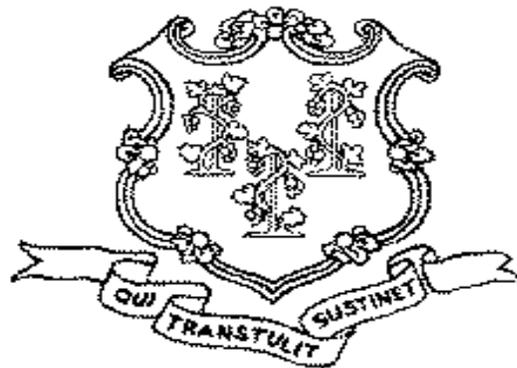


**REQUEST FOR PROPOSALS**

**FOR**

# **The Housing Trust Fund**



**Key Dates:**

**Announcement of RFP: October 30, 2006**

**General Information Session and Application Workshop: November 8, 2006**

**Completed Applications are due by 4:00 pm on December 14, 2006**

**A Public Solicitation Made by the  
State of Connecticut, Department of Economic and Community Development**

- 1. For site-specific activities to develop or preserve affordable housing  
or**
- 2. For activities to carry out the administration of programs under the  
Housing Trust Fund**

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- B. RFP Submission Checklist
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- B. Rating and Ranking
- C. HOME Compliance Manual

# NOTICES

STATE OF CONNECTICUT  
Department of Economic and Community Development (DECD)

## **Request for Proposals**

1. For site-specific activities to develop or preserve affordable housing
2. For activities to carry out the or administration of programs under the

## **HOUSING TRUST FUND**

Application Submissions (three copies) Due by 12:00 noon – December 14, 2006  
at DECD, 505 Hudson Street, Hartford, CT 06106

A General Information Session & Application Workshop will be held on  
November 8, 2006  
9:00 am – 12:00 noon  
at  
The Legislative Office Building, Room 2 E  
300 Capitol Avenue, Hartford, CT 06106

Please confirm your attendance by contacting Dorothy Malerba @ 860.270.8183  
No later than November 3, 2006 – 4:00 pm  
Note: Attendees receive Bonus Points

This RFP will be available October 30, 2006 and may be obtained through the Department of Economic and Community Development's website at <http://www.ct.gov/ecd/site/default.asp> and the Department of Administrative Services website at <http://www.das.state.ct.us>

Interested parties may obtain a copy of the Application and Supporting Documents by contacting:

Dorothy Malerba  
Department of Economic and Community Development  
505 Hudson Street  
Hartford, CT 06106  
Phone: 860.270.8183  
Fax: 860.270.8032  
Email: [dorothy.malerba@ct.gov](mailto:dorothy.malerba@ct.gov)

## Section 8-336 p. Housing Trust Fund program

NOTE: Sec. 8-336p. Section (b) -Financial assistance provided under this section shall **supplement** (1) existing loan and tax credits programs available under state and federal law, and (2) grants, loans or financial assistance from any nonprofit or for-profit entity.

### NOTICE

The Department of Economic and Community Development (DECD) is soliciting requests for proposals for projects and programs to be funded under the Housing Trust Fund Program.

DECD reserves the right to deny any application submitted by entities that have:

- A. Ongoing development projects that exhibit performance problems
- B. More than three (3) open contracts or projects or;
- C. A history of repeated monitoring findings
- D. Proposed development in a Flood Zone: DECD will NOT financially support residential development in a 100 year or 500 year FEMA mapped flood zone with state or federal funds. (Sec. 25-68b of the Connecticut General Statutes)

The **Housing Trust Fund or "HTF"** was created to: (1) Encourage the creation of housing for homeownership at a cost that will enable low and moderate income families to afford quality housing while paying no more than thirty per cent of gross household income on housing, (2) promote the rehabilitation, preservation and production of quality, well-designed rental and homeownership housing affordable to low and moderate income families or persons, (3) maximize the leveraging of state and federal funds by encouraging private sector investment in housing developments receiving assistance, (4) encourage housing that maximizes housing choices of residents, (5) enhance economic opportunity for low and moderate income individuals and their families, (6) promote the application of efficient land use that utilizes existing infrastructure and the conservation of open spaces, and (7) encourage the development of housing which aids the revitalization of communities.

**I. Eligible Applicants - are defined in Sec. 8-336M (4) of the Connecticut General Statutes see page 25 - Appendix F - The Housing Trust Fund Procedures & Guidelines**

**II. Eligible Activities - see page 26 and 27 - Appendix F - The Housing Trust Fund Procedures & Guidelines**

**NOTE:**

A. Flood Zone - DECD will NOT financially support residential development in a 100 year or 500 year FEMA mapped flood zone with state or federal funds. (Sec. 25-68b of the Connecticut General Statutes)

B. Resources of the Housing Trust Fund may not be used to provide financial assistance to Supportive Housing Programs financed under the "Next Steps" initiative.

**III. Types of Assistance - see page 27 - Appendix F - The Housing Trust Fund Procedures & Guidelines**

**IV. Underwriting Criteria - Refer to Exhibit A - DECD Policies**

**However, when CHFA, HUD, the USDA, the FHLB, CDFI Alliance, Fannie Mae and any other entity whose underwriting standards have been approved by DECD and have a financial interest greater than DECD, then their underwriting standards shall take precedence over DECD's. This does not preclude DECD from performing a layering analysis for the project or for any activity. For all other projects where DECD has a financial interest, DECD's underwriting standards shall apply.**

**V. Allocation Process And Criteria**

1. Set-Aside Allocations

DECD will allocate HTF funds to:

- Department of Labor a sum of three hundred thousand (\$300,000) dollars for funding matching grants to be dedicated to funding purchases of primary residences pursuant to the provisions of Sections 31-51ww to 31-51eee, inclusive, of the Connecticut General Statutes; and
- 10% of the funds will be reserved for the Commissioner of DECD to award to applications at his discretion that meet one of the following three criteria: 1) applicants with projects that were at risk of losing funding if they did not receive an allocation from the Trust Fund, or 2) projects that could begin construction sooner if they received funding, or 3) projects that may not be completed without an allocation from the Trust Fund.

## 2. Competitive Process

DECD will allocate financial assistance at least semi-annually on a competitive basis based upon the selection criteria and application ranking procedures set forth below. All applications will be reviewed and rated against selection criteria and must receive a minimum score of 50. Applicants who do not receive a minimum score of 50 will receive a letter of rejection and may re-submit during subsequent competitive processes.

### **VI. Application Procedures HOW TO APPLY - see page 30 - Appendix F - The Housing Trust Fund Procedures & Guidelines**

### **VII. Housing Trust Fund Priorities for Funding - see page 31 - Appendix F - The Housing Trust Fund Procedures and Guidelines**

### **VIII. Review Criteria - PROJECTS ONLY - see page 29 - Appendix F - The Housing Trust Fund Procedures and Guidelines**

### **Review Criteria - PROGRAMS ONLY - see page 29 - Appendix F - The Housing Trust Fund Procedures and Guidelines**

### **IX. Rating Criteria - see Rating and Ranking Criteria - Exhibit C**

To be considered for HTF funding, an application must receive at least 50 points. Those applications not funded in any round or for which total points were less than 50 may resubmit and modify their applications for the next round of funding.

