



GOVERNMENT OF THE DISTRICT OF COLUMBIA

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT



Great Spaces, Healthy Places Initiative

Pilot Loan Program for Small Multi-Family Properties

The Department of Housing and Community Development's (DHCD) small, multi-family loan program under the Great Spaces, Healthy Places Initiative provides funding for limited systems replacement and other key repairs required by the Department of Consumer and Regulatory Affairs. These repairs will improve sub-standard housing conditions, including safety and environmental hazards in the District.

I. Eligible Activities

This program will only fund needed rehabilitation activities to abate property code violations outlined in an Inspection Report from the Department of Consumer and Regulatory Affairs (DCRA). 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 premise or structure. More detailed definitions of unsafe structures and unsafe equipment are found in § 108.1 of the District of Columbia Property Maintenance Code.

All rehab activities shall 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 imminently dangerous buildings under § 109 of the District of Columbia Property Maintenance Code (i.e. tenants are ordered to vacate, building is condemned), or projects that will lead to the permanent displacement of residents.

II. Who is eligible?

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

- Possess a DCRA Inspection Report
- Between 5 and 49 housing units in the building
- 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
- Current on all DC and Federal taxes
- Application and supporting documentation submitted within 30 days of the DCRA Inspection (*See Section VIII. Required Application Components for required application components*)

III. Program Requirements

Units rehabbed must be affordable to low- to moderate-income households who earn at or below 80% of the area median income (AMI). This program will be financed under the local Housing Production Trust Fund (HPTF). Detailed information about the fund is available in the statute (D.C. Code § 42-28) and regulations (DCMR 10-B41).

Repairs in units that are financed through HPTF are subject to a 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). In the event HPTF resources are used to address the cited deficiencies in shared space, such as roof replacement or shared heating system replacement, all units that benefit from the work in shared space will be subjected to affordability restrictions.

Owners must sign a regulatory agreement that requires compliance with HPTF affordability guidelines. Owners will be required to submit tenant income certifications on an annual basis to DHCD.

Current HPTF rent and income limits are listed below:

HPTF Rent Limits (Effective as of 3/28/2016)			
Unit Size	51-80% AMI	31-50% AMI	0-30% AMI
Efficiency	\$1,520	\$950	\$570
1 Bedroom	\$1,737	\$1,086	\$651
2 Bedroom	\$1,954	\$1,221	\$733
3 Bedroom	\$2,172	\$1,357	\$814
4 Bedroom	\$2,389	\$1,493	\$895
5 Bedroom	\$2,606	\$1,629	\$977

Source: HPTF Rent Limits: <http://dhcd.dc.gov/service/rent-and-income-program-limits>

Note: Income limits are dependent upon household size. Consult with the HPTF Rent Limits listed on DHCD's website:

IV. Financing Terms

- Loan Amount: Up to \$25,000 per dwelling unit with a maximum of 10 units (or \$250,000)
- Interest rate: 1% - 3%
- Term: 40-years
- Subordinate Loan: DHCD loan will be subordinate to all other loans on the property
- Matching funds: Owners must contribute 10% of project cost in equity
- Repayment: Interest-only payments with loan forgiveness at the end of the term for property owners that maintain required affordability and do not incur another code violation. Before loan closing, the property owner shall provide income certifications demonstrating that the tenants meet income requirements outlined in the loan document.

V. Legal Documents

To ensure the financial viability, physical upkeep, and continued affordability of participating buildings, participating property owners must execute the following documents:

- Note that specifies the loan terms and repayment
- Affordability Covenant that specifies the number of units to be restricted as affordable, the household income limits, and the length of affordability.
- Deed of Trust which will hold the property as security for the loan between DHCD and the property owner.

VI. Construction Work

The property owner shall submit a project scope of work and procure three (3) contractor bids from three different contractors. All scope of work and contracts must be compliant with the Davis-Bacon Act (DBA). DBA requires the payment of prevailing wage rates (which are determined by the U.S. Department of Labor) to all laborers and mechanics on Federal government and District of Columbia construction projects in excess of \$2,000. Construction includes alteration and/or repair, including painting and decorating, or public buildings or public works.

