

NEIGHBORHOOD HOUSING SERVICES OF NEW HAVEN, THE NEW HAVEN HOMEOWNERSHIP CENTER, HOC REALTY AND HOC LENDING



BUSINESS PLAN FOR SUSTAINABILITY & GROWTH (2020 - 2024)

December 2019



Neighborhood Housing Services of New Haven was incorporated in 1979 with a mission to revitalize New Haven's neighborhoods by developing affordable homeownership opportunities for low-income families; offering financial assistance to homebuyers and homeowners interested in reinvesting in their homes; and promoting community building and organizing in targeted neighborhoods.



72 Adeline Street



Before



After

The New Haven HomeOwnership Center was incorporated in 2001 as an NHS-related company with a mission to promote homeownership in New Haven's neighborhoods by offering comprehensive homebuyer pre-purchase education and counseling services; and preventing foreclosures by offering post-purchase counseling and loss mitigation services throughout the Greater New Haven area.

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EXECUTIVE SUMMARY

Business Description

Neighborhood Housing Services of New Haven (NHS) and its related companies (the New Haven HomeOwnership Center (HOC), HOC Realty, and HOC Lending) are all separately incorporated 501(c)(3) organizations that share a mission and vision in our community.

Neighborhood Housing Services of New Haven	NHS rehabilitates dilapidated and blighted properties for sale or rent to low- and moderate-income individuals and families. Homes are rehabbed to Energy Star and historic standards. Looking ahead, new construction on vacant lots may prove to be more cost-effective than historic restoration projects. NHS engages neighborhood residents in its community building and resident leadership activities, and addresses energy and environmental equity issues that impact residents, housing and neighborhoods.
New Haven HomeOwnership Center	Provides pre- and post-purchase homebuyer education, credit repair and financial fitness counseling, residential lending, and foreclosure intervention assistance. All housing specialists are HUD-certified and the HOC works with the Connecticut Housing Finance Authority to provide homebuyer education and information about CHFA lending programs. The HOC is a Full-Cycle Lending sm provider of financial services.
HOC Realty	As the only nonprofit, full-service real estate company in Connecticut, HOC Realty provides a full array of real estate services to prospective homebuyers and home sellers, regardless of their income or the value of the house they can afford to buy or need to sell. HOC Realty places mission over commission and principles over profits.
HOC Lending	In an attempt to separate lending activities from the other services provided by the NHS family of companies, HOC Lending was incorporated to serve the needs of homeowners who wish to reinvest in their homes but are often unable to obtain a conventional bank loan or line of credit. HOC Lending offers low interest rates and flexible terms to make monthly payments affordable to individuals and families regardless of their income.

Achievements

NHS, the HomeOwnership Center, and their related companies serve as New Haven's premier nonprofit socially responsible real estate developer, financial education and counseling provider, resident leadership facilitator, and real estate services provider, establishing a comprehensive framework for keeping our neighborhoods safe, strong and stable.

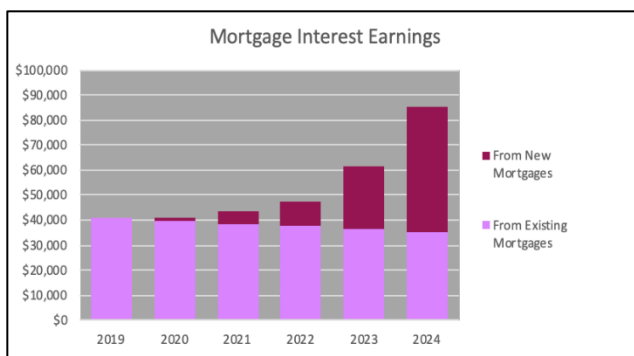
Neighborhood Housing Services of New Haven	<ul style="list-style-type: none">• Invests an average of \$3 million per year in the City of New Haven as part of our real estate investment work.• Developed nearly 300 properties representing more than 500 units of housing in the City of New Haven.• Completed and sold 30 houses in four clusters in the Newhallville neighborhood from 2010-2018.• Created the Fairlawn Nettleton State Historic District and expanded the Winchester Repeating Arms Company National Historic District to the Hamden line to include all of Newhallville.• Developed our Home Improvement and Energy Conservation Laboratory (LEED® Certified at the Platinum level), which serves as a green demonstration building and provides a unique resource to our community.• Graduates an average of 18-20 resident leaders per year who are poised to take charge of their neighborhoods.• Created 10 affordable rental units in formally abandoned and dilapidated properties to provide high-quality long-term affordable rental opportunities for low-income tenants
The New Haven Home-Ownership Center	<ul style="list-style-type: none">• Educates more than 3000 individuals and families per year for financial stability and mortgage readiness. Participants per year:<ul style="list-style-type: none">○ 100-110 per year for group Financial Literacy○ 1200+ for group and online Homebuyer Education○ More than 220 for Landlord group classes○ Approximately 1500 individual consultations• Specializes in loss mitigation and foreclosure intervention counseling for hundreds of homeowners who are unable to make their monthly mortgage payments, with 90-115 open case files on average annually.• Identifies flexible lending products to meet the needs of homebuyers and existing homeowners in the neighborhoods we target for revitalization.
HOC Realty 2015-Present	<ul style="list-style-type: none">• Assembled \$1 million in downpayment assistance programs, partnering with banks and other organizations to assist prospective homebuyers who are pursuing the American Dream of homeownership.• Assisted almost 100 clients with the purchase or sale of their house.• Generated net commission income of \$112,481 in the first ten months of 2019 from these transactions, for net income of \$43,680.

5 Year Production Goals

- Complete **60** Affordable Homeownership Development Projects
- Complete **20** Affordable Rental Development Projects
- Serve **6700** pre- and post-purchase homebuyer education clients
- Serve **500** Foreclosure Intervention Clients
- Make **40** Rehabilitation Loans to existing homeowners who wish to reinvest in their homes, focusing on energy conservation, code compliance, and exterior appearance
- Conduct **5** Resident Leadership Workshops, each consisting of five sessions
- Participate in or host **200** Community Events including volunteer days of service, community meetings, and other resident activities
- Provide real estate services to **1100** homebuyers or home sellers who wish to buy/sell a home

Financial Projections

A variety of income sources and charitable contributions support the work of NHS, the HOC, HOC Realty, and HOC Lending. NHS depends on the sale of properties; grants from NeighborWorks® America, foundations and corporations; state, federal and city funds; fees for HOC classes; interest income on our revolving loan fund; developer fees earned on the rehabilitation of homes for sale to low- and moderate-income homebuyers; and commissions earned by HOC Realty on closed real estate transactions. Over the next five years, we plan to increase lending volume through our revolving loan fund and develop additional rental properties to expand this line of business. This will increase interest income on our mortgages from just over \$40,000 to more than \$80,000 per year, and will increase real estate development fees from approximately \$200,000 to more than \$600,000 annually, over a five-year period. Over the past five years we have experienced the cost of increased staff training, property acquisition, and rehabilitation. We have learned from this experience how to reduce costs while simultaneously increasing productivity and business revenue over the long-term.



Organization, Management, Personnel

Our combined staff of 15 full-time and 1 part-time employee is experienced, dedicated and operates our programming successfully in the communities we serve. Organizational management is integrated such that an Executive Director provides oversight to both NHS and the HOC, with the HOC having its own managing director to oversee the day-to-day operations of its lines of business, as well as HOC Realty, which is Connecticut's only nonprofit full-service real estate company. The fourth organization under the NHS umbrella is HOC Lending, which currently has limited activity and needs staffing support to become fully operational. This entity is under the supervision of the NHS executive director. HOC Realty is staffed by 5 full-time and part-time real estate associates who are commission-based and not salaried staff. The staffing needs of HOC Lending will be determined, over time, by the demand for our lending activities.

The HOC has met its staffing needs and remains poised to meet production goals. The NHS real estate development department includes a real estate development assistant, and will soon need a full-time project manager to assist with real-estate development projects and provide construction management services to resident borrowers from our revolving loan fund. Thus, the goal is to increase our real estate development staff from 1 full-time and 1 part-time staff members to 2 full-time and 1 part-time staff. For HOC Lending, the goal is to hire a part-time underwriter/originator when the demand for our lending products warrants it. All departments are also assisted from time to time by interns, volunteers, and AmeriCorps VISTA Members.

What We Need

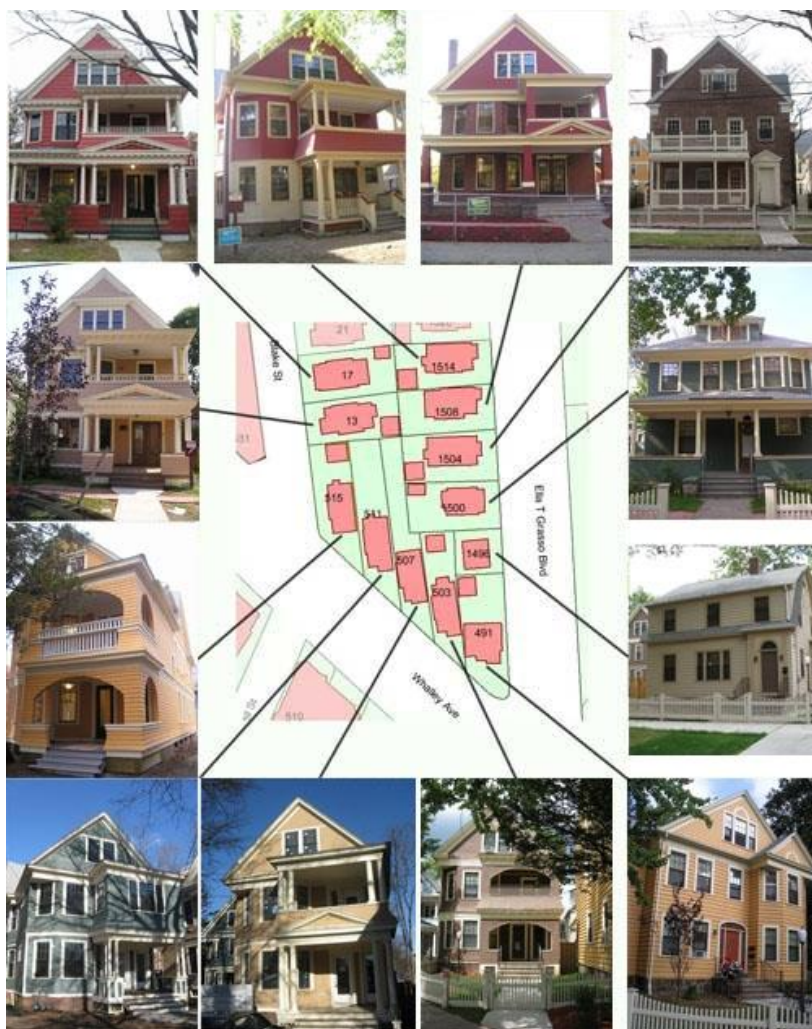
To accomplish our staffing goals and fundraising needs, NHS is seeking to grow its revenue-generating lines of business, which includes HOC Realty commissions, income from our organization's rental portfolio, HOC Lending, and affordable real estate development. Ongoing financial support is needed from the lending institutions doing business in the City of New Haven as well as the Community Foundation for Greater New Haven and the Local Initiatives Support Corporation. Individual donation are solicited through an individual donor campaign and an expanded funding base from individual donations is anticipated. Finally, additional funding will be needed from private foundations and additional corporations if we are to succeed in raising the funds necessary to offset the many expenses that our organization faces on an ongoing basis

How Success Is Measured

- Increasing the ratio of homeowners in NHS' target neighborhoods as well as seeing evidence of private reinvestment, stable housing values, and resident satisfaction with their neighborhoods.
- Increasing the number of affordable housing units we are able to produce each year.
- Successfully implementing the NeighborWorks® America financial literacy curriculum to increase the number of mortgage-ready homebuyers by improving credit scores and implementing credit repair action plans.
- Educating homeowners to ensure their ability to increase family savings, remain current on monthly mortgage payments, and maintain their homes.

Perhaps our most successful (albeit our most expensive) affordable housing development was a mixed-income venture that was done on the peninsula formed by Ella T. Grasso Boulevard, Whalley Avenue, and Blake Street. Originally starting as 12 houses (25 units) we expanded the footprint to 13 houses (27 units) in 2011. It cost more than \$6.8 million to develop this project, restoring 13 houses that had previously been abandoned and neglected by absentee owners from New York.

This project was the most visible example of our clustering strategy, wherein we develop houses all in close proximity to one another. This clustering strategy was used again in our Newhallville developments and has proven to be successful time after time. We believe strongly in clustering homeowner-ship opportunities and bringing new homeowners into close proximity to one another to serve as a core of strength in any neighborhood undergoing revitalization.



Fairlawn Manor: A 12 property, 25 unit mixed-income development on Whalley Avenue, Ella T. Grasso Boulevard and Blake Street. This project was expanded to 13 houses, comprising 27 units, in 2011. These homes are part of the Fairlawn Nettleton Historic District.

Case Study: NHS/HOC Homeowner

Aimable Sawasawa & Blandine Kasuza 662 Winchester Avenue

In 2013, Aimable Sawasawa and his wife, Blandine Kasuza, began their new life here in New Haven. Originally from the Congo, the couple moved to New Haven looking forward to the possibilities ahead.

Aimable works in Food Preparation with Omni Hotels Management Corporation. Blandine works in assembly at Carling Combustion Technology. Together they work dutifully to provide for their eight children, ranging in ages from grade school to their early 20s.

It took time and patience to find a place to call home in New Haven. With such a large family, “it wasn’t easy to find a house that could accommodate eight kids, a father and a mother,” Aimable stressed. In fact, they were even considering using a two-family home just so they could fit the whole family under one roof. Luckily, Neighborhood Housing Services of New Haven was able to negotiate historical specifications that would accommodate their whole family.

