GOVERNMENT OF THE DISTRICT OF COLUMBIA
MURIEL BOWSER, MAYOR

Fall 2024

Consolidated Request for Proposals for affordable housing projects

Colleen Green, Director
Department of Housing and Community Development
1909 Martin Luther King Jr. Avenue SE | Washington, DC 20020

Issue Date: August 23, 2024

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 ServicesFunds

Table of Contents

I. INTRODUCTION

In 2019, in response to the population growth, an insufficient housing supply and structural racial disparities, Mayor Muriel Bowser outlined bold housing for the District to create 12,000 new affordable housing units and to preserve 6,000 existing affordable housing units by 2025. This became known as the *Housing Framework for Equity and Growth*. Since 2019, more than 9,800 units of affordable housing have been produced and counting. We expect to reach our goal of 12,000 by the end of 2025. There are 2,500 units currently under construction expected to deliver by the end of 2025, with an additional 1,200 new affordable units under construction and expected to deliver after the end of 2025.

Within this framework, Mayor Bowser's administrations have invested more than $1.3 billion into the Housing Production Trust Fund which has led to 36,000 new units having been developed in the District of Columbia – thus translating into 6,500 homes delivered each year since 2019. Based on the District of Columbia recent total household count of 326,970 households, over 10% of the District of Columbia's housing stock has been added since 2019 – this overall investment has meant the following to the region:

- 31% of all new housing units created in the DC Region
- 41% of the committed affordable housing units in the DC region
- 81% of the committed affordable housing units at 30% MFI in the DC region
- 72% of the committed affordable housing units at 50% MFI in the DC region
- 25% of the committed affordable housing units at 80% MFI in the DC region

The requirements of this RFP are guided by the 2023 Qualified Allocation Plan (QAP) and current housing market indicators which dictate that District resources are needed to stabilize properties that have current investments from the government. There are approximately 22,000 units representing 48,000 residents that are at risk of foreclosure due to delinquency. We are seeing a crisis in our housing ecosystem where more than 80% of the properties are not receiving enough in rent collection to pay their mortgages or pay maintenance expenses. This puts the District of Columbia affordable housing market at serious risk, both for future investment and foreclosure of existing properties.

The funding resources governed by DHCD will be used to provide bridge, gap and support funding to multi-family projects that currently provide housing to families with income equal to or less than 80% of Median Family Income. These developments will need to demonstrate operating pressures due to unplanned vacancy, extraordinary increase in budgeted operating expenses post-construction and lease-up. Funding will also be used to support projects in the pre-development phase that have been selected to proceed by a District of Columbia government agency but have experienced unexpected delays in timing due to an inability to receive of construction or permanent financing (i.e tax-exempt bonds), resulting in unplanned carry costs, but remain committed to delivering projects.

With this RFP, it is an important to step to ensure existing affordable housing remains available in the District of Columbia, to ensure the investments made by the District are cost effective and sustainable and that the District of Columbia remains a city where affordable housing developers, lenders and investors want to participate.

II. WHO SHOULD APPLY

Up to **three** awards per sponsor/owner will be eligible to receive funding.

Application Release:	Friday, August 23, 2024
RFP Question & Answer:	Friday, September 6, 2024
Online Application System available to start applications	Friday, September 6, 2024
Application Deadline:	11:59 AM on Friday, November 1, 2024 *(For Category A & B applications)* 11:59 AM on Friday, December 20, 2024 *(For Category C applications)*

Eligible Projects:

<u>Category A</u>: *Bridge Funding for Distressed Properties*

1. Already have DHCD Investment (i.e Federal or HPTF, etc)
2. Pending Conversion to Permanent Financing or have a demonstrated unforeseen debt load due to delinquency
3. Have a valid Certificate of Occupancy/Temporary Certificate of Occupancy
4. A minimum of 95% leased units for longer than 1 year (excluding PSH Units)

<u>Category B</u>: *Bridge Funding for Planned/Pipeline Development Projects*

1. Project is in the pre-development phase
2. Has a demonstrated commitment or award from a District of Columbia government agency as of the issue date of this RFP
3. Has demonstrated equity investment in the project from the sponsor/developer
4. Were induced for tax exempt bond financing
5. Were selected for underwriting via DHCD's Consolidated RFP prior to, and including, December 2023
6. Were selected for development by a DMPED RFP, prior to, and including, December 2023

<u>Category C</u>: *9% Low-Income Housing Tax Credits and DC LIHTCs*

1. Apply for 9% LIHTCs and/or DC LIHTCs, only
2. Production or Preservation Projects
3. Priority will be given to preservation projects and projects that are experiencing delinquency rates of more than 12%.
4. Category A projects that can demonstrate additional basis (in this instance, execution of an 8609 would still be pending).