VII. Temporary Relocation

For rehab 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 CDBG funds are

used, or local relocation regulations found at Title 10, District Code of Municipal Regulations (DCMR) Chapter 22 if HPTF funds are used, regarding resident notice and compensation. Applicants should make themselves familiar with the requirements of URA, §104(d) or 10 DCMR 22, as applicable, including notices from both the purchaser and seller to residents that may apply to their project. Information on federal relocation requirements may be found on at: <http://www.hud.gov/offices/cpd/library/relocation/index.cfm>.

If relocation is required, then expenses pertaining to tenant relocation must be reflected in the project budget.

DHCD will actively monitor that the approved relocation plan is adhered to when a project involves temporary or permanent relocation.

VIII. Required Application Components

Eligible property owners must submit an application for financing to DHCD to the following address:

The Department of Housing and Community Development
 Development Finance Division
 c/o Great Spaces Healthy Places Initiative
 1800 Martin Luther King, Jr. Ave, SE
 Washington, DC 20020

The application will be time stamped by DHCD.

The application must be signed by the applicant and include all relevant attachments. A summary of the requirements is listed in the matrix below.

	Document Name / Requirement / Description *Denotes Information that applicant will need to attach to application
Applicant Information	Contact Information (Name, Phone, Applicant’s Address, E-mail)
Project Description	<ul style="list-style-type: none"> – Proposed renovation summary – Photographs of property to be repaired* – Description of any property improvements made to the building since the purchase date – Description of financial reasons why funds are needed and why project has been unable to support preventative capital improvements

	<p align="center">Document Name / Requirement / Description</p> <p align="center">*Denotes Information that applicant will need to attach to application</p>
	<ul style="list-style-type: none"> - If renovations will result in the temporary relocation of any tenants, submit the following: <ul style="list-style-type: none"> o Relocation Record Keeping and Monitoring Checklist, including tenant name and associated unit* o Relocation and Anti-Displacement Strategy, including budget - If renovations will occur while tenants are living in the unit undergoing rehab, submit the following: <ul style="list-style-type: none"> o Tenant-in-Place Renovation Strategy
Project Location	<ul style="list-style-type: none"> - Project address - Square and Lot
Ownership Information	<ul style="list-style-type: none"> - Owner/Borrower information - Owner Taxpayer ID - Principals of ownership entity, if applicable - Property Title Report* - <u>All</u> owners associated with the property must provide the following: <ul style="list-style-type: none"> o Contract Affidavit* o Articles of Incorporation, if an LLC, Partnership, Limited Partnership, or other Corporation* o A certificate of clean hands* o A certificate of good standing* o An organizational chart, if one exists* o Dun and Bradstreet Business information report* - Green Building Act Acknowledgement*
Evidence of Ownership	Deed that outlines Date of Purchase*
DCRA Notice of Violation/Inspection Report	Provide a copy of the DCRA Notice of Violation and Inspection Report*
Contractor Information	<ul style="list-style-type: none"> - Provide a copy of the scope of work* - Provide three bids from three different contractors* - Provide a summary of qualifications for the contractor selected* - Provide evidence that the contractor is license and bonded*
Units Description	<ul style="list-style-type: none"> - Breakdown of unit count, including any household income limits, unit square footage, proposed monthly rents/carrying charges - Number of vacant units, including those vacant because of needed repairs - Total units to be rehabilitated - Utility responsibility breakdown - Estimated building utility costs - Total building square footage and square footage of area being improved

Document Name / Requirement / Description	
*Denotes Information that applicant will need to attach to application	
Rehab Budget	<ul style="list-style-type: none"> - Amount, source, and type of funding sources - Letters of commitment for each funding source* - Summary of proposed development uses
Financial Information	<ul style="list-style-type: none"> - Past two (2) years of rent roll for the property* - Information on any current operating subsidy (if applicable)* - Past two (2) years of income and expense statements for the property* - A list of any and all loans secured by the property and a description of each (loan amount, unpaid balance, loan terms, etc)*

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>