

2018-2019 9% LIHTC Round

Frequently Asked Questions

Q1. When selecting Income Averaging as a minimum set-aside on the Consolidated Application (“ConApp”), shouldn’t all units targeted to households at or below 80% of Area Median Income be included in calculation of the Applicable Fraction?

A1. Yes. CHFA is aware that the ConApp calculates the Applicable Fraction including only units targeted to households at or below 60% of AMI. If the applicant’s intention is to use Income Averaging for the minimum set-aside, please provide the ConApp workbook to Chris Polek at CHFA and he will correct the formula. The ConApp workbook may be e-mailed to Chris at christopher.polek@chfa.org, or it may be placed in the SharePoint point and once he is notified, Chris can make the correction there.

Q2. To justify the value of donated land, will CHFA accept anything less than a full appraisal, such as an estimate from Zillow or an opinion of value from a licensed appraiser?

A2. No. All land contributions must be documented by a full as-is appraisal that is dated not more than 12 months prior to the application due date and was performed by an appraiser who is licensed in Connecticut.

Q3. Please clarify what is required for submission of a hybrid 9% and 4% LIHTC proposal.

A3. CHFA reserves the right to consider an alternative financing structure such as a hybrid 9% / 4% LIHTC transaction. Acceptance of the use of an alternative financing structure is at CHFA’s sole discretion. In order to be approved for use of this type of structure, applicants must demonstrate the following:

- experience in successfully completing a previous transaction using the proposed alternative financing structure;
- a credible financing plan in place for all phases/buildings/condominium units included in the structure (including commitments for all sources of funds other than the 9% LIHTCs and any DOH gap funding that was applied for in conjunction with this 9% round);
- the ability to adhere to strict timelines; and
- a cost savings, increased unit production and a reduction in the amount of 9% LIHTCs or other scarce resources as a result of using the alternative financing structure.

If an applicant feels they may not meet the experience criteria outlined above, CHFA may consider the experience of a development partner. This partner must be included in the ownership structure of the development.

If the 9% LIHTC portion of a proposed hybrid transaction can stand on its own and does not require approval of the 4% LIHTC portion to move forward as proposed, only one ConApp showing the 9% LIHTC transaction may be submitted for rating and ranking. For informational purposes, the ConApp for the proposed 4% LIHTC portion of the transaction may be included in the submission.

If the development budget for each phase is likely to shift, or if the proposed alternative financing structure requires the approval of each phase in order to demonstrate a credible financing plan, applicants are encouraged to provide three ConApps in their submission for the 9% LIHTC Round. One ConApp should include the entire development as a 9% LIHTC transaction. This scenario will be reviewed, rated and ranked. The other two ConApps should demonstrate the proposed hybrid transaction by showing the proposed inter-dependent 9% and 4% LIHTC transactions in the workbooks.

CHFA will consider the acceptance of alternative financing structures following the announcement of the 9% LIHTC awards.

Q4. If an alternative financing structure is proposed, will CHFA calculate certain points items based on the numbers presented in the 9% LIHTC application only?

A4. Yes. For consistency in the review of all the applications in the round, only the 9% LIHTC portion of a proposal will be evaluated.

Q5. If funds are provided by a sponsor of the development, can points be claimed in both the Other Permanent Funding Sources and Developer/Sponsor Resources categories?

A5. No. Funding coming from a sponsor will only be counted in the Developer/Sponsor Resources category. To claim points in the Other Permanent Funding Sources categories, the funds must be from an entity not involved in the ownership of the development.

Q6. If supportive services will be funded through the operating budget, where are the expenses shown on ConApp Exhibit 5.2a, Detailed Income & Expenses Form?

A6. Expenses associated with supportive services and/or a resident services coordinator can be listed on Exhibit 5.2a in line item 97, Elderly & Congregate Serv. Expense. A schedule of the expenses and/or a detailed explanation on the Expenses Summary tab must be included with the ConApp submission.

Q7. What do we do if our service provider says they don't have the resources to pay for the services in our supportive housing units?

A7. The Interagency Council on Housing and Homelessness expects developers to honor their commitment to provide supportive housing, and additionally expects the service provider to appropriately assess their capacity so as not to overcommit to providing services. Points awarded in a competitive round for the integration of supportive housing units in a development mean that providing such units is not an optional undertaking. The developer should recruit alternative service provider(s) from the list provided in the Supportive Housing Guideline; include funding for a service provider in its development operating budget; include a supportive service reserve in its development budget; and/or negotiate additional funding from its investors so that the incremental increase may be allocated specifically to supportive services. Any one or all of the options suggested may be used alone or in combination. Multiple service providers may be retained as well.