HOUSING TAX CREDIT CONTRIBUTION (HTCC) PROGRAM OVERVIEW
APRIL 20, 2022

2022 HTCC Program Overview Agenda

- Program Objectives

- Changes for 2022

- Application Process & Timeline

- SharePoint

- Consolidated Application

- Maintaining Compliance

- Project Closeout Reminders

- Questions and Answers

HTCC Program Objectives

- CHFA administers the HTCC Program which was established by statute to assist nonprofit entities creating Affordable Housing

- Eligible uses of HTCC Funds:
  - Affordable Housing Developments, including:
    - General class (homeownership and/or rental)
    - Workforce Housing, and
    - Supportive Housing
  - Revolving Loan Funds, including:
    - Affordable Housing (general class); and
    - Workforce Housing (homeownership)

Eligible Applicants

An applicant must be:

- a Nonprofit Corporation or a Community Development Financial Institution (CDFI);

- established for a minimum period of three years;

- in compliance with the requirements of the HTCC Program for any prior awards;

- in compliance with any applicable CHFA Board policy statements; and

- Must demonstrate administrative capability to undertake the proposed project in a timely fashion.

CONNECTICUT HOUSING FINANCE AUTHORITY

Eligible Applicants

IMPORTANT –

- If you have funding from DOH you must reach out to your project manager to inform them of your intent to apply for HTCCs and obtain approval. *Use the HTCC Justification Form found on the CHFA website (Exhibit 12.12 in ConApp).*

- If you have a prior funding commitment from CHFA, you must obtain approval from your CHFA underwriter to apply for HTCCs. *Use the HTCC Justification Form found on the CHFA website (Exhibit 12.12 in ConApp).*

- Group Home sponsors may need to contact their primary funder based on a consideration of existing terms prior to requesting additional funds

Eligible Uses of HTCC Program Funds:

- Affordable Housing Developments:
  - Rehabilitation or new construction of rental or homeownership housing
- Capitalize a Revolving Loan Fund:
  - Provide low-costs loans for new construction, rehabilitation or acquisition of affordable housing
- Must benefit eligible Very Low-, Low- and Moderate-Income households

Application Evaluation

Full applications received prior to the deadline are reviewed, rated and ranked based on the following criteria:

- o Project Feasibility and Readiness to Proceed;
- o Affordability;
- o Applicant Capacity/Goals Accomplished;
- o Livability Initiatives; and
- o Compliance

Application Evaluation Cont'd

- The HTCC review will include input and review from CHFA's Technical Services staff:
  - Development Scope
  - Flood Zone if applicable
  - Planning and Zoning Approval
  - ETPB and Project Cost Summary
  - Development Budget
  - Historic Significance
  - Environmental Concerns
  - Permits

2022 HTCC PROGRAM CHANGES

HTCC Process Improvements Continue

- Building on the 2021 Improvements
- Updates to ConApp
- Updates to HTCC Guidelines
- Updates to Points
- Procedures- no changes

2022 ConApp Changes

- 3.1.a. Qualified Dev Team updates
  - Architect to have license issued in the State of CT (submit evidence with application)
  - GC to have Major Contractor's license issued in the State of CT (submit evidence with application)

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2022 ConApp Changes

- 3.1.a. Qualified Dev Team updates

  Exceptions:

  - If a licensed architect is not required by the Town/City Building Department, then not required for HTCC (provide evidence with application)

  - If a major contractor's license for the GC for the work to be performed is not required by the Town/City Building Department, then not required for HTCC (provide evidence with application)

  - State of CT Home Improvement Contractor license may be acceptable in this case.

2022 ConApp Changes

- 3.1.a. Qualified Dev Team updates

  Exceptions:

  - Per current CT Building Code for 1-2 family dwellings of 24,000 SF or less that does not require services of a licensed architect, CHFA will allow the work to be performed by a contractor that has an active Connecticut Home Improvement Contractor license

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2022 ConApp Changes

- 4.8.b Phase I/II ESA and Other Site HazMat Review (Housing Developments)
  - <u>HTCC applications that include existing buildings</u> must submit Hazardous Materials Survey report,
  - Larger MF developments with 4+ units per building should also provide a Phase I/Phase II ESA as applicable (rehab and new construction)

2022 ConApp Changes

CHFA Technical Questions?

