GOVERNMENT OF THE
DISTRICT OF COLUMBIA
MURIEL BOWSER, MAYOR

2023

CONSOLIDATED REQUEST FOR PROPOSALS FOR AFFORDABLE HOUSING PROJECTS

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- Pages 43, 44, 86, 87: Changes to two evaluation scoring criteria points options, "*Affordable Housing Opportunities Across Planning Areas,*" and "*Proximity to Neighborhood Amenities*"

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 (HOPWA) | Local Rent Supplement Program (LRSP) | Department of Human Services (DHS) Supportive Services Funds

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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. Since 2019, more than 7,600 new affordable housing units have been created.[1]

In 2022, the Bowser Administration recognized that bolder housing equity goals as well as more intentional actions were needed to address the racial disparities in homeownership and household wealth in the District. For example, the homeownership rate for Black households in the District is 34% compared to nearly 49% for white households.[2] Additionally, a first-time homebuyer with the average income of a DC Black household could afford just 8.4% of homes sold in the District between 2016 and 2020, compared to a buyer with the average income of a white household, which could afford 71% of these homes.[3] Recent trends such as rising interest rates have likely further exacerbated disparities. To that end, the Black Homeownership Strike Force was convened by the Mayor in June 2022 to help the District chart a path to not only rectify the harmful discriminatory policies of the past but also increase and preserve access to homeownership for longtime District residents in an equitable manner. The culmination of the Strike Force's work is reflected in the Black Homeownership Strike Force Final Report. As further described in the report, the District has a bold new goal -- 20,000 new Black homeowners by 2030. In addition, the report discusses the launch of new tools such as the development of a Public-Private Homeownership Fund.

In 2023, the District of Columbia faces evolving challenges towards the continued goal of supporting the preservation and production of affordable housing. After emerging from the COVID-19 public health emergency and setting its sights on long-term recovery, interest rates and construction costs have rapidly increased, increasing the funding gap for many projects both underway and in the pre-development stage. Further, many of the income supports and other tenant protections rolled out in response to the public health emergency have now ended. In a challenging budget year, Mayor Bowser has maintained her commitment to funding the Housing Production Trust Fund (HPTF) with $100 million annually.[4] This Fiscal Year (FY) 2024 funding level, however, is more constrained than recent budget years which were boosted by federal pandemic relief. Thus the District's charge now is to focus on efficiently allocating existing available resources to achieve the housing equity goals.

[1] DMPED 36,000 by 2025 Dashboard, available at: https://open.dc.gov/36000by2025/
[2] Source: U.S. Census Bureau, American Community Survey (ACS)
[3] Ibid.
[4] Not adjusted for potential transfers of HPTF articulated in the Fiscal Year 2024 Budget Support Act of 2023

There are several other notable shifts in the affordable housing ecosystem in the District. Additional resources from the 2022 federal Inflation Reduction Act – an historic investment in clean energy at the federal level, with an estimated $10 billion of loan, grant, and tax incentive opportunities for affordable housing projects and low-income communities – are starting to take shape, and are expected to become available over the next several years. Meanwhile, the demand for available Private Activity Bond Volume Cap (Bond Cap) issued by the District of Columbia Housing Finance Agency (DCHFA) has exceeded supply, making this resource and the associated 4% Low Income Housing Tax Credits (LIHTC) competitive for the first time. Efficiency requirements for projects of at least 10,000 square feet of gross floor area where at least 15% of the total cost is financed by the District are substantially increasing through the accelerated implementation of the Greener Government Buildings Amendment Act (D.C. Law 24-306), requiring net zero energy compliance for these projects across the board. Lastly, as of July 1, 2023, operating subsidies through the Local Rent Supplement Program (LRSP) administered by the DC Housing Authority (DCHA) are no longer determined by submarket rent limits, but rather by an individual unit's size, type, age, location, and the amenities, services, and utilities provided by the owner.

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) release this Consolidated Request for Proposals (RFP), the District of Columbia's primary vehicle for awarding federal and local funds for affordable housing. Because there is an existing pipeline of projects that require tax-exempt bond cap allocation through 2025, this Consolidated RFP will focus on affordable rental projects that do not request tax-exempt bonds and 4% Low Income Housing Tax Credit (LIHTC) structures (referred to as Non-Multifamily Mortgage Revenue Bond structures or scenarios) as well as homeownership projects.

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 FY24 Fair Shot Budget;
- the Five Year Consolidated Plan for FY 2022 – 2026;
- the Housing Production Trust Fund (HPTF) statutory requirement that at least 90% of project obligations go to units for households earning no more than 50% of Median Family Income (MFI), and half for households earning no more than 30% of MFI;[5]

[5] D.C. Official Code §42-2802; the Housing Production Trust Fund Act of 1988, as amended (D.C. Law 7-202, effective March 16, 1989)

- 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 Permanent Supportive Housing (PSH) units;
- the need to preserve existing affordable housing, as guided by the Housing Preservation Strike Force Final Report published in November 2016;
- the recommendations for increasing Black homeownership, described in the Black Homeownership Strike Force Final Report published in October 2022; and
- D.C.'s Comeback Plan, outlining the District's equitable economic development goals for the next five years.

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.

DHCD will only accept and review Non-Multifamily Mortgage Revenue Bond/4% LIHTC ("Non-MMRB") rental and homeownership scenarios through this RFP. Applicants may submit both a primary financing scenario and an alternative financing scenario. For rental projects, either the primary or alternative scenario submitted may utilize 9% LIHTC, with or without additional gap financing.

HPTF Guidelines in Non-Multifamily Mortgage Revenue Bond Scenarios

The HPTF contribution to a project cannot exceed 49% of the project's total sources.[6] Federal sources provided through this RFP may be requested to limit the amount of HPTF requested to 49% of the Total Uses of Funds.

DHCD expects projects to maximize the use of non-HPTF resources in the project, including:

- All projects must explore low-cost first trust debt.
- Projects that are 100% owned by a non-profit should pursue 501(c)3 bonds through the Industrial Revenue Bonds (IRB) program.
- Projects with for-profit partners should seek to monetize the losses generated by the project by adding a loss-only investor.
- Projects receiving non-DHCD funding sources should clearly show the DHCD lien position and whether the funds are being awarded to the Project as a loan or grant.

For projects that are not Limited Equity Cooperatives (LECs), a waiver must be requested to exceed the HPTF 49% limitation; however, it may negatively impact the scoring for the project and/or necessitate additional requirements from DHCD.

Non-MMRB Rental Housing Options and Examples

[6] An exception is permitted for Limited Equity Cooperatives. See Summary of Underwriting Standards on pg. 70 for details.

Projects applying for financing for a rental project will need to clearly demonstrate that the structure complies with the above requirements. DHCD has identified several tools that projects can use, either alone or in combination, to meet the requirements. The below examples are not an exhaustive list and Applicants can submit other structures provided they comply with the above requirements.

Overview of Potential Structures and Tools – Rental Projects

<table>
<tr><th>Structure</th><th>RFP Resources</th><th>Optional Tools</th><th>External Resources</th></tr>
<tr><td>Non-Multifamily Mortgage Revenue Bond (MMRB) with conventional, low-cost debt, DHCD gap financing, and other non-DHCD sources to achieve 49% HPTF limitation</td><td>• Gap financing (local or federal)
• LRSP
• Housing resources for special needs populations (HOPWA, PSH, DBH, etc.)</td><td rowspan="4">• District land purchase and ground lease

• Master lease of units in building

• DC Industrial Revenue Bond Program (IRB) for non-profit owners

• Medicaid Waiver

• Other</td><td rowspan="4">• Green funding resources: (Department of Housing and Urban Development (HUD) Green and Resilient Retrofit Program (GRRP), Other Inflation Reduction Act incentives, DC Green Bank, Affordable Housing Retrofit Accelerator through the DC Sustainable Energy Utility (DCSEU))

• Federal Home Loan Bank Affordable Housing Program (FHLB AHP), Capital Magnet Fund, other grants

• Other</td></tr>
<tr><td>9% LIHTC with DHCD gap financing and/or LRSP</td><td>• Gap financing (local or federal)
• 9% LIHTC
• DC LIHTC
• LRSP
• Housing resources for special needs populations (HOPWA, PSH, DBH, etc.)</td></tr>
<tr><td>9% LIHTC only</td><td>• 9% LIHTC
• DC LIHTC</td></tr>
<tr><td>Affordable Component in larger Mixed-Use or Mixed-Income Project</td><td>• Gap financing (local or federal)
• LRSP
• Housing resources for special needs populations (HOPWA, PSH, DBH, etc.)</td></tr>
</table>

Please see the Structures and Financing Guidelines in Section V for more detail.

Homeownership Options and Examples

Projects considering a homeownership program will also need to clearly demonstrate that any proposed structures comply with the minimum funding guidelines outlined above for Non-MMRB Scenarios, as applicable. In addition, homeownership projects will be subject to additional requirements and guidelines.

For the 2023 Consolidated RFP, DHCD will accept homeownership proposals that fall into one of the following categories:

1) For-Sale, Single-family Project - five or more single-family units with either a fee simple or leasehold ownership structure; units can be attached townhomes or adjacent properties or pooled scattered site units
2) For-Sale Multi-family Project - five or more condominium units with either a fee simple or leasehold ownership structure; can be within one building or in scattered site buildings
3) Limited Equity Cooperative (LEC) - five or more cooperative units

The following matrix provides an overview of potential homeownership approaches to be used in conjunction with non-LEC single-family and multifamily projects (options 1 and 2 above). The matrix also highlights minimum requirements for the primary scenario submission as well as other assumptions and tools that projects can consider incorporating in an alternative scenario.

Overview of Potential Structures and Tools – Homeownership Projects (Non-LEC)

	Primary Scenario (Required for all projects) No homebuyer subsidy	**Alternative Scenario** Assume homebuyer subsidy / other structure
Sales Price / Affordability Restrictions	• Restricted Sales Prices affordable to 80% of MFI and below <u>without</u> assuming Home Purchase Assistance Program (HPAP) homebuyer subsidy. • Affordability period: 15 years to permanent/perpetual	• Market Sales Prices • Affordable to 80% of MFI and below <u>through</u> relying on homebuyer subsidy • Affordability period varies based on funding source • Possible incorporation of ROFR for resales – target to HPAP/EHAP buyers or Community Land Trust (CLT)/nonprofit/public entity's waitlist of buyers
Loan Repayment Requirements for Developer	• Deferred until end of construction period • Repaid from surplus proceeds (if any) • Remaining construction loan balance may be fully or partially forgiven as units are sold to homebuyers	• Deferred until end of construction period • Fully repaid from sales proceeds • If land is transferred to CLT/non-profit/other public entity, acquisition component of loan could be forgiven
RFP Resources	• DHCD gap financing (local or federal)	• DHCD gap financing (local or federal) • Project-based allocation of homebuyer subsidies
Optional Tools	• Potential incorporation of ground lease with Community Land Trust (CLT) or other nonprofit or public entity	• Project-based allocation of buyer subsidy or "pre-commitments" • Potential incorporation of ground lease with CLT or other nonprofit or public entity
External Resources	• Developer Funding Resources: New Market Tax Credits (NMTC), Green Building funding sources, CDFI construction financing, etc.	• Developer Funding Resources: NMTC, Green Building funding sources, CDFI construction financing, etc. • Public-Private Homeownership Fund (under development)

	• Other homebuyer funding resources (downpayment or closing cost assistance): Neighborhood Assistance Corporation of America (“NACA”), DC Open Doors, HPAP (for deeper affordability rather than minimum affordability), etc.	• Other homebuyer funding resources (downpayment or closing cost assistance) beyond any project-based buyer subsidies provided by DHCD

Please see the Structures and Financing Guidelines in Section V below for more detail on minimum requirements and guidelines for homeownership projects, as well as the Threshold Eligibility Requirements in Section VI and the Underwriting Guidelines in Section VIII.

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 VI 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.

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/bteypt65u?a=showpage&pageid=65.

The Online Application System will be available to begin new applications for this funding round on or before August 15, 2023. 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 are due by 11:59 AM on October 2, 2023.

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, LIHTC and other tax credit calculations (if applicable), and unit information. In addition, the Form 202 now includes additional tabs that will need to be completed for homeownership projects.