A friend told them about NHS’ HomeOwnership Center, where they partnered with a housing specialist and started the three-year journey to their new home. They worked their way through the HOC program for first-time homebuyers and attended all the homebuyer education classes.

“Our kids are excited to have a home,” they said. Their new home rests on a cozy section of Winchester Avenue, near other NHS rehabilitation projects, where it is about to become another stately home that NHS has incorporated into this cluster of homes on Winchester Avenue.

The timeless advice the family offers others is: “It’s good to have your own place of living instead of [having to] rent,” Aimable says as the two wait expectantly to move. “At that point you feel more comfortable - that you belong here.”

This property was restored to historic specifications with much of the original architecture preserved. NHS used State Historic Homes Rehabilitation Tax Credits to accomplish this.



662 Winchester Avenue



Before

After

I. MISSION & SUCCESS

A Powerful History in Four Divisions

Neighborhood Housing Services of New Haven (NHS) was incorporated in 1979 as a nonprofit organization that positions New Haven's neighborhoods to succeed by increasing homeownership; making homes functional, beautiful and affordable; and helping residents take charge of their neighborhoods. In 2001, NHS incorporated the New Haven HomeOwnership Center (HOC) to provide comprehensive homebuyer education and counseling services, financial assistance, and mortgage lending to both existing and first-time homebuyers. The HOC also works with NHS' Community Building and Organizing staff to promote resident engagement in neighborhoods that have been targeted for revitalization. In 2014, HOC Realty was incorporated as a full-service real estate company, serving the broadest possible segment of homebuyers and home sellers in the greater New Haven area. Buyers and sellers of lower-priced houses did not always receive the same kind of attention and service that our newly incorporated organization is here to provide. Then, in 2017, the HomeOwnership Center spun off HOC Lending to serve the needs of homeowners who wished to obtain rehabilitation loans for necessary repairs on houses that they already owned and home buyers who needed downpayment assistance for the purchase of their first homes.

Every year, NHS designs and hopes to develop 10-12 properties, creating approximately 15 total units of affordable and energy-efficient housing that contribute to our broader efforts to create neighborhoods of choice across the City of New Haven. In 2010, NHS and the HOC expanded their office campus to include three additional buildings, which greatly increased our capacity to serve our clients. The HOC is still actively addressing Connecticut's foreclosure crisis and managed more than 208 loss mitigation files in 2019 for homeowners having difficulty meeting their mortgage obligations. Since the number of foreclosure intervention clients began to spike in 2010, a total of 2187 foreclosure case files have been opened, and more than 1500 homeowners received housing retention support through the HOC.

Service Area and Client Base

All services are available to all individuals and families in the Greater New Haven Area, with an emphasis on low- and moderate-income families who are seeking to purchase their first homes. In the case of individuals and families facing foreclosure, no consideration is given to income. In 2019, HOC customer profiles indicate that 64% of all client households report income at or below 80% of the Area Median Income (AMI), with an additional 36% considered moderate-income (between 80 and 115 percent of AMI). This profile includes those facing foreclosure across Connecticut as well as those reporting having no income. The majority of HOC pre-purchase clients and those seeking other HOC financial development services are earning 80% or less of AMI. Many of our first-time homebuyers come from communities of color, as 41% are African American and 20% are Hispanic. In light of the ever-increasing number of Hispanic clients we serve, for the past ten years, materials have been translated into Spanish and two of our housing specialists and the HOC administrative assistant are bilingual.

II. GOALS & OBJECTIVES: 2020 – 2024

Neighborhood Housing Services

- Create 10 or more functional, beautiful and affordable homeownership opportunities per year over the next five years.
- Earn \$2,000,000 in developer fees from affordable homeownership development over the next five years.
- Create a full-time project manager position to provide additional supervision of NHS' affordable housing development projects and assistance to borrowers who are rehabilitating and reinvesting in their homes. This project manager will assist homeowners with project scope, budgeting, and dealing with contractors to ensure quality workmanship and appropriate billing of the project.
- By 2023, NHS will acquire and rehabilitate rental properties as a revenue-generating strategy on blocks where NHS and the HOC are already significantly involved with homeownership, foreclosure intervention, and community building activities.
- Conduct 5 Resident Leadership or Youth Resident Leader Workshops through the Community Building and Organizing department.
- Increase resident engagement in our neighborhoods by promoting block watches and community groups, litter clean-ups, volunteer activities, and resident engagement.

609 Winchester Avenue



Before



After



HomeOwnership Center

- Increase the assets, economic stability and financial literacy of at least 4,500 housing counseling clients per year.
- Earn \$760,000 from housing counseling contracts over the next five years through the Connecticut Housing Finance Authority.



HOC Lending

- Provide more residential rehabilitation loans to homeowners in targeted neighborhoods who are ready to reinvest in their properties
- Generate revenue from increasing lending volume through our Revolving Loan Fund.



HOC Realty

- Representing buyers of houses throughout the Greater New Haven area who are either looking to purchase their first homes or are repeat homebuyers. We specialize in providing customer-centric service to people regardless of the value of the house that they are able to afford. A portion of the commission earned from each transaction supports the services provided by the HomeOwnership Center.
- Representing homeowners who have houses that they wish to sell throughout the Greater New Haven area, regardless of the value of the house and the expected proceeds from the sale. As a customer-centric organization, HOC Realty is committed to providing home sellers with exceptional service, regardless of the value of the homes they are trying to sell. Once again, a portion of the commission earned from each transaction supports the services provided by the HomeOwnership Center.



General Administration & Governance

- When NHS' rental portfolio exceeds 20 units, create a property management board committee consisting of at least one landlord and one person familiar with property management in New Haven.
- Strengthen the real estate development oversight committee to include additional board members.
- A three-year Strategic Plan was completed in 2019. Undertake a new 3-4 year Strategic plan no later than the beginning of 2023.
- Increase operating revenue from:

Private sources

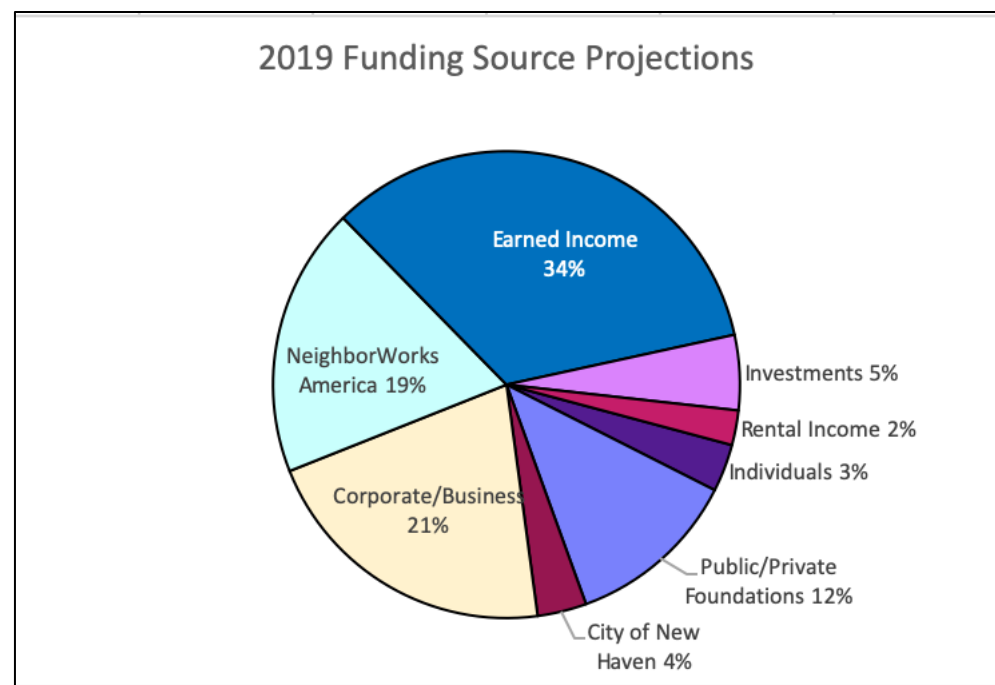
- Growing our individual donor campaign to increase the number of individuals who support our program
- Corporate sponsorships and corporate social responsibility grant-making
- Increased outreach to private foundations

Public Sources

- DOH subsidies for affordable rental developments
- NeighborWorks® America
- U.S. Treasury Community Development Financial Institution (CDFI) Fund (for HOC Lending)

Revenue Generation

- Interest earned from increased residential lending and new loan product offerings
- Fee-for-service technical assistance to rehab/reinvestment borrowers
- Rental income



III. BUSINESS DESCRIPTIONS

NHS and HOC Products & Services

Because the need for our services is increasing, we will continue to expand our approach to holistic and comprehensive neighborhood revitalization in selected neighborhoods of the City of New Haven, with an increased emphasis on real estate services and lending. Our primary products and services for LMI households are:

1. **Affordable Real Estate Development for Homeownership.** For the past 35 years, NHS has relied on the gut rehabilitation of foreclosed and abandoned properties to provide homeownership opportunities for low- or moderate-income (LMI) first-time homebuyers. This model has worked well for two primary reasons: first, the existing housing stock is restored to historical and energy-efficiency standards, and second, our target neighborhoods are stabilized because we are restoring houses that are an integral part of the fabric of the neighborhoods. This model, however, has become increasingly unsustainable from a financial perspective, as large subsidies are required to undertake the developments and keep the houses that we sell affordable to our target population. The work that we have done successfully for the past 35 years has featured the rehabilitation of dilapidated and abandoned single- and multi-family homes, emphasizing energy conservation and efficiency. Rehabbed homes are sold to first-time LMI homebuyers. The rehabilitation work undertaken by NHS in its affordable homeownership development projects is designed to last for many years, including new heating systems, plumbing and electrical systems. In addition, each of the houses we rehabilitate and sell to a first-time homebuyer features thermal replacement windows, full insulation (attic and sidewalls) using open- or closed-cell spray foam insulation, energy-efficient boilers; low-flow water fixtures, caulking and weather-stripping, and CFL or LED lighting. Our organizational commitment to energy conservation is incorporated into every structure that we rehabilitate. With an ever-decreasing supply of subsidies available for property development, NHS is now looking at new construction as a more cost-effective way of providing affordable homeownership opportunities for our prospective homebuyers.

2. **Affordable Real Estate Development for High-Quality Rentals.** Rental housing is a relatively new pursuit for NHS, and it became stalled in 2016 when subsidies failed to materialize for the smaller multifamily homes in our portfolio. Unless there is a dramatic resurgence of funding for smaller rental developments, we will need to focus on larger rental developments, and look to Low Income Housing Tax Credits to provide at least a portion of the required subsidies. The affordable rental developments can be viewed as a defensive measure to combat the blight caused by irresponsible absentee landlords. Site control of rental properties began in 2012, and our first affordable rental development project was completed in 2015. NHS housing development staff will continue to oversee the planning of the rehabilitation or new construction of additional rental developments, and a property management company may be used for the screening of tenants, ongoing maintenance issues and rent collection.

Rental income, which began in 2015, will increase as soon as new rental developments are completed. The projected increase in rental income will become part of NHS' overall revenue stream to cover our operating expenses. The expansion of this activity is expected to increase the impact of neighborhood revitalization efforts in targeted areas of the city by combating the negative influence of rental properties are not subject to high-quality care and maintenance. All new rental properties will continue to be in close proximity to existing NHS properties or recent NHS property developments on particularly troubled streets. It is ex-

pected that project development financing will come from a variety of sources including new construction lines of credit, and that DOH and State and City HOME subsidies will become available starting in 2021 for the development of affordable rental units.



167 Edgewood Ave:

One of two three-family homes that NHS rehabilitated for affordable rentals



171 Edgewood Ave:

One of two three-family homes that NHS rehabilitated for affordable rentals.

3. **Community Building and Organizing:** Our cluster approach to community revitalization is a holistic strategy for stabilizing our targeted neighborhoods. We help stimulate proactive engagement to keep streets clean and safe. We also promote resident leadership and support block watches, clean-up days, street-lighting projects, and community gardens. Because of NHS' commitment to integrating community organizing projects with our housing rehabilitation, we have sponsored a number of community-based initiatives. A significant community mural project in Newhallville was started on a building that had been blighted for decades and was subsequently expanded to include a second, larger Women's Empowerment Mural, also on the Farmington Canal Line. In West River, residents rallied to reclaim the park called Monitor



Multicultural Festival at NHS Campus

Square by planting trees, securing the installation of pavers, initiating regular clean-ups, and



Volunteers with NHS

working with the police to ensure safety. In Fair Haven, a graduate of our Resident Leadership Program developed the Adopt-a-Corner Initiative, planting trees, cleaning up and improving public and private spaces, as well as using See-Click-Fix to secure necessary street repairs from New Haven's Department of Public Works. On Stevens Street in the Hill, a community garden was cultivated with children in the neighborhood to reclaim a forgotten, overgrown, and trash-ridden plot. On West Division Street, biweekly clean-ups occur with the participation of neighborhood residents. On Blake Street, NHS started an Anti-Litter Campaign with young children and teenagers.

