GOVERNMENT OF THE
DISTRICT OF COLUMBIA
MURIEL BOWSER, MAYOR

2021

CONSOLIDATED REQUEST FOR PROPOSALS FOR AFFORDABLE HOUSING PROJECTS

Issue Date: September 30, 2021

Updated: February 10, 2022 (updates in red text)

- Update to Anticipated Timeline
- Addition of Reentry Housing and Services Program

Housing Production Trust Fund (HPTF) | Department of Behavioral Health (DBH) Grant Funds | HOME Investment Partnerships Program (HOME) | Community Development Block Grant (CDBG) | National Housing Trust Fund (NHTF) | Housing Opportunities for People with AIDS | Local Rent Supplement Program (LRSP) | Annual Contributions Contract Program (ACC) | Department of Human Services (DHS) Supportive Services Funds | Building Energy Performance Standards (BEPS) Compliance Fund

John Falcicchio
Deputy Mayor for Planning and Economic Development

Polly Donaldson, Director
Department of Housing and Community Development
1800 Martin Luther King Jr. Avenue SE | Washington, DC 20020

I. INTRODUCTION

In 2019, in response to population growth, an insufficient housing supply, and structural racial disparities, Mayor Muriel Bowser outlined bold housing goals for the District to create 12,000 new affordable housing units and preserve 6,000 existing affordable housing units by 2025. Known as the Housing Framework for Equity and Growth, a series of supporting documents outlined an integrated framework for increasing housing production and promoting equity for existing and future residents. In particular, the District's Housing Equity Report provided goals for the equitable distribution of affordable housing throughout Washington, DC to counter a historic legacy of exclusionary and discriminatory housing policy.

From 2010 to 2020, the District experienced population growth of nearly 88,000 residents[1] (a 14.6 percent increase) and although it issued permits for 36,000 housing units during this time, housing costs have continued to rise. Nearly 50,000 District households out of 300,000 total households pay more than 50 percent of their income on housing costs.[2] In the most extreme situations, the lack of affordable housing leads people to become unhoused.

The COVID-19 pandemic exacerbated the housing affordability crisis and highlighted existing racial inequities. As a result of the economic impacts of the pandemic, unemployment soared to a high of 11.1 percent in 2020[3] and concerns about housing instability were widespread.

Throughout the tumultuous events of the past 18 months, the District remained committed to its housing production, preservation, and equity goals and has dedicated an unprecedented $400 million of resources for affordable housing in the FY22 budget to support these efforts. This 2021 Consolidated Request for Proposals for Affordable Housing (RFP) is the first since 2019 due to the uncertainty posed by the the pandemic in 2020. As the City emerges from the public health emergency, the District seeks proposals from partners that can meet this moment of urgency and opportunity. Respondents to the RFP must be prepared to move projects forward on an accelerated timeline and leverage all other available funding sources to maximize the number of affordable housing units produced and preserved with District resources.

It is in this context that the DC Department of Housing and Community Development (DHCD), the DC Housing Authority (DCHA), the DC Department of Behavioral Health (DBH), the DC Department of Human Services (DHS), the DC Department of Health (DOH), and the Department of Energy and Environment (DOEE), in conjunction with the DC Housing Finance Agency (DCHFA), release this Consolidated Request for Proposals (RFP), the District of Columbia's primary vehicle for awarding federal and local funds for affordable housing.

---

[1] 2020 Census Data Shows DC's Population Growth Nearly Tripled Compared to Previous Decade: https://dc.gov/release/2020-census-data-shows-dcs-population-growth-nearly-tripled-compared-previous-decade

[2] Mayor's Order 2019-036. May 15, 2019: Mayor's Order 2019-036. https://www.dcregs.dc.gov/Common/NoticeDetail.aspx?NoticeId=N0083042

[3] U.S. Bureau of Labor Statistics: https://data.bls.gov/timeseries/LASST110000000000003?amp%253bdata_tool=XGtable&output_view=data&include_graphs=true

The RFP seeks impactful proposals to produce and preserve affordable housing units with an emphasis on:

1. Households earning 30 percent of the Median Family Income (MFI) or below, including Permanent Supportive Housing (PSH) for individuals and families who were once homeless and continue to be at imminent risk of homelessness.
2. Projects that are located in areas of the city with a deficit of affordable housing.
3. Projects that are ready to quickly proceed to closing and construction.
4. Projects that produce or preserve units that are not currently subject to an affordability covenant (i.e., net new units).

The requirements of this RFP are specifically guided by the following:

- the housing and geographic goals outlined in Mayor's Order 2019-036 and the Housing Equity Report;
- the District's historic FY22 Fair Shot Budget;
- the Five Year Consolidated Plan for FY 2022 – 2026;
- the Housing Production Trust Fund (HPTF) statutory requirement that at least 90 percent of project delivery expenditures go to units for households earning no more than 50 percent of MFI, including 50 percent for households earning no more than 30 percent of MFI;
- the goals outlined in Chapter 4 of the Interagency Council on Homelessness' (ICH) 2021-2025 strategic plan, titled Homeward DC 2.0, with particular emphasis on the production of PSH units; and
- the need to preserve existing affordable housing, as guided by the Housing Preservation Strike Force Final Report published in November 2016.

All prospective applicants are strongly encouraged to read this document in its entirety prior to beginning an application as a number of notable updates have been made since the last funding round.

II. WHO SHOULD APPLY

DHCD will accept and consider eligible development proposals from all qualified applicants. Specific requirements for development team members are detailed in Section V and in the Online Application System. Applicants should represent a development team that includes a developer, architect, professional consultants such as an attorney, a general contractor, property manager, lenders and investors, and any other team members necessary to finance, construct, and operate the development.

Together, the team must have the experience and financial and technical capacity to deliver a project that meets all of DHCD's eligibility requirements and remains operational and compliant for the life of the project.

Lead applicants and project team members may be non-profit or for-profit entities. Applicants may be based in the District of Columbia or outside, but there are requirements about partnering with District-based enterprises and hiring District residents outlined in the Selection Criteria and the Compliance & Monitoring Requirements sections of this document.

Applicants may submit development proposals for more than one project in the same funding round if their project team's capacity allows it. However, DHCD may decide to limit awards to one per developer/applicant.

Projects must be far enough along in the pre-development process to meet all Threshold Eligibility Requirements. Failing to meet even a single Threshold Eligibility Requirement will result in disqualification, and the application will not be scored or further evaluated. Applicants who are concerned that their project will not pass Threshold are encouraged to further develop their proposals before applying for funding.

III. HOW TO APPLY

All proposals in response to this RFP must be created and submitted in DHCD's Online Application System, located at:
https://octo.quickbase.com/db/brp3r63qr?a=showpage&pageid=40

The Online Application System will be available to begin new applications for this funding round by October 15, 2021. Applicants should visit the website to register as users and become familiar with the system. Detailed instructions on how to create, build, and submit an application are provided on the website.

Applications submitted in the First Application Window are due by 11:59 AM on December 10, 2021.

Applications submitted in the Second Application Window are due by 11:59 AM on February 15, 2022.

The central component of the application is a multi-tab spreadsheet titled "Form 202 – Application for Financing" provided by DHCD (available within the Online Application System, linked above). The current version of the Form 202 must be used for all applications. Applicants will use this workbook to present details of their proposal, such as their development budget, operating pro-forma, tax credit calculations (if applicable), and unit information.

Additionally, applicants will be required to upload an extensive list of documents, some provided by DHCD and filled out by the applicant (such as the Form of Contract Affidavit for every team member), and others obtained directly by the applicant (such as the appraisal and Phase I environmental site assessment).

To submit a responsive, fully competitive proposal and maximize the potential of the application:

- all application filing requirements must be closely followed;
- all information requested in the application must be responded to completely; and
- all information and figures provided must be consistent throughout the application.

IV. PROCESS & TIMELINE

New for the 2021 RFP, there will be two application windows and two opportunities for projects to be evaluated:

1) Priority Evaluation

After the first application deadline, applications that meet all Threshold Eligibility Requirements and qualify for one of the Priority Classifications (defined on page 12) will move forward to the Priority Evaluation stage, which will be conducted first and result in the initial group of projects selected for further underwriting.

2) General Evaluation

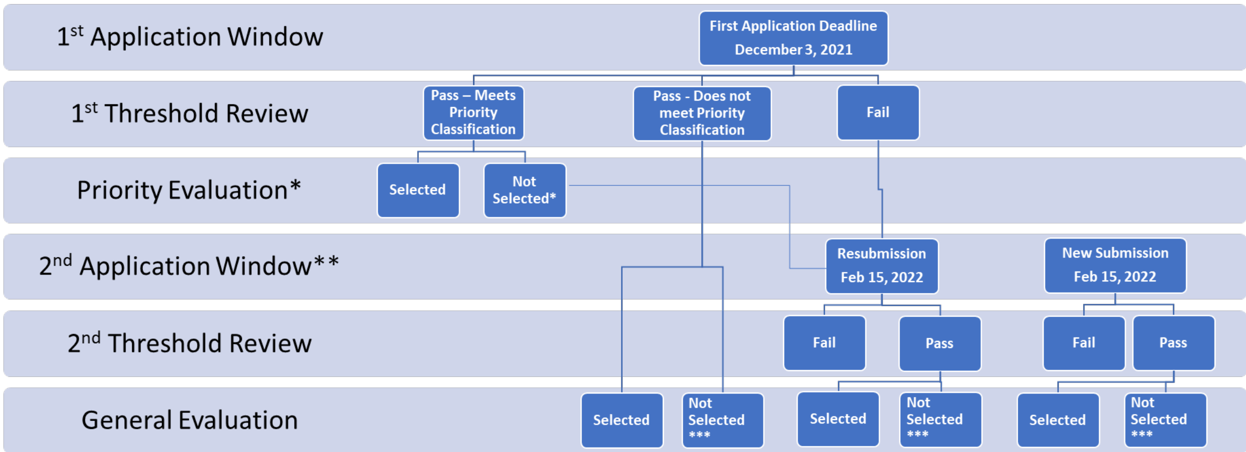
Project applications that pass Threshold Review but do not meet one of the Priority Classifications or are not selected during the Priority Evaluation stage have two options:

i. The application can be retained to be scored during the General Evaluation stage; or

ii. The Applicant can elect to make non-material updates to the application that have no bearing on the completed Threshold Review and resubmit the application during the second application window for consideration in the General Evaluation stage.

Applicants will not be allowed to materially update their project application after the Threshold Review has been completed. Material changes include, but are not limited to, changes in the unit mix, changes in the affordability set-asides, an increase in the amount of gap financing or operating subsidy requested, or a request to waive any Threshold Requirements. The General Evaluation stage will occur after the second application deadline. Project applicants that did not apply during the first application window may apply during the second application window.

The figure below outlines the application windows and evaluation 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.

Application Review Process

1. Threshold Review

Once the first application window is closed, DHCD will conduct a Threshold Review to determine whether applications conform to the Threshold Eligibility Requirements outlined in Section V.

Applicants will be notified of their Threshold Eligibility status following DHCD's Threshold Review. There are three possible outcomes from the initial Threshold Review:

1. Applications that meet all Threshold Eligibility Requirements and a Priority Classification under Section V will be advanced to the Priority Evaluation stage.
2. Applications that meet all Threshold Eligibility Requirements but do not meet a Priority Classification under Section V of the RFP will be retained and evaluated during the General Evaluation stage.
3. Applications that fail to meet all Threshold Eligibility Requirements (regardless of Priority Classification status) or are not selected for further underwriting during the Priority Evaluation stage will be eligible to resubmit in the second application window.

Applicants that do not submit a proposal during the first application window can submit an application during the second application window. It should be noted that applications submitted only during the second window will not be eligible for the Priority Evaluation stage and will not have the benefit of an opportunity to resubmit to fix errors identified during the first Threshold Review.

2. Evaluation Criteria Review

Applications that meet all Threshold Eligibility Requirements will be evaluated against the Evaluation Criteria outlined in Section V of the RFP. Projects that apply in the first application window and also meet one of the Priority Classifications outlined in Section V will be eligible to be reviewed first in the Priority Evaluation stage. All other projects will be evaluated during the General Evaluation stage after the close of the second application window.

DHCD reviews each project against the Evaluation Criteria outlined in Section V and as further detailed in the Online Application System. For evaluation consistency, one to two DHCD staff will be assigned to review and score each criteria across all applications. The projects in each group (Priority or General) are rated and ranked based on cumulative project scores. After each Evaluation Criteria review, applications will be reviewed by an interagency review panel of District government partners to ensure that all eligible projects meet the standards and qualifications of the relevant agencies. Following the interagency review panel, DHCD incorporates feedback from partner agencies and finalizes the rating and ranking of projects. DFD will provide project selection recommendations based on the final rating and ranking of the Evaluation Criteria scores to the DHCD Director.

3. Final Selections

DHCD's goal is to provide funding to those projects that provide the greatest public benefit while meeting the District's policy goals and maximizing the impact of public resources. Final selection decisions will be made by the DHCD Director who may consider certain objective factors that may have not been fully captured by the Evaluation Criteria review, but will help result in a diverse portfolio of projects selected for further underwriting. These factors include but are not limited to:

- The need to have a variety of housing unit types and a combination of production and preservation projects.
- Geographic distribution of selected projects.
- Whether a project that applied for funding is an existing DHCD asset with existing residents living in a property that is in need of rehabilitation to address poor conditions.
- Projects with other extenuating circumstances.
- Additional budget or resource considerations not known to staff at the time of initial recommendations (e.g., onset of COVID-19 related restrictions in March 2020).
- The applicant's existing workload/potential capacity constraints (e.g., too many projects in the pipeline or other projects that were recently selected).

In order to achieve these goals, DHCD reserves the right to group and rank projects with similar characteristics. For example, projects could be grouped into two or more categories such as homeownership, production, or preservation.

DHCD reserves the right to disqualify projects for justifiable reasons that were not contemplated when the RFP criteria were established.

Projects that are selected for further underwriting will receive a selection letter. The selection letter is not a commitment for funding and will not outline terms and conditions. Projects that are selected for further underwriting will follow DHCD's underwriting and closing process as outlined in DHCD's Underwriting Guidelines.

Starting in 2019, DHCD instituted a waiting list for projects that were not selected for further underwriting due to resources constraints. For the 2021 Consolidated RFP, DHCD will again institute a waiting list if the funding requests from viable applications exceed the resources available. DHCD will draw projects from the waiting list in cases where additional resources are identified to fund the project or a selected project is unable to move forward expeditiously.

Funding awards made by DHCD through this RFP are subject to the District's Anti-Deficiency requirements, or the obligation of the District to fulfill financial obligations of any kind pursuant to any and all provisions of the conditional commitments or other agreements entered into at any point on this timeline are and will remain subject to the provisions of: (i) the Federal Anti-Deficiency Act, 31 U.S.C. §§1341, 1342, 1349, 1351; (ii) D.C. Official Code § 47-105; (iii) the District of Columbia Anti-Deficiency Act, D.C. Official Code §§ 47-355.01 – 355.08, as the foregoing statutes may be amended from time to time; and (iv) §446 of the District of Columbia Home Rule Act.

