GOVERNMENT OF THE DISTRICT OF COLUMBIA
MURIEL BOWSER, MAYOR

Fall 2024

Consolidated request for proposals for affordable housing projects

Question & Answers Summary #1

Issue Date: October 4, 2024

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1909 Martin Luther King Jr. Avenue SE | Washington, DC 20020

Q: **For us to effectively compile our applications before the online portal is live, can we please receive a list of all required documents for category A and B.**
A: Now that the Quickbase online portal is live, please refer to the document requests reflected there and in the RFP document itself located at https://dhcd.dc.gov/sites/default/files/dc/sites/dhcd/publication/attachments/DHCD%20Consolidated%20RFP%20Fall%202024%20%28update%29%2009.25.24.pdf. If there are any questions regarding Quickbase application functionality or RFP questions in general, please send them to **FallDHCD2024.RFP@dc.gov**.

Q: Can you provide more information on why the maximum request amount is limited?
A: The maximum request amount is limited due to the limited financial resources available for this RFP.

Q: Is this funding considered a loan? If so, this will likely disrupt the long-term financial strategy for several housing providers and could make it infeasible in the long run. Is there a willingness to make a portion of this funding a grant? If not, is there flexibility in loan terms vs. standard HPTF terms?
A: Under this RFP, bridge loans with flexible loan terms will be provided if an application is selected for further underwriting. As such, please see the "Who Should Apply" Section of the RFP under Threshold Requirements, in the "Category A Applications" and "Category B Applications" sections on pgs. 5 and 6 of the RFP.

Q: Is the assumption behind the two-year term that both the citywide rental delinquency issues will have been resolved and interest rates will be lower, allowing properties to refinance at that time?
A: Each property's situation will be different, but there is an expectation that market conditions will improve over the next 24 months, with short-term bridge loans helping borrowers to carry their respective projects until additional capital is available in the marketplace.

Q: Are projects eligible for Categories A and B that have DHCD funds invested, have completed a building purchase, but have not yet completed a building renovation?
A: Please see the Consolidated RFP document under Threshold Requirements for Category A applications and Category B applications for project eligibility. A project must meet each of these threshold requirements in order to be eligible (*note there will be further clarification provided in this Q&A summary regarding Site Control requirements*).

Q: How much funding is available for 9% tax credits?
A: The amount of 9% LIHTC available for the District to allocate in each calendar year reflects the sum of the amounts allowed as the per-capita State Ceiling under IRC §42(h)(3)(C). This amount may be increased by: (1) returned tax credits from prior years; (2) tax credits allocated to the District from the national tax credit pool; or (3) new legislation increasing the amount of tax credits distributed to each state. The current allocation amount for 2025 is estimated at $3,185,000, although this amount may shift based on the aforementioned (1), (2) and (3).

That stated, any Category C applications submitted under this RFP remain subject to the current 2023 Qualified Allocation Plan (QAP) currently in effect at https://dhcd.dc.gov/sites/default/files/dc/sites/dhcd/publication/attachments/2023%20Qualified%20Allocation%20Plan%2007282023_1.pdf.

Q: Could the funding be applied retroactively three years and two years forward?
A: For a given project, funding should be applied such that i) the requested amount demonstrates bringing the current DSCR to 1.00x for a period of 24 months going forward from the timing of expected closing in Q2 FY 2025 and ii) the requested amount demonstrates a current expense coverage of 1.05x (Please see the Consolidated RFP under the Threshold Requirements section on pg. 6).

Q: Could the required materials for the distressed properties be significantly limited to the financial needs/audits?
A: Please see the Consolidated RFP under the Threshold Requirements section on pg. 6 for the threshold submission requirements.

Q: How would I share access to an old application submitted in 2023? If I can't through the app since it was submitted and a decision was rendered, what are my alternative options?
A: If an applicant is a previous applicant to a DHCD RFP via Quickbase, the applicant should log in to Quickbase and download the details of the previous application. If there are any questions about how to do this, please send a direct email to **FallDHCD2024.RFP@dc.gov** for technical assistance.

Q: I am a small housing provider that owns a 13-unit apartment building in Ward 8 of Washington DC. The building had an average occupancy 12 units over the last year which is a 92.3% occupancy rate. The RFP has a stabilized occupancy requirement of 95% for at least one year. The economic occupancy was well below the 85% maximum requirement in the RFP. Can you please change the requirement in the RFP to a 90% stabilized physical occupancy rate?
A: Please see the Consolidated RFP under the "Who Should Apply" section and the "Evaluation Criteria Subcategory Scoring Matrix" for details regarding project eligibility and scoring.

