**State of Connecticut**

**Department of Housing**

Competitive Housing Assistance for Multifamily Properties (CHAMP) 5

NOFA Frequently Asked Questions

1. 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.

1. Q: How dated can a PHASE I Environmental Site Assessment (ESA) be?

A: The report can 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.

1. Q: Is a PHASE II ESA required at the time of application?

A: As stated in section 4.7 of the Consolidated Application, if a Phase 1 ESA recommends a Phase 2 ESA, it must be submitted with the application for funding.

1. Q: For State Sponsored Housing Portfolio Projects, does a resident participation plan have to 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 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.

1. Q: Are State Sponsored Housing Portfolio Projects (SSHP) eligible under CHAMP 5?

A: Unless a waiver is granted (see question #6 below), SSHP projects are eligible for CHAMP 5 funding only if the proposal includes new construction of at least 20 units or enough units to increase the existing number of units by 20%, whichever is greater (the 20/20 rule).

1. 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 5 round?

A: 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).

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

A: Yes.

1. Q: Has DOH reconsidered the Developer Fee limits as described in the CHAMP 5 NOFA?

A: Yes. A developer fee for a project seeking State capital funding in the CHAMP 5 funding round may not exceed 15% of the total project development costs less acquisition costs.  This 15% developer fee maximum threshold includes any deferred developer fee.  As always, it is expected 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.

1. 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 5 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.

1. Q: If there is a building which is located on the property being developed but which is not residential and is not part of the renovation scope, is it necessary to include a Site and Building Report for it?

A: No, as long as DOH funds are not being used to renovate it or for any other action regarding the non-residential structure.

1. Q: If you have a property in the SSHP and have substantial reserves do such reserves count as leverage if they will be used as funding for the project?

A: Yes.

1. Q: Our organization is considering the purchase and rehab of a number of two and three family properties as part of a large geographically related rental project. If a tenant who decided after three or four years that they wished to purchase the house they were renting, would there be anything in the CHAMP documents that would prevent this?

A: Yes, the CHAMP 5 program is restricted for rental housing.

1. Q: If a project which is only anticipating utilizing CHAMP 5 funds as a source and the project has cashflow from operations, would DOH be able to provide an applicant with a sense for how DOH would look at a portion of the CHAMP funding as debt?  What would be the expected rate, term, DSC etc.

A: Not without completing the underwriting for such a proposal. The DOH policy is that every project should be financed to the maximum extent feasible by non-DOH sources and that public subsidies exist to fill a gap in funding. Proposed DOH rate and terms will be determined after underwriting and application review is completed. The DOH Housing Development Policies contain the DOH underwriting guidance related to debt service coverage ratio, loan to value ration, and other requirements is linked on the DOH Consolidated Application page.

1. Q: What version of the Consolidated Application must CHAMP 5 applicants utilize?

A: The Consolidated Application Version 6.2 must be used.

1. Q: Is CDBG funding counted as State funding and therefore not eligible as part of leveraging?

A: CDBG funding which is obtained through the Small Cities CDBG program is considered state funding and would not be considered leveraged funds. CDBG funds obtained from an Entitlement CDBG community would count as leveraged funds since they would be provided independent of DOH.

1. Q: Is there a possibility that DOH Federal HOME Investment Partnerships Program (HOME) funds could be awarded to a participant under the CHAMP 5 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.

1. Q: Are State Labor Rates applicable to CHAMP 5 projects?

A: CHAMP 5 funding does not itself trigger Connecticut State Labor. Determinations of applicability are made by the State Department of Labor (DOL) Rates. 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 5 application submission and include labor rate based costs in projects estimates if applicable.

1. 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 and would be part of the target population. For such cases clearly define this situation in the application narrative.

1. 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 terms. See also response to question #13 above.

1. 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.

1. Q: Is CHAMP 5 to be utilized with 4% tax credits only?

A: CHAMP 5 applications can be used as gap financing for a CHFA 4% LIHTC projects or for a project for which any financing other than CHFA 9% LIHTCs are contemplated. 4% LIHTCs are not a requirement to apply under the CHAMP 5 NOFA.

1. Q: What level of historic tax credit approval is required at the time of application?

A: Part 1 approval from the State Historic Preservation Office.