

community report

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2008



financing the places where people live and work

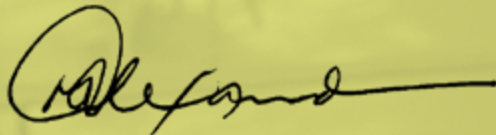
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Heraclitus of Ephesus

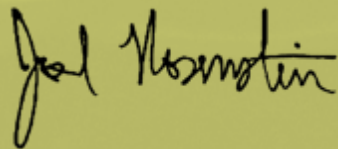
This quote has never been more applicable than in 2008, the year that began with millions of people losing their homes to foreclosure, witnessed industry giants go bankrupt, and ended with a declaration of recession, resulting in historic changes at the federal level. Despite the unprecedented turmoil, the vigilant efforts of our staff and oversight of the Board produced terrific results serving Colorado households. In fact, by Thanksgiving we had met our single family mortgage program goals for the year as staff worked to meet the heavy demand.

Because of these efforts and our sound financial practices, CHFA didn't feel any effects until mid-September, when Lehman Brothers declared bankruptcy. The severely adverse capital market conditions then forced a slowdown of our activities. Since that time, the CHFA team has been working diligently with our financial partners and others to ensure we are in the best possible position to ride out the difficulties. We also stepped up our efforts on the national level with our industry association to help policy makers in Washington understand the impact and importance of affordable housing in their communities and what they can do to help re-open our markets.

We know we will make it through this rough patch because we have always been responsible and prudent in our operations and will continue to be so. However, now is also the time for change, for new ways of doing business. And with these changes, we will remain committed to our mission and stand ready for the challenges in 2009 and beyond.



Milroy Alexander
Executive Director



Joel Rosenstein
Board Chair

necessity is the mother of invention

Plato

CHFA has always made identifying needs in the market a priority and we have worked diligently to meet those needs with our programs and services. This year was especially trying with the economic crisis and its effects on many Coloradans. Helping people stay in their homes, access affordable rental housing, and ensuring businesses could maintain jobs became top concerns for communities across the nation. While the problem was more widespread than anything experienced before, CHFA worked with partners and available resources to help those in need.

Proactive partnership

We joined with 12 nonprofit housing counseling partners to receive a \$1.5 million NeighborWorks grant in March 2008, which has helped more than 2,000 Colorado households receive free, professional housing counseling services. We continue to advocate for locally-based housing counselors because they are more likely to understand the local real estate market and any unique grants or financing programs available through community organizations.

Building on banking relationships

In 2008, CHFA continued to focus on its relationship with Colorado banks as partners in our efforts to support communities across the state. Often, our business loans can fill a gap in the traditional financing found at most lending institutions, so we worked with banks to make them aware of all options available for their customers and our role in the industry. We communicated regularly with the Colorado Bankers Association (CBA) and the Independent Bankers of Colorado (IBC) to keep them abreast of new developments and hear their concerns and questions. With these partnerships, the entire Colorado community benefits.

Preparation through education

We expanded our online homebuyer education course to include a money management course. Both discuss the ins-and-outs of the homebuying process and homeownership, and the money management course gives people the tools they need to budget, save, and make educated financial decisions. We feel that informed homebuyers make successful homeowners, and people who take our free homebuyer education courses have a lower chance of being at risk of foreclosure.

Federal funding

One of the most important pieces of legislation of the year came in July 2008. The Housing and Economy Recovery Act (HERA) brings more Private Activity Bonds, Low Income Housing Tax Credits, and grants to fund low income acquisition and refinance loans, create affordable rental housing, and stabilize neighborhoods negatively impacted by foreclosure. This legislation also establishes the Affordable Housing Trust Fund and a \$7,500 tax credit for first time homebuyers. This Act alone will be responsible for helping thousands of Coloradans find safe, decent housing within their means.

CHFA has always recognized the importance of building community. While we have the good fortune to work for a mission-driven organization where our day-to-day jobs have a significant community impact, our team agrees that is not enough. We want our customers and partners to succeed, so we offer assistance whenever possible. This assistance may be in the form of education to prepare them for future situations or support for their programs or events.

Homebuyer education

By offering free homebuyer education, we are creating successful homeowners, thereby strengthening the community. CHFA paid for more than 7,503 households throughout the state to participate in our online and in-person homebuyer education and money management classes.

