

2016 Low-Income Housing Tax Credit (LIHTC) Program Frequently Asked Questions

The following list of questions and answers will be updated as needed. For more information, applicants are strongly encouraged to review the 2016 Qualified Allocation Plan ([QAP](#)) as well as the CHFA [Procedures](#) and the 2016 [Guidelines](#).

Q1. Given that CHFA has eliminated the “Deficiency Period”, what opportunity (if any) will applicants have to submit items unintentionally omitted?

A1. There is no opportunity to submit missing items after the due date of the application, which for the 9% LIHTC round this year is not later than 4:00 pm on November 9, 2016. Applicants must take steps necessary to ensure that their applications are complete and that all threshold criteria and application exhibit items are submitted appropriately through SharePoint. Hard copies of plans and specifications must be received at both CHFA and DOH (if DOH funding is requested) by the same date and time.

Q2. The treatment of extra cost for hard-costs related to Passive House Design is understood, but what about the treatment of increased soft costs?

A2. CHFA anticipates additional, eligible expenses due to the need to retain Passive House Design consultants. The applicant should clearly understand the scope of services and be able to fully describe these services to support the additional cost. Soft costs related to Passive House consulting services shall be detailed in the Soft Cost section of the Development Budget if Passive House is anticipated.

Cost implications must be fully understood, accepted, and committed to by the applicant because Passive House Design, and any of its aspects, cannot be value-engineered out of a development to save money during construction. Tolerances are very tight, and not adhering to the complete Passive House design specified leads to unacceptable issues in the building development (i.e., stale air, mold, overheating, etc.).

If Department of Housing (DOH) funds are contemplated, applicants are advised to familiarize themselves with DOH’s procurement process. For additional information regarding DOH funding, contact Edward LaChance at (860) 270-8099 or Helen Muniz at (860) 270-8023.

Q3. Does CHFA have a process for engaging a Passive House Design consultant?

A3. CHFA does not mandate a process for retaining a Certified Passive House Design consultant. As with any consultant, the applicant needs to clearly communicate its expectations and obtain a fully detailed scope of services. An applicant should ensure that the consultant is qualified to thoroughly review the construction drawings and provide its precertification, provide monitoring of the Passive House Design aspect of construction during the construction phase of the development, and provide its final certification. Applicants should provide the qualifications of the selected Passive House Design consultant within the ConApp.

Q4. Given that points will be allocated if some, but not all, of the units in a proposed development include Passive House Design, how will CHFA treat rounding? Will the same apply for High Performance Building Envelope?

A4. The first part of this answer addresses **Passive House Design**. Allocated points will be awarded based on the percentage of units which are anticipated to be certified Passive House. Allocation will be made based on the percentage of the total units that are designed to Passive House standards in three tiers:

- ≤33% = 1 point
- >33% and ≤66% = 2 points
- >66% = 3 points

Example 1: 25 of 100 units in a proposed development (or 25% of the total units) will include Passive House. 25% is less than 33% so potential award is 1 point.

Example 2: 71 of 75 proposed units (or 95% of the total units) will include Passive House. 95% falls into the third tier (≥66%) so potential award is 3 points.

As to **High Performance Building Envelope (HPBE)**, again points will be allocated based on the percentage of units anticipated to meet the specific criteria for HPBE.

- ≤50% = 1 point
- >50% = 2 points

Using the examples above:

Example 1: 25 of 100 units in a proposed development (or 25% of the total units) will include HPBE. 25% is less than 50% so potential award is 1 point.

Example 2: 71 of 75 proposed units (or 95% of the total units) will include HPBE. 95% is greater than 50% so potential award is 2 points.

Q5. Which members of the Qualified Development Team need to be licensed in CT?

A5. The Architect/Engineer(s) and General Contractor (GC) must be licensed in CT, and the GC must additionally hold a current Major Contractor license in the State of CT. In addition, any consultant retained as a licensed environmental professional (LEP) must be licensed in CT. The Certified Passive House Consultant (CPHC) shall be certified by either PHI or PHIUS, which are national organizations.

Q6. We believe that our proposed development's operating budget will fall outside the range that CHFA describes as acceptable. Is there an opportunity to request a waiver?

A6. A waiver request is not applicable in this circumstance. The operating expense ranges that CHFA provides are guidelines. If a proposed operating budget will fall outside the range, either less than or more than the parameters provided, the applicant needs to provide very detailed descriptions of the reasons for the variance that are substantiated by submitted evidence. Concrete evidence is written documentation and may include invoices, proposals, and income and expense statements from another identical development. It does not include "educated guesses", statements that "it's always been this amount", or assurances with no support. Recall that there is no deficiency period and no opportunity to provide supporting documentation that should have been but was not submitted with the application.

