CONNECTICUT HOUSING FINANCE AUTHORITY
Unlocking Solutions, Building Strong Communities.

2025 9% Low-Income Housing Tax Credit Round (LIHTC)

Frequently Asked Questions

Q1. *I am not able to access the Priority Locations Map that needs to be provided as ConApp Exhibit 4.1.e. Is there a new website link?*

A1. Yes, please use the following link, and click on the 2018-2023 Adopted Locational Guide Map & Priority Funding Areas (web app), found partway down the page: https://portal.ct.gov/opm/igpp/org/conservation-and-development-policies-plan/conservation-and-development-policies-plan#:~:text=The%20Office%20of%20Policy%20and%20Management%20prepares%20a,with%20Section%2016a-27%20of%20the%20Connecticut%20General%20Statutes.

Q2. *Can I apply for the Housing Tax Credit Contribution Program (HTCC) with my 2025 9% LIHTC round application?*

A2. No. HTCC is a separate competitive round that will not open until June 2025. 9% LIHTC applications that contemplate HTCC funds that have not yet been awarded will be eliminated from the round for not meeting the threshold requirement of a credible financing plan. Only funding proposed to come from CHFA and/or DOH in accordance with published parameters and terms does not require evidence of commitment to be considered part of a credible financing plan. CHFA and DOH will underwrite these requests as part of the 9% round. All other sources require an award letter, commitment letter, or other documentation of firm financial commitment.

Q3. *The DOH Funding Parameters indicate the maximum amount of state subordinate financing is $100,000 per LIHTC qualified unit, or a limit of $150,000 per LIHTC qualified unit that targets 50% of the Area Median Income (AMI) or lower, with a maximum of up to $4 million per project, and the maximum amount of federal subordinate financing is $100,000 per LIHTC qualified unit and a maximum of up to $1.5 million per project. Can the maximum total amount of $5.5 million be exceeded if the per unit calculation is within the above guideline?*

A3. If a project requires additional subordinate financing from DOH, please make the request to DOH in advance of the 9% LIHTC application submission deadline. Written approval from DOH for any amount that exceeds the total of $5.5 million in subordinate financing must be provided with the 9% LIHTC application submission that is due on January 15, 2025, to evidence a credible financing plan. Applications that do not include written approval will not meet threshold requirements.

Q4. *The revised LIHTC Guideline available on CHFA's website no longer requires an explanation of why the Average Income minimum set-aside is proposed, however, 5.1b on the Consolidated Application requires this explanation as an exhibit. Do I need to provide this explanation?*

A4. The explanation of why the Average Income minimum set-aside is being proposed is no longer required. The ConApp was finalized before the LIHTC Guideline was finalized, and older versions of the ConApp may still show 5.1b as a required exhibit. It may be omitted.

Q5. *The tax credit award is limited to $30,000 credits per qualified unit and 20% of the population component of the credit ceiling. What is the benchmark for 20% of the credit ceiling?*

A5. CHFA has estimated this to be $2,170,000 based on 2023 population numbers. This number will be updated when 2024 population numbers are received.

Q6. *I am planning to apply for CHFA Taxable Bond financing. Have any changes been made to the terms of CHFA's financing products?*

A6. Yes. Beginning with applications for the 2025 9% LIHTC round, the rate add-on for CHFA's taxable bond permanent products has decreased. The rates are calculated as follows:

Construction Loan Rate: 1 month term SOFR + 200 basis points
Construction-to-Permanent Loan Rates:

- Construction rate is 1 month term SOFR + 200 basis points
- Permanent rate is 10 year Treasury plus 225 basis points

Permanent-Only Loan rate: 10 year Treasury plus 275 basis points

Please review the product descriptions available on CHFA's website.

