

FREQUENTLY ASKED QUESTIONS (FAQ)

Last Updated: 3/3/2023

Please submit additional questions to CTCommunitiesChallenge@ct.gov

THE MATCH REQUIREMENT:

- 1. Can funds that have already been committed to a project count toward the local match requirement?**

For Round 3, any funds deployed towards the completion of a project since March 1, 2021, (24 months before the NOFA release date) are eligible to count toward the match requirement as long as the application clearly shows a connection between those funds and the project in question. However, projects that are receiving new match funds – funds that will be newly deployed with Communities Challenge funds – may receive priority.

- 2. Can private funds from one project be used toward the local match requirement for a separate project?**

Private match dollars must be used on the same project as the project that would receive grant funding from the CT Communities Challenge. If a project contains two or more related sub-projects, private funding from one sub-project can count as a private match towards the other sub-project. In this case, the application must state clearly why these two projects are inseparable.

- 3. Can funding received through federal programs and earmarks (e.g., the American Rescue Plan Act, American Recovery & Reinvestment Act, Community Development Block Grants, Bipartisan Infrastructure Bill) count toward the local match requirement? What about program funds that applicants have applied for and/or are anticipating receiving after the application due date?**

Federal funds can be used toward the local match requirement. Applicants may include any federal funding that they have applied for or are anticipating receiving as part of the application to DECD. If successful, applicants will need to demonstrate the full capital stack including the promised match funds prior to executing the Assistance Agreement/contract with DECD.

- 4. Would monies secured by issuing municipal bonds count toward the match?**

Yes, municipal bonds count as a local match funding source.

- 5. Can other state funding (e.g., brownfield grant) count toward the local match requirement?**

No, state funds are not eligible to count toward the match requirement.

- 6. Are CT Housing Finance Authority (CHFA) funds eligible to be included as part of the match funds? Can an amortizing permanent mortgage loan from CHFA count toward the match requirement?**

No, funds from CHFA programs are not eligible to be counted as match.

- 7. Can debt financing (e.g., mortgages, construction loan) count toward the match requirement?**

No, private debt does not count toward the match requirement.

- 8. In a LIHTC deal, would the Developers Deferred Developers Fee be counted towards the match? The Deferred Developer Fee is technically Developer Equity that is put in the deal, usually around 50% of the max fee the project can support.**

A Deferred Developers Fee is counted as equity and can be used as matching funds.

9. Can historic tax credit equity count toward the match requirement?

No, historic tax credit equity does not count toward the match requirement.

10. Does a tax abatement count toward the match requirement?

No, tax abatement does not count toward the match requirement.

11. Can a municipality partner with a non-profit to come up with the matching funds?

Yes, we encourage partnerships between the public and private sectors for the project concept and details, execution, and funding.

12. But match dollars need to be equity on the private side? Can it be private debt (loan)?

Matching dollars can be supplied by private equity, municipal funds, federal funds (including municipal ARPA allocation), and private / philanthropic cash donations. Private debt does not count toward the match requirement.

13. Do matching funds count toward the total award amount?

Matching dollars are not counted toward the total of the award. The required ratio of state to non-state funding is 2:1 (or 4:1 for distressed municipalities). For example, a \$1M grant award from CCC would require at least \$500,000 in match funding (\$250,000 for distressed municipalities), resulting in a total of \$1.5M in project budget (\$1.25M for distressed municipalities). Note: any municipality listed on the distressed municipality list as of March 1, 2023, will be considered to be a distressed municipality.

14. Can you describe an example of the match requirement? Can you give us an example of a project budget with the match breakdown? (Ex. \$2,000,000 project, non-distressed community, what is the cost share amount vs grant request amount?)

It depends on the grant amount the applicant is seeking from DECD. If the full project cost is \$2M, and let's say the applicant is requesting \$1M from DECD, then the amount of funding required for the match in a non-distressed municipality would be \$500,000 (i.e., 50% of the amount of the DECD CCC grant). The remaining \$500,000 could be obtained from a variety of non-match sources (i.e., other state funding, historic tax credit equity, and/or debt).

MULTIPLE, COMBINED, AND OTHERWISE COMPLEX PROJECTS:

15. If a municipality is proposing two separate projects, should they be on the same application form?

No. If you are submitting multiple projects, you'll request a SharePoint link for each project application.

