



2021 Qualified Allocation Plan Public Hearing

August 25, 2021 – 6:30pm

- Overview of Low-Income Housing Tax Credits (LIHTC) and the Qualified Allocation Plan (QAP)
- Summary of substantive revisions to the 2021 QAP
- Opportunity for public comment and testimony

Low Income Housing Tax Credit (LIHTC)



- Federal tax credit to encourage the private sector to invest in housing that is affordable to households at or below 60% of the Median Family Income (MFI) (or 80% MFI through the Average Income set-aside)
- Developers sell the tax credits for equity investments in the affordable housing project
- Two types of LIHTC
 - 9% competitive tax credit
 - 4% non-competitive tax credit that must be used in conjunction with tax-exempt bonds

Qualified Allocation Plan (QAP) Overview



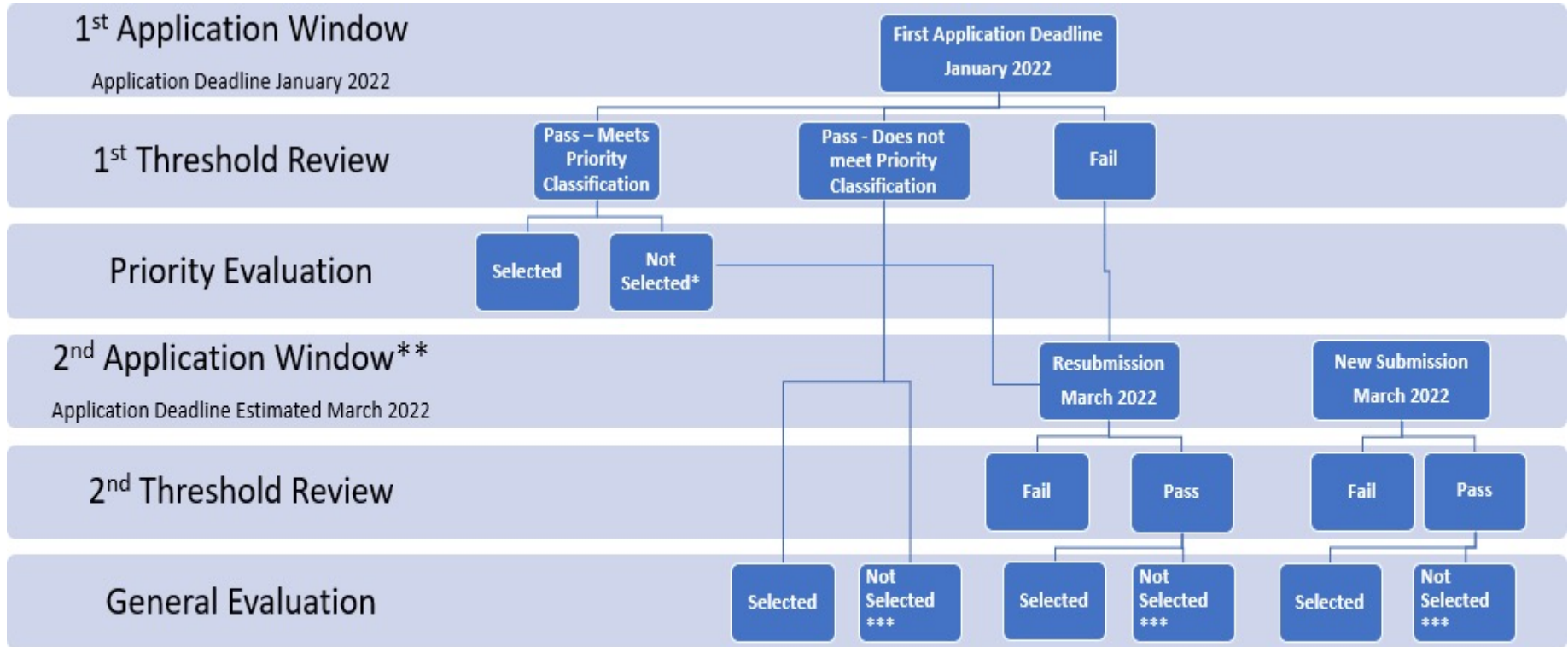
- DHCD is responsible for administering the LIHTC program on behalf of the District of Columbia
- The QAP is the District's federally-mandated plan for the allocation of tax credits allotted to the District of Columbia by the federal LIHTC program
 - Governs residential rental housing financed by LIHTC in conjunction with private lenders, tax-exempt bonds, and local and/or federal loan programs
 - Based on federally mandated requirements and District priority needs
 - Applicable to both the allocation of competitive 9% LIHTC and the administration of the 4% LIHTC