REACH

REACH membership exceeded the 2008 goal of 16,000 units, with the final number of 16,065. Based on feedback from members, this program brings value to the affordable housing community through its class offerings for owners and all staff of rental housing communities across Colorado, ensuring a higher quality of living for affordable housing residents.

Community

Finally, CHFA values the partnership we have with our vast network of nonprofit agencies of similar missions. We are able to assist these entities through our community relations efforts, thus bringing more attention to their causes. Our employee volunteer program and community relations efforts, including CHFA's J. David Barba annual golf tournament are all ways in which we provide this assistance.

The Mielkus Family

without a sense of caring, there can be no sense of community

Anthony D'Angelo

be the change you wish to see in the world

Mahatma Gandhi

We'd like to show you how many people we've helped and how much impact we've had on the Colorado economy, because it's not just our customers who benefit; it is the entire community.

In 2008, CHFA's investment in Colorado reached over \$575 million. This figure includes \$465 million in single family loans to 3,224 households, \$39.7 million in multifamily loans which produced 993 residential rental units, and \$70.2 million in business loans serving 74 businesses supporting 3,352 jobs. We also reserved \$10.8 million in both competitive and noncompetitive Low Income Housing Tax Credits to support 934 units of rental housing.

The economic benefits of these loans are as follows: the financing and construction economic impact of CHFA's business loans will be \$174 million and support an additional 1,436 jobs. Single family production will have a gross fiscal impact of \$878 million and support 5,638 jobs. The economic impact of CHFA's multifamily rental production will be over \$392 million, supporting 2,836 jobs.

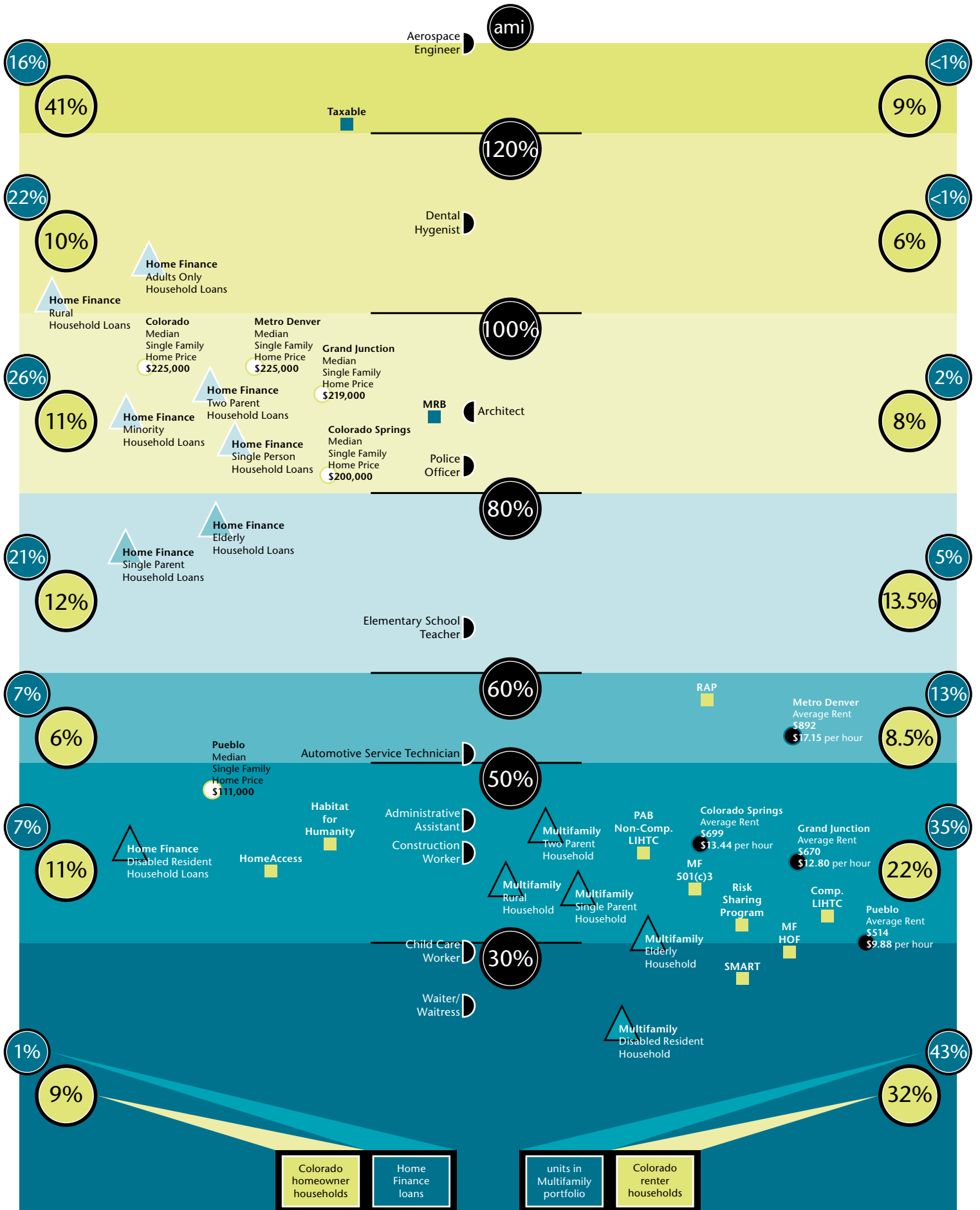
The cornerstone of all our efforts is using our resources to reach families and individuals with low and very low incomes. Thus, each year we look at the incomes of those we have served.

