Selection Criteria for DOH Subordinate Financing for the 2018 9% LIHTC Funding Round

The Department of Housing (“DOH”) plans to make soft commitments of its subordinate financing up to approximately $50 million in total (the “Soft Commitment Maximum Amount”) in connection with the 2018 9% Low-income Housing Tax Credit (“LIHTC”) Funding Round administered by the Connecticut Housing Finance Authority (“CHFA”).

All projects seeking DOH financing in this round must meet the following minimum criteria:

- Demonstrated marketability of all proposed units at the proposed rent levels;
- No proximate land uses, or conditions on nearby properties, that are reasonably likely to adversely impact the health, safety and/or well-being of residents of the proposed development;
- No issues as of the date of the application submission that create a substantial risk that the project is infeasible; and
- No issues as of the date of the application submission that create a substantial risk that the development team will be unable to close on the project financing on a timely basis and/or complete the project on time and/or on budget.

Projects that also meet the following criteria (“Tier I Projects”) will be issued soft commitments:

- The project receives at least 6 points pursuant to Section III(G)(4)(b) of the 2018 Qualified Allocation Plan (“QAP”) or the project receives fewer than 6 points pursuant to such section but the project is part of a robust Local Revitalization Plan; and
- DOH subsidy is not greater than $6 million; and
- DOH subsidy is not greater than 33% of the total development cost of the project (“TDC”)

For the purpose of this selection criteria, a “Local Revitalization Plan” means a plan in which the developer of the proposed project, any entities affiliated with the developer, a local, state or federal governmental body, and/or any other interested party have made within five years prior to the 9% LIHTC application deadline, and/or have committed to make within five years following the 9% LIHTC application deadline, investments within a quarter mile radius of the proposed development and such investments have resulted in, or are reasonably likely to result in, improvements that significantly enhance the neighborhood in which the proposed project is located, including, without limitation, by creating affordable grocery and other retail space, reducing crime, creating employment or educational opportunities, making streetscape and infrastructure investments that improve pedestrian access and safety, enhancing access to public transit or health care, and/or improving or creating green space. A Local Revitalization Plan must include sufficient detail regarding the investments that either have been made or will be made within the neighborhood surrounding the proposed development and must be supported by a letter from the chief elected official of the municipality in which the proposed project is located.
The number of points a project will receive under Section III(G)(4)(b) of the 2018 QAP can be determined by consulting the CHFA Locational Guideline Map at: https://www.policymap.com/widget?sid=2005&wkey=KOSX4J1BEMBZT5GUY1ZVOZ44FOYB6Z9Q&height=700

If the soft commitments made for all Tier I Projects total less than the Soft Commitment Maximum Amount, additional soft commitments will be made to all projects that meet the following criteria (“Tier II Projects”):

- DOH subsidy is not greater than $4 million; and
- DOH subsidy is not greater than 30% of the TDC

If the soft commitments made for all Tier I and Tier II Projects total less than the Soft Commitment Maximum Amount, additional soft commitments will be made to all projects that meet the following criteria (“Tier III Projects”):

- DOH subsidy is not greater than $5 million; and
- DOH subsidy is not greater than 30% of the TDC

If the soft commitments made for all Tier I, Tier II and Tier III Projects total less than the Soft Commitment Maximum Amount, additional soft commitments will be made to all projects that meet the following criteria (“Tier IV Projects”):

- DOH subsidy is not greater than $6 million; and
- DOH subsidy is not greater than 33% of the TDC

Important Note: All subordinate financing committed to projects in accordance with this criteria remain subject to the selection of the project by the CHFA Board, approval by the State Bond Commission, satisfaction of all DOH customary closing conditions, and final underwriting by DOH, including such modifications to the development budget and financing terms as DOH may require to ensure that development costs are minimized to the greatest extent possible and that the DOH capital subsidy is no greater than necessary to make the project financially feasible. Without limiting the generality of the foregoing, the terms of all debt contemplated from a public source, if any, must be no less advantageous to the lender than the terms of the proposed DOH financing. Applicants are also reminded that any proposed developer fee must be financially feasible and appropriate under the circumstances, including, for example, the complexity of the project, the applicant’s investment of its own funds, and the amount and timing of any other compensation the developer expects to receive.