

Connecticut Housing Finance Authority

2020-2021 9% Low-Income Housing Round

Frequently Asked Questions



The Connecticut Housing Finance Authority (CHFA) is pleased to share answers to frequently asked questions on the upcoming 9% LIHTC Round.

- Q1. I have applied for an AHP award for my development. Awards are not expected to be made until late 2020 or early 2021. Will a proposed AHP award be accepted as part of a credible financing plan?**
- A1.** CHFA requires firm commitments dated on or before the 9% LIHTC application due date to evidence the Basic Threshold Requirement of a credible financing plan. An award that has not yet been made cannot be considered credible. CHFA will allow substitution of a committed source with an AHP award as long as the 9% LIHTC application submission includes evidence that AHP was applied for, and evidence that funds were awarded is provided no later than January 15, 2021.
- Q2. If a commitment is made to provide a developer cash contribution in the financing plan, can points be earned in the Developer Sponsor Resource category if the cash contribution is replaced by an AHP award or other funds?**
- A2.** No. An AHP award is eligible for points under the Other Permanent Funding Sources category if evidence of the award is provided by January 15, 2021. If points are awarded for a developer cash contribution, CHFA requires the developer to honor the commitment. The cash contribution must remain a funding source and any new funds must be used to reduce a scarce resource such as subsidy from the Department of Housing or the 9% LIHTC credit award.
- Q3. The Department of Housing has indicated that awards of its funds are limited to one per developer/sponsor/owner. Are developers/sponsors/owners limited to one award of 9% LIHTCs as well?**
- A3.** No. Developers/Sponsors/Owners may receive more than one award of 9% LIHTCs. 9% LIHTC awards cannot be made to developments that do not meet all Basic Threshold Requirements, including having evidence of a credible financing plan.
- Q4. My development will include many energy efficiency measures and my energy consultant has provided an estimate of the tenant utility allowance based on these measures. May this estimate be used to underwrite the application?**
- A4.** No. CHFA is requiring the use of published utility allowance charts from the Department of Housing or a local housing authority for purposes of underwriting and sizing debt. Once there is an established operating history that supports use of a lower utility allowance, an appeal can be made to CHFA's authorized delegate for compliance monitoring.

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- Q5. I plan to partner with a more experienced for-fee developer. Is this structure acceptable in order to earn points for Experience of the Sponsor/Applicant/General Partner?**
- A5.** CHFA will need to review the sponsor’s documentation that is submitted with the application in order to determine if experience points can be awarded. Some things that would be considered are the length of time that the experienced LIHTC developer is obligated to participate and the materiality of their contributions, risk exposure and potential profit.
- Q6. Is Site Plan approval a threshold requirement?**
- A6.** Yes. Site Plan approval is a threshold requirement since it is considered part of the Planning and Zoning approval. This lends itself to readiness to proceed, the point being that the project has been reviewed and approved by the town/city and no other approvals are needed for it to move forward immediately after funding award notification.
- Q7. My project is anticipating using one of the Sustainable Design Measures under Option 3. What hard costs should be included and what will you be verifying is included? We will be seeking Hard Cost Effectiveness points.**
- A7.** For Sustainable Design Measures detailed in Options 1, 2 and 3, of the 2020 Qualified Allocation Plan (QAP), below are hard cost line item categories typically seen and expected in the types of sustainable design projects such as Passive House or LEED, etc. The applicant should verify and provide a breakdown of extraordinary hard costs above and beyond the CHFA minimum for the following cost categories in the application submission:
1. Windows
 2. Exterior doors
 3. Insulation
 4. HVAC
 5. Special systems for foundation/wall/ceiling etc.
 6. Zip sheathing
 7. Equipment and appliances
 8. Others (as applicable)

Additionally, below is a listing of extraordinary hard cost “caps” used when analyzing the hard costs for hard cost effectiveness points in the 9% LIHTC funding round. While adds to baseline costs are provided in the analysis, some of these extraordinary costs are “capped” given generally accepted industry costs for the specific item. Allowing excessive hard costs for siding and sustainable design measures which historically are within a specific cost range is not in line with the purpose of the cost effectiveness points (i.e. the lowest and most accurate hard costs) as detailed in the QAP.

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These typical caps include:

1. Siding - hard costs are capped at 30% of the cost listed in the Project Cost Summary. Materials more durable than vinyl siding may be capped such as cementitious siding or similar.
2. Sustainable Design Measures – these caps may be adjusted slightly and at CHFA’s discretion, given the projects submitted at the time of application due to various nuances and constraints:
 - Option 1: Additional extraordinary hard costs for Option 1 measures will be capped at 2% but may be adjusted slightly to account for the various hard costs reflected in the Project Cost Summary and Exploded Trade Payment Breakdown.
 - Option 2: Additional extraordinary hard costs for Option 2 measures will be capped at 3% but may be adjusted slightly to account for the various hard costs reflected in the Project Cost Summary and Exploded Trade Payment Breakdown.
 - Option 3: Additional extraordinary hard costs for Option 3 measures will be capped at 7% but may be adjusted slightly to account for the various hard costs reflected in the Project Cost Summary and Exploded Trade Payment Breakdown.

For example, additional hard costs to upgrade from CHFA threshold sustainable design measures to Passive House are capped at 7% of the aggregated costs for all of the passive house building materials. The cap of 7% is used for passive house hard costs while the generally accepted industry range for hard costs for passive house projects is between 3% and 5%.

Q8. If a project was developed with a co-developer and was placed in service at least five years ago, can that project still be used to demonstrate experience in points item 5a?

A8. Yes. Any successful LIHTC Program development that the sponsor, applicant, general partner or other manager of the Proposed Development’s ownership entity (“GP”), either principal or entity, participated in can be counted as experience if all other criteria are met.

Additional questions can be directed to the following CHFA staff:

Questions on the application, underwriting or points can be sent to Debbie Alter at deborah.alter@chfa.org, or Michelle Onofrio at michelle.onofrio@chfa.org.

Questions on technical services requirements and point items can be sent to Seema Malani at seema.malani@chfa.org.