



## **2020 Housing Tax Credit Contribution (HTCC) Program Frequently Asked Questions**

The following list of questions and answers will be updated as needed. For more information, applicants are strongly encouraged to review the CHFA Procedures and the 2020 Guidelines.

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### **Q: Which items are ineligible for use with HTCC funds?**

A: Expenses such as salaries, operations, and overhead shall not be eligible costs for HTCC funding. Feel free to contact CHFA with any questions.

### **Q: What type of business firms are eligible for the HTCC Program?**

A: To be eligible to participate in this program, a Business Firm shall submit an endorsed Certificate of Incorporation and a Certificate of Existence for the current year issued by the Office of the Secretary of the State of Connecticut. For a list of types of companies eligible, please see the 2020 HTCC Guideline.

### **Q: Does CHFA send out notice for when quarterly reports are due?**

A. CHFA does not send out reminders about when quarterly reports are due. Awardees will only receive a notification if the quarterly report is late.

### **Q: Do all other financing sources need to be committed before the application is submitted?**

A. Financing sources do not need to be committed before the application is submitted. However since this is a competitive round, points are tied to firm commitments of sources. The more committed sources the applicant has, the higher they will score.

## Previously Answered Questions

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**Q: Can I apply for the Workforce Housing set-aside if I am providing rental units?**

A: Rental units are permitted in the Workforce Housing category. Please note, for the current round, applicants applying for rental workforce housing should utilize the Housing Development threshold category on the exhibit checklist. Applicants should also utilize the scoring sheet for Housing Development and CHFA will manually adjust the point's categories for units set aside for 25% AMI and 50% AMI to reflect units set aside for 50% AMI and 80% AMI.

**Q: Which utility allowance should be used for the 2020 round?**

A: Please use the Utility Allowance Schedule found here:  
<https://portal.ct.gov/DOH/DOH/Additional-program-pages/HUD-Rent-and-Income-Limits>

**Q: When is it anticipated that awards will be announced?**

A. It is anticipated that the HTCC award announcement will be in May 2020. Keep in mind that awardees will have 60 days to secure purchase commitments from eligible Connecticut business firm(s). HTCC awards without purchase commitments will be made available to other eligible applicants.

**Q: Do I have to reach out to DOH and CHFA if I want to apply for HTCCs and I have funding from them?**

A: Yes, you must reach out to CHFA and/or DOH before applying for HTCCs. Per HTCC Guidelines, one threshold requirement is written approval from CHFA and/or DOH for the inclusion of HTCC funds in a Housing Program that had already received a funding commitment from CHFA and/or DOH. The Guidelines also state that CHFA and/or DOH may consider gap-funding requests in the following situations:

- unavoidable hard costs increases after a funding commitment
- increased costs from unforeseen site conditions
- the use of HTCC funds would reduce the prior commitment of scarce CHFA or DOH funding to any housing program or development. The use of HTCC will not be considered as a substitute source for 1) a pledge of Developer Cash Equity or 2) a Deferred Developer Fee

**(Please fill out form attached if this question applies to you)**

**Q: If the HTCC funds are now going to be structured as a loan, does the nonprofit need to be part of the ownership entity as originally contemplated?**

A: Per State statute, the housing program must be developed, sponsored or managed by a nonprofit corporation. CHFA's expectation is that the HTCC recipient will be a party to the transaction in an ownership or management role.

**Q: What is the process for reporting for a revolving loan fund and is reporting for 3 years necessary? What are the required loan documents needed for closeout?**

A: Per CHFA General Information & Compliance "For revolving loan funds, reporting requirements are only in effect for a three (3) years period. All HTCC funds must be exhausted within the three year timeframe. If HTCC funds are exhausted prior to three years, the non-profit may continue to loan funds in a revolving fashion until the funds are depleted. As part of this three-year reporting requirement, the non-profit must provide evidence of the loan fund activity and borrower eligibility or a certification from the Nonprofit as part of their annual audit." At the conclusion of the third year of reporting or at the closeout of the program, CHFA will accept a copy of a note, agreement, or other applicable loan documents evidencing that the revolving loan fund has funded what was intended in the original application. The closeout document can be found here <https://www.chfa.org/developers/tax-credit-program/htcc/> for the Revolving Loan Fund.

**Q: What do I need to do to close out my project if I am a general housing program and not a revolving loan fund? Can I just submit a quarterly report showing 100% complete?**

A: In order to close out your Housing Program, you must submit a Certificate of Completion as well as any Certificate(s) of Occupancy you received for the project. A quarterly report indicating 100% complete will not suffice as project close out documentation. You do not want to risk becoming non-compliant in the program by not closing out a project within the timeline indicated by Chapter 138g, Section 8-395 of the state statute that governs the HTCC program.

**Q: How many times can an applicant apply for the same project?**

A: Generally, an applicant may apply for project funding for an individual project up to three times. An applicant applying for HTCC funds for a previously funded housing program may do so provided no more than three applications are received for the same program. However, all funds need to be spent within 3 years from the initial funding commitment and it is anticipated that previously allocated funds will be expended prior to the receipt of a new award. (Subsequent funding requests which are "gap filling" in nature will not be encouraged).

**Q: How do we know whether our project is in compliance?**

A: Email Michelle Onofrio at [michelle.onofrio@chfa.org](mailto:michelle.onofrio@chfa.org) with your project name and number for specific questions regarding the compliance of a project.

**Q: If we receive HTCCs but the funding does not come until the end of the year and we need to close with balanced sources and uses, how can I show that in my sources?**

A: Your sources and uses form would indicate any bridge financing you would have in your deal until funding came for HTCCs.

**Q: How soon can I expect the funds after a purchase commitment is secured?**

A. Historically, business firms have purchased the HTCC commitment at or near the end of the calendar year. However, firms have until March 31<sup>st</sup> of the following year to fund a commitment.



## HOUSING TAX CREDIT CONTRIBUTION JUSTIFICATION FORM

**Please fill out the form if you are applying for HTCCs and have been previously awarded CHFA funds, not including previously awarded HTCCs.**

Project Name: \_\_\_\_\_ Project Number: \_\_\_\_\_

1. Please explain the need for additional HTCCs and all efforts taken to alleviate the gap. This may include increasing deferred fees, providing more equity, reducing overhead and profit for the contractor, value engineering, etc.

2. What is your plan should you not be awarded HTCCs?

3. What is your closing timeframe? Keeping in mind, HTCCs generally are not funded until year-end.

**For CHFA Use Only**

**Reviewed by:** \_\_\_\_\_ **(initials)**

**Date:** \_\_\_\_\_

**Acceptable to Apply**

**NOT Acceptable to Apply**