4. **Homeownership Preservation/Foreclosure Prevention:** The HOC works with homeowners who face foreclosure statewide to help them restructure/modify their mortgages. Our housing specialists continue to provide these services to those in need who were referred or recommended to us, as well as to new walk-in clients. Our credit curriculum, handouts and take-away materials are available in English and Spanish. Classes are held in Spanish, as needed, and two bilingual housing specialists are available full-time to provide those services.
5. **Homeownership Promotion/Pre- and Post-Purchase Homebuyer Education:** The HomeOwnership Center assists clients with the entire home purchase process, including credit repair counseling, budgeting for homeownership, and obtaining a pre-approval letter from a mortgage lender. Landlord training is also provided to those purchasing a multi-family house. We offer monthly post-purchase homebuyer education classes to educate homebuyers about how to perform basic home repairs, maintain their properties, and keep homeownership affordable. In addition, we offer hands-on, do-it-yourself rehab classes that enable our homebuyers to undertake minor repairs themselves rather than having to call an expensive technician. One of the classes was conducted with the help of a Spanish translator, and some of the handouts have also been made available in Spanish.
6. **Community Sustainability:** NHS has long incorporated sustainable site and building practices into its real estate development activities and its campus and promoted awareness of best practices in its home maintenance education classes and operations policies. It has worked with community residents to form a watershed coalition for the river that flows through NHS target neighborhoods, and an energy task force that serves the entire City of New Haven. In 2019, recognizing that residents of our target neighborhoods are systemically underserved by statewide sustainability efforts, NHS created its Department of Community Sustainability. The department offers classes and supports resident-driven processes to foster equitable access to healthy food, contaminant-free open spaces, stormwater management, residential energy conservation, and renewable energy. In the past year, we held 9 two-hour classes attracting a total of 103 attendees, and hosted 30 community meetings at our LEED® Platinum Certified Home Improvement and Energy Conservation Laboratory, bringing together residents from both NHS target neighborhoods and the Greater New Haven area to work together to address common concerns about energy and the environment.

7. **Real Estate Services:** In 2015, NHS incorporated HOC Realty, a full-service real estate company that was awarded 501(c)(3) nonprofit status by the IRS. The goal of HOC Realty is to provide services to homebuyers and home sellers, regardless of the cost of the house that a given family can afford to purchase and regardless of the value of the house that an individual or family needs or wishes to sell. HOC Realty places mission over commission and principles over profits to provide our community with a service that was woefully needed by our homebuyers and home sellers. In 2018, HOC realty assisted 69 clients and earned for the corporation \$108,325 in gross commissions to help defray the cost of delivering other homeownership-related services to our clients, for a net income of \$20,226
8. **Residential Lending:** NHS and the HOC have provided rehabilitation loans, downpayment assistance loans, and first mortgage lending when conventional financing was unaffordable or unavailable. We have provided extensive downpayment assistance through a number of different programs to first-time homebuyers; rescue fund loans to homeowners who were at risk of foreclosure; and a small number of mortgages and rehabilitation loans to clients who applied for loans directly through NHS/HOC. In 2017, NHS incorporated HOC Lending, a fully licensed mortgage broker that was awarded 501(c)(3) nonprofit status by the IRS in 2018. The mission of HOC Lending, Inc. is to provide below-market financing for home repairs and/or downpayment assistance to low- and moderate-income existing homeowners or first-time homebuyers who are renovating and/or purchasing houses in the City of New Haven. HOC Lending employs flexible underwriting standards based on individual circumstances when considering loans. This includes, but is not be limited to, considerations of credit, debt-to-income ratios, and loan-to-value ratios. As part of our overall neighborhood revitalization strategy, we plan to increase lending in the form of rehabilitation loans to existing homeowners to reinvest in their homes either to bring them up to code, increase energy efficiency or improve curb appeal. These activities complement our revitalization efforts by soliciting help in beautifying the overall neighborhood from homeowners living in close proximity to our real estate development projects. A yet-to-be-hired project manager will provide technical assistance to homeowners needing help with creating a project scope, managing a budget and hiring contractors. The project manager will have an opportunity to interact with homeowners during the loan underwriting process, ensuring that loan request amounts and timing align with the project

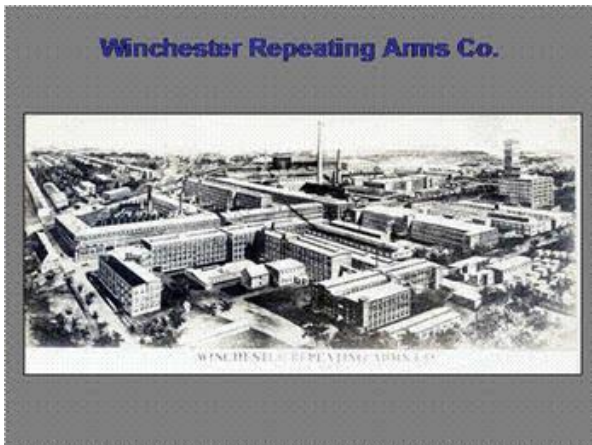
manager's scope of work for the proposed project. The project manager will provide assistance in choosing a reputable and affordable contractor capable of completing the work and will work closely with the NHS real estate development staff to ensure that the quality and standards for repair and reinvestment work are identical to the quality and standards that NHS produces in its affordable homeownership development projects. The support of a project manager working with the homeowner will provide an added layer of protection for residents seeking to reinvest in their homes but leery of contractors and suspicious of unfamiliar vendors. Increasing lending volume will also generate additional revenue from interest on loans.

Customer Relationship Management

Our organization uses Salesforce as our Customer Relationship Management (CRM) platform. Currently, the HOC uses the platform to keep track of clients through its own independent instance to keep client information private. Other departments, including the Resource Development, Public Relations, and Community Sustainability, are using a separate instance to track donors, class participants, and other constituents. Our Community Building & Organizing team is now tracking volunteer data. We are working with a consultant to train our staff on the many ways that we can optimize the use of Salesforce to track data and improve communications with constituents.

IV. MARKET CONDITIONS AND ANALYSIS

As NHS looks ahead to the next five years, we must assess the existing population, the local real estate environment and housing market in the City of New Haven. Such a review of local conditions and market analyses are critical to ensuring that NHS' work continues to address the needs and demands of low- and moderate-income residents in New Haven, especially in areas where the market fails to do so.




The Winchester Repeating Arms Company, which employed 26,000 people at the height of the Korean War, maintained manufacturing headquarters in the Newhallville section of New Haven until 2006, when its closure resulted in more than 190 layoffs.

Conditions: City of New Haven

The New Haven housing market still has a large number of blighted and foreclosed residential properties that NHS can acquire and rehabilitate, with approximately 450 such properties in evidence in 2019. In New Haven County, new foreclosure cases are decreasing, but still one out of every 1,492 homes are in foreclosure, which approximates the statewide average. There is also no shortage of dilapidated and crumbling investor-owned rentals in low-income neighborhoods that could be acquired by NHS and rehabbed for our affordable rental development project. There is currently both a lack of affordable homeownership opportunities for prequalified homebuyers as well as an acute shortage of clean and safe rental housing in New Haven's low-income neighborhoods. This dearth of affordable housing has produced a continuing demand for the services we offer. Moreover, the number of clients served on an annual basis remains high, and in 2018 1,340 individuals and families completed our in-person and on-line homebuyer education classes and 1,260 participated with our counseling services. NHS' affordable homeownership development directly intervenes in a market where the demand for high-quality, affordable housing far exceeds current supply, and low- and moderate-income residents have few options other than to purchase substandard homes or settle for high-cost rental units. At the same time, a lack of available subsidies for undertaking our affordable homeownership and rental development activities is in evidence and our organization must carefully evaluate the cost-effectiveness of producing new homeownership and rental units without the subsidies that are needed for us to undertake these developments.

According to government statistics, the median household income in New Haven in 2017 was \$39,191 with a poverty rate of 25.6%. At the same time, the unemployment rate is currently 3.4%, which is roughly the same as the statewide average. Unfortunately, the City also has also witnessed a resurgence of violent crimes, particularly in the areas in which NHS is pursuing its development projects, primarily the Newhallville neighborhood. Scarce resources and other impediments that threaten NHS and the HOC in terms of operating capacity can be summed up in the following table by line of business:

NHS Homeownership and Rental Development Projects	HOC Homeownership Promotion: Counseling and Education	HOC Homeownership Preservation: Foreclosure Intervention Services
Housing and rental development subsidies to defray production costs are becoming increasingly limited; community development block grants are declining or at risk	Limited job opportunities for local population – scarcity of income sources for client base	Limited and declining funding for foreclosure intervention services
Inexpensive, flexible financing for development projects is becoming scarce	Increasing demand for NHS-rehabbed homes despite the rising high crime rates in our target neighborhoods	Equivocal cooperation by mortgage servicers in the loss mitigation process extends the time it takes to close a case file
Shortage of adequately trained permanent staff for the real estate development department at NHS	<div data-bbox="672 1041 1365 1614"> <p>THE NEW HAVEN</p>  <p>HOMEOWNERSHIP CENTER</p> </div>	
Confident resident leaders ready and willing to engage with their neighbors and work toward creating neighborhoods of choice		

The challenges faced by our three newest lines of business, HOC Realty, HOC Lending, and Community Sustainability can be summarized as follows:

HOC Realty	HOC Lending
<p>Prospective buyers of affordably priced houses and sellers of houses that need work or are of limited value would benefit from a full-service real estate company that can provide them with the individualized attention and commitment of excellence that they are looking for in a real estate company. Real estate is a commission-based industry, and, in general, there is limited motivation to provide exceptional services to buyers who are not able to afford an expensive home or sellers whose sales proceeds are limited.</p>	<p>HOC Lending has limited resources because our Revolving Loan funds have been invested in our affordable housing development projects. A challenge we face is being able to repay our Revolving Loan Fund so that we have more capital to be used for loans.</p>
<p>Attracting buyers and sellers to work with our agents is a challenge, given the name recognition of larger, well-established companies.</p>	<p>Motivating reinvestment in properties is a challenge because many buyers, who purchased their homes prior to the recession of 2008, do not have equity in their homes and are reluctant to reinvest.</p>
<p>We intend to rely on word-of-mouth “advertising” and increased awareness of the programs and services that we offer to motivate people to list their homes with HOC Realty if they are sellers, and work with our HOC Realty agents if they are looking to purchase the home of their dreams.</p>	<p>We need to change the perceptions of our targeted neighborhoods so that people will feel that investments in their properties will provide for long-term sustainability of their homeownership experiences. Working with our Community Building and Organizing team, we can help to accomplish this change in perceptions and motivate additional reinvestment on the part of existing homeowners.</p>

Market Analysis

City of New Haven and NHS/HOC Target Markets

Between 2000 and 2010, New Haven's population increased from 123,626 to 129,779 and is expected to increase again in the 2020 census. After five decades of population decline, New Haven is once again growing, and given a surge of investment in downtown and Science Park, this trend is expected to continue over the next ten years. While the City experienced a consistent population decline with the loss of thousands of industrial jobs over the past 40-50 years, bio-medical and technology startups are now in evidence. Workforce readiness is a hot local topic as newly created jobs require higher skill levels than the local workforce tends to possess. With job growth in the education and health services sectors in New Haven, we expect housing demand to increase. New Haven's combination of high demand for and limited supply of quality rental units contributes to high rental costs. These costs often make desirable and affordable rental housing out of reach for many of the City's LMI residents, some of whom also struggle to find affordable homeownership opportunities within the City's neighborhoods of choice.

In 2019, the median income for New Haven households in our target neighborhoods of Newhallville (Census Tract 1415) and the Hill (Census Tract 1406) was \$35,110 and \$25,469 respectively. With an Area Median Income (AMI) of \$90,700, this places our two targeted Census Tracts at 38.7% and 28.1% of AMI respectively. While the median cost of a single-family home in New Haven was \$174,300 (far lower than the figure for all of New Haven County (\$217,100) or the statewide median (\$271,500)), it is not difficult to see how homeownership would be out of reach for most of the families residing in our target neighborhoods. Moreover, many of the "affordable" homes suffer from moderate to severe blight, perpetuating patterns of disinvestment and decline. The depressed housing market, low household incomes, and New Haven's high property taxes, would normally prevent many LMI residents from becoming homeowners in affordable, high-quality homes within a preferred neighborhood.

Homeownership: Target Market Analysis

NHS' development standards on homes for sale to LMI homebuyers far exceed those of developers typically working in our target neighborhoods, making NHS properties highly desirable and occasionally more expensive than other properties in the neighborhoods we serve. Historically, we have experienced tremendous demand for NHS' affordable homeownership development regardless of the state of the local housing market. The foreclosure crisis and a depressed local economy still cast a pall on our service areas by limiting reinvestment on the part of existing owners and increasing blight and vacancy rates throughout the areas in which our organization operates. Some residents have struggled to maintain steady employment, while others have seen their savings wiped out and need time to rebuild their financial position. Credit repair assistance can take anywhere from one to three years. The HOC's work helps to strengthen a recovering housing market, and also stimulates demand for new affordable homeownership opportunities by educating and counseling first-time homebuyers. Clients' apprehensions and negative perceptions of the neighborhoods in which NHS is working have occasionally slowed the sale of NHS properties. Many of our mortgage-ready prospective homebuyers are reluctant to invest in the purchase of a home, regardless of its quality, in the neighborhoods where NHS is working. As a result, these homebuyers are often unable to find an affordable

property in a desirable neighborhood throughout the Greater New Haven Area. NHS is committed to increasing homeownership rates in New Haven because of the heightened stability and sense of community that high owner-occupancy rates bring to neighborhoods. Newhallville and the Hill continue to face high crime rates and considerable blight. Thus, while demand for housing remains high throughout the City of New Haven, potential renters and homebuyers might be somewhat less inclined to purchase a home or rent an apartment in these neighborhoods. NHS has worked hard to acquire a critical mass of strategically located Newhallville houses that we have been renovating in clusters and selling to first-time homebuyers, all of whom are at or below 80 percent of the AMI. We have already seen considerable success in our work in these clusters, and between 2010 and 2018 had developed and sold a total of 30 homes to low- and moderate-income first-time homeowners in Newhallville alone. By transforming the blighted, abandoned houses into rehabilitated and restored owner-occupied residences, NHS tackles the over-supply of blighted, undesirable homes and increases the supply of desirable housing to meet ongoing demand. Furthermore, by using subsidies to defray development costs, NHS ensures that these newly renovated homes are affordable to those who would most probably be unable to afford a quality home in the New Haven housing market. Our community building and organizing efforts continue to engage residents, faith groups, community police representatives, schools and area nonprofits in improving target neighborhoods in terms of safety, attractiveness, affordability, desirability, sustainability, and perceptions.