### **X. Compliance Monitoring Plan - Refer to HOME Compliance Manual - Exhibit D**

DECD's compliance monitoring requirements apply to all HTF projects, however, additional compliance requirements may be applicable from DECD or other funding sources in addition to those required under the HTF Program. A third party program administrator may propose to utilize a compliance monitoring plan of another governmental lender provided DECD has access to working papers and reports from the Governmental agency; and the monitoring plan is more comprehensive than required

under the HTF Program. If a third party program administrator or owner fails to comply with these requirements, DECD will notify the Executive and Legislative branches as part of its annual report.

**XI. Record Keeping And Retention - see page 32 thru 34 - Appendix F - The Housing Trust Fund Procedures & Guidelines**

**XII. Certification And Review - see page 33 thru 37 - Appendix F - The Housing Trust Fund Procedures & Guidelines**

**XIII. DECD Retention Of Records - see page 37 - Appendix F - The Housing Trust Fund Procedures & Guidelines**

**XIV. Liability & Delegation - see page 37 - Appendix F - The Housing**

# APPENDICES

## Appendix A

**Directions to General Information Session and Application Workshop  
November 8, 2006  
9:00 am to 1:00 pm**

### Directions to Legislative Office Building

#### **Legislative Office Building**

The Legislative Office Building is located at 300 Capitol Avenue, Hartford.



#### **I-84 East**

Take Exit 48, Capitol Avenue, get into the right lane of the exit ramp.  
At the end of the exit ramp turn right onto Capitol Avenue.

Take the first right past the Legislative Office Building, proceed to the back of the garage and take a right to enter the garage using the left hand lane (employees) or the right hand lane (visitors).

#### **I-84 West**

Take Exit 48, Asylum Street, at the end of the exit ramp turn right at the light onto Asylum Street.

At the YWCA turn left onto Broad Street, proceed through two stop lights, immediately after the Armory building take the first left and then another left at the end of the short access road.

Follow this road around the garage to the back and take a right to enter the garage using the left hand lane (employees) or the right hand lane (visitors).

#### **I-91 North or South**

Take Exit 29A, Capitol Avenue, proceed through the Pulaski Circle at the end of the long exit road.  
Take a right on Elm Street and turn left at Trinity Street.

Go past the Capitol building and the I-84 entrance ramp, all on your right.

Take the first right past the Legislative Office Building, proceed to the back of the garage and take a right to enter the garage using the left hand lane (employees) or the right hand lane (visitors).

#### **Parking**

Limited public parking is available on the first floor of the parking garage. There is a connector to the Legislative Office Building at the roof level. On-street metered parking and commercial parking lots are also nearby.

## Appendix B

## RFP SUBMISSION CHECKLIST

**ALL APPLICATION SUBMISSIONS MUST BE SUBMITTED IN A BINDER WITH EACH EXHIBIT LABELED AND TABBED**

**Three (3) copies of the application and the following are required for each RFP submission.**

### I. Checklist of supporting documents to Project Applications

Check if submitted or Mark N/A		Exhibit Number	<b>Application Exhibit Chart</b> <b>THIS FORM MUST BE SUBMITTED WITH</b> <b>APPLICATION</b>	For DECD use only
<i>Program</i>	<i>Project</i>		<b>"N/A" - Do not submit for "Program Applications"</b>	
			<b>PROJECT IDENTIFICATION</b>	
N/A		1.3	Rental Calculation Worksheet	
N/A		1.4	Homeownership Project Calculation Sheet	
			<b>PROJECT NEED &amp; MARKETABILITY</b>	
		2.1.a	Project Narrative	
		2.1.b	Waiting List Information or Market Analysis or Market Study	
			<b>APPLICANT CAPACITY</b>	
		3.1	Documentation of Organizational Status	
		3.2	Applicant's Record	
		3.3.a	Key Project Personnel	
		3.3.b	Narrative - Selection Method for Consultants	
		3.3.c	Insurance Certificate(s) documenting all DECD required insurances	
		3.4.a	Fair Housing Action Plan	
		3.4.b	Fair Housing Activity	
		3.4.c	Affirmative Action Policy Statement, CHRO Affirmative Action Plan(copy of cover letter),Section 3 Activity	
		3.4.d	ADA/Section 504 Materials	
		3.5.a	Litigation Information (Required only if Applicant or Co-sponsor is a defendant in any litigation.)	
		3.5.b	Compliance Information (Required only if Applicant or Co-sponsor are not in compliance with existing Assistance Agreements for other DECD projects.)	
		3.6	Assistance Agreements for other DECD projects)	
			<b>PROJECT FEASIBILITY</b>	
		4.1	Narrative - Description of Proposed Activity	
		4.1.a	Applicant's Program Guidelines	
N/A		4.2.a	Site and Building Report	
		4.2.b	Environmental Compliance: NEPA/CEPA	
N/A		4.2.c	Phase I Environmental Site Assessment or other Site Hazardous Materials Environmental Review	
N/A		4.2.d	Narrative - Notification, Evaluation and Reduction of Lead-Based Paint Hazards in Federally Owned Residential Property and Housing Receiving Federal Assistance	
N/A		4.3.a	Sources of Funds - Construction	
		4.3.b	Sources of Funds - Permanent	
		4.3.c	Housing Development Budget and Financing Plan	
N/A		4.4.a	Operating Funds. Also provide contracts with Service Providers and Rental Subsidies	
		4.4.b	Project Rent Schedule	
		4.4.c	Operating Proforma for Rental Housing	
N/A		4.4.d	Proposed Lease	

Check if submitted or Mark N/A		Exhibit Number	<b>Application Exhibit Chart</b> <i><b>THIS FORM MUST BE SUBMITTED WITH APPLICATION</b></i>	For DECD use only
<i>Program</i>	<i>Project</i>		<i><b>"N/A" - Do not submit for "Program Applications"</b></i>	
N/A		4.5.a	Single Family Profit and Loss Statement	
N/A		4.5.b	Homeownership Project Unit Description	
		4.5.c	Homeownership - Developer/Homebuyer Subsidy Determination Worksheet	
N/A		4.5.d	Development Cash Flow Analysis for Single Family Housing	
		4.5.e	Homebuyer Training Plan	
		4.5.f	Long term oversight of project written agreement	
		4.5.g	Plain Language Explanation of Resale and Recapture Provision	
N/A		4.5.h	Proposed Closing Documents (Samples of Sales Contract, Deed, Resale/Recapture Restrictions, Proprietary Lease - for co-ops or Land Trust projects, Declaration - for condominium projects)	
N/A		4.6.a	Evidence of Site Control	
N/A		4.6.b	Disclosures to Seller	
N/A		4.6.c	Appraisals/Appraisal Engagement Letter	
N/A		4.6.d	Owner's Affidavit	
N/A		4.6.e	Legal Description	
N/A		4.7.a	Coordination/Approvals	
N/A		4.7.b	Narrative/Selection Method for General Contractor	
N/A		4.8	Provide Development Schedule	
			<b>COMMUNITY IMPACT</b>	
		5.1.a	Relocation Plan or Relocation Assistance Plan Guideform	
N/A		5.1.b	General Information Notices (GIN)	
N/A		5.1.c	Reduction of Affordable Units - Section 104 (Barney Frank Amendment)	
		5.1.d	Sworn Certificate of Non-Displacement - No Loss of Units	
		5.2.a	Written description of Community Stability	
		5.2.b	Community Impact	
		5.3.b	Sample of Method of Affordability	
		5.4	Targeting Commitments or Requirements	
		5.5	Units targeted to extremely low and very low households	
		5.6	Resident Participation	
N/A		5.7	Community Support - Attach letters of support	

