

# The State of Connecticut Department of Housing

## NOTICE OF FUNDING AVAILABILITY

### Competitive Housing Assistance for Multifamily Properties 8 (“CHAMP 8”)

#### **Deadline for Submission of Applications: Wednesday, December 2, 2015.**

This Notice of Funding Availability (this “NOFA”) is directed to owners of either existing affordable rental developments or developers of proposed new affordable multifamily rental developments seeking funding from the Department of Housing (“DOH”).

#### A. Goal of this NOFA:

The State of Connecticut (the “State”) is committed to expanding opportunities for safe, decent and affordable multifamily rental housing for its residents. Investment in affordable multifamily rental development and preservation creates jobs and increases local revenue. The goal of this NOFA is to foster the creation and/or preservation of affordable multifamily rental housing in Connecticut to promote healthy lives, strong and inclusive communities and a robust economy. Applications for homeownership proposals will not be accepted under CHAMP 8. The CHAMP 8 Rating and Ranking guidelines will be issued by October 2, 2015 and will be available on the DOH website, [www.ct.gov/doh](http://www.ct.gov/doh) (the “DOH Website”) under “Funding Opportunities.”

#### B. Funding:

Approximately \$25 million is anticipated to be made available pursuant to this NOFA. Funding available under this NOFA may, at DOH’s discretion, include Housing Trust Fund Program (“HTF”) funds, Affordable Housing Program (“FLEX”) funds, and/or federal HOME Investment Partnership Program (“HOME”) funds. Under state law, housing units assisted with HTF funds must be affordable for persons and families with incomes up to 120% of Area Median Income (“AMI”) and housing units assisted with FLEX funds must be affordable for persons and families with incomes up to 100% of AMI. Note, however, that in this competitive funding program, lower affordability thresholds are required unless certain conditions are satisfied. DOH funds may be provided in the form of grants, loans or a combination thereof based on project needs and DOH’s underwriting. Loans may be offered by DOH at a reduced interest rate and/or with extended terms. DOH funding under this NOFA may not exceed \$5,000,000 per development.

In addition to the capital funding, applicants may also apply for up to four (4) State Rental Assistance Program (“RAP”) project-based certificates available for each proposed project. In order to qualify for these RAP certificates, the RAP targeted unit must serve a household earning not more than 25% of AMI. In addition, each proposal requesting RAPs must also include an equal number of non-RAP subsidized units restricted to households earning not more than 50% AMI. Both the RAP and non-RAP assisted units must be reflected in the application materials.

An applicant for funding under this NOFA may also simultaneously apply for Connecticut Housing Finance Authority (“CHFA”) Taxable Bond or Tax-Exempt Bond financing paired with 4% Low-Income Housing Tax Credits (“LIHTCs”). CHFA will continue to accept 4% LIHTC applications on a rolling basis for proposals that do not seek assistance from DOH. For further details, please contact CHFA at 860-721-9501.

C. Eligible Applicants:

Applicants eligible for consideration under this NOFA include any entity that is an “Eligible applicant” under the Affordable Housing Program, Connecticut General Statutes (“CGS”) § 8-37pp. CGS § 8-37pp defines an eligible applicant as “(A) A nonprofit entity; (B) a municipality; (C) a housing authority; (D) a business corporation incorporated pursuant to chapter 601 or any predecessor statutes thereto or authorized to do business pursuant to said chapter 601 having as one of its purposes the construction, financing, acquisition, rehabilitation or operation of affordable housing, and having a certificate or articles of incorporation approved by the commissioner; (E) any partnership, limited partnership, limited liability company, joint venture, sole proprietorship, trust or association having as one of its purposes the construction, financing, acquisition, rehabilitation or operation of affordable housing, and having a certificate or articles of incorporation approved by the commissioner; or (F) any combination thereof.”

Notwithstanding the above, housing developments currently in the State Sponsored Housing Portfolio (“SSHP”) are not eligible for funding under this NOFA unless the proposal includes the creation of at least 20 new residential units and the number of newly created rental units is equal to or exceeds 20% of the existing project units. Units which are currently offline but will be returned to occupancy are not considered newly created units. If an SSHP applicant is proposing to construct units that represent 20% or more of the existing project’s units, but not quite 20 units, then a waiver request to the 20/20 rule can be requested. For such situations, an email request should be sent directly to Edward LaChance of DOH at [edward.lachance@ct.gov](mailto:edward.lachance@ct.gov).