Anticipated Timeline – Dates are subject to change

DATE	MILESTONE
September 30, 2021	RFP Released
October 15, 2021	• Online Application System available to start applications • 2021 Form 202 and DHCD Underwriting Guidelines released
October 21, 2021 (10AM – 12PM)	RFP Orientation
October 30, 2021	DCHFA preliminary Stage I Application due for projects using 4% LIHTCs and bonds
December 10, 2021 (11:59 AM)	RFP applications due for the First Application Window
January 7, 2022	Projects that meet Threshold Requirements and a Priority Classification proceed to Priority Evaluation stage; all Applicants notified of their Threshold Review results.
February 1, 2022	Priority Evaluation Results Announced
February 15, 2022 (11:59 AM)	RFP applications due for the Second Application Window
March 15, 2022	Projects that meet Threshold Requirements proceed to General Evaluation stage (from both First and Second Application Windows); all Applicants notified of their Threshold Review results.
April 12, 2022	General Evaluation Results Announced

Questions During the Application Process

During the application period, prospective applicants may submit clarification questions to DHCD about the RFP through the Online Q&A Portal, which is part of the Online Application System. DHCD will respond to all questions submitted and will distribute the responses to all registered users of the system. DHCD will establish a deadline by which all questions must be submitted, usually at least two weeks before the application deadline, to allow sufficient time for DHCD to respond to questions and for applicants to consider or incorporate the guidance in their proposals.

Applicants should not directly contact DHCD staff with questions about a specific proposal. All questions must be submitted through the Q&A Portal. Upon release of this RFP, DHCD staff are unable to discuss an individual project proposal with an applicant and will not respond to these inquiries.

V. SELECTION CRITERIA

All project proposals will be reviewed against a combination of Threshold Eligibility Requirements and Evaluation Criteria. Failure to meet any of the Threshold Eligibility Requirements will result in disqualification.

The Online Application System will prompt applicants to submit documentation in response to all requirements and evaluation criteria, and further details and instructions about each element are available once an online application is started. All instructions provided in the Online Application System or issued through the Online Q&A Portal are considered official guidance and are incorporated into this RFP.

A. Threshold Eligibility Requirements

Applicants applying in either the first or second application window, must submit documentation that fully demonstrates their compliance with each of the Threshold Eligibility Requirements outlined below. The Online Application System will prompt applicants to answer a series of questions about their proposals and upload the required documentation. Failure to meet these eligibility requirements, or to document eligibility, will result in elimination of the application from funding consideration for the application window in which they applied.

Project Criteria

1. Project Eligibility and Certifications

a. Project Eligibility

DHCD will only consider funding requests for the following project types through this Consolidated RFP:

1. **Production**
HPTF financing for new construction projects or projects that rehabilitate vacant buildings that produce units reserved for households earning between 0-30 percent of MFI or 31-50 percent of MFI.

    - Funded units may be within a mixed income project, but DHCD will not use HPTF to fund Production units at MFI limits above 50 percent. Projects may request financing sources other than HPTF (9 percent LIHTC or eligible federal sources) to produce units up to 80 percent of MFI as long as the MFI mix conforms to the requirements of the requested funding source.
    - Five percent of the funded units, or no less than one (1) unit, whichever is greater, must be reserved and operated as Permanent Supportive

Housing (PSH) that adheres to the Housing First model and fills vacancies through the Coordinated Entry System or through referrals from the DC Department of Behavioral Health (DBH).
- Projects must produce at least five (5) funding-eligible, permanent housing units.

The above requirements apply only to rental developments. Homeownership units reserved at up to 80 percent of MFI are eligible for funding, including Limited Equity Cooperatives, and are not required to provide PSH.

OR

2. **Preservation**
HPTF financing for the acquisition and rehabilitation of existing, occupied housing with at least five (5) permanent housing units, where affordability will be preserved for existing low-income tenants at any income level no greater than 80 percent of MFI.
   - The property may have an existing and or expiring affordability deed-restriction or operating subsidy, or it may currently be unsubsidized.
   - To qualify as a Preservation project in this RFP, the goal of the project must be to upgrade the housing quality for existing residents and commit to long-term affordability.
   - Projects that propose replacing an existing, occupied building with new on-site construction are considered Preservation projects, provided affordable units are replaced on a one-for-one basis. Please know that certain aspects of these projects will be evaluated against the criteria for Production projects – see note below for additional guidance.
   - Projects that renovate existing vacant buildings to create housing for new residents will be subject to the requirements for Production projects.

Units Eligible for Funding*

(*Developments may include units at higher MFI levels if funded with other sources)

INCOME LIMIT	PRODUCTION (Rental) w/ HPTF	PRODUCTION (Homeownership) w/ HPTF	PRESERVATION w/ HPTF	LIHTC Only or Rental PRODUCTION w/ HOME, CDBG
Above 80% of MFI				
80% of MFI		✓	✓	✓
60% of MFI		✓	✓	✓
50% of MFI	✓	✓	✓	✓
30% of MFI	✓	✓	✓	✓

These requirements do not preclude mixed-income or mixed-use proposals. However, applicants will be responsible for demonstrating in their application materials (particularly the development and operating budgets) that any DHCD funds requested will only be allocated toward costs associated with eligible MFI units. Further guidance on this subject is provided under Threshold Eligibility Requirement Number 5 (Development Budget and Operating Pro Forma) and in Section VII of this document.

Projects sometimes have characteristics of both Production and Preservation. For example, consider an existing affordable project that proposes to construct a new building within its property's footprint and relocate residents (and possibly a Housing Assistance Payment contract) from the existing building to the new building. In these cases, certain aspects of the application will be evaluated against the requirements for Production projects (for example, construction costs), and certain aspects will be evaluated against the requirements for Preservation projects (for example, income targeting). Other aspects of these applications will be held to a blended requirement, for example, the PSH requirements will be applied to the Production units in the project.

It is possible for both Production and Preservation project types to produce net new affordable units ("Net New Units") by placing affordability restrictions on units that were not previously subject to affordability restrictions. Net New Units can be produced through: (1) new construction projects; (2) projects that preserve naturally affordable market-rate housing that has no existing affordability covenant; or (3) the addition of affordable units to a Preservation project that is already subject to an existing affordability covenant.

Projects requesting LIHTC also must meet the District's basic eligibility requirements outlined in the 2021 Qualified Allocation Plan (QAP).

b. Project Certifications

1. Inclusion in Priority Evaluation Stage

Applications seeking to be included in the Priority Evaluation stage must certify that the project meets one of DHCD's Priority Classifications as described below. Projects that meet a Priority Classification will be the *only* applications evaluated during the Priority Evaluation stage.

Priority Classification #1 • Projects located in Rock Creek West, Near Northwest, or Capitol Hill Planning Areas Priority Classification #2 • Projects located in the Rock Creek East, Upper Northeast, Mid-City, Central Washington, or Lower Anacostia Waterfront and Near Southwest Planning Areas that meet at least two of the following criteria: 1. 50% or more of the total units qualify as Net New Units; 2. The applicant has submitted for building permits for the project; or 3. At least 50% of the requested DHCD financing is dedicated to support 30% MFI units, or the Project qualifies as a Site-Based Permanent Supportive Housing Project as defined in Homeward DC 2.0. • Projects located in either the Far Northeast and Southeast Planning Area or the Far Southeast and Southwest Planning Area, that meet at least two of the following criteria: 1. 50% or more of the total units qualify as Net New Units; 2. The applicant has submitted for building permits for the Project; or 3. At least 20% of the total units are designated for 80% MFI or market rate households

2. Narrative Completion and Community Engagement Plan

Project applicants must certify that the Project Narrative (in the form provided in the Online Application System) was submitted on the provided form, all sections are completed, and that all information is true and correct. The Community Engagement Plan is no longer a stand-alone section of the RFP, but remains a required section of the narrative and should outline how the applicant has and will continue to engage the community about the planned project. Approval or Letters of Support from the Advisory Neighborhood Commission (ANC) or other community groups will not be considered as part of the application.

3. General Compliance Certifications/Affirmations

Each applicant must certify that the project is, and will be, in compliance with all applicable federal and local rules and regulations by completing the Monitoring Certification Form included in the Online Application. Applicants should refer to the supplemental Compliance and Monitoring Reference Guide, which is incorporated as part of this RFP. Applicants receiving financial assistance from DHCD may be subject to the following laws and regulations listed in the table below.

- Housing Production Trust Fund - DC Code §42-2801 et seq.; DCMR 10-B41
- Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards - 2 CFR Part 200
- Community Development Block Grant (CDBG) - 24 CFR Part 570
- HOME Investment Partnerships
- Program (including long-term affordability requirements) – 24 CFR Part 92
- Housing Opportunities for Persons with AIDS (HOPWA) – 24 CFR Part 574
- Environmental Reviews - 24 CFR Part 58
- Certified Business Enterprise Agreement
- Age Discrimination Act of 1975 – 24 CFR Part 146
- Affirmative Action Plan – Mayor's Order
- 85-85
- Non-procurement Debarment – 2 CFR Part 2424
- Anti-lobbying Restrictions – 24 CFR Part 87
- DC Notice on Non-Discrimination – DC Official Code §§2-1401.1 et seq.
- The Rental Housing Conversion and Sale Act of 1980 (DC Law 3-86)
- The Rental Housing Act of 1985
- The Housing Trust Fund (HTF) -Title I of the Housing and Economic Recovery Act of 2008, Section 1131 (Public Law 110- 289).
- Violence Against Women Act (VAWA)- 42
- U.S.C. sections 13701 through 14040
- DBH (DC Code Title 7, Chapter 11A)
- Unified Funds (DC Code §42-2857.01)
- Section 3 of the Housing and Urban Development Act of 1968, -12 USC. 1701u - 24 CFR Part 135
- First Source Program - DC Official Code §§2-219.01 et seq.
- Americans with Disabilities Act of 1990 – 42 USC 2181 et seq.
- Lead Safe Housing Rule (Lead Based Paint) – 24 CFR Part 35; 40 CFR Part 745; 20 DCMR Chapter 2
- Section 504 of Rehabilitation Act of 1973, as amended – 24 CFR Part 8
- Uniform Relocation Act – 42 USC Chapter 61: District of Columbia Relocation Assistance provisions (10 DCMR Chapter 22)
- Freedom of Information Act – DC Official Code
- §2-531 et seq.
- Davis Bacon and related Acts – 40 USC §§276a- 276a-5 and 42-USC 5310: 42 USC 327 et seq.
- Conflict of Interest - 24 CFR §570.611: 24 CFR §§
- 85.42 and 85.36
- Fair Housing - 24 CFR Part 107: 24 CFR Part 100
- Hatch Act - 5 USC Chapter 15
- LIHTC - § 42 of IRS Code of 1986
- National Environmental Policy Act (NEPA) of 1969 - 24 CFR Part 58
- Sections 9a and 9b of the Historic Landmark and Historic District Protection Act of 1978, as amended
- Section 106 of the National Historic Preservation Act of 1966 – 36 CFR Part 800
- Drug Free Workplace – 24 CFR Part 21
- Inclusionary Zoning Implementation Act of 2006,
- DC Law 16-275, DC Official Code §§6-1041.01 et seq.
- Broadband Infrastructure in HUD-Funded New Construction & Substantial Rehabilitation: HOME
- – 24 CFR 92.251(a)(2)(vi); CDBG – 24 CFR
- 570.202(g)
- Section 108 Loan Guarantee Program (Section 108) 24 CFR 570, Subpart M, Loan Guarantees.

Low Income Housing Tax Credit Information Certifications

Applicants requesting 9% or 4% Tax Credits will be subject to the following LIHTC-specific requirements:

- Each applicant must present a clear plan for the Project at the end of the initial 15-year Compliance Period in the application narrative.

- Any application submitted by an applicant with a principal that was or is currently a principal in an ownership entity that has previously requested a Qualified Contract will not be considered for any reservation or allocation of tax credits at DHCD's discretion.

- Projects in which a Qualified Non-profit Organization holds a right of first refusal to purchase the Project at the end of the Compliance Period based on IRC Section 42(i)(7), as may be amended from time to time, must meet several requirements. The right of first refusal may be exercised anytime within a twenty-four (24) month period, or longer period, after the close of the Compliance Period. Once exercised, the Qualified Non-profit Organization shall have at least twelve (12) months to close on the purchase of the Project or the interests of the non-managing members of the ownership entity. The Qualified Non-profit Organization may assign the right of first refusal to a governmental entity, another Qualified Non-profit organization, or a tenant organization. In all instances where the non-managing members of the ownership entity have the right to consent to the exercise or assignment of the right of first refusal, such consent shall not be unreasonably withheld, conditioned or delayed. The non-managing members of the ownership entity may not withhold consent for a non-material breach of the ownership entity organizational documents. The purchase price shall be calculated by the project accountants and shall be based on the minimum purchase price in IRC Section 42(i)(7)(B) plus the amount needed to pay any unpaid fees, loans or other amounts due to the non-managing members of the ownership entity from the managing member or general partner, as applicable.

- The right of first refusal cannot be conditioned upon receipt by the owner of a bona fide offer from any party, including a third party. The right of first refusal as outlined in IRC Section 42(i)(7), as may be amended from time to time, is not the same as a right of first refusal under statutory, court-interpreted, or common law.

- All rights of first refusal granted to Qualified Non-profit Organizations are subject to the requirements of the Tenant Opportunity to Purchase Act (TOPA) and the District's Opportunity to Purchase Amendment Act of 2008, DC Law 17-286 (DC Official Code Section 42-3404.31 et seq.), as either may be amended from time to time.

See the most recent Qualified Allocation Plan for further detail regarding Low-Income Housing Tax Credit requirements.

Tenant Opportunity to Purchase Act (TOPA) Compliance
Applicants must demonstrate compliance with all requirements, rules, and regulations under the Rental Housing Conversion and Sale Act of 1980 ("The Act"), including the Tenant Opportunity to Purchase Act (TOPA). If TOPA applies, then either: (1) the Tenants' right to purchase has not been exercised and the deadline for doing so has passed; (2) the project is the result of a tenant purchase or assignment of TOPA rights; or (3) the project will notify tenants of their opportunity to purchase as a result of the application for DHCD funding. If available, applicants must submit documentation, including but not limited to copies of the notices delivered to tenants, demonstrating TOPA compliance. DHCD reserves the right to request further evidence of compliance as applicable.

The Act requires that owners provide TOPA notices to tenants upon the intent of the owner to sell the property, demolish the property, or discontinue use as a housing accommodation. Current owners applying to DHCD with the intent to transfer ownership to a new entity are required to provide TOPA notices immediately upon submitting the application for funding, not when funding is awarded. Ongoing compliance with TOPA is required and applicants must provide proof of proper notices to the tenants prior to closing.

2. **Permanent Supportive Housing**
For new construction rental projects – and rental projects that rehabilitate existing, vacant buildings – at least five percent of the units, and no less than one unit, whichever is greater, must provide PSH as defined in this RFP.

> **Permanent Supportive Housing (PSH)**. Supportive housing for an unrestricted period of time for individuals and families who were once homeless and continue to be at imminent risk of becoming homeless, including persons with disabilities as defined in 24 C.F.R. 582.5, for whom self-sufficient living may be unlikely and whose care can be supported through public funds. (Homeless Services and Reform Act of 2015) Likewise, under the Continuum of Care Interim Rule, HUD defines PSH as permanent housing in which supportive services are provided to assist homeless persons with a disability to live independently. For the purposes of this RFP, PSH units that are used to meet the 5 percent set-aside requirement must follow the Housing First model and fill vacancies through the Coordinated Entry System.

