



State of Connecticut

Substantial Amendment to the

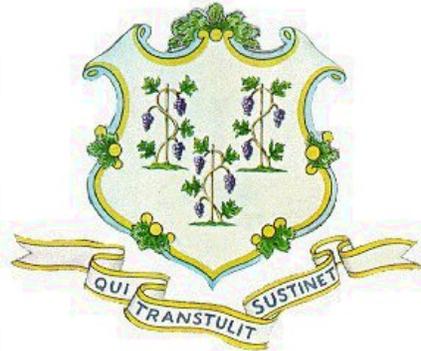
2016-2017 Action Plan

for

Housing and Community Development

for

National Housing Trust Fund



Submitted to the

U.S. Department of Housing and Urban Development

by the

State of Connecticut

August 2016

**State of Connecticut
2016-2017
National Housing Trust Fund**

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I. EXECUTIVE SUMMARY

Overview

This Substantial Amendment to the 2016-2017 Annual Action Plan for Housing and Community Development for the National Housing Trust Fund 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 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 National Housing Trust Fund (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 (NHTF allocation plan)

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 2016-171 funds for the following programs:

Table 1: Anticipated State and Federal Funding For Development and Housing Support			
Housing (DOH)	State FY 2016-17	HUD FY 2016-17	Total
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
TOTAL	\$ 169,914,635	\$ 21,733,535	\$ 191,648,170

Source: DOH/OPM

¹ Please note that the funding amounts represented for each program are subject to congressional or legislative action, which could affect an increase, reduction or elimination of the funding amounts noted.

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.

This substantial amendment is the first amendment to the 2016-2017 Annual Action Plan for Housing and Community Development. This substantial amendment outlines the goals, objectives, and strategies for the implementation of the National Housing Trust Fund as it relates to the state's 2015-2019 ConPlan and the state's 2016-2017 Annual Action Plan for Housing and Community Development. This substantial amendment describes how the state will utilize National Housing Trust Funds to address its affordable housing 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 state's program year is July 1 - June 30. 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 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

Objectives and Outcomes

In this Substantial Amendment to the 2016-2017 Action Plan for Housing and Community Development for the National Housing Trust Fund, 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 2016-2017 Action Plan for Housing and Community Development, 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 FY 16-17 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 to the 2016-2017 Action Plan for Housing and Community Development for the National Housing Trust Fund.

DOH will hold 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 will be published in two newspapers across the state including one in Spanish. The Legal Notices will also be 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 will be distributed to our Community Partners, with a request to further disseminate the Notice to their constituency.

DOH will also solicit 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 are available on DOH's website. All comments received will be summarized and responded to in Attachment A of this document when in its final form.

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

The Substantial Amendment to the 2016-2017 Annual Action Plan for Housing and Community Development for the National Housing Trust Fund 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 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), and Housing Opportunities for Persons with AIDS (HOPWA), and National Housing Trust Fund (NHTF) Programs. 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 web site at 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 (NHTF allocation plan) will be administered by the Departments of Housing (DOH).

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 (NHTF allocation plan) 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 HTF 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 93.302(d), 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 9specified 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.

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III. 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 to the 2016-2017 Action Plan for Housing and Community Development for the National Housing Trust Fund. Input and citizen participation are being accepted at this time, and will be considered part of the substantial amendment process.

In accordance with the attached Citizen Participation Plan for the National Housing Trust Fund, DOH solicited public input with the development of the Substantial Amendment for the 2016-2017 Annual Action Plan for Housing and Community Development for the National Housing Trust Fund. DOH will hold 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 will be published in two newspapers across the state including one in Spanish. The Legal Notices will also be 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 will be distributed to our Community Partners, with a request to further disseminate the Notice to their constituency.

DOH will also solicit 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 are available on DOH's website. All comments received will be summarized and responded to in Attachment A of this document when in its final form.

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

NOTE: Portions of this Section will be completed upon close of the public comment period, and prior to submission to HUD.

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.

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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 FY 2016-17 National Housing Trust Fund (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 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 and other funds to develop/rehabilitate extremely low-income housing. In accordance with the program guidelines, all of the NHTF funds received in the first year will support the creation 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 grants.

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

C. Application Eligibility

NHTF applications will be selected based on the following criteria:

1. 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.

2. Applicant Capacity

Applicant capacity will be determined using the following criteria:

- Previous experience with the HOME/NHTF program and/or other public financing, quality of work product, efficiency and effectiveness in project management.
- Number of open contracts with the DOH.
- Applicant’s ability to obligate NHTF funds and undertake eligible activities in a timely manner.
- Prior audit or monitoring performance.

3. Project-based Rental Assistance

Priority consideration will be given to projects or activities that have a firm commitment for project-based State or project-based Federal rental assistance.

- 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 are included as noted above, the applicable program requirements related to site and neighborhood standards will apply to an NHTF-assisted unit.

