



# 2017

CIL ANNUAL REPORT



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MEET THEIR NON-  
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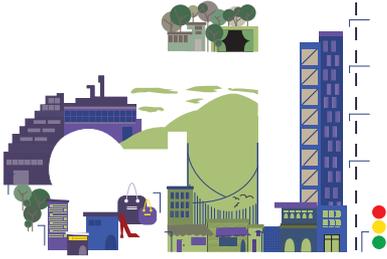
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# EXECUTIVE REPORT



Kent Schwendy, President/CEO

There were many changes at CIL in 2017. There were hellos, and good byes. Of course, that's true of most years, but this year some of the changes were very significant and some of the goodbyes were very difficult.

Since our founding 38 years ago, CIL has responded to our clients' needs by expanding the services we provide. Originally, we were created as a real estate consulting organization – only later becoming a developer. Six service provider agencies decided that they would be best served by creating a company to provide real estate expertise to them, and to other nonprofit organizations, rather than each trying to develop the expertise on their own.

This model of finding and using expertise rather than trying to do everything ourselves, has always been a part of the culture at CIL. However, when we couldn't find the expertise, or when we felt efficiency or workload favored internal capability, we expanded to provide it. That's how we quickly evolved into a real estate development group.

When we grew our own internal construction capabilities and became licensed as a General Contractor for both home and major construction, it was largely to support the construction of community residences – single family homes with some special adaptations that not all contractors understood. We grew to be very good at that.

The world does not stand still and some of the ideas that worked in the past are no longer the best thing for CIL and our clients in the future. As rules changed in Connecticut and being the developer and the contractor started to be viewed as a conflict, the balance started to shift. As more and more

- THE MISSION -

TO CREATE & SUSTAIN  
HOUSING AND OTHER COMMUNITY  
RESOURCES THAT PROVIDE  
AFFORDABILITY,  
ACCESSIBILITY, AND  
INDEPENDENCE  
TO THOSE IN NEED.

of our work took us to Massachusetts, we found ourselves better served to work with local contractors. Finally, as we took on larger, and more complex multi-family projects, we realized that just like our founding service provider agencies, we had come to a point where we needed to have external expertise instead of maintaining internal capabilities.

It was a difficult decision to shut down our construction services group and transition fully to external partners to provide these services. In true CIL fashion, those impacted by the decision listened carefully to the reasons and agreed that it was best for CIL and those we serve, even if it was hard for them. We did what we could to decrease the difficulty for those leaving and to make the transition as seamless as feasible for our clients.

We'll still provide all the services and capabilities we have in the past, but now we'll depend solely on external partners to provide construction services and construction management. Happily, some of those services have already been provided through new relationships with our past teammates.

An even more difficult goodbye came when the world and CIL lost our good friend and teammate, Tom Conetta, suddenly, and without warning. While we grieved and mourned the loss, we were comforted by the many memories of Tom laughing, smiling, and always finding some humor, even in the most difficult situations.

There were other things that happened during the year – some happy and some sad. **Projects come and go, but people with whom we've shared experiences and friendship will always remain a part of us. ■**

# HELPING NONPROFITS MEET THEIR NON-RESIDENTIAL REAL ESTATE NEEDS

David McKinley, Vice President of Development

It's a logical expansion of the residential development services that CIL has provided to service providers since our creation in 1979. We want to provide all types of nonprofits with the offices and other spaces they need to serve their missions.

Not-for-profit organizations face many challenges, and securing suitable office and program spaces is often a serious one. Locating affordable space, finding the capital to fit-out a space, dealing with design and construction issues, covering escalating rental costs, negotiating with landlords, and avoiding disruptive relocations are just some of the difficulties.

CIL enjoys a challenge and took on this one in 2008. It established the development and financing tools needed to provide not-for-profit organizations with administrative space, training and program space, child care facilities, and alternative schools:

- When a large organization needed to consolidate several satellite offices, CIL acquired and fit-out a 30,000sf office building for this organization's exclusive use.

