



**Description Of The Competitive Selection Criteria and Process
To Be Used By CHFA To Competitively Award TCAP Funds**

The American Recovery and Reinvestment Act (ARRA) requires that Tax Credit Assistance Program (TCAP) funds be distributed “competitively” and “pursuant to their (state’s) qualified allocation plan”. Competition for TCAP funds is limited to developments that have received, or will simultaneously with TCAP funding receive, a Low Income Housing Tax Credit (LIHTC) award between October 1, 2006 and September 30, 2009.

For the purposes of distributing TCAP funds CHFA will define “an award of Low Income Housing Tax Credits” as follows:

- In the case of “9 Percent” Low Income Housing Tax Credits an award will have been made by CHFA on the date that the Board of Directors of CHFA authorized a reservation of Low Income Housing Tax Credits for the Applicant.
- In the case of “4 Percent” Low Income Housing Tax Credits CHFA an award of Low Income Housing Tax Credits will have been made by CHFA on the date that the Board of Directors of CHFA authorized a mortgage commitment for the applicant, such mortgage commitment to be financed through the issuance of tax-exempt private activity bonds enabling the use of Low Income Housing Tax Credits by the Applicant.

The Notice indicates that “state housing credit agencies are required to give priority to eligible projects that are expected to be completed within three years of the Recovery Act enactment (February 16, 2012). Consequently, this standard must be the main selection criterion of any TCAP competition”. This places primary importance on establishing priority for developments that can be placed in service to meet this basic deadline.

ARRA also establishes several interim deadlines for the expenditure of funds as well and applies several “cross-cutting” program requirements for environmental review, competitive wages and accessibility and other requirements to developments receiving TCAP funding. These requirements place additional importance on establishing high priority for developments that can meet these deadlines and federal requirements while also meeting the February 16, 2012 completion deadline. The selection criteria proposed here focus exclusively on factors governing readiness to proceed and compliance with these federal requirements.

To assure and expedite the use of TCAP funds CHFA will allocate these funds on a priority basis to eligible applicants in coordination with other resources that may be made available through ARRA.



Selection Criteria

Therefore, CHFA, as the grantee for Connecticut, proposes to establish priority for, and allocate TCAP funds to, those developments that received awards of Low Income Housing Tax Credits from CHFA in 2007 and 2008 as well as those to be considered in 2009 based on the results of a Readiness to Proceed Survey completed by the applicant to determine those that have the greatest likelihood of being completed by February 16, 2012.

The order of priority for the allocation of TCAP funds will be to applicants awarded “9 Percent” tax credits, and those approved for tax-exempt private activity bond funded mortgages and associated “4 Percent” tax credits as follows:

First Priority - Developments Awarded Tax Credits in Calendar Year 2007 & 2008

“9 Percent” applications that received tax credit reservation approval pursuant to Connecticut’s QAP in 2007 and 2008, and “4 Percent” applications that received tax credit reservation approval subject to QAP requirements.

Each application will be prioritized based on the results of a completed Readiness to Proceed Survey.

Awardees of 2007 and 2008 tax credits that have since successfully syndicated their tax credits are not eligible for TCAP funding.

Second Priority - Tax Credits To Be Awarded in Calendar Year 2009

“9 Percent” applications that received tax credit reservation approval pursuant to Connecticut’s QAP in 2009, and “4 Percent” applications that received tax credit reservation approval subject to QAP requirements.

Each application will be prioritized based on the results of a completed Readiness to Proceed Survey.

Readiness to Proceed Survey and Evaluation

All awardees of tax credits in 2007 and 2008 eligible for TCAP and all 2009 applicants will be asked to complete a survey to determine their readiness to proceed to development and completion by the deadlines established in ARRA. The survey will incorporate the following evaluation criteria and each application will be evaluated and scored, up to a maximum of 160 points, based on these criteria as follows:

Completed Tax Credit Approval: development was previously approved for an award of Low Income Housing Tax Credits pursuant to Connecticut’s QAP.

Yes: 10 points

No: 0 points



Allocation Process

CHFA will use the following process to allocate TCAP funds to meet the deadlines for expenditure established in ARRA.

- 1) Priority for commitment of TCAP funds will be granted to those developments approved for reservations of Low Income Housing Tax Credits in 2007 and 2008 and are ready to proceed to closing and construction but have stalled due to an inability to raise sufficient private equity funding.

Recipients of 2007 and 2008 Low Income Housing Tax Credits awards will be required to complete a Readiness to Proceed Survey to determine their readiness to proceed to construction and comply with federal program requirements as previously indicated.

- Developments will be ranked in accordance with their indicated readiness to proceed based on the results of the Readiness to Proceed Survey.
- TCAP funding will be allocated based upon readiness to proceed until funding requirements are met or TCAP funds are depleted.

- 2) Remaining TCAP funds will be made available to fund applications for the 2009 “9 Percent” tax credit round and to 2009 approved applicants for tax-exempt bond financing and associated “4 Percent” Low Income Housing Tax Credits.

Applicants for 2009 “9 Percent” Low Income Housing Tax Credits will be required to complete a Readiness to Proceed Survey to determine their readiness to proceed to construction and comply with federal program requirements as previously indicated.

- Developments will be ranked in accordance with their indicated readiness to proceed based on the results of the Readiness to Proceed Survey.
- TCAP funding will be allocated based upon readiness to proceed until funding requirements are met or TCAP funds are depleted.

- 3) TCAP awardees will commit to a development funding plan, acceptable to CHFA confirming that:

a) development of the qualified rental property will be constructed and placed in service in accordance with the February 16, 2012 deadline established in the Act; and

b) the expenditure of TCAP funds will meet the requirement that 75 percent of TCAP funding by February 16, 2011 and 100 percent by February 16, 2012.

c) development owners will be required to file a monthly report providing confirmation of progress toward meeting these expenditure deadlines.