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, 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

Application Review Process

1. Threshold Review

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

Applicants will be notified of their Threshold Eligibility status following DHCD’s Threshold Review. Applications that meet all Threshold Eligibility Requirements under Section VI will be advanced to the Evaluation stage. Applications that fail to meet all Threshold Eligibility Requirements will not advance to the Evaluation stage.

2. Evaluation Criteria Review

Applications that meet all Threshold Eligibility Requirements will be evaluated against the Evaluation Criteria outlined in Section VI of the RFP and as further detailed in the Online Application System.

Projects 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. DHCD's Development Finance Division (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, preservation, and homeownership projects.
- Geographic distribution of selected projects.
- Whether a project that applied for funding is an existing DHCD asset with current residents living in a property that needs 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.
- 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 here, and as described in more detail in DHCD's forthcoming Underwriting Guidelines.

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
August 1, 2023	RFP Released
August 8, 2023 (10AM – 12PM)	RFP Orientation
August 15, 2023	• Online Application System available to start applications • 2023 Form 202 published
Tuesday, August 22, 2023 (10AM – 12PM) Tuesday, August 29, 2023 (10AM – 12PM)	Potential Applicants can reserve 15-minute time slot for Technical Assistance session with DFD staff
October 2, 2023 (11:59 AM)	RFP applications due
November 17, 2023	Projects that meet Threshold Requirements proceed to Evaluation stage; all Applicants notified of their Threshold Review results.
December 22, 2023	Selections Announced

Questions During the Application Process

During the application period, prospective applicants must 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.

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. STRUCTURES AND FINANCING GUIDELINES

Guidance for Using Potential Structures and Tools – Non-Multifamily Mortgage Revenue Bond (Non-MMRB) Rental Scenarios

As described in the Introduction, DHCD has identified several possible approaches for structuring Non-MMRB rental projects and a variety of tools that could be utilized, as described below. These structures/examples are not an exhaustive list and Applicants can submit other structures provided they comply with the requirements in this RFP.

1. Example Structures

- *Non-Multifamily Mortgage Revenue Bond (Non-MMRB) with conventional, low-cost debt, DHCD gap financing, and other non-DHCD sources*
    i. The use of HPTF is subject to the 49% limitation of total project uses.

- *9% LIHTC project, with or without local or federal gap financing/LRSP*: Projects applying for 9% LIHTC in this RFP will be subject to specific requirements depending on whether they are also applying for LRSP and/or DHCD gap financing.
    i. 9% LIHTC projects without DHCD gap financing or LRSP, for example, are not subject to Permanent Supportive Housing (PSH) requirements and are not subject to the Davis-Bacon Act labor and wage standards; see the Threshold Eligibility Requirements section for more detail.
    ii. DHCD reserves the right to limit the 9% LIHTC available to each project to maximize the LIHTC resource and to substitute gap financing. The use of HPTF is subject to the 49% limitation stated above.
    iii. Projects may provide a primary and an alternative 9% LIHTC scenario that include and do not include DHCD gap financing and/or LRSP.

- *Affordable Component in Mixed-income and/or Mixed-use project* – affordable units could be master leased, owned and operated under the same entity as the market rate units, or the building could utilize a condo or tax lot structure.
    i. At least 30% and no more than 50% of the total number of units must be reserved for households at or below 50% MFI, and must be distributed evenly throughout the project.
    ii. The proposed project must also meet the following parameters:
        - Half of the affordable units must be 30% MFI
        - Only PSH units can receive LRSP in a mixed-income project
        - If 100% of the affordable units are 30% MFI, LRSP may fund non-PSH units. DHCD reserves the right to adjust and size either the LRSP or HPTF/gap financing.
    iii. For leverage scoring, the permanent mortgage generated by the market rate rents that would go to subsidize the affordable units may be counted as subsidy.
    iv. Projects that have at least 51% ownership by a non-profit are eligible for Tax Relief for Nonprofit Affordable Housing Developers, which would assist in meeting these parameters.

2. <u>Optional Tools</u>

- *District-held ground lease:* Direct District acquisition using a purchase and leaseback agreement, subject to the rules of 10-801(C), with either a capitalized up-front payment, a de minimus annual payment, or a cash flow contingent annual payment. DHCD is open to considering the acquisition of the land as a separate transaction. In this case, the 49% HPTF limitation may be calculated only on the construction transaction so the acquisition cost is not included.

- *Direct Sponsor funding, including a non-profit master lease of deeply affordable units (restricted at 30% or 50% of MFI) and sponsor-based LRSP*
  i. A housing provider may acquire a long-term master lease of a block of rental units in a larger market rate project. DHCD would consider the Total Uses of Funds of the entire project when considering the 49% HPTF limitation.
     - Can be utilized for either new construction or existing buildings
     - The housing provider may assume property management responsibilities for these units
     - LRSP can be used to support operations for the affordable units and DHCD gap financing can provide capital sources to pay for the master lease.
       - Sponsor Based LRSP must be in compliance with Title 14-Section 9505 of the DC Municipal Code (available here)
  ii. Other development funding sources for the project would count as the Direct Sponsor's contributions to meet the 49% HPTF limitation.

3. <u>External Resources</u>

- *Energy efficiency and green retrofit funding (HUD GRRP, Other IRA incentives, DC Green Bank, Affordable Housing Retrofit Accelerator, etc.):* The federal Inflation Reduction Act (IRA) signed into law on August 16, 2022 provides extensive funding through loans, grants, and non-LIHTC tax credits to fund projects that improve energy or water efficiency, enhancing project sustainability and climate resiliency.

  Through the IRA, projects are able to claim the Solar Investment Tax Credit (Solar ITC) and its relevant bonuses alongside federal LIHTC, DC LIHTC, and other related tax credits on solar expenses incurred by the project. DHCD expects that these funding benefits will be included as a source for each project, in addition to any other relevant credits such as the 45L credit.

  The IRA and other federal laws have also increased available loan and grant sources for efficiency measures that can be used by projects to meet the 49% HPTF limitation, including those available from:

- DC Green Bank: Provides reduced-interest construction and permanent loans for clean energy, energy and resource efficiency, and resilience improvements for either new construction or preservation projects.

- HUD's Green and Resilient Retrofit Program (GRRP): Up to $4.8 billion is available from HUD to fund energy efficiency and resilience measures in affordable housing projects assisted under the Section 8 Project-Based Rental Assistance (PBRA) program, including properties that converted under the RAD Program prior to September 30, 2021; the Section 202 Housing for the Elderly program; the Section 811 Housing for Persons with Disabilities program; or the Section 236 program.

  The first Notice of Funding Opportunity (NOFO) for the Elements path or cohort for projects that are materially advanced in a recapitalization transaction is now closed – though DHCD expects projects in the Leading Edge or Comprehensive cohorts to be most applicable to this RFP. **Due to the timing of the release of this RFP and the GRRP award schedule, DHCD will allow projects to submit scenarios with GRRP without having received the award from HUD.** Any award of HPTF would be subject to the 49% limitation and any resource available through this RFP would be contingent upon the receipt of the GRRP award.

- Affordable Housing Retrofit Accelerator: DOEE is delivering supplementary technical assistance through its new Affordable Housing Retrofit Accelerator through the DC Sustainable Energy Utility (DCSEU) to help buildings subject to DC Building Energy Performance Standards (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 are available here. Any additional questions regarding BEPS compliance and support needs can be asked through the BEPS Online Portal.

For additional detail on minimum requirements and guidelines for Non-Multifamily Mortgage Revenue Bond rental projects, please refer to the Threshold Eligibility Requirements in Section VI and the Underwriting Guidelines in Section VIII.

Guidance for Using Potential Structures and Tools – Homeownership Projects

For non-LEC single-family and multifamily projects, applicants are required to submit a primary homeownership scenario that assumes the use of a DHCD development gap financing loan to support the acquisition, construction, and/or rehabilitation of a project and does not rely on DHCD's Home Purchase Assistance Program (HPAP) buyer subsidies to achieve minimum affordability. The loan made from DHCD to the borrower/developer would be used to finance the development of the homeownership project through the sell-out phase. Depending on the affordability period commitment and the rest of the project's capital stack, the loan to the developer would be satisfied if/when: 1) the loan balance is partially repaid if there are excess proceeds after paying off the first trust construction lender; 2) the loan balance is partially or fully assumed by buyers of individual units in proportionate shares; and/or 3) the loan balance is partially or fully forgiven upon individual homebuyer unit sales. This scenario should be submitted as the preferred scenario in the Online Application System.

Applicants are also encouraged to submit an alternative scenario that minimizes DHCD gap financing needed for the construction period through the incorporation of other tools and structures, such as ground leases, project-based pre-commitments of individual homebuyer subsidies ("soft second" mortgages), and other external resources as supported by term sheets or letters of intent or interest, as applicable. **DHCD welcomes creative proposals.**

- Ground leases: If land is transferred to a Community Land Trust or other designated public or nonprofit entity, DHCD is willing to consider forgiving the acquisition component of its loan just like it would for Non-MMRB Rental projects.
- Homebuyer subsidy: With the use of homebuyer subsidy, DHCD sees potential opportunity to reduce or eliminate the permanent development gap financing needed for projects if HPTF or another source is structured as a homebuyer subsidy (similar to HPAP) and is made available for projects upfront as a "pre-commitment," similar to the way that project-based rental subsidy such as LRSP is made available and consequently underwritten for rental projects. Such an approach may help affordable homeownership projects maximize sales proceeds available to take out most or all construction period financing sources, especially if a ground lease is also incorporated.

For additional detail on minimum requirements and guidelines for homeownership projects, both Limited Equity Cooperatives as well as for-sale single-family/multifamily projects, please refer to the Threshold Eligibility Requirements in Section VI and the Underwriting Guidelines in Section VIII.

VI. 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 Consolidated RFP.

A. Threshold Eligibility Requirements

Applicants 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
For new construction Projects or Projects that rehabilitate vacant buildings that produce at least five (5) funding-eligible, permanent housing units:

- Funded units may be within a mixed-income Project, but DHCD will not use HPTF to fund Production units at MFI limits above 50%. Projects may request financing sources other than HPTF (9% or eligible federal sources) to produce units up to 80% 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).

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

OR

2. Preservation
For the acquisition and rehabilitation of existing, occupied housing with at least five (5) permanent housing units, where affordability will be preserved

for current low-income tenants at any income level no greater than 80% 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 DHCD 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	9% LIHTC Only or Rental PRODUCTION w/ HOME, CDBG
Above 80% of MFI				
80% of MFI		✓	✓	✓
60% of MFI		✓	✓	✓
50% of MFI	✓	✓	✓	✓
30% of MFI	✓	✓	✓	✓

Mixed-income or mixed-use proposals are welcome. 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 "Financial Criteria Number 5: Development Budget and Operating Pro Forma" and in Section VIII 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, though a Project may score additional points for providing PSH units beyond this requirement.

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 other than the District's Rent Control law. 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 2023 Qualified Allocation Plan (QAP).

b. Project Certifications

1. Narrative Completion

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. Approval or Letters of Support from the Advisory Neighborhood Commission (ANC) or other community groups will not be considered as part of the application.

2. 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.
- Green Building Act of 2006 – DC Law 16-234 § 6-1451.02. "Publicly-owned, leased, and financed buildings and projects."
- American Rescue Plan Act of 2021 – Public Law 117-2

Low Income Housing Tax Credit Information Certifications

Applicants requesting 9% 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. The plan must include support and rationale for the following:
  - The exit strategy for the limited partner or investor member, as applicable, and the anticipated ownership changes.
  - Any anticipated refinancing, re-syndication, or sale to a third party.
  - How affordability will be maintained through the minimum 40-year extended affordability period. Applicants must agree to maintain the minimum 40-year extended affordability period by waiving their right to seek a qualified contract for the Project purchase after the 14th year of the Compliance Period.

- 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 LIHTC 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 utilizing DHCD gap financing — and rental Projects that rehabilitate existing, vacant buildings — at least 5% of the units, and no less than one unit, whichever is greater, must be designated as 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 add Net New Units, the PSH set-aside requirement will apply only to the new units created. The PSH requirement does not apply to preservation-only Projects that do not create Net New Units, Projects applying solely for 9% Tax Credits, the Director's Special Initiative Projects, homeownership Projects, or Projects owned by Limited Equity Cooperatives; however, Projects may earn points by creating additional PSH units, as defined in this RFP, beyond the minimum number required. 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 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 (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; LIHTC and other tax credit calculations (if applicable); homeownership/sales assumptions (if applicable); and unit information, including an MFI designation by unit size, which will be recorded in the Land Use Restrictive Covenants. 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 but not limited to green and solar tax credits or rebate incentives, 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

   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 score. 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% 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.
- LIHTC equity contributions that result from a 9% LIHTC request are not subject to the 49% limit; however, 9% LIHTC equity will be counted as a DHCD contribution in the leverage calculation in the Evaluation Criteria.

