

MINUTES
LOW-INCOME HOUSING TAX CREDIT
QUALIFIED ALLOCATION PLAN TASK FORCE OF THE
CONNECTICUT HOUSING FINANCE AUTHORITY (CHFA)
SPECIAL MEETING
January 9, 2020

Task Force

Members Present: Seila Mosquera-Bruno, Chairperson of CHFA and Commissioner of the
Department of Housing
Kiley Gosselin
Timothy Hodges
Franklin Perry II
Carla Weil

Task Force

Members Absent: Lisa Tepper Bates
Glendowlyn Thames, representing David Lehman, Commissioner of the
Department of Economic and Community Development

Staff Present:

Deborah Alter, Manager 1, Multifamily
Theresa Caldarone, General Counsel
Michelle Onofrio, Manager, Multifamily
Peg Fitzgerald, Director, Government Relations
Jennifer Landau, Director, Multifamily
Seema Malani, Multifamily Architect 3
Maura Martin, Managing Director, Administration
Wendy Moores, Director, Multifamily
Terry Nash-Giovannucci, Manager 2, Planning, Development & Evaluation
Nandini Natarajan, Chief Executive Officer—Executive Director
Diane Smith, Director, Planning, Research & Evaluation
Joe Voccio, Director, Multifamily

Ms. Mosquera-Bruno called the meeting of the Low-Income Housing Tax Credit (“LIHTC”) Qualified Allocation Plan (“QAP”) Task Force of the Connecticut Housing Finance Authority (“CHFA”) to order at 10:00 a.m., in the Boardroom of CHFA’s offices, 999 West Street, Rocky Hill, Connecticut 06067.

Ms. Natarajan stated that the purpose of the meeting is to have a broad discussion about the annual review of the LIHTC QAP, and she noted that more specific details and recommendations will be presented at future meetings. Ms. Natarajan recognized staff for encouraging public comments early in the process and mentioned that approximately 47 comments were received. The comments, along with a summary will be provided at the next Task Force meeting.

Ms. Nash-Giovannucci provided a brief overview of the LIHTC program and the QAP. She discussed options for the review and revision of the QAP and noted that a majority of other LIHTC program administrators review QAPs every two years. One of the options Ms. Nash-Giovannucci mentioned was to make technical changes to the QAP in 2020 while continuing to review the QAP for more substantive changes that would be announced in 2020 but become effective in 2021. Thereafter, the QAP would remain in effect for two years to provide the development community with predictability. Members of the Task Force were open to the concept of a two-year approach.

Ms. Nash-Giovannucci introduced some discussion points to consider when moving forward such as the Application Classifications. Rather than the current classification which is evenly split between public housing and a general class, she suggested considering new classifications—urban and suburban and asked the Task Force to consider how preservation and new construction goals would fit within those classifications. Various options and priorities were discussed and there was consensus that changes to the QAP should follow policy decisions. There was a discussion on the need to balance between preservation and new construction. A discussion ensued related to preservation and being mindful with limited resources when considering whether or not to make multiple investments in the same projects that do not necessarily result in long-term sustainability. Consideration should also be given to data available related to market needs.

Ms. Nash-Giovannucci explained the difference between opportunity areas and opportunity zones. As to opportunity areas, she explained that CHFA and the Connecticut Department of Housing (“DOH”) use different mapping criteria and tools, which could impact applicant points for opportunity areas. It was noted that CHFA and DOH have scheduled meetings with others to discuss the definition and criteria of opportunity areas with the anticipation of coming to some consensus on the tools and criteria to use going forward.

As to opportunity zones, there was a discussion on a previous recommendation to consider opportunity zones in conjunction with the QAP. After discussion, there was general consensus that opportunity zones are not an ideal pairing for LIHTCs and/or affordable housing.

Ms. Nash-Giovannucci briefly discussed the current waivers of credit limits noting that a majority of applications recommended for reservations of LIHTCs require waivers, either on a per unit or per project basis. She opened for discussion the consideration of the discontinuation of waiver provisions and setting a credit limit cap of \$30,000 per qualified unit and \$2,200,000 per development. Several members noted that waivers should be unique, and a suggestion was made to develop specific objectives and criteria by which a waiver would be considered. The Task Force members asked staff for more specific information on the need for waivers over the last several years in order to make more informed decisions on potential changes. Ms. Nash-Giovannucci reminded the Task Force that firm credit limits could impact the need for other sources of funds.

The Task Force members discussed some of the threshold items and policy objectives with respect to qualified units, mixed income and overall number of units. It was noted that points should be awarded to projects that meet policy objectives, resulting in the creation of sustainable projects that do not require unavailable subsidies. A suggestion was made to consider an effective way to include a setaside for supportive housing and/or tiered points for the targeted special needs population(s) while considering the subsidies available in an effort to help meet the state’s goals.

In summary, the Task Force members asked staff to report back on the following:

- Provide information on the pipeline of projects that do not receive allocations of LIHTCs (i.e. population, geographic location, types of units, profit versus nonprofit applicants).
- Provide a breakdown between profit and nonprofit participation in the program.
- From an underwriting standpoint are there ways to better anticipate what could go wrong with a development and anticipate additional expenses?
- In the last three years how many projects have had problems and are there any trends in either suburban or urban development areas?
- What is the breakdown between preservation and new production applications funded?
- What is the breakdown between suburban and urban applications funded?
- Look at applications for the last several years to see how the differences in mapping for opportunity areas may have impacted scores for developments.
- What are the different ways to consider urban/suburban definitions?
- Follow-up with the Department of Economic & Community Development on the recommendation from David Kooris to consider opportunity zones.
- Share information on meetings to come to agreement on the definition of criteria for opportunity areas.
- Share information on meetings about the Medicaid waiver process.
- Develop specific objectives and criteria for considering waivers.
- Provide a better understanding of the historical need over the last several years for waivers.
- From an asset management standpoint, are there problems because of waivers for certain income bands?
- How can CHFA encourage new applicants?
- Are there ways to reduce costs to applicants (i.e. 90% drawing and specifications)?
- How can the overall policy objectives be more clearly identified in the QAP?
- Are changes needed to the points in the QAP to appropriately reflect the Board's policy objectives?
- Set up meetings with stakeholders to discuss concerns and suggestions.

A majority of the Task Force members expressed the desire to review the public comments and obtain more information requested from staff before further reviewing the QAP or considering changes. For the next Task Force meeting to be held on Thursday, January 30, 2020, immediately following the Board meeting, staff will provide copies of the public comments on the QAP, a summary of comments received, a red-lined version of proposed technical amendments to the QAP and more information related issues discussed today.

There being no further business to discuss, the meeting was adjourned at 11:24 a.m.