4. Duration of Affordability Period

- The affordability period shall be not less than 30 years for rental housing units assisted with NHTF funds, beginning after project completion.
- The affordability period is designed to work in conjunction with the 30-year affordability period for Low Income Housing Tax Credit (LIHTC) projects.
- LIHTC or other projects that successfully underwrite beyond the 30-year affordability period shall be given additional consideration.

5. Priority Housing Needs

Priority consideration will be given to projects or activities that are consistent with those priorities detailed in the most recent ConPlan. These priorities include but shall not be limited to:

- Projects/activities that address meeting underserved needs;
- Projects/activities that contribute to the preservation of affordable housing;
- Projects/activities located in a neighborhood identified in a neighborhood revitalization strategy under 24 CFR 91.215(e)(2), a federally-designated Empowerment Zone or Enterprise Community, a state-designated Neighborhood Revitalization Zone, or Neighborhood Stabilization Program;
- Projects/activities that produce permanent supportive housing units.

6. Responsible Growth and Livability Initiatives

Priority consideration will be given to projects that address any of the following:

- Project meets current state policy for consideration as Transit Oriented Development;
- Addresses environmental justice issues;
- Demonstrates community/neighborhood impact;
- Demonstrates sustainable development standards.

7. Eligible forms of Subsidy/Leveraging

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

8. Eligible Activities

NHTF funds will be used for projects/activities that provide housing opportunities for ELI families.

- NHTF funds can be used for the production, preservation, and rehabilitation of affordable rental housing; for operating costs of HTF-assisted rental housing; and for reasonable administrative and planning costs.
- NHTF funds may be used for new construction or 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 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 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 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.
- All applications will contain a certification by the eligible recipient that NHTF-assisted housing units will comply with all NHTF requirements.

9. Eligible Recipients

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

Every contract for construction or 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.

In order for a recipient to be eligible, they must:

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

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.

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 funds DOH may invest on a per-unit basis shall not exceed 210% of the statewide per-unit dollar limitations established under section 221(d)(3)(ii) of the National Housing Act (12 U.S.C. 17151(d)(3)(ii)) for elevator-type projects, 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

BEDROOMS:	0 Bedroom	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
Section 221(d)(3)(ii) limits of the National Housing Act (12 U.S.C. 17151(d)(3)(ii)) for elevator-type projects	\$137,361.60	\$157,466.40	\$191,476.80	\$247,708.80	\$271,908.00
NHTF Maximum Per-Unit Subsidy	\$288,459.36	\$330,679.44	\$402,101.28	\$520,188.48	\$571,006.80

Effective July 1, 2016, until superseded

Source: US HUD Hartford Office
 CT Maximum Mortgage Limits -- Section 234 Basic Elevator Type Unit -- 2014

3. Rehabilitation Standard

All NHTF assisted units (new and/or rehab) must meet local or state building code, including but not limited to the following:

- Health and safety;
- Major systems, including structural support, plumbing, electrical, and HVAC; and,
- Handicapped Accessibility – Recipients must adhere to the following regulations governing accessibility of federally assisted buildings, facilities and programs: Americans with Disabilities Act, Fair Housing Act and Section 504 of the Rehabilitation Act of 1973; and
- Lead based paint.

For new construction, NHTF projects must meet the energy efficiency standards established under section 109 of the Cranston-Gonzalez National Affordable Housing Act of 1990 (42 U.S.C. 12709) which was amended by Section 481 of the Energy Independence and Security Act of 2007.

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 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.
- Staff will review the Consolidated Application and any attached materials to determine if the project/activity meets minimum program eligibility and threshold requirements. Minimum program eligibility and threshold requirements include applicant's experience with the HOME/NHTF Program and/or other public

financing, and current status of existing contracts with DOH and CHFA. 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.
- All applications, and any attached materials throughout the application process, may be reviewed and evaluated by senior staff in the Office of Housing Development.
- Applications will be considered against financial and qualitative issues, including but not limited to:
 - Financial feasibility;
 - Geographic diversity;
 - The extent to which rents for units in the project are affordable to ELI families and the duration of the units' affordability period;
 - The merits of the application in meeting the priority housing needs of the jurisdiction;
 - Reasonableness to proceed to construction;
 - Financial leveraging and firm financial commitments, including the extent to which the application makes use of non-federal funding sources;
 - 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.
 - Social and economic impact on the neighborhood, community, region and state as defined in the strategies and priorities outlined in the ConPlan, including but not limited to transportation, education, and job creation/retention.
 - Level of consistency with DOH's responsible growth criteria including compliance with the current Conservation and Development Policies Plan for Connecticut;
 - Fair Housing and Equal Opportunity Compliance;
 - Number of current open contracts;
- 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 the application 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:
 - a. Published utility allowance schedules for the Section 8 Housing Choice Voucher Program, as calculated and published by administering entity;
 - b. Published utility allowance schedules for the state Rental Assistance Payments Program, as calculated and published by DOH; or
 - c. 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

There are no attachments at this time.

DRAFT