Threshold Requirements:

DHCD will accept and consider eligible proposals from all qualified applicants. Applications and supporting documents are required to provide evidence of the following:

All Applications:

- An entity in which the sponsor has an ownership interest <u>must</u> have legal site control (warranty deed or executed ground lease) of the project site.

Category A Applications – characteristics must include:

- Maximum request is the lesser of $4 million or $30,000/unit
- Project Must be 100% complete and have a valid Temporary Certificate of Occupancy/Final Certificate of Occupancy
- Sponsors/Developer/Project must be in current and full compliance with all DHCD reporting requirements, rules, and regulations for all programs and funding
- Requested amount demonstrates bringing the current DSCR to 1.00x for a period of 24 months
- Requested amount demonstrates current expense coverage of 1.05x
- Narrative summarizing the past and planned use of reserves
- Economic Occupancy is less than 85%
- Submission of Operating Pro-Forma including Loan Repayment Plan
- Submission of comprehensive property management plan, including case management, eviction management (including status, plan, deferment, incentives), collections management, plan and incentives, etc.
- Submission of a third-party maintenance assessment demonstrating correctable deferred maintenance (no capital maintenance items required)
- Evidence of financially secure Sponsor/Owner/Developer demonstrating an ability to meet all financial obligations
- Correctable compliance issues with no financial impact, no reporting issues and no current recapture issues pending

Category B Applications – characteristics must include:

- Maximum request for carrying cost cannot exceed $1MM. If the loan request exceeds $100,000, applicants will be required to demonstrate access and to source additional matching funds of 50% up to a 1:1 match
- The project has received a letter of commitment/notice of award for construction and/or permanent financing
- Alternatively, Sponsor/Developer will commit to repayment from an award of any future DHCD financing
- Submission of an updated development budget and project timeline
- Submission of forecast of monthly carrying costs for 24 months
- Confirmation of target closing date from DCHFA, if applicable.
- Projects with qualified non-profit sponsors will be required to apply for the property tax exemption relief through DHCD.
- This will be a loan request, with the loans secured with a deed of trust lien or a guaranty (either personal or corporate)

Category C Applications – characteristics must include:

- Please refer to the QAP: [2023 Qualified Allocation Plan 07282023_1.pdf (dc.gov)]
- New and Preservation Projects will only be eligible for LIHTCs under this RFP
- Category A and B projects can apply for LIHTCs should they be able to demonstrate additional eligible basis (in this instance, execution of an 8609 would still be pending).

For Category B and C Applications: Specific requirements for development team members are detailed in this RFP and in the DHCD Quickbase Online Application System. Applicants should include all the members of their development team, not limited to developer, architect, professional consultants such as an attorney, a general contractor, property manager, lenders and investors. 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.

Eligible applicants 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. Projects must meet <u>all</u> Threshold Eligibility Requirements. Failure to meet even one Threshold Eligibility Requirement will result in disqualification, and the application will not be scored or evaluated.

Scoring:
Threshold Evaluation Review and Evaluation Criteria Review for each project will include various evaluative criteria specific to affordable housing finance transactions – a few of the more important of these are as follows:

- *CBE-Certified enterprises*: DHCD values CBE-Certified participation in projects that (a) have a for profit sponsor or developer that is a CBE, minority-, woman-or disabled-owned business, or the organization has adopted a statement that their mission is to provide housing and services to minorities, women and/or individuals with disabilities, and has a demonstrated history of services to minorities, women and/or individuals with disabilities or (b) a non-profit organization has adopted a statement that their mission is to provide housing and services to minorities, women and/or individuals with disabilities, and has demonstrated a history of services to minorities, women, and/or individuals with disabilities;

- *Financial participation*: DHCD values projects in which the sponsor an/or a private lender has or will commit in writing to extend credit or equity to the project (thus factored into the leverage component of the scoring rubric);

- *High-Cost Opportunity Areas*: DHCD values projects in which some or all of the units are in area identified as a High-Cost Opportunity Area or an underserved area for affordable housing by the DC Office of Planning; and

- *Leveraging*: As previously referenced, DHCD values projects that have higher leveraging of increasingly scare DHCD resources – thus valuing projects that request fewer DHCD resources based on the total financial need.

