



PROGRAM OUTLINE

TITLE: State Housing Rehabilitation & Preservation Program (SHRP)

BACKGROUND:	CHFA acquired the State Housing Portfolio of properties from DECD in 2003 (Conn. Gen. Stat. §8-37uu) with all statutory program requirements remaining in place. A Capital Needs survey of the 299 stated funded properties with 13,115 units was conducted by CHFA in 2010. Responses were received from 212 properties, accounting for 9,832 units and reported \$207 million of need. The portfolio needs include off-line uninhabitable units, deferred maintenance, rehabilitation and substantial rehabilitation. Property reserves and capacity to support new debt service were analyzed and applied against the reported need to result in a gap of approximately \$159,000,000.
PURPOSE:	The purpose of the program is to provide debt and subsidy financing to developments in need of capital improvements where such improvements coupled with a long term plan regarding the physical, financial and management operations will result in a sustainable and market competitive development and/or the occupancy of off-line units serving a diversified economic population of up to 80% AMI.
GOAL:	To invest in, preserve, and stabilize approximately 300 - 400 units of state-funded public housing.
ADMINISTRATION:	<p>DECD Housing & Community Development & CHFA Multifamily Asset Management.</p> <p><u>Rehabilitation Oversight</u> – CHFA will provide construction oversight of projects in accordance with its standard procedures. DECD’s standard payment form will be used during the construction phase. CHFA will review and approve each payment request and will provide a formal recommendation to DECD.</p> <p><u>Additional Requirements</u> – Borrowers will be required to submit semi annual financial reports and progress report must accompany each requisition for payment.</p>
ELIGIBLE APPLICANT(S):	Owners with state funded housing that is part of the State Housing Portfolio transferred to CHFA from DECD in 2003.
ELIGIBLE USE:	<ul style="list-style-type: none"> • Major Systems repairs or upgrades, or installations, including but not limited to roofs, windows, mechanical systems and security, energy efficiency upgrades, paving. • Remediation or abatement of hazardous materials. • Rehabilitation relating to the reoccupancy of vacant units. • Installation, augmentation or upgrades of mobility and sensory impaired accessibility in units and common areas. • Renovations directly related to obsolescent conditions of units including renovations of kitchens and bathrooms.
APPLICATION CYCLE:	A Notice of Funding Availability will be issued on or about January 13,

	2012 and applications will be accepted until March 1, 2012.
TARGET GEOGRAPHY:	N/A
TARGET POPULATION:	Persons and families at or below 80% AMI
TYPE OF FUNDING:	Grant and/or loan funds \$50,000 minimum and maximum of \$3M per development. Per unit cost for any activity may not exceed \$35,000.
SOURCE OF FUNDING:	Up to \$10 million of State General Obligation Bond Funds. CHFA may also issue Taxable or Tax-exempt Bond Funds to supplement the State General Obligation Bonds.
OTHER PROGRAM FEATURES:	Applicants selected for financing will be provided a Capital Needs Assessment conducted by a qualified professional firm and paid for by CHFA (as needed).
THRESHOLD REQUIREMENTS:	<ul style="list-style-type: none"> • Applicants must not currently be in financial default with DECD or CHFA, and cannot be on the US Dept. of Housing and Urban Development's <i>Debarred or Suspended Contractor/Grantee</i> list. • Most recently audited fiscal years' financial statements submitted to CHFA. • Operating budget for current fiscal year approved by CHFA • Tenant selection plan is in compliance with state statute and regulation, approved by CHFA. • Affirmative Fair Housing Marketing Plan and tenant selection methodology is in compliance with C.G.S. § 8-37ee and sections 8-37ee-1 to 8-37ee-17 and 8-37ee-300 to 8-314 of the regulations of CT State Agencies, approved by DECD. • Tenant profile submission is in compliance with C.G.S. §8-37bb for 2011 submitted to CHFA.
TERMS & CONDITIONS:	<p>Funds will be offered as grants, loans or in combination. Loans will be offered at 0% - 5.5% up to 30 years depending upon outcome of the underwriting and the development's capacity to carry debt. All terms of financing may be modified at the discretion of DECD/CHFA.</p> <p><i>Applicants, whose proposals can carry debt within DECD and/or CHFA underwriting standards, or debt in combination with grant funds, must accept the loan or funding will not be provided.</i></p> <p>Applicant must identify available resources which may be leveraged, including but not limited to:</p> <ul style="list-style-type: none"> • RM&R to the extent available, less a minimum of \$1000/unit for elderly developments and \$1500/unit for family developments in place. • Section 8 vouchers which may be project based. • Any other sources of readily available funds within the PHAs control including other loan funds (CHFA funds are considered other funds).

