



# **HARTFORD COMMUNITY LOAN FUND**

## **CONSTRUCTION-REHAB LOAN PROGRAM**

### **2015 Evaluation Report**

*June, 2015*

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*The evaluation of Hartford Community Loan Fund's Construction-Rehab Loan Program has been made possible through the support of the Nonprofit Support Program at Hartford Foundation for Public Giving. HCLF also thanks the Foundation's consultant Anita Baker for her expertise and assistance through the Building Evaluation Capacity program.*



*Capital for Hartford Community Loan Fund's Construction-Rehab Loan Program is provided in part by our corporate partners who share our passion for investing in Hartford's neighborhoods.*



# HARTFORD COMMUNITY LOAN FUND

## INTRODUCTION: HARTFORD COMMUNITY LOAN FUND'S CONSTRUCTION-REHAB LOAN PROGRAM

Hartford Community Loan Fund, Inc. ("**HCLF**") is a community development financial institution (CDFI), based in Hartford, Connecticut. The mission of HCLF is to provide and promote just and affordable financial services that benefit low-wealth residents of Hartford.

One of the ways HCLF fulfills its mission is by providing financing to rehabilitate affordable housing units in its investment area. HCLF provides such financing to owners of residential and mixed used properties in Hartford through its **Construction-Rehab ("CR") loan program**. Starting with a pilot program, the CR program was formally launched in 2006, and in 2012 became and still is HCLF's largest loan program. Through its participation in Hartford Foundation for Public Giving's 18 month Building Evaluation Capacity program, HCLF has completed its first comprehensive evaluation of the Construction-Rehab loan program.

### EVALUATION DESIGN

The evaluation was conducted to answer the following Evaluation Questions ('EQ1' and 'EQ2'):

**EQ1** What are borrower perceptions of the CR loan program? From the perspective of CR loan program borrowers, what could/should HCLF do to improve the program and increase its impact?

**EQ2** What is the community impact of HCLF investments through the CR loan program? (Impact examples: HCLF capital invested, jobs created, housing units rehabbed, affordability of units rehabbed for low-wealth residents, leveraged capital invested in the community)

HCLF sought answers to Question 1 through utilization of a survey of 42 borrowers who had obtained financing through the CR program and successfully completed HCLF financial rehab projects during the years 2012-2014. The survey was administered during January – February of 2015 through an online tool. Due to language barriers, several borrowers chose to respond to the survey via in-person interviews with bilingual staff. In total, HCLF received responses from 71% of 42 borrowers invited to participate in the survey.

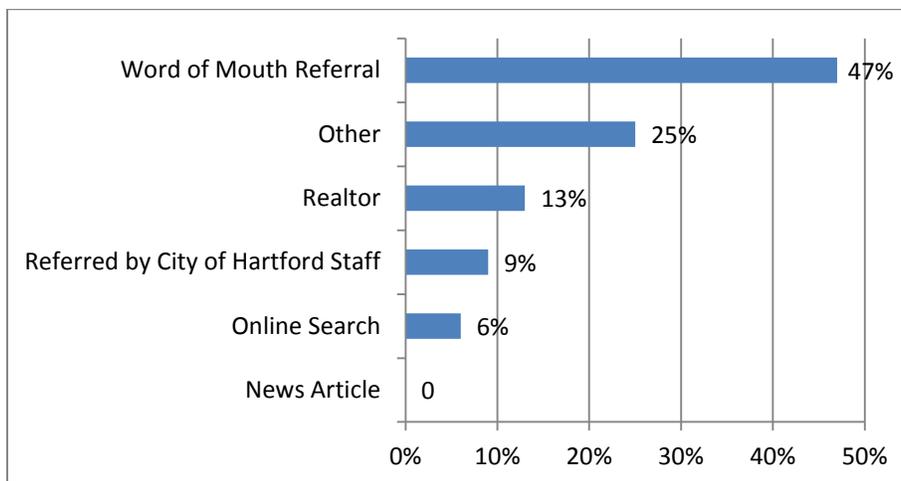
Question 2, addressing the impact of HCLF CR loans in the community, was evaluated via record review.