Documentation Requirements:
Applications will be submitted via DHCD's Quickbase Online Application system. The application must be submitted both as a PDF document signed by the sponsor <u>and</u> completed in the Quickbase Excel format. Supporting documentation must be provided for each of the above-listed items, along with other requisite due diligence items that will be noted in the online application.

Specific to Category A and Category B applications, a key due diligence item will be a signed funding agreement executed by the Sponsor that will be required as a condition of the funding. If a project is selected for DHCD funding, after the fund agreement is received by the bank, the awarded funds will be transferred to the award recipient's designated account within 30 days. Documentation required after the funds are transferred will be outlined in the funding agreement and will include a) evidence that the funds were transferred to the project within 30 days of receipt and b) a periodic property status report. Periodic reports will be required until the project is stabilized (for Category A Applications) or receives construction financing (for Category B Applications) – and for either application type, any other documentation is to be submitted as required by DHCD upon request to evaluate the financing application in question.

III. HOW TO APPLY

All proposals in response to this RFP must be created and submitted in DHCD's Quickbase Online Application System, the link for which can be found at:

[2023/2024 Threshold Review ... - Funding Opportunities (quickbase.com)]

The Online Application System to begin new applications for this funding round will be available no later than **Friday, September 6, 2024**. 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.

- **Category A Applications: Due by 11:59 AM on November 1, 2024**
- **Category B Applications: Due by 11:59 AM on November 1, 2024**
- **Category C Applications: Due by 11:59 AM on December 20, 2024**

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). 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.

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 Eligibility Review to determine whether applications conform to the Threshold Eligibility Requirements. Applicants will be notified of their eligibility status following DHCD's Threshold Review. Applications that meet all Threshold Eligibility Requirements 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 Evaluation Criteria Section of the RFP and as further detailed in the Online Application System. Projects will be rated and ranked based on cumulative project scores. After each Evaluation Criteria review, applications will be reviewed by a panel to ensure that all eligible projects meet the standards and qualifications. DHCD may incorporate feedback from partner agencies and finalize 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, and have the greatest need, while meeting the District's housing policy goals, including maximization of 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. For projects in Category B and C, 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 production, preservation, geographic area.

Note that 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 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.

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. Upon release of this RFP, DHCD staff are unable to discuss an individual project proposal with an applicant and will not respond to such inquiries.

V. STRUCTURES AND FINANCING GUIDELINES

The following are to be considered only as guidelines, and DHCD encourages creativity and novel solutions. In this RFP, DHCD is offering financing for stabilization of projects that have previous investment from the District of Columbia and offer affordable housing units to District residents (Categories A and B). The District also seeks to assist projects with pre-development costs and District funding commitments pending construction and permanent financing (Category C) - these types of projects may apply for 9% and/or DC LIHTCs. New projects are also encouraged to apply for 9% LIHTCs only. In summary, projects in Category A and B may apply for all DHCD funding sources applicable to their respective requests and structures. Projects in Category C may only apply for 9% LIHTCs and DC LIHTCs.

External Resources for Consideration:
Energy efficiency and green retrofit funding (HUD GRRP, Other IRA incentives, DC Green Bank, Affordable Housing Retrofit Accelerator, etc.) via the federal Inflation Reduction Act (IRA) signed into law on August 19, 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.

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.

Federal laws have also increased available loan and grant sources for efficiency measures that can be used by projects to fill project financing gaps, 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.

- *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 Online Portal.

DHCD recognizes that 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 9% LIHTCs or DC LIHTCs also must meet the District's basic eligibility requirements outlined in the 2023 Qualified Allocation Plan (QAP).