Additional instructions on completing the Form 202 (2023 Version), along with a list of cost and underwriting guidelines can be found in Section V(B) and VIII of this RFP, on the Instruction Tab of the Form 202, as well as in the separately published Underwriting Guide. 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. 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:
Additional worksheets have been incorporated into Form 202 for homeownership projects. Financing applications for homeownership projects must use the updated template to the greatest extent possible to capture the details of their proposal. However, to allow DHCD to fully evaluate homeownership proposals, applicants can also submit any other spreadsheets or documents that reflect the nature and financing/construction details of the project, and sale of its units, if not fully captured in the Form 202.

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 an Affiliate of 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 13% to the owner. The 13% 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.

If applicable, 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 for all proposed financing scenarios. 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.

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.

For homeownership projects, a detailed sales and marketing plan also needs to be submitted. The plan should be sufficiently detailed to provide confidence to DHCD that the proposed project has a viable permanent "takeout" strategy – i.e., generate the projected sales proceeds and complete the sell-out period in accordance with the projected sales pace assumed in the Form 202.

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. 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 of the Project must be submitted.
- Documentation of all existing loans secured by the property, including DHCD loans, and copies of 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)
- Housing Counseling and Home Sales/Marketing Partners (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 following key team members – Owner, Developer, or Development/Financial Consultant – must have prior experience completing and operating 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/or 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 applicant demonstrates 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 the Project will deliver regardless of any potential delays or cost overruns. Project guarantors will be held to the requirements of the guaranty agreements made with other project partners at closing.

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, or 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 and 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 within the past three years.

Contract Affidavit
All development team members must sign and submit a Contract Affidavit certifying that they: (1) are not debarred from participation in any federal or local program 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

A summary of required third-party due diligence reports and plans is provided below. Please refer to the Underwriting Guide or Online Application System for additional detail on all report and plan requirements.

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 months prior to the application deadline. For selected Projects, the appraisals must not be more than one year old at the time they are submitted to the Office of Program Monitoring (OPM) for compliance review, so an update may 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, prepared by an independent professional who is accredited by the National Council of Housing Market Analysts (NCHMA) that has experience with affordable housing in the District of Columbia. The market study must have been completed no more than six (6) months prior to the 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. The market study must provide documentation that demonstrates sufficient market demand and need for the Project. If the Project is mixed-income and/or mixed-use and includes additional components beyond affordable housing, the documentation must also demonstrate sufficient demand for all aspects of the overall Project. 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 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 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) 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.

13. Physical Needs Assessments

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. Refer to the guidelines document included in the Online Application System as well as the Underwriting Guide for more detailed requirements.

Projects that involve the rehabilitation of existing buildings must submit the Housing Code Inspection report from the consolidated Department of Buildings (DOB) and the Department of Licensing and Consumer Protection SCOUT database.

14. Architectural Plans and Cost Estimates

Applications must submit final design schematics documents that reflect the general intent of the Project, 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

15. Green Building Design and Construction

All applications must meet the following standards relative to green design and building, which apply to all Projects for which public financing constitutes 15% 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.

Note that while the original intent of this requirement was to ensure that Projects remain in compliance with the DOEE Building Energy Performance Standards (BEPS) throughout the initial LIHTC compliance period, Projects that are selected for funding as a District financed or District instrumentality financed project after December 31, 2023 with at least 10,000 square feet of Gross Floor Area must maintain net zero energy compliance through the Greener Government Buildings Act Amendment[7] to the Green Building Act[8].

The requirements for this RFP based on the type and size of Project are further detailed below.

Projects with building(s) of at least 50,000 square feet of Gross Floor Area:

- **New construction** Projects must be certified by Enterprise Community Partners using the 2020 Enterprise Green Communities (EGC) Criteria, at the more stringent Enterprise Green Communities Certification 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 in the application submission.

- **Rehabilitation Projects** 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 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). Compliance requirements for the Accelerated Savings Recognition Option are in the

[7] D.C. Law 24-306

[8] See also Green Housing Transition Emergency Declaration Resolution, effective June 20, 2023 (Res. 25-182; 70 DCR 009097) and the Green Housing Transition Temporary Amendment Act of 2023, passed on 1st reading on June 20, 2023 (Engrossed version of Bill 25-0327)

BEPS Compliance and Enforcement Guidebook for Compliance Cycle 1, section 4.2.1, available here: https://dc.beam-portal.org/helpdesk/kb/BEPS_Guidebook/70/.

Projects with building(s) below 50,000 square feet of Gross Floor Area:

- **New construction and rehabilitation** Projects 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 as part of its submission.

Certifications

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. Note: per Enterprise's updated process, it is recommended that Projects seeking the Certification Plus should request a traditional review and opt out of an itemized review. For buildings that are more than 5 stories above grade that are pursuing EGC Plus with ZERH, the Project should utilize the Enterprise 5.2b temporary ZERH pathway (dated March 14, 2022)

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 submission, upon consultation with your team's design professionals, 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 Requirements

All Projects must install solar panels or submit a waiver for this requirement if solar panels cannot be installed on the building. Projects should include specifications for the system in the schematic plans and related funding sources should be evident in the

Form 202 Consolidated RFP as a Permanent Source, as Non-Residential Income, and/or as additional cash flow in the 20-year proforma that enable a larger deferred developer fee. The Inflation Reduction Act allows Projects to claim both the Solar Investment Tax Credit (Solar ITC), LIHTC, DC LIHTC, and other related tax credits on the solar expenses incurred by the Project. DHCD expects that the funding benefits of the solar, including but not limited to the Solar ITC and Solar Renewable Energy Certificates (SRECs), will be included as a source for the Project. Projects utilizing a Power Purchase Agreement (PPA) or other indirect development arrangement for solar will need to request a waiver.

16. 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 to those households.

17. Resident Services Plan

A submission of a Resident Services Plan is a new threshold requirement for 2023. All applicants must submit a written plan summarizing how they intend to provide high-quality, property-wide resident services designed to empower residents, improve residents' quality of life, and support broader community-building goals. The plan should describe how the proposed resident services are targeted to the resident population and support anticipated community needs and interests. As applicable and further described in the Evaluation Criteria section, resident services may also include the provision of technical assistance for tenants exercising their TOPA rights and for resident cooperative or condominium boards of directors as well as upfront and ongoing support and stewardship services for First-Time Homebuyers.

Community amenities should also be indicated in the resident services and architectural plans and should be consistent with the services proposed for the site. At a minimum, the plan should highlight at least one service and one amenity being proposed for the resident community, including but not limited to those described in the Resident Services and Community-Oriented Amenities Evaluation Criteria section. Such services are in addition to the PSH case management services that serve a limited resident population with more intensive needs.

The plan should also discuss how core resident service(s) are expected to be funded and sustained, and how the Project intends to maintain the funding for at least 15 years. While services can be supported by operating income to the extent that DHCD's overall Operating Expense Guideline is not exceeded, DHCD prefers to see the incorporation of sources of funding outside proposed Project capital and operating financing (e.g., organizational fundraising, a portion of developer fee reserved for this purpose, a combination of developer fee and fundraising, etc.).

Notwithstanding the above, a resident services plan is not required as a threshold submission for fee-simple single-family homeownership projects. It is still required for multifamily homeownership projects – e.g., condominiums and cooperatives – as well as any single-family homeownership projects that are utilizing a Community Land Trust model.

If an applicant intends to seek preference points for their Resident Services Plan submission, the applicant is required to submit a thorough, comprehensive plan with a higher level of detail that complies with the requirements for points outlined elsewhere in the Consolidated RFP.

B. Evaluation Criteria

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

Evaluation criteria will be grouped into the following categories with maximum possible totals, such that a maximum score per sub-category may be achieved without meeting each criterion in the category.

Additional detail about how points are awarded is available in the Appendix: Evaluation Criteria Subcategory Scoring Matrix in Section XII.

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		**Maximum 25**
	Permanent Supportive Housing	10
	Family-Oriented Units	10
	Programs to Address Additional Barriers to Housing	5
	Housing for Older Adults	5
	Accessible Housing	5
	Homeownership and Wealth-Building	8
	Income Levels Served	6
	Section 8 and Public Housing Waiting Lists	1
Place-Based Priorities		**Maximum 25**
	Affordable Housing Opportunities Across Planning Areas	25
	Proximity to Transit	10
	Proximity to Neighborhood Amenities	5
	Preference for Projects with District Land	10
Maximizing the Impact of DHCD Resources		**Maximum 25**
	Creation of Net New Units	5
	Risk of Loss of Affordability in the Near Term (NOAH or Covenanted)	7
	Mixed-Income	10
	Affordability Period Restriction	10
	Non-Profit Participation and Right of First Refusal	3
	Maximizing Density	5
	Leverage	10
Innovative and Community-Oriented Features or Programming		**Maximum 25**
	Resilient Buildings and Innovative Design	22
	Resident Services	9
	Community-Oriented Amenities	6
	Workforce Development	8
	Developer Capacity Building	5

In the case when project funding requests exceed available resources, viable projects may be placed on a waiting list. For a project to be placed on the waiting list, the application must receive an Evaluation Criteria total score that is at least 50% of the average score for all projects selected for further underwriting.

Project Readiness and Past Performance (Up to -25)

Error-Free Submission *(Up to -10)*
Proposals with inconsistent information between the Project narrative, application, and back-up documentation, including the Form 202, will have points deducted. Projects with assumptions outside of the DHCD guidelines as stated in this Consolidated RFP, Underwriting Guide, or other published guidance will also have points deducted. Projects that have proposed uses that are associated with dedicated third-party funding sources must include those sources in the Form 202. For example, all viable green financing/funding sources must be included, including benefits provided in the Inflation Reduction Act (IRA).

Readiness to Proceed *(Up to -4)*
Applicants with a closing timeline greater than 12 months from being selected for further underwriting by DHCD, based on application timeline, narrative, and supporting documentation, will have points deducted per 3 months past the 12-month closing timeline.

Compliance with DHCD Cost and Funding Guidelines *(Up to -5)*
Projects that do not follow DHCD's cost limits further described below will have points deducted. The purpose of these requirements is to ensure efficient use of DHCD funds and thus enable DHCD to serve more households with its finite amount of subsidy funds. Points will be deducted per each 5% increment over maximum construction cost, soft cost, or operating cost guideline.

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 application 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	$385	$323
Equal to or Greater than Five (5) Stories – Wood Frame (including concrete podium) or Light Gauge Steel Construction	$407	$341
Equal to or Greater than Five (5) Stories – Concrete Construction	$448	$372

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 $10,900 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 delayed 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 have points deducted. The development team for this criterion is defined to include the Sponsor/Developer/Owner and managing members of the ownership entity and any related parties/Affiliates.

Inclusive and Equitable Housing (Up to +25)

Permanent Supportive Housing *(Up to +10)*
(*Does not apply to Homeownership Projects including Limited Equity Cooperatives or 9% LIHTC projects without DHCD gap financing and/or LRSP*)
The 5% PSH set-aside is a Threshold Eligibility Requirement for all Production Projects. 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.

Maximum points will be awarded to Projects that set aside at least 20% of units (including the required 5% PSH set-aside) as PSH units following the Housing First model and filling 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. Maximum points will be awarded to Projects in which at least 30% of the affordable units have three or more bedrooms. Points may be awarded to Projects in which at least 50% of the affordable units have two 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)*
Points 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, including:

- Returning citizens
- Households of unknown immigration status
- Residents with developmental or intellectual disabilities
- Youth aging out of foster care
- Housing for Persons With HIV/AIDS
- Other Programs – Applicants may request points for Projects that will serve populations not listed here. Project should provide a complete explanation of the program including the barriers to housing faced by the population and a market study that supports the inclusion of the program.

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.

Housing for Older Adults *(Up to +5)*
Points will be awarded for Projects that include units designed and reserved for seniors (55+ or 62+), including assisted living and independent living units. Maximum points will be awarded to Projects that provide assisted living units. Points will be awarded, in descending order, for independent living age restricted housing for people aged 62+, and age restricted housing for people aged 55+, including grandfamily units.