For projects that preserve existing housing and also add new units, the PSH set-aside requirement will apply only to the new units.

Applicants proposing PSH units must certify the number of PSH units proposed and acknowledge the District's PSH requirements using the template provided within the Online Application System.

3. **Site Control**
   Applicants must have control of the site proposed for development. This may be in the form of:
   - a current deed evidencing fee simple ownership;
   - a lease option (lease term must be equal or greater than the proposed financing term);
   - a land or property disposition agreement (LDA or PDA) executed with the District of Columbia; or
   - a contract of sale.

   At the time of application, site control MUST extend for at least 180 days beyond the date of the application submission or be demonstrably renewable so site control can extend through the 180-day period.

4. **Entitlements and Development Review**
   The applicant must demonstrate that the proposed development is "matter of right" or that the applicant has applied for applicable zoning approvals. For any proposed project that requires a more substantial zoning decision or design review, the Map Amendment application, Stage 2 Planned Unit Development (PUD) application, Design Review application, or Consolidated PUD application is required to have been submitted to the Zoning Commission prior to the Consolidated RFP submission deadline. Projects that have submitted an application to the Zoning Commission but not yet received full entitlements must provide reasonable evidence of an ability to close on DHCD financing and begin construction within one year of being selected for further underwriting. DHCD will take into account whether the project has completed a Setdown Hearing and/or whether the Zoning Commission has held a vote on the proposed project.

   If a new construction or rehabilitation and expansion project is in a Historic District or requires approval from the Historic Preservation Review Board (HPRB) for any other reason, HPRB approval of the conceptual design is required before application submission.

   Projects that only have Stage 1 PUD approval and have not submitted their Stage 2 PUD application, or that have not obtained HPRB approval of the conceptual design (if applicable), are not eligible for financing through this RFP. The purpose of this requirement is to ensure that the design and scope reviewed by DHCD during the selection process is roughly identical to the final design and scope that will receive building permits.

If at any point during the application review process or underwriting, the Zoning Commission disapproves a pending Map Amendment or PUD application that would be required to allow the project to proceed as designed, the project will be disqualified from further consideration and, if applicable, will be removed from the underwriting pipeline.

Financial Criteria

5. **Development Budget and Operating Proforma**

   The financial component of this application is a multi-tab spreadsheet titled "Form 202 – Application for Financing," (Form 202) that will be provided by DHCD and available within the Online Application System. The Form 202 has been revised for this RFP and applicants must use the most recent version of the form.

   Applicants will use the Form 202 to present the details of their proposal, such as the development budget, operating pro-forma, tax credit calculations (if applicable), and unit information. The financial information submitted must make a compelling and coherent case for the funding request, and all data must match the corresponding information provided elsewhere in the Online Application.

   DHCD is a gap lender and seeks to minimize the amount of District funds necessary to complete a project. Applicants must demonstrate that they have pursued and secured all other feasible funding sources before applying for DHCD funds. This includes private debt and equity, as well as other below-market sources, such as tax-exempt bond financing, 4 percent LIHTC, DC LIHTC, private and foundation grants, subordinate seller notes, property tax exemptions, and deferred developer fee. The applicant will provide letters of interest with terms and conditions substantiating the information in the Form 202 to demonstrate that they have aggressively pursued non-DHCD funding.

   Any project for which 4 percent LIHTC will have a substantial positive impact on the budget must pursue this source to reduce DHCD's participation. Any project with $10 million or more in total development costs must present a financing scenario that uses 4 percent LIHTC. All projects applying for federal LIHTC (both 4 and 9 percent) are eligible for DC LIHTC.

   Typically a qualified project is awarded only 9% LIHTC or 4% LIHTC. It may be possible, under specific facts and circumstances, for a qualified project to receive both types of LIHTC as a twinned project. Applicants interested in submittting the twin scenario should do so as an alternative scenario to retain flexibility, with a non-twin financing structure submitted as the preferred scenario.

The Form 202 should contain a realistic set of sources and uses, development budget, and pro forma operating budget and be based on solid assumptions (operating expenses, development costs, vacancy rate, debt service coverage ratios, interest rates, LIHTC raise rates, funding levels for reserves, etc.). The proposed budgets should be realistic and viable, but demonstrate maximum leverage of non-DHCD funding and minimize the gap funding request. The assumptions and figures should be consistent throughout the application, consistent with market data and supporting documentation (the appraisal and market study), and follow the instructions and guidance issued by DHCD through this RFP and any subsequent Q&As published through the Online Application System.

Projects that have proposed uses that are associated with dedicated third-party funding sources must include those sources in the Form 202. For example, a project installing solar panels must demonstrate that all viable financing/funding sources were pursued and will be required to input this information into the Form 202 and Project Narrative. Letters of interest with terms and conditions are submitted from multiple lenders and investors (at least two, but no more than three) for each proposed financing source, to demonstrate competitiveness of private loan and syndication terms. If multiple alternative financing scenarios are presented, letters of interest must substantiate each scenario. Lender and investor letters must be recent enough to reflect current market conditions and describe the project (for example, income mix) exactly as it is being proposed to DHCD.

Applicants should pay special attention to DHCD's cost and funding guidelines that apply to all projects, which include formula caps on the following:

- Developer Fee
- Builder's Profit
- Builder's Overhead
- General Requirements
- Architect Design
- Architect Administration
- Construction Management
- Development/Financing Consultants

The Evaluation Criteria section provides maximum cost guidelines for the following categories:

- Construction and Rehabilitation Costs
- Operating Costs

Applicants may exceed the construction and operating cost guidelines, but doing so will negatively impact their project evaluation. Projects with construction or operating costs that exceed DHCD's maximums may submit a waiver request, which will be considered in the evaluation process. In exchange for approving waivers, DHCD, at its discretion, may consider requiring a longer affordability period. Construction cost waiver requests should emphasize any additional sources of funding that the project is leveraging to offset the additional costs.

Overall Funding Guidelines:

- The HPTF contribution to a project cannot exceed 49 percent of the project's total sources. The only exception is Limited Equity Cooperatives which must maximize non-HPTF sources but are not subject to a percentage cap.
- Projects above 50,000 square feet that must comply with the updated Green Building Design and Construction Threshold may request a waiver to receive a combination of HPTF and BEPS Compliance funds that in total exceeds 49 percent of the total sources.
- LIHTC equity contributions that result from a 9 percent LIHTC request are not subject to the 49 percent limit, however 9 percent LIHTC equity will be counted as a DHCD contribution in the leverage calculation in the Evaluation Criteria.

Full instructions on completing the Form 202 (2021 Version), along with a full list of cost and underwriting guidelines can be found in the Underwriting Guidebook and on the Instruction Tab of the Form 202. Applicants should refer to and adhere to the guidelines as well as any additional parameters included in this RFP.

Special Note for Mixed-Income or Mixed-Use Projects:
DHCD sources cannot fund non-eligible uses, such as commercial space or new construction units above 50 percent MFI. Non-eligible uses within the same ownership entity as the affordable units must be displayed in the Form 202 Rental Development Budget Tab and must show the portion of each source that is allocated to eligible and ineligible uses.

The applicant must be able to show that the portion of the building that is ineligible for DHCD funding can be financed without DHCD assistance, regardless of whether the DHCD component is separated for legal and tax purposes. For example, if a project has ground floor retail or market rate units, the applicant must demonstrate financing commitments (or realistic interest) from non-DHCD lenders or investors sufficient to cover the costs associated with that portion of the building. Projects should include all income for the project on the Rental_Income Tab of the Form 202. For projects utilizing a condominium or tax lot structure, a separate sources and uses budget should be submitted for the non-DHCD financed portion of the building.

Applicants cannot divert funds from a source that is generated by income from eligible uses or eligible cost basis (such as LIHTC equity or the portion of debt attributable to affordable units) to fund ineligible expenses, thereby creating a larger funding gap for DHCD to cover.

Please note that appraisals, market studies and letters of intent for equity and debt are required to be submitted for both the DHCD and non-DHCD portions of a mixed-income building, regardless of whether the DHCD component is separated for legal and tax purposes.

Special Note for Homeownership Projects:
The Form 202 - Application for Financing is designed for rental projects. Financing applications for Homeownership Projects must use the template to the greatest extent possible to capture the details of their proposal. However, to allow DHCD to fully evaluate homeownership proposals, applicants should submit any other spreadsheets or documents that reflect the nature and financing/construction details of the project, and sale of its units. In the Online Application System, DHCD will provide an additional financial model for homeownership projects.

6. Acquisition Cost Reasonableness
Proposed property acquisition costs must be reasonable and may not exceed the property's fair market value as evidenced by an appraisal. DHCD will determine reasonableness through an analysis of the appraisal and the proposed flow of funds. DHCD reserves the right to request a second appraisal. An appraisal update will be required before closing so that a current appraised value is available within 120 days of closing. If federal funding is proposed, the acquisition cost (regardless of how it is funded) may not exceed the market value per a new or updated appraisal made within 120 days of closing on DHCD financing.

For projects where the property has already been acquired, acquisition cost reasonableness will be based on the original purchase price plus reasonable carrying and settlement costs. Applicants must submit the following for DHCD to determine reasonableness: the deed, the appraisal at the time of acquisition, the HUD-1 settlement sheet at the time of acquisition to demonstrate the purchase price and associated settlement charges, and detailed assumptions behind carrying charges included in the budget since acquisition.

If the property was previously purchased by a party affiliated with the Developer/Owner/Sponsor, has increased in value, and the project budget reflects the current appraised value of the property, DHCD expects a reasonable proportion of the net proceeds from the increased property value to be offset by a seller's note or other similar instrument. DHCD defines a reasonable proportion as the increase in value of the property since the initial acquisition that exceeds a maximum rate of return of 12% to the owner. The 12% amount is consistent with twenty-year historic returns for apartment Real Estate Investment Trusts (REITs) according to data from the National Association of Real Estate Investment Trusts (https://www.reit.com/data-research/reit-indexes/annual-index-values-returns). If the property was acquired as a result of tenants exercising their TOPA rights, the final purchase and sale agreement with the seller must be provided.

If the property includes existing improvements that will be demolished as part of the development plan, the appraisal takes the cost of demolition into consideration for an "as vacant" land value.

Projects that received or will receive discounted land or property through a District land or property disposition (LDA or PDA) must reflect the value of the write-down in their budget. The budgeted acquisition price for these projects must either be zero, minimal, or if the budget reflects the full appraised value of the property, offset by a seller's note or other similar instrument.

LIHTC projects must use their best effort to include the acquisition costs in eligible basis, consistent with Section 42 (d)(2)(B), Section 42 (d)(2)(D), and Section 42(d)(6)of the Internal Revenue Code.

7. Financing Letters of Interest, Intent, or Commitment

Applicants must submit letters of interest or letters of commitment from all other participating financial sources, including permanent, construction, and predevelopment financing sources. Financing terms should be consistent with what is commonly available in the market for a particular funding source and will be evaluated on a source-by-source basis. Applicants intending to utilize Income Averaging must submit written acknowledgement from the LIHTC investor/syndicator of this intention.

If the application proposes a financing scenario that includes 4 percent LIHTC, an initial debt sizing memorandum must be requested from DCHFA (the "Agency"). To obtain a debt sizing memo, applicants shall submit one copy of DCHFA's Stage I application to the Agency. The DCHFA application fee is not required at that time. DCHFA will return a debt sizing memo to the applicant and DHCD as part of DHCD's Threshold Review.

As part of each LIHTC equity Letter of Intent, potential investors or syndicators must submit a written acknowledgement that they have never sought to achieve early termination of a LIHTC extended use agreement through the qualified contract process, nor have they sought to undermine the exercise of a right of first refusal or a non-profit's option to purchase in prior transactions as described in more detail in the Non-Profit Participation and Right of First Refusal Evaluation Criterion.

8. Financial Information for Operational Projects

For existing and occupied buildings/properties ONLY, additional information is required to describe the current status of the project, including:

- the current debt structure;
- any operating subsidies currently available to the project;
- any supportive services currently provided;
- the current occupancy; and
- the project financials.

The applicant must provide:

- A current rent roll, showing occupancy status of each unit and current rents, including a breakdown of the portion of rent paid by tenants. Rent rolls should not be more than one month older than date of application submission.
- Audited financial statements for the prior three (3) fiscal years of project operations, or if audited statements are not available, then three (3) fiscal years of un-audited year-end financial statements AND three (3) corresponding years of certified federal income tax returns must be submitted.
- Documentation of all existing loans secured by the property, including DHCD loans, and copies any existing operating subsidy contracts.
- Proposed flow of funds (closing sources and uses) for the recapitalization of existing properties.

Applicant Criteria

9. Development Team Thresholds

The applicant must have the development team in place and provide complete information and documentation on its members. At a minimum, the following team members must be identified:

- Owner (including all parties involved in the partnership or limited liability company, as applicable)
- Guarantor(s)
- Developer
- Development or Financing Consultants (if applicable)
- Architect
- General Contractor
- Construction Manager (if applicable)
- Management Agent
- Resident/Supportive Services Provider (if applicable)

The development team will be evaluated on their experience with and performance on comparable projects, past performance, and their capacity to deliver the proposed project and maintain long term viability and compliance.

At least one of the key team members – Owner, Developer, or Development/Financial Consultant – must have prior experience developing affordable housing projects of a similar type and scope as the project being proposed.

The applicant (owner, borrower, sponsor, developer, guarantor) must demonstrate the financial and workload capacity necessary to execute the proposed project. The lead developer (and co-developer and/or development consultant, if applicable) must demonstrate a track record of projects of similar size, scale, type, and complexity to the proposed project and past performance indicates that the project will deliver on time and on budget without additional concessions from DHCD before closing. The application must demonstrate the willingness and capacity to take the predevelopment risk necessary to move the project toward closing parallel to DHCD's underwriting and approval process. The guarantor must have the financial capacity to ensure that this project will deliver regardless of any potential delays or cost overruns.

Forms and Attachments
An extensive series of forms and attachments must be completed and submitted for each member of the development team, including corporate documents, qualifications, resumes, references, organizational charts, workload descriptions, AIA documents, statements of real estate owned, and financial statements.

Clean Hands Certificate and Certificate of Good Standing
Core development team members will be required to submit a Clean Hands Certificate and a Certificate of Good Standing issued by the District of Columbia.

Legal/Compliance Issues
Within the past five (5) years, no member of the development team acting as sponsor, developer, guarantor, or owner may have been debarred, removed as general partner or managing member, as applicable, had chronic past due accounts, substantial liens or judgments, chronic housing code violations, excessive tenant complaints, failed to receive IRS Form(s) 8609 for a completed project, or consistently failed to provide information to DHCD about other loan applications or existing developments. Their history regarding substantial liens, defaults, judgments, foreclosures, and/or bankruptcies must be disclosed and found acceptable to DHCD. Development team members must be in compliance with all existing and prior agreements with DHCD and/or the District of Columbia, including major health, safety or building codes. Development team members may not have had an award terminated by DHCD within the past three (3) years, and the proposed property management company must not have received an unsatisfactory rating from DHCD or HUD.

