

## **CRDA Housing Application and Underwriting Process**

**Application:** CRDA's application process is by design, flexible and continuous. There are no hard deadlines or reading/ranking schedules. Projects deemed eligible are reviewed and underwritten when submitted. As a project evolves, submittals such as appraisals, surveys, construction contracts, designs and management agreements, as well as other supporting documentation will be requested. In this way, applicants are not required to expend inordinate and costly amounts of time and money up front to prepare an application that may not be acceptable and/or approved.

Initial applications require: 1/a letter of introduction describing the project, the development team and the general nature of the request; 2/ a preliminary development budget with construction and soft costs estimates, land assembly costs and any other fees as well as a sources and uses statement outlining the projected capital stack; and 3/a 15 year operating pro forma showing initial lease up and stabilization budgets.

Projects submitted to CRDA are generally market rate rental opportunities, but the agency seeks an 80% market/20% affordable balance in the completed development.

**Eligibility:** Applications are accepted for housing projects within the Capital City Economic Development District (see [www.crdact.net](http://www.crdact.net) for map and boundaries) and reviewed by CRDA staff, submitted to CRDA underwriting committee (Housing and Neighborhood Committee), the full CRDA Board and ultimately the State Bond Commission for approval. Projects may be mixed use and include associated retail, commercial and parking facilities but must be primarily focused on delivering new housing units to the downtown core. Generally, simple housing renovation or upgrades are not accepted unless there is an increase in actual new units to the community. Substantial rehabilitation, conversion of obsolete structures and new construction are all eligible.

Housing projects outside the district must first get approval from the City of Hartford before applying to CRDA and are then reviewed and underwritten and submitted for approvals as above.

**Underwriting:** Applicants must show the need for CRDA housing assistance. The Authority will examine the deal structure to determine fair and appropriate levels of conventional financing, investor equity and the utilization of available assistance programs including tax credits before assessing the need to fund the project. In particular, the Authority will examine any financing gap that may exist between the cost of the development and its completed value as well as any financing gap between the completed value and the capital stack without CRDA participation.

Assistance will take the form of conventional financing/mortgage, soft second positions, cash flow participations and equity. Bridge financing of credits and/or mezzanine loans are available. Assistance will vary based on the unique aspects of a project. The Authority does not issue grants.

CRDA will review and test construction cost projections, land values, soft costs, developer fees, interest rate assumptions, rent levels and operating expense forecasts as well as lease up rates, stabilization projections and management teams.

CRDA funds, while flexible, will not be available unless and until all funding sources are secured and closed. The Authority, with board approval could issue pre-development loans but has not generally done so.

The underwriting committee meets monthly when there are applications to be considered. Projects are submitted only through staff and can be modified by the committee from initial staff recommendations.

Upon staff recommendation and board approval, CRDA will issue a term sheet with further conditions and understandings subject to full State Bond Commission approval.

**Fees:** There are no fees for applying to CRDA for assistance. However, upon approval and acceptance of a term letter from CRDA, applicants are responsible for any CRDA legal costs and a general 1% origination fee from the approved funds, payable upon closing, will be charged.

**Documentation:** Applicants should be prepared to submit items listed below. The list is not all inclusive and can be expanded based on a project's dynamics.

Appraisal (as is and upon completion values)  
Title Search/title report  
Insurance Certs  
Full Plans and Specs  
Permits (or letter assuring permit upon fee payment)  
Evidence of all Financing  
Contractor Agreements  
Schedule of funds to be drawn during the project  
Survey  
Environmental Reports/Clearance as appropriate  
Periodic Construction Reports  
Financial Statement of Sponsor/borrower/applicant  
Evidence of full payment of any taxes due  
Necessary State of Connecticut representations  
Such other documents as necessary to confirm terms of award

**State of Connecticut Consolidate Application:** The State of Connecticut Dept of Housing (DOH) and the Connecticut Housing Finance Agency (CHFA) utilize a Consolidated Application for Financial Assistance. CRDA applicants may also submit such form to the Authority as back up to the items required above and as a further guide to understand likely CRDA underwriting questions though not all items and requirements inherit with DOH and CHFA funding apply to CRDA projects.