



2023 Qualified Allocation Plan Public Hearing

February 28, 2023 – 6:30pm

- Overview of Low-Income Housing Tax Credits (LIHTC) and the Qualified Allocation Plan (QAP)
- Summary of substantive proposed revisions to the 2023 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 – both competitive as of 2023
 - 9% tax credit
 - 4% tax credit (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 program
 - Governs residential rental housing financed by 9% and 4% 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

QAP Overview (continued)



- Projects must meet all Threshold Eligibility Requirements defined in the QAP, and clarified in DHCD's online application
 - Project Criteria
 - Financial Criteria
 - Applicant Criteria
 - Reports and Plans
 - Compliance Criteria
- 9% and 4% LIHTC applications are subject to a competitive application review using the Evaluation Criteria in the QAP

****NEW** Tax Exempt Bond Process**



- Beginning in January 2023:
 - The District, via DCHFA and DHCD, instituted a new process to allocate tax-exempt bonds and associated 4% LIHTC
 - All projects seeking tax-exempt bonds/4% LIHTC must apply to DHCD first for Threshold Review and Evaluation Scoring
 - DHCD will open an application for Threshold Review and Evaluation Scoring in January and July of each year
 - DCHFA will accept applications for tax-exempt bonds in January and July of each year
 - DHCD gap subsidy and 9% LIHTC will still be allocated through the annual Consolidated RFP
- Additional detail about the updated tax-exempt bond allocation process is available on the DCHFA website at www.dchfa.org/developers/available-programs/mmr/b/



Anticipated Annual Process and Schedule



- DCHFA accepts Readiness Applications for January round
- DHCD opens Threshold Review and Evaluation Scoring Window
- Deadline for applications to DHCD for Threshold Review and Evaluation Scoring
- DHCD conducts Threshold Review
- All Applicants are notified of their Threshold Review results
- Projects that meet Threshold Requirements proceed to Evaluation Scoring
- Evaluation Scores sent to Applicants ahead of DCHFA Readiness Application window
- DCHFA accepts Readiness Applications for Projects that:
 - (1) Have applied to DHCD, passed Threshold Review, and received an Evaluation Score; and
 - (2) Are ready and able to close within six months
- DHCD opens next Threshold Review and Evaluation Scoring Window



Substantive Revisions: Threshold Requirements



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



Substantive Revisions: Threshold Requirements



- Project Criteria

The 2021 QAP required a certification that a project met one of the Priority Classification criteria in order to be evaluated in the first round. This Priority Classification review was removed and elements incorporated into Evaluation Criteria.

Compliance Criteria

Green Building Design and Construction minimum standards:

- Projects permitted starting in January 2027 will be subject to the 2nd DOEE Building Energy Performance Standards (BEPS) compliance period. This round of BEPS will apply to buildings larger than 25,000 SF or more.
- In anticipation of that change, the requirement for EGC+ has been changed to any buildings with 25,000 SF or more.

Substantive Revisions: Threshold Requirements



- Compliance Criteria (continued)
 - Solar: All Projects must install solar panels or submit a waiver for this requirement if solar panels cannot be installed on the building
 - Resident Services Plan:
 - Applicant's must develop and submit a Resident Services Plan with at least one service and one amenity that will be provided
 - Applicants can also pursue Evaluation Criteria points with more comprehensive plans with a higher level of services

Substantive Revisions: Evaluation Criteria



EVALUATION CRITERIA	
	Potential Weight
Project Readiness and Past Performance	Maximum -25
Error-Free Submission	-10
Readiness to Proceed	-4
Compliance with DHCD Cost and Funding Guidelines	-5
Past Performance	-6
Inclusive and Equitable Housing	Maximum 25
Permanent Supportive Housing	10
Family-Oriented Units	10
Programs to Address Additional Barriers to Housing	5
Housing for Older Adults Seniors and People with Disabilities	5
Accessible Housing	5
Provision of Homeownership and Wealth-Building Opportunities	8
Income Levels Served	6
Section 8 and Public Housing Waiting Lists	1
Place-Based Priorities	Maximum 25
Affordable Housing Opportunities Across Planning Areas	25
Proximity to Transit	10
Proximity to Transit and Neighborhood Amenities	5
Preference for Projects with District Land	10
Maximizing the Impact of DHCD Resources	Maximum 25
TOPA, DOPA, Preservation Fund, and/or SAFI Preference Creation of Net New Units	5
Risk of Loss of Affordability in the Near Term (NOAH or Covenanted)	7
Mixed-Income	10
Affordability Period Restriction	10
Non-Profit Participation and Right of First Refusal	3
Maximizing Density	5
Leverage	10
Innovative and Community-Oriented Features or Programming	Maximum 25
Resilient Buildings and Innovative Design	22
Resident Services and Community-Oriented Amenities	9
Community-Oriented Amenities	6
Workforce Development and Certified Business Enterprise Participation	8
Developer Capacity Building	5