## BORROWER SURVEY RESULTS

Borrowers were selected for survey participation based on the following criteria: 1) Borrower must have been active in HCLF CR portfolio lending during the past three years (2012 – 2014); and 2) Borrower had completed 100% of loan advance process for at least one project/loan during the three year period. A copy of the survey is attached as Appendix A. Sixty-one borrowers met the required criteria and were invited to participate in the survey. Forty-two responded and expressed a willingness to participate. Subsequently, in January, 2015, each of the 42 CR Borrowers received the survey instrument. HCLF received 30 completed surveys in response for a 71% response rate. Surveys were completed both online and during in-person interviews with HCLF non-lending staff.

All survey respondents were asked how they first came to be aware of HCLF financing opportunities. As shown in Figure 1, word of mouth was most commonly identified as the referral source. Additionally, about 13% of respondents learned of HCLF through a realtor, 9% were referred there by City of Hartford staff, and a few (6%) found HCLF through an online search.

Figure 1: How Construction Rehab Program Respondents First Heard of HCLF, n=30



### **COMMUNICATION DURING LOAN APPLICATION & ORIGINATION**

Respondents were asked to assess the quality of HCLF staff communications and assistance through the entire lending process – from application to loan closing. As shown in Table 1, most respondents indicated communication with HCLF was sufficient and effective. Specifically:

- Borrowers were given five options to rate the communication/help they received from HCLF staff. All respondents (100%) *strongly agreed* it was sufficient.
- Borrowers were given the same five options to rate HCLF staff and/or attorney communication in preparation for loan closing. Almost all respondents (90%) *strongly agreed* that communication was sufficient as well.

- Borrowers were asked if there were any “surprises” at their loan closing, and 87% of respondents replied ‘No’.

<b>Table 1: Borrower Feedback Regarding Communication During Loan Application n=30</b>	
<i>Percent of Borrowers who . . .</i>	
<i>Strongly Agreed</i> the communication/help they received from HCLF was sufficient during the application process	100%
<i>Strongly Agreed</i> HCLF staff and/or attorney communicated sufficiently with them in preparation for closing	90%
Reported there were “no surprises” at their closings	87%

### **TECHNICAL ASSISTANCE / SKILLS**

HCLF seeks to build the capacity of its borrowers – especially locally based low/moderate-income, small scale entrepreneurs - by providing technical assistance and training related to property rehab and management. Additional questions on the survey, including some that were open-ended, were included to solicit input as to how the organization might best accomplish this objective in the future. As shown in Table 2 and the text box following, respondents were able to provide clear, concrete suggestions. About half of the respondents indicated it would have been helpful as they were initiating their first projects to learn more about tenant selection, landlord/tenant rights, record keeping for properties, and property management including both short-term and long-term maintenance. About one-third of the respondents also indicated it would have been useful to learn more about contractor selection and project oversight.

Respondents also had specific, wide-ranging additional requests. Samples of their requests are shown in the box below.

<b>Table 2: Technical Assistance Helpful to Borrowers at Project Initiation , n=30</b>	
Tenant selection, including how to find good tenants, work with tenant subsidy programs (e.g., Section 8), etc.	48%
Landlord/tenant rights and responsibilities, including leases, eviction law, lease restrictions, etc.	48%
Record keeping for properties, including budgets, financial records and accounting	48%
Property Management, including both short-term and long-term maintenance	45%
Contractor selection, including how to select a contractor, obtain construction bids, etc.	35%
Project oversight, including how to oversee the construction process, achieve successful completion of the project, etc.	35%

**Examples of open-ended responses to the question: What other skills or knowledge would help you manage your project or your property more successfully?**

*Actual help finding renters.*

*Assistance in determining the construction budget. We did it on our own, but the real costs turned out to be 20% higher than budgeted.*

*Source of providers for construction insurance required by HCLF – detail on coverage expectations / needs.*

*Assistance in preparing for 2nd level (permanent mortgage) financing.*

*On the first project, we ran into an unexpected asbestos issue. Information on asbestos and/or lead abatement would have been helpful.*

*Incentives offered by City of Hartford, along with tax credits available for certain (historic) properties.*

*Connections to property management companies.*

**IMPROVEMENTS TO PROGRAM**

The survey was also designed to collect input from borrowers for ways in which HCLF could improve its loan origination process, its loan servicing process, and its construction-rehab loan product offerings. Again, respondents had multiple suggestions.

