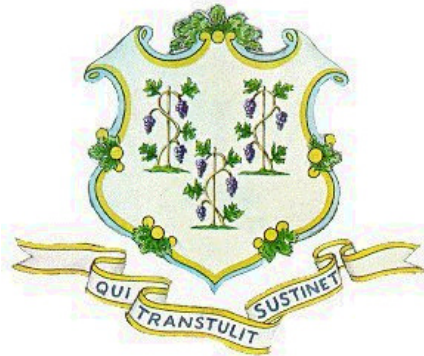




**State of Connecticut**

**Substantial Amendment to the**

**2016-2017 Action Plan  
for  
Housing and Community Development  
for  
National Housing Trust Fund  
Allocation Plan**



Submitted to the

**U.S. Department of Housing and Urban Development**

by the  
State of Connecticut  
**Revised November 2016**

**National Housing Trust Fund -Allocation Plan  
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## **I. EXECUTIVE SUMMARY**

### ***Overview***

This Substantial Amendment to the 2016-2017 Annual Action Plan for Housing and Community Development (“Substantial Amendment”) for the National Housing Trust Fund (“NHTF”) is the first amendment to the state’s 2016-2017 Annual Action Plan for Housing and Community Development. The 2016-2017 Annual Action Plan For Housing and Community Development (“Action Plan”) is the second action plan under the State of Connecticut’s 2015-2019 Consolidated Plan for Housing and Community Development (“ConPlan”), the five-year plan addressing Connecticut’s housing and community development needs. The state submits the ConPlan to the U.S. Department of Housing and Urban Development (HUD) in order to be eligible to receive funding under the HOME Investment Partnerships (HOME), Small Cities Community Development Block Grant (SC/CDBG), Emergency Solutions Grant (ESG), Housing Opportunities for Persons with AIDS (HOPWA), and with this Substantial Amendment, the NHTF Program. The program year for the annual action plan is based on the state fiscal year, July 1 - June 30. The 2016-2017 Action Plan is for the state fiscal year July 1, 2016 to June 30, 2017.

The NHTF program was created by section 1131 of the Housing and Economic Recovery Act of 2008 (Public Law 110-289). Section 1131 amended the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (12 U.S.C. 4501 et seq.) to add a new section 1337 “Affordable Housing Allocation” and a new section 1338, “Housing Trust Fund.” NHTF provides formula grants to states to increase and preserve the supply of decent, safe, and sanitary affordable housing for extremely low-income and very low-income households, including homeless families.

HUD published an interim rule for NHTF (Interim Rule) on January 30, 2015. The rule, codified at 24 CFR Part 93, establishes both the program requirements and the formula for allocating grant funds to states.

The NHTF allocation plan is an annual submission to HUD that describes how the state will distribute the NHTF funds, including how it will use the funds to address its priority housing needs. The allocation plan also describes what activities may be undertaken with NHTF funds and how recipients and projects will be selected. This Substantial Amendment includes the requirements and criteria for the selection of applicants to meet the required funding priorities, as follows:

- Geographic Diversity;
- Applicant Capacity;
- Project-based Rental Assistance;
- Duration of Affordability Period;
- Priority Housing Needs of the State;
- Leveraging;
- Eligible Activities;
- Eligible Recipients;
- Performance Goals and Benchmarks;
- Maximum Per-unit Development Subsidy Limits; and
- Rehabilitation Standards.

The Action Plan, including this Substantial Amendment, provides a plan for expending FY 2016-17 funds for the following programs:

<b>Table 1: Anticipated State and Federal Funding For Development and Housing Support</b>			
<b>Housing (DOH)</b>	<b>State FY 2016-17</b>	<b>HUD FY 2016-17</b>	<b>Total</b>
HOME	\$ 0	\$ 6,570,671	\$ 6,570,671
SC/CDBG	\$ 0	\$ 12,162,864	\$ 12,162,864
Affordable Housing (Flex)	\$ 140,000,000	\$ 0	\$ 140,000,000
Energy Conservation Loan Program	\$ 0	\$ 0	\$ 0
Subsidized Assist Living Demonstration	\$ 2,198,146	\$ 0	\$ 2,198,146
Elderly Rental Registry & Counselor	\$ 1,054,087	\$ 0	\$ 1,054,087
Fair Housing	\$ 670,000	\$ 0	\$ 670,000
Housing Assistance and Counseling	\$ 369,376	\$ 0	\$ 369,376
Elderly/Congregate Rental Assistance	\$ 2,017,778	\$ 0	\$ 2,017,778
Congregate Operating Subsidy	\$ 7,517,798	\$ 0	\$ 7,517,798
Tax Abatement	\$ 1,087,450	\$ 0	\$ 1,087,450
Housing Trust Fund (State)	\$ 15,000,000	\$ 0	\$ 15,000,000
National Housing Trust Fund (Federal)	\$ 0	\$ 3,000,000	\$ 3,000,000
<b>TOTAL</b>	<b>\$ 169,914,635</b>	<b>\$ 21,733,535</b>	<b>\$ 191,648,170</b>

Source: DOH/OPM

### **Performance**

The ConPlan is a five-year strategic plan that examines the housing market, describes the housing needs of extremely low-, low- and moderate-income residents, outlines strategies to meet these needs and lists all resources available to implement those strategies, and outlines goals, objectives and measures. The ConPlan sets a unified vision, long-term strategies and short-term action steps to meet priority needs.