Contract Affidavit
All development team members must sign and submit a Contract Affidavit certifying that they: (1) are not debarred from participation by any public entity; (2) do not have any unresolved default or noncompliance issues with the District of Columbia; and (3) meet the legal/compliance standards outlined above.

Reports and Plans

10. Appraisal
Applicants must submit three valuations, which can be submitted together in a single report or as separate reports. A licensed Appraiser must provide the following values:

1. the "as-is" value
2. the "as-built" or "as-complete and stabilized" value, assuming restricted rents

3. the “as-built” or “as-complete and stabilized” value, assuming unrestricted, market-rate rents

The “as is” appraisal must provide a value of the land and existing improvements in their current state. The “as built” appraisals must contain post-construction estimates of value (based on the project concept as proposed to DHCD) under two sets of circumstances: (1) assuming rents restricted to the MFI limits proposed to DHCD; and (2) assuming market-rate rents (in the event of foreclosure).

If the property includes existing improvements that will be demolished as part of the development plan, the appraisal must take the cost of demolition into consideration for an “as vacant” land value.

Appraisals must have been completed no more than six (6) months prior to the first RFP application deadline. For selected projects, the appraisals must not be more than one year old at the time they are submitted to OPM for compliance review, so an update will be required at that point. For all projects, appraisals (or the most recent update) must be no more than 120 days old at the time of closing. Any updated reports or studies requested by DHCD post-selection must be procured and returned promptly, and applicants should budget for these costs now.

11. Market Study and Market Demand Analysis

Applicants must submit a comprehensive market study of the housing needs of low-income individuals in the area to be served by the project. The market study must have been completed no more than six (6) months prior to the first RFP application deadline. The characteristics of the subject property in the market study must be identical to characteristics of the project proposed in the application. Proposed rents, vacancy rates, and other assumptions used in the application must be supported by the market study. If the project proposes to serve a specific population, such as senior citizens or artists, the market study must demonstrate the need for this type of housing. DHCD has sufficient evidence related to the need for PSH and the market study does not need to formally address this aspect of the project.

The market study must adhere to the current National Council of Housing Market Analysts (NCHMA) Model Content Standards. Any projects supported by LIHTCs should also comply with the requirements in IRC Section 42(m)(1)(A)(iii).

12. Environmental Site and Physical Needs Assessments

Applicants must include a completed Phase I Environmental Site Assessment, which must have been completed no more than two (2) years prior to the RFP application deadline. If the property contains existing improvements, the scope of the Phase I Assessment must include the identification of: (1) possible asbestos containing materials; and (2) the identification of potential mold hazards (destructive testing not required).

If the property includes an existing structure that will not be deemed exempt due to age or usage, applicants must prepare to complete a Lead Risk Assessment either at application or, if selected, during the Environmental Review phase of underwriting. For selected projects, the Phase I must not be more than one (1) year old at the time it is submitted to OPM for compliance review, so an update will be required at that point. Any updated reports or studies requested by DHCD post-selection must be procured and returned promptly, and applicants should budget for these costs now.

If the Phase I identifies any potential environmental hazards, applicants must include a narrative plan to address the issues and a budget for remediation. If a Phase II has been completed, that document must also be provided.

For projects that involve the rehabilitation of existing buildings, applicants also must provide a building evaluation report, which is a preliminary design and engineering assessment of the building(s). In rehabilitating properties, developers may encounter unforeseen issues that can delay, increase the cost of, or even halt rehabilitation. To avoid this, DHCD requires that an engineer, architect, or other qualified professional complete an assessment of the property. A capital/physical needs assessment or a property conditions needs assessment will satisfy this requirement. Please refer to the guidelines document included in the Online Application System for more detailed requirements.

Projects that involve the rehabilitation of existing buildings must submit the Housing Code Inspection report from the Department of Consumer and Regulatory Affairs (DCRA) SCOUT database, or the equivalent from its successor agency, as applicable.

13. Architectural Plans and Cost Estimates

Applications must submit final design schematics documents that reflect the general intent of the project and generally delineate the proposed project scope and contain the following:

a. Final Schematic scope of work narrative, architectural plans, and materials specifications sufficient to create a detailed cost estimate, as outlined in the "Requirements for Architectural Plans" document located in the Online Application System.

b. Complete Form 215 with detailed estimates of costs based on "take-offs" from those plans, completed and signed by an architect, general contractor, engineer, or professional construction cost estimator. "Rule of thumb," square foot costs or other non-detailed cost estimates are not acceptable, and a Form 215 completed and signed by the developer will not be accepted.

Construction cost estimates must be consistent across all parts of the application, including the Form 202, the Form 215, and the Online Application System. Cost estimates must adhere to DHCD's construction cost guidelines identified herein or follow the waiver request requirements if the costs exceed the allowable limits.

Compliance Criteria

14. Green Design and Building

All applications must meet the following standards relative to green design and building, which apply to all projects for which public financing constitutes 15 percent or more of total project costs. Public financing includes the private equity raised through the syndication of LIHTCs. Per DHCD requirements, all projects must implement the following green building requirements for new construction, substantial rehabilitation, or moderate rehabilitation.

New construction projects with buildings with at least 50,000 square feet of Gross Floor Area must be certified by Enterprise Community Partners using the 2020 Enterprise Green Communities (EGC) Criteria, at the new, more stringent EGC Plus level. Projects also may pursue a "substantially similar standard." If a Project team would like to use another standard, it must request a waiver from DHCD and/or DCHFA, as applicable, prior to application submission in order to provide time to consult with DOEE. This includes projects that wish to utilize a LEED Zero Energy standard. LEED is not a pre-approved standard, and use of LEED Zero Energy will require a commitment from the developer to modify the standard to count only on-site or in-District renewable energy when determining a project's source energy use.

Rehabilitation projects with buildings of at least 50,000 square feet of Gross Floor Area must be certified by Enterprise Community Partners using the base-level 2020 Enterprise Green Communities Criteria. Projects also may pursue a "substantially similar standard." Currently, certification with the U.S. Green Building Council using LEED for Homes and LEED for Homes Multifamily Midrise rating systems at the Silver level or above are pre-approved "substantially similar standards." If a project team would like to use another standard, it must request a waiver from DHCD and/or DCHFA, as applicable, in their submission. In addition, the Project must pursue at least a Level 1 Accelerated Savings Recognition Alternative Compliance Pathway (ACP) Option for compliance with DOEE's Building Energy Performance Standards (BEPS). The intent of this requirement is to ensure that projects are in compliance with the BEPS throughout the initial LIHTC compliance period. Projects that are currently in compliance may submit a waiver to this requirement with the agreement of DOEE. The waiver request should include an explanation as to how the project intends to be in compliance with BEPS throughout the initial compliance period. Compliance requirements for the Accelerated Savings Recognition Option and other guidance and forms are available on the DOEE website: https://doee.dc.gov/node/1537071.

New construction and rehabilitation projects with buildings between 10,000 square feet and 49,999 square feet of Gross Floor Area must be certified by Enterprise Community Partners using the base-level 2020 Enterprise Green Communities Criteria. Projects also may pursue a "substantially similar standard." Currently, certification with the U.S. Green Building Council using LEED for Homes and LEED for Homes Multifamily Midrise rating systems at the Silver level or above are pre-approved "substantially similar standards." If a Project team would like to use another standard, it must request a waiver from DHCD or DCHFA, as applicable, as part of its submission.

For projects pursuing either base-level or Plus-level Enterprise Green Communities Criteria certification, Project teams must hold a Goal Setting and Integrated Design Charrette prior to application to consider the most cost-effective ways to integrate required green design elements. The findings of this charrette must be documented and submitted along with confirmation of Enterprise Green Communities Criteria registration on the online certification portal and an intended methods checklist. As a condition precedent to tax credit/loan closing, project teams must submit proof of Enterprise Green Communities Step 1 Pre-Build certification. Once construction is complete, projects must demonstrate that they have achieved Step 2 Post-Build certification.

Projects pursuing LEED certification (LEED for Homes, LEED for Homes Multifamily Midrise, LEED Zero Energy) must be certified by the US Green Building Council. At the time of application submission, the appropriate completed LEED checklist must be submitted, demonstrating compliance with all prerequisites and sufficient points to achieve LEED Silver or above. Please note that submission of evidence of an integrated design charrette is not mandatory for LEED projects, but is strongly encouraged. If selected for financing, as a condition precedent to loan closing, project teams must be registered with LEED Online and add the DC Government account (green.building@dc.gov) to the LEED Online project team. Once construction is complete, projects must demonstrate that they have achieved the appropriate certification.

Solar Ready Requirement

All projects must either include solar panels, or qualify as a Solar Ready Building as defined by the US Department of Energy at https://www.nrel.gov/docs/fy10osti/46078.pdf.

Projects should include specifications for the system in the schematic plans, and any related funding sources should be evident in the Form 202. The solar system should be owned by the project or enrolled in the Solar for All program. The project should receive any benefits provided by the solar system, including from the sale of any credits or power generated by the system (e.g. federal Solar Investment Tax Credits (ITC), DC Solar Renewable Energy Certificates (SRECs), proceeds from a Power Purchase Agreement (PPA)). Projects not required to utilize EGC+ can request a waiver to this provision. Technical assistance for complying with this section is available from the District of Columbia Sustainable Energy Utility (DCSEU).

15. Relocation and Anti-Displacement Strategy

For **existing and occupied** buildings/properties that result in the temporary or permanent displacement of current occupants, including commercial tenants, the applicant must submit a Relocation and Anti-Displacement Strategy. This strategy (due with the application) provides the groundwork for the Relocation and Anti-Displacement Plan (due before the issuance of a Letter of Commitment for financing). All projects financed through this RFP will be held to the standards of the Uniform Relocation Act and the District's Rental Housing Act.

Instances where a strategy and plan are required include the following, regardless of funding source:

- Tenants will be required to move to facilitate the building's rehabilitation, even if they are moved to other units within the same building or complex;
- Demolition of existing dwelling or commercial units or buildings that are occupied at the time of acquisition or at the time the applicant executes a legal instrument that demonstrates site control; or
- Tenants will be displaced because the proposed rents are not affordable.

B. Evaluation Criteria

All projects that meet the Threshold Eligibility Requirements will be competitively evaluated and rated based on the following selection criteria, established in accordance with federal and District law and the District's housing priorities and needs.

Evaluation criteria will be grouped into categories with maximum possible totals, such that a maximum score per category may be achieved without receiving the maximum score for each criteria in the category.

EVALUATION CRITERIA		
		Potential Weight
Project Readiness and Past Performance		**-25**
	Error-Free Submission	-10
	Readiness to Proceed	-4
	Compliance with DHCD Cost and Funding Guidelines	-5
	Past Performance	-6
Inclusive and Equitable Housing		**Max 25**
	Permanent Supportive Housing	10
	Family-Oriented Units	10
	Programs to Address Additional Barriers to Housing	5
	Housing for Seniors and People with Disabilities	5
	Provision of Wealth-Building Opportunities	5
	Income Levels Served	7
	Section 8 and Public Housing Waiting Lists	1
Place-Based Priorities		**Max 25**
	Affordable Housing Opportunities Across Planning Areas	25
	Proximity to Transit and Neighborhood Amenities	15
	Preference for Projects with District Land	10
Maximizing the Impact of DHCD Resources		**Max 25**
	TOPA, DOPA, Housing Preservation Fund, and/or SAFI	5
	Risk of Loss of Affordability in the Near Term (NOAH or Covenanted)	5
	Mixed-Income	10
	Affordability Period Restriction	10
	Non-Profit Participation and Right of First Refusal	5
	Maximizing Density	5
	Leverage	12
Innovative and Community-Oriented Features or Programming		**Max 25**
	Resilient Buildings and Innovative Design	15
	Resident Services and Community-Oriented Amenities	25
	Workforce Development and Certified Business Enterprise Participation	10

In the case when project funding requests exceed available resources, viable projects will be placed on a waiting list. In order for a project to be placed on the waiting list, the application must: (1) receive an Evaluation Criteria total score that is at least 50 percent of the average score for all projects selected for further underwriting and; (2) receive no more than -2 points in the Readiness to Proceed Evaluation Criteria.

Project Readiness and Past Performance

Error-Free Submission *(Up to -10)*
Proposals with inconsistent information between the project narrative, application, and back-up documentation, including the Form 202, will receive negative points. Projects with assumptions outside of the DHCD guidelines as stated in this RFP or other published guidance will receive negative points. Projects that have proposed uses that are associated with dedicated third-party funding sources that are not included in the Form 202 will receive negative points. For example, all viable green financing/funding sources must be included.

Readiness to Proceed *(Up to -4)*
Applicants that certify a closing timeline greater than 12 months from being selected for further underwriting by DHCD, based on application timeline, narrative, and supporting documentation, will receive negative points.

Compliance with DHCD Cost and Funding Guidelines *(Up to -5)*
Projects that exceed DHCD's construction cost or operating cost guidelines will receive negative points. The purpose of these requirements is to ensure efficient use of DHCD funds and thus enable DHCD to produce more units and serve more households with its finite amount of subsidy funds.

Maximum Construction Cost Guidelines

Each application for DHCD funding must conform to the maximum construction and rehabilitation cost guidelines outlined below, unless exceptions are requested and justified by the applicant in the Online Application System. Construction cost waiver requests are reviewed during the Priority or General Evaluation review and will be considered in more detail during underwriting if the project is selected.

Maximum Construction Costs Per Square Foot

Type of Building	New Construction	Substantial Rehabilitation
Less than Five (5) Stories	$343	$292
Equal to or Greater than Five (5) Stories – Wood Frame (including concrete podium) or Light Gauge Steel Construction	$351	$298
Equal to or Greater than Five (5) Stories – Concrete Construction	$378	$318

Construction cost waiver requests must include a detailed explanation of the reasons why construction costs are outside of established ranges. The request should (1) quantify the impact of the various project features and requirements that contribute to the cost (e.g., quantify the percentage premium and/or the cost per square foot added by each unique project feature; (2) describe any other unique sources of below market funding (other than first trust debt, federal or DC LIHTC equity, and deferred developer fee, which are reasonably expected of all affordable housing developments) that the applicant is providing to offset the excess construction costs; and (3) describe the other actions the applicant has taken to reduce costs (e.g., value engineering, competitive bidding, additional operating cost savings from green building).

Regardless of whether a project's construction costs are within the maximum limits and a waiver is not required, DHCD will critically evaluate construction costs during underwriting and compare them to other similar projects in DHCD's portfolio to confirm reasonableness.

Maximum Operating Cost Guidelines

Project operating expenses, as modeled in the Form 202 – Application for Financing and in the Online Application System, should be **no more than $9,100 per unit per year**. For the purposes of this calculation, any in-unit utilities paid by the owner will be deducted from the per-unit operating expenses. Common area utility expenses are included in the per unit per year limit. DHCD will critically evaluate per unit operating expenses during underwriting and compare them to other similar projects in DHCD's portfolio to confirm reasonableness.