**Examples of open-ended responses to the question: What improvements could be made to HCLF's Lending Process?<sup>1</sup>**

*It took several months to complete the process. It could be helpful to streamline where possible.*

*As a repeat borrower, I would streamline some timely and costly parts of your process.*

*More clarity on your underwriting requirements.*

*The process can be faster. We waited a few months (to close on the loan).*

*HCLF is involved in a number of transactions in the Hartford area. To avoid potential conflicts, HCLF (should) not comment on negotiations between buyers and sellers.*

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<sup>1</sup> "Lending Process" includes the time from when the respondent first spoke with HCLF about the loan program until the time the final advance on the project was funded.

**Examples of open-ended responses to the question: What improvements could be made to HCLF's Construction-Rehab Loan Product?**

*Lower Interest rate.*

*Better visibility into the loan's actual cost including all fees and interest accrued.*

*Borrowers need to know more about consequences of not being able to refinance their HCLF construction loan. The interest charged after the pay-off (maturity) time is very high!*

*Be able to see my statement and history of payments online.*

*To provide financing in other towns.*

*Help analyze the contract between borrower and general contractor.*

**Examples of open-ended responses to the question: Are there other lending products HCLF could offer to help spur the rehab of more properties in Hartford?**

*Lower required equity investment by the owner in order to obtain HCLF loans.*

*HCLF needs more exposure so others know the financing is available.*

*Second mortgage product. This could help owner-occupants who don't want to/can't afford to refinance their first mortgage.*

*A better refinance option once construction is complete.*

*Not sure about products, but increased publicity may be helpful.*

*The amount that I need to provide up front is what has prevented me from using HCLF again.*

*Long term financing options after the completion of a project would spur the rehab of more properties. Rather than incurring fees for multiple closings in short periods of time, it would be favorable to have the loan transitioned to another institution long term.*

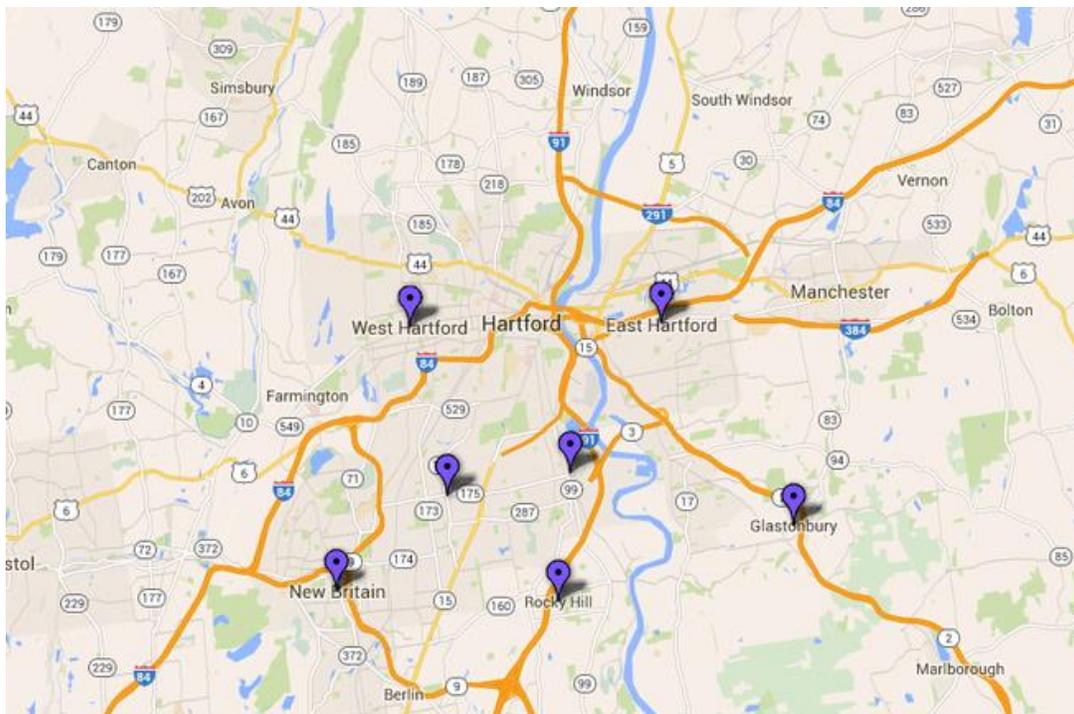
*Seminars to introduce your product to the public. You have a very good product. At times you are the only game in town. I did two projects with you and you were the only financial institution that would support me. The projects have been a tremendous success. Thank you for your help...*