The Consolidated Annual Performance Evaluation Report (CAPER) is the annual report submitted to HUD that details the progress DOH has made in carrying out the ConPlan and the annual Action Plan provisions with respect to the federal CPD formula grant programs for a given program year. The CAPER describes resources made available, the investment of those resources, the amount and source of leveraged funds, the source and use of program income, geographic distribution and location of investments, and the number of families and persons assisted and actions taken to affirmatively further fair housing. The CAPER is due within 90 days after the end of the state’s program year.

The most recent CAPER was submitted to HUD on 9/15/15. It contained performance data for the annual Action Plan program year ending June 30, 2015 and can be accessed on DOH’s website, [www.ct.gov/doh](http://www.ct.gov/doh), under Publications. It is expected that the CAPER containing performance data for the annual Action Plan for the program year ending June 30, 2016 with regard to the Small Cities Community Development Block Grant (SC/CDBG), HOME Investment Partnerships (HOME), Emergency Solutions Grant (ESG), and Housing Opportunities for Persons with AIDS (HOPWA) Programs will be submitted to HUD in September 2016.

***Summary of federal funding anticipated for FY 2016-17:***

Small Cities Community Development Block Grant (SC/CDBG)	\$ 12,162,864
HOME Investment Partnerships (HOME)	\$ 6,570,671
Emergency Solutions Grant (ESG)	\$ 2,179,417
Housing Opportunities for Persons with AIDS (HOPWA)	\$ 218,321
National Housing Trust Fund (NHTF)	\$ 3,000,000

This Substantial Amendment has been prepared per the federal NHTF allocation for Connecticut being funded at the State minimum allocation of \$3,000,000. These NHTF funds are subject to availability from the federal government. Although we do not currently anticipate any change, in the event that anticipated funding is reduced or increased, funds will be distributed in accordance with this Substantial Amendment. An increase in funding would simply allow more activities to be funded while a decrease in funding would require a reduction in funded activities.

***Objectives and Outcomes***

In this Substantial Amendment we have outlined the state’s proposed accomplishments for program year 2016-2017 based on the performance measurement system presented in the

2015-2019 ConPlan and the Action Plan which is consistent with HUD's Notice of Outcome Performance Measurement System for Community Planning and Development Formula Grant Programs published in the Federal Register on March 7, 2006. Please refer to "Section V. Program Activities, Sub-section K. Performance Measurement" of the Action Plan for more detail regarding those objectives and outcomes. It is expected that the CAPER containing performance data for the 2015-2016 Annual Action Plan program year with regard to the Small Cities Community Development Block Grant (SC/CDBG), HOME Investment Partnerships (HOME), Emergency Solutions Grant (ESG), and Housing Opportunities for Persons with AIDS (HOPWA) Programs will be submitted to HUD in September 2016.

### ***Citizen Participation***

In regard to Connecticut's Citizen Participation Plan, when DOH solicited public input into the 2016-2017 Annual Action Plan for Housing and Community Development, we included the opportunity for people to provide input on the NHTF during the citizen participation process. At that time, DOH did not receive comments or feedback regarding the NHTF. NHTF formula allocations and guidance on the required content of the allocation plan had not been published at that time. As a result, the State of Connecticut developed this Substantial Amendment.

DOH held on July 18, 2016, one Public/Community Partner's Meeting with public and private housing (and related) agencies to: 1) solicit input into the development of the Substantial Amendment and 2) solicit feedback and comments on the drafted sections of the Substantial Amendment. Legal notice for the public meeting was published in two newspapers across the state, including one in Spanish. The Legal Notices were also posted on DOH's website, forwarded to all 169 municipal chief elected officials, all public housing authorities and the regional planning organizations (new councils of government). An email blast containing the Legal Notice was distributed to our Community Partners, with a request to further disseminate the Notice to their constituency.

DOH also solicited input on the draft Substantial Amendment through a 30-day public comment period from Thursday, July 7, 2016 to Monday, August 8, 2016. The legal notice and related documents were available on DOH's website. All comments received were summarized and responded to in Attachment A of this document.

