BUILD4CT - Workforce Housing Program

Program Criteria

Program Description:	To provide subordinate financing that will offer favorable terms and more flexible underwriting to incentivize developers of market rate multifamily properties to create units that are affordable to middle income households.
Loan Types:	Construction-to-permanent and permanent only
Project Size:	Minimum 50+ unit developments with exceptions made on a case-by-case basis.
Flood Zone:	Site cannot be impacted by the 100-year or 500-year flood zone.
Lender Participation:	Funding provided in participation with designated participating middle-income housing lenders
Targeted AMI:	At least 20% of the total units between 60-120% AMI. Maximum allowed rents affordable to middle income households must reflect a discount to market rents. CHFA may consider funding against a portion of middle-income affordability restrictions required in accordance with inclusionary zoning or other imposed restrictions, as determined by CHFA in its sole discretion.
Development Activities:	To be built or completed, market rate multifamily unrestricted developments including adaptive reuse and substantial rehabilitation of existing market rate multifamily developments that do not currently have any affordability restrictions in targeted areas.
Loan Term:	Construction Loan: Up to 36 months Permanent Loan: 20 years
Interest rate:	1% - 3% fixed for the term Loan/s. Rate is determined by CHFA in its sole discretion and largely dependent on how much of a discount the restricted units' rental rates provide when compared to market rents as determined in the Senior Lender's appraisal.

Repayment:	Construction: Interest-only payments Permanent: 40-year amortization
LTV:	80% maximum combined LTV inclusive of Senior Loan.
SWAP Exposure:	85% maximum combined LTV inclusive of Senior Loan and swap exposure.
Loan amount:	Up to $125,000 per middle income unit (as determined by CHFA in its discretion)
Prepayment:	At any time with a minimum yield of 1%
Lien position:	Subordinate to participating/senior middle-income lender
Debt Coverage:	As determined by participating Senior Lender subject to a combined minimum 1.15x proforma amortizing DSCR
Tax Abatement:	If the property is subject to a tax abatement/deferral, a 10-year forecast (e.g. 2% income & 3% expense trend) should support 1.15x or better DSCR as taxes are phased in.
Fees:	75bps or as otherwise required by CHFA in its discretion
Rate lock:	Rate confirmed at approval and receipt of senior lender's appraisal confirming market rents.
Affordability Compliance:	Affordability restrictive covenant encumbering Development so long as the Loan is outstanding**, but not less than 6 years** from issuance of initial certificate of occupancy and annual certifications
Escrows:	Real estate taxes and insurance to be collected in accordance with participating lender's requirements.
Recourse:	Carve-out guaranty typically required with additional completion or repayment guaranty may be required by CHFA in its discretion.
Additional Requirements:	All underwriting requirements of the participating middle income housing lender will need to be met and accepted by CHFA. In addition, items identified on Exhibit A will be required in form and content that is acceptable to CHFA.
Frequently Asked Questions:	https://www.chfa.org/homeowners/buildforct-faq/

Exhibit A

CHFA - BUILD4CT UNDERWRITING CHECKLIST

Development Name:
Development Address:
Senior Lender:
Mortgagor:

	Item	AWAITING submission or CHFA REVIEWING	Ready For Program Approval (Yes/No)	Requested From:	Comments
1	Senior Lender Approved Development Underwriting Loan Submission	Awaiting	No	Senior Lender	
2	Mortgagor Organizational Chart	Awaiting	No	Senior Lender	
3	Mortgagor Partnership/Operating Agreement & Entity Organizational Documents	Awaiting	No	Senior Lender	
4	Property Appraisal	Reviewing	Yes	Senior Lender	
5	Environmental Site Assessment	Reviewing	Yes	Senior Lender	
6	Plan & Cost Review	Awaiting	No	Senior Lender	
7	Development Construction Schedule	Awaiting	No	Senior Lender	
8	Insurance Certificates (Builder's Risk, Liability, Property (if applicable)	Awaiting	No	Borrower	
9	Development Construction Budget	Reviewing	Yes	Senior Lender	
10	Sources & Uses	Reviewing	Yes	Senior Lender	
11	General Contractor	Awaiting	No	Senior Lender	
12	Borrower, Management Company, and Billing Contact Information	Awaiting	No	Borrower	
13	If applicable documentation of other credited restrictions (Ie. Inclusionary Zoning or 830g approved developments)	Awaiting	No	Borrower	
14	Project Specific Requirements - To Be Determined /To Be Customized for required items specific to each transaction	Awaiting	No		
15	Confirmation of how funds will be disbursed and required wiring instructions	Awaiting	No	Borrower	
16	Borrower has reviewed billing email, post closing email, and has access to billing portal.	Awaiting	No	Borrower	