

Frequently Asked Questions Construction Cost Effectiveness Scoring
(Updated April 6, 2009)

1. Will the 2009 LIHTC Funding Round evaluation of an applicant's Construction Cost recognize declining 2009 construction market Labor and Materials cost?

Current real estate market conditions are significantly effecting construction pricing as materials, labor and fuel cost trend downward. CHFA is adjusting its Construction Cost Effectiveness scoring for QAP points for the 2009 LIHTC Funding Round. Any application submitted to CHFA for the 2009 LIHTC Funding Round whose construction cost falls reasonably below CHFA adjusted Guideline Cost per Building Type will receive no deductions in final QAP scoring for Per Unit Cost Effectiveness. Each applicant's construction cost will continue to be evaluated on a separate and apart basis from all other applicants. CHFA reserves the right to adjust the 2009 Standards of Design and Construction Guideline Cost per Building Type downward, on a case-by-case basis. Please call Robert Ottiano, Development Cost Analyst, at 860 571 4296 with any questions

2. What is Construction Cost Effective Scoring?

Construction Cost Effectiveness Scoring is the process used to evaluate a project's square foot (S.F.) Construction cost-as submitted by the project's General Contractor.

3. How is a contractor's S.F. cost determined?

S.F. Cost is determined by dividing the Total Construction Cost by the project's total Square Footage.

4. What is Total Construction Cost?

Total Construction Cost is defined as all construction costs, inclusive of CSI Masterformat 1995 construction divisions 2 through 16, Contractor's General Requirements, Overhead & Profit, Building Permits and Fees, and Bond Premium. Total Construction Cost does not include Contingency Reserve

5. What are Guideline Costs?

Guideline costs are S.F. cost for various building types, new and existing. The S.F. cost per building type is derived using recently constructed projects of each building type within the CHFA construction database.

6. In Appendix E of CHFA's Standards of Design and Construction, (Standards) can the S.F Guideline Cost change?

The Guideline S. F. cost represents basic building types. The specifics of each building type may change due to environmental conditions, extreme site conditions, design elections, material and labor markets, etc. These type of conditions may trigger an upward adjustment to Guideline S.F cost.

As an example, using Project Building Type Guideline Cost, New Construction multiple buildings, multiple story (wood frame, vinyl siding) has a Guideline S.F .cost of \$136.00. If design elections determine a combination of Hardi Plank and brick siding, the Guideline S.F. cost of \$136.00 is adjusted upward.

Please see Appendix E. of the Standards for examples

7. How does a project receive a QAP score for Construction Cost Effectiveness?

A project's Guideline Cost is determined by Building Type S.F cost, or adjusted Building Type S.F cost. If the S.F cost submitted by the project's General Contractor equals the Guideline Cost per Building Type S. F the project receives 20 QAP cost as per the 2009 QAP and 2009 Standards.

If the General Contractor's S.F cost differs from the Building Type S.F. cost, higher or lower, the Building Type S.F. cost is divided into the General Contractor's Cost and a numerical deviation is established.

If applicants fall within 0.00%-4.00% of the deviation, they receive 20 QAP Points

If applicants fall within 4.0X%-7.00% of the deviation, they receive 15 QAP Points

If applicants fall within 7.0X%-10.00% of the deviation, they receive 10 QAP Points

If applicants fall outside of 10% of the deviation, one point is subtracted, per percentage point deviation from 10 QAP points until zero is reached.

Please see Appendix E. of the Standards for examples