Expenses for case management and supportive services for PSH should not be included in the Operating Expenses tab of the Form 202. These expenses should be funded outside of the real estate budget (that is, not from operating income) through a separate contract between the supportive services provider and DHS. General resident services (for example, job training, day care, etc.) are encouraged, but must have a dedicated funding source such as an operating contract, grant, or cash developer fee if their cost causes the per unit operating expenses to exceed DHCD's guideline.

Past Performance *(Up to -6)*
The past performance of existing projects in the development team's portfolio will be critically evaluated with consideration for any legal or noncompliance matters. Applications for which members of the development team participated in prior projects that were in DHCD's underwriting pipeline for longer than three (3) years, were unable to close within the expected fiscal year for which funds were initially requisitioned, had a U.S. Department of Labor (DOL) wage rate complaint and subsequent investigation, and/or did not submit annual reporting to DHCD's Portfolio and Asset Management Division (PAMD) will receive negative points. The development team for this criteria is defined to include the Sponsor/Developer/Owner and managing members of the ownership entity and any related parties/affiliates.

Inclusive and Equitable Housing

Permanent Supportive Housing *(Up to +10)*
(*Does not apply to Homeownership Projects including Limited Equity Cooperatives*)

The 5-percent PSH set-aside is a Threshold Eligibility Requirement for all non-Preservation projects, but projects also may earn points by creating additional PSH units, as defined in this RFP, beyond the minimum number required. Units reserved for DBH consumers are considered PSH under this criterion. These points are available to both Production and Preservation projects. There is no limit on the number or percentage of PSH units that an applicant can propose, however, applicants should take into consideration that the District has limited LRSP Operating Subsidy resources.

Applicants can achieve maximum points if 20 percent of units (including the required 5 percent PSH set-aside) are reserved as PSH units that follow the Housing First model and fill vacancies through the Coordinated Entry system.

The scoring preference for PSH units is guided by Chapter 4 of the ICH's 2021-2025 strategic plan, titled *Homeward DC 2.0*, available here. https://ich.dc.gov/page/homeward-dc-20-ich-strategic-plan-fy2021-fy2025.

Family-Oriented Units *(Up to +10)*
This criteria is evaluated based on the percentage of two and three-bedroom units proposed for a project. Applicants can achieve maximum points if at least 30% of the affordable units have three or more bedrooms. The evaluation will be based on the unit mix provided in the Online Application System and in the Form 202 – Application for Financing.

Programs to Address Additional Barriers to Housing *(Up to +5)*
Preference will be awarded to projects that include programming AND permanent affordable housing units marketed/reserved for underserved populations who face barriers to securing affordable housing. DHCD has identified the following categories for the 2021 Affordable Housing RFP:

- Returning citizens
- Households of unknown immigration status
- Residents with developmental or intellectual disabilities
- Residents with diverse language needs
- Youth aging out of foster care
- Housing for Persons With AIDS

To qualify for this category, projects must provide a marketing and resident selection plan that addresses leasing to the underserved population(s) and a detailed supportive services plan that explains the programming and how it will be funded long-term. Programs serving other populations with barriers to affordable housing identified in the District's Consolidated Plan may request a waiver to receive points under this section.

Housing for Seniors and People with Disabilities *(Up to +5)*
Preference will be awarded for projects that include units designed and reserved for seniors (55+) and people with disabilities, including assisted living, independent living, and intergenerational housing units. Applicants can achieve maximum points under this criteria

for producing assisted living units and partial points for independent living, 55+ housing, or doubling the accessible units required by Section 504.

If the proposed project includes assisted living, independent living, or 55+ housing, all units must be accessible utilizing either the Uniform Federal Accessibility Standards (UFAS) or the American National Standards Institute (ANSI) Type A accessibility standards. Type A units are adaptable units that can allow seniors and people with mobility issues to age in place. Type A units must meet the requirements as defined in Chapter 11 of the 2013 District of Columbia Building Code: https://codes.iccsafe.org/content/chapter/9182/.

Provision of Wealth-Building Opportunities and Advancing Racial Equity *(Up to +5)*
Preference will be awarded for projects that incorporate wealth-building opportunities for project owners or development team participants who are designated as a Disadvantaged Business Enterprise (DBE) or Resident-Owned Businesses (ROB) by the D.C. Department of Small and Local Business Development (DSLBD), or who are led or controlled by individuals designated as socially disadvantaged under the Small Business Administration (SBA) definition.

Preference will also be awarded for Projects providing wealth-building opportunities for current or future residents, either through near-term or longer-term homeownership opportunities.

Applicants can achieve maximum points by providing homeownership opportunities for a project's residents immediately upon completion of construction or rehabilitation. This includes fee simple ownership, condominiums, Limited Equity Cooperatives, and shared equity models such as community land trust-supported projects. Partial points will be awarded for projects where development partners are designated as DBE, ROB, or led or controlled by individuals designated as socially disadvantaged under the Small Business Administration (SBA) definition; or for projects structured to transfer to tenant ownership after the initial compliance period, through the Right of First Refusal provided for in Section 42(i)(7) of the Internal Revenue Code.

Income Levels Served *(Up to +7)*
This criteria evaluates the weighted average of the income levels served for units proposed to be funded by the District, with a preference for projects serving lower incomes. This criterion applies to both Preservation and Production projects. Any units in the building that will not have District funds (HPTF, NHTF, HOME, CDBG, HOPWA, DBH, 9% LIHTC etc.) allocated to them directly or indirectly, such as market rate units or other units ineligible for funding through this RFP, will be excluded from the calculation. This includes units in Production projects that exceed 50% MFI and are eligible for 4% LIHTCs but are not requesting gap financing. To the extent that existing rents and resident incomes allow, Preservation projects may propose to lower the rent and income limits on certain units (for example, convert a 60 percent MFI unit to a 50 percent MFI unit).

Applicants can achieve maximum points if the project's weighted average MFI is less than or equal to 40%. For example, a project with an equal mix of 30% MFI and 50% MFI units funded by DHCD.

Section 8 and Public Housing Waiting Lists *(+1)*
Projects are evaluated on whether leasing or sales preference is given to households on the public housing or Section 8 waiting list maintained by DCHA.

<u>Place-Based Priorities</u>

Affordable Housing Opportunities Across Planning Areas *(Up to +25)*
DHCD seeks to create more affordable housing across Planning Areas, especially in neighborhoods with characteristics such as low-crime, low-poverty, and access to high quality schools and jobs. Another goal of this criterion is to disperse the District's affordable housing supply more equitably across neighborhoods and Wards, and to counter the systemically racist housing policy of the past which has concentrated affordable housing in neighborhoods east of Rock Creek Park, particularly in Wards 7 and 8. Points will be assigned to each Planning Area identified in the District's October 2019 Housing Equity Report that charts a pathway to achieve the goal of 12,000 new affordable units by 2025 in a more equitable and inclusive manner.

Applicants can achieve maximum points for projects located in those areas of the city that have the largest deficit of existing affordable housing. Applicants should use the interactive map provided in the Online Application System to determine in which Planning Area their project is located.

Proximity to Transit and Neighborhood Amenities *(Up to +15)*
This criterion evaluates a proposed project's proximity to a Metrorail station or a DC Streetcar stop, and/or neighborhood amenities such as full-service grocery stores, public libraries, public or charter schools, aging services, recreation facilities, or primary care providers.

a. **Transit Proximity *(Up to +5)***
Applicants can achieve maximum points for projects that are within · mile of a Metrorail station or DC Streetcar stop. Partial points will be awarded to projects within at least · mile of a Metrorail station or DC Streetcar stop.

b. **Neighborhood Amenities *(Up to +10)***
Applicants can achieve maximum points for projects that are within · mile of full-service grocery stores, public libraries, public or charter schools, aging services, recreation facilities, or primary care providers. Partial points will be awarded to projects within at least · mile of the same amenities.

Preference for Projects with District Land *(Up to +10)*
Applicants can achieve maximum points if: (1) the proposed project is part of the redevelopment of a site that is or was owned by the District of Columbia; (2) the site was awarded to the applicant through a competitive disposition process; and (3) the project is being developed on the site that was awarded. This includes dispositions managed by DHCD's Property Acquisition and Disposition Division (PADD), the Deputy Mayor for Planning and Economic Development (DMPED), and DCHA, among others.

Projects that received or will receive discounted land or property through a District land or property disposition (LDA or PDA) must reflect the value of the write-down in their budget. The budgeted acquisition price for these projects must either be zero/minimal or, if the budget reflects the full appraised value of the property, offset by a seller's note or other similar instrument.

Maximizing the Impact of DHCD Resources

TOPA, DOPA, Preservation Fund, and/or SAFI Preference *(Up to +5)*
Projects proposed by or in partnership with tenant groups that exercised their TOPA rights to purchase their building will receive preference under this criterion, as will projects acquired through the District Opportunity to Purchase Act (DOPA); and/or those with existing DHCD loans or funding through programs including the Site Acquisition Funding Initiative (SAFI) and the Housing Preservation Fund; and projects acquired through foreclosure or bankruptcy, for which a developer can demonstrate clear title, and that they have negotiated in good faith with a tenant organization, having signed either a development agreement or a memorandum of understanding memorializing their commitments. If the proposed development increases the number of units originally acquired by the tenants or their assignee, partial points may be awarded.

Applicants can achieve maximum points if a tenant group exercised their TOPA rights (either through a direct purchase or assignment) and received direct DHCD financing to acquire the property.

Risk of Loss of Affordability in the Near Term (NOAH or Covenanted) *(Up to +5)*
Maximum preference will be awarded to preservation projects that are either considered Naturally Occurring Affordable Housing (NOAH) and not currently encumbered by an affordability covenant, or those with existing affordability covenants that will expire within two to five years from the due date of the application.

Applicants can achieve maximum points if the property is not currently protected by an affordability covenant or for projects that are within two years of the expiration of an existing affordability covenant.

Mixed-Income *(Up to +10)*
Applicants can achieve maximum points for projects that include both market-rate units and affordable units serving a variety of household income levels in the same project as defined below. The affordable and market rate units must be equitably distributed within the development in order to comply with federal fair housing regulations and the mix must be achieved within a single building with a shared entrance. None of DHCD's gap financing sources can be used to subsidize market rate units (directly or indirectly). Therefore, applicants must demonstrate that there is sufficient interest from market-rate lenders and investors to fully finance any market rate units.

a. **Inclusion of market-rate units *(Up to +5)***
Preference will be awarded to projects that integrate affordable units with

market rate units within the same project. For the purposes of this section, market rate units developed in a separate condominium ownership or tax lot structure will count as created within the same project. The percent of market rate units must be between 20 percent to 80 percent of the total units, and the affordable and market rate units must be equitably distributed within the development in compliance with federal fair housing rules.

This section relates only to a mix of affordable and market-rate (unrestricted) units within a proposed building. For example, a 100 percent affordable building that is part of a larger mixed-income redevelopment would not qualify for this preference.

b. **Providing units for a range of MFI levels *(Up to +5)***
Preference will be awarded to projects that propose a mix of affordable units serving varying MFI levels and market rate units within the same project. A minimum of 10 percent of units must be proposed in three of the following income categories:

- 0 percent to 30 percent MFI
- 31 percent to 50 percent MFI
- 51 percent to 80 percent MFI
- Market-rate (unrestricted, unsubsidized)

Applicants proposing units that exceed DHCD's MFI eligibility limit for the type of unit (Production or Preservation) and requested funding source must demonstrate sufficient financing to make the development of those units feasible without DHCD subsidy.

Affordability Period Restriction *(Up to +10)*
Applications documenting that the owner will maintain the low-income units in compliance for a designated period beyond the minimum affordability period of 40 years required by the requested funding source will be awarded preference.

Applicants can achieve maximum points if they commit to the project remaining affordable in perpetuity and if the project utilizes a long-term ground lease or similar structure that allows a project to effectively remove the cost of the land from any future recapitalization, helping maintain property affordability and further maximizing the impact of DHCD resources.

Non-Profit Participation and Right of First Refusal *(Up to +5)*
Applicants can achieve maximum points for a project in which a 501(c)(3) Qualified Non-profit Organization materially participates (that is, has an ownership interest and decision-making role) in the development and operation of the project and meets all associated requirements below.

For LIHTC projects, preference will be awarded for projects in which a Qualified Non-profit Organization is the managing member of the general partner, the Qualified Non-profit

Organization holds an ownership interest of 51 percent or more of the general partner or managing member of the ownership entity, and will have a right of first refusal to purchase the project at the end of the Compliance Period based on IRC Section 42(i)(7), as may be amended from time to time. The applicant must sign or intend to sign a right of first refusal Agreement between the owner, non-managing members and Qualified Non-Profit organization before the project's financial closing.

The non-managing members shall certify to DHCD that they have not sought to undermine the exercise of a right of first refusal or option to purchase in prior transactions. Examples of undermining include but are not limited to, engaging in litigation or otherwise seeking to prevent a Qualified Non-profit Organization from exercising their right of first refusal or option to purchase a project without just cause, or seeking to remove a general partner or managing member without clear evidence of fraud or mismanagement of a project. The right of first refusal must meet the related requirements outlined in Threshold Eligibility Requirements section and will be recorded with the land records as an attachment to the Indenture of Restrictive Covenants. All rights of first refusal granted to Qualified Non-profit Organizations under this preference are subject to the requirements of the Tenant Opportunity to Purchase Act (TOPA) and the District's Opportunity to Purchase Amendment Act of 2008, DC Law 17-286 (DC Official Code Section 42-3404.31 et seq.), as either law may be amended from time to time.

For non-LIHTC projects, preference will be awarded for projects in which a Qualified Non-profit Organization holds an ownership interest of 51 percent or more in the project ownership entity.

All eligible projects under nonprofit control are required to apply to participate in the Nonprofit Affordable Housing Developer Tax Relief Program under DC Code section 47-1005.02. The real property tax and recordation exemption offered through this program should be reflected in the Form 202 for projects receiving preference in this category.

Maximizing Density *(Up to +5)*
Projects that maximize the allowable density on the project site under current zoning laws will receive preference under this criterion. Applicants can achieve maximum points if project density is increased through a Planned Unit Development (PUD), Map Amendment, or some other official mechanism.

Leverage *(Up to +12)*
This criterion evaluates the project's overall leverage ratio, ability to leverage other non-DHCD subsidies or below market rate funding sources, and ability to contain soft costs.

a. **Overall Leverage *(Up to +5)***
   Measures the extent to which DHCD loan funds are leveraged with other public and private resources by calculating the percentage of the total development cost that is funded by DHCD ("DHCD Participation"). DHCD participation includes all development subsidy sources made available through this RFP, including DBH grant funds and 9% LIHTC equity. This calculation will only consider the portion of the building that is eligible for DHCD funding, and the denominator will be the total development costs (total sources)

attributable to that portion. Applicants should pursue alternative financing sources that reduce DHCD's investment in the project, such as tax-exempt bond and 4% LIHTC financing, private grants or soft debt, PACE financing, Housing Assistance Payment (HAP) contracts, etc. In mixed income buildings, applicants may use surplus cash flow from the market rate units to cross subsidize the affordable units and improve their leverage ratio.

