



Dannel P. Malloy
Governor

STATE OF CONNECTICUT
DEPARTMENT OF HOUSING



2015 9% Low-income Housing Tax Credit Funding Round

Criteria for Soft Commitments from DOH for Subordinate “Gap” Financing

The allocation of 9% Low-income Housing Tax Credits (LIHTCs) will be administered this fall on a competitive basis by the Connecticut Housing Finance Authority (CHFA). The anticipated deadline for applications is November 9, 2015. We anticipate that the Qualified Allocation Plan, which provides more information about CHFA’s evaluation of applications submitted in the 9% LIHTC round, will be released within the next few weeks.

Once again, the Department of Housing (DOH) is pleased to be able to consider requests for subordinate “gap” financing to support projects competing in the 9% LIHTC round. Applicants interested in such financing can reflect the proposed amount and terms of DOH financing in their 9% LIHTC round applications. A separate application for DOH financing is not required.

DOH will review applications seeking DOH subordinate “gap” financing at the same time CHFA reviews all applications. DOH expects to make soft commitments of its financing up to approximately \$50 million in the aggregate (the “Soft Commitment Maximum Amount”). As in prior years, some projects may not receive soft commitments of DOH financing.

To assist potential 9% LIHTC round applicants, we are providing below the criteria on which DOH will base its decisions to make soft commitments of its financing in support of 9% LIHTC applications this year. This criteria reflects DOH’s mission and priorities, including, in particular, expanding affordable housing opportunities in strong, vibrant, and inclusive communities statewide and revitalizing communities that have suffered disinvestment. By catalyzing the creation and preservation of quality, affordable housing that meets the diverse needs of our state’s individuals and families, DOH seeks to ensure that Connecticut continues to be a great place to live and work.

First, all projects seeking DOH financing in the 9% LIHTC round must meet the following minimum criteria:

- Demonstrated marketability of all proposed units;
- No properties or activities in the vicinity of the project that are reasonably likely to significantly and adversely impact the health and/or safety of residents (e.g. waste disposal facility, sewage treatment facility, other significant sources of harmful emissions or noise pollution, and properties with high concentrations of hazardous substances);
- No issues that create a substantial risk that the project is infeasible as of the date of the application submission; and
- No issues that create a substantial risk that the development team will be unable to close on financing on a timely basis and/or complete the project on time or on budget.

Released 8/7/15

Projects that also meet the following criteria will be issued soft commitments:

- Project is located in a High or Very High Opportunity census tract (as indicated in the DOH Opportunity Map available at <http://www.ct.gov/doh/cwp/view.asp?a=4513&Q=566294&PM=1>) or if it is located in a Moderate, Low, or Very Low Opportunity census tract (as indicated in the DOH Opportunity Map) then the project includes at least one of the following: (a) 20% market rate units; (b) a significant community amenity (e.g. green space, recreational facility, or community space); or (c) at least 7,000 square feet of commercial space; and
- DOH subsidy is not greater than \$5 million; and
- DOH subsidy is not greater than 30% of the total development cost of the project (“TDC”)

If soft commitments made based on the criteria above total less than the Soft Commitment Maximum Amount, additional soft commitments will be made to projects that meet the following criteria:

- Project is located in a High or Very High Opportunity census tract or if it is located in a Moderate, Low, or Very Low Opportunity census tract then the project includes at least one of the following: (a) 10% market rate units; (b) a significant community amenity (e.g. green space, recreational facility, or community space); or (c) at least 5,000 square feet of commercial space; and
- DOH subsidy is not greater than \$5 million; and
- DOH subsidy is not greater than 30% of the TDC

If soft commitments made based on the criteria above total less than the Soft Commitment Maximum Amount, additional soft commitments will be made to projects that meet the following criteria:

- Project is located in a High or Very High Opportunity census tract or if it is located in a Moderate, Low, or Very Low Opportunity census tract then the project includes at least one of the following: (a) 10% market rate units; (b) a significant community amenity (e.g. green space, recreational facility, or community space); or (c) at least 5,000 square feet of commercial space; and
- DOH subsidy is not greater than \$6 million; and
- DOH subsidy is not greater than 30% of the TDC

If soft commitments made based on the criteria above total less than the Soft Commitment Maximum Amount, additional soft commitments will be made to projects that meet the following criteria:

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