

# **SMALL BUILDINGS GRANT PROGRAM**

## **GUIDELINES AND APPLICATION PACKAGE**

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Brian Kenner  
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

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## **I. BACKGROUND**

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The Department of Housing and Community Development's (DHCD) Small Buildings Grant Program will provide funds for limited systems replacement and other key repairs to eligible property owners of multi-family rental housing. Repairs are expected to improve sub-standard housing conditions, including safety and environmental hazards in the District as required by the Department of Consumer and Regulatory Affairs (DCRA), and the Department of Energy and Environment (DOEE).

## **II. ELIGIBLE ACTIVITIES**

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The Program is designed to support the rehabilitation of properties that need to abate property code violations outlined in an Inspection Report Notice of Violation or Notice of Infraction issued by DCRA, or a substantially similar inspection report like a Housing Quality Standard Report issued by DCHA. Under §106.3 of the District of Columbia Property Maintenance Code codified in §12g of the DC Municipal Regulations, DCRA may issue a notice of violation for unsafe structures and/or unsafe equipment that pose a hazard to life, health, property, or safety of the public or occupants of the premises or structure. More detailed definitions of unsafe structures and unsafe equipment are found in §108.1 of the District of Columbia Property Maintenance Code.

Rehabilitation activities can take place in individual rental housing units or in common areas though different requirements exist for each (please see Section III. Program Requirements). Activities also must comply with the District's Construction Code (§6-14 *et seq.*), Green Building Requirements (§6-1451 *et seq.*), and Historic Landmark and Historic District Protections (§6-11 *et seq.*) of the D.C. Official Code.

This Program will not fund: (1) imminently dangerous buildings under §109 of the District of Columbia Property Maintenance Code (that is, tenants are ordered to vacate, building is condemned); or (2) projects that will lead to the permanent displacement of residents.

## **III. WHO IS ELIGIBLE?**

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Property owners of multi-family rental housing that meet the following criteria:

- Possess a DCRA Inspection Report, Notice of Violation or Notice of Infraction, or a DCHA Housing Quality Standard Report;
- Building has between five and 20 housing units;
- Building is at least 75 percent occupied;
- Housing unit affordability:
  - At least 25 percent of housing units must be affordable to low- to moderate-income households who earn at or below 50 percent of the Median Family Income (MFI) as defined by the DHCD Inclusionary Zoning Maximum Income, Rent and Purchase Price Schedule.
  - If households earn at or below 80 percent MFI, then all the units of the building must be affordable.

- The program also may fund repairs to common areas of buildings in which at least 50 percent of the households earn 80 percent MFI or below;
- No defaulted or delinquent loans with DHCD;
- No pending litigation in the District of Columbia where there is a contingent liability to the property owner;
- Building is properly registered and licensed as a housing accommodation;
- Building has insurance;
- Current on all DC and Federal taxes; and
- Application and supporting documentation submitted within 30 days of the DCRA Inspection. (*See Section VIII. Required Application Components for required application components.*)

Limited Equity Cooperatives and Condominium Associations also may be eligible for funding, and applications will be evaluated on a case by case basis.<sup>1</sup>

## **IV. PROGRAM REQUIREMENTS**

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At least 25 percent of housing units must be affordable to low- to moderate-income households who earn at or below 50 percent MFI. If households earn at or below 80 percent MFI, then all the units of the building must be affordable. The program also may fund repairs to common areas of buildings in which at least 50 percent of the households earn 80 percent MFI or below. Before grant closing, the property owner shall provide income certifications demonstrating that the tenants meet the established income requirements.

Repairs in units that are paid through this program are subject to a five-year minimum 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). Affordability restrictions are not released if the grant is repaid.

In the event program funds are used to address the cited deficiencies in common areas, such as a roof replacement or shared heating system replacement, at least 50 percent of the building's units will be subjected to affordability restrictions.

Owners must sign a regulatory agreement that requires compliance with affordability guidelines, which will be recorded as a covenant against the property. During the affordability period, building owners will be required to submit tenant income certifications on an annual basis to DHCD. The program's rent and income limits will be pegged to the Inclusionary Zoning Limits Program Limits, which are updated annually and are available on

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<sup>1</sup> On June 26, 2018, the District of Columbia Council passed the Common Interest Communities Remedial Funding Act of 2018. B22-0273. Further guidance is forthcoming on how the Small Buildings Program will address that legislation.

DHCD's website: <https://dhcd.dc.gov/publication/2017-inclusionary-zoning-maximum-income-rent-and-purchase-price-schedule>.

## **V. GRANT TERMS**

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- **Maximum Grant Amount:** Up to \$25,000 per dwelling unit and a maximum of \$200,000 per project.
- **Repayment:** Grant repayment will be required for property owners that do not maintain required affordability and or incur additional code violations during the affordability period.