Lastly, respondents were asked what improvements could be made to HCLF's Loan Servicing process.<sup>2</sup> Only one-third of respondents (34%) provided a response. **Those who did suggested that making statements, accounts, and payments available online would improve HCLF's loan servicing.**

### **POTENTIAL EXPANSION OF PROGRAM**

At the time of the survey, HCLF construction-rehab lending was restricted to borrowers rehabilitating properties located in the city of Hartford. Questions were included on the survey to ascertain the potential interest of existing HCLF borrowers for rehab financing in other adjacent communities. Almost three-fourths of respondents (74%) said they were interested and many named specific communities including New Britain, Bloomfield, East Hartford, Glastonbury, Manchester, Newington, Rocky Hill, West Hartford, Wethersfield, and Windsor.

Figure 2: Interest in other adjacent communities



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<sup>2</sup> "Loan Servicing Process" includes HCLF's administration of the loan, sending payment statements, processing payments, processing payoffs etc.

The final questions on the survey were intended to assess overall satisfaction with HCLF staff (both lending and loan administration staff), in addition to gauging general satisfaction with the borrower's interaction with the organization. Again borrowers were given five options (*Strongly Disagree, Disagree, Neither Disagree or Agree, Agree or Strongly Agree*) to answer the satisfaction questions.

<b>Table 3: Overall Satisfaction, n=30</b>
<ul style="list-style-type: none"><li>• All borrowers <i>strongly agreed</i> they were satisfied with the professionalism/courtesy of the HCLF loan servicing staff.</li></ul>
<ul style="list-style-type: none"><li>• Nearly all (97%) <i>strongly agreed</i> they were satisfied with the professionalism/courtesy of their HCLF lender.</li></ul>
<ul style="list-style-type: none"><li>• Nearly all (97%) <i>strongly agreed</i> they would recommend HCLF's construction-rehab lending program to others.</li></ul>

## IMPACT OF HCLF'S CONSTRUCTION-REHAB LOAN PROGRAM

There have been 114 CR loans originated between the initiation of the program and March 31, 2015, the cutoff for our record review. As shown in Table 4, the amount of funding has increased substantially over the years and HCLF investments have helped to leverage other funding. Specifically:

- The majority of the loans originated (58%) were short term construction loans.<sup>3</sup> These loans did not amortize. Borrowers paid interest only, and the loans ballooned at the end of the term. The remainder were Mini-Permanent or Permanent loans which either fully or partially amortized over the term of the loan. This category contains loans which originated as interest-only construction loans and converted to fully or partially amortizing loans after construction was completed. The average loan size for all loan types was \$137,581.
- As evidenced in Table 4, HCLF's CR loan origination volume has increased significantly in recent years.
- HCLF has made a total of **\$15,684,201** in Construction Rehab loan commitments between fiscal year ending 2003 and March 31, 2015.
- HCLF's CR loans have leveraged bank financing of **\$9,564,771** in additional investments in Hartford neighborhoods. Borrower equity investments in Hartford totaling **\$7,414,705** were leveraged in conjunction with HCLF's investments.

