

# Low-Income Housing Tax Credit Program

## Frequently Asked Questions

1/4/2024



Q1. The QAP limits 9% LIHTC awards to \$30,000 per qualified unit and 20% of the population component of the annual Credit Ceiling. How much is 20% of the population component of the annual Credit Ceiling?

A. The IRS recently issued the per-capita multiplier, but the population number will not be available until Spring 2024. Using the 2023 population number, CHFA estimates 20% of the population component of the annual Credit Ceiling to be \$2,103,000 for 2024.

Q2. What is required to evidence a credible financing plan as required by the QAP?

A. CHFA requires written commitment letters for all proposed sources of funding except for requests of CHFA construction and/or permanent financing, and soft funding from the Department of Housing that is within stated parameters. Commitment letters may be conditioned on an award of 9% LIHTCs. For energy efficiency funding programs that are considered “as of right”, CHFA will require written confirmation from the development’s energy consultant confirming that the design meets the requirements and showing how the proposed amount was calculated.

Q3. Is evidence of an award of rental subsidies required to use the proposed subsidy income in the underwriting of the proposal?

A. Yes. An award letter for rental subsidies is required if the income is included in the underwriting.

Q4. Would the cost of EV (electric vehicle) charging stations be considered an extraordinary cost to my project?

A. No, since this is a requirement per the State of Connecticut effective in 2023. Also, only the cost of the infrastructure to the EV station should be included in the project cost since the EV station cost is typically paid for via rebates and incentives from the utility companies.

Q5. Should the fees for a sustainable design measure certification such as NGBS Emerald, Passive House or LEED Gold, etc., be paid before the 9% LIHTC applications are due on January 17, 2024?

A. No, if your project is awarded, these fees would need to be paid before initial closing assuming you were awarded points for that Sustainable Design Measure. At application, all SDMs should be appropriately documented in the



drawings/specs and related construction costs noted in PCS and ETPB. Also, all soft costs for construction phase inspections, testing and verification and post-construction certification, by Professional Engineer and/or certified rater/qualified energy consultants, must be clearly identified and included in the development budget. Also, applications seeking points in the Energy Conservation and Green Building categories must provide a completed ConApp Exhibit 4.8.e, a detailed report by a Professional Engineer and/or certified rater/qualified energy consultant verifying compliance with all required Green building standards criteria, as well as all modeling reports, checklists/scoring and all supplemental documents required for any pre-construction project registration and/or design review submission. Applications seeking points in the Renewals, Electrification and Resiliency categories for Photovoltaic (PV) Systems must provide engineer letters/reports confirming the annual energy demand for site and common area lighting, and qualifying performance of the proposed system.

Q6. For Tier 2 scoring under Renewables, Electrification and Resiliency, CHFA is requiring Resiliency Critical Systems, Emergency Lighting, and Access to Potable Water be on the generator. Would you be able to provide clarification of what the CHFA defines as “Resiliency Critical Systems”?

A. CHFA would consider critical systems to be any systems related to health/life safety such as the emergency lighting and potable water, but this can also include systems such as fire alarm panels with battery back-up, interior common spaces/egress lighting, elevators, emergency call systems, recirculation pumps on boilers and fire pumps for fire protection, but critical systems may also be project dependent given your specific design.

Q7. For the Broadband point under Sustainable Design Measures, one of the requirements says to "Provide evidence of engagement with Internet Service Providers (ISPs) to provide subsidized monthly subscription plans for residents". For "subsidized" plans, what is the level of subsidy required (free to residents, below market pricing, etc)? Does it matter where this subsidy comes from, the Internet Service Provider or the Owner? If the subsidy comes from the Owner can it be a pre-funded reserve funded by the development budget, or does it need to be a budgeted operating expense?

A: For the subsidy, we would be looking for applicants to provide the highest level of subsidy possible given the transaction parameters. But the minimum would be providing residents with below market pricing for internet service. The service should be available for the full compliance period. The source does not matter, but again it should be available for the full compliance period. The subsidy can be from a pre-funded reserve in the development budget. Evidence of how the amount was calculated will be required.



