

****REVISED****

Parameters and Process for DOH Funding for the 2020 9% LIHTC Round

The Department of Housing (DOH) plans to make up to \$20 million in commitments of its subordinate financing for use in the 2020 9% Low-Income Housing Tax Credit (LIHTC) funding round administered by the Connecticut Housing Finance Authority (CHFA). Awards will not exceed \$4 million per application; however, DOH reserves the right to limit awards based on applicants' capacity. Applications must be submitted simultaneously with the 9% LIHTC application and are due by 4:00 PM on Wednesday November 6, 2019. The parameters of the subordinate financing and the process are outlined below.

Parameters of the DOH Subordinate Financing

- Applicants must meet all Application Criteria identified in the Qualified Allocation Plan
- Applicants must meet all threshold criteria required by the CHFA & DOH Consolidated Application ("ConApp")
- Awards will be sized at the minimum amount needed to make a transaction feasible, up to a maximum of \$4 million per application.
- Applicants will be expected to demonstrate in the application that they have made efforts to:
 - Maximize the amount of debt the development can carry
 - Seek supplemental funding sources
 - Value engineer proposals to minimize costs
- Applicants will be expected to maximize the amount of deferred developer fee
- Awards will be sized based on CHFA's underwriting of the proposal; CHFA underwriting will determine the amount of debt a development can reasonably support
- DOH reserves the right to limit awards based on applicants' capacity
- Awards may not be made to Developers or Development Entities that have two or more transactions that have received a commitment from DOH but have not closed
- DOH funding is subject to the availability of funds and Bond Commission authorization

Process for Issuance of a Soft Letter of Financing from DOH

- Applicants will submit one ConApp and all required exhibits for the 9% round, DOH subsidy and CHFA financing (if applicable) to CHFA for review via one SharePoint site by 4:00 PM on November 6, 2019
- CHFA Staff will review applications to confirm:
 - Development Team Eligibility
 - All Threshold Criteria is met
 - Proposals meet the parameters of the DOH funding
- If necessary, clarifications to information submitted will be requested simultaneously for the 9% LIHTC, DOH subordinate financing and CHFA financing submissions
- Upon receipt of clarified information, CHFA staff will fully underwrite proposals and size the DOH subsidy

- On or before February 15, 2020, CHFA will provide a recommendation to DOH
 - If an Applicant proposes to use private financing, the amount of subsidy calculated to be necessary for use with both the private funding and CHFA taxable bond financing will be provided to DOH
 - DOH will indicate the amount of subsidy that will be included in the soft letter of commitment
- Prior to the issuance of soft letters, DOH will assess applicants' capacity and determine whether there exist two or more open commitments made to the Developer or Development Entity, in its sole discretion
- Soft letters of commitment will be prepared by CHFA, signed by the Commissioner of DOH, and issued to recommended applicants
- CHFA will complete the 9% LIHTC rating and ranking based on the scoring criteria in the QAP. Proposed 9% LIHTC awardees recommended to the CHFA Board of Directors will be based on the highest scoring applicants in the General and Public Classifications, and continuing to the next highest scoring applicants in each class until either the \$20 million DOH limit or the 2020 tax credit ceiling has been reached
- Following the announcement of the 9% LIHTC awards, CHFA staff will work with awardees to finalize the terms of the DOH subordinate financing and prepare for presentation to the Bond Commission
- CHFA staff will close the subordinate financing on behalf of DOH

Questions on this can be directed to Debbie Alter at CHFA (860-571-4234 or deborah.alter@chfa.org).