

# State of Connecticut

## Department of Housing

### Competitive Housing Assistance for Multifamily Properties (CHAMP) 11

#### NOFA Frequently Asked Questions

May 22, 2017

1. Q: What version of the Consolidated Application must CHAMP 11 applicants utilize?  
A: The Consolidated Application version **2017** must be used. Earlier versions will not be accepted as meeting threshold.
  
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 11 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 will determine the source of funds upon the selection of successful applications. DOH may use Housing Trust Funds (CGS Section 8-366m), Affordable Housing Funds (CGS 8-37pp), Federal Housing Trust Funds, Federal HOME funds, or other funds available to DOH.
  
4. Q: If documents such as 10.3 Affirmative Action Policy Statement, 10.4 Fair Housing Policy Statement, and 10.5 Certification to Affirmatively Further Fair Housing were submitted under a previous CHAMP round, can they simply be resubmitted for CHAMP 11?  
A: DOH will allow for the resubmission of the above identified documents as long as they are still in full force and effect, the ownership and/or development team structure has not changed, and they are no more than one year old.
  
5. Q: Is there a possibility that DOH Federal HOME Investment Partnerships Program (HOME) funds could be awarded to a participant under the CHAMP program? 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.
  
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: 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.

7. Q: How does DOH determine the amount of CHAMP funding that can be provided to a project?

A: DOH will use the federal HOME program cost allocation method to determine the maximum amount of CHAMP funding. In basic terms, the percentage of CHAMP funding for any development must be equal to or less than the percentage of DOH restricted units. If DOH were to provide 25% of a project's total development costs, then at least 25% of the units would need to be DOH deed restricted. This cost allocation would be adjusted based on based on unit bedroom sizes and amenities if all units are not similar.

8. Q: Under CHAMP 11, do proposals need to reserve 2 veterans units as required under previous CHAMP rounds?

A: No. There is no veteran preference requirement under CHAMP 11. However, there is a requirement that each proposal include at least 2 units serving tenants at or below 25% of Area Median Income (AMI).

9. Q: Can CHAMP 11 funding be used to assist housing units over 80% of AMI?

A: DOH assisted units can serve income ranges as high as 120% AMI. However, the CHAMP 11 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 11 rating and ranking?

A: Municipal HOME funds are considered leveraged since they are municipally administered federal funds. HTCC funding is not considered leveraged funds because the equity raised through HTCC is derived from state sources. This same determination applies to State Historic Tax Credits.

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

A: No. RAP vouchers will not be available for CHAMP 11 developments.

12. Q: A Letter of Participation (LOP) from the utilities is required with the CHAMP 11 applications. However, our project is located outside of the Eversource and The United Illuminating ("UI") 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, 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 must 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: If architectural plans and drawings were submitted for CHAMP 9, do new plans have to be submitted or can the plans on file be used to meet the requirement?

A: Existing plans on file at DOH can be used to meet the ConApp requirements as long as the existing plans are no more than 1 year old, there have been no changes to the plans requiring updated drawings, and the plans were previously determined by DOH to meet the 40% or 90% standard.

17. Q: To receive the maximum 14 points under architectural plan category, 90% drawings as well as bid documents must be submitted. Does contractor pricing also have to be completed?

A: No, contractor pricing does not need to be completed to receive the maximum 14 points. Contractor pricing is encouraged but must be completed in compliance with DOH procurement requirements.

18. Q: Who should the Architectural Plans be forwarded to?

A: A hard copy set of architectural drawings as well as specifications must 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.

19. 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.

20. Q: Are State Sponsored Housing Portfolio (SSHP) Projects eligible under CHAMP 11?

A: Unless a waiver is granted, SSHP projects are eligible for CHAMP 11 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.

21. 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 11 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 Nick Lundgren of DOH at [nicholas.lundgren@ct.gov](mailto:nicholas.lundgren@ct.gov).

22. 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).

23. 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 [SHPO Pre-Application Consultation form](#). This document should be submitted to SHPO at least 6 weeks prior to the application deadline.

24. 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.

25. Q: If an application is proposing a mixed-use, mixed-income development, how would we determine the amount of CHAMP 11 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 11 funding will not exceed the actual gap that can't otherwise be financed with debt, equity, and other public or philanthropic sources.

26. Q: What is the maximum developer fee under CHAMP 11?

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. It should also be noted that if CHFA LIHTCs or financing is contemplated, the developer fee must be calculated in compliance with the CHFA developer fee calculation methodology.

27. 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.

28. 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.

29. Q: Are State Labor Rates applicable to CHAMP 11 projects?

A: CHAMP 11 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 11 application submission and include labor rate costs in project estimates, if applicable.

30. 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.

31. Q: Should acquisition costs be reflected in a proposals' total development cost?

A: Yes. Actual acquisition costs (not appraised or fair market value) should be reflected in the development budget. If a property is being donated, then the value of the property should be reflected in the development budget and the value of that donation should be included as a permanent source from the donating party in the Sources and Uses worksheet in the ConApp.

32. Q: My organization is thinking of applying for funding to rehabilitate an existing affordable housing development. Most of the units have been rehabilitated but the building still needs a new roof. Is this type of work eligible under the NOFA?

A: The NOFA clearly requires that proposed rehabilitation projects demonstrate that the property is in such disrepair that the units are currently at risk of being uninhabitable or that existing affordability requirements are expiring within three years. Failure to meet this test will result in the removal of an application from consideration.

33. Q: For successful CHAMP 11 applications, when will those applications be funded and how are funds paid to the recipients?

A: DOH anticipates announcing CHAMP 11 selected projects in late winter. 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.

34. 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 5th. 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.

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

A: The Development Budget must reflect permanent funding sources.

36. Q: On the ConApp Development Budget, there are tabs labeled “DEVBGT” and “DEVBGT (REVISED).” Do both tabs need to be completed at the point of application?  
A: No. The “DEVBGT (REVISED)” would only need to be completed if the project is selected in the round and then only if requested by DOH or CHFA. This worksheet was added to the workbook to allow for the maintenance of the original budget as well as post award changes to allow for a comparison between the documents within the same ConApp.
37. 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.
38. Q: For approved applications, will DOH bond funds assigned to the proposal be taxable to assure inclusion in LIHTC basis?  
A: Yes, when approved applications are submitted to funding to the State Bond Commission DOH will identify whether such bonds will be taxable or non-taxable based on the needs of the project.
39. 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.