**Table 4: Summary of Loan Activity Associated with the CR Program**

Number of CR Loans originated since program inception. <sup>3</sup>	114
Number of Short Term Construction Loan (Interest only with balloon)	64
Number of Mini-Perm Construction Loans (Partially amortizing with balloon)	29
Number of Permanent Construction Loans (Fully amortizing)	21
Average Loan Size	\$ 137,581
Construction-Rehab Loans Originated	
HCLF Fiscal Year Ending 6/30/03 – 6/30/05 (36 months)	\$ 300,000
HCLF Fiscal Year Ending 6/30/06 – 6/30/08 (36 months)	\$ 2,251,584
HCLF Fiscal Year Ending 6/30/09 – 6/30/11 (36 months)	\$ 3,509,241
HCLF Fiscal Year Ending 6/30/12 – 6/30/14 (36 months)	\$ 7,128,126
Nine months ending 3/31/15	\$ 2,495,250
<b>TOTAL</b>	<b>\$ 15,684,201</b>
Non-HCLF bank investments leveraged in HCLF CR transactions	\$ 9,564,771

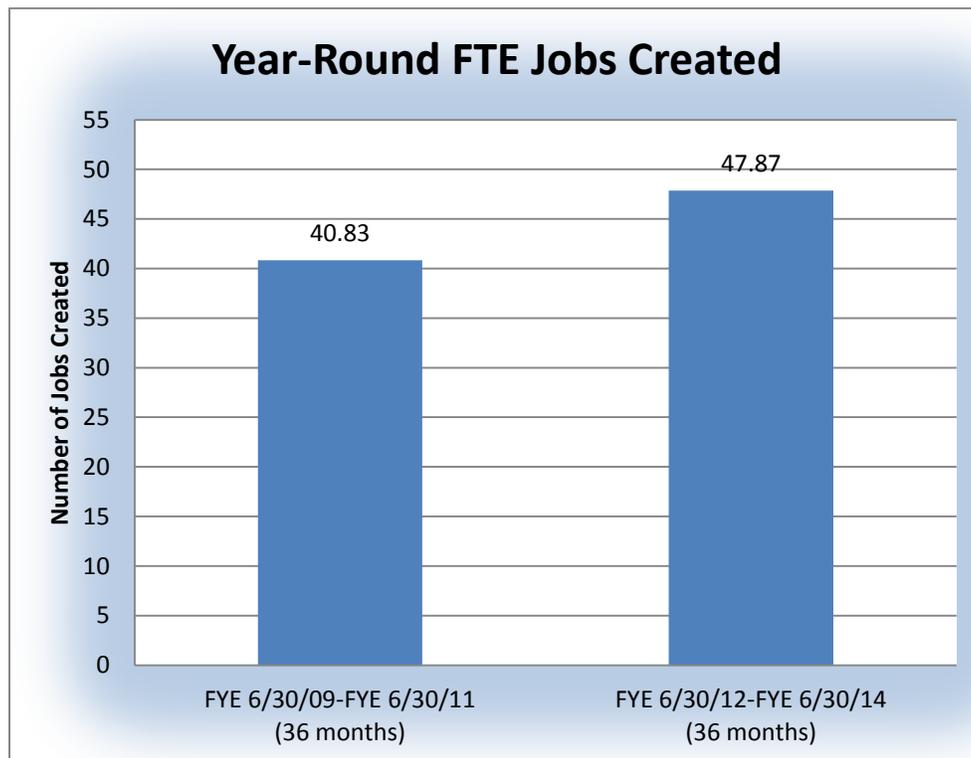
<sup>3</sup>From 2006, when the CR pilot program was launched, until 2014, HCLF offered only a two year interest-only loan product. In 2014, with support of new longer term investors including Bank of America, Wells Fargo, and Connecticut Housing Finance Authority, HCLF began introducing an array of longer term mortgage products for CR Borrowers.

## **JOB CREATION**

HCLF CR loans originated translate directly into jobs created for area workers, particularly in the construction trades.

The chart below reflects data for construction jobs generated as a direct result of HCLF property rehab financing activity (these numbers do not reflect indirect jobs created through, for example, the purchasing of construction materials). While the jobs for each individual loan/project are temporary, HCLF tracks labor hours per project and converts this data into full-time equivalent (FTE) year-round jobs (260.9 working days per year). See Appendix B for HCLF's job calculation methodology.