- A child care provider faced critically needed building upgrades. CIL secured the site, funded major capital improvements, and executed a long-term lease agreement with the provider.

- A mental health service provider was facing eviction from its longtime program space. CIL acquired a nearby property and completed the renovations necessary to relocate its social club program.

- CIL relocated its own offices by renovating a vacant warehouse in Hartford.



David McKinley





Connecticut Nonprofit Center  
© Heather Conley Photography

CIL's largest nonresidential project to date is the CT Nonprofit Center in Hartford. In collaboration with CT Nonprofits, now the CT Community Nonprofit Alliance, CIL acquired an 80,000sf office building in the Coltsville neighborhood.

Over the last four years, twenty-six nonprofits have leased space in the center. The Alliance manages the use of shared conference space and technology to create operating efficiencies for the organizations. CIL's nonresidential development model closely resembles that used for community residences:

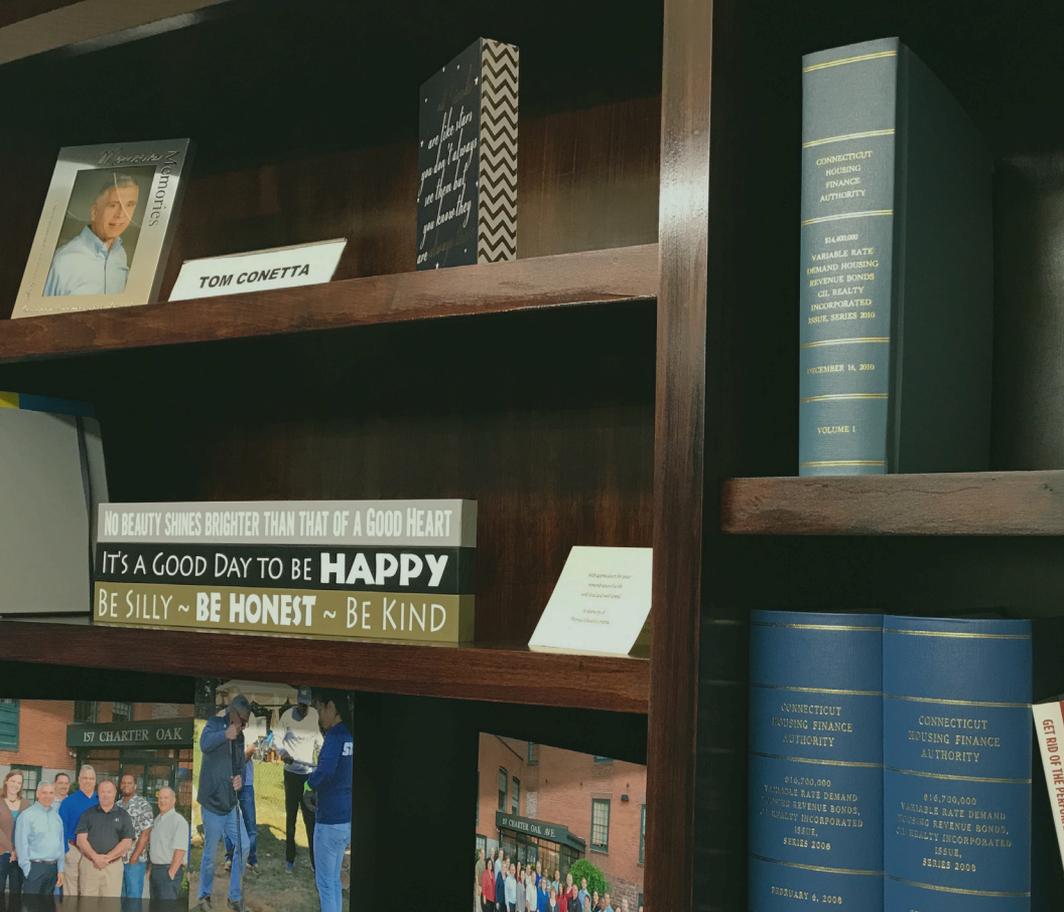
- CIL covers 100% of acquisition, construction, and soft costs. Agencies are not required to pay any deposits or provide any down payments or equity.
- The staff of CIL manages the entire development process from site selection through design, permitting, and construction.
- Agencies have extensive control in the site selection and design process.