2022 ConApp Changes

-Exhibit 12.8 Building Roster

-Exhibit 12.12 HTCC Justification Form

-Exhibit Checklist, Points Worksheets updated to remove old references

-Building Permits are Non-Threshold Item (will provide with quarterly report if not available at time of application)

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2022 ConApp Changes
Consistency/Narrative Updates

– Exhibit 12.5 Loan Confirmation and Certification updates to instructions/requirements

– Exhibit 14.1 Documentation that the funds is currently established

– Exhibit 14.3 Documentation of location within a Priority Funding Area and Area of Opportunity

– Read the ConApp carefully when preparing your materials to make sure your responses adequately address application requirements

2022 Guideline Changes

Threshold Requirements

- Nonprofit ownership interest
  - Homeownership Development: site control during development stage
  - Rental Development/LIHTC: Nonprofit must be part of ownership structure of the partnership
- New development activities located in a floodplain are not eligible.

2022 Guideline Changes

Threshold Requirements

- Revolving Loan Funds
  - Provide copies of documents/templates to be utilized in administration of the fund
  - NP certifies that uncommitted balances of previous HTCC revolving loan awarded funds do not exceed $750,000 at the date of application. (Exhibit 12.5)
  - Executed commitment letter(s) that include loan rate and terms or loan document(s) constitute a commitment.
  - Committed funds do not count towards the $750,000 limitation.

2022 Guideline Changes

Threshold Requirements

- Workforce Housing Set-Aside (Reminder!)
  - In the event that units can not be sold/rented to qualified household that live and work in the municipalities where they work, the funds will need to be returned.
  - There are no waivers or adjustments to this requirement.

2022 Guideline Changes

Application Review

- Tie Break Policy

- Highest points in the following order:

    1. Project Feasibility and Readiness to Proceed

    2. Affordability

    3. Applicant Capacity/Goals Accomplished

    4. Livability Initiatives

    5. Compliance

- Energy Rebates (LOA) now considered a financial commitment

2022 Guideline Changes

Compliance

- RLF Clarifications and Reminders:
  - Funds are expected to be exhausted prior to three-year timeframe
  - The fund must stay open for a minimum of three years; continue to provide quarterly reports
  - Revolved funds should be receipted back to segregated account during the minimum three year period

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2022 Guideline Changes

Critical Compliance Components Summarized

1. Obtain necessary project approvals (e.g.: zoning changes, municipal approvals, permits)

2. Maintain segregated bank account and accurate accounting records

3. Good faith efforts to market the Housing Program

2022 Guideline Changes

Critical Compliance Components Summarized (Continued)

4. Meet the required timeframes (complete 3 years from Date of Approval or Fund Inception for RLF)

5. Submit timely, accurate, complete Quarterly and Closeout Reports

6. **Seek approval for Housing Program changes and modifications** (e.g.: budget revision, scope changes, HTCC allocation, income targeting, unit changes etc.)

2022 Guideline Changes

Critical Compliance Components Summarized (Continued)

7. Participation in CHFA monitoring activities (e.g.: site visits, record inspections requests)

8. Avoid penalties and noncompliance designations

2022 Rating and Ranking Changes

Loan Fund Workforce & Revolving Loan Points

- Eliminated points for keeping RLF open past minimum three year period.

- 1.b- % Funded by HTCC- increased by 1 point

- 2.a- **New!** Length of Low Income Service Period / # of years affordable (0-2 points)

2022 Rating and Ranking Changes

Loan Fund Workforce & Revolving Loan Points (continued)

- 3.b- Goals Accomplished- increase to 3 points (project closing in accordance to original application, no extensions, fully expended)

- 4.c **New!** Points for commitment to target % of units in high/very high Areas of Opportunity (2-3 points)

2022 Rating and Ranking Changes

Housing Development &

Housing Development Workforce Points

- Eliminated points for building permits

- 1.c-Balanced sources and uses points increased (3 to 5 points)

- Eliminated 1 point for housing consultant

- 4.c-Added points for projects located in Area of Opportunity (0-4 points)

2022 Quarterly Report

- Revision Anticipated
- Anticipated to take effect for first submission of 2022 Awards
- Information session anticipated to be scheduled to review the new report form

CHFA Procedures

- HTCC Program Procedures are unchanged from the last revision of early 2015

- HTCC Program Procedures may be found in Section IV TAX CREDIT PROGRAMS of the CHFA Procedures located on the CHFA website.

