

# MULTIFAMILY PROGRAMS - ALLOCATIONS

## *Action*

### Request Approval of Modification of 2022 Construction Housing Inflation Response Program (CHIRP)

#### Background

- 1) On April 29, 2022, the Board authorized staff to issue an Invitation to Participate (ITP) for the Construction Housing Inflation Response Program (CHIRP). Staff issued the CHIRP ITP on May 9, 2022, with responses due no later than July 5, 2022. The Corporation received 67 responses to the ITP.
- 2) Through the process of reviewing responses to the ITP, staff has concluded it is appropriate for certain criteria in the ITP to be modified to facilitate appropriate participation in the program, recognizing the intentional and significant time constraints set forth in the program. The specific criteria staff is seeking to address is set forth below.

#### Present Situation

#### 3) Timing Modifications

- The ITP requires that the Applicant's credit underwriting report, or update letter, as applicable, must be completed by October 31, 2022. Based on the number of CHIRP responses submitted and the timing of the CHIRP responses, there will be a significant queue of reports for the underwriting firms and Corporation staff to process. The potential processing backlog necessitates a modification of the report completion deadline that does not compromise the deadline requirement for Applicants to be fully prepared to proceed. Accordingly, the Corporation seeks to extend the deadline for completion of the underwriting report for Applicants to December 15, 2022, on the condition that the reports requiring Board approval have submitted all credit underwriting report due diligence items to the assigned credit underwriter by August 22, 2022. The reports that do not require Board approval must have all credit underwriting report due diligence items submitted to the assigned credit underwriter by September 16, 2022. These deadlines for due diligence submissions are consistent with Applications demonstrating the ability to meet the original October 31, 2022 deadline. The extension of the completion deadline allows Corporation staff and the underwriting firms the time, if necessary, to work through the queue of report submissions with enough time to calculate any applicable Priority I application limitations prior to the December 29, 2022 RFA application deadlines.
- The ITP requires that Applicants must "close on the limited partnership agreement and, if applicable, Corporation funding and construction funding by the earlier of the existing closing deadlines for the Active Award (excluding Rule extension requests that require Board approval) or January 31, 2023." Based on the number of CHIRP responses submitted and the timing of the CHIRP responses, there will be a significant queue of Applications needing to close on additional loan, NHTF or HOME-ARP funding that will require coordination by Corporation counsel, underwriting firms and Corporation staff

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for processing and scheduling. The same Corporation resources are not necessary for the closing of limited partnership agreements for Applications seeking additional housing credits. Accordingly, the Corporation is seeking the closing deadline of January 31, 2023, to be extended to March 10, 2023 for developments seeking additional Loan Funding NHTF, or HOME-ARP. Additionally, the ITP criteria requiring closing by the “earlier of the exiting closing deadline” will not be enforced, and the closing deadline requirement will be January 31, 2023 or March 10, 2023, as applicable. The quick close incentive deadline of November 10, 2022 will not be changed.

- There are circumstances where housing credit investors and financing partners are willing to close on limited partnership agreements prior to the completion of approved credit underwriting reports at the parties’ own risk. Acknowledging and recognizing that circumstance, the Corporation is seeking to allow Applicants seeking additional housing credit funding that close on the limited partnership agreements prior to October 31, 2022, not to be held to the October 31, 2022, credit underwriting report completion deadline. Alternatively, the credit underwriting report completion deadline will be set forth in the Carryover Allocation Agreement.

#### 4) Self-Sourced Application Eligibility

- As part of the criteria for applying for CHIRP funding, the original Application must not have qualified as a Self-Sourced Application in SAIL RFAs 2019-116, 2020-205 or 2021-205. The Corporation is seeking to allow Self-Sourced Applications in RFAs 2019-116, 2020-205 or 2021-205 to apply for CHIRP funding on the condition the Applicants waive the right to qualified contract. Such Applicants will have 30 days from August 5, 2022 to apply to the ITP and will be held to all of the ITP deadlines as originally approved or modified.

#### 5) Permanent Supportive Housing Developments

- The ITP requires that Applicants are only able to select one funding type (Housing Credits, Loan Funding, or NHTF / HOME-ARP). Permanent Supportive Housing (PSH) developments have unique development cost challenges. For Applications with an original award funded under a PSH RFA (Persons with Special Needs, Homeless, or Disabling Conditions/Developmental Disabilities), that have maximized the allowable additional housing credit or loan funding request amount under the CHIRP ITP, and still face a demonstrable funding shortfall, the Corporation is seeking to permit such Applications to also receive NHTF or HOME-ARP funding in accordance with the criteria set forth in the ITP. The Applicable PSH RFAs include 2021-102; 2021-103; 2021-106; 2021-108, as well as PSH developments that were funded under Development Loan Viability RFAs 2018-109 and 2021-211.

### Recommendation

Staff recommends the Board approve the modifications to the 2022 CHIRP ITP and authorize staff to continue to process the requests accordingly.