- Properties are leased to service providers under long-term, capital lease arrangements that provide affordability and stability.

**- Properties are donated to the lessee agencies at no cost at the end of the lease periods.**

Office and program space projects often begin with a space assessment. CIL utilizes a team of experienced architects to conduct a planning exercise with clients to help them better understand their square footage and design requirements. Assessments are then used to guide the site selection, design, and construction renovation activities.

This year CIL is working with several agencies in Massachusetts and Connecticut on major projects to relocate administrative headquarters, consolidate satellite offices into more efficient centralized offices, and expand educational programming. ■



THE TOM CONETTA  
LIBRARY  
IN MEMORIAM  
CIL TEAMMATE TOM CONETTA,  
WHO PASSED TOO SOON.

# 10 WORD STORIES

WE ASKED CIL TEAMMATES TO SHARE WHAT THEY DO IN 10 WORDS OR LESS.

## **Real Estate Developer and Property Manager.**

Accounting and administrative support.

Doing many tasks at once.

I am a **solution** finder.

Accounts Receivable Person, Liaison to Various Banks, Administrative Assistant Duties.

Help assist in different departments.

I process invoices, collect insurance certificates, and pay those invoices.

**Administer a grant program to help people with accessibility modifications.**

**Multifaceted. high-level administrative support.**

## **PROVIDE HOMES FOR PEOPLE WITH DISABILITIES.**

*Assist several departments. Office Manager Responsibilities.*

**Chasing challenges, asking questions, seeking solutions.**

Facilitate CIL's information infrastructure.

Assist in overseeing the everyday accounting operations of CIL.

## **BUILDING HOMES AND COMMUNITIES.**

*I create or modify processes to effectively and efficiently achieve our mission.*

I am a **story** teller and **people** person.

**Hire talented people, train them, mentor them, and support them.**

Research, Planning, coordination, communication, mover of people and projects, trouble-shooting.

Remove obstacles and provide resources so others can succeed.

Manage projects from **idea inception** to **completion.**



Maria Green

# THE NAME IS BOND... DEMYSTIFYING CIL'S 100% FINANCING MODEL

Maria Green, Vice President/CFO

CIL was able to close on our first bank direct purchase bond this year. It's easy to get lost in the arcane language of the financial sector with terms like variable rate demand bond, letter of credit enhancement, general obligation, cross-collateralization versus cross-default, tax-exempt conduit issuers, trustees...and the list goes on.

All of these technical terms can hide the importance of bonds and what they allow us to do for our partner agencies. Let's pull the curtain back and see how this method can benefit our clients, the states, and the individuals who live in the homes we develop.

The simplest way to think of a bond, is like a mortgage on your house. So, here's an overview of how the system often works for our partner agencies. A service provider agency might get a request from the State to find and

operate a home for four individuals in a particular town, or area. The agency comes to us and tells us what they need. Our developers find an appropriate building, or lot upon which to build, and establish a budget for the cost of providing the home. Once approved, we take care of the design, permitting, and construction of the new home. Once it's ready, the agency goes through the licensing procedure and the individuals move into their new home.

The cost of the home and interest to service the loan is converted into a fixed monthly lease cost for the agency. It's like a 30-year mortgage on your house. You borrow the money to purchase your home and you agree to pay a monthly mortgage. The nuance here is just that CIL borrows the money and the agency pays a monthly lease to CIL, as the owner of the property. In reality, it's even more like the mortgage analogy,



One of CIL's community residences.

© Heather Conley Photography

because once we've paid off the money we borrowed, we donate the home to the agency and then they own it – just like paying off your mortgage.

That's pretty straightforward, but behind that simple process, there are many hidden benefits. First of all, there was no mention of a "down payment" because there is no need for one. Typically, an agency working on their own might have to put down 20 to 30% of the cost before borrowing the money for a home, but through the bond process, CIL is able to provide 100% financing of the costs.

