

TAX ABATEMENTS FOR AFFORDABLE HOUSING IN HIGH-NEEDS AREAS (HANTA)

REQUEST FOR APPLICATIONS

Issue Date: February 15, 2022

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I. BACKGROUND

In 2019, Mayor Bowser made the District of Columbia the first jurisdiction in the nation to announce goals for housing production and preservation that included affordable housing goals by geographical area. In addition to existing tools like gap financing to help push towards those goals, the Tax Abatements for Affordable Housing in High-Needs Areas Amendment Act of 2020 (“HANTA Statute” or “Act”) created a new abatement of real property taxes as an additional tool to spur the development of new affordable housing units in the Rock Creek West, Rock Creek East, Capitol Hill, and Upper Northeast planning areas¹. These four areas were identified as having the highest dedicated affordable housing production goals in the District’s [Housing Equity Report](#).

The District of Columbia’s Department of Housing and Community Development (“DHCD”) is releasing this Request for Applications (“RFA”) to receive applications for a tax abatement from developers building projects that meet the abatement’s requirements as further described in this RFA.

II. ABATEMENT CAP AND AVAILABILITY

The abatement is of real property taxes levied by D.C. Official Code § 47-811. No abatements awarded pursuant to this RFA will begin before October 1, 2023. The abatement period is up to forty (“40”) years. The amount of abatement currently available is described below:

- In Fiscal Year 2024², the total amount of abatements awarded to all developments shall not exceed \$200,000.
- In Fiscal Year 2025, the total amount of abatements shall not exceed \$4,000,000.
- In Fiscal Year 2026, the total amount of abatements shall not exceed \$4,160,000.
- In each fiscal year thereafter, the total amount of abatements shall not exceed the prior fiscal year’s cap increased by 4%.

¹ A map of the 10 planning areas is available here: [Planning Area Map](#)

² The District’s fiscal year runs from October 1-September 30 of the following year. For example, Fiscal Year 2024 is October 1, 2023-September 30, 2024.

III. DEVELOPMENT ELIGIBILITY

In order to be eligible for an abatement, the development must meet certain requirements as described below:

- Must be located in either the Rock Creek West, Rock Creek East, Capitol Hill, or Upper Northeast planning areas or within 1000 feet of the boundary of any of those four planning areas;
- At least one-third (1/3) of the housing units developed must be affordable to and rented by households earning, on average, 80% of the Median Family Income (“MFI”). Additionally, none of these households shall earn more than 100% of the MFI;
 - Any housing units in the development as part of the Inclusionary Zoning Program shall be counted towards the 1/3 requirement; and
- The affordable units shall meet the square footage requirements of, and be administered pursuant to the same rules and standards that apply to, Inclusionary Units, including Title 14, Chapter 22 of the DCMR.

Furthermore, in order to be eligible for an abatement, the developer must meet additional requirements as described below:

- The developer shall file an affordability covenant in the land records;
- The developer shall enter into an agreement with the District that requires the developer to, at a minimum, contract with certified business enterprises for at least thirty-five percent (35%) of the contract dollar volume of the construction and operations of the development, in accordance with section 2346 of the Certified Business Enterprise Act (D.C. Official Code § 2-218.46) (“CBE Act”), to the extent section 2346 is applicable;
- The developer shall enter into a First Source Agreement for the operations of the development; and
- The developer shall enter into an abatement agreement with DHCD that further sets forth the requirements for the abatement.

IV. APPLICATION WINDOWS

This RFA will be open on a rolling basis with review windows that close every month. This means that applications can be submitted at any time, but will not be reviewed until the close of the next application window. The first application window will close on **March 15, 2022**, the second on **April 15, 2022**, the third on **May 15, 2022**, and so forth.

Applications should be submitted electronically to HANTA.applications@dc.gov. Due to possible mailbox size constraints, after submission, applicants should send a second email without any attachments to the same email address to confirm DHCD’s receipt of its application.