- Project Readiness and Past Performance
 - *Readiness to Proceed*: Projects applying for 4% LIHTC in conjunction with a tax-exempt bond allocation must be able to close on all Project financing within six months of the submission of a Readiness Application to DCHFA.
 - *Compliance with DHCD Cost and Funding Guidelines*: Points will be deducted for each 5% increment over maximum construction cost, operating cost, or soft cost guideline
- Inclusive and Equitable Housing
 - *Programs to Address Additional Barriers to Housing*: Expanded to include an “Other” category in addition to predefined programs, provided need is evidenced by a market study
 - *Housing for Older Adults*: Divided senior housing and accessibility into two sections to more accurately reflect the needs and options for the populations
 - *Accessible Housing*: Adds specific design criteria: “The Kelsey” design standards at either the Silver/Gold/Platinum level and/or Universal Design as defined in the Virginia Universal Design Standard

- Inclusive and Equitable Housing (continued)
 - *Homeownership and Wealth-Building*: Points for wealth-building services that prepare tenants to be homeowners, i.e., positive rent reporting for credit scores, rent payment incentives, connecting unbanked or underbanked residents to financial institutions, or shared appreciation
- Place-Based Priorities
 - *Proximity to Transit*: Separated from Proximity to Neighborhood Amenities. Maximum points for projects within ¼ mile of a Metrorail station or DC Streetcar stop. Added points for projects within ¼ mile of a 24-hour service bus line stop.
 - *Proximity to Neighborhood Amenities*: Separated from Proximity to Transit. Points for projects within ¼ mile of specified amenities.
 - *Projects with District Land*: In addition to District land dispositions, points available for projects that incorporate a ground lease held by DHCD (for rental projects) or a land trust (for homeownership projects)

- Maximizing the Impact of DHCD Resources
 - *Creation of Net New Units*: Maximum points for projects where 50% or more of the total units qualify as Net New Units
 - *Affordability Period Restriction*: Maximum points for projects committed to perpetual affordability, and/or those with a ground lease held by a public entity
- Innovative and Community-Oriented Features or Programming
 - *Resilient Buildings & Innovative Design*: Points available for specific certifications beyond the Threshold Requirements and completing the DOEE Resiliency and Solar Assessment Tool
 - *Resident Services*: Points for projects with comprehensive service provision and demonstrated ability to fund programming for at least 15 years
 - *Community-Oriented Amenities*: New criteria for projects that provide specific community amenities (for example, high speed internet, child-focused facilities, etc.)

Substantive Revisions: Evaluation Criteria (cont'd)



- Innovative and Community-Oriented Features or Programming (continued)
 - *Workforce Development*: Added points for DC Green Jobs or Workforce Development Programs
 - *Developer Capacity Building*: Added points for:
 - Developer partners that have not participated in a DHCD-funded project before;
 - Development teams with members who participated in/or are currently in an Accelerator Program, partnering with experienced development partner; and/or
 - Projects with a majority of the managing partners designated as DBE, ROB, or led or controlled by individuals designated as socially disadvantaged under the Small Business Administration (SBA) definition.

Other Proposed Substantive Revisions



- Average Income Set Aside
 - Removal of 59% AMGI requirement
 - Removal of required four income bands
- Compliance Monitoring Fees
 - Increase of \$20 per unit per year during initial Compliance Period
 - Increase of \$10 per unit per year after the initial Compliance Period

QAP Update: Schedule



Timeline	Milestone
November 2022 – January 2023	2023 QAP Drafted
February 3, 2023	Draft 2023 QAP released for public comment
February 28, 2023	Public hearing
Friday, March 3, 2023 at 5:00pm	End of public comment period **Extended from 2/28/23
March 2023	Final 2023 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 2023 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:

Friday, March 3, 2023 at 5:00pm