Applications will receive maximum points for having less than 30 percent DHCD participation.

b. Subsidy Leverage *(Up to +5)*

Projects that have non-RFP grants/subsidies or subordinate funding sources (in addition to private debt and equity) that decrease the project's funding gap and decrease the amount of DHCD assistance requested will receive preference. Examples of sources that count toward this section are:

- Increments of additional debt leveraged by non-RFP sources or savings (e.g., existing HAP contracts, property tax abatements or exemptions, operating expense savings due to green improvements, income from solar revenue or credits, and/or other related operational efficiencies)
- Grants (Foundation, Federal Home Loan Bank, etc.)
- Deferred developer fees
- Sponsor equity (in addition to Tax Credit equity)
- Subordinate Seller's note
- Land value write-down
- Surplus cash flow from market-rate units or non-residential uses
- Opportunity Zone investments
- Non-DHCD or District agency resources
- Other sources used to finance the project in addition to the private debt and equity DHCD can reasonably assume the project can raise given current market conditions

Subsidies or grants requested through this RFP (for example, LRSP operating subsidies, DBH grants) are not counted as leverage.

Applications will receive maximum points for leveraging subsidies or subordinate funding equal to 25 percent of the project's total sources or greater.

c. Soft Cost Containment *(Up to +2)*

DHCD seeks to incentivize the containment of variable soft costs to reasonable amounts. Projects will be ranked based on the amount of soft costs (inclusive of developer fee) on a per square foot basis and placed into percentiles with 100 percent being the highest soft costs per square foot. Costs associated with tax exempt bonds and syndication costs will not be included in the ranking of projects.

Applications below the 25th percentile will receive maximum points and partial points will be available for projects below the 50th percentile.

Innovative or Community-Oriented Features or Programming

Resilient Buildings and Innovative Design *(Up to +15)*
Projects that exceed the minimum Green Building Design and Construction Threshold Requirements and commit to achieving one of the specific certifications defined below will receive preference under this criterion:

Maximum points will be awarded to projects that meet the following:

- Enterprise Green Communities Plus including Criterion 5.4 Achieving Zero Energy.

Partial points will be awarded to projects that meet one or more of the following criteria:

- Enterprise Green Communities Plus (rehabilitation projects of any size and new construction buildings less than 50,000 sf)
- TRUE Zero Waste Certification
- Building Electrification (no on-site combustion)
- 1.7-inch stormwater retention
- Whole Building Life-Cycle Assessment (LCA) Supported Low-Embodied Carbon Design (see guidance from LEED v4.1 Building Life-Cycle Impact Reduction credit)
- Enterprise Green Communities Criterion 5.10 Resilient Energy Systems: Critical Loads
- Mass-Timber Construction
- Universal Design Standard (e.g. DeafSpace Architecture)
- Modular Construction

Any project claiming points in this criterion category must demonstrate the capacity and experience to achieve certification, and to incorporate the innovative features specified. The architectural plans and project budgets (development and operating) submitted in the application must reflect the commitment to certification and the features described.

Resident Services and Community-Oriented Amenities *(Up to +25)*
Preference will be awarded to projects proposing high-quality, comprehensive, property-wide resident services designed to improve the quality of life of residents, empower residents, and support broader community-building goals. Such services are in addition to the PSH case management services or other supportive services targeted to underserved demographics that serve limited resident population(s) with more intensive needs. Preference will be awarded to projects that will provide specific, targeted resident services that tie into proposed project amenities including, but not limited to, the following categories:

- Training and Educational Programming – Academic and Economic Empowerment (e.g. job/vocational training, skill-building activities, tutoring/educational assistance for youth or adults, financial literacy training, credit counseling, homeownership/wealth-building education)

- Training and Educational Programming –Environment, Health and Wellness (e.g. health initiatives, nutrition workshops, wellness/recreational activities, art and cultural activities, green living education, counseling services)
- Resident Involvement and Organizational Capacity-Building (e.g. cooperative board training program, tenant association participatory role/ownership interest, legal and financial services, other enrichment/community-building activities)
- Onsite Daycare Services (e.g. before/after school care, early childhood care)

Community amenities should be integrated into the resident services plan, the architectural plans, and be consistent with the services proposed for the site. Preference will be awarded to projects that contain amenities including, but not limited to, the following:

- High Speed Internet (At least 5 years at no charge to the resident)
- Playground
- Daycare/Preschool
- Community/Multi-purpose Room
- Fitness Center
- On-site Grocery/Farmers Market/Food Provision/Garden
- Health Facility On-Site

Applicants can achieve maximum points by proposing a comprehensive and financially sustainable resident services plan that is specifically tailored to the needs of the project and its resident population, and thoughtfully integrates complementary project amenities. In addition, maximum preference is given to projects that utilize sources of funding outside the project (e.g. fundraising) or reserve a portion of developer fee to pay for proposed services. The plan requirements are further detailed in the Online Application System.

Workforce Development and CBE Participation *(Up to +10)*

Preference will be awarded to projects that commit to exceeding the minimum workforce development and Certified Business Enterprise (CBE) requirements. Projects must submit a detailed plan as to how they will comply with the additional commitment. Points will be awarded for projects that commit to one or more of the following:

- a local apprenticeship program in accordance with D.C. Official Code §§ 32-1401, et seq that exceeds the minimum apprenticeship hours worked by DC residents by 10% or more;
- exceeding the District's First Source Hiring requirement by 10% or more; or
- Certified Business Enterprise (CBE) participation of 50% or more.

Applicants can receive maximum points in this section by committing to all three of the above options and providing sufficient evidence of exceeding minimum requirements in one or more cross-cutting programs (i.e., CBE, Section 3, First Source) in at least one project completed within the last three years.

Applicants that were developers for projects with problematic past performance across any cross-cutting hiring and contracting-related programs (i.e., CBE, Section 3, or First Source) are not eligible for these points.

VI. AVAILABLE FUNDING SOURCES

Through this Consolidated RFP, the participating agencies offer the following types of funding, from the sources listed below:

Available Funding Sources

Available To	Agency	Assistance Type	Source
All Eligible Projects	DHCD	Development Subsidy (Cash Flow Loan)	Housing Production Trust Fund (HPTF) HOME Investment Partnership Program (HOME) Community Development Block Grant (CDBG) Housing Opportunities for Persons with AIDS (HOPWA) DOEE/DHCD BEPS Compliance Funding
All Eligible Projects	DHCD	Tax Credit	9% Low Income Housing Tax Credit (LIHTC)
All Eligible Projects	DCHA	Operating Subsidy	Local Rent Supplement Program (LRSP) *(Prioritized for PSH Units)* Annual Contributions Contracts (ACC)
All Eligible Projects	DHCD	Operating Subsidy	Reentry Housing and Services Program
New Construction, Extremely Low Income (0-30% MFI) Units Only	DHCD	Development Subsidy (Cash Flow Loan)	National Housing Trust Fund (NHTF)

Available Funding Sources

Available To	Agency	Assistance Type	Source
PSH Units Only	DBH	Development Subsidy (Grant)	Department of Behavioral Health (DBH) funds
	DHS	Supportive Services Subsidy	Supportive Services funds (DHS)

Each funding source operates under separate federal or local laws and regulations. All laws and regulations include restrictions on the incomes of families served, and maximum allowable rents, but such restrictions vary among the funding sources.

A brief summary of income restrictions, rent limits and definitions related to income for each funding source is outlined below. Projects must meet the specific income limits in effect at the time of funding, and must subsequently adjust income and rent limits to maintain ongoing compliance with program laws and regulations as new limits are published.

All projects funded through this RFP will be required to execute a long-term affordability covenant recorded against the property's deed.

Minimum Affordability Terms by Funding Source

Funding Source	Rental	Homeownership
HPTF	40 years	15 years
HOME	20 years for new construction 5-15 years for rehab *(depending on per-unit subsidy)*	5-15 years *(depending on per-unit subsidy)*
CDBG	*Determined on a project-by-project basis*	*Determined on a project-by-project basis*
NHTF	30 years	N/A
HOPWA	10 years for new construction 3-10 years for rehab *(depending on per unit subsidy)*	N/A
LIHTC	40 years	N/A

Minimum Affordability Terms by Funding Source

Funding Source	Rental	Homeownership
DBH	5-25 years *(depending on total grant amount)*	N/A

Davis Bacon prevailing wage rates apply to all development subsidy sources offered through this RFP except for 9% percent LIHTCs. Prevailing wage rates also apply to projects that request LRSP and ACC operating subsidy through DCHA.

A. Tax Credits

Through this RFP, DHCD will award a portion of its annual allocation of 9 percent LIHTC. Projects that present a financing scenario in which 9% LIHTCs are not pursued are strongly encouraged to apply for 4 percent LIHTCs by applying separately to DCHFA (http://www.dchfa.org/) if the size of the project makes it financially feasible and beneficial to do so.

As permitted by the Consolidated Appropriations Act of 2018, the 2021 Qualified Allocation Plan (2021) includes provisions that allow eligible projects the option of electing a third minimum set-aside in which 40 percent of the units in the project or more are rent-and-income-restricted to families with incomes at 80 percent or less of the MFI, as long as the average does not exceed 60 percent of MFI (known as the "Average Income" minimum set-aside, or "Income Averaging"). Projects that elect to implement the Income Averaging minimum set-aside must meet the following standards as documented in the District's 2021 QAP:

- 100 percent of the units are LIHTC-eligible, except for preservation projects with current tenants with documented income above 80 percent MFI.
- Income and rent levels shall be limited to the four following income bands: 30 percent of MFI, 50 percent of MFI, 60 percent of MFI, and 80 percent of MFI.
- The average income of the units shall be limited to 59 percent MFI.
- At least 10 percent of the units must be restricted at 30 percent MFI.
- Applicants must provide reasonable parity between unit size and buildings, as applicable, at each income band.
- All buildings in the project shall be included as one multiple building project, as referenced on line 8b of IRS Form 8609, except on a case-by-case basis.
- 4% Tax Credit projects that elect the Income Averaging minimum set-aside will still be required to meet either the 20/50 or 40/60 minimum applicable to tax-exempt bond financing.

9% Low-Income Housing Tax Credits (9% LIHTC)

Section 42 of the IRS Code of 1986: www.irs.gov

The Tax Reform Act of 1986 established the Federal Low-Income Housing Tax Credit (LIHTC) Program. The LIHTC Program was subsequently made permanent by the Revenue Reconciliation Act of 1993 as further amended by The Community Renewal Tax Relief Act of 2000. The LIHTC Program was created to encourage private sector investment in the construction and rehabilitation of housing for low- and moderate-income individuals and families. Project owner/investors can claim the LIHTC on their federal income tax return each year for a period of 10 years. However, projects generally must meet certain requirements for low-income use for 40 years.

Federal law requires The District of Columbia to adopt a plan to allocate the LIHTC to projects based on federally mandated requirements and priority needs determined by the District. The District's LIHTC Qualified Allocation Plan (QAP) is intended to ensure the selection of only those projects that comply with federal law and address, on a priority basis, the housing needs of the District.

The current QAP for the District was published in 2021 and can be found online: [www.dhcd.dc.gov.](http://www.dhcd.dc.gov)

The District of Columbia 2021 Qualified Allocation Plan (QAP) is an attachment to this RFP.

Mandatory Application Fee: 9 percent LIHTC applications MUST include the Application Fee with the application. (For-profits: $750; non-profits: $500). There is no application fee for projects that are not applying for 9% LIHTC.

The check for the LIHTC application fee (only for projects that are applying for 9 percent LIHTC through this RFP) should be sent to the following address:

> **Development Finance Division**
> **DC Department of Housing and Community Development**
> **1800 Martin Luther King Avenue SE, 2nd Floor**
> **Washington DC 20020**

Checks should be made payable to the Treasurer, District of Columbia. Reference "Low Income Housing Tax Credit Fund - Application Fee" and include the project name on the check. The project name must match what is submitted to DHCD through the Online Application System.

4% Low-Income Housing Tax Credits (4% LIHTC)

Administration of the 4 percent LIHTC program is delegated to DCHFA. There is a separate application process for 4 percent LIHTC allocations. If a project proposed through this RFP relies on tax exempt bond financing and 4 percent LIHTCs, the applicant must request a preliminary debt sizing memorandum from DCHFA. To obtain this memo, borrowers shall submit one copy of DCHFA's (the "Agency") Stage I application to the Agency no later than the date specified in the schedule provided earlier in this document. The application fee is not required at this time. DCHFA will return a debt sizing memo to the applicant and DHCD during DHCD's Threshold Review process.

To facilitate timely underwriting and closing, project proposals submitted to DCHFA must match the proposals submitted to DHCD through this RFP. For example, if your project includes 100 units total, with 75 at 50 percent of MFI and 25 at 30 percent MFI, including five PSH units, your application to DCHFA should represent that same unit mix so that the Agency can properly underwrite the deal and size the debt.

The Stage I application submitted to obtain the debt sizing memo required by this RFP does not double as the official application required per the Agency's Allocation and Application Guidelines. A formal application as prescribed in the guidelines, with the associated fee, must be submitted in order for the Agency to begin officially underwriting the application.

District of Columbia Low-Income Housing Tax Credits (DC LIHTC)

Effective October 1, 2021 all projects awarded 4% or 9% LIHTC are eligible for DC LIHTC in an amount up to 25% of the Federal LIHTC. The equity raised from the sale of the DC LIHTC must be greater than $.70 or 80% of the Federal LIHTC equity pricing, whichever is lower.

DHCD has included the DC LIHTC in the Form 202 and anticipates that projects requesting HPTF or 9% LIHTC as a gap source will utilize the maximum amount of DC LIHTC available in their application.

The DC LIHTC authorizing language in the Code of the District of Columbia is available here.

B. Development Subsidies (Gap Financing)

Through this RFP, DHCD will accept requests for locally funded (HPTF, DBH) and federally funded (CDBG, HOME, NHTF, HOPWA) development subsidies. Rather than request one specific funding source, applicants will be asked to indicate which funding source(s) they would like to be considered for. By default, each applicant will be considered for all eligible funding sources, but if there are conditions associated with any program that the applicant would be unwilling to accept, they should indicate that they do not wish to be considered for funding from that program.

Development subsidies from DHCD are structured as Cash Flow Loans. During the life of the loan, owners will be required to pay 75 percent of annual project cash flow to DHCD (after any approved deferred developer fee is repaid) until the loan is paid off. Loan terms are 40 years, with 3 percent interest rates (0 percent for Limited Equity Cooperatives).

Provided that the costs are attributable to a use eligible for DHCD funding, development financing from any of these sources may be used for most development finance purposes including, but not limited to:

- Acquisition costs
- Soft costs
- Financing costs
- Predevelopment costs
- Hard costs – new construction and rehabilitation

Financing from the available Development Subsidy sources may not be used for:

- tenant based rental assistance to tenants;
- capacity building;
- down payment assistance;
- security or utility deposits;
- capitalized reserves;
- operating and maintenance expenses;
- any costs attributable to an ineligible use, such as retail space or market-rate units; or
- emergency or transitional housing.

Information specific to each funding source is provided below.

Housing Production Trust Fund (HPTF)

The HPTF is a local fund established under the authority of the Housing Production Trust Fund Act of 1988, D.C. Law 7-202 (the Act). Detailed information about the fund is available in the statute (D.C. Code § 42-2801 *et seq.*) and regulations (DCMR 10-B41). Rental units financed through the HPTF are subject to a minimum 40-year affordability covenant that restricts the maximum allowable rent (varying by unit size and income level served) and establishes maximum income eligibility limits (varying by household size and income level served).