V. APPLICATION SUBMISSION MATERIALS

- (i) Applications for the tax abatement must include the following information:
- A cover letter giving an overview of the development, development team, and the request for an abatement;
 - The name and contact information of the developer and a description of the development team including:
 - A list of the development partners, architect, general contractor, and property manager, as available;
 - A summary of the developer's real estate experience and experience with building and maintaining affordable housing developments;
 - The address(es) of the development;
 - The square and lot number(s) of the development;
 - A description of eligible planning area (e.g. Rock Creek West, Rock Creek East, Capitol Hill, and Upper Northeast) in which the development is located including an area map showing the boundaries of the eligible area with the development identified by a location arrow
 - A description of the development including:
 - The total number of residential units that have been or will be developed or redeveloped as part of the development;
 - The total number of affordable residential units that have been or will be developed or redeveloped as part of the development;
 - For each such affordable residential unit, the number of bedrooms in the unit and the MFI level of affordability for the unit;
 - Floorplans or layouts showing the affordable residential units evenly distributed throughout the building;
 - The annual dollar amount of tax abatement requested and information regarding the proposed period of the tax abatement.
 - The amount requested and proposed period of applicability must be supported by a pro forma or other financial analysis. Applicants must submit the recommended HANTA Simple Form 202 provided as part of this application or submit the complete DHCD Full Form 202.
 - A copy of the deed evidencing fee simple ownership, the applicable lease, or the contract of sale;
 - A signed Applicant Acknowledgement Form, available as Exhibit A.
- (ii) If the development is complete, the following information should also be submitted in addition to the information requested in (V)(i):

- Three (3) dated photographs of the development taken within the thirty (30) day period that precedes the date of submission of the developer's application;
- A copy of the CBE Acknowledgment or agreement the developer executed with DSLBD requiring the developer to, at a minimum, contract with certified business enterprises for at least thirty-five percent (35%) of the contract dollar volume of the construction and operations of the development, in accordance with the CBE Act and a certification from DSLBD that the developer met the requirements of the CBE agreement.
- A copy of the First Source Agreement for the operations of the development executed with DOES and a certification from DOES that the developer is in compliance with the requirements of that agreement, as applicable;
- A copy of the certificate of occupancy for the development.

(iii) If the development is not complete, the following information should also be submitted in addition to the information requested in (V)(i):

- A copy of the CBE Acknowledgment or agreement the developer will execute with DSLBD requiring the developer to, at a minimum, contract with certified business enterprises for at least thirty-five percent (35%) of the contract dollar volume of the construction and operations of the development, in accordance with the CBE Act and a certification from DSLBD that the developer met the requirements of the CBE agreement
- A copy of the First Source Agreement for the operations of the development the developer will execute with DOES and a certification from DOES that the developer is in compliance with the requirements of that agreement, as applicable;
- A proposed timeline for project construction including milestones and estimated date a certificate of occupancy for the development will be issued.

VI. Application Review and Reservation Process

Once an application window closes, all submissions will be reviewed for completeness by DHCD staff who will request additional information as necessary. Applications will then be reviewed taking into account the information provided and the best interests of the District. A multi-agency selection recommendation panel ("Panel") may be established to review and evaluate the applications. Upon review of the applications, DHCD may, in its sole discretion, conduct discussions with applicants via best and final offer ("BAFO") requests.

After review, recommendations for approval of applications to be awarded a conditional reservation of tax abatement will be made to the DHCD Director. DHCD's Director shall make final selections of applications in her/his sole discretion.

Preference may be given to applications that provide the most benefit to the District including, but not limited to:

- Accelerated project delivery timelines;
- Developments that exceed the 1/3 affordability requirement of the Act;
- Developments that propose an average household MFI across the 1/3 affordable units that is below the 80% MFI average required by the Act;
- Proximity to transit and neighborhood amenities; and
- Family-Oriented units.

If DHCD approves an application, DHCD will transmit a conditional reservation letter to the developer that confirms the development is eligible for the applicable tax abatement and that DHCD has reserved a tax abatement for the development. The letter will state the annual dollar amount of the abatement, list the development milestones that must be met by dates certain to not forfeit the tax abatement reservation, and detail the process to request a tax abatement certification.

If DHCD denies an application, DHCD will send the developer a denial letter that explains the reason(s) for the denial. Applications will be denied if the entire available tax abatement has already been reserved, the development is ineligible for the tax abatement, or the application is not selected through the RFA.

VII. DEFINITIONS

When used in this RFA, the following terms and phrases shall have the meanings ascribed:

Act - the Tax Abatements for Affordable Housing in High-Need Areas Amendment Act of 2020, effective December 3, 2020 (D.C. Law 23-149; D.C. Official Code § 47-859.06). Draft rules implementing the Act were published in the *District of Columbia Register* on November 19, 2021, at 68 DCR 012280. Final rules are pending publication.

