



Released October 1, 2018

The State of Connecticut Department of Housing

NOTICE OF FUNDING AVAILABILITY Competitive Housing Assistance for Multifamily Properties 13 (“CHAMP 13”)

Application Deadline: Thursday, December 6, 2018

This Notice of Funding Availability (this “NOFA”) is directed to owners of existing affordable rental developments and 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 projects or programs are not eligible under this NOFA.

B. Funding:

Capital funds of approximately \$25 million are 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. DOH funding may be provided in the form of grants, loans or a combination thereof based on project needs and DOH’s underwriting, which includes a thorough analysis to determine the minimum amount of State subsidy needed, which may differ from the form and amount of funding requested in the application and may result in a requirement to repay funding, through either amortizing or cash flow loans, even if such terms are not proposed in the application. DOH capital funding under this NOFA may not exceed \$6,500,000 per project.

In addition to DOH capital funds expected to be made available under this NOFA, applicants may request funding to subsidize supportive housing units in the proposed project under either DOH’s Section 811 Project-Based Rental Assistance (“Section 811 PRA”) program or its Homelessness Prevention and Response Fund (“HPRF”) program. Additional information about each of these programs is included in Attachment 1.

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”), subject to availability. For further details, please contact Michelle Onofrio at michelle.onofrio@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, properties currently in the State Sponsored Housing Portfolio (“SSHP”) are not eligible for funding under this NOFA unless the project 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 units at the property. Units that are currently offline but will be returned to occupancy are not considered new units. If an SSHP applicant wishes to propose constructing a significant number of new units but cannot satisfy both tests, then a waiver can be requested. For such situations, an email request should be sent to nick.lundgren@ct.gov.

D. Application Process and Schedule:

- 1) Applicants must use the version of the CHFA/DOH Consolidated Application available on the SharePoint site for the CHAMP 13 Round (the “ConApp”). Prior versions of the ConApp will not be accepted.
- 2) All CHAMP 13 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 the Application Deadline (defined below).
- 3) To obtain a SharePoint account, applicants must submit an email request after October 15, 2018, but not later than November 26, 2018, to applicationrequest@chfa.org. Include the following information in your request:
 - Funding Round (i.e. CHAMP 13)
 - Project Name
 - Company Name
 - Primary Contact Name
 - Primary Contact Email
 - Primary Contact Phone

Applicants 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) On or before November 21, 2018, applicants may submit questions related to this NOFA via email to nick.lundgren@ct.gov. Questions, if material to this NOFA, and DOH's responses thereto will be periodically posted on the DOH website at www.ct.gov/doh (the "DOH Website") under "Funding Opportunities". Questions received after November 21, 2018 will receive a response at DOH's discretion.
- 6) 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 **Thursday, December 6, 2018 at 4:00 p.m.** (the "Application Deadline").

E. Application Requirements:

In addition to compliance with the requirements set forth herein, each application must satisfy the requirements set forth in Attachment 1 to this NOFA.

F. Selection Criteria:

Applications will be evaluated by DOH in accordance with the CHAMP 13 Rating and Ranking form, which is being released concurrent with this NOFA and will be available on the DOH Website under "Funding Opportunities". DOH and CHFA staff will coordinate the review of applications seeking funding from both organizations. It is anticipated that each applicant will be notified whether its project has been selected for funding under this NOFA by March 2019.

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 ConApp, 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. Each 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.

Attachment 1

Additional Application Requirements

In addition to the application requirements set forth in the ConApp, applicants must satisfy the requirements set forth below. Failure to satisfy any of these requirements may significantly impact the scoring of an application OR result in the rejection of an application independent of rating and ranking.