Check if submitted or Mark N/A		Exhibit Number	<b>Application Exhibit Chart</b>	For DECD use only
Program	Project		<b><i>THIS FORM MUST BE SUBMITTED WITH APPLICATION</i></b>	
			<b>"N/A" - Do not submit for "Program Applications"</b>	
			<b>FAIR HOUSING &amp; EQUAL OPPORTUNITY</b>	
			This section has no exhibits - see application	
			<b>ARCHITECTURAL</b>	
N/A		7.1	A-2 Survey	
N/A		7.2	Agriculture Review Approval Land Use Letter	
N/A		7.3	SHPO Historic Designation Letter	
N/A		7.4	Life Cycle Cost Analysis	
N/A		7.5	Cost Estimate for Development	
N/A		7.6	Bid/Construction Documents	
N/A		7.7	Labor Standards/Prevailing Wages	
N/A		7.8	Notification to Bidders	
N/A		7.9	Architect's Design Certification	
N/A		7.10	Project Sign Specifications	
			Certification of Applicant	
			Corporate Resolution	
			If Consortium, Copy of MOU or Agreement	
<b>For Programs Only: Required Attachments</b>				
			<b>Sample Applicant File including Closing Documents</b>	
			<b>Sample Program Guidelines including Underwriting Standards</b>	
<b>Documents Below for Reference Only - No Submission Required</b>				
<b>Compliance Materials/ Hand-Outs</b>			HOME Program Final Rule/FLEX Statute/Housing Trust Statute and Guidelines	
			DECD Program Income Limits	
			PMSA/MSA Metropolitan Areas	
			DECD Rent Limits	
			Utility Allowance Schedule	
			Maximum Per-Unit Subsidy Amounts/Housing Trust Fund Tiers	
			Maximum HOME Mortgage Limits	
			DECD Policies	
			Development Team Matrix	
			DECD Insurance Requirements	
			Fair Housing Action Plan Implementation Guidelines	
			Section 3 Guidance	
			Procurement Standards/CPD Notice 96-05	
			Design and Construction Standards and Requirements	
			Labor Standards/Prevailing Wages	
			Sample Timeline for Major Development Project	
			Relocation Information/GIN Sample Notices	
	Quarterly Development Compliance Report: Submitted quarterly after contract approval			
	DECD Accounting Manual			
	HOME Compliance Manual			

## Appendix C

APPLICATION AND SUPPORTING DOCUMENTS MAY BE OBTAINED BY CONTACTING:

Dorothy Malerba, Administrative Assistant  
Department of Economic and Community Development  
Office of Housing Finance  
505 Hudson Street  
Hartford, CT 06106  
Tel: (860) 270-8183  
Fax: (860) 270-8032  
[dorothy..malerba@po.state.ct.us](mailto:dorothy..malerba@po.state.ct.us)

**Appendix D**

**CERTIFICATION OF APPLICANT**

(State of Connecticut) ss. \_\_\_\_\_, Connecticut

County of \_\_\_\_\_ (Date)\_\_\_\_\_

The undersigned hereby certifies and/or acknowledges the following:

1. The information in this application, including the exhibits and attached documents, are true, correct and complete to the best of the undersigned's knowledge and beliefs;
2. The undersigned will comply with relevant program laws, regulations, policies and procedures;
3. The undersigned and its principals are not suspended or debarred as defined in 24 CFR Part 5 Subpart A of the Code of Federal Regulations or any program of the State of Connecticut.
4. The undersigned understands the meaning of Governmental Assistance which is defined as follows: Governmental Assistance includes any loan, grant (including Community Development Block Grant), guarantee, payment, rebate, subsidy, credit tax benefit, or any other form of direct or indirect assistance from the Federal, State or local government for use in, or in connection with, a specific housing project. The undersigned certifies that the amount and types of governmental assistance have been fully disclosed in the document entitled Sources and Uses of Funds and, should other governmental funds be sought in connection with this project, DECD shall be notified promptly.
5. The DECD may substitute its own figures, after consultation with the undersigned, which it deems reasonable for any and all figures provided herein;
6. It is understood that DECD may determine, based on documents and/or information submitted, additional information is required from the undersigned to further evaluate the application;
7. If the Commissioner determines, based on documents and/or information submitted or obtained subsequently, that the application has substantially changed, the Commissioner may discontinue processing of the application;
8. The undersigned will at all times indemnify and hold harmless the DECD and its assigns against all losses, costs, damages, the DECD's expenses, and liabilities of any nature directly or indirectly resulting from, arising out of or relating to the DECD's acceptance, consideration, approval, or disapproval of the application;

9. The undersigned understands that the DECD will rely on the information in this application and that, if the application is approved, any deliberate omissions, misrepresentation and/or incorrect statements in this application may result in withdrawal of the application from the review process, at the DECD's sole discretion;
10. The undersigned understand that if the project fails to adhere to the approved time line the project may at the sole discretion of the Commissioner be canceled.
11. The undersigned is not in default with any branch of the state or federal government (if a default exists, please add an attachment identifying the entity with whom the default exists and an explanation of the default).
12. The undersigned agrees that banks, credit agencies, the Connecticut Department of Labor, the Connecticut Department of Revenue Services, the Connecticut Department of Environmental Protection, and other references are hereby authorized now, or any time in the future, to give the Department of Economic and Community Development any and all information in connection with matters referred to in this application.
13. The undersigned understands that he/she may be prosecuted for false statement under the laws of the State of Connecticut under Section 53a-157 of the General Statutes, as amended from time to time, for any false statement made herein; and
14. The undersigned has been duly authorized to submit the attached in its name.

\_\_\_\_\_  
 Legal Name of Applicant

\_\_\_\_\_  
 Signature of Applicant or Authorized Representative (Date)

Subscribed and sworn to before me this \_\_\_\_\_ day of, \_\_\_\_\_ 20 \_\_\_\_\_.  
 (Month)

\_\_\_\_\_  
 Commissioner of the Superior Court  
 Notary Public

## Appendix E

### CERTIFICATION BY RESPONDENT

**Important Note: Each submission under this RFP must include a signed and dated "Certification By Respondent".**

It is hereby represented by the undersigned as an inducement to the State of Connecticut to consider the RFP requested herein, that to the best of my knowledge and belief no information or data contained in the RFP or in the attachments are in any way false or incorrect and that no material information has been omitted, including the financial statements.

The undersigned agrees that banks, credit agencies, the requisite State agencies, including but not limited to the Department of Labor agencies, Revenue Services agencies, the Environmental Protection agencies, and other references are hereby authorized now, or anytime in the future, to give the State of Connecticut any and all information in connection with matters referred in this RFP process, including information concerning the payment of taxes by the applicant.

