



REQUIREMENTS and INSTRUCTIONS
for the 2021 Development Engagement Process
and Completing the Online Profile
Opportunities for Affordable Housing Funding

BACKGROUND:

On May 25, 2021, the Department of Housing (DOH), in collaboration with the Connecticut Housing Finance Authority (CHFA), issued a Notice for the second year of the Development Engagement Process (DEP), which is intended to identify and facilitate the creation of a pipeline of potential projects for future funding opportunities. Projects for new construction, substantial rehabilitation or preservation of affordable housing are invited under the Notice.

The DOH/CHFA DEP has been developed for interested parties to submit the description of the project based on the best available information at the time of submittal. The 2020 DEP solicitation received over 130 responses and resulted in approximately 12 invitations for full application.

Please note that the 2021 DEP assumes the potential of State bond funding of the projects whose applications are ultimately selected; however, DOH reserves the right to allocate Federal funds to projects, in which case applicable Federal requirements must be adhered to.

Projects interested in CHFA funding are advised to contact Terry Nash, CHFA's Community Engagement Manager at terry.nash@chfa.org for more information and eligibility criteria.

Participation in the DEP does not constitute a commitment of any DOH/CHFA financing or other assistance and matters outside the control of DOH/CHFA could affect any and all expectations and/or representations made during the Development Engagement Process.

Interested parties should monitor <https://portal.ct.gov/DOH/DOH/Gold-Bar/Funding-Opportunities> for updates and additional notices.

ELIGIBILITY AND REQUIREMENTS:

Projects for which a DEP was submitted in 2020 but that did not receive an invitation to apply must complete the revised 2021 Development Engagement Profile to be considered in 2021.

There are no requirements to engage a consultant, prepare formal documentation, obtain local approvals, or expend funds in order to complete and submit the Development Engagement Profile.

Sponsors or an organization backing them should be an existing enterprise able to, upon request, submit audited financial statements.



All respondents to the 2021 DEP must rely on the Qualified Allocation Plan (QAP) as a guide regardless of whether the project will be seeking LIHTCs. The QAP is discussed later.

A prior commitment of DOH financial assistance is not a requirement of making application to CHFA, but readiness to proceed is a critical component of CHFA application evaluation.

Responding parties must be eligible under Section 8-37pp of the Connecticut General Statutes to apply for DOH financial assistance and the subject activity must be an eligible project as defined in that statute. Please see statutory requirements on page 7.

Limitation:

Organizations and their affiliates are limited to three (3) DEP submissions for distinct projects in 2021. Consultants and their organizations are also limited to three (3) DEP submissions for unique projects in 2021. Those acting in the role of owner or developer on one or more projects and consultant on a different project are limited to a total of four (4) total DEP submissions for 2021.

DOH state bond funding is limited to \$100,000 per unit or \$4,000,000 maximum per project. This does not include Federal funding which DOH might make available to a project.

Concepts and Projects with Eligibility Concerns:

If you have a project concept you want to discuss with the Department of Housing, please send an email describing your project and requesting a conversation to rivera.miguel@ct.gov.

Exclusions:

This process is not intended for the following activities:

- ❖ Proposals for the funding of programs for administration are not included in the Notice and invitation.
- ❖ Projects anticipating applying to CHFA for 9% Low-Income Housing Tax Credit (LIHTC) in the 2022 9% round should not participate in the 2021 DEP, but are advised to complete the CHFA pre-application process. Details on the CHFA 9% LIHTC application round and pre-application process will be posted on CHFA's website in the near future.
- ❖ This process is not intended for properties included in the State Sponsored Housing Portfolio (SSHP). Representatives of such projects should contact their CHFA Asset Manager to discuss opportunities for assistance.
- ❖ Projects that have received, been approved for, or are in active discussion with DOH for predevelopment loan assistance should contact their DOH project manager or Miguel Rivera at dohchfa_dep_2021@ct.gov before participating in the DEP 2021.
- ❖ Homeowner rehabilitation projects are not eligible under this funding opportunity.



ENVIRONMENTAL REVIEW:

Connecticut Environmental Policy Act (CEPA) / National Environmental Policy Act (NEPA):

DOH must complete CEPA or NEPA process prior to awarding financial assistance to a project. CEPA and NEPA are broad reviews that include assessments such as: flood zone impacts, historic implications and requirements, and environmental reviews.

For most projects this involves a simple review of characteristics and confirmation that 'scoping' is not required. For some, through scoping, the extent of further review is defined and then undertaken, which might include review by other State agencies with applicable jurisdiction. For a few projects, more extensive review and even special permitting are required. Generally, projects in this third category will need to substantially complete that process before being seriously considered for financial assistance.