- 1) No Deficiency Period: All applications must include all required information and documentation as of submission on or before the Application Deadline. DOH does not employ a deficiency period process. After the Application Deadline, at the discretion of DOH and CHFA, as applicable, an applicant may be asked to provide additional information regarding its application.
- 2) Architectural Drawings and Project Specifications: Applications must include, at a minimum, architectural drawings and project specifications that meet the 40% completion standard. Applications that do not include 40% architectural drawings and specifications will not be considered. A prospective applicant should contact DOH if it is unsure how the 40% completion standard applies to its project (e.g. modular construction).
- 3) Zoning: To be eligible for funding under this NOFA, the project must be “as of right” under applicable zoning requirements or the applicant must have obtained all necessary zoning approvals, subject only to minor conditions. Applicants should provide sufficient evidence to demonstrate that all required zoning approvals have been obtained.
- 4) Historic Preservation: All applicants must submit a State Historic Preservation Office (“SHPO”) Project Notification Form at least 6 weeks prior to the Application Deadline to ensure 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. Applicants should contact SHPO well in advance of this deadline to ensure that the project scope and drawings are designed in accordance with SHPO recommendations, if any. An applicant’s failure to submit a Project Notification Form at least 6 weeks prior to the Application Deadline or adequately mitigate historic preservation impacts may result in the elimination of the application from consideration under this NOFA. The SHPO Project Notification Form can be found at http://www.ct.gov/cct/lib/cct/ProjectNotificationForm_2018.pdf.
- 5) Historic Tax Credits: Applicants seeking Federal or State Historic Tax Credits must meet with SHPO staff to determine whether such tax credits are a reasonably likely funding source for the proposed project. Such applicants should request a meeting with SHPO staff as early as possible, but not later than 6 weeks prior to the Application Deadline.
- 6) CEPA Intake Review Form and Related Materials: Projects financed with DOH funding 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 ensure compliance with CEPA, all applicants must submit a CEPA Intake Review Form (together with a site plan and a map showing the project site) to DOH. Applicants should submit the CEPA Intake Review Form and the related materials at least 6 weeks prior to the Application Deadline so that DOH can complete its review well in advance of the Application Deadline and scoping, if it is required, can be completed prior to the Application Deadline.

If an applicant fails to submit the CEPA Intake Review Form and the related materials less than six (6) weeks prior to the Application Deadline and DOH is unable to review such materials prior to the Application Deadline OR if DOH determines that scoping is necessary and cannot be completed in time for the application to be considered under this NOFA OR if there are potential environmental impacts that require an Environmental Impact Evaluation (“EIE”), and an EIE has not yet been prepared, the application will be eliminated from consideration under this NOFA. The CEPA Intake Review Form is at: <http://www.ct.gov/doh/cwp/view.asp?a=4513&q=530660&PM=1>. This form and the related materials and any related questions should be sent to DOH.CEPA@ct.gov.

- 7) Letters of Participation: All 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 thirty (30) days 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) Environmental Reports: Each applicant must submit a Phase I Environmental Site Assessment (“ESA”) with its application. The ESA must be prepared in accordance with current ASTM Standard E 1527 - 13 by a Licensed Environmental Professional (“LEP”) that is licensed by the State of Connecticut and must have been completed within six (6) months of the Application Deadline. The qualifications of both a professional firm and the specific environmental consultant should 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 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) Hazardous Materials Survey Report(s): 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, for example, asbestos containing materials, lead paint and lead-contaminated soil, radon, and PCBs. If more than one report is necessary to document the nature and extent of such environmental concerns, all such reports must be provided.

- 10) Floodplain Management: Applicants 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-year and 500-year floodplain or, for development projects that are located within a 100-year or 500-year floodplain, applicants must include supporting documentation that demonstrates that the project: (a) 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-year 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; and (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 (See CGS § 25-68d(b) and §§ 25-68h-1 through 25-68h-3 of the Regulations for Connecticut State Agencies) may be eliminated from consideration under this NOFA.
- 11) Deep Income Targeted Units: Unless waived by DOH prior to the Application Deadline, each application must include at least two (2) units reserved for households at or below 25% of the Area Median Income (“AMI”). These two (2) units must be reflected in the ConApp Rental Income Calculation Worksheet as 25% AMI units. As an alternative to this requirement, applicants may opt to restrict units under either the Section 811 PRA program or the HPRF program, each of which is described below. Requests for a waiver from this requirement should be sent to nick.lundgren@ct.gov and must include a detailed justification (e.g., the project comprises fewer than five (5) units and compliance with the requirement would be financially infeasible).
- (i) Section 811 PRA Program: DOH administers federal funding under the Section 811 PRA program to assist owners who agree to provide permanent supportive housing units to persons with disabilities. Owners may receive funding for up to six (6) Section 811 PRA units per proposed project. Two (2) Section 811 PRA program units would receive rent subsidies up to the 30% AMI rent level and four (4) Section 811 PRA program 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 restricted 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 for funding under this NOFA may claim supportive housing points based on the number of proposed Section 811 PRA program units. DOH may allow applicants to include more than six (6) Section 811 PRA program units but advance approval from DOH must be requested and the total number of Section 811 PRA program units cannot exceed 25% of the total project units. Section 811 PRA program units, and associated rents, should be reflected in the ConApp Rental Income Calculation worksheet. For example, if an application is proposing two (2) Section 811 PRA program units with rents at 30% AMI

and two (2) Section 811 PRA program units with 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