***Other Outreach***

There are other ways in which DOH gathered information and input on what needs to consider in developing the Action Plan and this Substantial Amendment. For example, there are meetings of approximately 70 state boards and commissions throughout the year that the Commissioner of DOH or designated staff (on behalf of the Commissioner) attends. Some of the more relevant commissions include the CT BOS/CoC Steering Committee; the Homeless Management Information System (HMIS) Steering Committee; CT Opening Doors Steering Committee; CT Opening Doors- Crisis Re-tooling Workshop; CT Opening Doors- Standards subcommittee; Performance Measurement Committee and the Interagency Council for Supportive Housing and Homelessness, and the Interagency Committee on Affordable Housing.

## II. INTRODUCTION

This Substantial Amendment to the 2016-2017 Annual Action Plan for Housing and Community Development (“Substantial Amendment”) for the National Housing Trust Fund (“NHTF”) is the first amendment to the state’s 2016-2017 Annual Action Plan for Housing and Community Development. The 2016-2017 Annual Action Plan For Housing and Community Development (“Action Plan”) is the second action plan under the State of Connecticut’s 2015-2019 Consolidated Plan for Housing and Community Development (“ConPlan”), the five-year plan addressing Connecticut’s housing and community development needs. The state submits the ConPlan to the U.S. Department of Housing and Urban Development (HUD) in order to be eligible to receive funding under the HOME Investment Partnerships (HOME), Small Cities Community Development Block Grant (SC/CDBG), Emergency Solutions Grant (ESG), Housing Opportunities for Persons with AIDS (HOPWA), and with this Substantial Amendment, the NHTF Program. The program year for the annual action plan is based on the state fiscal year, July 1 - June 30. The 2016-2017 Action Plan is for the state fiscal year July 1, 2016 to June 30, 2017.

References to sections of the ConPlan are made throughout this document. Not all of these sections are duplicated within this document. The ConPlan and Action Plans are available from the Connecticut Department of Housing (“DOH”) and can be viewed or downloaded by visiting the Publications section of the DOH’s website at [www.ct.gov/DOH](http://www.ct.gov/DOH).

HUD published an interim rule for NHTF (Interim Rule) on January 30, 2015. The rule, codified at 24 CFR Part 93, establishes both the program requirements and the formula for allocating grant funds to states. The activities, programs and resources discussed in this Substantial Amendment will be administered by DOH.

The NHTF allocation plan (this Substantial Amendment) is an annual submission to HUD that describes how the state will distribute the NHTF funds, including how it will use the funds to address its priority housing needs. The allocation plan also describes what activities may be undertaken with NHTF and how recipients and projects will be selected.

This Substantial Amendment includes the following requirements and criteria for the selection of applicants to meet the following required funding priorities:

- Geographic Diversity – The NHTF allocation plan must provide priority for funding based on geographic diversity, as defined by the state. The state’s geographic



distribution priorities must be consistent with the state's certification that it will affirmatively further fair housing and any applicable Analysis of Impediments to Fair Housing Choice.

- Applicant Capacity – The applicant's ability to obligate NHTF funds and undertake eligible activities in a timely manner.
- Project-based Rental Assistance – The NHTF allocation plan must include a funding priority that considers the extent to which the project has federal, state, or local project-based rental assistance so that rents are affordable to extremely low-income families.
- Duration of Affordability Period – In accordance with 24 CFR 93.302(d) (citations refer to Section 24 of the CFR unless otherwise stated), all NHTF units in rental housing projects, must have affordability requirements for a minimum of 30 years. The funding priority in the NHTF allocation plan should consider how project underwriting supports the financial feasibility of the project beyond the required 30-year period.
- Priority Housing Needs of the State – The plan must provide priority for funding based on the merits of the application in meeting the priority needs established by the state.
- Leveraging – The priorities must include the extent to which the application makes use of non-federal funding sources.
- Eligible Activities – If the state plans to select applications submitted by eligible recipients, the NHTF allocation plan must require the application to describe the eligible activities to be conducted with NHTF funds (as provided in 93.200) and contain a certification by the eligible recipient that NHTF –assisted units will comply with all NHTF requirements.
- Eligible Recipients – The NHTF allocation plan must describe eligibility requirements for recipients specified by the definition of recipient at 93.2).
- Performance Goals and Benchmarks – the NHTF allocation plan must establish the performance goals and benchmarks against which progress will be measured. The performance goals and measures must be consistent with the goals established in the affordable housing section of the strategic plan (91.315(b)(2)).
- Maximum Per-unit Development Subsidy Limits – The plan must establish the maximum per-unit development subsidy limit for housing assisted with NHTF funds, adjusted for the number of bedrooms and based upon the geographic location of the units. If the state chooses to use subgrantees, the subgrantees must use the maximum per-unit development subsidy amounts established the state.