D. Application Submission Requirements:

- 1) Applicants must use the CHFA/DOH **Consolidated Application Version 2015.2** (the “ConApp”) which is available on the DOH website.
- 2) All application materials must be submitted via electronic submission through the DOH/CHFA SharePoint website. To obtain a SharePoint account, submit an email request after October 9, 2015, but no later than November 20, 2015, to [applicationrequest@chfa.org](mailto:applicationrequest@chfa.org). Include the following information in your request:
  - Funding Round (i.e. CHAMP 8)
  - Project Name
  - Applicant Name
  - Primary Contact Name
  - Primary Contact Email
  - Primary Contact PhoneApplicants will subsequently receive an email from the system administrator that contains a link to the SharePoint website.
- 3) SharePoint instructional videos and presentations are available on the DOH Website.
- 4) **Hard copies of application materials will not be accepted** except for architectural drawings and project manuals, which must be submitted in hard copy to DOH by the December 2, 2015 4:00 p.m. deadline.

- 5) In addition to the ConApp CORE items macro button, applicants must also choose the DOH Large Project macro-button. All items identified as required under these two macro buttons (CORE items **and** DOH Large Project) must be submitted to be considered a complete application.
- 6) Applications must include, at a minimum, architectural drawings and project specifications that meet the 40% completion standard. Applications not accompanied by 40% architectural drawings and specifications will not be considered. Applicants should contact DOH if they are unsure how the 40% completion standard applies to their project (e.g. modular construction).
- 7) Application materials must clearly demonstrate the location of the project in relation to both the 100 year and 500 year FEMA floodplain boundaries. Application materials for any project located in proximity to a designated floodplain must include supporting documentation, including, but not limited to, a survey that demonstrates that the project is located outside of the 100 and 500 year floodplain or, for development projects that are located within a 100 or 500 year floodplain, applicants must include supporting documentation that: (a) demonstrates that the project incorporates safe evacuation routes in times of a flood; (b) does not involve the placement of utilities that will promote or encourage future development within the 100 or 500 year floodplain; (c) does not increase the potential to cause or pose a hazard to human life, health or property if it is destroyed or damaged due to flooding; or (d) does not involve the placement of fill within a watercourse or any water to create dry land to allow for the construction of a structure. If any of these criteria cannot be demonstrated, an applicant must so indicate and explain how the project is nevertheless feasible and justifies an exception to the relevant statutory provisions discouraging such projects. Applications that do not clearly satisfy the criteria mentioned above or comply with the State's flood management requirements (CGS Section 25-68d(b) and Sections 25-68h-1 through 25-68h-3 of the Regulations for State Agencies) may be removed from the competition by Commissioner discretion.
- 8) After the submission deadline, an applicant may be asked to provide additional information regarding its application.
- 9) For new construction and housing rehabilitation proposals, energy efficiency and conservation improvements are strongly encouraged to the greatest extent that such improvements are economically feasible. All such improvements should be clearly indicated in the applicant's plans and specifications and the development budget. Application materials must demonstrate that a cost/benefit analysis has been completed to document that the plans and specifications include sustainable energy modeling that takes advantage of reasonable opportunities and that energy conservation techniques incorporated into the design result in long term operating savings to owners and/or rent reductions for tenants.
- 10) All proposed developments must include at least one (1) unit that meets Universal Design standards. This new requirement will also be applicable to all rehabilitation projects where such actions are feasible within the design constraints of the existing building(s). If a proposed rehabilitation proposal does not intend to meet this requirement due to existing design constraints, a waiver request must be sent to the attention of Edward LaChance of DOH no later than November 13, 2015 with a clear explanation as to the infeasibility of meeting this requirement. Waivers will be provided at the Commissioner's discretion.