16. If a municipality has a project with multiple components that may include state funding from multiple sources (e.g., Communities Challenge, brownfields), should the application for the Communities Challenge grant include all parts of the project?

DECD encourages applicants to include all components of a project, including other potential state sources. This will help DECD gain a full picture of the project and may help DECD ensure all state sources are being effectively used.

17. Can a municipality use the Communities Challenge funds to create a revolving loan facility that continually invests in local projects?

DECD will not accept applications for the creation of a revolving loan or other credit facility without a

specific project that meets the requirements of the Communities Challenge grant. In other words, applications for a specific project where funding is later recycled into a loan facility will be accepted. Applications for a loan facility that do not outline which specific investment they will be used for upfront will not be accepted.

ELIGIBILITY QUESTIONS (APPLICANTS, PROJECTS, & COSTS):

18. Are there any biases in evaluating applications from Communities Challenge Grant Recipients of past rounds?

Previous recipients are eligible to apply for Round 3 funding. Projects will be reviewed based on alignment with the purpose of CT Communities Challenge and project readiness. However, DECD would like to assist as many communities and eligible and strong projects as possible with this program.

19. Can you be more specific about the State's prioritization of "dense areas?" Does that mean that applicants from the more rural counties won't be considered unless they are specifically from distressed municipalities?

DECD has funded projects in smaller and rural communities through this program. The key is that your project should enliven a mixed-use district, a Main Street area or Town/Village Center, no matter the size of the community.

20. Do PIC (Public Investment Communities) communities receive any advantage?

If a Public Investment Community is also a designated Distressed Community (see the NOFA for this list), the match requirement is 25%. Additionally, it is DECD's goal to allocate up to 50% of the funds to projects in distressed municipalities (see NOFA).

21. Are prior round award recipients eligible to re-apply?

Prior award recipients are eligible to apply for a different project.

22. A privately-owned parcel is key to our downtown area, needs major site work, including removing a dilapidated structure & raising the grade per flood plain. We've met with a prospective developer, who would purchase or JV with current owner. Could this program be used for site prep costs to entice the developer to use private financing for construction?

We're happy to discuss this further with you, please email CTCommunitiesChallenge@ct.gov

23. If we are receiving state funds for a project will that make us ineligible for this funding?

Other state funding for a project does not disqualify an applicant for eligibility. However, state funds are not eligible to count toward the match requirement.

24. Do any art projects qualify?

Public Art qualifies but should be part of a larger, more comprehensive project that enlivens and populates the district.

25. Do ADA improvements qualify?

ADA improvements qualify but should be part of a larger, more comprehensive project that enlivens and populates the district.

26. What is the timeline you are looking for when you say, "shovel ready?"

CT Communities Challenge funds should be "the last ones in" to the capital stack. Competitive projects are those where other sources of funding are secured, and site design and permitting are well on their way to

completion.

27. For in-kind contributions of soft costs, are those limited to 5% of the total budget, as the grant request itself is?

DECD prefers that a majority (95%) of CCC grant funds be used for construction and renovation-related hard costs. Necessary soft costs should be paid for with other funding sources. Contributed soft costs can be accepted for the match requirement, but not in-kind staff time.

28. Are planning and design costs an eligible use for Communities Challenge funds?

Design costs are an eligible use for Communities Challenge funds. However, priority will be given to projects that are “shovel ready” and beyond the design process. Please note that DECD prefers that a majority (more than 95%) of program funds are used for hard costs. It is preferable that soft costs are funded from non-DECD sources.

29. It was stated that the project had to be “Shovel Ready”. A subsequent slide talked about “Engineering” as an eligible project. So, does this negate the “Shovel Ready” requirement?

Nearly all of CCC grant funds should be used for construction- and renovation-related hard costs. A limited portion of funds (no more than 5%) may be used for soft costs: design and engineering, land acquisition, project management, administrative, etc.

THE APPLICATION FORM & RELATED DOCUMENTS:

30. Are there any differences in the NOFA from past rounds?

DECD updates grant materials, including the NOFA, each round.

31. Can I submit responses of any length to questions in the application form?

There are character limits in the application questions. Please ensure that your responses fit within the form provided by the application, as DECD cannot guarantee that any additional text will be reviewed as part of your application. If you need additional space for a particular response, consider including that information elsewhere in the application, where appropriate (e.g., boxes specifically for additional context, attachments).

32. Section VI of the application requires a signed copy “of the Municipal Certification of Eligibility for Discretionary State Funding.” Can you please provide the form that is required?

