



Released February 28, 2018

The State of Connecticut Department of Housing

NOTICE OF FUNDING AVAILABILITY

Competitive Housing Assistance for Multifamily Properties 12 (“CHAMP 12”)

Deadline for Submission of Applications: Wednesday, June 27, 2018

This Notice of Funding Availability (this “NOFA”) is directed to owners of either existing affordable rental developments or developers of proposed new affordable multifamily rental developments seeking funding from the Department of Housing (“DOH”).

A. Goal of this NOFA:

The State of Connecticut (the “State”) is committed to expanding opportunities for safe, decent and affordable multifamily rental housing for its residents. Investment in affordable multifamily creation and preservation addresses acute housing needs, creates jobs, and increases local revenue. The goal of this NOFA is to foster the creation and/or preservation of affordable multifamily rental housing in Connecticut to promote healthy lives, strong and inclusive communities, and a robust economy. Applications for homeownership proposals will not be accepted under CHAMP 12. The CHAMP 12 Rating and Ranking guidelines are being released concurrent with this NOFA and will be available on the DOH website, www.ct.gov/doh (the “DOH Website”) under “Funding Opportunities.”

B. Funding:

Approximately \$25 million is anticipated to be made available pursuant to this NOFA. Funding available under this NOFA may, at DOH’s discretion, include Housing Trust Fund Program (“HTF”) funds, Affordable Housing Program (“FLEX”) funds, federal HOME Investment Partnership Program (“HOME”) funds, federal National Housing Trust Fund funds, and/or other available sources. Under state law, housing units assisted with HTF funds must be affordable for persons and families with incomes not greater than 120% of Area Median Income (“AMI”) and housing units assisted with FLEX funds must be affordable for persons and families with incomes not greater than 100% of AMI. Note, however, that in this competitive funding program, lower affordability thresholds are required unless certain conditions are satisfied as identified in Section D of this NOFA. DOH funds may be provided in the form of grants, loans or a combination thereof based on project needs and DOH’s underwriting. Loans may be offered by DOH at a reduced interest rate and/or with extended terms. DOH funding under this NOFA may not exceed \$6,500,000 per project.

An applicant for funding under this NOFA may also simultaneously apply for Connecticut Housing Finance Authority (“CHFA”) Taxable Bond financing or Tax-Exempt Bond financing paired with 4% Low-Income Housing Tax Credits (“LIHTCs”). CHFA also accepts 4% LIHTC applications on a rolling basis for proposals that do not seek assistance from DOH. For further details, please contact Michelle DeRosa at michelle.derosa@chfa.org or 860-571-4268.

C. Eligible Applicants:

Applicants eligible for consideration under this NOFA include the following eligible applicants under the Affordable Housing Program, Connecticut General Statutes (“CGS”) § 8-37pp, and the Housing Trust Fund Program, CGS § 8-336m: “(A) A nonprofit entity; (B) a municipality; (C) a housing authority; (D) a business corporation incorporated pursuant to chapter 601 or any predecessor statutes thereto or authorized to do business pursuant to said chapter 601 having as one of its purposes the construction, financing, acquisition, rehabilitation or operation of affordable housing, and having a certificate or articles of incorporation approved by the commissioner; (E) any partnership, limited partnership, limited liability company, joint venture, sole proprietorship, trust or association having as one of its purposes the construction, financing, acquisition, rehabilitation or operation of affordable housing, and having a certificate or articles of incorporation approved by the commissioner; or (F) any combination thereof.”

Notwithstanding the above, housing developments currently in the State Sponsored Housing Portfolio (“SSHP”) are not eligible for funding under this NOFA unless the proposal includes the creation of at least 20 new residential units **and** the number of newly created rental units is equal to or exceeds 20% of the existing project units. Units that are currently offline but will be returned to occupancy are **not** considered newly created units. If an SSHP applicant wishes to propose constructing a significant number of new units but cannot satisfy both tests, then a waiver to the 20/20 rule can be requested. For such situations, an email request should be sent to Nick Lundgren at nick.lundgren@ct.gov no later than 4:00 p.m. on May 23, 2018.