Figure 3: FTE Jobs Created through HCLF CR Lending<sup>4</sup>



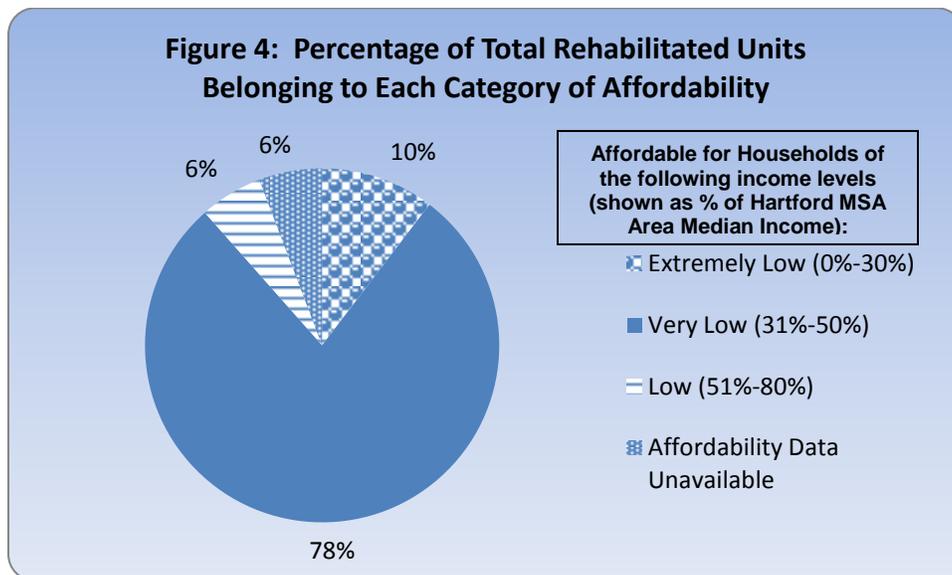
As indicated in Figure 3, HCLF CR loans resulted in approximately 41 FTE, year-round jobs created and sustained during the three year period from 6/30/09 – 06/30/11, increasing to approximately 48 jobs in the subsequent three year period ending 6/30/14. The increase in jobs correlates to the increase in CR loan originations during the six year period.

<sup>4</sup> HCLF did not collect job data for CR loans until FY '09

In addition to counting dollars invested, HCLF collects data with each transaction which provide indicators of how HCLF financing is improving the community. Some of the key factors which are measured include the number of housing units improved with each transaction, the number of properties (detached buildings containing residential units) improved, and the number of units improved which are affordable to low and moderate income renters and buyers.

Table 5: Summary of Property Improvement Associated with the CR Program	
Total number of housing units improved (City of Hartford)	434
Properties (freestanding buildings) rehabilitated	111
Units rehabbed which are affordable for low income households <sup>5</sup>	409

Creating or rehabilitating housing units that are affordable for Hartford’s low and moderate income residents is an important part of HCLF’s mission to provide financing that benefits the low-wealth residents of Hartford. More generally, as a Community Development Financial Institution certified by the US Treasury Department, HCLF seeks to *economically empower America’s underserved and distressed communities*. One way in which HCLF seeks to achieve this goal is to ensure the provision of safe, decent, affordable housing for underserved and distressed households in the city of Hartford. The CR program is HCLF’s primary tool to achieve this objective.



As indicated in Figure 4, the vast majority of housing units rehabbed by HCLF CR loans are affordable for rental or ownership by *extremely low* or *very low* income households (88% of total units rehabbed with HCLF financing), based on income categorizations as calculated and determined by the US Dept of Housing and Urban Development (HUD) for the metro-Hartford area.

<sup>5</sup> Affordability Data was unavailable for 25 units when the related loans were originated.

## FINDINGS SUMMARY AND SUGGESTED ACTION STEPS

Evaluation of survey responses provided an array of helpful information to HCLF's stakeholders. Results of HCLF's evaluation will be shared with all HCLF Staff and Lending Consultants, HCLF Loan Committee Members, HCLF's Investors, and Members of the Board of Directors.

Key findings and recommended action steps (subject to HCLF Board approval), include the following:

- **Service and Professionalism of HCLF Staff:** Borrower satisfaction with HCLF lending and loan servicing staff was very strong.
- **Length of Underwriting / Closing Process:** A few borrowers expressed frustration at the length of HCLF's underwriting/origination process (the time from receipt of application to loan closing).

**Recommendation:** HCLF will document/track dates for submission of a complete loan application, date of loan decision, and date of loan closing. Through the FYE 6/30/16, staff will provide quarterly reports to the Board identifying the mean and median of the underwriting timeframe for all CR loans (from application to credit decision); timeframe from credit decision to loan closing; and total timeframe from application to loan closing.

