

# State of Connecticut

## Department of Housing

### Competitive Housing Assistance for Multifamily Properties (CHAMP) 9

#### NOFA Frequently Asked Questions

May 20, 2016

1. Q: What version of the Consolidated Application must CHAMP 9 applicants utilize?  
A: The Consolidated Application version **2016.2 dated March 16, 2016** must be used.
  
2. 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 9 applicants must choose the DOH Large Project category. If applying for CHFA Low Income Housing Tax Credits and/or financing, then applicants must also choose the corresponding CHFA Financing and CHFA LIHTC tabs as appropriate.
  
3. 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.
  
4. Q: Is there a possibility that DOH Federal HOME Investment Partnerships Program (HOME) funds could be awarded to a participant under the CHAMP 9 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.
  
5. Q: Can CHAMP funding be combined with 9% Low Income Housing Tax Credits (LIHTC)?  
A: No. DOH has reserved a separate pool of Affordable Housing Funds for use as gap funding for the 9% LIHTC round. An applicant in the 9% LIHTC round must include its request for DOH capital funds in its 9% LIHTC application (i.e. the same application for both funding rounds). Additional information regarding the availability of DOH capital funds for the 9% LIHTC round is expected to be released in June.
  
6. Q: Can sources of funds which are in the process of being applied for, or which may be applied for in the near future, be used as a source of funds in the ConApp?  
A: For CHAMP 9, all funding sources reflected in the ConApp sources and uses worksheet must have, at a minimum, a soft support letter from the funding provider. Failure to have a soft

support letter for any funding source is grounds for immediate rejection of the application. (Note that in CHAMP funding rounds in December, applicants simultaneously applying for Federal Home Loan Bank AHP funding will be considered as long as the AHP proposal is selected in December).

7. Q: The Consolidated Application section 1.6 requires that 3 years of financial statements be submitted. However, DOH stated at the training session that financial statements were no longer required. Do applicants need to submit financial statements?

A: No. Section 1.6 was intended to be removed from the current application version. This section will be removed from future ConApp revisions, including the exhibit checklist.

8. Q: Under CHAMP 9, do proposals need to reserve 2 veterans units as required under previous CHAMP rounds?

A: No. There is no veteran preference requirement under CHAMP 9. However, there is a requirement that each proposal include at least 2 units serving tenants at 25% of Area Median Income (AMI).

9. Q: Can CHAMP 9 funding be used to assist housing units over 80% of AMI?

A: DOH assisted units can potential serve income ranges as high as 120% AMI. However, the CHAMP 9 NOFA requires that for any units between 80% and 120% of AMI, applicants must demonstrate that the proposed project will either be located in an area designated by the municipality for downtown revitalization and the applicant demonstrates that there is sufficient demand for units to be rented at the higher affordable income levels or is necessary for the financial feasibility of a mixed income development that includes a range of income bands, including units at or below 30% AMI.

10. Q: Are municipal HOME and HTCC funds considered leveraged funds for the purpose of CHAMP 9 rating and ranking?

A: Municipal HOME funds are considered leveraged since they are municipally administered federal funds. HTCC funding is not considered leveraged funds.

11. Q: Will any Rental Assistance Program Vouchers (RAPs) be available under CHAMP 9?

A: No. RAP vouchers will not be available for CHAMP 9 developments.

12. Q: A Letter of Participation (LOP) from the utilities is required with the CHAMP 9 applications. However, our project is located outside of the Eversource and The United Illuminating Company's service areas. How should we proceed with meeting the LOP requirement?

A: Customers with electric and/or natural gas service provided by a municipal utility company may be eligible for energy efficiency incentives available through the municipal utility. To obtain a letter of participation ("LOP") or similar estimated incentive commitment please follow the below steps:

- Contact your municipal utility. A list of Connecticut municipal utility companies and contact information is available on the [Energize Connecticut website](#).