Another great advantage is that the provider agency doesn't have to worry about construction financing on new homes. If you were planning to get a mortgage for a new house you want to build, you would find out that the mortgage is the "permanent" financing for after it's completed and can be used

as collateral. However, while it's being built you would need a construction loan (sometimes called a bridge loan). CIL takes care of this by having access to a \$55 million construction line of credit, so again, no issue for the agency.

It just keeps getting better, though, because CIL and the agency sign a lease with fixed payments for the duration of the lease term, based on an assumed interest rate. If the rates that CIL gets in the bond market are lower than that assumed rate, then the bond is paid off early. Either way, when the bond is paid off, CIL donates the home to the agency. The State can benefit, too, because if we pay off (retire) the bond early, the State doesn't have to continue reimbursing the payments.

The reason we're able to do all of this is because CIL is working for multiple agencies and we can combine projects



and costs to package them for financing through the bond market. The cost of issuing a bond can be very high – several hundred thousand dollars. By combining many properties into a single bond, CIL can spread those costs out and include them in the fixed lease payments.

Currently, CIL has bonds supporting hundreds of projects, totaling more than \$135 million. Our first three bonds to be retired were paid off several years early, resulting in savings of more than \$40 million for the State of Connecticut. The properties were donated, by CIL, to the provider agencies who leased them.

This type of 100% financing model, using the tax-exempt bond market, isn't always the best solution for our partner not-for-profit agencies, but when it is, it can truly benefit everyone involved. We're proud to be able to offer this type of solution. ■



Group homes completed this year.  
© Heather Conley Photography

# FINANCIAL REPORT

## Revenues: 2017 Total    2016 Total

Sales of CIL non-profit properties	\$11,376,605	\$476,000
Sales of CIL for-profit properties	\$357,900	\$758,150
Construction contract revenues	\$3,166,245	\$4,937,089
Interest income from direct financing leases	\$5,682,969	\$4,871,063
Rental Income	\$5,869,091	\$5,627,979
Other Interest Income	\$37,791	\$19,478
Grants (including federal loan forgiveness) & fundraising activities	\$1,655,827	\$1,727,654
Development fees	\$1,791,921	\$1,528,435
Other income	\$5,290,526	\$62,220

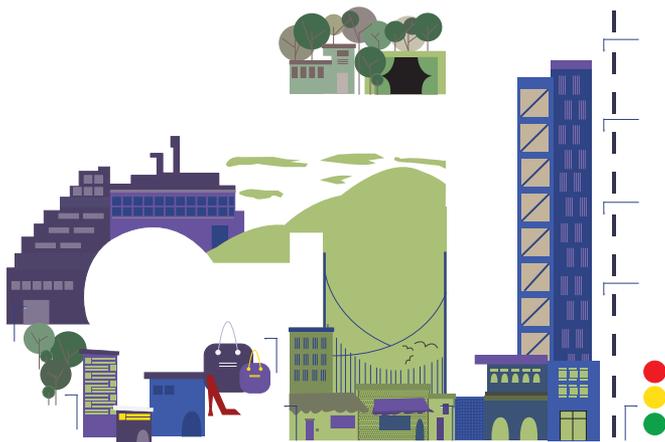
**TOTAL**    \$35,228,875    \$20,008,068

## Expenses: 2017 Total    2016 Total

Cost of sales of CIL non-profit properties	\$12,595,260	\$656,781
Cost of sales of CIL for-profit properties	\$757,900	\$784,100
Construction contract costs	\$3,094,220	\$5,332,752
Other development expenses	\$140,090	\$256,598
Compensation & benefits	\$3,131,418	\$2,868,326
Operational expenses	\$4,250,042	\$3,540,950
Interest expenses	\$2,755,810	\$1,396,586
Depreciation & amortization	\$2,434,249	\$1,444,182
Financing fees	\$2,227,980	\$1,757,865
Professional fees	\$508,016	\$264,393
Grants & fundraising expenditures	\$672,843	\$772,164
Office & occupancy	\$477,718	\$435,471
Provisions for doubtful receivables, net	\$82,517	\$42,140