Affordable High-Quality Rental: Target Market Analysis

Absentee owners of multifamily apartment buildings have been plaguing New Haven's low- and moderate income neighborhoods since the recession of 2008. A number of landlords, many of whom are not local to New Haven, have acquired a large number of multifamily buildings in the areas in which NHS has been working, under-maintaining them to the detriment of the neighborhoods in which they are located. In 2012, NHS acquired two adjacent three-family houses on Edgewood Avenue in the Dwight neighborhood for the purposes of developing quality affordable housing for low- and moderate-income tenants. This was followed by our acquisition of the four unit building at 111 Carmel Street in 2014. All three buildings were completely renovated ("gut" rehabs) as the core of our Affordable Rental Development initiative.

New Haven's occupied housing stock is currently 72.2% renter-occupied and 27.8% owner-occupied, whereas Connecticut's stock is only 33.8% renter-occupied and 66.2% owner-occupied. (The national homeownership rate stands at 63.1%) In 2017, the rental vacancy rate stood at 8.8%, with many of the vacant units either in fair/poor condition or luxury/market rate units. Given the demand for affordable, high-quality rental housing in New Haven, these statistics suggest that our impact may be somewhat constrained if we restrict ourselves exclusively to single-family homeownership development. When NHS does a "gut" rehab of a two- or three-family house, it increases the supply of affordable rental units. Prior to the stabilizing of the housing market following the foreclosure crisis, we saw a transition for many low- and moderate-income families from a goal of homeownership to a goal of safe and clean rental housing under the care of a trustworthy landlord. Thus, it was felt that if NHS were to pursue rental development as a distinct line of business, we might have been able to have a more substantial impact on the market in our targeted neighborhoods by engaging tenant residents as well as homeowners in our community building initiatives. Connecticut's Department of

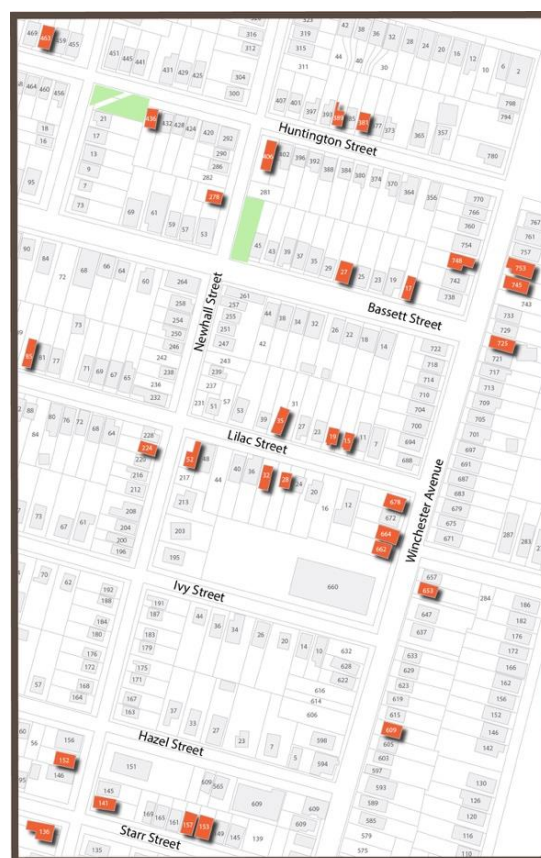
Housing became the primary source of affordable rental subsidies through their CHAMP Program throughout Connecticut. NHS targeted properties for affordable rental development that were in close proximity to existing NHS homeownership properties. These “defensive” projects protect homeowners and residents from irresponsible slumlords who frequently allow rental properties to violate building codes and endanger the health and well-being of tenants. Offering affordable and attractive two- and three-bedroom rental units that are rehabilitated to Energy Star standards is a unique opportunity in the communities where we have undertaken this strategy. Monthly rents on Edgewood Avenue and Carmel Street, where our ten rental units are located, range from \$1,075 to \$1,400, and we are serving a diverse population in close proximity to two of New Haven’s largest employers: Yale-New Haven Hospital and Yale University.

Affordable rental developments also stimulate demand for homeownership opportunities in the Newhallville and Hill neighborhoods. As described earlier, strategic and selective targeting of blighted homes can stimulate further investment, increase the demand for housing, and help encourage the emergence of “neighborhoods of choice.” If a home rehabbed by NHS is next to a multi-family unit suffering from severe blight, however, it becomes difficult for this selective targeting to work effectively. Ultimately, we believe that affordable rental development can be, and perhaps *must* be, included in a comprehensive plan for neighborhood revitalization.

Operating Environment

The threat of diminishing housing subsidies will no doubt affect our 2020-2024 development pipeline, although partnerships with lenders and revenue-generating lines of business will strengthen our operating capacity and enable us to tolerate a potential loss of housing subsidies in the future. Connecticut offers various tax credit programs and development subsidies from DOH, all of which subsidize our construction and rehabilitation work. Our fundraising strategy includes increased requests for individual, corporate and foundation support, and additional sponsorships in the community for our programming initiatives. In our recently completed strategic plan, we considered increased marketability of fee-for-service activity and sustainable income-generating ventures.

We see our neighborhood revitalization work as part of a larger citywide project to make New Haven an affordable, desirable, and sustainable city for all residents. HOC pre-purchase and foreclosure counseling services also support our comprehensive plans for neighborhood revitalization. The HOC seeks to increase credit scores and provide access to financial literacy and wealth-building knowledge



NEWHALLVILLE REVITALIZATION INITIATIVE: CLUSTERS 1, 3, 4 & 5

Neighborhood Housing Services of New Haven Rehabilitation Projects



NHS's clustered approach to neighborhood revitalization in Newhallville

for the area's low- and moderate-income individuals and families. HOC housing specialists work in collaboration with many local organizations to achieve results for our clients. In foreclosure prevention work, we have teamed up with a Yale Law Clinic for foreclosure advocacy and services. To achieve community outreach objectives, we work with local faith-based groups to spread information about available services and other area agencies working with an LMI client base. As foreclosure trends continue to decline, HOC housing specialists will be able to focus on the already increasing numbers of individuals interested in homeownership. Additionally, our staff will be able to work on developing and enhancing our real estate services (HOC Realty) and residential lending (HOC Lending) lines of business. Increased participation by State Government officials in foreclosure intervention activities has spurred an increase in lender/servicer responses to counseling attempts at mortgage modifications and work-out solutions. We find that there is a continuing demand for all of our HOC services and current word of mouth, social media, internet branding, media and communications efforts are successful in attracting those interested in buying a home as well as those having trouble meeting a mortgage obligation.

V. ORGANIZATION, MANAGEMENT & PERSONNEL

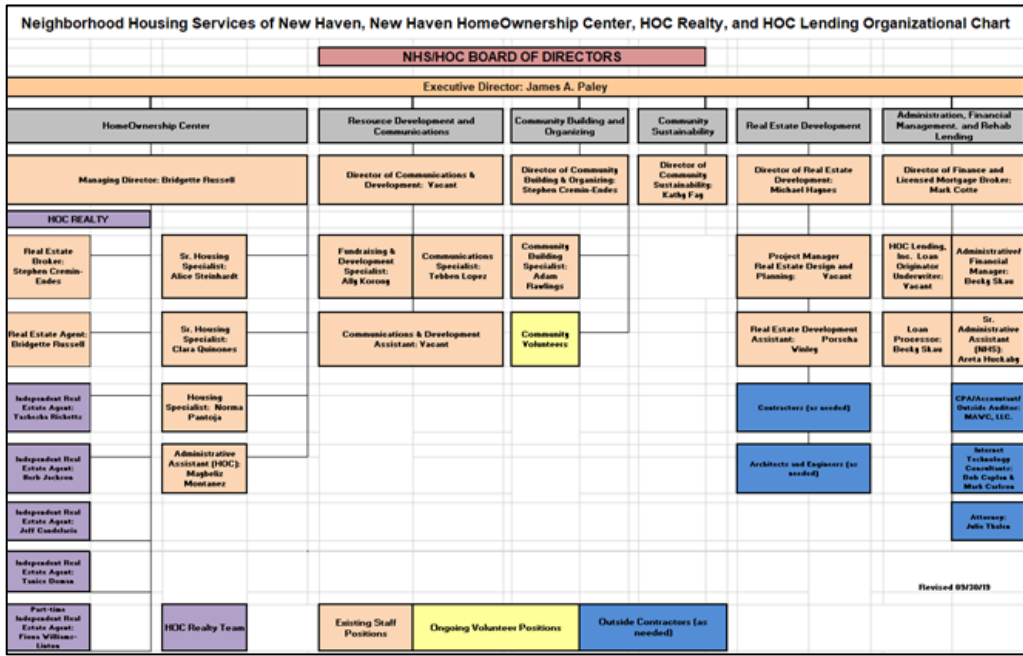
Organizational Staffing

Currently, NHS and the HOC have a combined staff of 16: 15 full-time staff and 1 part-time staff members. The capacity of the executive team was expanded in 2010 to include a Director of Finance as well as a separate administrative/financial manager position. This has ensured increased security protocol over agency financial procedures. No additional executive staffing needs currently exist. A project manager in the real estate development department and a mortgage loan originator/underwriter in HOC Lending will be the next two positions that will be filled as soon as the demand for these services exists and our operating resources are sufficient to justify filling these positions. The HomeOwnership Center staff is currently working at full capacity, and would benefit from an additional housing specialist.

Staff is currently at the following levels:

- *Support Staff/E.D., Development, Finance:* There are currently six full-time employees and no part-time employees fulfilling the administrative duties that support NHS and the HOC in terms of direction, fundraising and financial management and payroll. Staff includes the executive director, the director of finance, administrative/financial manager, fundraising and development specialist, communications specialist, and a senior administrative assistant.
- *Real Estate Development Department:* This department is responsible for the Home Improvement and Energy Conservation Laboratory, staffing the post-purchase workshops, and project management of all of NHS' housing development work. Staff includes the director of real estate development and a part-time real estate development assistant. A full-time project manager position is currently vacant.
- *HomeOwnership Center:* This department is responsible for all pre-purchase education, financial counseling, and foreclosure mitigation counseling, and is staffed by a managing director, three full-time housing specialists, and the main office receptionist/administrative assistant.
- *Community Building and Organizing:* This department is responsible for resident leadership development workshops, coordinating volunteer activities, and all resident engagement programming in our target neighborhoods. Current staff consists of a director of community building and organizing and a full-time community building specialist who is occasionally supported by one or more full-time AmeriCorps VISTA members or summer associates.
- *Community Sustainability:* This department focuses on addressing energy and environment issues affecting community residents. The department offers classes and supports resident-driven processes to foster equitable access to healthy food, contaminant-free open spaces, stormwater management, residential energy conservation and renewable energy. The department is staffed by a director of community sustainability.
- *HOC Realty:* This department is a full-service real estate company that assists homebuyers and home sellers with a broad array of real estate services, providing outstanding service to homebuyers and home sellers alike. It is staffed by independent contractors and has no full-time staff.
- *HOC Lending:* This separately incorporated nonprofit organization is the lending arm of NHS and the HOC. While it currently has no staff, it is fully licensed and provides rehab lending and downpayment assistance to homebuyers and existing homeowners upon request and as needed, depending on the available programs and organizational resources.

The organizational chart is as follows:



Staff Growth

In the Real Estate Development Department, it is our desire to add a full-time staff member to assist with the management of rehabilitation and new construction projects in NHS' target neighborhoods. The new project manager will work closely with the director of real estate development to oversee the rehabilitation of NHS-acquired properties and implement neighborhood revitalization strategies, with an emphasis on a project management role. The project manager will focus on technical assistance to support homeowners borrowing from HOC Lending for rehabilitation and energy conservation work on their properties. This will be a fee-for-service arrangement, with ten percent of the construction cost charged as a fee and added to the loan amount.

AmeriCorps VISTA members may be added in 2020 to increase the capacity of the agency during the summer and into the 2020-21 program year. In collaboration with Yale University, internship programs will be developed with Dwight Hall to provide meaningful learning experiences for the students as well as tangible assistance for NHS. Volunteer projects are typically specific in scope to allow for long-term capacity building in areas such as creating a social media strategy and improving our database management through the use of Salesforce as our Customer Relationship Management (CRM) platform.

Staff Training and Professional Development

Staff will continue to receive support to engage with NeighborWorks® America's training curriculum, local professional development opportunities of their choosing, as well as management-guided training to improve service delivery and keep our entire staff informed about the changing landscape of homeownership counseling and affordable real estate development.

Leadership Planning

NHS has benefited from a strong sense of ownership by the Executive Director, who has been with the organization for almost 40 years, and also from a high degree of engagement among the larger leadership team. There is very little turnover within the leadership team, which has served the agency well in avoiding organizational turmoil and any loss of internal knowledge through periods of leadership transition. NHS' existing succession plan will periodically be revisited by the Board of Directors to ensure the stability of an organization that has existed for 40 years in the community with only one executive director. As always, any organizational realignment will provide an opportunity to articulate development strategies that will serve the greater good of the enterprise. Any succession planning process will encompass the following factors:

- Documenting job duties, knowledge, skills and leadership roles for all current staff positions at every level;
- Identify those with the potential to assume greater responsibility in the organization;
- Provide critical development experiences to those who can move into key roles;
- Engage the leadership in supporting the development of high-potential leaders;
- Build a database that can be used to make informed staffing decisions for key jobs;
- Assure employee commitment and retention;
- Meet the career development expectations of existing employees.

Consultants & Contractors

NHS and the HOC continue to use an outside consultant for technology issues. At this time, there is not a need for a full-time technology administrator or help desk operator. This consultant will continue to manage the NHS and HOC technology needs for hardware, software, networking, and trouble-shooting.

NHS real estate development projects are managed and overseen by the Real Estate Development Department, and construction contracts are executed with fully-vetted, licensed, and insured local contractors.