D. Application Submission Requirements:

- 1) Applicants must use the version of the **CHFA/DOH Consolidated Application** available on the SharePoint site for the CHAMP 12 Round (the “ConApp”). **The use of earlier ConApp versions will not be accepted.**
- 2) All CHAMP 12 application materials, including architectural drawings and project manuals, **must be submitted via electronic submission through the DOH/CHFA SharePoint website.** In addition, if an applicant seeks CHFA Taxable Bond financing or Tax-Exempt Bond financing and/or 4% LIHTCs, such applicant must submit a hard copy of the project architectural drawings and project manuals to CHFA no later than 4:00 pm on June 27, 2018.
- 3) To obtain a SharePoint account, submit an email request after March 14, 2018, but no later than June 6, 2018, to applicationrequest@chfa.org. Include the following information in your request:
 - Funding Round (i.e. CHAMP 12)
 - Project Name
 - Company Name
 - Primary Contact Name
 - Primary Contact Email
 - Primary Contact PhoneApplicants will subsequently receive an email from the system administrator that contains a link to the SharePoint website.

- 4) In addition to the ConApp CORE items macro button, applicants must also choose the DOH Large Project macro-button. All items identified as required under these two macro buttons (CORE items **and** DOH Large Project) must be submitted to be considered a complete application. If either CHFA LIHTC or financing is also being requested, then those related macro-buttons must also be selected and all identified materials included in the application submission.
- 5) Applications must include, at a minimum, architectural drawings and project specifications that meet the 40% completion standard. Applications not accompanied by 40% architectural drawings and specifications will not be considered. Applicants should contact DOH if they are unsure how the 40% completion standard applies to their project (e.g. modular construction).
- 6) For new construction and housing rehabilitation proposals, energy efficiency and conservation improvements are strongly encouraged if such improvements are cost effective. All such improvements should be clearly indicated in the applicant's plans and specifications and the Project Cost Summary and Exploded Trade Payment Breakdown. Application materials must demonstrate that a cost/benefit analysis has been completed to document that the plans and specifications include sustainable energy modeling that takes advantage of all reasonable opportunities and that energy conservation techniques incorporated into the design result in long term operating savings to owners and/or rent reductions for tenants.
- 7) All CHAMP 12 applications must include a Letter of Participation ("LOP") from the local utility company detailing energy-efficiency measures and estimated energy savings and identifying incentives. Obtaining an LOP may take 30 day or longer. In order to meet this requirement, applicants are advised to contact their local utility company as soon as possible to initiate the LOP process.
- 8) A Phase I Environmental Site Assessment ("ESA") must be submitted for all applications. The ESA must be prepared in accordance with current ASTM Standard E 1527 - 13 prepared by a Connecticut Licensed Environmental Professional ("LEP") and must have been completed within 6 months of the application submission deadline. The qualifications of both a professional firm and the specific environmental consultant shall be included in the completed report. The ESA and related documents must be conducted in accordance with the "CTDEEP Site Characterization Guidance Document" ("SCGD"). If any existing buildings are located on the property, the application materials must also include a Hazardous Materials Survey report that identifies all other environmental concerns including asbestos containing materials, lead paint, radon, PCB, etc. If the Phase I ESA recommends that a Phase II ESA be completed and/or identifies Areas of Concern ("AOC") or Recognized Environmental Conditions ("REC"), then the application must include a Phase II ESA completed in compliance with SCGD guidelines. Any site or building environmental abatement costs needed to address conditions identified in the Phase I ESA, Phase II ESA and/or other necessary environmental reports should be included in the Project Cost Summary in the ConApp.