QAP Overview (continued)



- Projects must meet all Threshold Eligibility Requirements defined in the QAP, and clarified in the most recent Affordable Housing RFP
 - Project Criteria
 - Financial Criteria
 - Applicant Criteria
 - Reports and Plans
 - Compliance Criteria
- 9% LIHTC applications are subject to a competitive application review and selection process

Review and Selection Process



* Projects not selected in the Priority Evaluation stage may elect to make changes to the application and resubmit in the 2nd application window.

** Projects that did not submit in the 1st Application Window are eligible to submit in the 2nd Application Window.

*** Projects that are not selected due to resource constraints and meet the minimum scoring requirement will be placed on a waiting list.

Substantive Revisions: Threshold Requirements



THRESHOLD ELIGIBILITY REQUIREMENTS	Applicable?	
	Production	Preservation
<i>Project Criteria</i>		
<u>Basic Project Eligibility and Certifications</u>	✓	✓
Permanent Supportive Housing	✓	NA
Site Control	✓	✓
Entitlements and Development Review	✓	✓
<i>Financial Criteria</i>		
Development Budget and Operating Proforma	✓	✓
<u>Acquisition Cost Reasonableness</u>	✓	✓
Financing Letters <u>and Terms</u>	✓	✓
Financial Information for Operational Projects	NA	✓
<i>Applicant Criteria</i>		
Development Team Thresholds	✓	✓
<i>Reports and Plans</i>		
Appraisal	✓	✓
Market Study and Market Demand Analysis	✓	✓
Environmental <u>Site</u> and Physical Needs Assessments	✓	✓
Architectural Plans and Cost Estimates	✓	✓
<i>Compliance Criteria</i>		
Green <u>Building</u> Design and <u>Building Construction</u>	✓	✓
<u>Community Engagement</u>	✗	✗
Relocation and Anti-Displacement Strategy	✓	✓
<u>General Compliance</u>	✗	✗
<i>LIHTC-Specific Requirements</i>		
<u>Year 15 Plan</u>	✗	✗



Substantive Revisions: Threshold Requirements



- Project Criteria
 - Projects that meet Priority Classification criteria will be evaluated first
 - Geography
 - 50%+ Net New Affordable Units
 - Project plans submitted for building permits
 - Project achieves specified proportion of units targeted to different income levels
 - LIHTC-specific requirements
 - Minimum 40-year affordability period
 - No Qualified Contracts
 - More detailed requirements for right of first refusal

Substantive Revisions: Threshold (continued)



- Financial Criteria
 - Acquisition Cost Reasonableness moved from evaluation criteria to Threshold Eligibility
 - Additional requirements for LIHTC Letters of Intent
- Applicant Criteria
 - Development team performance and capacity solely evaluated as a Threshold Eligibility Requirement

Substantive Revisions: Threshold (continued)



- Compliance Criteria
 - Green Building Design and Construction minimum standards:
 - New construction and rehab 10,000-50,000 SF
 - Enterprise Green Communities (EGC) 2020
 - New construction 50,000+ SF:
 - EGC 2020 Plus
 - Projects above 50,000 SF are subject to the District's Building Energy Performance Standards (BEPS). Projects utilizing the EGC 2020 Plus standard are more likely to comply with the BEPS throughout the 15-year initial tax credit period.
 - Rehab 50,000+ SF:
 - EGC 2020, LEED for Homes Multifamily Midrise Silver or above
 - At least Level 1 BEPS Accelerated Savings Recognition (ASR) Alternative Compliance Pathway
 - Groups in this category are also subject to the BEPS. As this an existing structure, DOEE will work with each project to determine the ASR level required for the project to likely comply with BEPS through the 15-year initial tax credit period.