If the proposed project includes assisted living, independent living, or age restricted 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.

Applicants receiving these points must affirmatively demonstrate that their proposed mix is fully compliant with the Fair Housing Act and the Housing for Older Persons Act of 1995 (HOPA) Exemption.

Accessible Housing *(Up to +5)*
Maximum points will be awarded to Projects that meet The Kelsey design standards at either the Silver/Gold/Platinum level and/or utilize Universal Design as defined in the Virginia Universal Design Standard. Points will be awarded for Projects in which all units meet the American National Standards Institute (ANSI) Type A accessibility standards and/or provide twice the number of accessible and audio/visual units as required by Section 504. 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/.

Homeownership and Wealth-Building *(Up to +8)*
Points will be awarded for Projects emphasizing wealth-building opportunities for current or future residents, either through homeownership or resident services and programming.

Maximum points will be awarded for Projects that provide homeownership opportunities to 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. Points will be awarded for Projects that are structured to transfer to tenant ownership after the initial 15-year compliance period, through the Right of First Refusal provided for in Section 42(i)(7) of the Internal Revenue Code. Partial points will be awarded for Projects that provide wealth-building services that may better prepare tenants to be homeowners, including but not limited to positive rent reporting for credit scores, rent payment incentives, connecting unbanked or underbanked residents to financial institutions, or shared appreciation.

Income Levels Served *(Up to +6)*

This criterion evaluates the weighted average of the income levels served for units proposed to be funded by DHCD, with Projects receiving progressively more points as they serve lower income levels. 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. 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% MFI unit to a 50% MFI unit).

For rental projects, maximum points will be awarded to Projects with a weighted average MFI less than or equal to 40%. For example, a Project with an equal mix of 30% MFI and 50% MFI units funded by DHCD would receive maximum points.

Non-LEC homeownership projects are not eligible for points in this category. However projects can incorporate units at or below 60% MFI and deeper affordability, if feasible.

Section 8 and Public Housing Waiting Lists *(+1)*

Projects will earn a point if leasing or sales preference is given to households on the public housing or Section 8 waiting list(s) maintained by the DC Housing Authority (DCHA).

Place-Based Priorities (Up to +25)

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 based on the Planning Areas identified in the District's October 2019 Housing Equity Report, which charts a pathway to achieve the goal of 12,000 new affordable units by 2025 in a more equitable and inclusive manner.

Maximum points will be given to Projects located in those areas of the city that have the largest deficit of existing affordable housing, namely the Rock Creek West, Near Northwest, or Capitol Hill Planning Areas. 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 *(Up to +10)*

Maximum points will be awarded to Projects located within · mile of a Metrorail station or DC Streetcar stop. Points will be awarded to Projects located within · mile of a Metrorail station or DC Streetcar stop, or within · mile of a 24-hour service bus line stop as referenced in B24-1129, the "Fare-Free Bus Funding Emergency Amendment Act of 2022".

Proximity to Neighborhood Amenities ***(Up to +5)***
Maximum points will be awarded to Projects located within · mile of neighborhood amenities such as full-service grocery stores, public libraries, public or charter schools (if a family Project), aging services (if a Housing Project for older adults), recreation facilities, or primary care providers, or for Projects that will include such an amenity on-site.

Preference for Projects with District Land ***(Up to +10)***
Maximum points will be awarded 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 Office of the Deputy Mayor for Planning and Economic Development (DMPED), and the DCHA, among others. Points will be awarded for Projects that incorporate a ground lease held by DHCD (for rental Projects), or a land trust (for homeownership Projects) for the Project site.

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 (Up to +25)

Creation of Net New Units ***(Up to +5)***
Maximum points will be awarded to Projects where 50% or more of the total units qualify as net new units.

Risk of Loss of Affordability in the Near Term (NOAH or Covenanted) ***(Up to +7)***
Points will be awarded to preservation Projects that are either considered Naturally Occurring Affordable Housing (NOAH) and are 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.

Maximum points will be awarded for Projects where the property is not currently protected by an affordability covenant or for Projects within two years of the expiration of an existing affordability covenant.

Mixed-Income *(Up to +10)*
Maximum points will be awarded 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)***
   Points 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 affordable and market rate units must be equitably distributed within the development in compliance with federal fair housing requirements.

   The percent of market rate units must be between 20% to 80% of the total units. Rental and LEC Projects located in the Far Northeast & Southeast or Far Southeast & Southwest Planning Areas where between 20% to 80% of the Project's units are 80% MFI units will also be awarded points if the market study demonstrates that achievable market rents are at or below 80% MFI. This section relates only to a mix of affordable and market-rate (unrestricted) units within a proposed building. For example, a 100% affordable building that is part of a larger mixed-income redevelopment would not qualify for this preference.

   For non-LEC homeownership projects, market-rate units can be unrestricted units or units restricted to households with incomes between 80% and 120% MFI. In order to be eligible for points, a Project must demonstrate that units above 80% MFI are helping cross-subsidize the affordable component of the Project, thereby reducing the gap that DHCD needs to fund.

b. **Providing units for a range of MFI levels *(Up to +5)***
   Points will be awarded to Rental and LEC Projects that propose a mix of affordable units serving varying MFI levels and market rate units within the same Project. A minimum of 10% of units must be proposed in <u>three</u> of the following income categories:

   - 0% to 30%
   - 31% to 50%
   - 51% to 80%
   - 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.

For non-LEC homeownership projects to receive points in this category, Projects must incorporate a mix of lower and higher incomes while maintaining an overall average income restriction of no more than 80% MFI.

Affordability Period Restriction *(Up to +10)*

Maximum points will be awarded to Projects utilizing a long-term ground lease held by a public entity 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.

Applications for Homeownership Projects will receive points for Projects that provide an affordability period of at least 15 years with maximum points being awarded to projects that propose perpetual affordability.

For Rental Projects, applications that document that the owner will maintain the low-income units in compliance for a designated period beyond the standard 25-year extended use period after the initial 15-year LIHTC Compliance Period, or beyond the minimum affordability period of 40 years, will be awarded points.

Non-Profit Participation and Right of First Refusal *(Up to +3)*

Maximum points will be awarded for Projects 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, points 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% or more of the general partner or managing member, as applicable, 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.

For non-LIHTC projects (rental as well as homeownership), points will be awarded for Projects in which a Qualified Non-profit Organization holds an ownership interest of 51% 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 points in this category.

Maximizing Density *(Up to +5)*
Points will be awarded for Projects that maximize the allowable density on the Project site under current zoning laws. Maximum points will be awarded for Projects that increase Project density through a Planned Unit Development (PUD), Map Amendment, or some other official mechanism.

Leverage *(Up to +10)*
This criterion evaluates the Project's overall leverage ratio and ability to leverage other non-DHCD subsidies or below market rate funding sources.

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 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% 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 points. Examples of sources that count toward this section are:
   - HUD Green and Resilient Retrofit Program (GRRP) loan or grant
   - 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, Capital Magnet Fund, etc.)
   - Deferred developer fees
   - Sponsor equity in addition to LIHTC and other Tax Credit equity, including a master lease of units within a project
   - Subordinate Seller's note
   - Land value write-down
   - Surplus cash flow from market-rate units or non-residential uses
   - Opportunity Zone investments

- New Market Tax Credits (NMTC) equity
- Non-DHCD or District agency resources, including Medicaid Waiver for assisted living units
- 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% of the project's total sources or greater.

Innovative or Community-Oriented Features or Programming (Up to +25)

Resilient Buildings and Innovative Design *(Up to +22)*
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 points under this criterion:

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

- Enterprise Green Communities Plus (EGC+) 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 (EGC+) (rehabilitation Projects of any size and new construction buildings less than 50,000 sf)
- TRUE Zero Waste Certification
- Building Electrification with no on-site combustion
- Whole Building Life-Cycle Assessment (LCA) Supported Low-Embodied Carbon Design (see guidance from LEED v4.1 Building Life-Cycle Impact Reduction credit)
- Mass-Timber Construction; and/or Modular Construction and/or conversion of office to residential building
- Enterprise Green Communities Criterion 6.5 Environmentally Responsible Material Selection for Concrete, Steel, and Insulation
- Completion of the DOEE Resilience and Solar Assessment Tool (https://doee.dc.gov/sites/default/files/dc/sites/ddoe/service_content/attachments/DC%20DOEE%20Resilience%20Tool%20Manual-8.28.19.pdf)

Specifically, the EGC Criterion 6.5 requires submitting a publicly disclosed Environmental Product Declaration (EPD) for 90% by volume for all (concrete/steel/insulation) used in the

Project. Clearly indicate the total Global Warming Potential (GWP). Only new products should be counted; existing/reused/salvaged products are exempt.

Any Project claiming points in this 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. Such features may include sub-metering of water, as described further in PAMD's Utility Allowance Guidelines, available here: https://dhcd.dc.gov/service/project-monitoring.

Resident Services *(Up to +9)*
Points will be awarded to Projects proposing high-quality, comprehensive, property-wide resident services. Such services are in addition to the PSH case management services or other supportive services targeted to limited resident population(s) with more intensive needs. Points will be awarded to Projects with a resident services plan where the core resident services are expected to be funded and sustained with sources of funding outside the Project (e.g., fundraising or supported through a portion of developer fee set aside and reserved for this purpose or a combination of developer fee and organizational fundraising). Projects will be awarded points if they demonstrate outside funding is secured for up to 33%, up to 50%, or over 80% of the budget.

Points will be awarded for resident services plans that will provide specific, targeted services for all residents, address anticipated resident needs and interests, improve the quality of life of residents, and support broader community building or wealth building efforts for the residents. These services should be indicated in the plan with an explanation of how the Project intends to maintain them for at least 15 years. The plan requirements are further detailed in the Online Application System.

Resident services should tie into proposed project amenities and may include, but are not limited to, the following:

- 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, rent reporting, etc.)
- Training and Educational Programming – Environment, Health and Wellness (e.g., health initiatives, nutrition workshops, wellness/recreational activities, art and cultural activities, green living education/home maintenance, counseling services, etc.)
- Resident Involvement and Organizational Capacity-Building (e.g., condo or cooperative board training program, tenant association participatory role/ownership interest, legal and financial services, other enrichment/community-building activities, etc.)

In order for homeownership projects to be eligible for points in this category, the resident services plan must integrate the sales/marketing plan covering upfront resident services such as outreach and counseling. In addition, the resident services plan will need to incorporate a transition plan covering the period post sales and the establishment of any homeowner, condominium, or cooperative association, if applicable.

Community-Oriented Amenities *(Up to +6)*
Community amenities should be integrated into the resident services plan, the architectural plans, and be consistent with the services proposed for the site. Points will be awarded to Projects that contain amenities including, but not limited to, the following:

- High Speed Internet in-unit at no charge to the resident
- Child-focused amenity or additional use on premises (e.g., playground, on-site daycare or preschool facility, before/after school care, early childhood care, etc.)
- Access to fresh food on premises (e.g., grocery store, active community garden, farmer's market, commercial kitchen, etc.)
- Access to healthcare or wellness facility on premises (e.g., fitness center, clinic, etc.)
- Other communal space (e.g., community room, multipurpose room, courtyard, etc.)
- Project includes in-unit washer/dryer.

Workforce Development *(Up to +8)*
Points will be awarded to Projects where the development team is comprised of individuals designated as a Disadvantaged Business Enterprise (DBE), Resident-owned Business Enterprise (ROB) or led or controlled by individuals designated as socially disadvantaged under the Small Business Administration (SBA) definition. Development team roles include:

- Development Consultant
- Architect
- General Contractor
- Construction Manager
- Property Management Company
- Resident and/or Supportive Services Provider

Points will be awarded to Projects that:

- Submit detailed plans for an apprenticeship program that facilitates the placement of DC residents in employment opportunities at the Project, which exceeds the minimum apprenticeship hours worked by DC residents by 10% or more. The commitment and strategy to develop and implement a local apprenticeship program shall be in accordance with D.C. Official Code §§ 32-1401, et seq.
- Exceed the District's First Source Hiring requirement by 10% or more.
- Commit to Certified Business Enterprise (CBE) participation of 50% or more.
- Utilize one or more of the DC Green Jobs or Workforce Development programs. (https://sustainable.dc.gov/page/green-jobs-careers-and-workforce-development).