## **VI. CONSTRUCTION PROCESS**

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DHCD will evaluate each application to ensure it meets program requirements. A scope of work will need to be created in order to approve the application and select a contractor to complete the work. DHCD will coordinate with DOEE to ensure compliance with lead laws, if buildings were built prior to 1978. DHCD will coordinate with landlords and contractors to select a date to commence construction.

## **VII. TEMPORARY RELOCATION**

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For rehabilitation projects that require the temporary relocation of tenants, the applicant must submit a relocation strategy that complies with the requirements of the Uniform Relocation Assistance and Real Property Acquisition Act of 1970 (42 U.S.C. 4601 also known as URA) and §104(d) of the Housing and Community Development Act of 1974 [42 U.S.C. §5304(d)] if Community Development Block Grant funds are used, or local relocation regulations found at Title 10, District Code of Municipal Regulations (DCMR) Chapter 22, regarding resident notice and compensation.

Applicants should make themselves familiar with the requirements of URA, §104(d) or 10 DCMR 22, as applicable. Information on federal relocation requirements may be found at: <https://www.hudexchange.info/programs/relocation/>.

If relocation is required, DHCD will actively monitor that the approved relocation plan is adhered to when a project involves temporary relocation.

## VIII. REQUIRED APPLICATION COMPONENTS

Eligible property owners should submit an application for funding to DHCD to [SBP.DHCD@dc.gov](mailto:SBP.DHCD@dc.gov). The application must be signed by the applicant and include all relevant attachments. A summary of the requirements is listed in the matrix below:

	<b>Document Name/Requirement/Description</b> *Denotes Information that Applicant Will Need to Attach to Application
<b>Applicant Information</b>	Contact Information (Name, Phone, Applicant's Address, E-mail)
<b>Project Description</b>	<ul style="list-style-type: none"> <li>• Proposed renovation summary</li> <li>• Photographs of property to be repaired*</li> <li>• Description of any property improvements made to the building since the purchase date</li> <li>• Description of financial reasons why grant assistance is needed and why project has been unable to support preventative capital improvements</li> <li>• If renovations will result in the temporary relocation of any tenants, submit the following:               <ul style="list-style-type: none"> <li>○ Relocation Record Keeping and Monitoring Checklist, including tenant name and associated unit*</li> <li>○ Relocation and Anti-Displacement Strategy</li> </ul> </li> <li>• If renovations will occur while tenants are living in the unit undergoing rehab, submit the following:               <ul style="list-style-type: none"> <li>○ Tenant-in-Place Renovation Strategy</li> </ul> </li> </ul>
<b>Project Location</b>	<ul style="list-style-type: none"> <li>• Project address</li> <li>• Square and Lot</li> </ul>
<b>Ownership Information</b>	<ul style="list-style-type: none"> <li>• Owner/Borrower information</li> <li>• Owner Taxpayer ID</li> <li>• Principals of ownership entity, if applicable</li> <li>• Property Title Report*</li> <li>• <u>All</u> owners associated with the property must provide the following:               <ul style="list-style-type: none"> <li>○ Contract Affidavit*</li> <li>○ Articles of Incorporation, if an LLC, Partnership, Limited Partnership, or other Corporation*</li> <li>○ A certificate of clean hands*</li> <li>○ A certificate of good standing*</li> <li>○ An organizational chart, if one exists*</li> <li>○ Dun and Bradstreet Business information report*</li> </ul> </li> <li>• Green Building Act Acknowledgement*</li> <li>• Evidence of building registration and license as housing accommodation</li> <li>• Evidence of insurance</li> </ul>

	<b>Document Name/Requirement/Description</b> *Denotes Information that Applicant Will Need to Attach to Application
<b>Evidence of Ownership</b>	Deed that outlines date of purchase*
<b>DCRA Notices and Report</b>	Provide a DCRA Notice of Infraction, Notice of Violation, Order to Correct or Abate or Housing Quality Standard Report from DCHA*
<b>Units Description</b>	<ul style="list-style-type: none"> <li>• Breakdown of unit count, including any household income limits, unit square footage, proposed monthly rents/carrying charges</li> <li>• Number of vacant units, including those vacant because of needed repairs</li> <li>• Total units to be rehabilitated</li> <li>• Utility responsibility breakdown</li> <li>• Estimated building utility costs</li> <li>• Total building square footage and square footage of area being improved</li> </ul>
<b>Rehab Budget</b>	<ul style="list-style-type: none"> <li>• Amount, source, and type of funding sources</li> </ul>
<b>Relocation Plan</b>	<ul style="list-style-type: none"> <li>• If relocation is needed of tenants, a plan should be submitted on the specifics of how this will take place.</li> </ul>
<b>Financial Information</b>	<ul style="list-style-type: none"> <li>• Past two years of rent roll for the property*</li> <li>• Information on any current operating subsidy (if applicable)*</li> <li>• Past two years of income and expense statements for the property*</li> <li>• A list of any and all loans secured by the property and a description of each (loan amount, unpaid balance, loan terms, etc.)*</li> </ul>