HCLF will analyze these data and determine if, in fact, the underwriting/origination process could be expedited and what steps management may need to take to accomplish this.

- **Loan Closings:** While 87% of borrowers reported no surprises at their loan closing, management followed up on comments provided by borrowers who did not respond positively to this question. HCLF lending staff subsequently met with attorneys representing HCLF at loan closings and clarified expectations and closing protocol. In the case of one closing, HCLF's attorney had not taken proper responsibility for securing a necessary lien release. This matter was subsequently addressed and corrected with the borrower who had expressed dissatisfaction in his survey response with his loan closing.
- **Technical Assistance:** As reflected in the survey, borrowers identified several opportunities for HCLF to strengthen the capacity of its borrowers through the provision of training and education. A previous lead abatement training/certification class organized by HCLF was very well attended by borrowers and may serve as a model to HCLF staff for future trainings.

**Recommendation:** HCLF lending staff will review survey results to develop a 'Technical Assistance Strategic Plan' for HCLF borrowers. The plan will identify at least one training/education capacity-building initiative the organization will conduct during HCLF's Fiscal Year ending June 30, 2016. Evaluation of training effectiveness will be conducted.

- **Cost of Loan Products:** While several borrowers expressed dissatisfaction over HCLF pricing (interest rate and fees), these borrowers represented less than 10% of total borrowers responding to the survey. HCLF frequently assesses and will continue to evaluate the pricing of its competition. Management believes its loan products are competitively and affordably priced for its market.

- **Online Account Information / Payment options:** More than 1/3 of HCLF borrowers requested that the organization make account information available online, with an option for making loan payments via the internet.

**Recommendation:** During FYE 6/30/2016, HCLF will evaluate options and pricing for providing online account access/loan payments. HCLF management will also seek potential funding sources for such investments.

- **Organizational Profile / Marketing:** When asked how HCLF could spur the revitalization of more affordable homes, several borrowers stated the organization could increase its public profile and make its loan products known to a broader audience.

**Recommendation:** HCLF's upcoming move projected for December, 2015 is providing an opportunity for a corporate re-branding initiative. During the summer of 2015 HCLF will launch its redesigned website (with loan application materials to be made available online) and, as part of its relocation process, redesign all marketing materials to incorporate its new address, new logo and color scheme. Assessment of web analytics and feedback from borrowers will be conducted.

- **New Loan Products:** While several borrowers suggested opportunities for the potential creation of new loan products, HCLF has expanded its portfolio from one product available two years ago (a two year, short-term rehab loan) to five products now available under the CR program. All of HCLF's new products were created upon staff assessment of local market conditions and borrower needs. Lending staff will continue to evaluate market needs and recommend any future new products to the HCLF Loan Committees and Board of Directors accordingly.
- **Geographic Restriction of HCLF loan products:** HCLF CR loan products have been available only for the rehab of residential and mixed use properties in the city of Hartford. Many of HCLF's borrowers are involved in development of properties in other towns in the greater Hartford region. Nearly 3/4 indicated they would borrow from HCLF if the organization provided financing in other communities in the region.

**Recommendation:** In the summer of 2015 HCLF will conduct a pilot initiative in New Britain, working with city leaders to spur the rehab of blighted affordable housing stock in that city. HCLF's Board will then assess the results of this pilot to determine if a geographic expansion of the Loan Fund's efforts is warranted and would be beneficial, both to the organization and adjacent communities.

## APPENDIX A – BORROWER SURVEY

Thank you for taking the time to complete our survey. The purpose of this survey is to get your feedback on how we might improve our loan products and services in 2015. Each HCLF borrower who completes the survey will receive a \$15 Hartford Park/Shop/Dine gift card in appreciation for your time. The survey should take no longer than 15 minutes to complete. Your input will be kept confidential and will be compiled with other feedback into a summary report to be shared with HCLF leadership. The answers you give will have no bearing on your file or future lending decisions.