Affordable residential unit - a housing unit that is income and rent restricted.

Annual income - annual income as defined in section 2299.1 of the Inclusionary Zoning Regulations (14 DCMR 2299.1).

Bedroom - a room in a development, with immediate access to an exterior window and a closet, that is designated as a “bedroom” or “sleeping room” on construction plans submitted with an application for a building permit for the development.

CBE Act - the Small and Certified Business Enterprise Development and Assistance Act of 2005, effective October 20, 2005 (D.C. Law 16-33; D.C. Official Code § 2-218.01 et seq.).

Certified business enterprise - a business enterprise certified pursuant to the CBE Act.

Competitive process - a request for applications (“RFA”) or similar process by which applications for tax abatements under this chapter are solicited or accepted by DHCD.

DCMR- the District of Columbia Municipal Regulations.

DCRA- the Department of Consumer and Regulatory Affairs

Developer- the owner or owner’s agent of a development.

Development - the buildings or improvements that include affordable residential units on real property.

Development Team - the team including the owner, project manager, architect, general contractor, and property manager that will facilitate the development.

DHCD- the Department of Housing and Community Development.

DOES - the Department of Employment Services.

DSLBD- the Department of Small and Local Business Development.

Eligible area– each area defined as a “high-need affordable housing area” in the Act, which includes the Rock Creek West, Rock Creek East, Capitol Hill, and Upper Northeast planning areas identified in the District’s Housing Equity Report, (available from <https://housing.dc.gov>) published in October 2019, plus one thousand feet (1,000 ft.) in any direction beyond any boundary of these planning areas. A map of all planning areas is available here: [Planning Area Map](#).

Final certificate of occupancy - a document issued by DCRA certifying a building’s compliance with applicable building codes and other laws, and indicating it to be in a condition suitable for occupancy.

First Source Act–the First Source Employment Agreement Act of 1984, effective June 29, 1984 (D.C. Law 5-93; D.C. Official Code § 2-219.01 et seq.).

First Source Agreement - an agreement with the District governing certain obligations of the developer regarding job creation and employment, pursuant to section 4 of the First Source Act (D.C. Official Code § 2-219.03) and Mayor’s Order 83-265, dated November 9, 1983.

Household - all persons who will occupy an affordable residential unit, which may, subject to occupancy standards contained in Title 14 Chapter 22 of the DCMR, be:

- a) A single family;
- b) One (1) person living alone;
- c) Two (2) or more families living together; or
- d) Any other group of related or unrelated persons who share living arrangements.

HUD - the United States Department of Housing and Urban Development.

Inclusionary Unit - a dwelling unit set aside for sale or rental as required by the Inclusionary Zoning Program.

Inclusionary Zoning Program - all of the provisions of the Inclusionary Zoning Regulations and the Inclusionary Zoning Implementation Amendment Act of 2006, effective March 14, 2007 (D.C. Law 16-275; D. C. Official Code § 6-1041.01 et seq.).

Inclusionary Zoning Regulations - the regulations published at Title 14, Chapter 22 of the District of Columbia Municipal Regulations and at Title 11-C, Chapter 10 of the District of Columbia Municipal Regulations.

Land records - the land records of the Office of the Recorder of Deeds.

Median Family Income - the median family income for a household in the Washington Metropolitan Statistical Area as set forth in the periodic calculation provided by HUD, adjusted for household size without regard to any adjustments made by HUD for the purposes of the programs it administers.

Operations -all property maintenance, resident services, and related functions necessary to operate and maintain a development.

OTR- the Office of Tax and Revenue.

VIII. Contact Us.

All application submissions and questions regarding the RFA and this tax abatement should be directed to: HANTA.applications@dc.gov

Exhibit A

HANTA Applicant Acknowledgement Form

Applicant hereby acknowledges that all requirements of this Request for Applications have been submitted as part of their application and the development will comply with all requirements of this RFA and the Tax Abatements for Affordable Housing in High-Needs Areas Act of 2020 (D.C. Law 23-149; D.C. Official Code § 47.859.06).

Additionally, applicant hereby acknowledges that the affordable residential units shall be administered in the same manner as, and pursuant to the same rules and standards of, Inclusionary Units for the term of the tax abatement.

Signature: _____

Title: _____

Date: _____