	<ul style="list-style-type: none"> • <u>Temporary Relocation</u> Funds for relocation will not be advanced to the borrower until a relocation plan is reviewed and approved by DECD. Relocation costs will be provided for a period of not longer than 60 days per family, made necessary because of major systems replacement or removal of hazardous wastes which make it impossible for the family to remain in residence. Only temporary relocation will be allowed under the SHRP program. • <u>Developer Fee</u> – None allowed • <u>Administrative/Soft costs</u>- Not more than 15% of the total rehabilitation/project cost can be used to cover administrative and/or other soft costs associated with the rehabilitation. • <u>Third party fees other than a Capital Needs Assessment</u> – The Borrower is responsible for paying any and all of DECD’s third party fees required to complete the due diligence review and close the transaction. These fees may be capitalized in the rehabilitation budget. • <u>Loan Pre-payment</u> – Pre-payment is allowable but affordability restrictions remain in accordance with the program under which the original project was built. Pre-payment on CHFA loans will not be allowed. • <u>Procurement</u>- Must be in compliance with C.G.S. 8-44(b) regardless of type of entity receiving funds.
<p>EVALUATION PROCESS:</p>	<p>Proposals will be evaluated over a two step competitive process.</p> <p>STEP 1 – All Proposals received by the deadline will be rated and ranked on the following criteria:</p> <ul style="list-style-type: none"> • Financing & Readiness to Proceed <ul style="list-style-type: none"> ○ Leveraging ○ Energy Audit ○ Dept. of Energy and Environmental Protection (DEEP) Flood Zone waivers ○ Financial sustainability • Municipal Commitment & Impact <ul style="list-style-type: none"> ○ Local Availability of Affordable Rental Housing (High Rent/Low Income & High Homeownership) ○ Minimal displacement of residents ○ Reduction of Vacant Units • Applicant Capacity & Qualified Development Team <ul style="list-style-type: none"> ○ CNA in place ○ Zoning approval ○ Experience of Qualified Development Team <p>The highest ranked 10 proposals will be provided a CNA (as needed),</p>

	<p>conducted by a qualified professional firm, to assist in confirming capital priorities and costs. Costs for CNAs will be paid for by CHFA. Additional proposals may be provided CNAs if anticipated funding allows.</p> <p><u>STEP 2</u> –</p> <p>Including information gathered through the CNA process, proposals will be rated and ranked on the following criteria:</p> <ul style="list-style-type: none"> • Activity as confirmed by CNA • Local Availability of Affordable Rental Housing (High Rent/Low Income & High Homeownership) • Leveraging • Cost/unit • Financial Sustainability <p><i>If the CNA identifies additional or different activities than proposed by the sponsor funding may be offered pursuant to the CNA supported activities.</i></p> <p><u>TIE BREAKERS</u></p> <p>In the event of a tie in score between applicants, funding priority will be given to applications which DECD and CHFA determine best address:</p> <ol style="list-style-type: none"> 1. Sustainability demonstrated by the narrative and operational plan and Proforma; 2. Leveraging of resources which includes the lowest percentage of funding requested from DECD; 3. Capacity of the identified team to implement the scope of work and operational plan; 4. Vacant-unmarketable or uninhabitable units brought online. <p>DECD and CHFA reserve the right to modify the terms and assumptions described in the NOFA, as it may deem in its best interests and the best interests of the State.</p> <p>DECD will present its request for State GO Bond funding to the State Bond Commission at its earliest opportunity</p> <p>CHFA will present a list of developments recommended for financing to CHFA’s Board of Directors’ in coordination with DECD’s presentation of its list to the State Bond Commission. CHFA funding commitments will be contingent upon State Bond Commission approval of DECD funds.</p>
<p>PERFORMANCE OUTCOMES</p>	<ul style="list-style-type: none"> • Physical and financial stability is achieved for a minimum of 15 years after completion of work and a stabilized vacancy of 5% or less. • Reduction in operating costs associated with energy and utilities • Elimination of hazardous materials • Certification that the development is in compliance with all

	applicable codes <ul style="list-style-type: none">• Development achieves 100% habitable units
PARTNERS:	N/A
MARKETING:	Notice of Funding Availability (NOFA); NOFA Overview Conference; website placement on DECD & CHFA
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