Legal and accounting services are provided by a professional, accredited accounting firm and attorney who represents the best interests of the related companies at all times.

Board of Directors & Governance

NHS is governed by a 19-member Board of Directors and the HOC Board consists of 10 of the NHS board members plus the NHS/HOC executive director. Increasing Board participation in our community endeavors better utilizes the strengths of our various Board members and leverages their roles in the community. We have developed a committee of the Board that provides guidance and insight on the purchase of rental properties and property management services and provides general oversight and guidance related to the general direction of the organization. Board members provide fundraising assistance through leveraging corporate giving and event sponsorship programs through their employers; encouraging colleagues, friends and family members to donate; and providing a personal contribution as part of an annual fundraising campaign.

In 2019, NHS reelected three residents, three lenders, and one City representative to new two-year terms, and in 2020 will seek to add two residents, one lender, one City representative, and an attor-

ney to fill vacant positions on the Board. The Resource Development Committee of the Board will become increasingly involved with community building and organizing, and will work closely with the fundraising and development specialist to assist with increasing community contacts and marketing initiatives.

NHS/HOC Campus & Facilities

Neighborhood Housing Services of New Haven and the New Haven HomeOwnership Center are jointly housed on an agency campus that consists of five separate buildings, four of which contain staff offices. NHS executive, development, and finance staff as well as the community building and organizing department are housed in the main building. The carriage house serves as a conference room space as well as a reception area for all visitors to the HOC/NHS offices and, in particular, clients waiting to meet with their housing specialists. The HOC office building houses the private offices of each of the three housing specialists and the managing director of the HOC. The LEED® Platinum Certified Home Improvement and Energy Conservation Laboratory has a large community room for classes and meeting space, and four offices for the construction, rehabilitation, and community sustainability staff members.

In 2011, the NHS Home Improvement and Energy Conservation Laboratory, a demonstration green building that is home to the Housing Development Department and post-purchase homebuyer education classes, earned LEED® Platinum Certification.



VI. FINANCIAL PROJECTIONS FOR 5 YEARS

Operating Budget Overview

The five-year operating budget details NHS' and the HOC's combined expected income and expenses (along with related projections for HOC Realty and HOC Lending) over the next five years. This section will review the operating expenses, described in terms of our lines of business that have previously been defined. As such, general expenses, salaries, and benefits will be allocated by the percentage of time spent on each line of business.

The projected operating expenses reflect a number of proposed changes based on increasing capacity and changes in the real estate market:

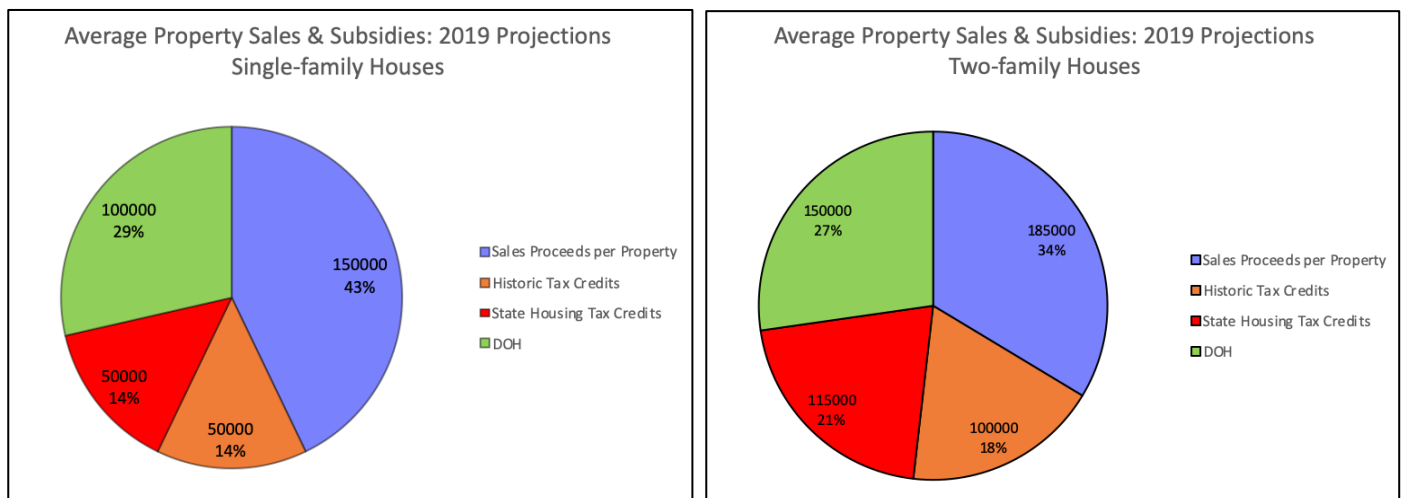
The base cost for operating the HomeOwnership Center, with five staff, is \$759,000. Increases in this figure are projected to be approximately 2% each year, with base salary increases in the 2-2.5% range. One additional staff addition is projected at this time due to the expected increase in the demand for homeownership in Connecticut. The establishment of HOC Lending, to take on what was previously an HOC line of business, will necessitate the hiring of an additional staff person to manage the lending activities of the new organization.

Rental acquisitions are temporarily on hold due to the lack of the subsidies needed to undertake affordable rental developments. While we cannot rule out the acquisition of strategically located rental properties in our targeted neighborhoods that are in close proximity to our homeownership endeavors, we would be taking a considerable risk by not having the funds necessary to develop these properties. As of November 2019, NHS owns 10 rental units that we self-manage. It would not be cost-effective to engage the services of an outside property management company for such a small number of units. The HomeOwnership Center is in charge of the tenant screening for our rental units.

In the Real Estate Development Department, we currently have a director and an assistant who are managing our ongoing projects. We will need to hire a project manager to take on the demands of additional rehabilitation projects and the new construction that we anticipate going forth in 2020. As noted above, HOC Lending will be taking on the rehabilitation loans to existing homeowners. However, we will need our new project manager to handle the construction and deal with contractor relations in the new rehabilitation projects that we take on. An additional full-time staff member is a basic requirement if we are to be successful with the portion of our mission that deals with residential lending and affordable homeownership development. The costs associated with this additional staff position are incorporated in our budget projections that are attached in Appendix 3.

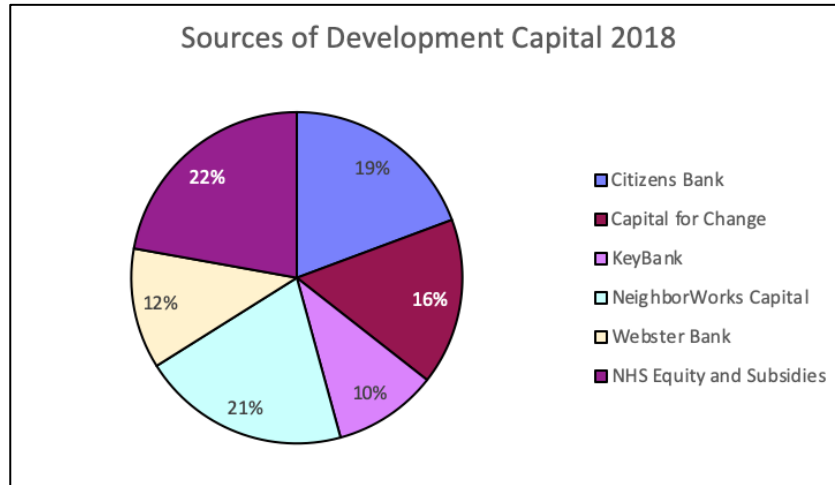
Real Estate Development Costs, Financing, and Subsidies

Because the cost to rehabilitate or build each of the houses developed and sold by NHS are higher than projected sales prices, development subsidies are required to support all of our development activities. Two tax credit programs are currently available in Connecticut to provide these subsidies. The State Housing Tax Credit Program provides a dollar-for-dollar tax credit to corporations that subsidize NHS' development activities through their contributions. The State Historic Homes Rehabilitation Tax Credit Program provides similar dollar-for-dollar tax credits for corporations that subsidize NHS' historic restoration projects. Additional subsidies are obtained from the Connecticut Interest on Real Estate Brokers' Trust Accounts program. As construction and materials costs continue to rise, we require deeper subsidies to keep our houses affordable to our clients. Thus, NHS has become increasingly reliant on subsidies obtained through the Connecticut Department of Housing. While we applauded former Governor Malloy's commitment to resuscitating state funding for affordable housing in Connecticut, and we were hopeful that NHS could continue to use DOH to meet our need for development subsidies, this has proven, of late, not to be the case. Significant delays in receiving our funding and the lack of support from programs that purported to sponsor affordable housing developments has caused considerable disruption to our organization's progress and credibility as a viable affordable housing development organization. Thus, a reliance on State funds for our development activities is unrealistic. NHS also takes advantage of the Affordable Housing Program sponsored by the Federal Home Loan Bank of Boston through its member banks. Finally, The U.S. Department of Housing and Urban Development (HUD) provides lead hazard abatement funding that defrays the cost of our environmental abatement work. HUD also administers the federal HOME program that provides funding, through cities and states, to write down the cost of affordable housing developments. NHS increasingly takes advantage of HOME funding at this time.



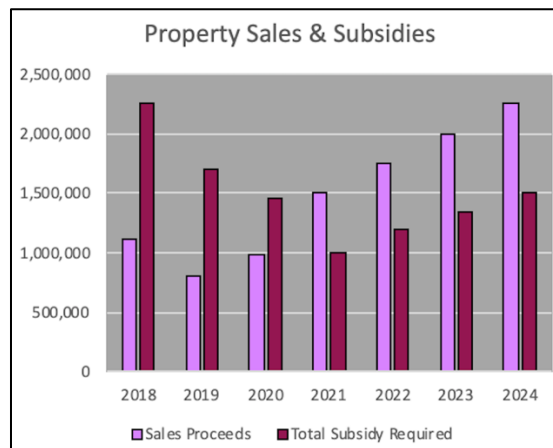
Real Estate Development Project Financing

Along with extensive development subsidies as noted above, real estate development projects are also financed with conventional construction mortgages as well as lines of credit and an equity investment from the NHS/HOC revolving loan fund. Total development costs had been averaging \$3.5 million per year but are expected to decline to \$2.5 million due to an expected decline in available subsidies before an upward trajectory resumes in 2022. Production is not expected to suffer due to increased economies of scale that should be achieved.



Cost of Construction and Rehabilitation

While NHS is known for its high-quality, energy-efficient homes, construction costs far exceed the subsidies available for such expensive projects. Expensive spray foam insulation, for example, is used to increase the energy efficiency of leaky, uninsulated older homes, but this is not necessarily reflected in an increase in the property's appraised value. Due to the costs of "gut" rehabilitations, house prices on NHS properties are above many of the area homes for sale in our target neighborhoods. Unfortunately, these "non-NHS" homes are not comparable in terms of energy cost savings and the quality of the rehabilitation, so it is not uncommon for appraisals of NHS homes to come in below the sales price that NHS has set on the property. When this happens, NHS must raise additional subsidy funds to bridge the gap between the sales price and total development costs. This has become an increasingly serious problem as available subsidies have declined substantially, or disappeared.



Production Goals

Affordable Homeownership and Rental Developments

PRODUCTS	2019	2020	2021	2022	2023	2024	<u>Estimated Costs</u>
Acquisition of Rental Properties	0	0	1	2	3	4	\$750,000
Rehabilitation of rental properties	0	0	1	2	3	4	\$5,000,000
Acquisition of properties for homeownership	0	5	7	7	8	9	\$840,000
Rehabilitation of properties for homeownership	5	8	2	2	2	2	\$6,550,000
New construction for homeownership	0	4	5	5	6	7	\$7,700,000
TOTALS	5	13	16	18	22	26	\$20,840,000

Community Building and Organizing (NHS & HOC)

PRODUCTS	2019	2020	2021	2022	2023	2024
Leadership Workshop Series	1	1	2	2	2	3
Market Loans to residents in close proximity to NHS-rehabbed houses	2	6	8	8	8	10
Success Measures Surveys	2	2	2	2	2	2
Community & Volunteer Events	100	100	100	100	100	100

Community Sustainability (NHS)

PRODUCTS	2019	2020	2021	2022	2023	2024
Organic Gardening Classes	6	6	6	6	6	6
Environmentally Sound Home Landscaping Classes	3	6	6	6	6	6
Home Energy Orientations	0	4	4	6	8	12
One-One-One Home Energy Counselling, Referrals and Installations Management	5	8	10	12	12	12
Community Coalition Events	30	36	36	36	36	36

HomeOwnership Center

PRODUCTS	2019	2020	2021	2022	2023	2024
Pre- and Post-Purchase First Time Homebuyer Education	1008 (numbers completing on-line and in-person education classes)	1100	1250	1320	1400	1475
Foreclosure Prevention counseling services provided to homeowners	105	110	100	115	120	125

HOC Lending

PRODUCTS	2019	2020	2021	2022	2023	2024
Rehabilitation loans to homeowners/Residential Lending	2	6	8	8	8	10

HOC Realty

PRODUCTS	2019	2020	2021	2022	2023	2024
Number of homebuyers served	38	80	100	120	144	175
Number of homebuyers closed	27	72	90	108	130	158
Number of home sellers served	3	25	30	36	40	44
Number of home sellers closed	3	23	27	32	36	40
Real estate commissions earned	\$135,000 (gross) \$54,000 (net)	\$309,000 (gross) \$123,600 (net)	\$409,500 (gross) \$163,800 (net)	\$490,000 (gross) \$196,000 (net)	\$581,000 (gross) \$232,400 (net)	\$693,000 (gross) \$277,200 (net)

VII. MARKETING STRATEGY

Marketing to Clients

NHS has been extremely successful over the past 40 years in attracting prospective homebuyers to our affordable housing development program. Our numerous personal contacts and unflagging commitment to provide high-quality housing for low- and moderate-income families have given NHS a reputation for excellence in our product, creativity in our financing packages, integrity in our interactions with clients, and conscientiousness in attending to important details of the homeownership process. The HOC follows this tradition by providing outstanding homebuyer education to our clients to ensure that they are successful in their experiences as homeowners. We have also increased NHS' visibility in our neighborhoods by sending out a monthly e-newsletter, which disseminates information about NHS to New Haven residents, lending and insurance partners, NeighborWorks® America, volunteers, and other partners. In addition, we are continually updating our website to keep it current and vibrant. Important forms are available for our clients online, and articles appearing in the *New Haven Register* and the *New Haven Independent*, as well as occasional television and radio appearances, provide even wider coverage of NHS' activities. NHS has recently revamped our website, which is an ongoing work in progress, to make it more informative and user-friendly.