Income Limit Updates

- HTCC Rental Housing Programs/RLF utilize [HUD Section 8 Income Limits](#)

- HTCC Homeownership Housing Programs/RLF utilize the [CHFA Single Family Income and Sales Limits](#)

- Income and sales price limits may be adjusted annually

Applicable Policies

CHFA Board Policy Statements apply to the HTCC Program, and include:

- [Program Eligibility Requirements: Delinquent or Non-Performing Applicants - Policy Statement](#)

- [Multifamily Rental Housing Development Costs - Policy Statement](#)

- Any other policies as may be applicable

APPLICATION PROCESS AND FUNDING TIMELINE

Process and Timeline

- Applicants must use version 2022 of the CHFA-DOH Consolidated Application (which is available through the required SharePoint application site)

- Complete applications must be submitted through SharePoint no later than **June 1, 2022 by 4:00 p.m.**

- Deficiency Letters will not be sent.

- Applications missing "T" or Threshold items from the Exhibit Checklist will not be given further consideration.

Process and Timeline

- Applications scored against the program criteria

- Top scoring Housing Programs will be recommended for reservations until the pool of $10,000,000 is exhausted

- Announcements made in September

- Approved applicants will have 60 days to provide executed Business Firm commitments

Process and Timeline

- The Business Firm makes the HTCC payment or "contribution" to the award recipient for its Housing Program

- The award recipient provides evidence in the form of a notarized statement with a copy of the check <u>and evidence that the funds are in a segregated account</u>

- CHFA issues a tax credit voucher to the Business Firm

Process and Timeline

- Any uncommitted funds become available to the highest ranked applicants who are able to secure Business Firm commitments

- Business Firm commitments for these uncommitted funds will be due 30 days from notification of funds availability

2022 Calendar

April/May

o Obtain DOH and/or CHFA signatures on HTCC Justification Form

May

o SharePoint Site Requests must be received by **May 25, 2022**

June

o Applications due to SharePoint on **June 1, 2022 by 4:00 PM**

September

o Announcement posted on CHFA's website of eligible Housing Programs to which Business Firms contribute

November

o Contributing Business Firm applications are due at CHFA offices in Rocky Hill, CT by November 2022

o Uncommitted funds become available to the highest ranked applicants who are able to secure Business Firm commitments

December

o Applications for contributing Business Firms for uncommitted funds are due at the CHFA offices in Rocky Hill, CT by December 2022

SHAREPOINT

What is SharePoint?

- SharePoint is used as a means to submit a Consolidated Application to CHFA and DOH

- It is a Microsoft-based product that will create a website for each application submitted, and then allow direct download of information for the recipient

How to get access to SharePoint

- The Applicant should send an email to applicationrequest@chfa.org providing:
  - Funding Round (e.g. HTCC, 9% LIHTC, CHAMP, SSHP, etc.)
  - Application Name
  - Company Name
  - Primary Contact Name
  - Primary Contact Phone
  - Primary Contact Email
- Each application request will require a separate email to be sent
- All requests to set up a SharePoint application site must be submitted by 4:00 PM on **Wednesday, May 25, 2022** to allow time to create the application websites
- Receive email with access to the application specific website
- A Microsoft Account will have to be created for each email address used in SharePoint

Consolidated Application Workbook

- Built into SharePoint
- Can be edited and saved directly to site allowing team members to work on the same file, most updated version
- Can be downloaded to individual PC's to be edited and uploaded when complete (prior to submission deadline)
- Can be downloaded from CHFA and DOH websites, then uploaded to SharePoint when complete (prior to submission deadline)
  - **The version submitted must be the same as what is available to download from the SharePoint application site (Home page and Reference Library)**

Sharing the Site

- SharePoint allows site sharing, which means once the site is created, and one team member is able to log in, they can then share the site with anyone else