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

Developer Capacity Building *(Up to +5)*

Points will be awarded to Projects with developer partners that have not participated in a DHCD-funded Project before and who are partnering with an experienced developer partner. Projects with development partners who have participated in or are currently participating in an Accelerator Program and who are partnering with an experienced development partner, can be awarded points. Maximum points will be given to a Project where a majority of the managing members are designated as DBE, ROB, or led or controlled by individuals designated as socially disadvantaged under the Small Business Administration (SBA) definition.

VII. AVAILABLE FUNDING SOURCES

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

Available Funding Sources

<table>
<tr><th>Available To</th><th>Agency</th><th>Assistance Type</th><th>Source</th></tr>
<tr><td>All Eligible Projects</td><td>DHCD</td><td>Development Subsidy (Subordinate Cash Flow Loan)</td><td>Housing Production Trust Fund (HPTF)

HOME Investment Partnership Program (HOME)

Community Development Block Grant (CDBG)

Housing Opportunities for Persons with AIDS (HOPWA)</td></tr>
<tr><td>All Eligible Projects</td><td>DHCD</td><td>Tax Credit</td><td>9% Low Income Housing Tax Credit (LIHTC)</td></tr>
<tr><td>All Eligible Projects</td><td>DCHA</td><td>Operating Subsidy</td><td>Local Rent Supplement Program (LRSP)
(Prioritized for PSH Units)</td></tr>
<tr><td>New Construction, Extremely Low Income (0-30% MFI) Units Only</td><td>DHCD</td><td>Development Subsidy (Subordinate Cash Flow Loan)</td><td>National Housing Trust Fund (NHTF)</td></tr>
<tr><td rowspan="2">PSH Units Only</td><td>DBH</td><td>Development Subsidy (Grant)</td><td>Department of Behavioral Health (DBH) funds</td></tr>
<tr><td>DHS</td><td>Supportive Services Subsidy</td><td>Supportive Services funds (DHS)</td></tr>
</table>

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
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% LIHTCs. Prevailing wage rates also apply to projects that request LRSP and/or ACC operating subsidy through DCHA.

A. 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 2023 and can be found online: www.dhcd.dc.gov.

The District of Columbia 2023 Qualified Allocation Plan (QAP) is incorporated into this RFP.

Mandatory Application Fee: 9% 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% 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 FY23 RFP" and include the project name on the check. The project name must match what is submitted to DHCD through the Online Application System.

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 each dollar 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 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 subordinate Cash Flow Loans for Limited Equity Cooperatives and Rental Projects. During the life of the loan, owners will be required to pay 75% of annual project cash flow to DHCD (after any approved deferred developer fee is repaid) until the loan is paid off. Loan terms are 42 years, with 3% interest rates (0% for LECs). For non-cooperative homeownership projects, as further described elsewhere, the loan made from DHCD to the borrower/developer would be used to finance the development of the project. The loan term would align with a project's construction/sales period, with the expectation that it would typically not exceed three years. The loan would be satisfied if /when the loan balance is repaid or forgiven upon individual homebuyer unit sales.

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;
- second mortgage or down payment assistance (except for homeownership projects);
- 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).

Projects selected for HPTF gap financing through this RFP may be allocated funds from the federal Coronavirus State and Local Fiscal Recovery Funds (SLFRF), established by the American Rescue Plan Act of 2021 (ARPA). SLFRF funds are subject to a set of restrictions and requirements from the Treasury, enumerated in Section 602(c) of the Social Security Act and other Treasury regulations and guidance.

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% 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% of area median income. 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.

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% 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 at least 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, or single room occupancy units (SROs) or buildings. Projects that integrate DBH consumers with the general public are desired. No more than 30% of the units at any multi-family property may be set aside for DBH consumers, unless an exception is granted by DBH.

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 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% of the units as set-aside for DBH consumers.

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

C. Operating Subsidies

Local Rent Supplement Program (LRSP)

This District of Columbia LRSP provides operating subsidy to serve extremely low income families (0-30% of MFI) and is administered by DCHA. 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 49,51,53,54,56,59,61, 93 and 95) as administered by DCHA. Most of LRSP operating subsidies available through this RFP will be prioritized for PSH units receiving funding from DHCD, DBH, and/or DHS, but a portion of the operating subsidies will be available for non-PSH 30% units restricted at 30% of MFI. The term of the initial LRSP contract (the Long Term Subsidy Contract or LTSC) is 15 years with possible extensions. The LRSP is subject to funding availability.

On July 1, 2023, DCHA modified the process for determining rent reasonableness and utility allowances in accordance with HUD guidelines. Contract rents are no longer determined by established submarket rent limits. Rather, contract rents will be based on individual unit characteristics – project location, number of bedrooms, square footage of rooms, type and age of the unit, and the amenities, services, and utilities provided by the owner. Only comparable units that are unassisted (i.e. those units not benefiting from any rental subsidy) will be used by DCHA to determine rent reasonableness.

DCHA is required to obtain the approval of the Council of the District of Columbia (DC Council) before DCHA may enter into an Agreement to Enter Into a Long Term Subsidy Contract (ALTSC) with the Owner of the Project. Prior to submitting the ALTSC to the DC Council for approval, DCHA will make a rent reasonableness determination of the proposed contract rent to Owner for each bedroom type for the Project based on the individual unit characteristics described to DCHA in the Owner's application. In accordance with program requirements, prior to financial closing and entering into the ALTSC, DCHA shall make an additional rent reasonableness determination and such reasonable rent will be reflected in an exhibit attached to the ALTSC. When the units are ready for occupancy, DCHA will conduct an updated rent reasonableness determination to confirm whether or not the rents reflected in the ALTSC need to be increased or decreased to remain reasonable. The results of the final DCHA rent reasonableness determination will be incorporated in the contract rent exhibit to the LTSC between DCHA and the Owner. For application purposes, applicants should conduct their own market analysis to estimate reasonable rents.

Rental units must meet minimum standards of health and safety, as determined by HUD's NSPIRE (National Standards for the Physical Inspection of Real Estate), or applicable HUD inspection standard. A housing subsidy is paid to the landlord directly by DCHA on behalf of the participating household. The household 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.

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)

Contractors 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. DHS prioritizes funding for 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% 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% of units as PSH. DHS may also refer to such projects as Unit-Based PSH Projects.
- 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).

To provide adequate case management supports to PSH households, Unit-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.
- Unit-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 an agreement to provide the above accommodations for the Service Provider in the PSH Acknowledgement Form found 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 should identify their preferred Service Provider for Unit-Based and Limited Site-Based PSH projects within the Online Application. All proposed Service 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% complete. At this time, the contracting process will begin between DHS and the Service 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% 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 also must meet DHS Service 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 be 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 Department of Licensing and Consumer Protection (DLCP);
- a clean track record for managing funds;
- a staffing plan that meets the case manager qualifications requirements and maximum caseload 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 found within the Online Application System.
- The capacity to become a qualified Medicaid provider.

<u>Case Load Standards:</u>
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.

<u>Client Contact Standards:</u>
Providers shall engage with each of their PSH participants, minimally, at the required frequency of the PSH case management service contact requirement, however, many participants will likely need contacts above the minimum threshold. During the Housing Navigation Phase, Case Managers shall have a minimum of two monthly face-to-face client contacts, consisting of one 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 two total client contacts a month. One of these must be a face-to-face client contact, which shall be conducted in the home. The other 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 "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.

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

<u>Note on mixing "Designated Unit" Funding</u>:
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% PSH requirement.

VIII. UNDERWRITING GUIDELINES

Applicants to this RFP must follow the requirements outlined in this section, elsewhere in the RFP such as the Threshold Eligibility Requirements Section, as well as adhere to DHCD's most recently published Underwriting Guide.

a. Non-Multifamily Mortgage Revenue Bond Rental Projects – Summary of Underwriting Standards

Please refer to the matrix term sheet below for a summary of DFD's standard business terms and underwriting requirements for Non-MMRB Rental projects.

Loan Terms	
Gap Funding Amount:	• Not to exceed amount finalized at Loan Review Committee. Equals the minimum gap required to make the project feasible, as determined by DFD project manager/underwriter. • Maximum HPTF funding in a project is 49% of all project sources. DHCD is a gap lender. Applicants must demonstrate that they have maximized all other financing sources including first trust hard debt before sizing their request for DHCD funding. In order to achieve this threshold, consider the strategies and tools identified elsewhere in the RFP.
Product Type:	Subordinate Cash Flow Loan
Purpose and Uses:	Acquisition, soft costs, rehabilitation hard costs associated with the project. • Funds may be used to reimburse pre-closing soft and acquisition costs at DFD's discretion, regardless of when the expenses were incurred. • Eligible uses must be identified and approved in Form 202. • Draw schedule will be established before closing.
Funding Source:	Local (HPTF) or Federal (CDBG, HOME, NHTF)
Loan Term:	42 years from Closing Date
Interest Rate:	3.0% simple interest
Construction/ Stabilization Period:	2 years is standard (built into 42-year loan term)

Retainage Amount:	The lesser of ten percent (10%) of the construction contract or ten percent of the DHCD loan amount.
Repayment Start:	• Commences May 1 of the calendar year after the Certificate of Occupancy (or comparable documentation) is projected to be issued (Placed in Service Date). • Subject to Net Cash Flow waterfall in the Deed of Trust Note.
Repayment Source:	Annual payments of 75% of available Net Cash Flow and proceeds resulting from any Capital Transaction, as set forth in the Loan Documents and Borrower's organizational documents.
Recourse:	Non-recourse
Collateral Position:	Second Priority Deed of Trust
Minimum Affordability Period Restriction:	• Applicant affordability commitment at application plus 2 years (minimum 42 years), commencing on Closing Date • Automatically extended if necessary, to insure that it will not be less 40 years (or longer committed affordability period) from the Placed in Service Date
Minimum Unit Affordability:	100% of units supported by DHCD funding must be affordable to 50% MFI and below for new construction or up to 80% MFI for preservation projects with current residents
Underwriting Criteria / Requirements	
Projected Rents:	• Less of applicable published HPTF and LIHTC limits (if project is requesting 9% LIHTC) for non-LRSP units • Assume 2% annual escalation for non-LRSP units
Projected Operating Expenses:	• Refer to Section V(B) in RFP for current upper limit for per unit per annum (PUPA) expenses. • Operating expenses will be carefully reviewed • Assume 3% annual escalation
Capitalized Operating and Debt Service Reserves:	6 months of operating expenses and must pay debt service payments.
Annual Reserve Deposit Requirements:	Annual budgeted replacement reserve of not less than $300/unit
Vacancy Rate:	5 to 7% vacancy and collection loss factor
Debt Service Coverage (DSCR) Ratio (Senior Debt):	Must Pay Debt in 1st Position – 1.15 DSCR by end of first year of sustained operations

Construction Costs and Fees:	• Refer to Section V(B) in RFP for current upper limit for construction or rehab costs per square feet based on building type as well as applicable green building requirements for project • Rehab scope and cost estimate will be carefully reviewed to ensure property's expected capital needs over the next 15-year period, as identified in the property capital needs assessment, are being addressed and that the renovation budget is adequate • Borrower must provide a capital replacement plan for any major systems replacements that are not being contemplated as part of the proposed renovation scope, as applicable • General Contractor Fees as a percentage of net construction costs: Builder's Profit is up to 6%; Overhead is up to 2%; and General Conditions/Requirements are up to 6%. These standards should not be exceeded except for developments with exceptional characteristics that may justify higher fees. If that is the case, a waiver should be requested. Additional requirements may apply when there is an identity of interest between the developer and General Contractor. • Architect and Engineer Fees: Architect Design Fees range from 2 to 6% of the construction contract amount and Architect Construction Supervision range from 1 to 3% • Owner's Rep (Construction monitoring): 1 to 2% of the construction contract amount, supported by third party bids. If there is an identity of interest between the developer and the owner's rep, the fee must be paid from developer fee. • Developer Fee: 5% of Acquisition Costs, if applicable, plus 15% of Non Acquisition Fee Basis (equal to Total Development Costs less Guarantees and Reserves, LIHTC Syndication and Bond Financing-Related Costs, Acquisition Costs, and Construction, Soft Cost, and Financing Contingencies). Refer to fee policy in the rental development budget tab of the Form 202 for more detail. Any fee in excess of $2 million shall be deferred up to the amount that can be recovered from cash flow over 12 years of operations. Amounts that cannot be repaid during this period will be added to the initial $2 million paid fee.
Contingencies	• Hard Cost Contingency: 5 to 10% for new construction; 12 to 15% for rehab • Soft Cost Contingency: 5 to 8% of soft costs section of the Form 202 • Financing Cost Contingency: 5 to 8% of the financing cost section of the Form 202
Property Management Plan and Budget for Interim Operations	For occupied buildings, the application must include a property management plan covering both the interim/construction period and post-completion. The plan must include interim operating budget (prior to and during renovation) quantifying occupancy and revenue and demonstrate ability to manage a tenant-in-place rehab process if applicable
Other Requirements	Refer to Section VI of RFP for other underwriting-related minimum requirements.

b. Limited Equity Cooperative Homeownership Projects – Summary of Underwriting Standards

Please refer to the term sheet below for a summary of DFD's standard business terms and underwriting requirements for Limited Equity Cooperative (LEC) projects.