Therefore, prior to submission of an application for financial assistance (a step after the DEP), submission of a CEPA Intake Form and supporting documentation including 40% drawings is required. The DOH standard is for new construction and conversion projects to provide this information ninety (90) days prior to application and for rehabilitation of existing housing to provide it sixty (60) days prior to application for financial assistance. At your own expense, you are welcome to pursue these reviews before responding to the DEP or while your DEP submission is under consideration.

In your DEP submission, please describe efforts to date regarding each of these reviews and the expected timing of these approvals. Also describe any challenges or impediments to obtaining these approvals, specifically, if scoping is required.

The CEPA Intake Form is available at: <https://portal.ct.gov/DOH/DOH/Applications/Consolidated-Application> *Note: the Profile requires approximately 30 minutes to complete and there is no mechanism to save your work and return to a partially completed form. You can, however, page through it before starting.*

Consolidated Application:

The full application for financial assistance is called the CHFA / DOH Consolidated Application. All applicants are required to use the most recent published version of the form, which is available at <https://portal.ct.gov/DOH/DOH/Applications/Consolidated-Application> and has its own submission process.

The submission of 40% drawings and specifications is a minimum threshold requirement for the Consolidated Application.

Respondents should have sufficient capacity and preparation to deliver a completed CHFA / DOH Consolidated Application by no later than March 1, 2022.



Supporting Exhibits and Financials:

If you already have project supporting documentation you are encouraged to submit them along with the DEP Profile via ShareFile upload; however, as previously indicated, anything not yet prepared is not required as part of the process. Support exhibits for the DEP Profile include a project description; project proforma cash flow; rental income and expenses; estimated property taxes and hard and soft cost estimates; local approvals and commitments or term letters for any additional project funding from any source. (Hard cost estimates should address any recent material cost increases.) Please be aware that any review of project financial documents shall be considered a cursory only and a full underwriting review by DOH and CHFA staff will still be required upon application.

PROJECT DESCRIPTION:

The narrative project description for the proposed development should include the type of housing, population served, number of building and number of units and other significant site characteristics or amenities. Provide a projection of key project steps and discuss applicable milestones, including Planning and Zoning approvals, and release of property from existing commitments, approval to demolish or renovate historic property, completion of environmental site assessments and hazardous materials surveys, etc. Many of the points elsewhere in these Requirements and Instructions can be best addressed in a Project Description uploaded to ShareFile.

Planning and Zoning Approval:

Please provide information regarding the status of the Planning and Zoning site plan or full approval and if not approved, a timeframe. If your project has approval, address meeting any conditions.

Procurement:

While the DEP does not require you to have your team in place, if you are assembling one, DOH requires proper procurement of General Contractor or Construction Manager, Development Consultant, Project Architect and other major professional service providers on the team. This may include professionals involved in your predevelopment activities. Requirements can be found under Procurement on this web page: <https://portal.ct.gov/DOH/DOH/Applications/Consolidated-Application> Please refer to the DOH website for additional information relating to specific procurement requirements or reach out to DOH Architectural and Technical Services.

Qualified Allocation Plan (QAP):

All respondents to the DEP should review the CHFA Qualified Allocation Plan (QAP) for applicable policies and priorities of affordable housing and for its Glossary of Terms. The QAP is available on the CHFA LIHTC page on CHFA's website and is linked on page 8 below.

*** Reminder, 9% LIHTC projects are not part of the DEP. ***



These sections of the QAP are relevant to all DEP respondents; please review and adhere to:

- State Housing Policy
- Basic Threshold Requirements
- Financial Feasibility
- Opportunity Characteristics
- Rental affordability – (2021 DEP affordable housing is at or below 80% AMI only)
- Hard Costs, Experience of the sponsor/applicant and development team

Site Control:

Prospective property owners must, at a minimum, have an active option on the proposed development property. Prospective developers should be in partnership with an owner or prospective owner, and prospective consultants should be representing an owner or developer. A speculative interest only in a project is not a sufficient relationship to participate in the 2021 DEP. Provide any site control documentation in the ShareFile upload.

Relocation:

If the property is the dwelling for individuals or households, Sponsors should at the time they are contemplating DOH funding also prepare to comply with the Connecticut Uniform Relocation Assistance Act and regulations, CGS 8-266.

The DEP submission should include a description of the circumstances and developer's intentions and expected costs related to the compliant administration of a relocation plan, whether such relocation is temporary (on-site or off-site), or permanent.

Projects selected for financial assistance must comply with the act and regulations and the approved costs of such compliance are eligible project expenses.

Rental Assistance:

If the proposed development anticipates the need for RAP or Section 8 rental assistance subsidy, or if an occupied property seeking rehabilitation funding currently has rental subsidies please include this in the project description.

Supportive Services:

If the proposed development anticipates offering supportive services to tenants, please include a full description of the services to be offered, an estimated budget (with source), and name the proposed service plan provider.