- Rehabilitation Standards – The plan must include the state’s rehabilitation standards (required by 93.301(b)(1)) for the NHTF-assisted housing. The standards must be described in sufficient detail to determine the required rehabilitation work, including methods and materials.
- Summary of Public Comments - Comments made on Substantial Amendment and DOH responses.
- Applications for Assistance - HUD Form SF-424 for the NHTF.
- Certifications - General and program specific certifications as required by HUD.
- SF 1199 A – Direct Deposit (pending completion by bank)

### **III. CITIZEN PARTICIPATION**

In regard to Connecticut's Citizen Participation Plan, when DOH solicited public input into the Action Plan, we included the opportunity for people to provide input on the NHTF during the citizen participation process. At that time, DOH did not receive comments or feedback regarding the NHTF. NHTF formula allocations and guidance on the required content of the allocation plan had not been published at that time. As a result, the State of Connecticut developed this Substantial Amendment. Input and citizen participation were accepted and were considered part of the Substantial Amendment process.

In accordance with the attached Citizen Participation Plan for the NHTF (see Attachment A-1), DOH solicited public input with the development of the Substantial Amendment. DOH held on July 18, 2016, one Public/Community Partner's Meeting with public and private housing (and related) agencies to: 1) solicit input into the development of the Substantial Amendment and 2) solicit feedback and comments on the drafted sections of the Substantial Amendment. Legal notice for the public meeting was published in two newspapers across the state including one in Spanish. The Legal Notices were also posted on DOH's web site, forwarded to all 169 municipal chief elected officials, all public housing authorities and the regional planning organizations (new councils of government). An email blast containing the Legal Notice was distributed to our Community Partners, with a request to further disseminate the Notice to their constituency.

DOH also solicited input on the draft Substantial Amendment through a 30-day public comment period from Thursday, July 7, 2016 to Monday, August 8, 2016. The legal notice and related documents were available on DOH's website. All comments received were summarized and responded to in Attachment A of this document.

#### **A. *Outline of Activity for Public Hearings/Public Comment:***

See Attachment A-2

#### **B. *Other Outreach***

There are other ways in which DOH gathers information and input on what needs to consider in developing the Action Plan. For example, there are meetings of approximately 70 state boards and commissions throughout the year that the Commissioner of DOH or designated staff (on behalf of the Commissioner) attends. Some of the more relevant commissions include the CT BOS/CoC Steering Committee; the Homeless Management

Information System (HMIS) Steering Committee; CT Opening Doors Steering Committee; CT Opening Doors- Crisis Re-tooling Workshop; CT Opening Doors- Standards subcommittee; Performance Measurement Committee and the Interagency Council for Supportive Housing and Homelessness, and the Interagency Committee on Affordable Housing.

## **IV. NATIONAL HOUSING TRUST FUND (NHTF)**

### **A. Program Summary**

The State of Connecticut will continue its effort to strengthen the abilities of state and local governments to expand and preserve the supply of decent, safe, sanitary, and affordable housing with the use of NHTF. All NHTF Program assisted rental units will meet all program guidelines for income eligibility and accessibility.

DOH will invest in the production of affordable housing through new construction or substantial rehabilitation only when it determines that the units produced will remain affordable for the minimum required time period under the NHTF. DOH, at its discretion, may extend the affordability period beyond the minimum required by the NHTF. DOH views the NHTF as primarily a production program meant to add units to the supply of affordable housing for extremely low-income (ELI) (with incomes not greater than 30 percent of area median income (AMI)) and very low-income (VLI) (with incomes not greater than 50 percent of AMI) households. DOH will use NHTF funds in combination with State Bond Funds, federal HOME, federal Section 811 PRA and other funds to develop/rehabilitate ELI housing. In accordance with the program guidelines, all of the NHTF funds received in the first year will support the creation, preservation, rehabilitation, or production of affordable rental housing for ELI persons or families.

DOH seeks to expand access to affordable housing through the utilization of partnerships with stakeholders and other funding organizations that leverage non-state resources for development or preservation of affordable housing.

### **B. FY 2016-17 Resource Allocation Plan for the NHTF Program**

The FY 2016-17 HUD allocation to DOH for the NHTF is \$3,000,000. Funds are subject to availability from the federal government. If changes to this distribution become necessary, procedures outlined below will be observed in making those changes. For the first year in which NHTF funds are made available, DOH is required to spend NHTF funds on housing for ELI families or families with incomes at or below the poverty line, whichever is greater. In addition, administrative costs cannot exceed 10 percent of the annual grant. The amount of

program income is expected to be \$0 as the awards will be structured as non-interest-bearing loans or advances, deferred payment loans, or grants.

FY 2016-17 Allocation	\$3,000,000
State Administration (10%)	\$ 300,000
Program Allocation	<u>\$2,700,000</u>
Estimated Program Income	\$ 0
Allocation available for eligible activities	<u>\$2,700,000</u>

**C. NHTF Distribution**

NHTF funds will be distributed using the following criteria:

**1. Eligible Recipients**

Applications will only be accepted from eligible recipients which include: units of general local government (including other PJ's: Participating Jurisdictions), for-profit and nonprofit entities (including CHDO's and local housing authorities), and joint ventures among various types of entities.

