



The State of Connecticut Department of Housing

NOTICE OF FUNDING AVAILABILITY Competitive Housing Assistance for Multifamily Properties 12 (“CHAMP 12”)

Frequently Asked Questions

June 14, 2018

- Q1: As I understand, in order to know whether federal labor or state prevailing wages are triggered we first need to know the source of funds dedicated for the CHAMP funding. Is that correct and if so what are the source of funds?
- A1: The type of funding that DOH expects to use in connection with financing projects selected in the CHAMP 12 funding round are described in Section B of the CHAMP 12 NOFA. The state bond fund proceeds that DOH uses most frequently to finance its affordable housing projects do not trigger state or federal minimum wage requirements. To determine if state minimum wage requirements apply to your project contact the State of Connecticut Department of Labor. Inquiries can be directed to Matthew Ferri at matthew.ferri@ct.gov. In the event that DOH were to opt to finance a project with funds that trigger federal minimum wage requirements, DOH would take the resulting additional project costs into consideration in its underwriting and calculation of the necessary capital subsidy.
- Q2: I read that DOH requires a Construction Procurement Plan (that complies with DOH Procurement Standards). I have not found a form to complete the Construction Procurement Plan or details on what this should include. Would you please advise where I can find out what is required here?
- A2: The Construction Procurement Plan should provide a brief description of the process by which you will or have procured the construction contractor or construction manager. The DOH procurement guidelines require the following:
- 1) **Competitive Bidding:**
For contracts greater than \$100,000, the funding recipient will give full opportunity for free, open and competitive bidding. (Current Architect’s Handbook of Professional Practice, AIA)
 - 2) **Advertising the Project:**
 - a) The funding recipient must run a notice in the Public Notices section of one newspaper with broad circulation in the applicable region, such as the Hartford Courant, Waterbury Republican, Connecticut Post, New Haven Register, Norwich Bulletin, or the Stamford Advocate. The ad must end with the following statement: “An Affirmative Action/Equal Opportunity Employer. Minority/Women’s Business Enterprises are encouraged to apply.”
 - b) The notice must run for at least two (2) days.

- c) In cases where the total project cost is below \$100,000, bids may be solicited by letter, fax or email. However, the funding recipient must solicit at least three quotations for such project.

3) Contractor Selection:

Lowest Responsible and Qualified Bidder: “lowest responsible and qualified bidder” means the bidder whose bid is the lowest of those bidders possessing the skill, ability and integrity necessary to faithfully perform the work. Should the funding recipient reject the lowest bidder as not responsible and/or not qualified, the funding recipient shall immediately notify DOH of the reasons for the rejection and request DOH concurrence. DOH shall at its discretion either approve or deny the funding recipient’s rejection. The funding recipient agrees to hold DOH harmless from any and all claims by rejected bidders.

Q3: There is a completed Phase I for the project for which we are applying for CHAMP 12 funding that concludes that, although two RECs and one HREC were identified on the site, no additional assessment and/or remediation are warranted. Based on the conclusion and recommendation of the Phase I report we do not believe a Phase II is warranted. Is that correct?

A3: Not necessarily. Given the variation in methodologies used among LEPs, an applicant with a Phase I that identifies any RECs or AOCs but concludes that a Phase II is not necessary should contact DOH at jacinta.frazier@ct.gov for further guidance.

Q4: What portion of the proposed developer fee should [an applicant] propose be deferred?

A4: As indicated in the NOFA, a developer fee should always be in an amount that is financially feasible and appropriate under the circumstances, including, for example, the complexity of the project and the amount of the developer’s upfront investment of its own funds. In many cases, the appropriate developer fee will be approximately 10% of relevant project costs rather than the maximum percentage. Of the total developer fee, DOH generally expects developers contemplating a LIHTC financing transaction to defer the portion of the developer fee that can reasonably be deferred consistent with customary syndicator and investor requirements based on net cash flow, if any, during the first 10 to 15 years of operations.

New Questions/Answers since prior FAQ Release dated May 31, 2018:

Q5: Under the CHAMP12 application, I wanted to get clarification on the units designated as DOH Units. The NOFA lists the income level at 100% AMI for the DOH Units. Are the rents limits for these units stated in the "DOH Program Rent Limits based on HUD FMRs", effective 6/2017 or an actual calculation based on the AMI in which the project is located? The 6/2017 chart shows 100% FLEXIBLE Program as, I am assuming, 100% of AMI. However, those rents levels presumably at 100% AMI are, in some cases, less than the rents for 60% AMI (LIHTC). If the former, is there a more recent chart than 6/2017, as the HUD AMI figures were published in April?

A5: The rent limits for homes serving households at various AMI thresholds, organized by specific regions in the State, are generally posted on the DOH Website annually under the title “DOH Program Rent Limits based on HUD FMRs”. The chart showing the combined rent limits for 2018 is currently available on the DOH Website at <http://www.ct.gov/doh/cwp/view.asp?a=4513&Q=531656&PM=1>. As stated in the NOFA, while housing units assisted with FLEX funds must be affordable for persons and families with incomes not greater than 100% of AMI (pursuant to CGS § 8-37pp), lower affordability thresholds are required in the CHAMP 12 funding round unless certain conditions are satisfied, as identified in Section D of the NOFA. While it is usually the case that rent limits at the 100% FLEXIBLE program level are greater than rent limits at the 60% AMI (LIHTC) level, there are some instances where that is not the case. Unless the marketing analysis for a particular project indicates that the rents for DOH Units restricted at a certain AMI level are not attainable, an applicant should use the posted rents for the DOH Units in its application.