**Signature:** \_\_\_\_\_

**Title:** \_\_\_\_\_

**Date:** \_\_\_\_\_

Appendix F

**The Housing Trust Fund  
Procedures & Guidelines**

Updated 9-06

The **Housing Trust Fund or "HTF"** was created to: (1) Encourage the creation of housing for homeownership at a cost that will enable low and moderate income families to afford quality housing while paying no more than thirty per cent of gross household income on housing, (2) promote the rehabilitation, preservation and production of quality, well-designed rental and homeownership housing affordable to low and moderate income families or persons, (3) maximize the leveraging of state and federal funds by encouraging private sector investment in housing developments receiving assistance, (4) encourage housing that maximizes housing choices of residents, (5) enhance economic opportunity for low and moderate income individuals and their families, (6) promote the application of efficient land use that utilizes existing infrastructure and the conservation of open spaces, and (7) encourage the development of housing which aids the revitalization of communities.

The HTF Procedures & Guidelines ("the HTF Guidelines") sets forth selection criteria to be used to determine housing priorities under the HTF program.

#### **I. Administrative Structure**

Under the HTF, DECD shall administer and provide general oversight of the HTF Program, monitor progress, develop policies and guidelines dealing with its operation and coordinate the involvement of the Advisory Committee.

##### Treasurer

The Treasurer's role in relation to the HTF is to invest non-lapsing funds held by the Treasurer separate and apart from all other moneys, funds and accounts. The following funds shall be deposited in the fund: (1) proceeds of bonds authorized; (2) all moneys received in return for financial assistance awarded from the HTF pursuant to the HTF Program; and (3) all private contributions received pursuant to section 21 of P.A. 05-5 of the June Special Session. Investment earnings credited to the assets of the HTF shall become part of the assets of said fund. The Treasurer shall invest the moneys held by the HTF subject to use for financial assistance under the HTF Program.

##### DECD

DECD is the State's lead housing agency and primary policy maker for affordable housing strategies. The HTF Program is managed within the state's Department of Economic and Community Development (DECD) with guidance and assistance from an Advisory Committee comprised of local officials, housing advocates, lenders and developers.

DECD's role with the HTF is to provide day-to-day management and administer program funds, underwrite applications for financing in accordance with the HTF Guidelines, oversee the distribution and expenditure of funds for approved projects; and provide annual reports to the Governor and the General Assembly on the utilization of funds and the projects funded.

### Third Party Program Administrators

At the sole discretion of the Commissioner of DECD, Eligible Applicant(s) may act as third party program administrators and may carry out some of DECD's duties upon entering into contract(s) with DECD. In such case(s), Applicant(s) will be selected through a competitive process.

### Advisory Committee

The Advisory Committee ("the committee") shall meet at least semiannually and shall advise the commissioner on (1) the administration, management and objectives of the HTF Program; and (2) the development of regulations, procedures and rating criteria for the Program.

## **II. State Housing Needs**

The Guidelines for allocating HTF dollars must be relevant to State housing needs and consistent with state housing priorities, as established in *The State of Connecticut Long Range State Housing Plan and the Conservation and Development and Policies* of the State of Connecticut.

These Guidelines will not undertake a separate needs assessment or establishment of priorities but incorporate by reference the needs assessment of *The State of Connecticut Long Range State Housing Plan* and adopt its specific priorities for rental housing for use in this Program.

## **III. Eligible Applicants**

The HTF has been structured to ensure that many different types of organizations are eligible to receive gap financing. Eligible applicants in good standing include: nonprofit entities; municipalities; housing authorities; business corporations incorporated pursuant to 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; 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 the Connecticut Housing Finance Authority (CHFA); or any combination thereof.

## **IV. Eligible Activities**

The purpose of the HTF is to support the creation or preservation of housing that is affordable to people with incomes that do not exceed 120% of median income, as defined by HUD and amended from time to time. HTF funds will be focused on those activities that create, preserve or acquire housing throughout the State for the benefit of those households. HTF funds may also be used for the modernization, rehabilitation and repair of state-assisted housing.

**NOTE:**

A. Flood Zone: DECD will NOT financially support residential development in a 100 year or 500 year FEMA mapped flood zone with state or federal funds. (Sec. 25-68b of the Connecticut General Statutes).

B. Resources of the Housing Trust Fund may not be used to provide financial assistance to Supportive housing programs financed under the “Next Steps” initiatives.

A housing development to be financed by the HTF that receives subsidy, financing, tax credits or other assistance under a state or federal housing program, may contain market rate units, insofar as permissible under those programs and/or to the extent that they are necessary to support the creation of and/or on-going sustainability for the affordable housing units in the development. However, HTF funds may not be used to support market rate units.

“Appraisal Gap Financing” means the difference between the appraised value of an owner-occupied single-family dwelling, not to exceed four (4) units in a single building after construction and/or renovations have been completed and the total development cost. Financial assistance to close all of or a portion of the appraisal gap may be in the form of a developer’s subsidy.

**V. Types of Assistance**

Funds from the HTF may be used to support the acquisition, development or preservation of affordable housing units. These funds may be used flexibly to ensure the financial feasibility of the projects. A wide range of financial assistance is available from the HTF, including but not limited to:

- Appraisal gap financing – owner-occupied single-family (1-4 units)
- Deferred payment loans
- Low or no interest amortizing loans
- Down payment and closing-cost assistance for first-time homebuyers
- Credit enhancements and mortgage insurance guarantees
- Grants when projects can not support deferred payment loans
- Bridge Loan Financing to Non-Profit Applicants

This list is meant to be illustrative, but not exhaustive, of possible types of assistance provided through the HTF. The level and type of assistance provided by the HTF to a specific project must be the minimum amount necessary to achieve the desired degree of affordability.

**Third Party Administrators**

At the sole discretion of the Commissioner of DECD, Eligible Applicants may act as third party program administrators and may carry out some of DECD’s duties upon entering

into contract(s) with DECD. In such case(s), the Eligible Applicants will be selected through a competitive process.

Applications or Proposals will be underwritten and the award of HTF funds will be structured to ensure that these funds will be repaid to the HTF where feasible. Therefore, principles of sound underwriting and risk management will be applied when reviewing all proposals.

## **VI. Allocation Process and Criteria**

The HTF is an essential resource for addressing the need for affordable housing. In selecting projects for funding, preference will be given to those projects that will create new housing units and projects that preserve housing for very low and low-income families. In order to ensure that these limited resources are utilized in the most effective manner possible, funding preferences and thresholds have been established to guide the decision-making process.

### **1. Set-Aside Allocations**

DECD will allocate HTF funds to:

- Department of Labor a sum of three hundred thousand (\$300,000) dollars for funding matching grants to be dedicated to funding purchases of primary residences pursuant to the provisions of Sections 31-51ww to 31-51eee, inclusive, of the Connecticut General Statutes; and
- 10% of the funds would be reserved for the Commissioner of DECD to award to applications at his discretion that met one of the following three criteria: 1) applicants that had applied to DECD and/or CHFA with projects that were deeply targeting low income families, 2) applicants with projects that were at risk of losing funding if they did not receive an allocation from the Trust Fund, or 3) projects that could begin construction sooner if they received funding.

### **2. Competitive Process**

DECD will allocate financial assistance at least semi-annually on a competitive basis based upon the selection criteria and application ranking procedures set forth below. All applications will be reviewed and rated against selection criteria and must receive a minimum score of 50. Applicants who do not receive a minimum score of 50 will receive a letter of rejection and may re-submit during subsequent competitive processes.

