

State of Connecticut

Department of Housing

Competitive Housing Assistance for Multifamily Properties (CHAMP) 7

NOFA Frequently Asked Questions

May 28, 2015

1. Q: In the Consolidated Application, in addition to choosing the Core Items category, do I pick DOH Large Project or DOH Programs column?
A: In addition to Core Items, CHAMP 7 applicants must choose the DOH Large Project category. If applying for CHFA Low Income Housing Tax Credits and/or financing, then applicants should contact CHFA directly to determine which additional categories to choose.
2. Q: What will be the source of the funds?
A: DOH may use Housing Trust Funds (CGS Section 8-366m), Affordable Housing Funds (CGS 8-37pp), or Federal HOME funds.
3. Q: Under CHAMP 7, do proposals need to reserve 2 veterans units as required under CHAMP 5?
A: Yes, there is a requirement to reserve at least 2 veteran units at 25% of Area Median Income under CHAMP 7. CHAMP 7 also requires that at least 1 unit in each development be fully handicap accessible.
4. Q: Will any Rental Assistance Program Vouchers (RAPs) be available under CHAMP 7?
A: RAPs will not be available under CHAMP 7 unless related to a State Sponsored Housing Portfolio (SSHP) project. SSHP applicants should contact DOH prior to the application deadline to determine availability of such RAPs.
5. Q: How dated can a PHASE I Environmental Site Assessment (ESA) be?
A: The report must be no older than six months prior to the application deadline. An updated letter by the same firm is acceptable for reports older than six months. Remediation costs need to be reflected on the development budget.
6. Is a PHASE 2 ESA required at the time of application?
A: As stated in section 4.8.b of the Consolidated Application, if a Phase 1 ESA recommends a Phase 2 ESA, it must be submitted with the application for funding. If the Phase 1 ESA is silent as to whether a Phase 2 should be completed but has identified one or more Areas of Concern (AOC), then a Phase 2 ESAS should be completed at the time of application.

7. Q: Does DOH charge any application or origination fees for CHAMP applications?
A: No, DOH does not charge such fees.
8. Q: Does a relocation plan have to be submitted at the time of application if relocation is being considered?
A: The relocation plan will need to be completed post award if the application is approved for funding. However, at the point of application a number of information items must be submitted, including General Information Notices for all eligible tenants, as identified in the 2014 ConApp Section 4.12.
9. Q: If an application submitted under CHAMP 6 will be resubmitted under CHAMP 7, does a new set of architectural plans need to be submitted if the architectural plans have not changed nor been updated?
A: New plans will not need to be resubmitted as long as the previously submitted plans are still current. A statement should be submitted with the application stating this.
10. Q: Who should the Architectural Plans be forwarded to?
A: A set of architectural drawings as well as specifications should be forwarded to DOH by the application deadline. If an application contemplates Low Income Housing Tax Credits and/or CHFA financing, then a separate set of plans and specifications must also be delivered to CHFA by the deadline.
11. Q: For State Sponsored Housing Portfolio (SSHP) Projects, does a resident participation plan have to be executed by all parties? Does it have to be accepted by the board or is the signature of the executive director acceptable?
A: Public Act 11-72 states that “no authority shall be eligible to apply for financial assistance for the major physical transformation of any real property or portion thereof.....unless such authority has adopted and implemented a resident participation plan.” The plan does not have to be executed by the applicable resident group in order to apply to DOH. Proposals for developments which have been executed by all parties are given priority status over similarly scored proposals which do not have a fully executed plan in place.
12. Q: Are State Sponsored Housing Portfolio (SSHP) Projects eligible under CHAMP 7?
A: Unless a waiver is granted, SSHP projects are eligible for CHAMP 7 funding only if the proposal satisfies two tests: (1) new construction of at least 20 units and (2) enough new units will be constructed to increase the existing number of units by 20%. Units that are currently offline will not be considered new units.

