

# Build For CT

*Housing for Middle-Income Households*



# Understanding the “Missing Middle”

Middle income is defined as households earning **60-120% of the area median income**

- *In Hartford area, this is \$56,700 - \$113,400 for a 2-person household*
- *Occupations include teachers, firefighters, police officers, nurses*

While programs like LIHTC are designed to create housing for <60% AMI, there are **no existing programs in CT aimed at middle-income renters**, who often cannot afford market rate rents and make too much to qualify for an affordable rent.

We estimate there is a statewide **gap of approximately 100,000 rental units** that are affordable to middle- and upper-income households (i.e., 80% AMI and greater). Half of these needed units are in Connecticut’s 15 largest cities and towns.

**More than 1 in 4 rental homes that are affordable to households earning less than 80% of AMI are occupied by households earning more than 80% AMI.**



# “Workforce Housing” Funding Announced

Funding for middle-income rental housing was a cornerstone of Governor Lamont’s housing plan.

HB 6942 authorized \$200 million over biennium to expand workforce housing



STATE OF CONNECTICUT  
GOVERNOR NED LAMONT

02/16/2023

## Governor Lamont Announces Budget and Policy Proposals Include Support To Expand Access to Affordable and Workforce Housing

(BRIDGEPORT, CT) – Governor Ned Lamont today held a news conference in Bridgeport to announce that the [fiscal year 2024-2025 biennial budget proposal](#) and his [package of 2023 policy proposals](#) that he presented to the General Assembly last week includes several areas of support to increase access to affordable and workforce housing throughout Connecticut.

“Last year, we built more market rate and affordable housing than any time this century, and yet we are still desperately short of available housing, particularly for low and middle-income families,” **Governor Lamont said**. “We cannot let our state fall into a housing crisis. Our administration is proposing significantly increased investments in affordable and workforce housing because this is a critical component needed to grow good-paying jobs, ensure businesses have the workforce necessary to fill in-demand positions, incentivize young people to stay in Connecticut, and support our economy.”

“These significant increases in resources being proposed illustrate just how serious Governor Lamont takes this issue,” **Connecticut Housing Commissioner Seila Mosquera-Bruno said**. “It is also a sign of his confidence in our agency to continue to do the necessary and important work of increasing our housing supply, as well as providing a pathway to create new homeowners. I am eager to continue



# Priorities and Objectives



## Threshold

Minimum 20% of units restricted for 60-120% AMI

Senior financing commitment in place



## Priorities

Discounted rents

Located in area of need

Near jobs, transit

Employer contributing



## Special Consideration

Energy efficiency, sustainability

Onsite amenities

Innovative design

Loan characteristics

# Participating Lenders

CHFA will partner with participating lenders to provide subordinate financing

Incentives for developers of market rate multifamily properties to include restricted units:

- Better than market terms
- More flexible underwriting

Participating lenders will request reservations and include for CHFA review:

- Completed underwriting for review
- Copies of construction budgets
- Appraisals and market studies
- Operating budgets
- Environmental reports, plans, specs
- Approvals and permits

# Program Parameters

## Loan types

Construction to perm  
Forward committed perm

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## Targeted AMI

60-120% AMI  
Minimum of 20% of the total units  
Minimum of 6 years

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## Development Activities

To be built/completed market rate multifamily developments  
Adaptive reuse and substantial rehabilitation of existing unrestricted market rate multifamily developments in targeted areas

# Program Loan Terms

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<b>Construction term</b>	Up to 36-month, interest only
<b>Permanent term</b>	Term: Up to 20 years, principal and interest Amortization: Up to 40 years
<b>Interest Rate</b>	1-3% fixed, at discretion of CHFA
<b>Loan amount</b>	Up to \$125,000/WFU at discretion of CHFA
<b>CLTV</b>	80% maximum
<b>Prepayment</b>	At any time with minimum yield of 1%

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# Program Loan Terms

<b>Lien Position</b>	Subordinate to primary lender
<b>Affordability Term</b>	Min of 6 years from Initial CO, Restrictive Covenant
<b>Debt Coverage</b>	Determined by participating lender, minimum 1.15
<b>Advances</b>	Single initial advance, limited to use on restricted units
<b>Rate Lock</b>	Determined by participating lender
<b>Escrows</b>	Determined and held by participating lender
<b>Affordability Commitment</b>	Minimum of 20% of total units at 60-120% AMI



# Participating Lender Agreement

- Agreement between participating primary lender and CHFA
- CHFA agrees to provide Build For CT loans to eligible developments financed by participating lenders
- Participating Lender will use reasonable efforts to incorporate Build For CT loan into market rate multifamily development financing
- Participating Lender will refer potential applicants to CHFA
- Participating Lender will provide CHFA with Required Application Material

# Required Application Materials

- Participating Build For CT Lender's completed underwriting model (including operating pro forma and unit mix)
- Development borrower information: name, ownership entity structure
- Development team/structure
- Appraisal
- Market Study
- Environmental Site Assessment and Hazardous Material Reports
- Construction schedule
- Construction budget
- Proof of Payment and Performance Bond
- Building Permit/Foundation Permit
- Additional materials necessary for CHFA to determine the Development's compliance with Program Criteria

# Want to learn more?

Email us at

[BuildForCT@chfa.org](mailto:BuildForCT@chfa.org)