Certifications & Compliance:

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	• Americans with Disabilities Act of 1990 – 42 USC 2181 et seq.
• Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards – 2 CFR Part 200	Lead Safe Housing Rule (Lead Based Paint) – 24 CFR Part 35; 40 CFR Part 745; 20 DCMR Chapter 2
• Community Development Block Grant (CDBG) – 24 CFR Part 570	• Section 504 of Rehabilitation Act of 1973, as amended – 24 CFR Part 8
HOME Investment Partnerships Program (including long-term affordability requirements) – 24 CFR Part 92	• Uniform Relocation Act – 42 USC Chapter 61: District of Columbia Relocation Assistance provisions (10 DCMR Chapter 22)
• Housing Opportunities for Persons with AIDS (HOPWA) – 24 CFR Part 574	• Freedom of Information Act – DC Official Code §2-531 et seq.
• Environmental Reviews – 24 CFR Part 58	Davis Bacon and related Acts – 40 USC §§276a- 276a-5 and 42-USC 5310: 42 USC 327 et seq.
• Certified Business Enterprise Agreement	• Conflict of Interest – 24 CFR §570.611: 24 CFR §§ 85.42 and 85.36
• Age Discrimination Act of 1975 – 24 CFR Part 146	• Fair Housing – 24 CFR Part 107: 24 CFR Part l00
• Affirmative Action Plan – Mayor's Order 85-85	• Hatch Act – 5 USC Chapter 15
• Non-procurement Debarment – 2 CFR Part 2424	• LIHTC – § 42 of IRS Code of 1986
• Anti-lobbying Restrictions – 24 CFR Part 87	• National Environmental Policy Act (NEPA) of 1969 – 24 CFR Part 58
• DC Notice on Non-Discrimination – DC Official Code §§2-1401.1 et seq.	• Sections 9a and 9b of the Historic Landmark and Historic District Protection Act of 1978, as amended
• The Rental Housing Conversion and Sale Act of 1980 – DC Law 3-86	• Section 106 of the National Historic Preservation Act of 1966 – 36 CFR Part 800
• The Rental Housing Act of 1985	• Drug Free Workplace – 24 CFR Part 21
• The Housing Trust Fund (HTF) - Title I of the Housing and Economic Recovery Act of 2008, Section 1131 – Public Law 110- 289	Inclusionary Zoning Implementation Act of 2006 – DC Law 16-275, DC Official Code §§6-1041.01 et seq.
• Violence Against Women Act (VAWA) – 42 U.S.C. sections 13701 through 14040	• Broadband Infrastructure in HUD-Funded New Construction & Substantial Rehabilitation: HOME – 24 CFR 92.251(a)(2)(vi); CDBG – 24 CFR 570.202(g)
• DBH – DC Code Title 7, Chapter 11A	Section 108 Loan Guarantee Program (Section 108) – 24 CFR 570, Subpart M, Loan Guarantees.
• Unified Funds – DC Code §42-2857.01	Green Building Act of 2006 – DC Law 16-234 § 6–1451.02. "Publicly-owned, leased, and financed buildings and projects."
Section 3 of the Housing and Urban Development Act of 1968, -12 USC. 1701u - 24 CFR Part 135	• American Rescue Plan Act of 2021 – Public Law 117-2
• First Source Program – DC Official Code §§2-219.01 et seq.	

Low Income Housing Tax Credit Information Certifications

Applicants requesting 9% LIHTCs 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, as applicants <u>must</u> 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 LIHTC Compliance Period; and
    - See the most recent Qualified Allocation Plan for further detail regarding Low- Income Housing Tax Credit requirements.

- 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.

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.

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.

Financial Criteria:

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 funds.

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 RehabilitationCosts
- Operating Costs (Maximum Operating Costs Guidelines do not apply to Category A submissions - however documentation of actual costs **<u>is required</u>** in the application)

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:

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 <u>without</u> 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.

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.

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 must 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.

Financial Information for Operational Projects (Required for Category A 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.

To this end, 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:

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 Marketing Partners (if applicable)

NOTE: Category A and B project applicants need to provide information on the following: Owner, Guarantor, Developer, Management Agent, Housing Counseling/Marketing partners.

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. Note that core development team members <u>will be required</u> 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

<u>All development team members</u> 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 (<u>Required for Category C project applications only</u>)

A summary of required third-party due diligence reports and plans is provided below.

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.

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).

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.

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.

Architectural Plans and Cost Estimates

Applications must submit final design schematic documents that reflect the general intent of the Project, generally delineating the proposed Project scope and containing 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:

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 *(D.C. Law 24-306)* to the Green Building Act *(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)*.

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 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.

