



Ned Lamont
Governor

STATE OF CONNECTICUT
DEPARTMENT OF HOUSING



Seila Mosquera-Bruno
Commissioner

Parameters and Process for DOH Funding for the 2021 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 2021 9% Low-Income Housing Tax Credit (LIHTC) funding round administered by the Connecticut Housing Finance Authority (CHFA). DOH has established a subordinate financing limit of \$100,000 per LIHTC qualified unit for standard rental projects, up to a maximum of \$4 million per project.

Due to limited resources, DOH funding awards are limited to one per developer/sponsor/owner. Applications must be submitted simultaneously with the 9% LIHTC Application and are due by 4:00 PM on Thursday, November 12, 2020. 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.

The parameters of the subordinate financing and the process are:

Parameters of the DOH Subordinate Financing

- Applicant must submit a plan compliant with Procurement 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. Levy protection, if applicable, must be active and maintained
- Awards will be sized at the minimum amount needed to make a transaction economically feasible, up to a limit of \$100,000 per LIHTC qualified unit and a maximum of \$4 million per application
- 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
- Awards will be sized based on CHFA’s underwriting of the proposal and CHFA underwriting will determine the amount of debt a development can reasonably support
- 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 January 31, 2021 (the “Prior Closing Requirement”)
- DOH funding is subject to the availability of funds and Bond Commission allocation and authorization



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Process for Issuance of a Soft Letter Commitment of DOH Subordinate Financing

- CHFA Staff will review applications to confirm:
 - Development Team Eligibility
 - All Basic Threshold Requirements are met
 - Proposals meet the parameters of the DOH funding, including the Prior Closing Requirement as of January 31, 2021
- 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 qualifying applications for need and size of the DOH subordinate financing
- 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 2021 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, CHFA staff will work with DOH staff and awardees 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).