Q8. I have not been able to access the Tax Credit Overview Session video from the link that was in the e-blast on October 25, 2023. Has the link changed?

A. Yes. Minor updates were made to the formatting of the video and the link was changed. None of the content was changed. The new link is <https://youtu.be/OePEpUKMoQI>

Q9. When is the deadline to apply for CHFA Taxable Bond Financing? If an applicant is seeking Opportunity Funds, is CHFA financing required?

A. Requests for taxable bond financing will not be reviewed in advance of the application deadline this year. These requests will be reviewed concurrently with the 9% LIHTC submission that is due on January 17, 2024, by 4:00 PM.

Yes, Opportunity Funds can only be accessed with the use of CHFA permanent financing. Please refer to the product descriptions found on the CHFA website here:

- [Opportunity Funds Guidelines](#)
- [Permanent Only Loan Product Summary](#)
- [Construction to Permanent Loan Product Summary](#)

Q10. Our 9% LIHTC submission includes a request for CHFA Taxable Bond Financing. Do we submit a check for the Loan Application Fee in addition to the LIHTC Application Fee? Will CHFA financing requests be approved in conjunction with a LIHTC reservation? Finally, what interest rate should we use?

A. Yes, the application fees for both the tax credits and the financing must be paid with submission of the application. Multifamily Financing Program Parameters & Fees are posted on the CHFA website [here](#).

Presentation of a financing resolution for consideration by CHFA's Board of Directors would follow the reservation of 2024 9% LIHTCs, complete underwriting, and receipt and acceptance of final requirements including the CHFA commissioned market study and appraisal.

Applications that include taxable bond financing should utilize a 7.43% interest rate for permanent loan only (24 month forward). This rate is comprised of the 10-year Treasury rate + 300bp plus 50bp cushion for underwriting.

Applications that include permanent with construction loan utilize a 6.93%

interest rate for initial underwriting. This rate is comprised of the 10-year Treasury + 300bp plus 50bp cushion for underwriting.

A taxable bond construction loan, regardless of whether a CHFA taxable bond permanent loan is contemplated, will utilize a 7.4% interest rate for initial underwriting. This rate is comprised of the One Month SOFR + 200bp.

Q11. Will CHFA be publishing the 2024 and 2025 Rental Housing Program Guidelines soon, or should we utilize the 2022 and 2023 Rental Housing Program Guidelines that are published on CHFA's website? Can you confirm if the ranges for Operating Expenses Per Unit Per Year (Excluding taxes and replacement reserve) are unchanged from the 2022 & 2023 Guidelines for the 9% LIHTC applications? Also, the operating expense range for supportive housing is higher. Is there a minimum number of supportive housing units that would trigger the supportive housing operating expense range?

A. Continue to utilize the 2022 and 2023 Rental Housing Program Guidelines until a subsequent guideline is posted on CHFA's website. Applications are expected to include realistic numbers for operating expenses. CHFA is currently reviewing the ranges, however, there will be no changes to the Operating Expenses Per Unit Per Year ranges for the upcoming 9% LIHTC round. Any proposed changes will be made after the January 17th deadline.

The supportive housing ranges are for developments that are 100% supportive housing.

Q12. What are the Department of Housing (DOH) financing parameters and limits per qualified unit and/or per project for the upcoming 9% LIHTC round?

A. **DOH State Subordinate Financing Targets:** \$100,000 per LIHTC qualified unit, or a limit of \$150,000 per LIHTC qualified unit that targets 50% of the Area Median Income (AMI) or lower. For standard rental projects, there is an up to a maximum of \$4 million per project.

**DOH Federal Subordinate Financing Targets:** \$100,000 per LIHTC qualified unit and up to a maximum of \$1.5 million per project.

For a full description and overview, refer to the [DOH Parameters and Process for DOH Funding for the 2024 9% LIHTC Round](#) document that is posted [here](#) on CHFA's website.