SUBMITTING THE DEVELOPMENT ENGAGEMENT PROFILE

To Respond:

To obtain a unique link for your Development Engagement Profile, send an email to dohchfa_dep_2021@ct.gov no later than Noon on Friday June 25, 2021 with the following required information:

1. municipality in which the project property is located
2. proposed development name
3. name and email address of property owner
4. name, firm, relationship and email address of respondent on behalf of the project

DOH will respond by email to the respondent with:

1. a link to the DEP Profile online form (Microsoft Form)
2. a small Excel file to complete unit size and affordability matrix
3. a link to a ShareFile folder for uploading exhibits, including the unit matrix

Once the link is received, please complete the DEP Profile and complete the submission. Be sure to upload within 24 hours of Profile submission all of your supporting exhibits for consideration. The project description and unit matrix are considered the minimal uploads.

Deadline:

Submissions will be accepted according to this Notice and the Requirements and Instructions beginning **Thursday, May 27th, 2021 through 4:00pm on Tuesday, June 29th, 2021.**

Next Steps and Invitation to Apply for Funding:

At the close of the 2021 DOH/CHFA DEP acceptance period, responses will be categorized and reviewed by staff of the Agencies. We ask for your patience while the Agencies follow up with each respondent in a manner determined to be most appropriate based on the information provided in the DEP. A follow-up meeting with the developer/owner and DOH/CHFA may be scheduled on a case-by-case basis to discuss the proposed project. It is the expectation of DOH and CHFA that the Development Engagement Process 2021 will result in a number of developers being invited to submit full ConApp materials for their project, subject to funding availability.

Inquiries:

Please direct any inquiries regarding the Profile to the dohchfa_dep_2021@ct.gov address which will be monitored by Nathan Karnes, Community Development Specialist at DOH. This address is not for submitting the 2021 DOH/CHFA Development Engagement Profile.



RESOURCES

The Connecticut Affordable Housing Statute

Connecticut General Statutes
Affordable Housing
Section 8-37pp (2019)

a(4) "Eligible applicant" means: (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 basic documents of organization approved by the commissioner; or (F) any combination thereof;

a(6) "Eligible project" means a project designed for the purpose of providing affordable housing, and shall include, but not be limited to, (A) acquisition, construction, rehabilitation, repair and maintenance of residential or mixed use structures, (B) acquisition, construction, rehabilitation, repair and maintenance of related infrastructure, facilities and amenities incidental and pertinent to the provision of affordable housing and intended primarily to serve the residents of the affordable housing project, that may include, but not be limited to, a community room, laundry, day care space, computer center, management office or playground, or (C) demolition, renovation or redevelopment of vacant buildings or related infrastructure.

(c) An application for financial assistance shall be in the form and manner prescribed by the commissioner. In determining whether and to what extent to fund an application received from eligible applicants, the commissioner may consider relevant factors including, but not limited to, the following: (A) The ability of the project to affirmatively further racial and economic integration, including expanding multifamily rental housing opportunities in suburban and rural communities; (B) the ability of the project to meet the housing needs of the lowest income populations; (C) the ability of the project to revitalize urban neighborhoods, including expanding homeownership and increasing multifamily rehabilitation in the central cities; (D) the ability of the project to provide a full range of supportive housing options for people with special needs or who are at risk of becoming homeless; (E) impact of the project on the local neighborhood, region and the state; (F) short-term and long-term benefits of the project; (G) impact on affordable housing needs of the neighborhood, community, municipality and region; (H) project feasibility; (I) potential for leveraging other public and private investments; (J) applicant's ability to implement the project in a timely manner; (K) the relative need for the project; (L) the applicant's financial commitment to the project, except in the case of a nonprofit entity or a housing authority created pursuant to section 8-40; and (M) the extent to which the project will advance the public purposes set forth in this subdivision.



Links:

Connecticut Department of Housing

www.ct.gov/doh

Connecticut Housing Finance Authority

www.chfa.org

CHFA Qualified Allocation Plan 2020.

(for additional definitions please refer to the QAP Glossary of Terms)

https://www.chfa.org/assets/1/6/FINAL_2020_QAP-PendingGLappvl.pdf

CHFA Multifamily Standards and Guidelines of Design, Construction and Sustainability

(also adopted by DOH)

<https://www.chfa.org/developers/design-and-construction-criteria/>

Connecticut Plan of Conservation and Development

<https://portal.ct.gov/OPM/IGPP-MAIN/Responsible-Growth/Conservation-and-Development-Policies-Plan/Conservation-and-Development-Policies-Plan>

HUD Environmental Review Information

<https://www.hudexchange.info/programs/environmental-review/>

CT DOH Environmental Review Information

CEPA: https://portal.ct.gov/-/media/DOH/ConApp/cepa_intake_form-2021.pdf

CDBG: https://portal.ct.gov/-/media/DOH/Sandy_Relief_Docs/EnvReviewGuidepdf.pdf?la=en

CT DECD Historic Properties Requirements Approvals and Incentives

<https://portal.ct.gov/DECD/Services/Historic-Preservation>

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