- 9) To assure that applicants meet historic preservation standards, all applicants must submit a State Historic Preservation Office (“SHPO”) Project Notification Form at least 60 days prior to submitting the ConApp to assure that a determination of the property’s historic designation or eligibility is identified early in the process and that any necessary mitigation actions are incorporated into the project design prior to the application deadline. Though the SHPO Project Notification Form must be submitted to SHPO at least 60 days prior to the application deadline, applicants should contact SHPO well in advance of this requirement to assure that the project scope and drawings are designed in accordance with SHPO recommendations. An applicant’s failure to properly comply with the 60 day submission requirements or adequately mitigate historic preservation impacts may result in the removal of the application from consideration for funding.
- 10) Applicants seeking Federal or State Historic Tax Credits must meet with SHPO staff to assure that such tax credits are a reasonably likely funding source for the proposed project. Such applicants should meet with SHPO staff as early as possible, but not later than 60 days prior to the application deadline.
- 11) Application materials must clearly demonstrate the location of the project in relation to both the 100 year and 500 year FEMA floodplain boundaries. Application materials for any project located in proximity to a designated floodplain must include supporting documentation, including, but not limited to, a survey that demonstrates that the project is located outside of the 100 and 500 year floodplain or, for development projects that are located within a 100 or 500 year floodplain, applicants must include supporting documentation that: (a) demonstrates that the project incorporates safe evacuation routes in times of a flood; (b) does not involve the placement of utilities that will promote or encourage future development within the 100 or 500 year floodplain; (c) does not increase the potential to cause or pose a hazard to human life, health or property if it is destroyed or damaged due to flooding; or (d) does not involve the placement of fill within a watercourse or any water to create dry land to allow for the construction of a structure. If any of these criteria cannot be demonstrated, an applicant must so indicate and explain how the project is nevertheless feasible and justifies an exception to the relevant statutory provisions discouraging such projects. Applications that do not clearly satisfy the criteria mentioned above or comply with the State’s flood management requirements (CGS § 25-68d(b) and §§ 25-68h-1 through 25-68h-3 of the Regulations for Connecticut State Agencies) may be removed from the competition at the discretion of the Commissioner.
- 12) Projects financed with DOH assistance are subject to the Connecticut Environmental Policy Act (“CEPA”). The purpose of CEPA is to identify and evaluate the impacts of proposed State actions that could have the potential to significantly affect the environment. To assure compliance with CEPA, all applicants under this NOFA must submit a CEPA Intake Review Form at least 6 weeks prior to June 27, 2018 so that DOH can complete an initial review and determine whether scoping is required. It is recommended that this process be completed as early as possible so that scoping can be completed prior to application review if it is required. DOH retains the right to eliminate any application from consideration for the failure to complete this action within the prescribed timeframes or if such review identifies potential environmental

impacts that may trigger an EIE. The CEPA Intake Review Form can be found at the DOH Consolidated Application webpage at <http://www.ct.gov/doh/cwp/view.asp?a=4513&q=530660&PM=1>. This form and any related questions should be sent to Dimple Desai via email at dimple.desai@ct.gov.

- 13) DOH does not employ an application deficiency period and accompanying deficiency letter and response process. All CHAMP 12 applications must be complete as of submission on or before the submission deadline. After the submission deadline, at the discretion of DOH and CHFA, as applicable, an applicant may be asked to provide additional information regarding its application.
- 14) Each application for CHAMP 12 funding must include at least two (2) units reserved for households at or below 25% of AMI. These two (2) units must be reflected in the ConApp Rental Income Calculation Worksheet as 25% AMI units. As an alternative to the two units at 25% AMI requirement, applicants may opt to restrict two (2) or more units under the Section 811 Project-Based Rental Assistance (“PRA”) program, which is described below:

Section 811 Project-Based Rental Assistance (PRA) program - DOH has been awarded federal Section 811 PRA project-based rental assistance to assist owners who agree to provide permanent supportive housing units to persons with disabilities. Owners may receive funding for up to six (6) PRA units per proposed project. Two (2) PRA units would receive rent subsidies up to the 30% AMI rent level and four (4) units would receive rent subsidies up to the Fair Market Rent (“FMR”) for the project area. DOH will provide applicant referrals to owners and property managers for the PRA units and the tenants will have their own support services. Owners are not required to have support service funding or supportive housing plans under this program. Applications submitted under this proposal may claim supportive housing points under the CHAMP 12 Rating and Ranking based on the number of units proposed. DOH may allow applicants to include more than six (6) PRA units but advance approval from DOH must be requested and the total number of PRA units cannot exceed 25% of the total project units. PRA units, and associated rents, should be reflected in the ConApp Rental Income Calculation worksheet. For example, if an application is proposing two (2) rents at 30% AMI and two (2) rents at FMR levels, then the Rental Income Calculation Worksheet should reflect the associated rental subsidy in Column J, rows 31-50. More information about the Section 811 PRA program is available at: http://www.ct.gov/doh/lib/doh/ct811_rfq_-_fillable_amend2.pdf

- 15) DOH also encourages applicants to include units that are appropriate for households with four (4) or more members where the household income is also at or below 25% of AMI.
- 16) For affordable housing units proposed to be assisted with CHAMP 12 funds, the household income range served must be below 100% of the applicable AMI, provided, however, that DOH will accept applications for developments where DOH assisted units are serving income levels between 100% and 120% of AMI if the applicant demonstrates to the satisfaction of DOH that the proposed project: (a) will be located in an area designated by the municipality for downtown revitalization and the

applicant demonstrates that there is sufficient demand for units to be rented at the higher affordable income levels; and/or (b) is necessary for the financial feasibility of a mixed income development which includes a range of income bands, including units at or below 30% AMI.