Marketing Pre-Purchase Education

In 2019, close to 2000 prospective homebuyers will have contacted the HOC to inquire about homeownership opportunities, and there is a continuing need to maintain a regimen of extensive outreach to additional prospective homebuyers to ensure that the number of mortgage-ready clients does not decline. This outreach is conducted via web-marketing; event participation; community listings; and area partnerships with social service agencies, the Connecticut Housing Finance Authority, and banks. NHS and the HOC have also benefitted greatly from word-of-mouth marketing voluntarily undertaken by our residents.

Marketing Homes for Sale and Rental Units

The 2010 Census indicated the first uptick in New Haven's population since 1950, and a further increase in population is anticipated in 2020. Although there have been a sizeable number of new luxury rental units created, the increasing population should translate into a captive audience for homeownership. NHS will continue to utilize brochures, bus tours, testimonials from new homebuyers, and open houses at recently completed properties to attract clients to NHS. Through our Community/Public Relations Committee, we will continue to ramp up these marketing efforts by increasing the number of open house events and the size, visibility, and vibrancy of NHS' signage at our project sites and offices. We have increasingly relied on graphic artistic talents of volunteers and interns to create virtual tours of properties online, professional quality listing sheets and advertising materials. With a captive pre-purchase audience of nearly 250 mortgage-ready clients per year, we have had much success in moving our properties quickly. Our director of community building and organizing spearheads our resident leadership activities, which equip neighborhood residents to become ambassadors for NHS programs throughout the community, and also to launch their own initiatives. These efforts all help get the word out about NHS to potential clients in our target neighborhoods and throughout the city.

HOC Realty was incorporated not only to provide a full array of real estate services to buyers and sellers of homes in and around New Haven, but also to assist NHS with the sale of the properties we are rehabilitating and marketing. Having professional realtors involved with the sale of our houses has dramatically reduced the time that it takes us to find appropriate income-eligible buyers for the houses we are selling as part of our affordable housing development program.

Case Study: 753 Winchester Avenue

NHS' rehabilitation of 753 Winchester Avenue is an excellent example of our strategic targeting strategy (otherwise known as our "cluster approach") to community revitalization. We had recently completed the rehabilitation of seven houses on Winchester Avenue, with two more in predevelopment. When 753 Winchester Avenue was foreclosed, we knew that NHS had to take action. We could not allow an investor to take over this property and threaten all that we had accomplished in our \$3.5 million investment on this major artery in Newhallville. Completed at the end of 2018, 753 Winchester Avenue became the perfect complement to our reinvestment in this section of our primary target area.



NHS rental units are high-quality apartments with rents geared toward low-income tenants. The marketing strategy for vacant units will employ the assistance of our HomeOwnership Center staff. Vacancies will be marketed to financial fitness and credit repair clients who are not yet mortgage-ready. The reality of foreclosure has shown us that homeownership is not always a realistic option and a transition to rental housing is a common scenario.

Marketing Foreclosure Prevention Services

At 10% of our HOC workload, the foreclosure services need very little marketing. Housing specialists each manage hundreds of case files and participate in outreach events across the state with banks as well as with community and government groups.

Marketing Community and Neighborhood Revitalization

A signature community event is our annual Multi-Cultural Family Festival in April or May of each year. This event focuses on the physical and fiscal fitness of multi-cultural women in our community. At the neighborhood and block level, NHS sponsors litter cleanup days, community gardens, volunteer "work camp" days, and potluck style NeighborCircle dinners in residents' homes.

Marketing to Donors

NHS must market itself aggressively to potential donors as well as to potential homebuyers to guarantee that we can generate sufficient revenue to support the continuation and expansion of our various programs. Using the same strategies that we rely on to attract new clients, we approach philanthropic organizations, businesses with a strong sense of corporate responsibility, and individuals to support our activities. We keep donors informed of new initiatives and projects to continue to garner their respect and support. Members of the NHS Board of Directors help us to retain long-time donors, bring in new contributors, and stay informed about grant opportunities. NHS continues to solicit donations from individuals through the Community Foundation for Greater New Haven and the United Way.

VIII. RISK ANALYSIS

Cycles and Trends: Volatile Interest Rates

Interest rates have remained at their lowest levels in recent memory and housing prices in NHS' targeted neighborhoods have yet to regain their pre-2008 recession values. These two market forces have produced an increase in the number of individuals interested in purchasing a home. If interest rates were to rise in the near future, the effect would be to reduce the number of families who could qualify for a mortgage. Median income statistics provided by the U.S. Department of Housing and Urban Development indicate that the median income for a family of four in the New Haven-Meriden Metropolitan Statistical Area (MSA) is \$90,700. The median income of a client receiving pre-purchase homebuyer education at the HOC is \$53,520, according to our program's database, or 59% of the area median income (AMI), irrespective of family size. With interest rates currently at 3.25% for a 30-year fixed-rate mortgage, an affordability calculation for a typical single-family NHS home priced at \$150,000 is presented below:

<u>HOC Client Median Income (family size not determined)</u>		\$53,520	
Debt & Equity Analysis			
Total Sales Price	\$150,000		
Closing Costs	\$7,500		
Total Sources of Funds	\$157,500		
Owner's Equity	\$4,500	3%	
Downpayment Assistance	\$10,000		
Mortgage Amount	\$143,000		
Cost of Funds - Interest Rate		3.25%	
Mortgage Term - Yrs.		30	
Debt Service - Monthly	\$623		
Total Cost of Debt Service, Taxes, & Ins. (PITI)			
Monthly Principal and Interest	\$623		
Estimated Monthly Mortgage Insurance	\$85		
Estimated Monthly Real Estate Taxes	\$400		
Estimated Monthly Homeowners' Insurance Cost	\$125		
Total Monthly Housing Expense	\$1,233		
Required Monthly Income	\$3,736		
Annual Income Required w/ PITI Ratio @ 33%	\$44,846		
Annual Income Required as % of AMI	49.4%		

An increase in the mortgage interest rate from 3.25% to 5% would not make this single-family home out of reach for the median income HOC client, and indicates that this home is still affordable to a family with an income below 60% percent of AMI.

Debt & Equity Analysis			
Total Sales Price	\$150,000		
Closing Costs	\$7,500		
Total Sources of Funds	\$157,500		
Owner's Equity	\$4,500	4%	
Downpayment Assistance	\$10,000		
Mortgage Amount	\$143,000		
Cost of Funds - Interest Rate		5.0%	
Mortgage Term - Yrs.		30	
Debt Service - Monthly	\$767		
Total Cost of Debt Service, Taxes, & Ins. (PITI)			
Monthly Principal and Interest	\$767		
Estimated Monthly Mortgage Insurance	\$85		
Estimated Monthly Real Estate Taxes	\$400		
Estimated Monthly Homeowners' Insurance Cost	\$125		
Total Monthly Housing Expense	\$1,377		
Required Monthly Income	\$4,173		
Annual Income Required w/ PITI Ratio @ 33%	\$50,072		
Annual Income Required as % of AMI	55.2%		

For a two-family home that NHS is selling for \$185,000, the analysis is similar:

Debt & Equity Analysis			
Total Sales Price	\$185,000		
Closing Costs	\$9,250		
Total Sources of Funds	\$194,250		
Owner's Equity	\$5,500	3%	
Downpayment Assistance	\$10,000		
Mortgage Amount	\$178,700		
Cost of Funds - Interest Rate		3.25%	
Mortgage Term - Yrs.		30	
Debt Service - Monthly	\$779		
Total Cost of Debt Service, Taxes, & Ins. (PITI)			
Monthly Principal and Interest	\$779		
Estimated Monthly Mortgage Insurance	\$169		
Estimated Monthly Real Estate Taxes	\$425		
Estimated Monthly Homeowners' Insurance Cost	\$175		
Total Monthly Housing Expense	\$1,548		
Projected Monthly Income from Rental Unit	\$1,050		
Less Allowance for Vacancy and Maintenance (@ 25%)	\$265		
Net Monthly Rental Income	\$785		
Required Monthly Income (excluding rental income)	\$3,906		
Annual Income Required w/ PITI Ratio @ 33%	\$46,871		
Annual Income Required as % of New Haven AMI	51.7%		

This house is still affordable to the median income HOC client using a maximum debt-to-income ratio for housing expenses of 33 percent, and is affordable to families earning just 52 percent of the AMI.

An increase in the mortgage interest rate from 3.25% to 5% would result in financing that would still be affordable to a family with an income below 60 percent of AMI:

Debt & Equity Analysis			
Total Sales Price	\$185,000		
Closing Costs	\$9,250		
Total Sources of Funds	\$194,250		
Owner's Equity	\$7,400	4%	
Downpayment Assistance	\$10,000		
Mortgage Amount	\$176,850		
Cost of Funds - Interest Rate		5.00%	
Mortgage Term - Yrs.		30	
Debt Service - Monthly	\$949		
Total Cost of Debt Service, Taxes, & Ins. (PITI)			
Monthly Principal and Interest	\$949		
Estimated Monthly Mortgage Insurance	\$169		
Estimated Monthly Real Estate Taxes	\$400		
Estimated Monthly Homeowners' Insurance Cost	\$150		
Total Monthly Housing Expense	\$1,668		
Projected Monthly Income from Rental Unit	\$1,050		
Less Allowance for Vacancy and Maintenance (@ 25%)	\$265		
Net Monthly Rental Income	\$785		
Required Income (excluding rental income)	\$4,271		
Annual Income Required w/ PITI Ratio @ 33%	\$51,261		
Annual Income Required as % of New Haven AMI	56.5%		

To compensate for higher interest rates in individual cases where a particular prospective homebuyer is unable to qualify for a mortgage, HOC Lending could possibly finance a portion of the sales price with a very low interest rate loan from our Revolving Loan Fund, thereby creating an effective "blended" interest rate.

Another consequence of rising interest rates would be a tendency for housing values to fall, which could devastate the fragile housing market in the neighborhoods we serve. The fact that historically low rates have now become the norm increases the chances that prospective homebuyers will wait until rates "come back down" if rates start to increase. In such instances, prospective homebuyers might defer the purchase of a home even though it would still be affordable at the higher interest rate. A reduced demand for houses would produce declining property values that could threaten the stability of the neighborhoods in which NHS is working.

Uncertain Future for Downpayment Assistance Programs

Downpayment assistance programs reduce the cost of homeownership and make it easier for prospective homebuyers with limited savings to achieve homeownership. At the present time, NHS of New Haven is just winding up a \$1,000,000 downpayment assistance program in conjunction with the Greater New Haven NAACP, the Community Foundation for Greater New Haven, and KeyBank. The City of New Haven also offers downpayment assistance to first-time homebuyers who are purchasing one of NHS' homes. This assistance takes the form of zero percent, deferred repayment, forgivable loans. In addition, the State of Connecticut offers downpayment assistance in the form of low-interest, amortizing second mortgages. The elimination or depletion of these sources of downpayment assistance would require homebuyers to increase their savings for a downpayment and would simultaneously increase their monthly payment on a larger first mortgage. The elimination of (or failure to continue) any of these programs would make it increasingly difficult for low-income families to purchase a home. NHS can partially mitigate this risk by offering downpayment assistance loans from HOC Lending's Revolving Loan Fund to ensure that homebuyers who really need downpayment assistance are able to receive it.

Insufficient Cash Flow and Operating Support

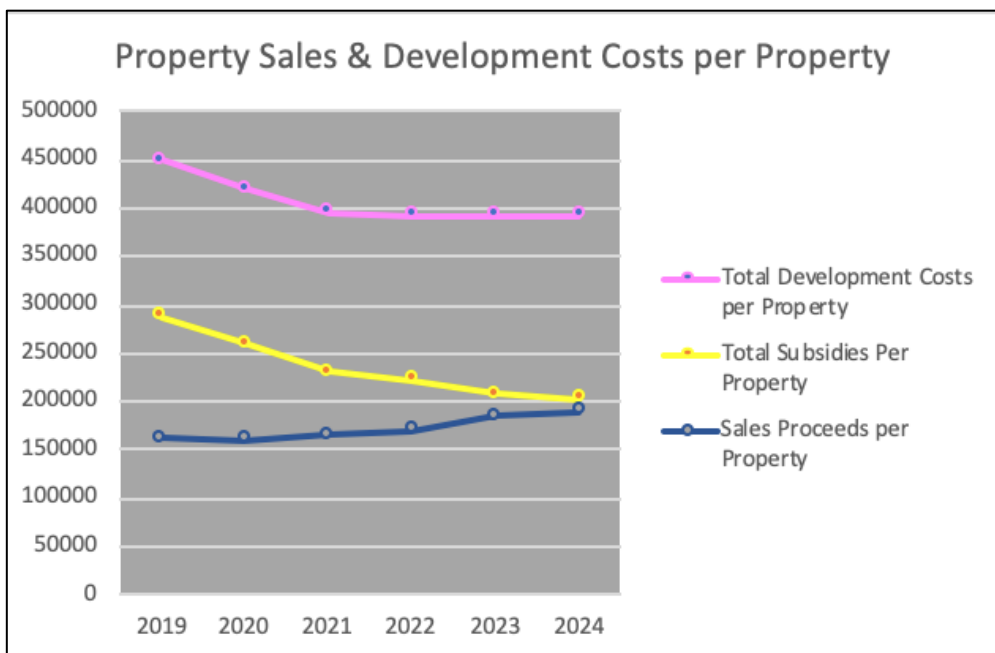
Operating support for NHS can be divided into five basic categories: private sector support, grant income, Community Development Block Grant (CDBG) funds, project income (from developer fees), and homebuyer education programs. A major loss of funding in any of these five categories could be very harmful to NHS' and the HOC's operations. The loss of housing development subsidies would result in the decline or elimination of project income. Private sector support has remained relatively stable over the past few years, even in the current economic climate. However, this support could be threatened at any time by ongoing national economic problems, bank mergers, or disappointing corporate earnings as well as a changing political landscape. Most grant income comes from NeighborWorks® America, which depends almost entirely on congressional appropriations for its funding. A reduction in NeighborWorks® America's core budget could have ramifications affecting NHS grant income. CDBG funds distributed by HUD to municipalities have been reduced in recent years, and further reductions could result in decreased CDBG funding for NHS and the HOC in the future. Given both the need and demand for homebuyer education programs, we do not expect to see reductions in income from homebuyer education fees, aside from those paid for with federal funds. However, waning popularity of homebuyer education programs would make private fundraising more difficult. Housing development is partially financed through construction mortgages and lines of credit with banks, although this is an expensive source of capital for the agency to continue pursuing and can dramatically increase our total development costs when anticipated subsidies are delayed.