Every contract for construction or substantial rehabilitation shall comply with state and federal labor standards. Furthermore, every contract for the construction or rehabilitation of housing that includes 12 or more NHTF -assisted units must comply with the Davis Bacon Act, 40 USC 276a – 276a-5.

Eligible recipients must meet the following thresholds:

- Must have completed at least one affordable housing project using state (Flex, State Housing Trust Fund) or Federal (HOME, LIHTC) funds on time and within budget.
- Must have completed at least one affordability project of a similar size and scope to the proposed NHTF activity.
- Must have sufficient financial capacity or access to appropriate capital to obligate NHTF funds.
- Must operate at least one affordable housing project in accordance with state or federal obligations, or have contracted for management services with such experience.

- Must provide a certification that any housing units assisted will comply with NHTF requirements;
- Must provide a certification of compliance with all existing DOH assistance agreements and cannot be in default under any CHFA or HUD-administered program at the time of application; and
- Must provide a certification/demonstration of compliance with all fair housing and equal employment opportunities obligations/guidelines.

## **2. Geographic Diversity**

Funding will be available in all 169 communities. Priority will be given to activities in higher opportunity areas as demonstrated through Opportunity Mapping at the DOH website in accordance with the most recent Analysis of Impediments to Fair Housing Choice. Priority will be given to applications for projects in the higher “opportunity areas” with points being distributed as follows: Very High = 10 points, High = 8 points, Moderate = 6 points, Low = 4 points, Very Low = 0 point.

## **3. Applicant Capacity**

Capacity of eligible applicants will be evaluated in accordance with the applicant’s ability to obligate NHTF funds and undertake eligible activities in a timely manner.

Eligible applicants will be awarded priority points for each of the following categories:

- For each successfully completed project using state or federal funds within the last 10 years, applicants will be awarded 1 point up to a maximum of 5 points.
- For each affordable housing project operated in accordance with state or federal requirements and regulations, as demonstrated by the most recent compliance monitoring, 1 point shall be awarded up to a maximum of 5 points.

## **4. Project-based Rental Assistance**

For each proposed NHTF unit that has a firm commitment for project-based state or project-based federal rental assistance, points will be awarded as follows: 1-4 units will receive 2 points, 5-8 units will receive 4 points, 9-12 units will receive 6 points, 13+ units will receive 8 points.

- An NHTF-assisted unit that has either project-based State or project-based Federal rental assistance attached to it may not also receive NHTF operating cost assistance;
- If project-based State or project-based Federal rental assistance is included as noted above, the applicable program requirements related to site and neighborhood standards will apply to an NHTF-assisted unit.

#### **5. Duration of Affordability Period**

Units that have an affordability period of less than thirty years will be deemed ineligible to receive NHTF funds.

- Units which provide for an affordability period in excess of 30 years shall be awarded points based on the following scale: 30-35 years will receive 0 points, between 35-40 years will receive 3 points, 40 + years will receive 5 points.

#### **6. Priority Housing Needs**

Priority consideration will be given to projects or activities that are consistent with priorities detailed in the most recent ConPlan. These priorities are determined as follows:

- Projects that preserve existing affordable housing for ELI shall receive 2 points;
- Projects that enhance suitable living environments that assist ELI families/individuals to remain in permanent housing shall receive 2 points;
- Projects that add to a continuum of affordable housing with support services for ELI families/individuals shall receive 5 points;
- Projects that create decent affordable housing for ELI families/individuals by supporting energy conservation/efficiency projects shall receive 3 points;
- Projects that enhance a suitable living environment affordable housing for ELI families/individuals through ensuring the availability of a healthy, safe, and decent housing supply that is free of lead-based paint, incorporates the healthy housing principles (dry, clean, pest-free, ventilated, safe, without contaminants, maintained and accessible), and measures radon and reduces elevated levels shall receive 3 points.



## **7. Eligible forms of Subsidy/Leveraging**

Priority consideration will be given to those projects/activities that leverage non-federal funding sources.

- Commitments for financing are as follows:
  - Firm financial commitments equal or above 50% of total development costs will receive 5 points;
  - Firm financial commitments between 25%-49% of total development costs will receive 4 points;
  - Firm financial commitments between 10%- 24% of total development costs will receive 3 points;
  - Detailed soft commitment letters with rate and key terms identified will receive 2 points.
- Leveraging commitments are as follows:
  - The percentage of DOH's total financial commitment is 0-20% of total development cost then project will receive 7 points;
  - The percentage of DOH's total financial commitment is greater than 20% but less than or equal to 30% of total development cost then project will receive 5 points;
  - The percentage of DOH's total financial commitment is greater than 30% but less than or equal to 50% of total development cost then will receive 3 points;
  - The percentage of DOH's total financial commitment is greater than 50% of total development cost then will receive 0 points;

NHTF funds will be provided as non-interest-bearing loans or advances, deferred payment loans, or grants. Program income is not anticipated as a result of these subsidy types.