The following guidance applies only to rehabilitation projects in which tenants directly purchased their building, converting to an LEC. The guidance does not apply to projects in which the tenant association assigned TOPA rights to a developer.

Tenant purchase projects converting to LEC are a hybrid between rental and ownership; the financial structuring is more akin to a rental though the legal structure is a form of homeownership. DHCD expects LECs to transition from tenants to owners and treat the property accordingly with the assistance of a professional team of consultants and management. For any items not mentioned here, TOPA applicants should follow the general guidelines provided elsewhere in the RFP.

<table>
<tr><th colspan="2">Loan Terms</th></tr>
<tr><td>Gap Funding Amount:</td><td>Not to exceed amount finalized at Loan Review Committee. Equals the minimum gap required to make the project feasible, as determined by DFD project manager/underwriter.
While LEC projects are allowed to exceed the 49% threshold for maximum HPTF funding in a project, DHCD is still a gap lender. Applicants must demonstrate that they have maximized all other financing sources including first trust hard debt before sizing their request for DHCD funding. In order to achieve this threshold, it is necessary for the LEC, in consultation with their development consultant, to consider the following strategies to minimize % of DHCD participation:
In cases where long-time residents are paying far below HPTF or other maximum monthly rents for their household income level, residents must consider raising their own rents to support increased senior debt.
If the applicant previously accessed DHCD acquisition financing and the property is subject to an existing affordability covenant, the applicant could consider making a request to modify the MFI mix of the covenant to assist the project in maximizing senior debt.
Seek out additional financing sources, including green financing sources (DC PACE, DCSEU, etc.).
Contribute interim income or a reasonable percentage of accrued replacement reserves to the rehabilitation.</td></tr>
<tr><td>Product Type:</td><td>Subordinate Cash Flow Loan</td></tr>
</table>

Purpose and Uses:	Acquisition, soft costs, rehabilitation hard costs associated with the project. • Funds may be used to reimburse pre-closing soft and acquisition costs at DFD's discretion, regardless of when the expenses were incurred. • Eligible uses must be identified and approved in Form 202. • Draw schedule will be established before closing.
Funding Source:	Local (HPTF) or Federal (CDBG, HOME)
Loan Term:	42 years from Closing Date
Interest Rate:	0% simple interest
Construction/ Stabilization Period:	2 years is standard (built into 42-year loan term)
Retainage Amount:	The lesser of ten percent (10%) of the construction contract or 10% of the DHCD loan amount.
Repayment Start:	• Commences May 1 of the calendar year after the Certificate of Occupancy (or comparable documentation) is projected to be issued (Placed in Service Date). • Subject to Net Cash Flow waterfall in the Deed of Trust Note.
Repayment Source:	Annual payments of 75% of available Net Cash Flow and proceeds resulting from any Capital Transaction, as set forth in the Loan Documents and Borrower's organizational documents.
Recourse:	Non-recourse
Collateral Position:	Second Priority Deed of Trust
Minimum Affordability Period Restriction:	• Applicant affordability commitment at application plus 2 years (minimum 42 years), commencing on Closing Date • Automatically extended if necessary, to insure that it will not be less 40 years (or a longer committed affordability period) from the Placed in Service Date
Minimum Unit Affordability:	100% of units supported by DHCD funding must be affordable to 80% MFI and below
Underwriting Criteria / Requirements	
Market Analysis and Level of Carrying Charges:	• Units must be demonstrated to be marketable, as indicated by market analysis. • Projected carrying charges must not exceed market rents and published HPTF limits. Carrying charges need to be affordable to the existing household income levels; as properties are already occupied by a mix of incomes, the ratio of charges/income will vary (unless there is project-based operating subsidy). • If project occupancy is below 50%, the Applicant must provide a realistic lease-up schedule and demonstrate by loan closing the "pre-sale" of at least an additional 10 percent of units executing Subscription Agreements and deposits. • Assume 2% annual escalation for non-LRSP units
Projected Operating Expenses:	• Refer to Section V(B) in RFP for current upper limit for per unit per annum (PUPA) expenses. • Operating expenses will be carefully reviewed to ensure expenses are not

	over or under-budgeted • Recent operating history (which provides the initial basis for projecting future expenses) will be required to be provided and any projected adjustment to utility and maintenance costs given equipment upgrades in the renovation process will need to be described. • Insurance may be higher for the single-site LEC owner. Insurance line item should be based on actual quote from an insurance provider. • LEC is expected to apply for all eligible real estate tax abatements/exemptions and reflect such expense reductions in the budget. • LEC is expected to include an annual Resident Training line item. Minimum is greater of $100/unit and $1,000 per project; higher budgeted amount may be required at DHCD's discretion. • Assume 3% annual escalation
Capitalized Operating and Debt Service Reserves:	6 months of operating expenses and must pay debt service payments.
Annual Reserve Deposit Requirements:	Annual budgeted replacement reserve of $400/unit and operating reserve of $200/unit.
Vacancy Rate:	7% vacancy and collection loss factor
Debt Service Coverage (DSCR) Ratio (Senior Debt):	Must Pay Debt in 1st Position – 1.15 to 1.25 DSCR by end of first year of sustained operations
Rehab Costs and Fees:	• Refer to Section V(B) in RFP for current upper limit for rehab costs per square feet based on building type as well as applicable green building requirements for project • Rehab scope and cost estimate will be carefully reviewed to ensure property's expected capital needs over the next 15-year period, as identified in the property capital needs assessment, are being addressed and that the renovation budget is adequate • Borrower must provide a capital replacement plan for any major systems replacements that are not being contemplated as part of the proposed renovation scope • General Contractor Fees as a percentage of net construction costs: Builder's Profit is up to 6%; Overhead is up to 2%; and General Conditions/Requirements are up to 6% . These standards should not be exceeded except for developments with exceptional characteristics that may justify higher fees. If that is the case, a waiver should be requested. • Architect and Engineer Fees: Architect Design Fees range from 2 to 6% of the construction contract amount and Architect Construction Supervision range from 1 to 3% • Owner's Rep (Construction monitoring): 1 to 2% of the construction contract amount, supported by third party bids • Developer Fee: Refer to fee policy in the rental development budget tab of the Form 202

Contingencies	• Hard Cost Contingency: 15% hard cost contingency; 20% all projects of 12 units or less • Soft Cost Contingency: 5 to 8% of soft costs section of the Form 202 • Financing Cost Contingency: 5 to 8% of the financing cost section of the Form 202
Property Management Plan and Budget for Interim Operations	For occupied buildings, the application must include a property management plan covering both the interim/construction period and post-completion. The plan must include interim operating budget (prior to and during renovation) quantifying occupancy and revenue and demonstrate ability to manage a tenant-in-place rehab process**.**
Other Requirements	Refer to Section VI of RFP for other underwriting-related minimum requirements
Development Team Requirements	
Technical Assistance:	• The tenant association or LEC must contract with a Development Consultant/Technical Assistance provider with TOPA experience. • DHCD will review the track record and capacity of the Development Consultant critically to help ensure the LEC will have adequate support. • The contact should be involved for the entire development period, with incentive payments to ensure assistance through project completion and stabilization.
Property management:	• Buildings six units and smaller may self-manage with suitable resident capacity; third-party managers should demonstrate ability to work collaboratively with resident owners, attend Board meetings, etc. • As previously noted, a property management plan covering both the interim/construction period and post-completion needs to be provided.
LEC Borrower:	• **LEC Borrower itself must qualify as a sustainable borrower.** • In lieu of a development track record or financial statements, performance "markers" will be evaluated as predictors of future stability. • LEC must provide a sustainable, ongoing resident/board training plan with budget acceptable to DHCD
Legal Counsel:	LEC must name the attorney(s) who will be advising the cooperative through the financial closing, renovation, and stabilization period.
Demonstration of Resident Organization Strength	
Quality of leadership:	Professional or life skills that enable leaders to understand organizational and financial issues, inspire cooperation, communicate well, and share authority among leaders.
Elections:	Holds elections in fair and open manner.
High percentage of resident/member participation:	Reflected in signatures gathered in initial petition, attendance at regular resident meetings, voting in Board elections and on other issues.
Payment of Dues:	Regular payment of carrying charges.
Consensus:	Ability to galvanize consensus in decisions and resolve internal conflicts.

Decision Making:	Majority of members involved in development decision-making and attending ongoing training sessions.
Willingness to "raise my own rent":	Where past rents are too low to sustain the LEC with a fully funded operating budget, members must vote for an increase, with at least a portion of the increase to take effect by time of the loan closing. LEC members must acknowledge in a resolution that carrying charges will increase in the future to leverage additional first trust resources or to cover inflation.

c. For-Sale Homeownership Projects – Summary of Underwriting Standards

Please refer to the following matrix term sheet for a summary of DFD's standard business terms and underwriting requirements for homeownership proposals:

Assumptions	**Primary Scenario – Required for All Projects** ***Development Loan for Acquisition/ Construction/Rehab of Project***	**Alternative Scenario** ***More Limited Development Loan for Acquisition of Project + Use of other Financing Tools***
Defining Scenario Requirement:	Restricted Sales Prices affordable to 80% of MFI and below without assuming HPAP buyer subsidies	Market Sales Prices affordable to 80% of MFI and below with an allocation of homebuyer subsidies
Gap Funding Amount:	Not to exceed amount finalized at Loan Review Committee. Equals the minimum gap required to make the project feasible, as determined by DFD project manager/underwriter.	Same as Primary plus any project-based allocation of homebuyer subsidies to serve as "pre-commitments" will be sized based on or comparable to HPAP program requirements
Optional Tools	Potential incorporation of ground lease with Community Land Trust (CLT) or other nonprofit or public entity	• Potential incorporation of ground lease with CLT or other nonprofit or public entity • Use of buyer subsidy "pre-commitments" – refer to Form 202 Worksheet that needs to be completed to demonstrate the project's effective affordability
RFP Funding Source(s)	HPTF or Federal (HOME, CDBG)	Same as Primary plus homebuyer subsidy
RFP Product Type:	Gap Financing Loan	Same as Primary plus allocation of homebuyer subsidies

Assumptions	**Primary Scenario – Required for All Projects** ***Development Loan for Acquisition/ Construction/Rehab of Project***	**Alternative Scenario** ***More Limited Development Loan for Acquisition of Project + Use of other Financing Tools***
Eligible Purpose and Uses	• Eligible development costs (e.g. acquisition, reimbursement of predevelopment expenses, hard costs, and soft costs, excluding developer fee, which is expected to be paid from sales proceeds). • Specific uses and timing of funding is to be determined by DHCD prior to closing and established in the approved Form 202 draw schedule and loan agreement.	Same as Primary plus eligible uses associated with HPAP program
Developer Loan Term	Up to 3 years, dependent on expected construction and sales period for project	Same as Primary
Homebuyer Loan Term	N/A	In accordance with HPAP program requirements – 40 year loan term
Interest Rate	0%	Same as Primary
DHCD Compliance Holdback	Lesser of 10% of the construction contract or 10% of the DHCD acquisition/construction loan amount	Same as Primary
Disbursement Process	Monthly draws per approved draw schedule	Same as Primary
Loan Repayment Requirements for Developer	• Deferred until the end of the construction/sales period • Repaid from surplus home sales proceeds (if any) and project cost savings, per DHCD's loan right sizing policy. [Any surplus unit sales proceeds and cost savings cannot be used to increase the developer fee beyond the fee amount agreed upon at construction finance closing, unless additional fee has been deferred since closing.] • Remaining DHCD construction loan balance forgiven as units are sold to homebuyers.	• Deferred until end of construction/sales period • Fully repaid from surplus home sales proceeds • If land is transferred to CLT/non-profit/other public entity, resulting in a longer affordability period the acquisition component of loan could be forgiven