Green Building 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.

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 if selected 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, be sure to 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.

VI. 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.

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.

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.

EVALUATION CRITERIA		
		Potential Weight
Project Readiness and Past Performance		Maximum -33
	Error-Free Submission	-10
	Readiness to Proceed	-4
	Compliance with DHCD Cost and Funding Guidelines	-5
	Past Performance & Property Management Improvement Plan	-14
Inclusive and Equitable Housing		Maximum 25
	Family-Oriented Units	10
	Programs to Address Additional Barriers to Housing	5
	Housing for Older Adults	5
	Accessible Housing	5
	Faith Based Development Initiative	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 55
	Creation of Net New Units	5
	Risk of Loss of Affordability in the Near Term (NOAH or Covenanted)	10
	Mixed-Income	10
	Affordability Period Restriction	10
	Maximizing Density	5
	Leverage	40
Innovative and Community-Oriented Features or Programming		Maximum 25
	Resilient Buildings and Innovative Design	21
	Community-Oriented Amenities	6
	Workforce Development	8
	Developer Capacity Building	5

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 $15,000 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.

Property Management Improvement Plan *(-8)*

DHCD requires that a property management improvement plan specific to the given financing request is included in the application. This plan should state the details of the Project's current property management strategy, the steps already taken to improve property operations (financially, operationally, etc.) and any additional steps that can/will be taken to improve property operations and the overall quality of life at the Project. Based on DHCD's review of the application, failure to provide a comprehensive and relevant property management improvement plan will warrant a negative score for this section.

Inclusive and Equitable Housing (Up to +25)

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/.

Faith Based Development Initiative *(+8)*
This criteria is based on a Project that includes land owned by a faith-based organization and is a current or past participant of DHCD's Faith Based Development Initiative program.

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, DC 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).

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.

Section 8 and Public Housing Waiting Lists *(+1)*
Projects will earn a point if leasing 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 ¼ mile of a Metrorail station or DC Streetcar stop. Points will be awarded to Projects located within ½ mile of a Metrorail station or DC Streetcar stop, or within ¼ 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 ¼ 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 +55)

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 +10)***
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. 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.

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.

Affordability Period Restriction *(Up to +10)*
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.

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 +40)*
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, 9% LIHTC and DC 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.

c. **Debt Service Coverage Ratio *(Up to +20)***
DHCD wants to assist those projects that have the greatest financial need, thus increasing the financial strength of projects that have submitted a financing request through this RFP. As such, based on the financing request within the constraints of this RFP, the higher the projected DSCR (as determined by DHCD based on documentation submitted in the application), the higher the score under this section.

d. **Expense Coverage Ratio *(Up to +10)***
DHCD wants to assist those projects that have the greatest financial need, thus increasing the financial strength of projects that have submitted a financing request through this RFP.

As such, based on the financing request within the constraints of this RFP, the higher the projected ECR (as determined by DHCD based on the documentation submitted in the application), the higher the score under this section.

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

Resilient Buildings and Innovative Design *(Up to +21)*
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.

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

Available To	Agency	Assistance Type	Source
Category A and B	DHCD	Operating Subsidy (Subordinate Cash Flow Loan)	Housing Production Trust Fund (HPTF) HOME Investment Partnership Program (HOME) Community Development Block Grant (CDBG) Housing Opportunities for Persons with AIDS (HOPWA)
Category C	DHCD	Tax Credits	9% Low Income Housing Tax Credit (LIHTC); DC LIHTC
Category A / C	DCHA	Operating Subsidy	Local Rent Supplement Program (LRSP)
Category A / C	DHCD	Operating Subsidy (Subordinate Cash Flow Loan)	National Housing Trust Fund (NHTF)

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
HPTF	40 years
HOME	20 years for new construction 5-15 years for rehab *(depending on per-unit subsidy)*
CDBG	*Determined on a project-by-project basis*
NHTF	30 years
HOPWA	10 years for new construction 3-10 years for rehab *(depending on per unit subsidy)*
LIHTC	40 years
DBH	5-25 years *(depending on total grant amount)*

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.

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

(see Section 42 of the IRS Code of 1986: [www.irs.gov)](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:
2023 Qualified Allocation Plan 07282023_1.pdf (dc.gov)

<u>Mandatory Application Fee</u>: 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
1909 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 were 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.

