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Governor

STATE OF CONNECTICUT DEPARTMENT OF HOUSING



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Commissioner

Parameters and Process for DOH Funding for the 2026 9% LIHTC Round

The Department of Housing (DOH) plans to make commitments of its subordinate financing for use in the 2026 9% Low-Income Housing Tax Credit (LIHTC) funding round administered by the Connecticut Housing Finance Authority (CHFA). DOH has established separate subordinate financing targets for State resources.

Due to limited resources, DOH funding awards are limited to up to two projects per developer/sponsor/owner. Applications must be submitted simultaneously with the 9% LIHTC Application and are due by 4:00 PM on Wednesday March 4, 2026. Applicants will submit one CHFA & DOH Consolidated Application ("ConApp") for use by both CHFA and DOH. Applicants must meet all Application criteria required by the ConApp. Select DOH Large Project and include the required items with the application submission. Applicants must also meet all Basic Threshold Requirements identified in the Qualified Allocation Plan.

DOH Subordinate Financing Targets: \$100,000 per LIHTC qualified unit, or \$150,000 per LIHTC qualified unit that targets 50% of the Area Median Income (AMI) or lower.

**Sponsors of projects that include units to primarily serve persons with disabilities, veterans, homeless families and individuals are encouraged to contact DOH to discuss alternate subordinate financing limits for their projects.

Parameters for all DOH Subordinate Financing

- Applicants must submit a plan compliant with State and Federal Procurement requirements
- Applicable Environmental Reviews and requirements
- If any portion of the site is within a flood plain defined as FEMA Flood Zone Designation other than B, C or X: Applicant must provide approval by the Department of Energy and Environmental Protection. Levee protection, if applicable, must be active and maintained
- Applicants will be expected to demonstrate in the ConApp that they have made efforts to:
 - Maximize the amount of debt the development can carry
 - Maximize the amount of deferred developer fee
 - Seek supplemental funding sources
 - Value engineer proposals to minimize costs
- DOH will rely on CHFA's underwriting of the proposal to determine the amount of debt and deferred developer fee that a development can reasonably support; any resulting funding gap will constitute the DOH funding request
- DOH reserves the right to make awards based on development team capacity
- Awards shall not be made to Applicants who have a direct or indirect ownership interest in or significant affiliation with two or more developments that received a commitment from DOH for financing, but have not initial closed by May 1, 2026 (the "Prior Closing Requirement")

- DOH funding is subject to the availability of funds and State Bond Commission allocation and authorization.

Process for DOH Subordinate Financing Issuance and Recommendations

- CHFA Staff will review applications to confirm all Basic Threshold Requirements are met
- DOH will confirm for CHFA:
 - Development Team Eligibility
 - Proposals meet the parameters of the DOH funding, including the Prior Closing Requirement as of May 1, 2026
- If necessary, clarifications to information submitted may be requested simultaneously for the 9% LIHTC, DOH subordinate financing and CHFA financing submissions
- Upon receipt of clarified information, CHFA staff will fully underwrite qualifying applications for need and determine the amount of the DOH funding request
- Financing terms of DOH subordinate financing commitments will be determined in connection with the “Financial Feasibility” review and “Competitive Ranking based on Points” set forth in the Qualified Allocation Plan, and by review and final determination by the Commissioner of DOH.
- It is CHFA & DOH’s intent that the 2026 LIHTC award recommendation to the CHFA Board of Directors and the issuance of DOH subordinate financing commitments both include financing terms that deploy state resources and 9% low-income housing tax credits effectively and minimally relative to other proposed sources of funds in order to achieve the stated purposes of the Qualified Allocation Plan and the State of Connecticut.
- Following the announcement of the 9% LIHTC awards and issuance of DOH commitments for subordinate financing, DOH staff and awardees will work together to finalize the terms of the DOH subordinate financing and confirm availability of funds.

Questions on this DOH Subordinate Financing should be directed through Debbie Alter at CHFA (deborah.alter@chfa.org). The primary contact at DOH is Miguel Rivera (rivera.miguel@ct.gov).