13. Q: For SSHP proposals, if an application is proposing to create more than 20% of the existing units but less than 20 new units, would that proposal be eligible for funding in the CHAMP 7 round?
- A: If an SSHP applicant is proposing to construct units that represent 20% or more of the existing project's units, but not 20 units, then a waiver can be requested. For such situations, a request should be sent directly to Edward LaChance of DOH at edward.lachance@ct.gov.
14. Q: For SSHP proposals, can an application meet the 20/20 rule by adding new units on a different site from the existing SSHP project?
- A: DOH will allow the development of off-site units to meet the 20/20 rule as long as the following is met: the applicant can demonstrate that the two physical locations will be owned by a single entity and operated as a single project, the off-site units will be newly constructed units that add to the pool of affordable units, and the new units are located in an area with an equivalent or higher opportunity rating as that of the existing units (using the opportunity mapping resources to be available on the DOH website).
15. Q: Does the approval of the State Historic Preservation Office have to be obtained by the point of application?
- A: Yes.
16. Q: If the application includes State or Federal Historic Tax Credits (HTCs), what needs to be completed by the point of application?
- A: Part 1 approval must be obtained.
17. Q: If an application is proposing a mixed-use, mixed-income development, how would we determine the amount of CHAMP 7 funding that can be applied for?
- A: The basic rule is that DOH could fund the costs of the DOH share of the project. The first step is to break out the commercial costs, leaving the housing costs as a separate item. If the units are similar in nature, then DOH could potentially fund the portion of the housing units that are restricted for affordability. For example, if there are 20 units and 50% would be DOH restricted, we could fund 50% of the housing costs if the units are comparable in design and amenities.
18. Q: What is the maximum developer fee under CHAMP 7?
- A: The maximum developer fee is 15% of total development cost less acquisition costs. This cap includes any deferred fee, which is very common in a tax credit deal and would be expected. Beyond that, DOH's expectation is generally that developer fees will not exceed 10% except in extraordinary cases, and that often they will be in the 7-10% range. Amount of developer equity at risk, complexity of the project, and anticipated construction timeframes are all relevant in determining the overall fee.
19. Q: Can the units used to obtain points for the supportive housing section also be used to claim deep income targeting points?

A: Yes. However, applicants should note that the CHAMP 7 Rating and Ranking only allows applicants to claim points under 2 of the following categories: 1)very low income units, 2) extremely low income units, and 3)supportive housing units.

20. Q: Does DOH have guidance on what differentiates a “firm commitment” from a “soft commitment” in the scoring of “Commitments for Financing” in the CHAMP 7 rating and ranking criteria?

A: The DOH guidance is contained within the Rating and Ranking scoresheet. To receive at least minimum points, an applicant needs to have at least detailed soft commitment letters with rates and terms identified. Firm commitment points are only awarded if there is a binding agreement in place.

21. Q: What version of the Consolidated Application must CHAMP 7 applicants utilize?

A: The Consolidated Application version **2015.1** must be used.

22. Q: Is there a possibility that DOH Federal HOME Investment Partnerships Program (HOME) funds could be awarded to a participant under the CHAMP 7 round? If so, how does an applicant anticipate the impact of Davis Bacon labor rates?

A: DOH may provide HOME funds to one or more successful applicants when HOME funding will not impact the feasibility of a proposal. In such circumstances, DOH will work with the applicant to incorporate labor and other federal requirements.

23. Q: Are State Labor Rates applicable to CHAMP 7 projects?

A: CHAMP 7 funding does not itself trigger Connecticut State Labor Rate requirements. Please note, however, that a proposed project that will be owned, operated, or developed in whole or in part by a local housing authority will be subject to prevailing wage rate requirements. Determinations of applicability are made by the State Department of Labor (DOL). If there are any questions as to the applicability of State Labor Rates, applicants must request a determination from DOL in advance of a CHAMP 7 application submission and include labor rate based costs in projects estimates if applicable.

24. Q: Can more than one census tract be used to determine fair housing impacts?

A: Yes, in the event that the census tract borders the project. For such cases, applicants should clearly describe this situation in the application narrative.

25. Q: For successful CHAMP 7 applications, when will those applications be funded and how are funds paid to the recipients?

A: DOH anticipates announcing CHAMP 7 selected projects in late August or early September of 2015. The closing on DOH financing depends upon the readiness of each selected project. Based on past experience, this can be as soon as three months after award announcement. Actual DOH payments are made when costs are either incurred or paid by the recipients, normally on a monthly draw basis during the construction period.

26. Q: For CHAMP 7 applications, when does DOH anticipate making award announcements?

A: Late August or September, but actual timing depends in part on the number of applications submitted in the round..

27. Q: Will DOH accept applications prior to the deadline and is there an advantage to completing applications prior to the deadline?

A: DOH will accept applications anytime up and until the 4PM deadline on June 10th. There is no advantage regarding scoring opportunities related to early submission. It should be noted that the CHAMP process requires that applications be complete by the deadline. There is no deficiency period.

28. Q: On the Consolidated Application Development Budget, should the funding columns reflect construction or permanent sources?

A: The Development Budget must reflect permanent funding sources.

29. Q: What are the loan terms?

A: DOH has the ability to provide loans based on the needs of the development and internal underwriting. Typical loans vary from amortizing to non-amortizing and carry a range of interest rates and repayment terms.

30. Q: Is the 1.15 DSCR for underwriting standards through the first 15 years.

A: Yes, 15 years is the minimum period in which a 1.15 DCR must be demonstrated.