The form is available on the CT Communities Challenge web page:

https://portal.ct.gov/DECD/Content/Business-Development/05_Funding_Opportunities/CT-Communities-Challenge-Grant

33. Page 3 of the Application Form asks for project address, parcel ID, acreage etc. If the proposed project is an infrastructure project (e.g., road development), how do we respond?

Please feel free to provide the names of the roads/intersections, length of the same and any other pertinent information. Project address can either be the address of the main property that the infrastructure project is supporting or the starting/ending/representative address of the general project area.

34. Please explain the sentence on page 1 of the NOFA: “Other projects that will enhance the livability, vibrancy, convenience, and equity of communities throughout the state are also eligible, provided that other DECD funding does not support such projects through current or future dedicated programs (e.g., Brownfields grants).”

DECD would like to make sure that other state and federal programs dedicated for a particular ask are tapped before the request is made to DECD under the CT Communities Challenge Grant (e.g., federal funds for broadband, etc.)

35. Is DECD going to differentiate between the nature and type of jobs that will be created while comparing projects?

DECD is asking for the number and type of permanent full-time equivalent (only direct) jobs created.

36. Would creation of live-work affordable housing units support job-creation goals?

The application asks for anticipated job creation (Section III-Economic Impact, question 2), the number and type of permanent full-time equivalent (only direct) jobs expected to be created by the proposed project. Live-work affordable housing units are encouraged, but we encourage you to clearly articulate how this component of your project aligns with that job creation goal.

37. Where do I submit my application?

Each applicant will receive a unique link to a SharePoint folder where you can submit your application. As stated in the application, please email CTCommunitiesChallenge@ct.gov by 3pm on Friday, April 28, 2023 to request your unique link. A word of advice: ensure that all of your documents are complete (application, budget sheet, all required documents and attachments) before you upload to SharePoint. Once the deadline passes, you will not be able to access SharePoint.

38. How many people can have edit access to the SharePoint link?

Up to 2 individuals per application can request access to the SharePoint link.

39. The application asks for a Town Council Approval or Certified Resolution. Will DECD accept certified minutes of the Town Council meeting where a vote was taken to approve this application?

Yes.

APPLICATION TIMELINE & REVIEW PROCESS:

40. Can I receive a formal preliminary determination of eligibility from the Department of Economic and Community Development for a project?

DECD is not offering formal determinations of eligibility. If you have specific questions about your project's eligibility, please contact CTCommunitiesChallenge@ct.gov

41. Will there be an Intent to Apply form as part of the Round 3 application process?

Unlike in Round 1, there is no Intent to Apply form for Round 3.

42. Are applications being judged by their strength on one evaluation criterion (e.g., economic impact, shovel readiness) or their strength on all evaluation criteria?

Applications will be evaluated by their strength on all evaluation criteria listed in the Notice of Funding Availability. An application that is strong on multiple criteria will therefore be more competitive than an application that is strong on only one criterion.

43. Who will be reviewing the applications? Are any Legislators directly involved in the review process?

DECD staff will be reviewing the applications. DECD will be soliciting input, as needed, from colleague agencies including OPM, DEEP, DOH, CHFA, DOT and SHPO. All award decisions are at the discretion of the DECD Commissioner, consistent with the scoring criteria listed on the NOFA.

OTHER QUESTIONS:

44. PREVAILING WAGE: If a project is granted an award through the CT Communities Challenge Program, is the project subject to prevailing wage requirements?

Generally speaking, CT Communities Challenge grant recipients are likely subject to prevailing wage rates under state law. This is because prevailing wage requirements are generally applied to any state-funded construction projects of \$1,000,000 or more. Before submitting a Round 3 application, all applicants will be required to confirm that they have assessed the applicability of prevailing wage rates to their projects.

A summary of the state’s prevailing wage law is available on the Department of Labor website: <https://www.ctdol.state.ct.us/wgwkstnd/prevailing-rates/3153smry.htm>. Applicants are responsible for assessing the applicability of prevailing wage statutes to their project (C.G.S. Section 31-53 and 31-53c). The applicability of prevailing wage as per the statutes is dependent on various factors including, but not limited to, the amount of cumulative DECD financial assistance (See C.G.S. Section 31-53c(a)(2)) received for the proposed project/project site over the years, the entity entering into the grant contract with DECD, the funding sources for the overall project, previous, current and future ownership of the improvements/parcel/property, the entity that will be holding the construction contract (primary recipient versus a private entity), the nature of the improvements (public versus private), the type of project (new construction versus rehabilitation) and the nature of the end uses (public versus private). For further questions regarding the applicability of the prevailing wage rates for your project, please contact Mary Toner Wage Enforcement Agent, Wage and Workplace Standards Division at the CT Dept. of Labor (mary.toner@ct.gov; 860-263-6606).

