



2019 Draft Qualified Allocation Plan Public Hearing

June 18, 2019 – 6:30pm

- Overview of Low Income Housing Tax Credits (LIHTC) and the Qualified Allocation Plan (QAP)
- Summary of proposed revisions to the 2019 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)
- Developers sell the tax credits for equity investments in affordable housing projects
- 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 outlined in the QAP, and clarified in the most recent Affordable Housing RFP
 - Project Criteria
 - Financial Criteria
 - Applicant Criteria
 - Reports & Plans
 - Compliance Criteria
 - LIHTC-Specific Requirements
- 9% LIHTC applications are competitively scored
 - Underwriting Scoring
 - Prioritization Scoring

Proposed Revisions: Threshold Requirements



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



Proposed Revisions: Threshold Requirements



- Project Criteria
 - Basic Eligibility: Income Averaging added as a third minimum set-aside option
 - Requires 40% of the units in a project to be rent- and income-restricted to households with incomes no greater than 80% AMGI, as long as the average across the project does not exceed 60% AMGI.
 - Permanent Supportive Housing (PSH): Applicants to sign a certification acknowledging the number of PSH units proposed, and the requirements for providing PSH units.
 - Renamed Zoning category to “Entitlements and Development Review”

Proposed Revisions: Threshold (continued)



- Reports and Plans
 - Market Demand Analysis moved from Underwriting Scoring Criteria to Threshold Eligibility Requirement
- Compliance Criteria
 - Green Design and Building: Projects must either include solar panels, qualify as a Solar Ready Building, or provide an explanation as to why neither option is currently feasible
 - Community Engagement Plan: Applicants must include a description of efforts to engage the local community and the current residents (if applicable) prior to application, as well as provide an engagement plan following selection

Proposed Revisions: Selection Criteria

SELECTION CRITERIA		Potential Points
UNDERWRITING SCORING		
Financial and Economic Feasibility		30
Development Team Capacity and Experience		30 35
Site Selection and Design Characteristics		5
Market Demand and Need Analysis		10
Acquisition Cost Reasonableness		5
Compliance with DHCD Cost and Funding Guidelines		10 15
Leverage		10
Underwriting Scoring Subtotal		100

- Development Team Capacity and Experience
 - Added an analysis of the development team’s past performance. Existing projects will be critically evaluated with consideration for any legal or non-compliance matters.
- Compliance with Cost and Funding Guidelines
 - Added a category for soft costs

Proposed Revisions: Selection Criteria



SELECTION CRITERIA	
PRIORITIZATION SCORING	Potential Points
<i>Demographic Criteria</i>	
Permanent Supportive Housing and TAH	10
Supportive Services Plan	5
Family-Oriented Units	10
Senior/ Artist/Accessible Housing/ Artist Housing	5
Income Levels Served	7
Section 8 and Public Housing Waiting Lists	1
<i>Applicant Criteria</i>	
Non-Profit Participation and Right of First Refusal	5
TOPA Preference	5
<i>Location Criteria</i>	
Transit Proximity	5 <u>3</u>
<u>Opportunity Zones</u>	<u>2</u>
Economic Opportunity Targeting	14 <u>19</u>
<i>Project Criteria</i> <u>Maximizing Impact of DHCD Resources</u>	
Preservation	5
Mixed-Income	10
Preference for Projects with District Land	8
Net Zero Energy or Living Green Building Challenge Preference	5 <u>3</u>
Extended Use Restriction	5 <u>2</u>
Prioritization Scoring Subtotal	100



Proposed Revisions: Selection Criteria



- Demographic Criteria
 - Senior/Accessible/Artist Housing
 - Points awarded for projects where at least 30% of the units meet Type A accessibility requirements. Type A units are adaptable to allow seniors to age in place and to accommodate others with mobility issues.
- Location Criteria
 - Points are available for projects located in Opportunity Zones
 - Economic Opportunity Targeting areas have been updated, taking into account recent data on housing costs and planned residential developments

- Maximizing Impact of DHCD Resources
 - Green Building: Now includes Net-Zero Certified or Passive House in addition to the Living Building Challenge; and DOE Zero Energy Ready Home and HERS index scores

QAP Update: Schedule



Timeline	Milestone
March 7, 2019	Q&A on the QAP
March – May 2019	2019 QAP Drafted
June 3, 2019	Draft 2019 QAP is released for public comment period
June 18, 2019	Public hearing
Friday, June 21, 2019 at 3:30pm	End of public comment period
Friday, June 28, 2019	Final 2019 QAP published

Thank you



To submit written feedback:
QAP.input@dc.gov