Effective October 1, 2024, the "District of Columbia Low-Income Housing Tax Credit Amendment Act of 2023" (the "DC LIHTC Amendment Act of 2023") will apply to the administration and implementation of the DC LIHTC, and Projects requesting DC LIHTCs under this RFP will be subject to the requirements of the DC LIHTC Amendment Act of 2023. The authorizing language for this can be found at the link below (D.C. Act 25-506 Title II. Subtitle Q):
https://lims.dccouncil.gov/downloads/LIMS/55806/Signed_Act/B25-0875-Signed_Act.pdf?Id=195772

Gap Financing / Subsidies for Operating or Principal Curtailment

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. 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. The structure may be amended for projects seeking stability and funding to potentially stave off foreclosure. Loans will be amortized over 42 years, with a 1% interest rates, in anticipation of a principal buydown.

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

Note that Category A financing application awards may require:

- a second mortgage;
- principal curtailment;
- capitalized reserves; and/or
- payment of operating and maintenance expenses.

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 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. 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.

  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.

  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.

  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.

  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.

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.

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.

VIII. UNDERWRITING GUIDELINES

Applicants to this RFP must follow the standard DHCD underwriting guidelines reflected elsewhere in this document such as the Threshold Eligibility Requirements Section, DHCD's most recently published Underwriting Guide, the 2023 Qualified Action Plan, the various regulations specific to the aforementioned funding sources reflected in this RFP (including the DC LIHTC Amendment Act of 2023) and other applicable DHCD underwriting guidelines.

IX. COMPLIANCE & MONITORING REQUIREMENTS

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.

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 DHCD 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.

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))

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.

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
1909 Martin Luther King Jr. Avenue SE, 2nd Floor
Washington DC 20020

Email address:

FALLDHCD2024RFP@dhcd.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	Failure to meet <u>any</u> related compliance issue according to code, policy, regulations, housing code or funding source, and/or Per each 5% increment over maximum construction cost, soft cost, or operating cost guideline	-1	each	up to	-5
	Past Performance				up to	-14
		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		
	Property Management Improvement Plan	Failure to provide a comprehensive and relevant property management improvement plan specific to the given financing request	-8	each		
Project Readiness and Past Performance Subtotal						**-33**
						Max Points: -33

Inclusive and Equitable Housing						
Criteria		**Point Combination Explanation**	**Point Value**	**Point Type**	**Calculate**	**Total Potential Points**
	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			
		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			
	Faith Based Development Initiative	Project that includes land owned by a faith-based organization and is a current or past participant of the Faith Based Initiative Program				8
	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						**40**
						Max Points: 25

Criteria		Point Combination Explanation	Point Value	Point Type	Calculate	Total Potential Points
Place Based Priorities						
	Affordable Housing Opportunities Across Planning Areas				up to	25
		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	10
		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			

Criteria		Point Combination Explanation	Point Value	Point Type	Calculate	Total Potential Points
	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						
Criteria		**Point Combination Explanation**	**Point Value**	**Point Type**	**Calculate**	**Total Potential Points**
	Creation of Net New Units				up to	5
		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	10
		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.	10			
		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			
	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			
	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			
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	40

	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 -44.9% participation.	2			
		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			
	e. Debt Service Coverage Ratio (DSCR)				up to 20	
		Amount of financing request results in a 1.0x DSCR	0			
		Amount of financing request results in a 1.05x DSCR	5			
		Amount of financing request results in a 1.10x DSCR	10			
		Amount of financing request results in a 1.15x DSCR	15			
		Amount of financing request results in a 1.20x DSCR	20			
	f. Expense Coverage Ratio (ECR)				up to 10	
		Amount of financing request supports a 1.0x ECR	0			
		Amount of financing request supports a 1.05x ECR	5			
		Amount of financing request supports a 1.10x ECR	10			
Maximizing Impact of DHCD Resources Scoring Subtotal						**80**
						Max Points: 55
Innovative and Community Oriented Features or Programming						
Criteria		**Point Combination Explanation**	**Point Value**	**Point Type**	**Calculate**	**Total Potential Points**
	Resilient Buildings and Innovative Design				up to	21
		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	1	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 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			
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						**40**
						Max Points: 25
TOTAL POTENTIAL POINTS						**210**
TOTAL MAX POINTS						**130**