## **8. Eligible Activities**

Projects which do not produce affordable units for ELI families/individuals will not be eligible to receive NHTF funds. NHTF funds will only be used to assist units that provide housing opportunities for ELI families/individuals:

- NHTF funds can be used for the production, preservation, and substantial rehabilitation of affordable rental housing; for operating costs of NHTF-assisted rental housing; and for reasonable administrative and planning costs;

- NHTF funds may be used for new construction or substantial rehabilitation of public housing units only in accordance with the following:
  - NHTF funds may be used for new construction of public housing as part of the Choice Neighborhoods (Choice) program under a HUD appropriation act or for new public housing units that have been allocated and will receive low-income housing tax credits under section 42 of the Internal Revenue Code of 1986 (26 U.S.C. 42).
  - NHTF funds may be used for the substantial rehabilitation of existing public housing units in which the public housing assistance will be converted and used at the properties under the Rental Assistance Demonstration (RAD) program under HUD's 2012 Appropriations Act (Pub. L. 112-55, 125 Stat. 552, approved November 18, 2011) or subsequent statutes.
  - NHTF funds may also be used for the substantial rehabilitation of existing public housing under the Choice program, and of existing public housing units that have been allocated and will receive low-income housing tax credits under section 42 of the Internal Revenue Code of 1986 (26 U.S.C. 42).
    - The public housing units constructed using funds under this part must replace units that were removed from a public housing agency's public housing inventory as part of a Choice program grant, or as part of a mixed financed development under section 35 of the 1937 Act. The number of replacement units cannot be more than the number of units removed from the public housing agency's inventory.
    - The public housing units constructed or substantially rehabilitated using funds under this part must receive Public Housing Operating Fund assistance (and may receive Public Housing Capital Fund assistance) under section 9 of the 1937 Act. These units cannot receive operating costs assistance or operating cost assistance reserves under this part.
  - NHTF-assisted housing may not receive Operating Fund or Capital Fund assistance under section 9 of the 1937 Act during the NHTF period of affordability.

- NHTF funds may be used for affordable housing in a project that also contains public housing units, provided that the NHTF funds are not used for the public housing units and NHTF funds are used only for eligible costs, in accordance with this part;
- NHTF-assisted housing must be permanent housing;
- Not more than one-third (1/3) of the annual grant may be used for operating cost assistance and operating cost reserves. Operating cost assistance may be provided only to rental housing acquired, rehabilitated, or newly constructed with NHTF funds;
- The cost of relocation payments and other relocation assistance to persons displaced by the NHTF-assisted units are eligible costs:
  - Relocation payments include replacement housing payments, payments for moving expenses, and payments for reasonable out-of-pocket costs incurred in the temporary relocation of persons.
- The activities and costs are eligible only if the housing meets the property standards in § 93.301, as applicable, upon project completion;
- Acquisition of vacant land or demolition must be undertaken only with respect to a particular housing project intended to provide affordable housing within the time frames established in the definition of “commitment” in § 93.2;

## **D. Other Requirements**

### **1. Performance Goals and Bench Marks**

Performance goals and measures for NHTF will be consistent with the goals established in the most current ConPlan as follows:

#### **Objective 1:**

Enhance suitable living environments for low- and moderate-income through Fair Housing and Housing Choice.

#### **Output:**

- Improve availability/accessibility by supporting the construction and/or rehabilitation of affordable housing.

#### **Outcome:**

- Increased opportunities for housing choice.

#### **Indicator(s):**

- Increased housing choice for low-and-moderate-income residents.

- Number of projects funded that promote fair housing and further the state's fair housing efforts.

**Objective 2:**

Enhance suitable living environments through the creation of decent affordable housing.

**Output:**

- Produce up to 20 newly constructed or rehabilitated rental units that serve households.
- Support energy conservation/efficiency activities that would primarily serve ELI.

**Outcome:**

Increased rental housing opportunities that serve ELI in a variety of geographies.

**Indicators:**

- Number of newly constructed rental units.
- Number of newly rehabilitated rental units.
- Number of new multifamily housing units created in areas of high opportunity.

**2. Maximum Per Unit Subsidy Limit**

The total amount of NHTF DOH may invest on a per-unit basis shall not exceed 210% of the statewide per-unit dollar limitations established under Section 234 Condominium Housing, elevator-type, basic mortgage limits, as dollar limitations are provided by the US HUD Hartford Field Office, and adjusted and published by DOH, periodically.