Fair Housing, Accessibility, Section 3, federal and local relocation and anti-displacement requirements, and other Office of Program Monitoring forms will be required during underwriting. For reference, most compliance and administrative forms can be found here: <https://octo.quickbase.com/db/bknktet3x?a=q&qid=6>

# IX. SMALL BUILDINGS PROGRAM APPLICATION FOR FUNDING

<b>Applicant Information</b>	
Name:	
Company Name:	
Phone:	E-mail
Applicant's Address:	
<b>Project Information</b>	
Project Address:	
Square:	Lot:
<b>Property Description</b>	
Does property have 5 to 20 units? <input type="checkbox"/> Yes <input type="checkbox"/> No (If no, property is ineligible—do not complete the application)	
Date property was purchased: <a href="#">Click here to enter a date.</a>	
Describe needed property improvements (250 word maximum).	
Describe any property improvements made to the building since the purchase date (250 word maximum).	
Describe financial reasons why funds are needed and why project has been unable to support preventative capital improvements (250 word maximum).	

How will residents be impacted? Choose an item.

If rehab will result in the temporary relocation of any tenants, describe your relocation and anti-displacement strategy. DHCD will not fund projects that result in permanent displacement of tenants.

If rehab will occur while tenants are living in a unit undergoing rehab, describe a tenant-in-place renovation strategy.

**Ownership Information**

Type of ownership: Choose an item. Nonprofit?

Owner/Borrower Name: Taxpayer ID:

If Ownership Type is not Individual, complete information below and add fields as necessary. Note, Ownership interest for each principal must add to 100%.

Name	Taxpayer ID	Ownership Interest	Check a box next to any Nonprofit entity
			<input type="checkbox"/>

**Square Footage and Unit Information**

Total building square footage:	Square footage of area to be rehabbed:
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Number of residential units on the property:	Number of units to be rehabbed:
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Number of vacant units:	Number of vacant units as a result of needed repairs:
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**Estimated Building Utility Costs**

Who is responsible for paying utilities? Choose an item.

If both Landlords and Tenants pay for certain utilities, check the responsibility of each.

**Landlord:**    Electric    Gas    Water    Heating    Cooling    Other

**Tenant:**    Electric    Gas    Water    Heating    Cooling    Other

**Unit Breakdown**

Separate units by unit size and by rent paid

Bedroom Size	Number of Units	Unit Square Footage	Current Monthly Rent	Proposed Monthly Rent

**Rehab Budget**

**Sources**

Use the table below to identify all funding resources used to pay for rehab, including DHCD funding request. For all non-DHCD funding sources, you will need to attach supporting documentation showing evidence of commitment level.

Amount	Source	Collateral Position	Funding Type	Commitment Level

**Uses**

Use this section to identify all proposed rehab needs/uses of funds as part of your project. Add Budget Line Items as needed.

Budget Item	Cost

**Financial Information**

Do you have an operating subsidy on the property?    Yes    No

Name the subsidy and amount.

A list of any and all loans secured by the property and a description of each.

Lender	Collateral Position	Original Loan Amount	Unpaid Balance	Loan Terms

**Signature: I certify that the above statements are true.**

Signature of Applicant:

Date:

## X. SMALL BUILDINGS PROGRAM ATTACHMENTS CHECKLIST

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Project Description	
<input type="checkbox"/>	Photographs of property to be repaired
Ownership Information	
<input type="checkbox"/>	Contract Affidavit
<input type="checkbox"/> N/A <input type="checkbox"/>	Articles of Incorporation
<input type="checkbox"/>	Certificate of Clean Hands
<input type="checkbox"/>	Certificate of Good Standing
<input type="checkbox"/>	Evidence of building registration as a housing accommodation
<input type="checkbox"/>	Dun and Bradstreet Business Information Report
<input type="checkbox"/>	Green Building Acknowledgement
<input type="checkbox"/>	Title Report
<input type="checkbox"/>	Evidence of insurance
Evidence of Ownership	
<input type="checkbox"/>	Deed
DCRA Notices and Report	
<input type="checkbox"/>	DCRA Notice of Infraction, Notice of Violation, Order to Correct or Abate or Housing Quality Standard Report
Financial Information	
<input type="checkbox"/>	Current rent roll for the property
<input type="checkbox"/> N/A <input type="checkbox"/>	Information on any current operating subsidy (if applicable)
<input type="checkbox"/>	Past two years of income and expense statements for the property
<input type="checkbox"/>	A list of any and all loans secured by the property and a description of each (loan amount, unpaid balance, loan terms, etc.)
Relocation Plan	
<input type="checkbox"/>	Relocation plan (if applicable).