Assumptions	**Primary Scenario – Required for All Projects** ***Development Loan for Acquisition/ Construction/Rehab of Project***	**Alternative Scenario** ***More Limited Development Loan for Acquisition of Project + Use of other Financing Tools***
Loan Repayment Requirements for Homebuyers	• Depending on the period of affordability proposed, homebuyers will either assume a proportionate share of the original development loan made to the developer (30 years or less), or homebuyers will not assume any proportionate share (99 years or perpetual affordability). • A portion of this development loan attributed to each unit will likely be forgiven upon each unit settlement regardless of affordability period assumed. **The amount of all debt on the property cannot exceed appraised value of property. DHCD reserves the right to request additional appraisals as needed.**	• In accordance to HPAP program requirements – no monthly payments for very low and low income eligible households (80% MFI and below) • Repayment deferred until resale or end of 40-year loan term
Recourse	Non-recourse	Same as Primary
Collateral Position	Second Priority Deed of Trust	Same as Primary
Affordability Term	• Minimum of 15 years • Longer periods of affordability encouraged per RFP; additional points awarded if project commits to longer-term affordability covenants such as permanent affordability.	• Affordability period varies based on permanent development gap and homebuyer subsidy sources • If any HPTF remains in the project as a permanent source, 15 year minimum is required

<table>
<tr><th>Assumptions</th><th>Primary Scenario – Required for All Projects

Development Loan for Acquisition/ Construction/Rehab of Project</th><th>Alternative Scenario

More Limited Development Loan for Acquisition of Project + Use of other Financing Tools</th></tr>
<tr><td>Initial Income/Sales Price Restrictions</td><td>• Sales prices are affordable to 80% of Median Family Income (MFI) and below <u>without</u> relying on HPAP or other buyer subsidy.
• Sales prices must be affordable according to the funding source program income limits for the year of sale and approved by DHCD. Additional restrictions may apply if federal funding is used; buyer income limits should follow the limits established for the funding source used to finance the project.
• Exact initial sales prices dependent on term of affordability covenant:
    o Commitment to permanent affordability (i.e., life of building, runs in perpetuity with land, <u>or</u> 99 year renewable ground lease): Sales Prices are required to follow Inclusionary Zoning Purchase Price Schedule
    o Commitment to affordability term of at least 15 years, but not exceeding 99 years: Use of Inclusionary Zoning Purchase Price Schedule is optional; Sales Prices are minimally required to be affordable without HPAP to purchasers based on HPTF household income limit schedule</td><td>• Market Sales Prices affordable to 80% of MFI and below <u>with</u> an allocation of homebuyer subsidies.
• Amount of 1st Mortgage plus homebuyer subsidy loan cannot exceed appraised value of property.</td></tr>
<tr><td>Income/Price Restrictions for Resales</td><td>• Resale price restrictions will be calculated by DHCD using the maximum resale price formula for Inclusionary Zoning Units or another methodology agreed upon by DHCD and the Sponsor.
• DHCD will determine which methodology is appropriate based on the affordability term committed to for the project.
• At a minimum, if unit is sold within the first 15 years, the future purchaser must be income eligible based on the current HPTF household income limit schedule at the time of resale <u>and</u> home prices must be affordable to required income bracket without HPAP</td><td>• If any HPTF is forgiven or remains in the project as a permanent buyer subsidy, any future purchaser within the first 15 years will be required to be income eligible based on the current HPTF household income limit schedule at the time of resale.
• Resales after 15 years or resales for projects with no permanent HPTF subsidy can be set at market appraised prices; however DHCD may require the incorporation of a Right of First Refusal (ROFR) targeted to HPAP/EHAP homebuyers or to the waitlist of a public entity, CLT, or other designated nonprofit.</td></tr>
</table>

Assumptions	**Primary Scenario – Required for All Projects** ***Development Loan for Acquisition/ Construction/Rehab of Project***	**Alternative Scenario** ***More Limited Development Loan for Acquisition of Project + Use of other Financing Tools***
Household Size Requirements	Units with two or more bedrooms must be occupied by households with two or more persons and/or Inclusionary Zoning Requirements for Household Size may apply	Same as Primary
Residency Requirements	Homeowner must live in the property as primary residence/ remain eligible for homestead tax exemption	Same as Primary
Other Program Requirements and Considerations	Unit must be sold to a First-Time Homebuyer initially. Subsequent sales must be to households meeting affordability requirements.	Same as Primary, with incorporation of HPAP requirements
External Sources	• Developer Funding Resources: New Market Tax Credits (NMTC), Green Building funding sources, CDFI construction financing, etc. • Homebuyer funding resources: While not allowed for achieving minimum affordability requirements, borrowers may use other homebuyer assistance sources to reduce down payments/closing costs, increase purchasing power and achieve deeper affordability within projects. However, for each home purchase, DHCD will complete an effective affordability analysis to ensure projects are not over-subsidized.	• Developer Funding Resources: NMTC, Green Building funding sources, CDFI construction financing, etc. • Public-Private Homeownership Fund (pending) • Homebuyer funding resources beyond any project-based buyer subsidies provided by DHCD

IX. 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 should also understand 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.

X. DEFINITIONS

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

Accelerator Program: A formal initiative providing career advancement guidance to real estate developers of color who are focused on affordable housing and inclusive community building. Key characteristics of accelerator programs include professional training and fellowships, mentorship, and capital funding.

Affiliate: A corporation, partnership, joint venture, limited liability company, trust, estate, association, cooperative or other organization or entity of any nature whatsoever that directly or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with any other person, and specifically shall include parent companies or subsidiaries.

Affordable Housing or Affordable Unit: 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% of income for housing may have difficulty affording other necessities such as food, clothing, transportation, and medical care.

Aging Services: Programming designed to fulfill the needs of older adults (55+).

Application: Those forms and instructions prepared by DHCD to make a determination to award gap financing or allocate LIHTC. Developers are required to use the forms provided in the application.

Area Median Gross Income (AMGI or AMI): The most current tenant income requirements published by HUD pursuant to the qualified low-income housing Project requirements of IRC Section 42(g). Depending on financing sources, the Project may also be required to conform with affordable housing program income limits published for other local and federal programs as described in the Consolidated RFP. Also see: *Median Family Income (MFI)* and *HUD Median Family Income*.

Case Management: A service that engages individuals and families, and aids 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].

Compliance Period (as defined in IRC Section 42(I)(1)): Regarding any building, the period of 15 consecutive taxable years beginning with the first taxable year of the LIHTC period.

Control (including the terms Controlling, Controlled by, under common Control with, or some variation or combination of all three): The possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of any Person or Affiliate thereof, whether through the ownership of voting securities, by contract or otherwise, including specifically ownership of more than 50% of the general partner interest in a limited partnership, or designation as a managing general partner or the managing member of a limited liability company.

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 the Department of Behavioral Health (DBH).

Developer or Sponsor/Developer: The party acting as agent for the eventual owner or taxpayer benefiting from an award of gap financing or a LIHTC reservation.

- That party and any of its successors in interest that will be bound by the representations made in the application or documents executed in applying for or accepting the awarded gap financing or allocation of LIHTC.
- That party or its successors that shall be obligated to carry out the commitments made to DHCD by the Sponsor on its own behalf or on behalf of other Persons or Affiliates.

Development Finance Division (DFD): A division within DHCD that administers financial resources provided to Projects 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.

Development Partners: The entities comprising the ownership structure helming the development.

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).

First-Time Homebuyer: An individual who has not had ownership interest in any residential real estate within three years prior to the purchase of the new principal residence.

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.

Management Agent: The property management company/entity for the Project.

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.

Non-Multifamily Mortgage Revenue Bond Scenarios: Refers to homeownership or rental Project application scenarios utilizing financing structures and sources exclusive of project scenarios financed with tax-exempt bonds under IRC Section 103.

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.

Ownership Entity: Any Person and Affiliate of such Person that:

- Submits an Application to DHCD requesting gap financing or a LIHTC reservation;
- Receives gap financing or a LIHTC Reservation, Carryover Agreement, or IRS Form(s) 8609 LIHTC Allocation; and/or
- Is the successor in interest to the Sponsor/Developer who owns or intends to own and develop a Project or expects to acquire Control of a Project consistent with control documents provided by the Ownership Entity to DHCD as part of the Application.

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 leaseholder. 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% 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.

Preservation: A Project that meets the requirements of "Preservation" described under the Threshold Eligibility Requirements.

Production: A Project that meets the requirements of "Production" described under the Threshold Eligibility Requirements.

Project: A low-income or mixed-income housing property the Sponsor/Developer of which represents that it has or will have units legally restricted as Affordable Units. With regard to this definition, the Project is that property which is the basis for the Application.

Property: The real estate and all improvements thereon, which are the subject of the Application, including all items of personal property affixed or related thereto, whether currently existing or proposed to be built thereon in connection with the application.

Qualified Allocation Plan (QAP): A plan to select and awarded LIHTC to qualified recipients, as described under IRC Section 42(m)(1)(B).

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.

Service Provider or DHS Service Provider: A qualified service agency with a current Human Care Agreement negotiated with DHS to provide Case Management and Supportive Services. The current list of Service Providers is available on the DHS website: https://dhs.dc.gov/page/permanent-supportive-housing-service-providers. If "resident services provider" or "service provider" is an uncapitalized term in the RFP or Online Application, the intention is for it to apply more generally to property-wide resident services rather than services for DHS's PSH clients.

Solar Investment Tax Credit/Solar ITC: A federal provision pursuant to IRC Section 48 and expanded upon in the Inflation Reduction Act of 2022; provides tax benefits for installation of solar panel arrays on residential and commercial property.

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/

Underwriting Guide: A forthcoming supplemental document pertaining to all funding applications submitted to DHCD for affordable housing financing, including Projects that enter DHCD's pipeline through one of the following approaches: 1) applied for gap financing subsidies through the Consolidated Request for Proposals for Affordable Housing (RFP) process; 2) submitted for Threshold Review with the intention of subsequently requesting tax-exempt bond financing and 4% Tax Credits from DCHFA; and/or 3) selected through a separate DMPED RFP.

XI. 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

XII. APPENDIX: EVALUATION CRITERIA SUBCATEGORY SCORING MATRIX

Below are the detailed scoring criteria DHCD will use to assign points and score a project. This same level of detail is also available in the Online Application System.