Davis Bacon prevailing wage rates apply to any project that uses HPTF.

HOME Investment Partnerships Program (HOME)

Through HUD, HOME is the largest federal block grant to state and local governments designed exclusively to create affordable housing for low-and moderate- income households. HOME provides formula grants to states and localities that communities use in partnership with local non-profit groups to fund a wide range of activities that build, buy, and/or rehabilitate affordable housing for rent or homeownership. Detailed information on the HOME program can be found at: www.hud.gov. Go to "Resources/Handbooks-forms/HUD handbooks, etc./HUDCLIPS/Shortcuts/Code of Federal Regulations.; HOME is Title 24, Part 92. DHCD's use of HOME funds is guided by the *FY2022-FY2026 District of Columbia Consolidated Plan* (https://dhcd.dc.gov/node/1549461).

Davis Bacon prevailing wage rates apply to any project that uses HOME.

Community Development Block Grant (CDBG)

CDBG are federal funds provided and regulated by HUD. Detailed information on CDBG can be found at www.hud.gov; go to "Resources/Handbooks-forms/HUD handbooks, etc./HUDCLIPS/Shortcuts/Code of Federal Regulations; CDBG is Title 24, Part 570; Alternatively, call the Superintendent of Documents Office, Government Printing Office, 202-512-1800 to request regulations in hard copy. DHCD uses CDBG funds for a variety of uses, one of which is to produce and preserve affordable housing through this Consolidated RFP. DHCD's use of CDBG funds is guided by the *FY2022-FY2026 District of Columbia Consolidated Plan* (https://dhcd.dc.gov/node/1549461).

Davis Bacon prevailing wage rates apply to any project that uses CDBG.

National Housing Trust Fund (NHTF)

The NHTF was established under Title I of the Housing and Economic Recovery Act of 2008 (HERA), Section 1131 (Public Law 110-289). Section 1131 of HERA amended the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (12 U.S.C. 4501 et seq.) (Act) to add a new section 1337, entitled "Affordable Housing Allocation" and a new section 1338, entitled "Housing Trust Fund."

DHCD's use of NHTF funds is guided by the *FY2022-FY2026 District of Columbia Consolidated Plan* (https://dhcd.dc.gov/node/1549461) and the *National Housing Trust Fund Allocation Plan* (https://dhcd.dc.gov/node/154945). In accordance with the Allocation Plan, NHTF funds are only available to support units for Extremely Low Income Households (0-30 percent MFI) in new construction projects.

Davis Bacon prevailing wage rates do not apply to any project that uses NHTF.

Housing Opportunities for People with AIDS (HOPWA)

HOPWA funds are allocated to state and local governments on a formula basis to create and operate service-enriched affordable housing for low-income persons living with HIV/AIDS (PLWHAs) and their families.

Funding Available: The per unit HOPWA funding will be capped at $100,000 per unit, with higher funding available at Department of Health's discretion based on an explanation of the need.

Income Eligibility: HUD restricts all HOPWA funding to households with incomes at or below 80 percent of area median. The District of Columbia further restricts eligibility for HOPWA-funded activities to very low- and extremely low-income households, i.e. those with incomes at or below 50% AMI and 30% AMI respectively.

Eligible Expenditures and Priority Project Design: HOPWA funding may be used for acquisition, rehabilitation, conversion, and repair of facilities to provide housing. Priority projects will provide permanent housing (no predetermined time limit on residency) in a mixed-population project. The primary need is for efficiency and one bedroom units.

In this round, HOPWA funds will only be available for capital expenses; there is no additional HOPWA funding for operating subsidy or supportive services to residents of HOPWA units. HOPWA referred residents will be capable of independent living without need for supportive services. Therefore, HOPWA units will not meet the definition of Permanent Supportive Housing and will not contribute to the 5% PSH Threshold for new construction projects.

Affordability: Projects applying for HOPWA capital funding must demonstrate that the monthly rent charged for the HOPWA unit will be affordable to the extremely low income resident. Applicants should assume the HOPWA residents will not have a tenant based operating subsidy. If other sources of subsidy are not sufficient to cover the operating expenses of the unit, applicants should plan to request project-based operating subsidy assistance through this RFP.

Restricted Use Period: HOPWA-funded housing units must remain affordable over the long term. The required Federal minimum affordability period is enforced through a restrictive covenant deed on the property. The Federal minimum affordability period is based on the type of project and the total amount of HOPWA assistance (574.3 – Definitions).

Department of Behavioral Health Grant Funds (DBH)

The DBH in collaboration with DHCD will fund proposals to finance the acquisition, construction, or rehabilitation of long-term PSH units for the exclusive use of DBH consumers. The per-unit DBH funding will be capped at $42,000 per unit, with higher funding available at DBH's discretion, based on an explanation of need. Situations that would justify a higher funding level might include UFAS compliant units or larger, family sized units. DBH supports projects that provide housing for extremely low-income individuals and families (less than 30 percent MFI). DBH units follow the HPTF rent and income limits.

DBH shall hold a restrictive use covenant for no less than a five-year period on all projects developed that receive total DBH funding of less than $100,000. DBH shall hold a restrictive use covenant for a 25-year period on all projects that receive total DBH funding of more than $100,000. For applicants also receiving HPTF financing, there will be an additional affordability period, for a total restricted use period of 40 years.

Units proposed for development should be permanent housing of the following types: single-family housing, condominium or cooperative units, multifamily building, mixed-use building serving low and moderate-income populations, single room occupancy units (SROs) or buildings, or transitional housing if approved by DBH in writing. Projects that integrate DBH consumers with the general public are desired. No more than 30 percent of the units at any multi-family property may be set aside for DBH consumers, unless an exception is granted by DBH.

Projects that maximize the use of the funds by reducing the cost of housing development by entering into agreements with for-profit and non-profit organizations, government agencies and other entities, as necessary, to leverage funds are desired.

Projects applying for DBH grant funds must demonstrate that the monthly rent charged for the DBH unit will be affordable to the extremely low-income resident. Applicants should not assume the DBH residents will have a tenant-based operating subsidy. Applicants must: (1) request project based operating subsidy/voucher assistance from DCHA in conjunction with their RFP proposal; or (2) provide documentation of other sources of subsidy sufficient to cover the operating expenses of the unit.

DBH will refer eligible DBH consumers to fill vacancies in the use-restricted housing created through this RFP. Senior-housing developments will receive referrals for age-eligible residents. Priority populations will be: (1) homeless; (2) consumers discharged from St. Elizabeth's Hospital; and (3) consumers moving from a more restrictive setting. DBH provides a project liaison to ensure timely planning for resident occupancy and ongoing monitoring.

DBH residents will receive community supportive services from DBH provider agencies. Applicants requesting DBH grant funds do not need to request DHS supportive services for DBH residents and do not need to secure additional funding for supportive services for DBH residents.

In addition to standard DHCD underwriting criteria, specific considerations for applicants for DBH funding include:

- project's size (number of units);
- adequacy of bedroom space;
- adequacy of common areas;
- overall condition of property;
- neighborhood amenities/services;
- safety from fire;
- security;
- access to public transportation;
- absence of drug activities; and
- suitability of the location for promoting community integration.

Funds granted to prospective developers for Licensed Mental Health Community Residential Facilities (MHCRF) projects are not required to leverage funds, and are not limited to 30 percent of the units as set-aside for DBH consumers.

Davis Bacon prevailing wage rates apply to any project that uses DBH funds.

DOEE/DHCD BEPS Compliance Fund (DOEE)

DOEE, in collaboration with DHCD, has established a BEPS Compliance fund that can be used by projects where the cost of complying with the green building requirements of the RFP causes the amount of gap financing required to exceed the 49% maximum.

Groups requesting this funding should provide an itemized budget (beyond the Form 215) for the green building features of the project. DHCD anticipates that both new construction projects seeking to comply with Enterprise Green Communities 2020 Plus and Rehabilitation projects seeking to comply with the ADR requirements can apply for these funds, if available.

DOEE is also delivering supplementary technical assistance through its new Retrofit Accelerator (coming online Fall 2021) to help buildings subject to BEPS navigate and meet the program's compliance requirements. The Accelerator streamlines compliance requirements and brings financial and technical support to building owners through the BEPS Online Portal. Buildings subject to BEPS can access Retrofit Accelerator support by registering on the BEPS Portal. More details will be available here once the Accelerator goes live. Any additional questions regarding BEPS compliance and support needs can be asked through the BEPS Online Portal.

C. Operating Subsidies

A limited amount of rent subsidy will be available to housing projects receiving funding from DCHA in this round. For each type of rent subsidy, DCHA prioritizes: (1) the integration of subsidized units into mixed income housing; and (2) owner/operator successful prior experience operating units with DCHA rental subsidies.

Local Rent Supplement Program (LRSP)

This District of Columbia government funded rental assistance program serves extremely low income families (0-30 percent of MFI). The majority of these operating subsidies will be prioritized for PSH units receiving funding from DHCD, DBH, and/or DHS, but a portion will be available for non-PSH 30 percent MFI units. The amount available will be based on a per-unit subsidy. The term of funding is 15 years with possible extensions. All subsidies are subject to funding availability. Maximum rents are set based on project location and number of bedrooms; current subsidy standards for each neighborhood can be found at dchousing.org. Projects that receive funding awards will be held to the rental subsidy requested in project application. Rental subsidies will not be increased in response to applicant requests prior to the financial closing, regardless of the time elapsed, change in market conditions, or errors on the part of the applicant. Unless otherwise provided, LRSP is administered in accordance with federal and District of Columbia Housing Choice Voucher Program (HCVP) rules and regulations (24 CFR Chapters 982 and 983) (14 DCMR Chapters 49,41,53,54,56,59,61, 93 and 95) as administered by DCHA.

Rental units must meet minimum standards of health and safety, as determined by HUD's Housing Quality Standards (HQS), or applicable HUD inspection standard. A housing subsidy is paid to the landlord directly by the public housing authority on behalf of the participating family. The family then pays the difference between the actual rent charged by the landlord and the amount subsidized by the program.

Davis Bacon prevailing wage rates apply to any project that uses LRSP.

Annual Contributions Contract (ACC) Authority

The ACC is a contract between HUD and a Public Housing Authority whereby HUD agrees to provide financial assistance and the Public Housing Authority agrees to comply with HUD requirements (including long-term (usually 40 years) low-income use restrictions).

The Annual Contributions Contract (ACC) available under this RFP will provide rental assistance for housing developments that receive funding from DHCD, DHS or DBH in this round. These funds can serve households earning up to 80 percent MFI. The term is up to 40 years. All subsidies are subject to funding availability. ACC operating subsidy is based on a number of factors; however developers should use $400 per month per unit for the operating subsidy or Project Expense Level (PEL); and $200 per unit per month for the Utility Expense Level (UEL). DCHA will calculate the actual ACC subsidy and provide to DHCD prior to award. The ACC subsidy cannot be used to cover debt service. If a project anticipates layering ACC with any other project-based subsidy, the maximum rent cannot not exceed subsidy standards set based on project location and number of bedrooms.

Davis Bacon prevailing wage rates apply to any project that uses ACC.

Reentry Housing and Services Program[4]

The Reentry Housing and Services Program provides sponsor-based operating subsidy to subsidize the cost of monthly rent and on-site services in a housing project that meets the following requirements:

1. No fewer than 60 units of housing are provided in the project, which may include single room occupancy units;
2. Onsite services must be provided for the target population; and
3. The project must have a preference for Returning Citizens.

Returning Citizen means a District resident who was previously incarcerated.

The operating subsidy must produce and maintain new affordable housing units and subsidize the cost of monthly rent and on-site services for the target population at a qualifying housing project.

[4] Reentry Housing and Services Program Act of 2021, D.C. Law 24-45, eff. November 13, 2021, D.C. Official Code § 42-2231 *et seq.*

D. Tax Exemptions

Non-Profit Affordable Housing Developer Tax Relief Program

Non-profit developers applying for financing through this RFP, both LIHTC and non-LIHTC, are eligible for tax relief under the Non-Profit Affordable Housing Developer Tax Relief Program.

Applicants need to submit a tax relief certification application to DHCD's Office of the General Counsel. DHCD will provide a tax relief certificate to the project prior to closing that can be presented to the DC Office of Tax and Revenue which grants the applicable tax relief.

The required forms for applying for the tax relief certification are available here.

Contractor's Exempt Purchase Certificate (OTR-553)

Contractor's completing work for a non-profit entity are eligible for a sales tax exemption through DC's Office of Tax and Revenue (OTR). Purchases made by the non-profit entity will need to request a separate exemption certificate from OTR.

OTR has provided a guide for requesting the exemption here.

E. Case Management-Supportive Services

Supportive Services Funds

DHS will provide funding for the provision of case management services to single adults and families who reside in PSH units developed through this RFP. The priority for DHS funding is projects that expand the total pool of available PSH resources. Existing PSH (and other forms of existing service enriched housing) and occupied units are not a priority for DHS subsidy in this RFP. The initial term of the subsidy is one year, which may be renewed subject to funding availability.

Projects selected for funding through this RFP must follow a Housing First model. Residents of DHS-funded units will be selected through the District's Coordinated Entry Assessment and Housing Placement (CAHP) system. Senior housing developments will be referred age eligible applicants. Single adults and families who are provided case management services through this RFP using DHS funding must meet DHS eligibility criteria. These criteria include:

- the completion and submission to DHS of the required assessment tool (either the Vulnerability Survey OR Service Prioritization Decision Assistance Tool (SPDAT);
- the individual or family meets or exceeds the threshold criteria on the PSH assessment tool; and

- the individual or family is chronically homeless as defined by the Homeless Services and Reform Act of 2015 (HSRA).

Projects applying for DHS case management services funding must demonstrate that the monthly rent charged for the DHS unit will be affordable to the resident. Applicants should not assume the DHS resident will have a tenant-based operating subsidy. If other sources of subsidy are not sufficient to cover the operating expenses of the unit, applicants should plan to request project based operating subsidy/voucher assistance through this RFP.

Applicants will identify the PSH Program Type being proposed and acknowledge the PSH requirements with which they will be required to comply. When the project construction is 50 percent complete, DHS will assign a Services Provider that has an active Human Care Agreement (HCA) in place and is qualified to serve the target population (e.g., families, individuals, site-based programs).

PSH Program Types

PSH Program Types are categorized based on the number of PSH units proposed in a development project as follows:

- Site-Based PSH Projects are those that propose 100 percent of units as PSH.
- Limited Site-Based PSH Projects are those that propose 12 or more PSH units for families or 17 or more PSH units for individuals (or equivalent composition of both family and individual units), but not 100% of units as PSH.
- Scattered-Site PSH Projects are those that propose 11 or fewer PSH units for families or 16 or fewer PSH units for individuals (or equivalent composition of both family and individual units).