Q7. *I am planning to apply for CHFA Taxable Bond financing. Is there an interest rate I can use for purposes of underwriting and finalizing a credible financing plan?*

A7. Interest rates have been a moving target lately, however, CHFA understands that developers need to fix the rate for application purposes. CHFA proposes that all 2025 9% LIHTC applicants use the following interest rates for CHFA financing products:

Construction Loan Rate: 7.10% (based on SOFR 11/22/24 [rounded] plus 200 basis points, plus 50 basis points cushion)
Construction-to-Permanent Loan Rates:

- Construction Loan Rate: 7.10%
- Permanent Loan Rate: 7.17% (based on 10-year Treasury open rate on 11/22/24 plus 225 basis points plus 50 basis points cushion)

Permanent-Only Loan Rate: 7.67% (based on 10-year Treasury open rate on 11/22/24 plus 275 basis points plus 50 basis points cushion)

Q8. *For the Broadband point under Sustainable Design Measures, one of the requirements says to "Provide evidence of engagement with Internet Service Providers (ISPs) to provide subsidized monthly subscription plans for residents". For "subsidized" plans, what is the level of subsidy required (free to residents, below market pricing, etc)? Does it matter where this subsidy comes from, the Internet Service Provider or the Owner? If the subsidy comes from the Owner, can it be a pre-funded reserve funded by the development budget, or does it need to be a budgeted operating expense?*

A8. For the subsidy, we would be looking for applicants to provide the highest level of subsidy possible given the transaction parameters. But the minimum would be providing residents with below market pricing for internet service. The service should be available for the full compliance period. The source does not matter, but again it should be available for the full compliance period. The subsidy can be from a pre-funded reserve in the development budget. Evidence of how the amount was calculated will be required.

Q9. *Regarding Renewables, Electrification and Resiliency points and the Bonus point for including battery storage, our design team understands the intent to be for buildings to provide a level of resiliency without adding fossil fuels, even for backup power. Is there a specific duration that the battery system must operate the connected loads? They are assuming 90 minutes based on the most closely related code option and what has been undertaken on comparable projects.*

A9. The backup for outages should be 48 hours minimum, since to earn the additional point, it should be well above code requirements. If teams were just meeting code, there would be no need to incentivize.

Q10. *For Renewables, Electrification and Resiliency points and Potable Water, we understand the intent to mitigate access to potable water as a potential cause for tenant evacuation, enabling a more sustainable "shelter in place" approach in the event of a power outage. Are approaches consistent with the EGC 2020 Criterion 4.7 Access to Potable Water During Emergencies acceptable to achieve these points under the guidelines? For example, EGC permits projects to comply with one (or more for larger buildings) central access point where tenants would fill buckets or pots for various uses. It does not require that water be supplied to all fixtures in the building during the outage. It seems the domestic water booster pump would add significant load to any back up electricity system, reducing the overall run time for the other loads like emergency lighting, cell phone charging and medication refrigeration.*

A10. Many applicants state that their proposed generator capacity will allow access to potable water, and some have stated that the municipal water service can provide water even in a power outage which are acceptable responses. Some applicants have even stated they are able to provide bottled drinking water to residents in the event of an outage. Please state your proposed approach and plan in the application materials.

Q11. *We are working with the CT Green Bank (CT GB) on our 9% LIHTC project for a solar PV system that would allow the project to claim the 1 point available for Tier1, a PV System to offset ≥ 75% annual energy demand for site and interior common area lighting, under the QAP Renewables, Electrification and Resiliency category. In working with the CT GB, they advised that the CT GB's current models differ per the* *requirements of the state's Residential Renewable Energy Solutions Program (RRES), compared to how CHFA has written the QAP points for this category. What do we need to provide to CHFA to be able to secure this point? We and CT GB are requesting approval to proceed with the project design as prescribed under the RRES program rules.*

A11. CHFA is aware and has been in discussions with the CT GB regarding the conflicting language in the QAP for the solar point and the RRES program. The point category for Renewables, Electrification and Resiliency criteria is currently written assuming a behind the meter solar installation. However, according to the CT GB, the RRES program is structured as a front of the meter install. Participation in the NRES (non-residential renewable energy solutions) program which allows behind the meter installations is no longer a feasible development option. Because the wording in the QAP for the solar criteria has not yet been updated to reflect the changes in the state's solar programs, it is at odds with the program design under RRES program. Since the current QAP is for 2 years (2024 and 2025) we will look to clarify this language for the next QAP. Applicants seeking 1 or 2 points for Tier 1 or 2, a solar PV System to offset ≥ 75% or 90% annual energy, the solar panels should be shown in the plans and specs but can be noted as "NIC" (Not in Contract) if the CT GB will be paying for the panels and the install. You may also include any correspondence with the CT GB explaining the solar lease arrangement regarding the process and costs. Please also include a letter from an engineer confirming that the PV system proposed can offset ≥ 75% or 90% annual energy demand for site and interior common area lighting, although we understand the 2 approaches are different and in conflict.