The Colorado area median income (AMI) in 2008 was \$67,900; the median household income in each of our home and rental finance programs falls below this amount. The chart on the next page illustrates how our specific programs serve households, even reaching to below 30 percent AMI.

For those not in the affordable housing community, we recognize this information may still be somewhat out of context. To help illustrate what affordable housing is, we have a housing cost slider available, as well as a calculator on our website, www.chfainfo.com, to determine housing costs. According to experts, a household's principal, interest, taxes, and insurance (PITI), or monthly rent including utilities, should be no more than 30 percent of a household's gross monthly salary. For example, a Colorado elementary school teacher who earns a salary of \$43,190 and budgets 30 percent of gross salary to housing should pay no more than \$1,080 per month in housing costs. At a 5.5 percent interest rate, the same teacher can afford a median priced (\$130,000) condominium or townhome in the Denver Metro area. Housing costs for various areas of the state are included in the chart.

The chart demonstrates that CHFA assists families in achieving safe, secure housing that is well within their means, allowing them to pay for necessities like transportation, health care, and educational expenses.

chfa housing beneficiaries



The future belongs to those who prepare for it today
Malcolm X

There were many difficulties in 2008. Because of the challenges we faced, CHFA applied for various funding opportunities in 2008. We are fortunate to report that many of those opportunities have come to fruition, and as a result, CHFA will be able to continue to offer innovative programs in 2009 and beyond.

Private Activity Bonds (PAB)

CHFA received \$142 million in PAB authority to use for housing, both multifamily and single family. This special PAB allocation, resulting from HERA, can be used more broadly than traditional PAB. CHFA will be using the funds to refinance mortgages, with the goal of preventing foreclosure.

New Markets Tax Credit (NMTC)

In 2005, CHFA, in partnership with the City of Denver and the Colorado Enterprise Fund (CEF), formed the Colorado Growth and Revitalization (CGR) Fund LLC, a Community Development Entity (CDE). The CGR Fund was awarded a second allocation of \$35 million of tax credit authority by the U.S. Treasury in October 2008. The credits will be available for deployment in early 2009, and will target investments in every eligible census tract in Colorado. Approximately 50 percent, or \$17.5 million, of the allocation will be targeted to major urban communities. The remaining 50 percent will be divided equally between minor urban and rural areas, allocating roughly \$8.75 million for use in each. The additional credits will support critical projects around the state by offering flexible financing terms for commercial real estate, mixed use development, nonprofit community facilities, and renewable energy.

NeighborWorks Grant

At the end of the year, CHFA learned we had received an additional \$1.7 million in NeighborWorks grant funding, bringing the total to \$3.2 million, allowing us and our partners to continue foreclosure prevention work through 2009.

Colorado Credit Reserve (CCR)

In 2008, CHFA worked with the Office of Economic Development and International Trade (OEDIT) to rejuvenate the CCR program. CCR was a small business lending program that operated under CHFA's management between 1993 and 2006, successfully leveraging small amounts of public resources to generate private bank financing, providing Colorado small businesses access to capital that might not otherwise be available. It encourages banks to extend credit to small businesses by creating a pooled reserve account to fund any losses associated with loans registered in the program. CHFA and OEDIT's efforts resulted in legislation being brought forward during the 2009 general session to fund CCR into 2010. We estimate there will be about 250 loans made statewide. This program will help many worthy businesses get funds who are unable now because of the current credit crunch.

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

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

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people live and work*