- If you are also a customer of Eversource Energy or The United Illuminating Company (“UI”), contact the appropriate utility representative as listed on the Multifamily Initiative Participant Application.

13. 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.

14. Is a PHASE 2 ESA required at the time of application?

A: As stated in section 4.8.b of the ConApp, if a Phase 1 ESA recommends a Phase 2 ESA, the Phase 2 ESA must be submitted with the application for funding. If the Phase 1 ESA is silent as to whether a Phase 2 ESA should be completed but has identified one or more Areas of Concern (AOC), then a Phase 2 ESA should be completed and submitted with the application.

15. Q: Does a relocation plan have to be submitted at the time of application if relocation is being considered?

A: No. The relocation plan will need to be completed prior to contract closing 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 ConApp Section 4.12.

16. 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.

17. Q: For State Sponsored Housing Portfolio (SSHP) Projects, does a resident participation plan have to have been 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 [housing] 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. The steps needed to adopt a plan depends on the housing authority’s internal rules. Note that the resident participation plan is required of all housing authorities. Not all SSHP property owners are housing authorities.

18. Q: Are State Sponsored Housing Portfolio (SSHP) Projects eligible under CHAMP 9?  
A: Unless a waiver is granted, SSHP projects are eligible for CHAMP 9 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 and proposed for rehabilitation will not be considered new units. Based on past practice, waivers have not been granted for SSHP developments with no expansion in the number of units.
19. 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 9 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](mailto:edward.lachance@ct.gov).
20. 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 available on the DOH website).
21. Q: Does the approval of the State Historic Preservation Office (SHPO) have to be obtained by the time of application?  
A: Yes. The DOH Consolidated Application webpage includes a link to the [SHP Pre-Application Consultation form](#). This document should be submitted to SHPO at least 6 weeks prior to the application deadline.
22. Q: If the application includes State or Federal Historic Tax Credits (HTCs), what needs to be completed by the time of application?  
A: Part 1 approval must be obtained. In addition, if Part 2 approval has not yet been obtained DOH may determine that review of the application is premature.
23. Q: If an application is proposing a mixed-use, mixed-income development, how would we determine the amount of CHAMP 9 funding that can be applied for?  
A: DOH can fund up to the cost of the DOH restricted units. 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 up to 50% of the housing costs if the units are comparable in design and amenities. In any

event, the CHAMP 9 funding will not exceed the actual gap that can't otherwise be financed with debt, equity, and other public or philanthropic sources.

24. Q: What is the maximum developer fee under CHAMP 9?

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.

25. Q: Does DOH require that a market study be completed for a CHAMP application?

A: No. For DOH purposes, in lieu of a market study, applicants may submit the market assessment form included as part of the ConApp forms.

26. Q: Can the units used to obtain points for the supportive housing section also be used to claim extremely low income targeting points?

A: Yes. However, applicants may still only receive points for two of the following categories: extremely low income targeting, very low income targeting, and supportive housing units.

27. Q: Are State Labor Rates applicable to CHAMP 9 projects?

A: CHAMP 9 funding does not itself trigger Connecticut State Labor Rate requirements. However, proposed projects over a specified monetary threshold that will be owned, operated, or developed in whole or in part by a local housing authority may be subject to state 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 9 application submission and include labor rate costs in project estimates, if applicable.

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

A: Yes, in the event that the project is located in more than one census tract or adjacent to another census tract. For such cases, applicants should clearly describe this situation in the application narrative.

29. Q: For successful CHAMP 9 applications, when will those applications be funded and how are funds paid to the recipients?

A: DOH anticipates announcing CHAMP 9 selected projects in late summer. 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 after closing when costs are either incurred or paid by the recipients, normally on a monthly draw basis during the construction period.

30. 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 2nd. 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.

31. Q: On the ConApp Development Budget, should the funding columns reflect construction or permanent sources?

A: The Development Budget must reflect permanent funding sources.

32. Q: What are the DOH CHAMP loan terms?

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

33. 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.