## **VII. Review Criteria**

For Programs:

The proposed development must be ready to proceed as documented by:

- A. Eligibility Requirements

- B. Eligible Uses
- C. Affordability Guidelines
- D. Available Financing
- E. Underwriting Guidelines
- F. Application Requirements
- G. Closing Requirements
- H. Loan Conditions
- I. Evidence of Affirmative Fair Housing Marketing Plan, Fair Housing Policy, Grievance Procedure and Tenant/Resident Selection Methodology approved by the Department of Economic and Community Development
- J. Copy of the applicant's Affirmative Action Policy Statement

For Projects

The proposed development must be ready to proceed as documented by:

- (1) A complete DECD application or a completed application from another state-wide or national governmental entity such as HUD, USDA, Federal Home Loan Bank and a CDFI, including a credible financing plan as evidenced by letter(s) of commitment or application to CHFA for Federal Low-Income Housing Tax Credits or other proof of serious intent on behalf of other sources of funds essential to the viability of the proposed development;
- (2) Evidence of site control of a site suitable for the intended purpose;
- (3) Evidence of necessary environmental clearances, if any;
- (4) Copy of a relocation plan, if applicable;
- (5) Evidence of Affirmative Fair Housing Marketing Plan, Fair Housing Policy, Fair Housing Policy, Grievance Procedure and Tenant Selection Methodology approved by the Department of Economic and Community Development;
- (6) Copy of the applicant's Affirmative Action Policy Statement;
- (7) Written evidence of zoning approval;
- (8) Development team in place, including architect, general contractor, relocation specialist, if applicable, and management agent;
- (9) Outline specifications, written description indicating the level of rehabilitation based on a capital needs analysis performed by a licensed architect or engineer, schematic drawings, 1/8" = 1' 0" minimum (floor plans and elevators) and site plan (1" = 20' - 0" minimum) drawn to scale;
- (10) Based on 9 above, a trade payment breakdown signed by the general contractor (Applicants with developments subject to bidding requirements must submit a letter from the agency describing the bid schedule and a copy of the agency's bid policy); and
- (11) Evidence of availability of utilities and access to the site.

**VIII. Priority Locations and Terms Defined**

The *Conservation and Development Plan and Policies* (the "2004-2009 CCDPP") define the following State Action Strategy and Definitional Criteria for Development Priority. These definitions are hereby adopted for purposes of the HTF Procedures and this Plan. For purposes of the Plan, whether a project is located in a Development Priority Area will be solely determined by DECD. Development Priority Areas are: (In order of priority)

- (1) Regional Centers - Redevelop and revitalize the economic, social, and physical environment of the state's traditional centers of industry and commerce.
- (2) Neighborhood Conservations Areas - Promote infill development and redevelopment in areas that are at least 80% built up and have existing water, sewer, and transportation infrastructure to support such development.
- (3) Growth Areas - Support staged urban-scale expansion in areas suitable for long-term economic growth that are currently less than 80% built up, but have existing or planned infrastructure to support future growth in the region.
- (4) Rural Community Centers - Promote concentration of mixed-use development such as municipal facilities, employment, shopping, and residential uses within a village center setting.

#### **IX. Maximum Award Amount**

Many worthwhile affordable housing projects have significant funding gaps. Because of the limitation on funds available to the HTF and a desire to fund as many projects throughout the state as possible, a limit of the lesser of \$2,000,000 per project or \$75,000 per assisted unit has been established for allocation of HTF\*. The maximum award to a third party program administrator shall not exceed \$3,000,000.

\*Important notes: In addition to the noted instances in Section XI Housing Trust Fund Priorities for Funding the Department of Economic and Community Development has the authority to exceed the maximum per unit subsidy amount if the applicant makes the case that extraordinary benefits will accrue to the community.

#### **X. Application Procedures HOW TO APPLY**

Interested parties may obtain a copy of the application and supporting documents by contacting Dorothy Malerba at the Department of Economic and Community Development at (860) 270-8183.

Applicant is to submit three (3) application submissions in separate binders with each exhibit labeled and tabbed.

Applicants seeking a combination of DECD HTF funding leveraged with other governmental agencies are required to submit copy(s) of applications submitted to each governmental agency. Each governmental agency shall certify to DECD that the application has been reviewed and satisfactorily meets that funder's underwriting standards. DECD will, to the extent practicable, underwrite the project, make a determination of whether the project is ready to proceed, confirm that the development has a financing gap that requires HFT funding.

A person or entity, or an affiliate of a person or entity that is not in good standing may not file applications. An applicant is not in good standing if it:

- (a) Has at any previous time been delinquent on any State obligations or obligations of the State's quasi-public agencies such as the Connecticut Housing Finance Authority, Connecticut Development Authority (CDA), Connecticut Innovations, or obligations of the U.S. Department of Housing and Urban Development (HUD), United State Department of Agriculture (USDA) etc. for twelve (12) or more consecutive months;
- (b) Has been in non-compliance for three (3) or more months within the most recent twelve-month period;
- (c) Has been in non-compliance during any month within the most recent six-month period;
- (d) Has been in noncompliance with CHFA's Federal Low-Income Housing Tax Credit Program Compliance Monitoring, where such noncompliance is significant and has remained uncorrected for a period exceeding six (6) months, or by persons or entities that have a history of repeated noncompliance, unless specifically approved by CHFA's Board of Directors; or
- (e) Has failed to comply with the terms of any extended low-income housing commitment for a development they previously sponsored or developed.

The general and limited partners for partnerships and for all applicants, the management agent proposed as a member of the development team must disclose on a form provided by DECD, any finding of a violation of any Federal or State laws or regulations pertaining to fair housing, housing accessibility, or non-discrimination in the areas of ownership and rental housing. Such finding shall be by a Federal or State court, or a Federal or State agency, having authority and jurisdiction to make such finding. This disclosure is to be provided under penalty of false statement. Applicants disclosing such findings of violations or convictions must obtain a waiver from the Commissioner or his designee in order to apply.

#### **XI. Housing Trust Fund Priorities for Funding**

The primary objective of the Housing Trust Fund Program is to encourage the rehabilitation, preservation and production of quality, well designed affordable homeownership and rental housing for families and persons of low and moderate income.

The Housing Trust Fund rating and ranking guidelines established a 2 level tiering system to prioritize activities that accomplish these objectives. The tiering system is not intended to eliminate other meritorious affordable housing applications, but to define what are considered important goals and objectives based on current public policy.

Tier I applications include those projects/programs that meet this objective by:

1. Encouraging private sector investment in our inner cities and inner ring suburbs that leverages state and federal investment
2. Revitalizing communities and promoting efficient land use utilizing existing infrastructure and the conservation of open spaces.
3. Promoting mixed income/mixed use developments in downtown commercial corridors that are in close proximity to transportation and employment centers.
4. Promoting long term quality, energy efficient, environmentally friendly affordable housing in high cost and high income areas, especially in communities where affordable housing supply is less than 10%
5. Providing homeownership opportunities to 1<sup>st</sup> time homebuyers
6. Revitalizing and converting non-residential buildings into affordable rental or homeownership housing

Tier II applications include those projects/programs that meet this objective by:

1. Encouraging private sector investment in geographic areas not served by Tier I projects and programs that leverages state and federal investment
2. Encouraging open space through the development of energy-efficient, environmentally friendly, affordable cluster housing in rural areas.
3. Promote affordable housing along transportation corridors and hubs consistent with the Plan of Conservation and Development
4. Encourage development/preservation of affordable housing with linkage to human services

To be considered for approval, all projects must receive a score of 50 or greater. Tier I projects will be given priority over Tier II projects. Within each tier, projects will be approved based on their score.