NHS entered FY 2019 with a positive cash balance in the organization's operating account of \$853,709 and \$396,931 that was reserved for affordable housing development projects. A portion of the operating funds could be used on a temporary basis to compensate for losses of income in any of the aforementioned areas. However, this could imperil the long-term viability of the organization. Prolonged reductions in income with no new compensating sources of revenue would compel the organization to curtail NHS' activities, eliminate staff, or pursue both of these undesirable courses of action.

Assumptions: Housing Development Subsidies will remain available

NHS has continued to operate under the assumption that the State Housing Tax Credit and Historic Homes Rehabilitation Tax Credit Programs will remain in effect through the end of 2024 and beyond. These two programs, along with the State Housing Trust Funds, City Lead Hazard Abatement funds, and City and State HOME funds, provide the subsidies that fill the gap between total development costs and sales prices. Given that the tax credit programs provide approximately 25% of the subsidies for NHS' development projects, the loss of these programs would prove devastating. Such a situation would require NHS to identify alternative subsidy funds. In the event that no alternative source of subsidy funds could be identified, NHS would engage in strategic planning to explore the possibility of modifying our programs to include more revenue-generating activities. It now appears that the tax credit programs are secure at least through December 2020.

NHS also assumes that flexible mortgage products, including generous downpayment assistance from a variety of sources, will continue to be available to the homebuyers served by NHS and the HOC. As noted above, the Revolving Loan Fund, operated by HOC Lending, can, if necessary, write down interest rates and provide downpayment assistance on a case-by-case basis.



Declining Inventory and Rising Acquisition Costs

A weak housing market featuring numerous foreclosures in our target neighborhoods resulted in low acquisition prices for NHS in the years following the recession of 2008. Banks assisted us with REO properties through the National Community Stabilization Trust and were occasionally willing to sell these houses to NHS at lower prices than what they could have obtained from an investor. The City of New Haven once made inexpensive acquisitions possible. As the market strengthened, however, NHS once again had to deal with the impact of speculators, who reentered the market and have acquired vast numbers of properties throughout our target neighborhoods. The prices paid by many of these investors greatly exceeded the prices that NHS would have offered for these houses, which threatened the viability of our revitalization clustering strategy. Rising acquisition prices increase our total project development costs, directly impacting the amount of required subsidies. Prohibitively high acquisition costs have prevented NHS from acquiring additional houses, and a lack of available subsidies has only exacerbated the problem. For example, based on the cost of our most recent acquisitions, a 50% increase in our acquisition costs would produce a need for an additional \$35,000 in project development subsidies. As a result, it has become increasingly important for NHS to work with the City of New Haven and our lender partners to obtain foreclosed (REO) properties for our affordable homeownership development activities. Alternatively, NHS may need to raise additional subsidy dollars from State or City sources.

Foreclosure Crisis

Fortunately, the number of foreclosure intervention clients we now serve has declined dramatically since its peak in 2008-2014, when we offered foreclosure intervention and loss mitigation services to more than 2,300 clients. By the end of 2018, this number had dropped by 100-115 annually, and for the past few years we have been seeing an uptick in the number of pre-purchase homebuyer education clients who are looking to buy their first homes. This is not to say that all of our homeowners are out of the woods and not facing foreclosure or other financial difficulties that threaten the retention of their homes. As long as there are any homeowners facing foreclosure, we must do everything in our power to enable them to develop a plan that either results in a mortgage modification, a restructuring of their debt, or an “exit strategy” (perhaps a short-sale) that would enable them to leave their houses gracefully. Our HomeOwnership Center retains a sense of urgency and responsibility to serve the needs of these clients, no matter how dramatic the reduction in the number of foreclosure intervention clients may be. We will continue to devote every effort to serving the needs of homeowners who have encountered financial difficulties that make retaining their homes, and homeownership in general, difficult or impossible.

Rental Properties as a New Line of Business

As a relatively new line of business, NHS has undertaken a significant risk in venturing into the rental market in New Haven. With a very small market share and having begun with only ten units, this was not a particularly profitable venture in its first three years due to high acquisition, construction, and total development costs. In addition, dealing with tenants can always provide an added stressor to the organization and could possibly jeopardize the agency’s reputation and community building success. Mitigating this risk entails strong tenant-screening and “ready to rent” workshops prior to any potential tenant signing a lease with NHS. Revenue loss resulting from vacancies will presumably be mitigated by the excellence of our construction standards, a strong marketing plan for units, tenant appreciation tactics, and extensive community building activities to engage residents and encourage

them to take pride in their neighborhoods. All tenants have an opportunity to pursue homebuyer education programs, and using our rental units as a stepping stone to homeownership may occasionally be warranted.

Moving Forward in Spite of Risks

NHS, the HOC, and their related companies are poised to meet the challenges of our target neighborhoods with strong programming, successful service models to meet the needs of our communities, and a healthy financial outlook for sustainability. The primary goal across all lines of business is to stay relevant to clients' needs and the best interests of the community. As such, we count on resident leaders and our own resident board members to guide our mission and strategy in the community. While mitigating risks may be a significant driving force in leading an agency to success, we do take risks on behalf of our clients and our community, but remain fiscally responsible and nimble enough to be responsive to the ever-changing real estate market and the landscape of community development corporations. With a 40-year history in the community, we have every reason to expect continued success in our efforts to revitalize New Haven's neighborhoods and to empower positive and engaged communities.

We believe that increased homeownership, educated homebuyers, and rehabilitated houses produce stable, revitalized neighborhoods that our clients are proud to call home. Our community building and organizing efforts help residents to become local leaders, encouraging other residents to take responsibility for their blocks and neighborhoods through litter clean-ups and curb appeal projects. As the housing market strengthens in the areas targeted by NHS and the HOC, it should be kept in mind that NHS rehabilitation projects and HOC financial assistance programs are designed to provide affordable homeownership opportunities for low- and moderate-income, first-time homebuyers, and are also designed to stabilize the underserved neighborhoods in our city, and to transform them into "neighborhoods of choice" for the residents of New Haven.

APPENDICES

Appendices	Title	Line(s) of Business
Appendix 1	Real Estate Development Pipeline 2019-2020	NHS
Appendix 2	Funding Sources & Income Projections	NHS & HOC
Appendix 3	Administrative Budgets	All Lines of Business
Appendix 4	NHS/HOC Boards of Directors	NHS & HOC
Appendix 5A	Single-family Homeownership Property Development Pro-forma	NHS
Appendix 5B	Two-family Homeownership Property Development Pro-forma	NHS
Appendix 6	2015 Affordable Rental Housing Development Projects	NHS
Appendix 7	Property Listing Sheets: 423 Orchard Street and 678 Winchester Avenue	NHS, HOC, and HOC Realty
Appendix 8	Revolving Loan Funds	HOC Lending

APPENDIX 1

[illegible]

APPENDIX 2

Operating Income – 5 Year Estimates

Private Foundations & Individual Contributors	
Private Foundations	\$ 312,000
Community Foundations	\$ 145,000
Individuals	\$ 260,000
Corporate Giving	
Insurance Companies	\$ 50,000
Banks	\$ 941,500
Neighborhood Assistance Act Contributions	\$ 875,000
Corporate Support	\$ 87,000
Fee Income	\$ 50,000
State/Federal	
NeighborWorks America	\$ 1,250,000
City of New Haven - CDBG	\$ 290,000
Other Federal Grants	\$ 340,000
Fees for Service and Other Income	
Developer Fees	\$ 3,760,000
Connecticut Housing Finance Authority Fees for Service	\$ 835,000
Rental Income	\$ 250,000
HOC Realty—Net Commissions	\$ 993,000
TOTAL	\$ 10,438,500

Project/Program-Related Income – 5 Year Estimates

Sales	
Sale of properties	\$ 7,500,000
Subsidies	
CT DOH	\$ 500,000
City/State HOME Funds	\$ 2,000,000
State Housing Tax Credits	\$ 2,500,000
State Historic Homes Rehabilitation Tax Credits	\$ 250,000
Federal Home Loan Bank of Boston AHP	\$ 600,000
Lead Hazard Abatement Funds	\$ 45,000
Miscellaneous Subsidies	\$ 150,000
Program Income (Operations)	
Revolving Loan Fund Interest	\$ 250,000
TOTAL	\$13,795,000

APPENDIX 3

Neighborhood Housing Services of Haven, the New Haven HomeOwnership Center, HOC Realty, and HOC Lending 2019 to 2024 Annual Budgets

<u>Sources of Funds</u>	2019 Budget	2020 Budget	2021 Budget	2022 Budget	2023 Budget	2024 Budget
<u>Lenders and Other Corporate Support</u>						
JPMorgan Chase	15,000	15,000	15,000	15,000	15,000	15,000
NewAlliance Foundation	2,500	5,000	5,000	6,000	6,000	7,000
People's United Bank	12,000	12,500	12,500	13,000	13,000	13,500
Bank of America	15,000	15,000	16,000	16,000	17,000	17,000
Citizens Bank	10,000	10,000	10,000	12,000	12,000	12,000
TD Bank	20,000	20,000	20,000	22,000	22,000	22,000
Webster Bank	17,500	18,000	18,000	18,000	19,000	19,000
Wells Fargo	45,000	45,000	50,000	50,000	50,000	50,000
Newtown Savings Bank	1,000	1,000	1,000	1,000	1,000	1,000
Guilford Savings Bank	0	5,000	5,000	8,000	8,000	10,000
Santander Bank	10,000	10,000	12,000	12,000	12,000	12,000
Knights of Columbus	10,000	10,000	10,000	10,000	10,000	10,000
Liberty Bank	10,000	10,000	10,000	0	0	10,000
Key Bank	10,000	10,000	12,000	12,000	15,000	15,000
Other Corporate Support		15,000	17,000	17,000	19,000	19,000
Subtotal	178,000	201,500	213,500	212,000	219,000	232,500
<u>Other Sources</u>						
Project Income	200,000	480,000	640,000	720,000	880,000	1,040,000
Rental Income	40,000	40,000	45,000	50,000	55,000	60,000
Homebuyer Education Programs	158,000	167,000	167,000	167,000	167,000	167,000
Yale University	2,000	2,000	2,500	2,500	2,500	2,500

NeighborWorks® America (Expendable Grants)	310,893	250,000	250,000	250,000	250,000	250,000
Neighborhood Assistance Act Contributions	130,000	175,000	175,000	175,000	175,000	175,000
Seedlings Foundation	75,000	75,000	0	0	0	0
City of New Haven: CDBG Funds	57,973	58,000	58,000	58,000	58,000	58,000
Individual Donor Campaign	60,000	48,000	50,000	52,000	54,000	56,000
Community Foundation of Greater New Haven	50,000	30,000	25,000	30,000	30,000	30,000
Environmental Grants	47,000	28,000	28,000	28,000	28,000	28,000
Interest/Investment Income	98,000	50,000	50,000	50,000	50,000	50,000
LISC	40,000	40,000	40,000	40,000	40,000	40,000
Other Grants	22,414	30,000	35,000	40,000	45,000	50,000
HOC Realty (Net)	54,000	123,600	163,800	196,000	232,400	277,200
HOC Lending	21,000	5,000	5,000	5,000	5,000	5,000
Miscellaneous Income	15,436	5,000	5,000	5,000	5,000	5,000
Yale-New Haven Hospital	5,000	5,000	5,000	5,000	5,000	5,000
Subtotal	1,386,716	1,611,600	1,744,300	1,873,500	2,081,900	2,298,700
TOTAL SOURCES OF FUNDS	1,564,716	1,813,100	1,957,800	2,085,500	2,300,900	2,531,200

