

The LIHTC & QAP, Interagency Council January 7, 2014



**Connecticut Housing
Finance Authority**

Low-Income Housing Tax Credit Program (LIHTC)

- The Qualified Allocation Plan (QAP) sets forth selection criteria used to determine housing priorities and preferences
- The QAP is designed to be reflective of policy and is not intended to set policy
- Last year's overview described basics of how the QAP is developed
- This year we are providing some more detail and soliciting feedback on what priorities the Interagency Council believes should be established



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Low-Income Housing Tax Credit Program (LIHTC)

- Tax Credits have become the most important source of capital in the development of affordable housing in the nation
- Tax Credits play a vital role in helping each state address its low-income rental housing needs by increasing the amount of equity available for developments



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Low-Income Housing Tax Credit Program (LIHTC)

- The Housing Tax Credit program was created under the Tax Reform Act of 1986
- Housing Tax Credits are a Treasury Program found in Section 42 of the Internal Revenue Code
- Credits available to each state based upon population
- CHFA is designated as Connecticut's Housing Tax Credit Allocating Agency



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Low-Income Housing Tax Credit Program (LIHTC)

- The LIHTC program is a Public/Private Partnership
- After the award of credits, Owners:
 - work to identify a Tax Credit Syndicator
 - Syndicators assemble Investors
 - Investors provide dollars (equity) during construction
- To be eligible, the owner must set aside a specified percentage of units for occupancy by low-income residents
- The set-aside remains in place for a minimum affordability period totaling 30 years



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Avon – Peachtree Village



- **Total Development Cost:** \$ 17.5 million
- **9% Equity:** \$ 6.0 million
- **CHFA:** \$ 8.5 million
- **DOH Funds:** \$ 1.9 million
- **Other:** \$ 1.1 million
- **New Construction – 103 Units**
- **Elderly Housing**
- **For-Profit Developer**



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New London – New London Communities II



- **Total Development Cost:** \$12.9 million
- **9% Equity:** \$ 7.0 million
- **DOH Funds:** \$ 3.4 million
- **Other:** \$ 2.5 million
- **Substantial Rehab – 70 Units**
- **Family Housing**
- **Housing Authority of New London**

Hamden – Highwood Square



- **Total Development Cost:** \$10.0 million
- **9% Equity/ARRA:** \$ 5.9 million
- **DOH Funds:** \$ 2.0 million
- **Other:** \$ 2.1 million
- **New Construction - 27 Units**
- **Family Housing**
- **Non-Profit Developer**



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Willimantic – Cedarwoods Apts



- **Total Development Cost:** \$14.3 million
- **9% Equity/ARRA:** \$ 9.7 million
- **DOH Funds:** \$ 3.4 million
- **Other:** \$ 1.1 million
- **New Construction – 56 Units**
- **Family/Supportive Housing**
- **Non-Profit Developer**



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New Haven – Brookside Phase II



- **Total Development Cost:** \$32.0 million
- **9% Equity:** \$13.0 million
- **DOH Funds:** \$ 2.8 million
- **Other:** \$16.2 million
- **New Construction – 101 Units**
- **Family Housing**
- **New Haven Housing Authority**



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Awarded 9% LIHTCs 2009-2012

Year over year awardees consistently receive points in the following areas, reinforcing desired policies.

- Affordability
 - Deep Targeting
 - Production and Preservation
- Financial Sustainability
 - Plans and Specs (readiness)
- Municipal Commitment and Impact
 - Transit Oriented Development
 - Job Training



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Awarded 9% LIHTCs 2009-2012

To a lesser degree, yet still significant, awardees are achieving points in the following areas.

- Financial Sustainability
Cost Effectiveness
- Municipal Commitment and Impact
Location
Education and Employment
- Qualifications + Experience
Development Team make-up



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Awarded 9% LIHTCs 2009-2012

Outcomes:

- Quality developments with diverse characteristics
- Mixed income with deep affordability
- Extended affordability restrictions
- Variety of location, features and building types
- Multiple funding sources utilized



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Qualified Allocation Plan

What To Expect

1. Elicit feedback from Interagency Council
2. Obtain feedback from Governor's Office
3. Recommended changes presented to the CHFA Board of Directors at its February 2014 meeting.
4. A required 30 day Public Comment Period, March 2014
5. CHFA Board Adoption is anticipated in May 2014
6. Governor Approval is anticipated in June 2014



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Qualified Allocation Plan

Comments & Questions



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