## **XII. Rating Criteria - Refer to Rating and Ranking Criteria - Exhibit B**

To be considered for HTF funding, an application must receive at least 50 points. Those applications not funded in any round or for which total points were less than 50, may resubmit and modify their applications for the next round of funding.

## **XIII. Underwriting Criteria - Refer to DECD Policies - Exhibit A**

Projects must also meet the underwriting criteria adopted from time to time by the DECD for housing financed with Bonds issued pursuant to the HTF or other DECD funded programs.

HTF funds are provided as "gap" funding. Accordingly, the applicant must show that it has maximized all available tax credits (based on eligible basis), and all available public and/or private financing.

**However, when CHFA, HUD, the USDA, the FHLB, CDFI Alliance, Fannie Mae and any other entity whose underwriting standards have been approved by DECD and have**

**a financial interest greater than DECD, then their underwriting standards shall take precedence over DECD's.** This does not preclude DECD from performing a laying analysis for the project or for any activity. For all other projects where DECD has a financial interest, DECD's underwriting standards shall apply.

**XIV. Compliance Monitoring Plan - Refer to the HOME Compliance Manual - Exhibit C**

DECD's compliance monitoring requirements apply to all HTF projects, however, additional compliance requirements may be applicable from DECD or other funding sources in addition to those required under the HTF Program. A third party program administrator may proposed to utilize a compliance monitoring plan of another governmental lender provided DECD has access to working papers and reports from the Governmental agency; and the monitoring plan is more comprehensive than required under the HTF Program. If a third party program administrator or owner fails to comply with these requirements, DECD will notify the Executive and Legislative branches as part of its annual report.

**XV. Record Keeping And Retention  
PROJECTS ONLY**

**A. Record Keeping:**

The owner of a low-income housing project must keep records for each qualified low-income building in the project for each year of the compliance period and the extended use period. These records must include: (1) the total number of residential units (including the number of bedrooms and square footage of each residential rental unit); (2) the percentage of HTF units in the building; (3) the rent/housing cost charged for each HTF unit (including any utility allowances); (4) the number of occupants in each HTF unit; (5) rental only - the HTF unit vacancies and information that shows when, and to whom, the next available units are rented; (6) rental only - the annual income certification of each HTF tenant per unit; (7) homeownership only- the annual certification of each HTF owner that it remains their primary residence; (8) documentation to support each HTF tenant's income certification [Please Note: Tenant income is calculated in a manner consistent with the determination of annual income under Section 8 of the United States Housing Act of 1937 ("Section 8"), not in accordance with the calculation of gross income for federal income tax liability. Accordingly, in the case of a tenant receiving housing assistance payments under Section 8, the documentation requirement is satisfied if the public housing authority provides a statement to the building owner declaring that the tenant's income does not exceed the applicable income limit under Section 42(g) of the Code.]

**B. Record Retention:**

The owner shall retain the records required in subparagraph A of this section for each building in a housing project for at least six years after the due date (with extensions) for filing the Federal income tax return for that year. The records for the first year must be

retained for at least six years beyond the due date (with extensions) for filing the Federal income tax return for the last year of the compliance period of the building.

C. Inspection Record Retention Provision:

The owner must retain the original local health, safety, or building code violation reports or notices that were issued by a state or local government unit for DECD's inspection and submit copies with the annual certification. Retention of the original violation reports or notices is not required once DECD reviews the violation reports or notices and completes its inspection, unless the violation remains uncorrected.

**Record Keeping And Retention**  
**PROGRAMS ONLY**

A. Record Keeping:

The third party program administrator and the recipient of financial assistance under the HTF Program must keep records for each HTF unit in the project for each year of the compliance period.

B. Record Retention:

The third party program administrator and the recipient of financial assistance shall retain the records required in subparagraph A of this section for at least five (5) years after the Contract is completed and the Department has issued a Certificate of Approved Program Costs.

The recipient of financial assistance must retain the original local health, safety, or building code violation reports or notices that were issued by a state or local government unit for third party program administrator's inspection and submit copies with the annual certification. Retention of the original violation reports or notices is not required once third party program administrator reviews the violation reports or notices and completes its inspection, unless the violation remains uncorrected.

**XVI. Certification And Review**  
**PROJECTS ONLY**

A. Certification:

At least annually, for the entire compliance period and the extended use period, the recipient of financial assistance of a HTF housing project shall certify under penalty of perjury that, for the preceding twelve (12) month period, the project met the HTF program statutory and contractual requirements.

In addition, at least annually, for the entire compliance period and the extended use period, the recipient of financial assistance of a HTF housing project shall certify under penalty of perjury that: (a) the owner has received an annual income certification from each HTF tenant and documentation to support that certification; or in the case of a tenant receiving Section 8 housing assistance payments, the appropriate statement from a public

housing authority as defined hereinafter; (b) each HTF unit in the project is rent restricted under the contract for financial assistance with third party program administrator and DECD; (c) all units in the project were for use by the general public, including the requirement that no finding of discrimination under the Fair Housing Act occurred for the project. A finding of discrimination includes an adverse final decision by the Secretary of the Department of Housing and Urban Development (HUD), an adverse final decision by a substantially equivalent state or local fair housing agency, or an adverse judgment from a federal court; (d) the buildings and HTF units in the project were suitable for occupancy, taking into account local health, safety and building codes (or other habitability standards), and the State or local government unit responsible for making local health, safety, or building code inspections did not issue a violation report for any building or low-income unit in the project. If a governmental unit issued a violation report or notice, the owner must attach a statement summarizing the violation report or notice or a copy of the violation report or notice to the annual certification submitted to third party program administrator. In addition, the recipient of financial assistance must state whether the violation has been corrected; (e) all tenant facilities of any building in the project, such as swimming pools, other recreational facilities, and parking areas, are provided on a comparable basis to all tenants; (f) if a HTF unit becomes vacant during the year, reasonable attempts are made to rent that unit to tenants having a qualifying income and, while the unit is vacant, no units of comparable or smaller size are rented to tenants not having a qualifying income; (g) if the income of tenants of a HTF unit increases above the limit allowed by the HTF Program for continued occupancy, the next available unit of comparable or smaller size in the project will be rented to tenants having a qualifying income; (h) an extended HTF housing commitment was in effect, including the requirement that recipient of financial assistance cannot refuse to lease a unit to an applicant because the applicant holds a voucher or certificate of eligibility under Section 8 of the United States Housing Act of 1937; (i) all HTF units were used on a non-transient basis (except for transitional housing for the homeless) or single-room-occupancy units rented on a month-by-month basis; and (j) there has been no change in the ownership or management of the project. [Note: The certifications made in and required by this paragraph A shall be provided on DECD forms.]

B. Review:

**PROGRAMS ONLY**

1. The recipient of financial assistance shall submit the certification forms required by Section XVI. A above to the third party program administrator.
2. The third party program administrator will review annually all certifications submitted by the owner and may review such other certifications and supporting documentation and rent records of low-income tenants or perform an inspection thereof as may be necessary or appropriate in the sole discretion of DECD to determine compliance with the HTF program requirements.