Substantive Revisions: Evaluation Criteria

	Potential Weight
<i>Baseline Competency Evaluation *</i>	-25
<i>Error-Free Submission *</i>	
Readiness to Proceed	
Compliance with DHCD Cost and Funding Guidelines	
<i>Past Performance *</i>	

- Baseline competency evaluation
 - Proposals with inconsistent information or assumptions outside of DHCD guidelines will be negatively impacted
 - Past performance regarding delays, wage rate complaints, and/or annual reporting requirements will negatively impact application

Substantive Revisions: Evaluation Criteria (cont'd)



	Potential Weight
<i>Inclusive and Equitable Housing</i>	25
Permanent Supportive Housing	
Family-Oriented Units	
Programs to Address Additional Barriers to Housing *	
Housing for Seniors and People with Disabilities	
Provision of Wealth-Building Opportunities *	
Income Levels Served	
Section 8 and Public Housing Waiting Lists	
<i>Place-Based Priorities</i>	25
Proximity to Transit and Neighborhood Amenities	
Affordable Housing Opportunities Across Planning Areas	
Preference for Projects with District Land	
<i>Maximizing Impact of DHCD Resources</i>	25
TOPA, DOPA, Preservation Fund, and/or SAFI Preference	
Risk of Loss of Affordability in the Near Term (NOAH or Covenanted) *	
Mixed-Income	
Affordability Period Restriction	
Non-Profit Participation and Right of First Refusal	
Maximizing Density *	
Leverage	
<i>Innovative and Community-Oriented Features or Programming</i>	25
Resilient Buildings and Innovative Design	
Resident Services and Community-Oriented Amenities *	
Workforce Development and Certified Business Enterprise Participation *	



Substantive Revisions: Evaluation Criteria (cont'd)



- Inclusive and equitable housing
 - Preference for projects that include programming for underserved populations who face additional barriers to securing affordable housing
 - Preference for projects that incorporate wealth-building opportunities for residents, or for development team members who are a designated Disadvantaged Business Enterprises (DBEs), Resident-Owned Businesses (ROBs), or individuals designated as socially disadvantaged by the Small Business Administration (SBA)
- Place-based priorities
 - Geographic preference aligned with Housing Equity Report and affordable housing goals by planning area
 - Preference for projects near transit and neighborhood amenities including grocery stores, public libraries and schools, senior centers, recreation centers, or health centers

Substantial Revisions: Evaluation Criteria (cont'd)



- Maximizing the impact of DHCD resources
 - Preference for projects at risk of losing affordability in the next 5 years
 - Preference for projects that maximize allowable density
- Innovative and community-oriented features or programming
 - Preference for projects that include innovative design features
 - Preference for projects with comprehensive service provision, or targeted resident services for a specific population that tie in with project amenities
 - Preference for projects with apprenticeship programs and/or those that commit to CBE participation above 35%

QAP Update: Schedule



Timeline	Milestone
June – July 2021	2021 QAP Drafted
August 3, 2021	Draft 2021 QAP is released for public comment period
August 25, 2021	Public hearing
Tuesday, August 31, 2021 at 5:00pm	End of public comment period
September 2021	Final 2021 QAP published

Public Testimony Instructions



- Each speaker will have 5 minutes for their testimony.
- DHCD will keep time and remind speakers of the time remaining at the one-minute mark.
- Testimonies will begin alphabetically by last name and then an open forum period will begin for persons not registered.
- At the direction of the meeting presenter, you will be elevated to the presenter role in WebEx and unmuted to provide testimony. You may also turn your webcam on at this time but it's not required.
- Upon the completion of your testimony, you will be muted again and returned to the attendee role in WebEx.

Public Testimony Submissions



Submit written comments on the Draft 2021 QAP to:

QAP.input@dc.gov

Submit written comments by mail to:

DC Department of Housing and Community Development
Attn: Danilo Pelletiere, Senior Advisor
1800 Martin Luther King Jr. Ave., SE
Washington, DC 20020

Deadline for comments:

Tuesday, August 31, 2021 at 5 pm