Criteria		Point Combination Explanation	Point Value	Point Type	Calculate	Total Potential Points
Project Readiness and Past Performance						
	Error Free Submission	Per nonmaterial error up to 5 errors	-2	each	up to	-10
	Readiness to Proceed	Per additional 3 months beyond 12-month closing timeline	-1	each	up to	-4
	Compliance with DHCD Cost and Funding Guidelines	Per each 5% increment over maximum construction cost, soft cost, or operating cost guideline	-1	each	up to	-5
	Past Performance				up to	-6
		Each prior project that members of the development team participated in which were in DHCD's underwriting pipeline for longer than 3 years between selection and financial closing	-1	each		
		Each prior project that members of the development team participated in which were unable to close within the expected fiscal year for which funds were initially requisitioned	-1	each		
		Each project that members of the development team participated in that closed within the last 10 years that had a Department of Labor (DOL) wage rate complaint and investigation	-1	each		
		Each project in which members of the development team participated in that did not submit the required annual audit (or equivalent) and DHCD annual reporting to DHCD's Portfolio and Asset Management Division (PAMD)	-1	each		
Project Readiness and Past Performance Subtotal						**-25**
						Max Points: -25
Inclusive and Equitable Housing						
	Permanent Supportive Housing				up to	10
		At least 20% of units (including the required 5% set-aside) are reserved as PSH that follows the Housing First model and fills vacancies through the Coordinated Entry system.	10			

Criteria		Point Combination Explanation	Point Value	Point Type	Calculate	Total Potential Points
		At least 10% of units (including the required 5% reserved as PSH that follows the Housing First model and fills vacancies through the Coordinated Entry system.	5			
		Applicant does not exceed the minimum requirements for PSH.	0			
	Family-Oriented Units				up to	10
		At least 30% or more of the project's affordable units have three or more bedrooms.	10			
		At least 20% of the project's affordable units have three or more bedrooms -OR- at least 50% project's affordable units have two or more bedrooms.	5			
		The criteria required to obtain points is not met.	0			
	Programs to Address Additional Barriers to Housing				up to	5
		Projects that include a program to address barriers to housing for a specific underserved population. Categories include but are not limited to the following: Returning citizens; Households of unknown immigration status; Residents with developmental or intellectual disabilities; Youth aging out of foster care; Housing for Persons With HIV/AIDS; Other Programs – Applicants may request points for Projects that will serve populations not listed here. Project should provide a complete explanation of the program including the barriers to housing faced by the population and a market study that supports the inclusion of the program.	5			
		Projects that do not include a program to address barriers to housing for a specific underserved population.	0			
	Housing for Older Adults				up to	5
		Projects that provide Assisted Living	5			
		Projects that provide Independent Living	3			
		Projects that provide age restricted Independent Living for people age 62+; can include grand family units	2			
		Projects that provide age restricted Independent Living for people age 55+; can include grand family units	1			
	Accessible Housing				up to	5
		Project utilizes Universal Design (The Kelsey Silver/Gold/Platinum Standard or Virginia Universal Design Standard)	5			

Criteria		Point Combination Explanation	Point Value	Point Type	Calculate	Total Potential Points
		Project that provides twice the number of accessible and audio/visual units as required by Section 504 and all units meet the ANSI Type A accessibility standards	3			
		Project that provides twice the number of accessible and audio/visual units as required by Section 504	1			
	Homeownership & Wealth Building				up to	8
		Projects that provide homeownership opportunities to residents immediately upon completion of construction or rehabilitation.	6			
		Projects that are structured to transfer to tenant ownership after the initial 15-year compliance period, through the Right of First Refusal provided for in Section 42(i)(7) of the Internal Revenue Code.	3			
		Projects that provide wealth-building services that may better prepare tenants to be homeowners, including but not limited to positive rent reporting for credit scores, rent payment incentives, connecting unbanked or underbanked residents to financial institutions, or shared appreciation.	2	each		
	Income Levels Served (N/A for homeownership)				up to	6
		Weighted average MFI less than or equal to 40% (For example, a project with an equal mix of 30% and 50% MFI units funded by DHCD).	6			
		Weighted average MFI between 40.1%-50 %	5			
		Weighted average MFI between 50.1%-55 %	4			
		Weighted average MFI between 55.1%-60 %	3			
		Weighted average MFI greater than 60% - OR – this is a homeownership project and points are not applicable.	0			
	Section 8 and Public Housing Waiting Lists				up to	1
		Applicant commits to leasing or sales preference for households on the public housing or Section 8 waiting list maintained by DCHA	1			
		No leasing or sales preference for identified households.	0			
Inclusive and Equitable Housing Scoring Subtotal						**50**
						Max Points: 25
Place Based Priorities						
	Affordable Housing Opportunities Across Planning Areas				up to	25

Criteria		Point Combination Explanation	Point Value	Point Type	Calculate	Total Potential Points
		Projects located in Rock Creek West, Near Northwest, or Capitol Hill Planning Areas	25			
		Projects located in Rock Creek East, Upper Northeast, Central Washington, or Lower Anacostia Waterfront and Near Southwest Planning Areas	15			
	Proximity To Transit				up to	8
		Project is within 1/4 mile of a Metrorail station or DC Streetcar Stop	10			
		Project is within 1/2 mile of a Metrorail or DC Streetcar Stop	7			
		Project is located within 1/4 mile of a 24-hour service bus line stop	3			
	Proximity to Neighborhood Amenities				up to	5
		One point for each of the following amenities that are within 1/4 mile of the project: Full-Service Grocery Store, Library, Public or Charter School (if family project), Aging Services (if senior project), Recreation Facilities, and Primary Care Provider	1	each		
	Preference for Projects with District Land				up to	10
		Project is part of the redevelopment of a site that is or was owned by the District of Columbia; the site was awarded to the applicant through a competitive disposition process; and the Project is being developed on the site that was awarded.	10			
		Project incorporates a ground lease held by DHCD (for rental Projects), or a land trust (for homeownership Projects) for the Project Site.	5			
		Project site was not formerly owned by the District of Columbia or the site was not awarded to the applicant through a competitive disposition process.	0			
Place Based Priorities Scoring Subtotal						**50**
						Max Points: 25
Maximizing the Impact of DHCD Resources						
	Creation of Net New Units				up to	5

Criteria		Point Combination Explanation	Point Value	Point Type	Calculate	Total Potential Points
		Projects where 50% or more of the total units qualify as Net New Units	5			
	Risk of Loss of Affordability in Near Term (NOAH or Covenanted)				up to	7
		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.	7			
		Projects that are within five years of the expiration of an existing affordability covenant.	5			
		Projects with an existing affordability covenant with more than five years until the expiration of the covenant.	0			
	Mixed-Income				up to	10
	a. Inclusion of market-rate units				up to 5	
		For Rental and LEC: Between 20% to 80 % project's units are market rate, and all proposed market rate units are fully financeable without DHCD participation, without LIHTC equity, and without debt supported by income from the affordable units.	5			
		For Rental and LEC: Projects located in the Far Northeast & Southeast or Far Southeast & Southwest Planning Areas where between 20 to 80% of the project's units are 80% MFI units and demonstrate market rent is at or below 80% MFI in the market study	5			
		For non-LEC Homeownership: Project incorporates unrestricted or restricted units above 80% MFI that are helping cross-subsidize the affordable component of the project.	5			
		The criteria required is not met.	0			
	b. Providing Units for a Range of MFI Levels				up to 5	
		For Rental and LEC: Points will be awarded to projects that propose a mix of affordable units serving varying MFI levels and market rate units within the same project. To achieve points, a minimum of 10% of units must be proposed in three of the following income categories: • 0% to 30% MFI •31%to 50% MFI • 51% to 80% MFI • Market-rate (unrestricted, unsubsidized)	5			

Criteria		Point Combination Explanation	Point Value	Point Type	Calculate	Total Potential Points
		For non-LEC homeownership: Project incorporates a mix of lower and higher incomes while maintaining an overall average income restriction of 80% MFI.	5			
		The criteria required is not met.	0			
	Affordability Period Restrictions				up to	10
		Project utilizes a long-term ground lease held by a public entity or similar structure at any affordability period term.	10			
		Applicant commits to placing a permanent, perpetual affordability covenant on the property.	7			
		Applicant commits to a 60- year affordability period or longer. (30 years for homeownership)	2			
		Applicant commits to a 50- year affordability period or longer. (N/A for homeownership)	1			
		The project will meet minimum required affordability period. (40 years rental and LEC; 15 years for non-LEC homeownership)	0			
	Non-Profit Participation and Right of First Refusal				up to	3
		For a non-LIHTC project: A qualified non-profit organization holds an ownership interest of 51% or more in the project ownership entity; – OR – For an LIHTC project: A Qualified Non-profit Organization is the managing member of the general partner, the Qualified Non-profit Organization holds an ownership interest of 51% or more of the general partner, and the Qualified Non-profit Organization has signed or intends to sign before closing a right of first refusal agreement to purchase the project at the end of the compliance period.	3			
		A non-profit organization does not have a significant partnership role in the project or does not have a right of first refusal.	0			
	Maximizing Density				up to	5
		Project density is increased through a Planned Unit Development (PUD), Map Amendment, or some other official mechanism.	5			
		Project meets maximum density allowed on site.	2			
		The criteria required is not met.	0			
	Leverage				up to	10
	a. Overall Leverage				up to 5	
		Less than 30% DHCD participation.	5			
		Between 30 -34.9% participation.	4			
		Between 35 -39.9% participation.	3			
		Between 40 -44.9t% participation.	2			

Criteria		Point Combination Explanation	Point Value	Point Type	Calculate	Total Potential Points
		Between 45-49.9% participation.	1			
		50% DHCD participation or greater (Leverage ratio of 1:1 or below)	0			
	b. Subsidy Leverage				up to 5	
		Leveraged subsidies or subordinate funding equal to 25% of the project's total sources or greater	5			
		Leveraged subsidies or subordinate funding between 20-24.9% project's total sources.	4			
		Leveraged subsidies or subordinate funding between 15-19.9% project's total sources	3			
		Leveraged subsidies or subordinate funding between 10-14.9 p% project's total sources.	2			
		Leveraged subsidies or subordinate funding between 5- 9.9% project's total sources.	1			
		Leveraged subsidies or subordinate funding equal to less than 5% of the project's total sources.	0			
Maximizing Impact of DHCD Resources Scoring Subtotal						**50**
						Max Points: 25
Innovative and Community Oriented Features or Programming						
	Resilient Buildings and Innovative Design				up to	22
		Enterprise Green Communities Plus (EGC+) including Criterion 5.4: Achieving Zero Energy	15			
		Enterprise Green Communities Plus (EGC+) (rehabilitation Projects of any size and new construction buildings less than 50,000 sf)	10			
		TRUE Zero Waste Certification	7	each		
		Building Electrification with no on-site combustion	5	each		
		Whole Building Life-Cycle Assessment (LCA) Supported Low-Embodied Carbon Design (see guidance from LEED v4.1 Building Life-Cycle Impact Reduction credit)	4	each		
		Mass-Timber Construction; and/or Modular Construction and/or conversion of office to residential building	2	each		
		Enterprise Green Communities Criterion 6.5 Environmentally Responsible Material Selection for Concrete, Steel, and Insulation	1	each		
		Project completes the DOEE Resilience & Solar Assessment Tool	1	each		
	Resident Services				up to	9
		Projects where over 80% of the core resident services are expected to be funded and sustained with sources of funding outside the project	3			

Criteria		Point Combination Explanation	Point Value	Point Type	Calculate	Total Potential Points
		Projects where up to 50% of the core resident services are expected to be funded and sustained with sources of funding outside the project	2			
		Projects where up to 33% of the core resident services are expected to be funded and sustained with sources of funding outside the project	1			
		Resident Services Plan includes Training and Educational Programming related to 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, outreach and homebuyer counseling for homeownership projects, rent reporting)	1			
		Resident Services Plan includes Training and Educational Programming related to Environment, Health and Wellness (e.g., health initiatives, nutrition workshops, wellness/recreational activities, art and cultural activities, green living education, counseling services)	1			
		Resident Services Plan includes Resident Involvement and Organizational Capacity-Building (e.g., cooperative board training program, tenant association participatory role/ownership interest, legal and financial services, transition plan for post-sales period for homeownership projects, other enrichment/community-building activities)	1			
	Community-Oriented Amenities				up to	6
		High Speed Internet in-unit at no charge to the resident	1			
		Child-focused amenity or additional use on premises (e.g., playground, on-site daycare or preschool facility, etc.)	1			
		Access to fresh food on premises (e.g., grocery store, active community garden, farmer's market, commercial kitchen, etc.)	1			
		Access to healthcare or wellness facility on premises (e.g., fitness center, clinic, etc.)	1			
		Other communal space (e.g., community room, multipurpose room, courtyard, etc.)	1			
		Project includes in-unit washer/dryer	1			

Criteria		Point Combination Explanation	Point Value	Point Type	Calculate	Total Potential Points
	Workforce Development				up to	8
		One point for each development partner designated as DBE, ROB, or led or controlled by individuals designated as socially disadvantaged under the Small Business Administration (SBA) definition: -Development Consultant -Architect -General Contractor -Construction Manager -Property Management Company -Resident and/or Supportive Services Provider	4	each	up to 4	
		Project includes 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	1			
		Project exceeds the District s First Source Hiring requirement by 10% or more	1			
		Project has Certified Business Enterprise (CBE) participation of 50% or more	1			
		Project team is utilizing one or more of the DC Green Jobs or Workforce Development Programs	1			
	Developer Capacity Building				up to	5
		A majority of the managing partners are designated as DBE, ROB, or led or controlled by individuals designated as socially disadvantaged under the Small Business Administration (SBA) definition.	3			
		Projects with developers that have not participated in a DHCD-funded project before and who are partnering with an experienced developer partner	1	each		
		Project development partners have participated in or are currently participating in an accelerator program	1	each		
Innovative and Community Oriented Features Subtotal						**50**
						Max Points: 25
TOTAL POTENTIAL POINTS						**200**
TOTAL MAX POINTS						**100**