**TOTAL**    \$33,128,063    \$19,552,308

**INCREASE IN NET ASSETS**    \$2,100,812    \$455,760



## WHAT IS AN INTEGRATED COMMUNITY?

Kent Schwendy, President/CEO

When CIL was founded in 1979, our name and our mission were focused on providing an alternative to mental health institutions, like Mansfield Training Center. The original goal of the Corporation for Independent Living was to reintegrate people back into communities and provide them with the opportunity to reach their full potential and live in an environment of their choosing. That mission is still a core part of our corporate DNA.

In the decades since that mission was articulated and our name was chosen by the service provider agencies that created CIL, “independent living” has taken on a vernacular meaning of housing for senior citizens, which is not a focus of our organization. We’ve also learned a few things over the years that have led us to more often talk about “integrated” living when describing our goals.

We’ve built hundreds of community residences (often called group homes) for people with disabilities. These homes are dispersed among other homes and although they sometimes require some special features to accommodate our clients, we try hard to make them look as similar as possible to the surrounding homes. This is the beginning of providing an integrated living experience. The next step is to make it a “home,” not just a house. The care provider agencies with whom we partner are expert in this. However, we quickly found that living in a home, at a particular address, does not fully make you part of that community.

In order to be truly integrated into a community, you need to have access to services and connections beyond the walls of your home. You need to have places to go and things to do.

You should be able to live where you want, but you should also be able to play, to work, and to learn. You need to interact with other members of your community. Ironically, to be fully “independent” in the sense we originally intended, you need access to people and neighbors.

CIL is a real estate company, so the way we can help is to make sure that those opportunities exist within communities by providing appropriate spaces. We can’t make a community, but we can develop buildings in ways that encourage people to form communities.

In a truly integrated community, everyone is not just allowed to be there, but rather they feel truly welcome to be there. That includes people of different abilities, people of different races, people with different economic situations, people of different ages, and people with different beliefs. This is the way villages used to work. It doesn’t mean that everyone is the same and lives in exactly the same type of home. It means that a variety of different homes are available so everyone has an appropriate choice, if they want to be part of the community.

The many mill towns of New England are fantastic examples of how this used to work. The mill owners lived in the same community with the workers and all the other professions and services they needed. They shared stores, places of worship, schools, and entertainment

opportunities. Young and old lived in the same community, sometimes moving from one home to another as their circumstances and needs changed, but always being part of the community.

“ You need to have places to go and things to do. You should be able to live where you want, but you should also be able to play, to work, and to learn. You need to interact with other members of your community. ”

It sounds like it should be simple to recreate that today, but it isn’t. Many municipalities prohibit mixing unit types and ownership models, and in doing so create separation, stratification, and cohort groups, rather than integrated communities. Movements like the Congress for the New Urbanism promote walkable, livable communities modeled on the village and city centers of the past, but with some adaptations for modern amenities – like cars. Frustratingly, many of the old places people love to visit and live in can’t be built today because of strict zoning ordinances that separate uses in new development.

CIL continues to learn and evolve. As we do, we will remain focused on helping people to reach their full potential and to have the opportunity to live where they choose. We’re proud to partner with communities who share this goal, and when necessary, we work to educate those who don’t yet understand. After all, our tag line is “Where Visions Are Built,” but it’s important that it’s not our vision we’re trying to build. We want to understand the vision of each unique community and help them to achieve their full potential. ■



## 7 BENEFITS OF COMMUNITY DEVELOPMENT PROJECTS

Chris Canna, Sr. Real Estate Developer



CIL is actively looking for new projects in Connecticut and Massachusetts that advance our mission to create housing and other community resources that provide affordability, accessibility, and independence to those in need.

I am often asked what we are looking for when we search for new community revitalization projects, so while these projects ideally have a significant number public benefits, and many times the benefits can be countless, I made an attempt at counting them here to help give you a better idea of what we look for.



