Connecticut Housing Financing Authority

Date: 12-19-18