## PROJECTS ONLY

1. The owner of a low-income housing project shall submit the certification forms required by Section XVI. A. above to the DECD.

2. DECD will review annually all certifications submitted by the owner and may review such other certifications and supporting documentation and rent records of low-income tenants or perform an inspection thereof as may be necessary or appropriate in the sole discretion of DECD to determine compliance with the HTF program requirements.

3. DECD will update tenant/resident income and rent limits and make them available annually.

4. With respect to each HTF rental housing project: (a) third party program administrator may conduct on-site inspections of all buildings in the project by the end of the second calendar year following the year the last building in the project is placed in service and, for at least 20 percent (or a minimum of three (3) ) of the project's HTF units, inspect the units and review the income certifications, the documentation supporting the certifications, and the rent records for the tenants in those units; (b) at least once every three years, third party program administrator will conduct on-site inspections of all buildings in the project and, for at least 20 percent (or a minimum of three (3)) of the project's HTF units, inspect the units and review the income certifications, the documentation supporting the certifications, and the rent records for the tenants in those units; (c) third party program administrator will randomly select which HTF units and tenant records are to be inspected and reviewed by third party program administrator. The review of tenant records may be undertaken wherever the owner maintains or stores the records (either on-site or offsite) but must be within the borders of the State. The units and tenant records to be inspected and reviewed will be chosen in a manner that will not give owners advance notice that a unit and tenant records for a particular year will or will not be inspected and reviewed. However, third party program administrator may give an owner reasonable notice that an inspection of the building and HTF units or tenant record review will occur so that the owner may notify tenants of the inspection or assemble tenant records for review; and (d) On-site inspections of buildings and HTF units will include a review of any local health, safety, or building code violations reports or notices required to be retained by the owner and will determine: (i) whether the buildings and units are suitable for occupancy, taking into account local health, safety, and building codes (or other habitability standards); or (ii) whether the buildings and units satisfy, as determined by third party program administrator, the uniform physical condition standards for public housing established by HUD (24 CFR 5.703).

### 5. Special Rules:

The review provisions required in Section 4. above do not apply to the following exempted buildings financed by: (a) Rural Housing Service ("RHS") under its Section 515 program; (b) HUD under HOPE VI and Section 202 programs; (c) CHFA under its

mortgage programs; (d) projects administered by CHFA under the federal Low-Income Tax Credit Program; (e) other governmental programs. [Note: In order for these buildings to be exempt, third party program administrator must have entered into an agreement with RHS, HUD, CHFA or other governmental entity. Under this agreement they must agree to provide information on income, assets and rent of the tenants in the building to third party program administrator and DECD. The third party program administrator will review the information and determine that the income limitation and rent restrictions are met. DECD reserves the right, at its sole discretion, to make inspections and require additional reports of exempted projects that it deems necessary to ensure compliance with the HTF Program throughout the compliance period.

Notwithstanding anything to the contrary, the owner of any exempted buildings must: (a) certify to third party program administrator that the building complies with the requirements for RHS, HUD or CHFA assistance, as applicable; (b) make the certifications required by subparagraph A above; and (c) provide third party program administrator with additional information where, in the sole discretion of DECD, the information submitted by RHS, HUD, CHFA or other governmental entity is not sufficient.

**Certification And Review**  
**PROGRAMS ONLY**

A. Certification:

At least annually, for the entire compliance period and the extended use period, the recipient of financial assistance of a HTF housing project shall certify under penalty of perjury that, for the preceding twelve (12) month period, the project met the HTF program statutory and contractual requirements.

B. Notification Of Non-Compliance:

The third party program administrator shall give both the owner of the HTF housing project the notices described herein: (a) third party program administrator shall provide the owner of the HTF housing project with prompt written notice if third party program administrator fails to receive the certifications described in Section A. above or does not receive or is not permitted to inspect the tenant certifications, supporting documentation and rent records or discovers by inspection, review, or in some other manner, that the project is not in compliance with the provisions of HTF program; (b) the owners of HTF projects shall have 30 days from the date of the notice to supply any missing certifications and bring the project into compliance with the provisions of the HTF program; (c) the correction period may be extended, in the sole discretion of DECD, for up to an additional 60 days upon the written appeal of the owner (received on or before the expiration of the 30-day period described in (b) above requesting such an extension, if DECD determines, in its sole opinion, that: (i) the owner is making a good faith effort to provide the missing information and/or bring the project into compliance; and (ii) such additional time is necessary for such purposes; (d) DECD may thereafter extend the correction period for up

to six (6) months, but only if DECD determines, in its sole and exclusive discretion, that there is good cause for granting the extension.

**XVII. Retention of Records**

A. DECD will retain records of noncompliance or failure to certify for five (5) years after DECD's contract completion.

B. DECD will retain certifications and records, in all cases, for three (3) years from the end of the calendar year DECD receives the certifications and records.

**XVIII. Liability & Delegation - PROJECTS ONLY**

A. Compliance with the requirements of HTF Program is sole responsibility of the owner of the building for which the HTF funds were allocated. DECD's obligation to monitor for compliance with the requirements of HTF Program does not make DECD liable for an owner's noncompliance.

B. DECD may choose to delegate all or a portion of its compliance monitoring responsibilities to an agent or other private contractor. DECD may also delegate some or all of its compliance monitoring responsibilities to another state agency.

**Liability & Delegation - PROGRAMS ONLY**

A. Compliance with the requirements of HTF Program is sole responsibility of the owner of the building for which the HTF funds were allocated. The third party program administrator's obligation to monitor for compliance with the requirements of HTF Program does not make it liable for an owner's noncompliance.

B. With the prior approval of the DECD, the third party program administrator may choose to delegate all or a portion of its compliance monitoring responsibilities to an agent or other private contractor.

**EXHIBIT A  
DECD POLICIES**

**INSERT LINK TO POLICIES**

EXHIBIT B  
RATING AND RANKING

EXHIBIT C  
HOME COMPLIANCE MANUAL

INSERT LINK TO MANUAL

APPENDIX G

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**IMPORTANT: Read instructions on bottom of Certification Page before completing this form. Failure to comply with instructions may cause disapproval of proposed Regulations.**

STATE OF CONNECTICUT  
REGULATION  
OF

Department of Economic and Community Development  
Name of Agency

Concerning  
State Housing Trust Fund Program  
SUBJECT MATTER OF REGULATION

SECTION \_\_

The Regulations of Connecticut State Agencies are amended by adding sections 8-XX-1 to 8-XX-5 inclusive, as follows:

(NEW) Section 8-XX-1. Definitions.