Capewell Lofts Aerial

#### POSITIVE ECONOMIC AND COMMUNITY IMPACT SUCH AS:

- 1 Returning blighted and/or underutilized properties to productive use
- 2 Stimulating economic activity by bringing new businesses and residents
- 3 Increasing economic opportunity through mixed-income, mixed-use
- 4 Growing the property tax grand list

#### POSITIVE ENVIRONMENTAL SUSTAINABILITY IMPACT SUCH AS:

- 5 Remediating/abating contaminated properties
- 6 Contributing to walkable neighborhoods
- 7 Increasing access to multiple transit modes (bus, train, etc.)

In pursuit of these benefits, CIL looks to work **WITH** local communities, not **against** them. That means we want to fit into neighborhood, municipal and state strategic plans to ensure our developments further our mutual goals. A typical CIL project would start with an historic site that is underutilized or abandoned with contamination, similar to our recently completed Capewell Lofts project in Hartford, whose revitalization has had these positive economic, community, and environmental impacts. We are always looking for new challenges, so if you have a project that advances our mission, please do not hesitate to contact us! ■



© Heather Conley Photography

We asked Capewell Lofts residents to tell us about themselves, their decision to move to Capewell, and to introduce us to their furry friends.



**Lorenzo Burkett-Hall,**  
TV News Anchor  
Where did you live before? Hartford, CT

**Favorite Quote:** “Relax! It’s gonna be ok” -Oprah Winfrey  
**Why did you choose Capewell Lofts?** The apartments are extremely spacious, pet friendly and includes all the amenities we love having in not only our private home, but also the community.

**What is your favorite part of living at Capewell Lofts?** It’s quiet and our neighbors are fantastic. In such a short period, we’ve been able to develop great relationships with many people in the building. Management also helps foster the friendly atmosphere with various community socials.



**Magge Gagliardi,**  
Illustrator, Designer,  
Commercial Artist and  
Professor of Illustration  
Where did you live before? Berlin, CT

**Favorite Quote:** “Learn the rules like a pro, so you can break them like an artist.” – Pablo Picasso  
**Why did you choose Capewell Lofts?** Hartford is fairly central for me to make the long drives to work either way as I teach in New Hampshire and Connecticut. It’s a quick ride for my boyfriend who works at Cigna in Bloomfield. We were looking for a dog friendly, community feeling as well as good studio space for me to do my freelance work. Capewell fit all of the criteria.

**What is your favorite part of living at Capewell Lofts?** My favorite thing about Capewell is the space. Everything is so open and airy and there is great natural light which is priceless to an artist.



**Tamara Cardoso,**  
**Instructional Designer**  
**Where did you live before?**  
Hartford, CT

**Favorite Quote:** “If you can’t fly, then run. If you can’t run, then walk . If you can’t walk, then crawl. But whatever you do, you have to keep moving forward.” - Dr. Martin Luther King Jr.

**Why did you choose Capewell Lofts?** It was great to see a historic Hartford Landmark restored to open as a residence. I was excited to have the opportunity to live in such a unique space.

**What is your favorite part of living at Capewell Lofts?** My favorite part of living here at the Capewell Lofts is the neighborhood. Including my own Capewell community. Capewell Lofts offers many opportunities to meet neighbors and get to know one another. Most importantly this provides opportunity to share experiences and become a true community at our homestead.



**Nathan Tong,**  
**University Professor**  
**Where did you live before?** Cincinnati, Ohio

**Why did you choose Capewell Lofts?** I loved the high ceilings, the exposed brick, and the integrity of the other original architectural elements of the building. The fact that parking was included at no additional cost was a definite plus as well.

**What is your favorite part of living at Capewell Lofts?** Everything! I love how spacious my apartment is, the 26 foot ceilings, and the fact that I can own dogs without worrying about breed restrictions.