1. How did you first hear about Hartford Community Loan Fund ("**HCLF**")?

- News article
- Word-of-mouth referral from friend
- Online search
- Referred by City of Hartford staff
- Realtor
- Other (please specify):

2. The communication/help I received from HCLF staff was sufficient during the application process.

Strongly Disagree

Somewhat Disagree

Neither Disagree or  
Agree

Somewhat Agree

Strongly Agree

If the communication/help was insufficient, please tell us how we can improve:

3. The HCLF Staff and/or HCLF's attorney communicated sufficiently with me in preparation for the closing of my loan with HCLF.

Strongly Disagree	Somewhat Disagree	Neither Disagree or Agree	Somewhat Agree	Strongly Agree
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

If the communication was insufficient, please tell us how we can improve:

4. Were there any "surprises" at your closing that you hadn't expected?

- Yes
- No

If yes, please explain:

5. When you initiated your first property rehab project, what technical assistance would have been most helpful to you?

	Needed	Not Needed	Not Sure
Contractor selection, including how to select a contractor, obtain construction bids, etc.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Project oversight, including how to oversee the construction process, achieve successful completion of your project, etc.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Tenant selection, including how to find good tenants, work with tenant subsidy programs (e.g., Section 8), etc.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Landlord/tenant rights and responsibilities, including leases, eviction law, lease restrictions, etc.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Record keeping for properties, including budgets, financial records and accounting	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Property Management, including both short-term and long-term maintenance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Other:

Question 6 requires a response in order to complete the survey. Please write 'none' if you cannot answer. Thank you.

6. What other skills or knowledge would help you manage your project or your property more successfully?

Question 7 requires a response in order to complete the survey. Please write 'none' if you cannot answer. Thank you.

7. What improvements could be made to HCLF's lending process (by "lending process" we mean the time from when you first spoke with HCLF about our loan program until the time we funded the final advance on your project)?

Question 8 requires a response in order to complete the survey. Please write 'none' if you cannot answer. Thank you.

8. What improvements could be made to HCLF's loan servicing process (by "loan servicing process" we mean HCLF's administration of your loan - sending your payment statements, processing your payments, processing your payoffs, etc.)?

Question 9 requires a response in order to complete the survey. Please write 'none' if you cannot answer. Thank you.

9. What improvements could be made to HCLF's construction-rehab loan product?

Question 10 requires a response in order to complete the survey. Please write 'none' if you cannot answer. Thank you.

10. Are there other lending products you think HCLF could offer to help spur the rehab of more properties in Hartford?

11. Would you consider developing property in another town in the Greater Hartford area if HCLF financing were available there?

- Yes
- No

If yes, please list 1-3 towns in which you would have an interest in purchasing/rehabbing properties.

If you have developed residential properties in other towns in the Greater Hartford area, please respond to Question 12. If not, please skip to Question 13.

12. If HCLF construction-rehab loans were available in other towns in the Greater Hartford area, what towns that you've worked in would HCLF financing be most helpful, allowing you to rehab other properties in that town?

13. How satisfied were you with the professionalism/courtesy of the HCLF loan servicing staff?

Strongly Dissatisfied	Somewhat Dissatisfied	Neither Dissatisfied or Satisfied	Somewhat Satisfied	Strongly Satisfied
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

If dissatisfied, please tell us how we can improve:

14. How satisfied were you with the professionalism/courtesy of your HCLF lender?

Strongly Dissatisfied	Somewhat Dissatisfied	Neither Dissatisfied or Satisfied	Somewhat Satisfied	Strongly Satisfied
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

If dissatisfied, please tell us how we can improve:

15. Would you recommend HCLF's construction-rehab lending program to others?

- Yes
- No

If no, please explain:

## **APPENDIX B - HCLF's JOB CREATION METHODOLOGY**

**Assumptions:** The numbers for labor dollars per hour and hours worked per day represent the mean hourly earnings of private industry construction workers in the Hartford-West Hartford-Willimantic, CT combined statistical area based on the US Department of Labor National Compensation Survey from 2010. Days worked annually was calculated based on 365.25 days/yr and assuming 5 work days/week. ( $365.25 \text{ days/year} / 7 \text{ days/wk} * 5 \text{ working days/wk}$ ) Loans without a labor budget were estimated to have 60% of hard costs devoted to labor.