- This allows multiple users to:
  - Assign and complete tasks
  - Update one Consolidated Application workbook
  - Upload files as necessary

Submitting the Application

- Applications for HTCCs are due by **June 1, 2022 no later than 4:00 p.m.**
  - o SharePoint will be locked for further editing after this time, and any items that are not completely uploaded by then will be considered deficient

- It is recommended to upload documents as they are completed to avoid any potential submission errors due to attempts to upload to the site at the cutoff time

- If you can view the uploaded file from the SharePoint site it has been successfully uploaded and will be considered part of your application

Submitting the Application

- CHFA will not review any uploads to the SharePoint site until after the application submission date/time

- Nothing submitted via email will be considered as part of the application, unless requested specifically by CHFA

- **To submit your application and lock your website, mark all the items in the Task List section as complete.**

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Reference Library

- This section includes a downloadable version of the Consolidated Application, as well as several templates and forms that are to be completed and submitted with each application (as applicable)

Reference Library

Overview
Completing this application may require input from various reference materials located on the CHFA and DOH websites.

CHFA Reference Materials:
- Consolidated Application Workbook 2016.3.xlsm

- 4.3.a - Project Narrative.pdf
- 4.3.b - Homeownership Development Projects Narrative.pdf
- 4.3.c - Market Assessment.pdf
- 4.3.d - Program Narrative.pdf
- 4.11 - Program Guideform - Relocation Assistance Plan.pdf
- 8.1.a - NEPA Statutory Checklist.pdf
- 8.1.b - NEPA Environmental Assessment Checklist.pdf
- 9.1.a - Fair Housing Impacts.pdf
- 10.1 - Certifications.pdf
- 10.3 - Affirmative Action Policy Statement.pdf
- 10.4 - Fair Housing Policy Statement.pdf
- 10.5 - Certification to Affirmatively Further Fair Housing.pdf
- 10.6 - HTCC Certification.pdf
- 12.6 - Building Schedule.pdf

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CONSOLIDATED APPLICATION

Consolidated Application

- Large Excel workbook designed to be used for numerous funding rounds

- Includes templates for required forms and instructions

- Shows Threshold Requirements for each type of application (Exhibit Checklist)

- Has links throughout for ease of navigation and reference

- Includes buttons on the Exhibit Checklist to show only necessary items based on the funding round

Using The Consolidated Application

- Start on the Exhibit Checklist, by clicking the "Core Items" button, then clicking the appropriate funding round buttons

- This will hide any items not needed for that specific round

- If a mistake is made, or additional exhibits are needed, click "Show All"
  - Information will not be lost, just hidden until "Show All" button is selected

- Fill out blank fields, checkboxes, drop downs on the Application worksheet

Consolidated Application cont'd

4.1 Development Information

Development Name

Development Type

Development Address

City

Metropolitan Area

Drop Downs:
- Family
- Elderly
- Supportive Housing

Data Tables

DEVELOPMENT NAME		0	
	Construction Sources	Permanent Sources	Grant [Y] or [N]
PITAL, GRANTS, Etc.			
DOH / HUD HOME Funds			
DOH Affordable Housing Program - FLEX			
DOH Housing Trust Fund			
DOH / HUD CDBG Small Cities Funds			
DOH Other [Specify]			
Other Public Funds [Specify]			
Federal LIHTC Net Proceeds		0	N/A
Federal Historic Tax Credit Net Proceeds			N/A
State Historic Tax Credit Net Proceeds			N/A
CT HTCC Tax Credit Proceeds			N/A
Developer / Investor Cash Equity			N/A
Homeownership Sales Proceeds			
Energy Rebates			
Existing Property Reserves			
Other [Specify]			
Other [Specify]			
Sub-Total	$0	$0	

1.1 Applicant (Owner/Mortgagor)

Applicant Name

Applicant Address

City

Contact Name

Phone

Email

Website

If awarded funds pursuant to this application, will the applicant or co-sponsor be-formed and anticipated name and date formed.