Q7. When we submit our ConApp, we will also submit the hard copies of plans and specifications as is required by the terms of the QAP. We understand that there is no deficiency period, but what if we forgot to include something in the plans or specifications?

A7. CHFA publishes Guidelines on the requirements for plans and specifications, including recommended elements for design and construction. Be advised that plans and specifications must be submitted together, either one alone is not acceptable. If you are not able to build the proposed development in accordance with Guidelines and Standards of Design and Construction the applicant must submit a full, detailed explanation. No waiver requests may be made. Applicants are advised to thoroughly review the Standards of Design and Construction and the related Guidelines for complete guidance on threshold requirements and points items.

Q8. We see that points are awarded for plans and specifications that are 90% complete or better – can we submit a certification from our architect as to the level of the submission at 90%?

A8. CHFA will make the sole determination as to the status of submitted plans and specifications, which must be at a level of 40% complete to satisfy threshold requirements and at a level of 90% complete to earn one point.

Q9. Are the costs of providing supportive services included in the range of acceptable operating expenses provided by CHFA?

A9. No, they are not. The range provided currently is \$9,000-\$12,000 per unit per year for supportive housing development operations related to the real estate; it excludes real estate taxes, replacement reserve deposits and supportive service provisions (if any). Supportive services, if included in the development's operating budget, must be clearly delineated so that the proposed operating expenses can be appropriately reviewed and evaluated.

Q10. How will CHFA evaluate the cost savings we anticipate our proposed development will realize as a result of including energy efficiency measures including Passive House?

A10. The introduction of Passive House Design does not automatically translate to operating budget savings. While that is the desired outcome, there is no format in place to systematically review and quantify cost savings in operations. An applicant should not assume cost savings that may not be realized. Further, applicants are advised to use the [Utility Allowances](#) as published by DOH in their operating assumptions. Utility assumptions provided by the applicant's consultant or its own analysis will not be accepted.

Q11. Does CHFA have any funding available?

A11. CHFA can make available Taxable Bonds for applicants in the 2016 9% LIHTC round. For purposes of application underwriting assumptions, refer to the current rate found on CHFA's [website](#).

Q12. If a waiver is required, what is the process?

A12. Refer to CHFA's [Procedures](#) for a complete discussion of the treatment of waiver requests. CHFA's Board of Directors may authorize waivers, exemptions and modifications for any requirements that are not mandated by statute or other law. Requests for waivers, exemptions and modifications from applicant shall be in writing. It is anticipated that the applicant will provide a detailed explanation and a compelling reason for the exception being requested.

Q13. What is the threshold for zoning approval? Our understanding is that it does not include "site plan approval" of the project at the time the application for 9% LIHTC is submitted.

A13. Zoning approval for the proposed development is a threshold item for the 9% LIHTC application. Evidence of zoning approval in the form of a letter from the local Planning and Zoning Board is required. There is a grid at exhibit 4.7 in the ConApp that provides the applicant with the opportunity to describe the status of its zoning. If items such as special permits, variances, inland wetland permits or site plan approval are not yet received, the applicant shall provide the date that such item is expected to be provided from the municipality. If an item is not applicable, that may be indicated as well. If either "Underlying Zoning" or "Site Plan Approved" is listed as "Not Required," the applicant must provide an explanation for each.

Q14. If an applicant has funding from the Department of Justice to develop rental housing in an area of opportunity, can CHFA provide confirmation that a proposed development's location is in such an area?

A14. CHFA cannot provide confirmation that a proposed development is located in an "Area of Opportunity". DOH provides a map for use in determining "Area of Opportunity" associated with the state's Analysis of Impediments policy. Applicants are advised to utilize [this map](#) to determine Area of Opportunity. CHFA provides points in the QAP for 9% LIHTC developments containing certain "Opportunity Characteristics". If a proposed development is located in an Area of Opportunity, it may or may not receive full points for Opportunity Characteristics.

Q15. Please clarify the points available for "Developments Located in an Area of Opportunity".

A15. Points will be awarded for a proposed development that in its entirety consists of non-age restricted units of which more than half of those total units contain two or more bedrooms and that are located in a municipality that has certain characteristics typically associated with greater opportunity in terms of quality of life. Note that this includes all forms of construction: new construction, rehabilitation, or a combination of the two.

There are three key qualifications: (1) entire development is non-age restricted; (2) More than 50% of the total units are multiple BR units (two or more BRs); and (3) location bears certain characteristics listed, including below average poverty rate, above-average or average performing schools, opportunities for employment in the community, and access to higher education or vocational training at a local community college. More details may be found in the [Opportunity Characteristics Guideline](#).

Applicants are to utilize the [Opportunity Characteristics Locational Guide Map](#) to calculate points for a proposed development

Q16. Is an SSHP development eligible for points in the Opportunity Characteristics section 4.b.?

