

2017 Housing Tax Credit Contribution (HTCC) Program Frequently Asked Questions

The following list of questions and answers will be updated as needed. For more information, applicants are strongly encouraged to review the CHFA Procedures and the 2017 Guidelines.

Q: I have been awarded federal Low-Income Housing Tax Credits and now the investor is indicating a reduction in the raise amount which is resulting in a gap in sources. Am I able to apply for HTCCs to try to fill this gap?

A: If you are a non-profit and meet the requirements of the HTCC program, you may apply. At time of application, you will need to explain in detail the gap in funding and what steps you've taken to shore up the gap. It is expected that the applicant explain all alternative efforts made to reduce or eliminate the gap such as:

- 1) increase the deferred developer fee;
- 2) value engineering the development;
- 3) reduce the scope of the project;
- 4) seek other equity;
- 5) reduce reserves; and/or
- 6) any other measures intended to offset the project shortfall.

In addition, you must submit 1) an updated copy of a recent Letter of Interest (LOI) from the investor indicating the change in equity pricing; 2) a summary of the reduction in pricing and the amount of the funding gap; and 3) a detailed timetable of your project including your closing schedule and construction start.

If a closing is scheduled for 2017 prior to the receipt of the HTCC proceeds, please indicate how the funds will be bridged until the receipt of funds.

(Please fill out form attached if this question applies to you)

Q: What are the most important changes for the 2017 round?

A: There will be no deficiency period this round. It is expected that applications will be submitted with all threshold items so applications will not be considered incomplete. Applications that are missing "T" or threshold items from the Exhibit Checklist in the Consolidated Application will not be given further consideration. There were no other substantial changes made this year other than some expanded language in the guidelines as far as what we will accept for certain exhibits.

Q: Do I have to reach out to DOH and CHFA if I want to apply for HTCCs and I have funding from them?

A: Yes, you must reach out to CHFA and/or DOH before applying for HTCCs. Per HTCC Guidelines, one threshold requirement is: written approval from CHFA and/or DOH for the inclusion of HTCC funds in a Housing Program that had already received a funding commitment from CHFA and/or DOH. The Guidelines also state that CHFA and/or DOH may consider gap funding requests in the following situations:

- unavoidable hard costs increases after a funding commitment
- increased costs from unforeseen site conditions
- identification of HTCC as a source of funds in the committed source and uses of funds in projects already approved for funding by CHFA and/or DOH (see Guidelines posted on our website for more details).

Q: If the HTCC funds are now going to be structured as a loan, does the nonprofit need to be part of the ownership entity as originally contemplated?

A: Per State statute, the housing program must be developed, sponsored or managed by a nonprofit corporation. CHFA's expectation is that the HTCC recipient will be a party to the transaction in an ownership or management role.

Q: Which utility allowance are we using for the 2017 round?

A: Please use the Utility Allowance Schedule found [here](#).

Q: What is the process for reporting for a revolving loan fund and is reporting for 3 years necessary? What are the required loan documents needed for closeout?

A: Per CHFA General Information & Compliance "For revolving loan funds, reporting requirements are only in effect for a three (3) years period. All HTCC funds must be exhausted within the three year timeframe. If HTCC funds are exhausted prior to three years, the non-profit may continue to loan funds in a revolving fashion until the funds are depleted. As part of this three-year reporting requirement, the non-profit must provide evidence of the loan fund activity and borrower eligibility or a certification from the Nonprofit as part of their annual audit." At the conclusion of the third year of reporting or at the closeout of the program, we will accept a copy of a note, agreement, or other applicable loan documents evidencing that the revolving loan fund has funded what was intended in the original application. The closeout document can be found here for [Revolving Loan Fund](#).

Q: What do I need to do to close out my project if I am a general housing program and not a revolving loan fund? Can I just submit a quarterly report showing 100% complete?

A: In order to close out your Housing Program, you must submit a Certificate of Completion as well as any Certificate(s) of Occupancy you received for the project. A quarterly report indicating 100% complete will not suffice as project close out documentation. You do not want to risk becoming non-compliant in the program by not closing out a project within the timeline indicated by Chapter 138g, Section 8-395 of the state statute that governs the HTCC program.

Q: How many times can an applicant apply for the same project?

A: Generally an applicant may apply for project funding for an individual project up to three times. An applicant applying for HTCC funds for a previously-funded housing program may do so provided no more than three applications are received for the same program. However, all funds need to be spent within 3 years from the initial funding commitment and it is anticipated that previously allocated funds will be expended prior to the receipt of a new award. (Subsequent funding requests which are “gap filling” in nature will not be encouraged).

Q: Where is the link to Priority Funding Area in the Consolidated Application?

A: An interactive map can be found here to locate [Priority Funding Areas](#). This is also found in Section IV of the Consolidated Application.

Q: Do we fund Single Rental Units (SROs)?

A: SROs can be important unit types for various housing programs and are, therefore, eligible. However, please note we do encourage family housing by giving points to applicants with at least 10% of units being 3 bedrooms or more.

Q: How do we know whether or not our project is in compliance?

A: Email Cyndi Guest at Cyndi.Guest@chfa.org with your project name and number for specific questions regarding the compliance of a project.

Q: If we receive HTCCs but the funding does not come until the end of the year and we need to close with balanced sources and uses, how can I show that in my sources?

A: Your sources and uses form would indicate any bridge financing you would have in your deal until funding came for HTCCs.

Q: When is it anticipated that awards will be announced?

A. It is anticipated that the HTCC award announcement will be May 25, 2017. Keep in mind that awardees will have 60 days to secure purchase commitments from eligible Connecticut business firm(s). HTCC awards without purchase commitments will be made available to other eligible applicants.

Q: How soon can I expect the funds after a purchase commitment is secured?

A. Historically, business firms have purchased the HTCC commitment at or near the end of the calendar year. However, firms have until March 31st of the following year to fund a commitment.