- 17) Proposals that involve the rehabilitation of existing affordable housing, including, but not limited to, properties currently restricted by LIHTC, DOH, HUD, CHFA, or other affordability restrictions, will only be considered if there is a demonstrated need that the rehabilitation activities are of an immediate nature and threaten the continued feasibility of the development **OR** if the property is at risk of losing the current affordability requirements within three calendar years of the application deadline and the rents for the restricted units are reasonably likely to significantly increase.
- 18) The developer fee for a project seeking State capital funding in the CHAMP 12 funding round may not exceed 15% of the total project development costs less acquisition and reserve costs. This 15% developer fee maximum threshold includes any deferred developer fee. For CHFA assisted developments, applicants must also meet the CHFA developer fee scale test. Applicants may view CHFA's website at www.chfa.org or contact Michelle DeRosa at michelle.derosa@chfa.org for additional information. Notwithstanding the foregoing, it is expected that applicants demonstrate 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. DOH, at its discretion, may require a reduction in developer fees to reflect this standard.
- 19) The DOH application review will include a thorough analysis to determine the minimum amount of State subsidy needed. The DOH analysis of the application will be conducted in a manner independent of the type and amount of assistance requested and may result in the requirement to repay funding, through either amortizing or cash flow loans, not anticipated in the application.
- 20) The ConApp requires that all existing developments disclose the amount of reserves on hand as well as a description of the use of reserves over the previous three year period. Applicants applying for the redevelopment of existing housing should anticipate that existing reserves will be a required source of funds.
- 21) No rental assistance will be provided from DOH in connection with this NOFA other than the type and amounts related to the Section 811 PRA program, if applicable.

E. Application Submission Schedule and Process:

Applications for funding under this NOFA, including, if applicable, all materials required by CHFA, must be submitted in accordance with this NOFA no later than Wednesday June 27, 2018 at 4:00 p.m. On or before June 6, 2018, applicants may contact Nick Lundgren via email at nick.lundgren@ct.gov with questions related to this NOFA. Questions received by DOH, if material to this NOFA, and DOH's answers thereto will be periodically posted on the DOH Website. Any questions received after June 6, 2018-will receive a response at DOH's discretion.

F. Selection Criteria:

Applications will be rated and ranked by DOH in accordance with the CHAMP 11 Rating and Ranking form. DOH and CHFA staff will coordinate the review of applications seeking funding from both organizations. The CHAMP 12 Rating and Ranking guidelines are being released concurrent with this NOFA and will be available on the DOH website, www.ct.gov/doh under "Funding Opportunities." It is anticipated that each applicant will be notified whether its project has been selected for financial assistance under this NOFA by October 2018.

G. Reservations:

All applications submitted in response to this NOFA are the sole property of the State and subject to the provisions of Connecticut's Freedom of Information Act, CGS §1-200 et seq., which provides that public records and documents are subject to public access and copying unless specific exemptions to disclosure exist. If an applicant believes that portions of its application are exempt from disclosure, the applicant should mark the specific portions as confidential. Acceptance of an application by DOH which contains such reservations is not an agreement that the material is confidential or exempt from disclosure. DOH reserves the right to amend or cancel this NOFA, to modify or waive any requirement, condition or other term set forth in this NOFA or the Consolidated Application, to request additional information at any time from one or more applicants, to select any number of applications submitted in response to this NOFA, or to reject any or all such applications, in each case at DOH's sole discretion. DOH may exercise the foregoing rights at any time without notice and without liability to any applicant or any other party. Applications to this NOFA shall be prepared at the sole expense of the applicant and shall not obligate DOH to procure any of the services described therein or herein from any applicant. DOH shall not be obligated to any applicant until a final written agreement has been executed by all necessary parties thereto and all applicable approvals have been obtained.