A16. The proposed development may or may not be eligible as an SSHP development for points under section 4.b and the points under section 6. An applicant may get points in one section but not the other, depending on its proposal.

Example 1:

An applicant has an existing 35 unit SSHP development that is to be demolished and replaced with a larger 71 unit development. The existing development is restricted to elderly residents. The new, proposed development will contain 53 units restricted for elderly households, and 18 two- and three-BR units that are non-age restricted.

This proposed development would not receive points under section 4.b. because not all of its proposed units are non-age restricted; however, it would receive points under

section 6 because the proposed expansion contains net new units of which 50% are both non-age restricted and contain two or more BRs.

Looking at the above example slightly differently:

1. An applicant has an existing 35 unit SSHP development that is to be demolished and replaced with a larger 71 unit development. The existing development is restricted to elderly residents. The new, proposed development will contain 35 one-BR units and 36 two- and three-BR units, all of which are non-age restricted.

This proposed development would receive points under both sections 4.b. (because all of its proposed units are non-age restricted and more than 50% are multiple-BR units) and section 6 because the proposed expansion contains net new units of which 50% are both non-age restricted and contain two or more BRs.

Below are additional examples:

Example 3:

An 80-unit, non-age restricted development has 41 units of two- and three-bedroom units. The development will be eligible for any opportunity characteristic points available under point criteria section 4(b) of the QAP since it is non-age-restricted and will have 50% or more units with at least two bedrooms.

Example 4:

An 80-unit, non-age restricted development has 33 units of two- and three-bedroom units. The developer has proposed that 15 two-bedroom units will be newly constructed in conjunction with the rehabilitation. The development will be eligible for any opportunity characteristic points available under point criteria section 4(b) of the QAP since it is non-age-restricted and it is proposing to have 50% or more units with at least two bedrooms.

Example 5:

An 80-unit age-restricted SSHP property is constructing 10 non-age-restricted units in conjunction with the transaction. Five of the ten non-age-restricted units will be two-bedroom units. The development will qualify for points under point criteria section 6 since at least 50% of the net new units will have at least two bedrooms. The development will not qualify for points under 4(b) since 80 of the 90 proposed units will be age-restricted.

Example 6:

An 80-unit age-restricted property that is not in the SSHP portfolio is constructing 10 non-age-restricted units in conjunction with the transaction. Five of the ten non-age-restricted units will be two-bedroom units. The development will not qualify for points under point criteria section 4(b) since 80 of the 90 proposed units will be age-restricted. The development will not qualify for points under point criteria section 6 since it is not an SSHP property.

Q17. We understand that there is no deficiency period. Will there be extra time given to submit items (such as underwriting changes or design specifications) and will CHFA still issue deficiency letters? What happens when an applicant finds it has not sent something in that is required?

A17. Again, there is no deficiency period and CHFA will not issue deficiency letters as in the past. If the item omitted was a threshold item, the application will not have met the requirements for a review. If the omitted item is related to points, there is no opportunity to submit missing information at a later date to capture those points. All applications must be complete at time of submission.

CHFA may or may not contact applicants to seek clarification as an application review is underway. In addition, CHFA may contact applicants once a review is complete to seek clarifications on any unexplained differences in points determined between the applicant in its self-scoring and CHFA's review.

Q18. Our proposal does not involve historic preservation. Do we still need to submit the threshold items under Section 4.4 of the ConApp?

A18: Yes. Whether a proposal involves new construction, general rehabilitation or historic renovations, SHPO reviews all applications. It is suggested that you engage SHPO early enough so that a response is received for the application deadline. There is no deficiency period to provide threshold-related items or any items that were omitted at time of application. The SHPO Pre-Application Consultation form, all SHPO correspondence, and any relevant historical information will be required for submission.

Q19. Can funds from a housing authority funds be counted as municipal resources, as from a quasi-governmental agency?

A19. Yes, funds from a housing authority can be counted as a municipal resource provided that 1) the housing authority is not a co-sponsor or does not have an ownership interest in the development; 2) the funding source is documented and credible; and 3) the commitment is firm as documented by formal action of the housing authority.

Q20. A small corner of our site is within the flood plain, though the building is built above the flood plain limits. Do we need to meet with DEEP?

A20. The CHFA Multifamily Design, Construction and Sustainability Standards and the Technical Review and Project Planning Guidelines discuss the requirements of Flood Management Certification through DEEP. If an applicant is seeking DOH funds in addition to seeking 9% LIHTCs and, any part of the proposed development is located in a floodplain, the applicant must complete a flood management certification meeting with DEEP prior to the submission of an application for funding to DOH. In addition, the application must include a written plan describing how state flood zone certification requirements will be met for compliance purposes.