45. AFFORDABLE HOUSING REQUIREMENT: What are the affordability requirements related to housing development? Is a fully market-rate apartment community, including commercial space, eligible?

DECD applies the following Affordable Housing Policy in reviewing applications for CT Communities Challenge/DECD grant programs:

If the project involves a net addition of 10 or more residential dwelling units for rent, a portion of those units must be deed-restricted for 30 years to be offered at below-market rent. If the project involves a net addition of 10 or more residential dwelling units for sale, some of those units must be deed-restricted in perpetuity to be offered for sale at below-market price. Applicants may choose whether to provide 10% of units affordable to households making 50% of the area median income (AMI), or 20% of units affordable to households making 80% of AMI. Affordable unit rent may not exceed 30% of the criteria AMI, and affordable unit sale price may not exceed an amount that would lead to expected monthly housing costs exceeding 30% of the criteria AMI. Expected monthly housing costs are the expected sum of monthly property taxes, 30-year mortgage payment assuming 3% down payment and prevailing interest rates, and any common charges.

Units must be on-site, the unit sizes and finishes must be comparable to market-rate units, the unit bedroom counts for affordable units must be in the same proportion as market-rate units, and the affordable units must be distributed evenly throughout the market-rate units. If construction is phased, affordable units must be constructed as proportionally as is feasible in each phase. Affordable units must use the same building access as market-rate units and have comparable access to building amenities.

Under special circumstances, the DECD Commissioner may approve projects not in compliance with the above policy following a written request with detailed justification from the applicant.

46. STATE HISTORIC PRESERVATION REVIEW: Please clarify: Is SHPO review required for vacant lots?

If the project is successful in receiving a state grant, it must be in compliance with several state laws, including the CT Environmental Policy Act (CEPA). The SHPO Project Notification Form must be submitted to

SHPO in order to assess the impacts to historic, cultural, and archeological resources. We encourage you to contact SHPO in advance of your application in order to discuss your project site.

47. By when must the funds awarded through the grant be expended? Are there time limits within which the grant funds must be spent, or project completed?

Funds must be committed within three years of the award date. The project itself must be completed within five years of the award date.

48. How many rounds total are there? this is round 3 of X rounds?

DECD has approximately \$20 million to award in Round 3. For context, we awarded approximately \$44 million in Round 1 and \$36.5 million in Round 2. The CT Communities Challenge Grant Program was authorized by Public Act 21-2 with \$100 million in funding.

49. What were some common mistakes in applications in Rounds 1 and 2?

Read the NOFA carefully prior to starting your application. Make sure you are requesting an amount within the parameters of this grant program (between \$1million - \$10million). Ensure that your project complies with the State of CT affordable housing and prevailing wage requirements (see questions 24 and 26). Clearly articulate your sources & uses budget, overall project budget, capital stack.

50. Can a particular qualified community receive more than one grant?

Multiple applications from a single community will be considered, but DECD has not previously funded more than one project from a given community. As you prepare to apply, make sure you focus on Quality vs. Quantity: submit one or two well-articulated applications, rather than multiple submissions that are not particularly strong.

51. If we represent a non-profit and would like to approach the municipality, we reside in for a possible partnership to submit an application, which city government department or city government position should we approach to propose our idea, etc.?

Reach out to your municipal economic development and/or planning professionals. If your town does not have dedicated professional staff in those disciplines, reach out to your First Selectman or Economic Development Commission. You may also consider contacting your regional Council of Government, which is an eligible applicant pursuant to the NOFA.

52. Is the grant more of an economic development or community development grant?

In short, it is both. CT Communities Challenge addresses livability, vibrancy, convenience, and equity of communities of place while also encouraging mixed-use development, essential infrastructure that facilitates future development, and new housing to support affordability and local workforce.

I have another question that was not answered above and is not answered on the grant program's website. Where can I have my question answered?

Please send any other questions to CTCommunitiesChallenge@ct.gov. We will update this document periodically with answers to common questions we receive.