- 11) DOH encourages applicants to include a preference for veterans at or below 25% of AMI for a portion of the units in their project. DOH also encourages applicants to include units that are appropriate for households with four (4) or more members where the household income is also at or below 25% of AMI. These units must be reflected in the ConApp Rental Income Calculation Worksheet. The RAP certificates identified in section B can be used to assist these units.
- 12) As in previous CHAMP rounds, DOH does not employ an application deficiency period and accompanying deficiency letter and response process. All CHAMP 8 applications must be complete as of submission on or before the submission deadline of December 2, 2015.
- 13) For affordable housing units proposed to be assisted with CHAMP 8 funds, the AMI range served must be below 80% of the applicable AMI, provided, however, that DOH will accept applications for developments where DOH assisted units are serving income levels between 80% and 120% of AMI if the applicant demonstrates to the satisfaction of DOH that the proposed project: (a) will 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; and/or (b) is necessary for the financial feasibility of a mixed income development which includes a range of income bands, including units at or below 30% AMI;
- 14) Proposals including the rehabilitation of existing affordable housing, including, but not limited to, properties currently restricted by LIHTC, DOH, HUD, CHFA, or other affordability restrictions, will only be considered if there is a demonstrated need that the rehabilitation activities are of an immediate nature and threaten the continued feasibility of the development **OR** if the property is at risk of losing the current affordability requirements within three calendar years of the application deadline and the rents for the restricted units are reasonably likely to significantly increase.
- 15) The developer fee for a project seeking State capital funding in the CHAMP 8 funding round may not exceed 15% of the total project development costs less acquisition and reserve costs. This 15% developer fee maximum threshold includes any deferred developer fee. Notwithstanding the foregoing, it is expected that applicants demonstrate that any proposed developer fee will be financially feasible and appropriate under the circumstances, including, for example, the complexity of the project and the applicant's upfront investment of its own funds. DOH at its discretion may require a reduction in developer fees to reflect this standard.
- 16) The DOH application review will include a thorough analysis to determine the minimum amount of state subsidy needed. The DOH analysis of the application will be conducted in a manner independent of the type and amount of assistance requested and may result in the requirement to repay funding, through either amortizing or cash flow loans, not anticipated in the application.
- 17) The ConApp required for CHAMP 8 submissions includes the requirement that all existing developments disclose the amount of reserves on hand as well as a description of the use of reserves over the previous 3 year period. Applicants applying for the redevelopment of existing housing, which must meet the standards of both Part C and number 14 above, should anticipate that existing reserves will be a required source of funds.

E. Application Submission Schedule and Process:

Applications for funding under this NOFA, including, if applicable, all materials required by CHFA, must be submitted no later than Wednesday, December 2, 2015 at 4:00 p.m.

Application materials and questions should be submitted to the attention of Edward LaChance. On or before November 13, 2015, applicants may contact Mr. LaChance via email at [edward.lachance@ct.gov](mailto:edward.lachance@ct.gov) with questions related to this NOFA. Questions received by DOH, if material to this NOFA, and DOH's answers thereto will be periodically posted on the DOH Website. Any questions received after November 13, 2015 will receive a response at DOH's discretion. In addition, an overview conference for questions and answers regarding this NOFA will be held on:

**Friday, October 16, 2015**  
**9:30 AM – 11:30AM**  
**State of Connecticut Department of Housing**  
**4<sup>th</sup> Floor Conference Room 466**  
**505 Hudson Street**  
**Hartford, CT**

Please e-mail [marilyn.taylor@ct.gov](mailto:marilyn.taylor@ct.gov) to register for this overview conference on or before Friday, October 9, 2015. Participation in this event is limited to approximately 25 persons so early registration is recommended. If demand exceeds availability an additional session may be scheduled.

F. Selection Criteria:

Applications will be rated and ranked by DOH in accordance with the CHAMP 8 Rating and Ranking form. DOH and CHFA staff will coordinate the review of applications seeking funding from both organizations. The CHAMP 8 Rating and Ranking form will be available on the DOH Website on or before October 2, 2015.

G. Reservations:

All applications submitted in response to this NOFA are the sole property of the State and subject to the provisions of Connecticut's Freedom of Information Act, CGS §1-200 et seq., which provides that public records and documents are subject to public access and copying unless specific exemptions to disclosure exist. If an applicant believes that portions of its application are exempt from disclosure, the applicant should mark the specific portions as confidential. Acceptance of an application by DOH which contains such reservations is not an agreement that the material is confidential or exempt from disclosure. DOH reserves the right to amend or cancel this NOFA, to modify or waive any requirement, condition or other term set forth in this NOFA or the Consolidated Application, to request additional information at any time from one or more applicants, to select any number of applications submitted in response to this NOFA, or to reject any or all such applications, in each case at DOH's sole discretion. DOH may exercise the foregoing rights at any time without notice and without liability to any applicant or any other party. Applications to this NOFA shall be prepared at the sole expense of the applicant and shall not obligate DOH to procure any of the services described therein or herein from any applicant. DOH shall not be obligated to any applicant until a final written

agreement has been executed by all necessary parties thereto and all applicable approvals have been obtained.