In order to provide adequate case management supports to PSH households, Site-Based and Limited-Site Based PSH Projects must provide the following at the project:

- A minimum of one office space for the Services Provider with the following characteristics/services:
    - Minimum size of 120 square feet
    - Provides adequate privacy – the office must not be open and must have a door that shuts and locks
    - The property must provide Wi-Fi for the use of the Services Provider
    - The building must be accessible to the designated Services Provider staff 24 hours per day
- Limited Site-Based PSH Projects must provide 24-hour front desk/security presence, including weekends and holidays, in the form of either a front desk assistant or security guard, or a 24-hour monitoring/call system.
- Site-Based PSH Projects must provide 24-hour front desk/security presence, including weekends and holidays, in the form of either a front desk assistant or security guard.

The Applicant will select the project's Program Type and certify agreement to providing the above accommodations for the Service Provider in the PSH Acknowledgement Form provided in the Online Application.

Assignment of Service Providers

DHS will select and assign Service Providers from a pre-approved list of currently contracted Service Providers with active HCAs. Applicants can identify their preferred Services Provider for Site-Based and Limited Site-Based PSH projects within the Online Application. All proposed providers must be qualified by DHS to provide case management services through a PSH Human Care Agreement with DHS. DHS will review the request during the evaluation of RFP proposals and passively approve the assignment during the application and selection process. Eligibility of the preferred Service Provider will be reconfirmed when project construction is 50 percent complete. At this time, the contracting process will begin between DHS and the Services Provider to incorporate the new project. RFP Applicants with a Scattered-Site PSH Project may identify a preferred Services Provider in the RFP application. DHS will assign the Service Provider for Scattered-Site PSH Projects and begin the contracting process when project construction is 50 percent complete.

Acknowledgement of Housing First Model and Coordinated Entry Requirements

The Applicant must also certify compliance with the Housing First model in the PSH Acknowledgement Form provided in the Online Application. The form outlines the obligations of the RFP Applicant in relation to PSH units and provides a description of case management services funded by the District for PSH units. The form includes the requirement that owners waive credit score and rental/eviction history requirements when evaluating PSH tenant applications, in addition to abiding by the DC Human Rights Act of 1977/Fair Housing Law (see https://ohr.dc.gov/sites/default/files/dc/sites/ohr/publication/attachments/FairHousingoster_2016.pdf for a summary of protected classes and categories) and the Fair Criminal Screening for Housing Act of 2016 (see https://ohr.dc.gov/page/returningcitizens/housing).

Case Management Standards

Providers of case management services who receive DHS funding through this RFP to provide case management services also must meet DHS provider eligibility criteria. These criteria include:

- the capacity to offer high-quality, intensive, comprehensive case management services for individuals and families participating in the PSH Program, and being an existing qualified PSH service provider with DHS;
- a documented good track record of similar services provided by positive evaluations for contracts or grants with federal government, District government, foundations and nonprofit organizations;
- Incorporated and licensed organization in the District of Columbia in good standing with DCRA;
- a clean track record for managing funds;

- submitting a staffing plan that meets the case manager qualifications requirements and maximum case load standards. (as indicated below); and
- adherence to all service standards and requirements that are described in "DHS PSH Supportive Services (Case Management) Standards/Requirements," as provided in the PSH page within the Online Application System.
- The capacity to become a qualified Medicaid provider.

Case Load Standards:
Caseloads for case managers serving single adults shall not exceed 17 participants in the first period of performance and up to 25 participants in the subsequent option years of the contract. Caseloads for case managers serving families shall not exceed 12 families in the first period of performance and up to 15 families in the subsequent option years.

Client Contact Standards:
Providers shall engage with each of their PSH participants, minimally, at the required frequency of the PSH case management service contact requirement, however, the majority of participants will likely need contacts above the minimum threshold. During the Housing Navigation Phase, Case Managers shall have a minimum of four monthly face-to-face client contacts a month, consisting of one face-to-face client contact per week during the period spent conducting services and activities to find client housing. Once the clients are housed, Case Managers shall have a minimum of four total client contacts a month. Two of these must be face-to-face client contacts, of which one shall be conducted in the home. The other two client contacts may be made by telephone or via email. The District may require increased contacts above minimum threshold for a length of time at the District's discretion in instances of Provider unsatisfactory performance, or if a participant is identified as being in crisis, based on needs assessments, or for other high level client concerns. If Housing Providers are experiencing any high-level concerns with a PSH Participant they can report those concerns using the escalation process.

Case Rate Caps:
The rates at which DHS will fund these PSH case management services are NOT TO EXCEED rates established in the assigned Service Provider's HCA with DHS.

Note on mixing "Designated Unit" Funding:
DBH and DHS units each are restricted solely to residents selected by the specific funding agency. It is not possible to blend these funding sources in a single unit. However, applicants are encouraged to blend sources within a project and are encouraged to consider requesting funding from multiple agencies. This would result in designated units with more than one agency. For instance, a single 100-unit development might have three DBH units and three DHS units, which together would exceed the minimum 5-percent PSH requirement.

VII. UNDERWRITING GUIDELINES

Applicants to this RFP must follow DHCD's most recent Underwriting Guidelines.

VIII. COMPLIANCE & MONITORING REQUIREMENTS

In accordance with federal and District laws and regulations, DHCD is required to monitor the use of the funds distributed under this RFP. There are compliance and monitoring requirements associated with every phase of the project once an application is received. Some of these requirements are related to a specific funding source, while others apply to all projects. At the time of proposal submission, applicants will be prompted and required to present documents that allow DHCD to conduct the following phases of the review process:

- Threshold Review
- Evaluation
- Underwriting

Some of these documents must be final versions. Two examples of documents for which a final version is required are the Phase I Environmental Site Assessment and the Appraisal. Others, namely the Compliance and Monitoring Documents requested in the application, may be preliminary draft submissions that will be further developed with agency input if the project is selected.

All of the information and instructions that an applicant needs to build a responsive, high quality application are contained in this RFP document or in the Online Application System. All instructions included within the Online Application System are considered part of this RFP.

Prospective applicants may also be interested in learning about the rules, regulations, and processes that will guide the relationship between DHCD and the project team once a Letter of Commitment is issued. This information is contained in the **Compliance and Monitoring Reference Guide** that is included as an appendix to this RFP. The Guide contains vital information related to the following project phases:

- Pre-Closing Due Diligence;
- Construction;
- Lease-Up/Sale; and
- Operations

As part of the application, DHCD requires each applicant to sign a Monitoring Certification Form indicating agreement to comply with the rules and regulations that govern DHCD and the projects it funds, to be subject to DHCD monitoring for compliance, and to accept any applicable penalties for noncompliance. The applicant is responsible for any and all costs associated with implementing and maintaining records to comply with and allow for DHCD monitoring.

For detailed information, please refer to the current Compliance and Monitoring Reference Guide.

IX. DEFINITIONS

For the purpose of this RFP and any projects funded pursuant to this RFP, the following definitions will apply:

Affordable Housing: Housing that legally restricts the housing costs and occupancy based on household incomes for the purpose of limiting housing costs for low income occupants below what is generally available in the market for a similar home. In most cases, the limits on housing costs and household incomes used for affordable housing are based on the HUD standard that households that pay more than 30 percent of income for housing may have difficulty affording other necessities such as food, clothing, transportation and medical care.

Case Coordination: The active implementation of the goals on the case (service) plan to meet the identified needs and services of the individuals and/or families. The scope and intensity of care coordination depends on the psychosocial assessment of the functionality, needs, strengths and barriers to achievement of cases plan goals. Consideration of the need for intensive wrap around services for individuals and/or families should be integral to the case coordination process.

Case Management: A service that engages individuals and families, and provides assistance in: identifying barriers, needs and strengths; developing goals; identifying resources and support; and connecting individuals and/or families residing in a shelter, temporary housing or permanent housing the needed resources, housing and/or economic security supports and supportive services to achieve identified goals.

Chronically Homeless: As defined in HUD's Continuum of Care (CoC) Program interim rule at 24 CFR 578.3, a chronically homeless person is:

- An individual who: 1) Is homeless and lives in a place not meant for human habitation, a safe haven, or in an emergency shelter; 2) Has been homeless and living or residing in a place not meant for human habitation, a safe haven, or in an emergency shelter continuously for at least one year or on at least four separate occasions in the last 3 years; and 3) Can be diagnosed with one or more of the following conditions: substance use disorder, serious mental illness, developmental disability (as defined in section 102 of the Developmental Disabilities Assistance Bill of Rights Act of 2000 (42 U.S.C. 15002)), post-traumatic stress disorder, cognitive impairments resulting from brain injury, or chronic physical illness or disability;
- An individual who has been residing in an institutional care facility, including a jail, substance abuse or mental health treatment facility, hospital, or other similar facility, for fewer than 90 days and met all of the criteria for a chronically homeless individual, before entering that facility; or
- A family with an adult head of household (or if there is no adult in the family, a minor head of household) who meets all of the criteria [as described in Section I.D.2.(a) of this Notice, including a family whose composition has fluctuated while the head of household has been homeless].

Coordinated Entry System: The Coordinated Assessment and Housing Placement System (CAHP), required by HUD per the Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act, that will be implemented by DHS as the designated homelessness planner for the District. The system is a client-centered process that streamlines access to the most appropriate housing intervention for each individual or family experiencing homelessness. Within a CAHP system, clients are prioritized for housing through a process that is data-driven and real time. Residents for PSH units will be referred by CAHP and solely screened through the DCHA/LRSP voucher application process.

DBH Consumers: Adults, children or youth who are eligible to receive behavioral health services or supports funded or regulated by DBH.

Disability: A physical, mental, or emotional impairment that is expected to be of long-continued and indefinite duration; that substantially impedes the ability to live independently; and is of such a nature that such ability could be improved by more suitable housing conditions (primarily persons who are seriously mentally ill; have chronic problems with alcohol, drugs, or both; or have AIDS and related diseases).

Development Finance Division (DFD): A division within DHCD that provides financial resources to developers in the private sector to build and rehabilitate community infrastructure and ensure access to quality and affordable rental and homeownership housing in order to revitalize communities and promote economic diversity.

Funding Sources: The sources of funds made available for rehabilitation and construction of affordable housing under the mentioned federal and local programs.

Gross Floor Area: The combined floor area of all structures that share building systems, or have at least one common energy or water meter, less any area available for parking as defined by the ENERGY STAR Portfolio Manager benchmarking tool.

Homeless: Derived from the HUD definition: (1) an individual who lacks a fixed, regular, and adequate nighttime residence; and (2) an individual who has a primary nighttime residence that is (a) a supervised publicly- or privately-operated shelter designed to provide temporary living accommodations (including welfare hotels, congregate shelters, and transitional housing for the mentally ill); (b) an institution that provides a temporary residence for individuals intended to be institutionalized; or (c) a public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings.

HUD Median Family Income (HMFI): In developing many of its rent and income limits HUD begins by dividing the family income distribution into two equal parts: one-half of the cases falling below the median income and one-half above the median. HUD uses this number to calculate income limits for eligibility in a variety of housing programs often making adjustments to account for different beneficiary household sizes, market conditions, and program objectives. The HMFI for the District and information on how it is used to generate various HUD program income and rent limits can be found at: https://www.huduser.gov/portal/datasets/il.html

Housing First: Under the Homeless Services Reform Act (HSRA), Housing First means a program that provides clients with immediate access to independent permanent housing and supportive services without prerequisites for sobriety or participation in psychiatric treatment. Clients in Housing First programs may choose the frequency and type of supportive services they receive and refusal of services will have no consequence for their access to housing or on continuation of their housing and supportive services. Residents for PSH units will be referred by CAHP and solely screened through the DCHA/LRSP voucher application process.

Long-term: In the context of DBH-funded units, means that the supportive housing developed under this initiative will be reserved through use restriction covenants for the exclusive use of DBH consumers for time periods specified in this RFP.

Median Family Income (MFI): In this document, MFI is a generic term used to designate rent and income limits across subsidy programs. Program income limits are typically based on HUD Median Family Income (HMFI) limits. See the specific program for the rent and income limits used by that program at https://dhcd.dc.gov/service/rent-and-income-program-limits. MFI requirements encompass the Area Median Gross Income (AMGI or AMI) limits published by HUD pursuant to the qualified low-income housing project requirements of IRC Section 42(g).

Net New Unit: A Production or Preservation unit that is not currently subject to a long-term affordable housing covenant associated with permanent financing.

Opportunity Zone: Census tracts designated by the District and certified by the U.S. Department of Treasury as eligible to receive private investments through Opportunity Funds. Refer to the following website for more information on the 25 census tracts that have been certified as Opportunity Zones: https://dmped.dc.gov/page/opportunity-zones-washington-dc.

Permanent Housing: As defined by HUD, permanent housing refers to community-based housing without a designated length of stay and where the client is the lease-holder. Individuals and families who are living in permanent housing are no longer considered to meet the HUD homeless definition.

Permanent Supportive Housing (PSH): Supportive housing for an unrestricted period of time for individuals and families who were once homeless and continue to be at imminent risk of becoming homeless, including persons with disabilities as defined in 24 C.F.R. 582.5, for whom self-sufficient living may be unlikely and whose care can be supported through public funds. (Homeless Services and Reform Act of 2015) Likewise, under the CoC Interim Rule, HUD defines PSH as permanent housing in which supportive services are provided to assist homeless persons with a disability to live independently. For the purposes of this RFP, PSH units that are used to meet the 5 percent set-aside requirement must follow the Housing First model and fill vacancies through the Coordinated Entry System.

Perpetual Affordability: The period during which units designated as affordable housing are required to remain as affordable housing units in perpetuity, secured by a covenant running with the land that may be extinguished at the sole discretion of the District.

Point-in-Time Count: The Point-in-Time (PIT) Count is an annual count of sheltered and unsheltered homeless persons on a single night in January.

Qualified Non-Profit Organization: Any organization if: (1) such organization is described in paragraph (3) or (4) of section 501(c) and is exempt from tax under section 501(a); (2) such organization is determined by the State housing credit agency not to be affiliated with or controlled by a for-profit organization; and (3) one of the exempt purposes of such organization includes the fostering of low-income housing. (IRC Section 42(h)(5)(c))

Resident Services: Voluntary services designed to improve the quality of life of residents, empower residents, and support broader community-building goals. Including but not limited to coordination of activities and programming; case management; physical and mental health support; substance use management and recovery support; job training, literacy, and education; youth and children's programs; activities for seniors; healthy/green living training; and money management. These services may be property-wide rather than exclusively serving the PSH population.

Supportive Services: Case management or other intensive resident services exclusively serving the PSH population.

Type A Units: Type A units are adaptable units that can allow seniors and others with mobility issues to age in place. Type A units must meet the requirements as defined in Chapter 11 of the 2013 District of Columbia Building Code: https://codes.iccsafe.org/content/chapter/9182/

X. CONTACT US

While the Request for Proposals application window is open, all questions must be submitted through the "Q&A" section of the Online Application System. All questions and Department responses pertaining to the RFP will be posted at this site, for all potential applicants to see.

All registered applicants will receive a notification via email informing them that a new question and answer have been submitted to the forum. Any updates from DHCD also will be communicated in this manner.

Should you need to reach the Department through another means, contact us at:

Mailing Address:	Development Finance Division DC Department of Housing and Community Development 1800 Martin Luther King Jr. Avenue SE, 2nd Floor Washington DC 20020
Email address:	rfpquestions@dc.gov
Phone:	(202) 442-7200