- (ii) HPRF program: The HPRF program was created to provide financial assistance to owners of multi-family housing properties for the renovation and, in certain cases, operation, maintenance, repair, and refurbishing of such properties in exchange for such owners' agreement to incorporate supportive housing units in the project. Under this program, the owner agrees to restrict the occupancy of a designated number of residential units for at least ten (10) years to eligible households identified by DOH (or its contractor) and the local Coordinated Access Network (i.e. the collective of service providers working together to streamline and standardize the process for individuals and families to access assistance to help communities rapidly end homelessness by connecting such individuals and families with appropriate housing and resources as quickly as possible). The HPRF program is subject to the provisions of CGS § 8-37mm.

Applicants may request an operating subsidy to compensate for the difference between the cost of operating the HPRF program units in the project and the foreseeable rent revenue for such units to households with an income at 25% AMI. To be eligible for HPRF program funding, a project must comprise at least ten (10) units and applicants must propose restricting at least three (3) units under the HPRF program. In addition, an applicant may not propose restricting more than 25% of the units in the project under the HPRF program except for projects with only ten (10) to twelve (12) units, in which case the applicant must propose restricting three (3) units. Applicants seeking this funding must have support service funding for at least ten (10) years and must submit a supportive housing plans with the ConApp. Applications submitted for funding under this NOFA may claim supportive housing points based on the number of proposed HPRF program units. HPRF program units, and associated rents, should be reflected in the ConApp. For example, if an application is proposing three (3) HPRF program units, then the Rental Income Calculation Worksheet should reflect the rent revenues at 25% AMI for such units and the Detailed Income and Expenses Worksheet should include the necessary operating subsidy in Column C, Row 22 (Flexible Subsidy Revenue).

- 12) Affordability Restrictions: Under state law, housing units assisted with HTF funds must be affordable for persons and families with incomes not greater than 120% of AMI and housing units assisted with FLEX funds must be affordable for persons and families with incomes not greater than 100% of AMI.

For affordable housing units proposed to be assisted with funds under this NOFA, 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% of AMI.

- 13) Eligible Project Scope: Applications 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 (3) years of the Application Deadline and the rents for the restricted units are reasonably likely to significantly increase.
- 14) Developer Fee: The developer fee for a project seeking DOH capital funding under this NOFA 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 Onofrio at michelle.onofrio@chfa.org for additional information. For tax credit financed projects, it is expected that, to the extent financially feasible, the applicant will defer a portion of the developer fee equal to approximately 80% of the aggregate cash flow over the first twelve (12) years of stabilized operations.

Notwithstanding the foregoing, it is expected that any proposed developer fee must be financially feasible and appropriate under the circumstances, including, for example, the complexity of the project, the applicant's investment of its own funds, and the amount and timing of any other compensation the developer expects to receive. DOH, at its discretion, may require a reduction in the proposed developer fee to reflect this standard.

- 15) Reserves: Applicants should note that 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 (3) year period. Applicants applying for the redevelopment of existing housing should anticipate that existing reserves will be a required source of funds.

While compliance with the project features below is not required in applications under this NOFA, applicants are strongly encouraged to do so.

- a) Energy Efficiency: For new construction and housing rehabilitation proposals, all cost effective energy efficiency and conservation improvements should be incorporated into the project design. 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 should 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. It is expected that all reasonably foreseeable energy cost savings will be reflected in the operating expenses. Applicants are also encouraged to benchmark the energy usage at the property using either HUD's comprehensive utility benchmarking protocols, the US EPA's EnergyStar Portfolio Manager, or another benchmarking system.

- b) Housing for Larger Households: DOH encourages applicants to include units that are appropriate for households with four (4) or more members where the household income is at or below 30% of AMI.