For the purposes of sections 8-XX-1 to 8-XX-5, inclusive, of the Regulations of Connecticut State Agencies:

- (1) "Act" means Public Act 05-05 of the June Special Session;
- (2) "Advisory Committee" means a committee appointed by the Commissioner pursuant to section 22 (b) of the act;
- (3) "Affordability Gap" means the financing necessary to make rents or home prices affordable;

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- (4) “Appraisal Gap” means the difference between the appraised value of an owner-occupied single-family dwelling, not to exceed four (4) units in a single building after construction and/or renovations have been completed and total development cost. Financial assistance to close all of or a portion of the appraisal gap may be in the form of a developer’s subsidy;
- (5) “Authority” means the Connecticut Housing Finance Authority;
- (6) “Commissioner” means the Commissioner of the Department of Economic and Community Development;
- (7) “Department” means the Department of Economic and Community Development;
- (9) “Developer’s Subsidy” means financial assistance to an eligible applicant which is intended to further the goals of the act by offsetting acquisition and or construction costs and other related development costs in order to make rents or home prices affordable to low and moderate income families and persons;
- (9) “Development Finance Gap” means the difference between the total development costs and the amount of financing available to produce the development.
- (10) “Eligible applicant” or “applicant” means any “Eligible applicant” as defined in section 16 of the act;
  - i. “Financial Assistance” means proceeds of the fund, which may be in the form of grants, recoverable grants, loans, loan guarantees, loan participations, equity investments, or other financing vehicles consistent with the act as approved by the Commissioner. Financial assistance may be used to support development investment, which shall include but not be limited to, predevelopment activities, site acquisition, bridge financing, construction

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financing or permanent financing. Funds may also be used to support programs that further the development goals established by the act.

- (12) "Housing", "housing development" or "development" means "Housing", "housing development" or "development" as defined under section 16(5) of the act and shall include mixed-income developments and mixed-use developments.
- (13) "Housing Trust Fund" or "fund" means the "Housing Trust Fund" established under section 20 of the act;
- (14) "Housing Trust Fund Program" or "program" means the "housing trust fund program" developed and administered under section 21 of the act;
- (15) "Individual Development Account" or "IDA" means "Individual development account" as defined in section 31-51ww (13) of the Connecticut General Statutes;
- (16) "Low and moderate income families and persons" means families and persons whose income falls within the income levels as set by the commissioner, to enable them, without financial assistance, to live in decent, safe and sanitary dwellings, without overcrowding. The commissioner may establish income levels up to and including one hundred twenty per cent of the area median income, as determined by the United States Department of Housing and Urban Development;
- (17) "Municipal developer" means a municipality acting by and through its legislative body, except that in any town in which a town meeting or representative town meeting is the legislative body, "municipal developer" means the board of selectmen if such board is authorized to act as the municipal developer by the town meeting or representative town meeting.

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- (18) "Owner-occupied single-family dwelling" means a house, condominium, residential housing consisting of four or less family units, town house, town home, housing cooperatives and manufactured or mobile home. The homeowner must occupy the property as their primary residence;
- (19) "Primary Purpose" means a majority of the units are for low and moderate-income families and persons and shall include, but not be limited to, mixed-use developments;
- (20) "Secretary" means the "Secretary of the Office of Policy and Management"; and
- (21) "Treasurer" means the "State Treasurer" and includes each successor in office or authority.

(NEW) Sec. 8-XX-2 Project selection process

- (a) Applicants for financial assistance shall submit a written application to the Commissioner, which will be reviewed on a competitive basis as required by the act. Applications shall be in such form and include such information as the commissioner may require. Failure to provide the required information shall be grounds for the rejection of an application. The commissioner may, at any time in the selection process, request and consider any additional information which, in the opinion of the commissioner, is required to properly evaluate an application.
- (b) Projects will be selected by the commissioner on a competitive basis based on the criteria for rating applications or proposals that have been established pursuant to section 22 of the act.
- (c) Applicants will be advised whether their project will be funded not later than the conclusion of the selection process for each funding round.
- (d) Funding approvals shall be in writing and shall be contingent on the execution of an assistance agreement between the state and the applicant.

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- (e) The Commissioner, in consultation with the advisory committee, shall develop a procedures manual, which outlines what information will be requested of applicants. This manual shall be posted on the department's website.
- (a) Notices of funding availability will be posted on the websites of the Department and the Department of Administrative Services. In addition, the Department will work with interested parties to share and distribute such notices.

(NEW) Sec. 8-XX-3 Criteria for Rating Proposals

- (a) Criteria for rating proposals shall be established by the commissioner in consultation with the Treasurer, the Secretary of the Office of Policy and Management and the Connecticut Housing Finance Authority and after consideration of the recommendations of the advisory committee established by section 22 of the act.
- (b) The advisory committee shall meet at least semiannually to review and advise the Commissioner on the criteria for rating proposals. These criteria shall include, but not be limited to, the following:
  - (1) Capacity of the applicant, including prior performance of the applicant and/or development teams;
  - (2) Development Need and Marketability;
  - (3) Financial Feasibility of the development;
  - (4) Community Impact;
  - (5) Fair Housing and Equal Opportunity;
  - (6) Consistency with the following:

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- (a) The State Long Range Housing Plan, established pursuant to section 8-37t of the Connecticut General Statutes; and
- (b) The Conservation and Development Plan and Policies, established pursuant to sections 16a-24 through 16a-33 of the Connecticut General Statutes;
- (7) Availability of other sources of funding;
- (8) Annual Housing Market Conditions; and
- (9) The ability of the applicant's proposal to further one or more of the goals of the program as set forth in section 21 of the act.

(NEW) Sec. 8-XX-4 Financials: Reporting and access to records

- (a) Following the Commissioner's selection of an applicant to participate in the program, the applicant shall, as soon as possible following the completion of the development, but no later than three (3) months after the completion of the development, file with the department a bank statement showing the balance, if any, of unexpended funds for the development. Any such unexpended funds shown on said bank statement must be immediately repaid to the department.
- (b) Approved applicants shall be required to enter onto financial assistance documents which shall set forth, as part of the standard terms and conditions, the circumstances under which financial assistance maybe revoked and under which the applicant can be declared in default by the department.
- (c) Each applicant shall maintain all business and financial records required by the commissioner, including, but not limited to complete and accurate books, records and contract documents, for the development.

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- (d) Each applicant shall furnish the Commissioner with financial statements and other reports related to the program and housing development(s) financed in whole or in part, by such program, in such detail and at such times as the Commissioner may require.
- (e) At any time during the regular business hours, and as often as the Commissioner may require, the Commissioner or representatives of the Commissioner shall be entitled to full and free access to accounts, records, books, documents or other records of any program, applicant, and/or development financed whole or in part by the trust fund. Said access shall include the right to make excerpts, copies or transcripts from such accounts, records, books and documents.
- (f) An approved applicant will be subject to audits of all development books and records in accordance with the Department's standard procedures and guidelines. Any funds, which the audit reveals to have been improperly expended, shall be immediately due and payable to the Department.

(NEW) Sec. 8-XX-5 Individual Development Accounts

- (a) In each fiscal year that the fund has monies available for distribution the first three hundred thousand dollars shall be set aside in order provide matching grants to be used solely for funding the purchase of a primary residence by the holder of an individual development account in accordance with the provisions of sections 31-51ww to 31-51eee inclusive of the Connecticut General Statutes. Said funds shall be administered by the State Labor Department consistent with the individual

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development account programs and section 31-51ddd-1 to 31-51---, inclusive, of the Regulations of Connecticut State Agencies.

- (b) At the end of every fiscal year, any unexpended funds shall carry forward within the individual development account for one additional fiscal year.

**Statement of Purpose:** To implement sections 16-22 of Public Act 05-05 (JSS) which establishes a Housing Trust Fund Program and requires the Commissioner of the Department of Economic and Community Development, in Consultation with the Treasurer's Office, the Secretary of the Office of Policy and Management and the Connecticut Housing Finance Authority, to establish regulations and criteria for rating various proposals for funds under the Housing Trust Fund Program.