**NATIONAL HOUSING TRUST FUND  
2016 STATEWIDE MAXIMUM PER-UNIT SUBSIDY AMOUNT**

<b>BEDROOMS:</b>	<b>0 Bedroom</b>	<b>1 Bedroom</b>	<b>2 Bedroom</b>	<b>3 Bedroom</b>	<b>4 Bedroom</b>
<b>Non-elevator-type projects</b>	\$55,474	\$63,962	\$77,140	\$98,742	\$110,002
<b>NHTF Maximum Per-Unit Subsidy for non-elevator type projects</b>	\$116,495	\$134,320	\$161,994	\$207,358	\$231,004
<b>Elevator-type projects</b>	\$58,378	\$66,923	\$81,377	\$105,276	\$115,560
<b>NHTF Maximum Per-Unit Subsidy for elevator type projects</b>	\$122,594	\$140,538	\$170,892	\$221,080	\$242,676

Effective July 1, 2016, until superseded

Source: US HUD Hartford Office

CT Maximum Mortgage Limits -- Section 234 Basic Elevator Type Unit -- 2015

The State is establishing the above single statewide maximum subsidy limit to be consistent with the administration of its other state-funded development programs. Cost per unit standards are published annually by DOH and the Connecticut Housing Finance Authority (“CHFA”). It is the intention of DOH to leverage state resources with the NHTF in order to produce units that are affordable to ELI. The current cost per unit standards are attached as Attachment E.

### **3. Rehabilitation Standard – Substantial Rehabilitation Only**

DOH, in conjunction with CHFA has adopted detailed policies and requirements relative to new construction, rehabilitation and property maintenance. These policies and requirements are updated on an annual basis, and are available at both the DOH and CHFA websites.

For the purposes of NHTF, “rehabilitation” is limited to substantial rehabilitation, and funds will not be provided for minor repair, moderate repair or maintenance activities. Prior to occupancy, all newly constructed or substantially rehabilitated units must be in full compliance with all of the following policies, regulations, statutes and requirements shall apply:

- a. [Multifamily Design, Construction and Sustainability Standards](#) which are included as Attachment C. The standards are not intended to reduce or circumvent the requirements of law and current applicable codes. Although they apply primarily to new construction, they also apply to rehabilitation of existing structures as applicable to the proposed scope of work. These standards maybe modified only where the particular characteristics of the site or other local conditions make compliance impractical or undesirable. If an applicant is unable to comply with any of the items listed, the applicant must contact DOH to discuss; at which time, additional requirements may be necessary.
- b. [Construction Guidelines: Technical Services/Asset Management \(TSAM\) Capital Improvement Guide 2016](#) which are included as Attachment H. Individual building materials, components, fabrications, and equipment for all proposed repair, replacement and capital improvement projects shall comply with all Building Codes, State and Federal regulations and the applicable section(s) of the current “Multifamily Design, Construction and Sustainability

Standards”. However, when determining the scope of work for proposed repair, replacement and capital improvement projects, applicants are strongly encouraged to consider the interconnection of individual building materials, components, fabrications, and equipment that comprise a fully-functioning building. To determine the Technical Services process for reviewing specific Asset Management capital improvement, repair and replacement projects, consult the “Construction Guidelines: Technical Services/Asset Management (TSAM) Capital Improvement Project Review”.

- c. [Construction Guidelines: Project Planning & Technical Services Review 2016](#) which are included as Attachment I. DOH requires that all building materials, components, fabrications, and equipment for all proposed repair, replacement and capital improvement work be completed in accordance with all applicable Building Codes, State and Federal regulations and current “Multifamily Design, Construction and Sustainability Standards – CHFA” (the Standards). The “Construction Guidelines: Technical Services/Asset Management (TSAM) Capital Improvement Project Review” outline the Technical Services process for reviewing specific Asset Management capital improvement, as well as repair and replacement projects associated with the useful life of major systems. When determining the scope of work for proposed capital improvement, repair and replacement projects, consideration of the interconnection of the individual materials, components, fabrications, and equipment that comprise a fully-functioning building is strongly encouraged.
- d. [Construction Guidelines: Environmental & Hazardous Materials Review 2016](#) which are attached as Attachment J. The attached environmental/hazardous materials guidelines shall be followed for providing construction financing of multifamily developments pertaining to both new construction and the rehabilitation of existing buildings & properties. These guidelines provide specific guidance relevant to, but are not limited to the following: lead-based paint, asbestos, radon, mold, flood classification and/or flood zone.
- e. [2016 Connecticut State Building Code, effective October 1, 2016](#) which are attached as Attachment G. At a minimum, all activities using NHTF are required to comply with the current code, as attached.
- f. [Construction Guidelines: Energy Conservation 2016](#) which are attached as Attachment K.