**Favorite Quote:** “Like bones to the human body, the axle to the wheel, the wing to the bird, and the air to the wing, so is liberty the essence of life. Whatever is done without it is imperfect.” José Martí



**Zulma Rios, Mental Health Clinician (LPC)**  
**Where did you live before?** Hartford, CT

**Why did you choose Capewell Lofts?** The BMR program, which allowed Hartford residents, who are primarily working poor and working middle class, access to new construction and quality housing without pushing residents out due to gentrification. Also, I spent 3 years working in an office across from this building. I knew it for what it was then, a safe place for homeless folk and drug users. It was nice to see it be refurbished for the betterment of the community.

**What is your favorite part of living at Capewell Lofts?** The efforts to build a sense of unity by organizing communal events for all tenants.

# PRODUCTION REPORT

Since 1979, CIL has...



ASSISTED **8,042** PEOPLE & FAMILIES

DEVELOPED

**2,589**

TOTAL HOMES

HAS HAD

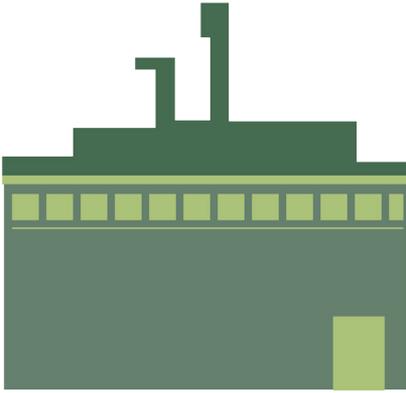
**\$573,191,251**

IN TOTAL  
DEVELOPMENT  
COST



*AccessSolutions*

ADMINISTERED 560 GRANTS  
AND 114 MONEY FOLLOWS  
THE PERSON THROUGH  
ACCESSOLUTIONS.



**321 UNITS OF  
MULTIFAMILY & MIXED  
USE**



**465 HOUSING &  
OTHER PRODUCTION**



**524 LICENSED CT  
COMMUNITY RESIDENCES**



**173 LICENSED MA  
COMMUNITY RESIDENCES**



**139 DEVELOPMENT  
CONSULTING PROJECTS**

# THANK YOU MANNY!



Thank you to Board Member Manuel Silva, owner of MSDesigns, LLC, for 10 years of service on the CIL Board of Directors. 10 years is the term limit for the CIL Board of Directors, so we wanted to take a moment to ask Manny about himself:

**What is your favorite part of being on the CIL Board?** It's always been honor being part of a great organization and being able to help in any way I can to make it better.

**Name some of your favorite hobbies:** I love to watch movies new & old and watching my boys play sports.

**Keys to success:** Always work harder than the next person, attention to details no matter how small, and treat everyone you meet with respect, even if they don't towards you.

## CIL BOARD OF DIRECTORS

Douglas Henley, CREC, Chair

James Parry, CIL, Vice Chair

Maria Green, CIL, Secretary

Ed Jason, Whittlesey & Hadley, P.C., Treasurer

Kent Schwendy, CIL, President/CEO

David Burnett, Reliance Health, Director

Candida Flores, Family Life Education, Director

Stanley Ingersoll, Retired, Director

Barbara Pilarcik, RN, The Association for Community Living, Director

Patrick Pinnell, Patrick Pinnell Architecture, Director

Manuel Silva, MSDesigns, LLC, Director

Marlene Thomas, Community Solutions, Inc., Director

Andrew Woods, Hartford Communities That Care, LLC, Director

# MILESTONES

STAFF



Thank you to Aurelie Verbeke (Left), Controller, for **5 years** of service and to Corinne Bailey (Right), Accounting Assistant, for **20 years** of service!



Welcome Lisa Robinson, Executive Assistant, and Samantha VanSchoick, Marketing/BD Manager!

NEW

TEAMMATES

## CIL DEVELOPMENT, INC. BOARD OF DIRECTORS

William H. Farley, CB Richard Ellis - N.E. Partners, LP

R. Michael Goman, Goman + York Property Advisors, LLC., Vice Chair/Treasurer

Maria Green, CIL, Secretary

Kent Schwendy, CIL, President/CEO

Patrick Pinnell, Patrick Pinnell Architecture, Director

James Parry, CIL, Director

Douglas Henley, CREC, Director



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