Please check appropriate Applicant type:

☐ Housing Authority   ☑ For-Profit Entity

☐ Partnership*   ☑ Limited Liability Company

☐ Other

If "Other" _____

Checkboxes

Using The Consolidated Application

- Complete other required worksheets to be included with submission

- Print and sign any applicable signature documents.
  - Scan and upload signature documents with application submission via SharePoint

- Version # 2022 must be used for submission

- If something needs to be modified, a request to unlock specific sections can be made, but must include an explanation

MAINTAINING COMPLIANCE

HTCC Compliance

- Program compliance begins after credits are awarded

- Compliance consists of Quarterly Report submissions and site visit inspections with CHFA staff and the sponsor

- Quarterly Reports are due no later than the 15th of January, April, July, and October of each year for three years or until the project has closed out

HTCC Compliance

- Quarterly Reports and all back-up documentation must be uploaded to the HTCC dropbox via the link on the CHFA website

- Quarterly reports must be accompanied by a disbursement/accounting summary of the Housing Programs segregated account, applicable invoices, and progress photos taken at the properties.

- Information must match submitted quarterlies, if permits and financing commitments weren't provided during application they should be provided once obtained.

HTCC Compliance

- In accordance with the HTCC Guidelines, changes to the allocation of HTCC funds must be discussed with CHFA. Their intended use is not fungible.

- Any material deviation requires CHFA written consent, failure to obtain written consent shall be considered an event of noncompliance.

HTCC Compliance

- Failure to submit Quarterly Reports and/or respond to findings of non-compliance will have a negative impact on all future applications by the sponsor or any affiliated entities

- Applicants who fail to timely provide four (4) quarterly reports or those with Housing Programs in material non-compliance may be ineligible to apply for funds and will be classified as programmatic noncompliant

HTCC Compliance

- Applicants are advised to familiarize themselves with CHFA's Policies, Procedures and Guidelines so that they are aware of the penalties for noncompliance.

HTCC Closeout

- Upon project completion, each applicant is required to complete a project closeout form

- Applicants should additionally provide:
  - Certificates of Occupancy
  - Notarized CHFA Certificate(s) of Completion
  - Summary of expenditures
  - Evidence of non-profit continued compliance (tracked by CHFA)

HTCC Closeout

- Failure to submit final completion documents within ninety (90) days of project completion will result in the ineligibility of the applicant in the HTCC Program for a period of two (2) consecutive funding rounds.

- Failure to proceed with the Housing Program or demonstrate completion within the required timeframe with may result in funds being reclaimed and/or ineligibility of the applicant in the HTCC Program for a period of two (2) consecutive funding rounds.

2022 HTCC Program Overview

Top 10 Tips!

10. Cultivate potential relationships: the pool of investors is not deep.

9. Don't wait until the last minute to submit your application – give yourself time to address questions or issues with your submission.

8. Follow the Exhibit checklist and read the application to clearly understand what is required - If there is a "T" on the checklist, it is a threshold requirement.

7. If you are an applicant checking "Yes" that there is an identity of interest between development team members, you must submit certification explaining the relationship.

6. Total expected sources should not include the current HTCC request (Housing Development Points Worksheets). There is a separate line for prior round HTCCs.

5. Issues arise when applicants alter, edit, or delete parts of the Consolidated Application, including formulas, which causes errors because many of the worksheets are linked and are threshold exhibits.

4. Avoid having conflicting information, like the unit mix on the application tab vs. rental income sheet – double check your application before submission.

3. Applicants submitting an application that is missing threshold item(s), no matter how minor they may seem may not move forward in the round due to missing threshold items.

2. Applicants should read the Guidelines and ensure they meet application requirements. This includes getting CHFA and/or DOH approval to apply if you have prior CHFA and/or DOH funding (HTCC Justification Form).

1. Read the instructions in the ConApp carefully. Remember there is NO DEFICIENCY PERIOD – double check and triple check your application submission to make sure all required items are included.

Tips for Applicants *Previously Funded*

- Maintain program compliance and eligibility to apply.

- If an applicant needs to make changes to their housing program after they have been awarded, they should submit their request as soon as possible.

- Be sure to close the project upon completion.

Contacts

HTCC application or compliance questions:

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ConApp or SharePoint questions:

Chris Polek   **christopher.polek@chfa.org**

2022 HTCC Program Overview

QUESTIONS & ANSWERS