#### **4. Uniform Physical Condition Standard (UPCS)**

The currently available UPCS standards are incorporated herein at Attachment F. As previously stated, DOH does not intend to provide NHTF funding for minor rehabilitation, moderate rehabilitation or maintenance activities. NHTF funding will only be provided for new construction or substantial rehabilitation, and all units will meet or exceed the attached UPCS inspectable standards at the time of funding. In addition, these standards are relevant to continued occupancy during the affordability period, and as such, all types and degrees of deficiency must be addressed as they arise. Note: these standards, or the most current standard, apply upon annual inspection.

#### **E. Application Process for the NHTF Program**

DOH will accept applications for the NHTF Program through one or more competitive application funding rounds. DOH will provide adequate advance notice of fund availability and reserves the right to cease accepting applications at any time that all available funds have been committed. Based on funding availability and other considerations, DOH may limit the number of applications that can be submitted by an eligible applicant in a funding round. Notification of such limitation will be included in DOH's notice of fund availability should DOH elect to set such a limitation.

- Applicants for NHTF must meet the minimum eligibility requirements as detailed above in Section IV.C.1.
- Applicants for NHTF funds are required to submit their requests in a completed format using the Consolidated Application developed jointly by DOH and CHFA and used as the application for all DOH housing development proposals. The application must contain a description of the eligible project to be funded with NHTF.
- Staff will review the Consolidated Application and any attached materials to determine if the project/activity meets minimum program eligibility and threshold requirements as described above in Section IV.C. Applications that do not meet basic eligibility and threshold requirements will be rejected for funding.
- Depending on the nature of the proposed activity, site inspections may be conducted by DOH staff. An evaluation of the site's feasibility will be completed and considered as part of the review process.

- Project selection will be made on a competitive basis in accordance with the Ranking and Rating Criteria. The Selection Criteria include: affordability, marketability and fair housing; applicant capacity; project feasibility and readiness to proceed; and responsible growth and livability initiatives.

Final recommendations to the Commissioner will be based on the overall quality of the application as well as fund availability. Approved applicants will receive notification from the Commissioner's office. If an application for NHTF funding is not approved, senior staff will advise the applicant of the rejection in writing and identify the reasons for the rejection.

## **F. Eligible Housing**

Eligible housing shall consist of affordable housing that has maximum rent (including utilities) that is established at 30 percent of the annual income of a family whose income equals 30 percent of AMI or 30 percent of the poverty line, whichever is greater. HUD will publish the NHTF rent limits on an annual basis. NHTF maximum rents will not exceed the HUD published NHTF rents, on an annual basis.

- Income from all family members must be included when determining income eligibility. DOH will utilize the definition of annual income in 24 CFR 5.609 (Section 8 definitions).
- If the NHTF- assisted unit receives Federal or State project-based rental subsidy, the maximum rent is the rent allowable under the Federal or State project-based subsidy program.
- Utility Allowances – DOH will allow the use of any of the following relative to utility allowance schedules:
  - Published utility allowance schedules for the Section 8 Housing Choice Voucher Program, as calculated and published by administering entity;
  - Published utility allowance schedules for the state Rental Assistance Payments Program, as calculated and published by DOH; or
  - Results of a documented utility study consistent with industry standards on the same or similar units.
- DOH shall annually review and approve rents for NHTF units.
- In a project containing NHTF-assisted and other units, the grantee may designate fixed or floating NHTF units. This designation must be made at the time of project



commitment in the written agreement between the DOH and the recipient, and the NHTF units must be identified not later than the time of project completion.

- Fixed units must remain the same throughout the affordability period.
- Floating units must be changed to maintain conformity with NHTF requirements during the affordability period so that the total number of housing units meeting the requirements remains the same.

## **V. ATTACHMENTS TO THE SUBSTANTIAL AMENDMENT FOR NHTF**

### **A. Attachment A – Citizen Participation**

- Attachment A-1 – Citizen Participation Process
- Attachment A-2-Outline of Activity for Public Hearings/Public Comment
- Attachment A-3-summary of Public Comments Received and DOH Responses

### **B. Attachment B – Citizen Participation Documents**

- B.1. Legal Notices/Email Notices for Public Hearings and Public Comment Periods for the development of the Substantial Amendment for the NHTF
- B.2. Public Hearing Transcripts
- B.3. Written Comments

### **C. Attachment C- 2016 Multifamily Design, Construction and Sustainability Standards**

### **D. Attachment D – NHTF Rating and Ranking Criteria**

### **E. Attachment E – Construction Guidelines – Construction Costs**

### **F. Attachment F – UPCS Standard – Inspectable Items**

### **G. Attachment G – 2016 Connecticut State Building Code**

### **H. Attachment H – Construction Guidelines – Technical Services/Asset Management (TSAM) Capital Improvement Guide 2016**

### **I. Attachment I – Construction Guidelines – Project Planning & Technical Services Guide 2016**

### **J. Attachment J – Construction Guidelines – Environmental & Hazardous Materials Guide 2016**

### **K. Attachment K – Construction Guidelines – Energy Conservation Guide 2016**