Uses of Funds

Expenditures	2019	2020	2021	2022	2023	2024
Salaries	995,000	1,015,000	1,035,200	1,055,900	1,077,000	1,098,500
Payroll Taxes	76,500	77,700	79,200	80,800	82,400	84,000
Unemployment Expenses	9,000	0	0	0	0	0
Benefits - 401(k)	97,500	99,500	101,500	103,500	105,500	107,700
Med/Dental/Life Insurance	153,000	156,000	159,200	162,400	165,600	169,000
Utilities	20,000	20,500	20,800	21,200	21,600	22,100
Insurance	62,000	63,200	64,500	65,800	67,000	68,500
Postage	2,500	2,500	2,500	2,500	2,500	2,500
Office Supplies	9,000	9,000	9,000	9,000	9,000	9,000
Office Cleaning & Maintenance	24,000	25,000	25,000	25,000	25,000	25,000
Misc. Office Expenses	8,500	6,000	6,000	6,000	6,000	6,000
Office Furniture & Equip	1,000	1,000	1,000	1,000	1,000	1,000
Office Building Improvements	800	1,000	1,000	1,000	1,000	1,000
Hardware/Software Upgrades	3,500	2,500	2,500	2,500	2,500	2,500
Vehicle Expenses	1,200	0	0	0	0	0
Subs/ Pubs/ Dues	9,000	9,000	9,000	9,000	9,000	9,000
Telephone	14,000	14,000	14,000	14,000	14,000	14,000
Mileage Reimbursement	2,500	2,500	2,500	2,500	2,500	2,500
Contractual Services	5,000	5,000	5,000	5,000	5,000	5,000
Staff/Board Training	10,000	10,000	10,000	10,000	10,000	10,000
Workshop Expenses	12,000	12,000	12,000	12,000	12,000	12,000
Debt Service	8,660	52,000	52,000	52,000	52,000	52,000
Professional Services	80,000	80,000	80,000	80,000	80,000	80,000
Public Relations & Marketing	10,000	10,000	10,000	10,000	10,000	10,000
Fund Raising Expenses	4,000	4,000	4,000	4,000	4,000	4,000
Annual Meeting & Special Events	20,000	12,000	12,000	12,000	12,000	20,000
TOTALS	1,638,660	1,689,400	1,717,900	1,747,100	1,776,600	1,815,300

APPENDIX 4
NHS/HOC Board of Directors

Leslie Radcliffe*, President
Neighborhood Resident

Carol Heller*, Vice President
Bank of America

Sarah McQueen*, Treasurer
Insurance Representative

Virginia Stevenson*, Secretary
Neighborhood Resident

Doreen Abubakar*
Neighborhood Resident

Nathan Bixby
Neighborhood Resident

Glenn Davis*
Liberty Bank

Robert Filippone
Wells Fargo

Velma George*
City of New Haven

Densill Greaves
Neighborhood Resident

Sandra Hadland*
Neighborhood Resident

Robyn Handy*
Neighborhood Resident

Mina Minelli
Webster Bank

Jacqueline Pheanious*
Neighborhood Resident

* NHS and HOC Board Member

APPENDIX 5A

Property Address: 29 Stevens Street, New Haven, CT

Type of Structure: Single-Family Frame House

Unit Configuration: 3 BR 2 Bath

Square Feet: 1,584

Total Units: 1

Zoning: RM2

Variance Required? No

Comments: Gut rehab of an existing two-family house and conversion to a single-family house

PROJECT USES			
ACQUISITION:		MARKETING:	
Option		Newspapers	
Property	<u>37,109</u>	Flyers	<u>500</u>
Legal	<u>1,000</u>	Realtors	
Misc.		Other	
Totals:	<u>38,109</u>	Totals:	<u>500</u>
OPERATING:		MISCELLANEOUS	
Taxes	<u>9,000</u>	Survey	
Utilities	<u>1,500</u>	Admin.	<u>636</u>
Security	<u>4,000</u>	Appraisals	
Maintenance	<u>9,500</u>	Permits	
Totals:	<u>25,000</u>	Totals:	<u>636</u>
CONSULTANT:		LEGAL:	
Archit.		Closings	<u>2,500</u>
Eng.		Other	<u>1,046</u>
Prop Mgr		Totals:	<u>3,546</u>
Other		INSURANCE:	
Totals:	<u>0</u>	Title	<u>500</u>
		Construction	<u>4,000</u>
		Totals:	<u>4,500</u>
Financing Total:			<u>40,000</u>
Developer Fee Total:			<u>40,000</u>
SOFT COST TOTAL:			<u>114,182</u>
SOFT COST INCL. 5% CONTINGENCY			<u>117,891</u>
CONSTRUCTION:			
Building (excluding environ- mental)		<u>250,300</u>	
Environmental		<u>5,000</u>	
Site		<u>15,000</u>	
Hard Cost Contingency (10%)		<u>13,000</u>	
Appliances		<u>1,700</u>	
HARD COST TOTAL:		<u>285,000</u>	
GRAND TOTAL:		<u>440,000</u>	

PROJECT SOURCES

Sales Price	<u>145,000</u>
State Dept. of Housing Subsidy	<u>150,000</u>
State Housing Tax Credit	<u>45,000</u>
Conn. Hist. Homes Tax Credit	
City Lead Hazard Abatement Funds	
City HOME Funds	<u>100,000</u>

GRAND TOTAL: **440,000**



APPENDIX 5B

Property Address: 161 Ivy Street, New Haven, CT

Type of Structure: Two-Family Frame House

Unit Configuration: 4 BR 2 Bath/2 Br 1 Bath

Square Feet: 2,271

Total Units: 2

Zoning: RM2

Variance Required? No

Comments: Gut rehab of an existing three-family house and conversion to a two-family house.

PROJECT USES	
ACQUISITION:	MARKETING:
Option	Newspapers
Property <u>40,100</u>	Flyers <u>500</u>
Legal <u>1,000</u>	Realtors <u>2,000</u>
Misc. <u> </u>	Other <u> </u>
Totals: <u>41,100</u>	Totals: <u>2,500</u>
OPERATING:	MISCELLANEOUS
Taxes <u>6,200</u>	Survey <u> </u>
Utilities <u>1,000</u>	Admin. <u>922</u>
Security <u>1,000</u>	Appraisals <u> </u>
Maintenance <u>5,500</u>	Permits <u> </u>
Totals: <u>13,800</u>	Totals: <u>922</u>
CONSULTANT:	LEGAL:
Archit. <u> </u>	Closings <u>2,500</u>
Eng. <u> </u>	Other <u>1,045</u>
Prop Mgr <u> </u>	Totals: <u>3,545</u>
Other <u> </u>	INSURANCE:
Other <u> </u>	Title <u>500</u>
Totals: <u>0</u>	Construction <u>2,500</u>
	Totals: <u>3,000</u>
Financing Total:	<u>40,000</u>
Developer Fee Total:	<u>40,000</u>
SOFT COST TOTAL:	<u>104,667</u>
SOFT COST INCL. 5% CONTINGENCY	<u>107,900</u>
CONSTRUCTION:	
Building (excluding environ- mental)	<u>300,000</u>
Environmental	<u>20,000</u>
Site	<u>22,500</u>
Hard Cost Contingency	<u>20,000</u>
Appliances	<u>3,500</u>
HARD COST TOTAL:	<u>366,000</u>
GRAND TOTAL:	<u>514,000</u>

PROJECT SOURCES

Sales Price	<u>190,000</u>
State Dept. of Housing Subsidy	<u>100,000</u>
State Housing Tax Credit	<u>6,000</u>
Conn. Hist. Homes Tax Credit	<u>100,000</u>
City Lead Hazard Abatement Funds	<u>18,000</u>
City HOME Funds	<u>100,000</u>
	<u> </u>
	<u> </u>

GRAND TOTAL: 514,000



APPENDIX 6

2019-20 AFFORDABLE RENTAL HOUSING DEVELOPMENT PROJECTS

167 Edgewood Avenue: 3 Units

111 Carmel Street: 4 units

171 Edgewood Avenue: 3 Units

Months of Occupancy in 2019: 12

Total Number of Units: 10

Uses of Funds				Sources of Funds	
	Total Per Month (Edgewood Avenue)	Total Per Month (Carmel Street)	Total for Both Prop- erties		Three Prop- erties
Months of Occupancy in 2019	12			Monthly Rental In- come	\$12,450
Monthly Debt Service	\$2,656	\$1,643	\$4,299	Gross Rental Income	\$149,400
Monthly Taxes	\$829	\$360	\$1,189	Less Vacancy Allow- ance (20%)	20%
				Net Rental Income for Specified Months of Occu- pancy	\$119,520
Monthly Insurance	\$497	\$253	\$750		
Monthly Utilities (water and sewer)	\$724	\$374	\$1,098		
Monthly Maintenance Reserves	\$300	\$200	\$500		
Monthly Capital Improvement Re- serves	\$300	\$200	\$500		
Monthly Project Management Fee	\$3,450	\$650	\$4,100		
Total Monthly Uses of Funds	\$8,756	\$3,680	\$12,436		
Funds/Expenses to Balance Sources and Uses			\$14		

APPENDIX 7

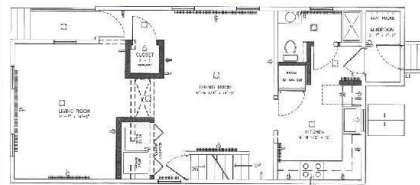


Neighborhood Housing Services of New Haven

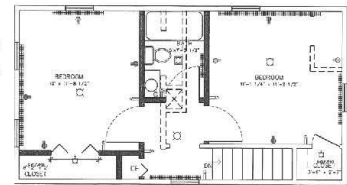
423 Orchard Street



Priced at \$140,000



1st Floor



2nd Floor

Estimated principal and interest on mortgage:	\$610.00
Estimated insurance:	\$100.00
Estimated taxes:	\$300.00
Estimated PMI (Private Mortgage Insurance)	\$75.00
Estimated monthly payment:	\$1,085.00

* Estimate is based on a hypothetical \$135,100 30-year, fixed mortgage with a 3.5% interest rate.

Move into your completely renovated 2 Bedroom, 2 Bath, energy-efficient home featuring:

- Hybrid Fusion Flooring throughout
- Beautiful kitchen with full appliance package
- First-floor laundry
- Large fenced-in yard
- Off-street parking
- Tankless water heater and Hydronic Heating Unit



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Neighborhood Housing Services of New Haven

678 Winchester Avenue



Priced at \$175,000

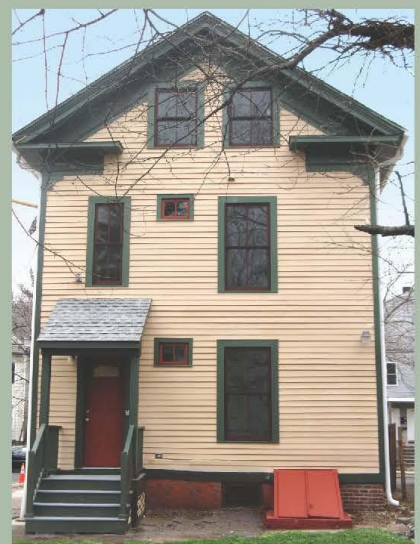
Estimated principal and interest on mortgage:	\$758
Estimated insurance:	\$150
Estimated taxes:	\$400
Estimated PMI (Private Mortgage Insurance)	\$160
Estimated monthly payment:	\$1,468

* Estimate is based on a hypothetical \$135,100 30-year, fixed mortgage with a 3.5% interest rate.

Bedrooms:
Owner's Unit
3
Tenant's Unit
2

Baths
Owner's Unit
2 full
Tenant's Unit
1 full

Square Feet
Owner's Unit
1,574
Tenant's Unit
721



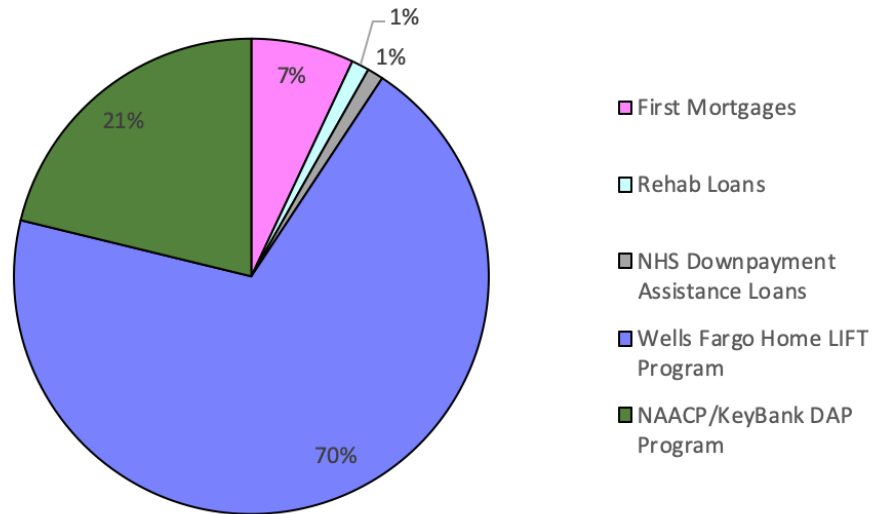
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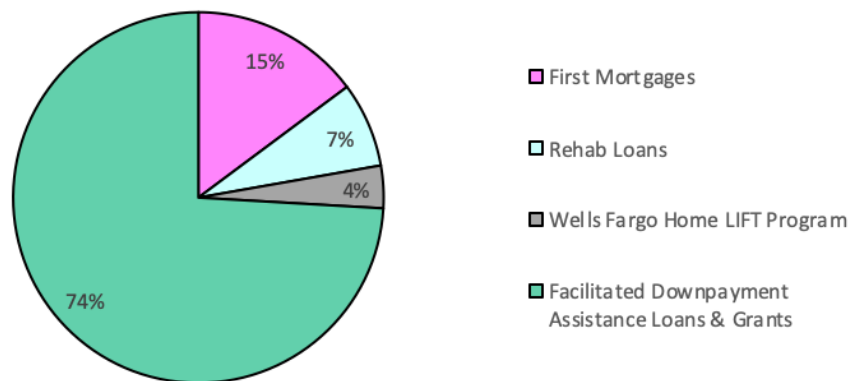
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APPENDIX 8

Distribution of NHS (and NHS-facilitated) Lending
September 30, 2019



Projected Distribution of NHS (and NHS-facilitated) Lending
December 31, 2024





Neighborhood Housing Services of New Haven and the New Haven HomeOwnership Center position New Haven's neighborhoods to succeed by increasing homeownership; making homes functional, beautiful and affordable; and helping residents take charge of their neighborhoods.

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