Q: For Category A, there is a request for a narrative summarizing the past and planned use of reserves, as well as a description of the current status of the project. Will the online application have a word limit for this narrative, or will it allow for a PDF upload of the narrative?
A: A pdf of the narrative is acceptable. Please provide as much detail as possible in the narrative so the situation with the project is clear.

Q: We have attached Form 202 (2023 v3) downloaded from Quickbase. Could you please confirm if this is the latest version? Additionally, will there be a 2024 version of Form 202 for this application?
A: An updated Form 202 is posted in the RFP Quickbase application. Also, if an applicant wants to submit an additional spreadsheet/proforma to explain the financing request, please submit that as well. If there are any questions regarding the Form 202, please email **FallDHCD2024.RFP@dc.gov** for technical assistance.

Q: Regarding the Development Team Thresholds, there are several forms and attachments required for each member of the development team. Please confirm if Form 203 for the Owner/Developer/Guarantor and Form 209 for Property Management are required for this application (screenshot included below for reference).
A: Please submit information about the Owner/Developer/Guarantor and Property Manager in the required narrative submission as part of the application. DHCD does reserve the right to request both a Form 203 and Form 209 once a given application is selected for further underwriting.

Q: The RFP states that the application would be live online 9/6, but when we log onto the site the only application available is the 2023 version. I received a kickback email from FallDHCD2024.RFP@dhcd.gov .
A: The Quickbase RFP application is now live. If there are any questions regarding Quickbase application functionality or RFP questions in general, please send them to **FallDHCD2024.RFP@dc.gov**.

Q: How will DHCD's right to group and rank projects with similar characteristics affect the evaluation process? What specific factors will be emphasized?
A: Please see the Consolidated RFP document at https://dhcd.dc.gov/sites/default/files/dc/sites/dhcd/publication/attachments/DHCD%20Consolidated%20RFP%20Fall%202024%20%28update%29%2009.25.24.pdf and review Section XII. Appendix: Evaluation Criteria Subcategory Scoring Matrix for scoring details. DHCD reserves the right to select projects for further underwriting based on the scoring matrix in addition to additional information requested of the applicant in order to make selection determinations.

Q: For projects applying under Category A, is an appraisal dated no more than 120 days still required? This seems to apply to other funding categories, as these deals have already closed financing.
A: Please see the Consolidated RFP document at https://dhcd.dc.gov/sites/default/files/dc/sites/dhcd/publication/attachments/DHCD%20Consolidated%20RFP%20Fall%202024%20%28update%29%2009.25.24.pdf under "Applicant Criteria" and review the Reports and Plans section on pgs. 19 and 20 for appraisal requirements.

Q: For projects applying under Category A, is a market study dated no more than 6 months still required? This seems to apply to other funding categories, as these deals have already closed financing.
A: Please see the Consolidated RFP document at https://dhcd.dc.gov/sites/default/files/dc/sites/dhcd/publication/attachments/DHCD%20Consolidated%20RFP%20Fall%202024%20%28update%29%2009.25.24.pdf under "Applicant Criteria" and review the Reports and Plans section on pgs. 19 and 20 for appraisal requirements.

Q: For projects applying under Category A, is an Environmental Site Assessment dated no more than 2 years prior still required? This seems to apply to other funding categories, as these deals have already closed financing.
A: Please see the Consolidated RFP document at https://dhcd.dc.gov/sites/default/files/dc/sites/dhcd/publication/attachments/DHCD%20Consolidated%20RFP%20Fall%202024%20%28update%29%2009.25.24.pdf under "Applicant Criteria" and review the Reports and Plans section on pgs. 19 and 20 for appraisal requirements.

Q: Please confirm that there is no application fee for Category A.
A: Please see the Consolidated RFP document at https://dhcd.dc.gov/sites/default/files/dc/sites/dhcd/publication/attachments/DHCD%20Consolidated%20RFP%20Fall%202024%20%28update%29%2009.25.24.pdf under "9% Low-Income Housing Tax Credits (9% LIHTC)" on pg 35 and the 2023 QAP at https://dhcd.dc.gov/sites/default/files/dc/sites/dhcd/publication/attachments/2023%20Qualified%20Allocation%20Plan%2007282023_1.pdf for applicable application fee requirements.

Q: Can you confirm the interest rate, term, and disbursement schedule for the Category A funds?
A: Under this RFP, a bridge loan with flexible loan terms will be provided if an application is selected for further underwriting, and the requested disbursement schedule should be included in the financing application – as such, please see the "Who Should Apply" Section of the Consolidated RFP under Threshold Requirements, in the "Category A Applications" and "Category B Applications" sections on pgs 5 and 6 of the RFP – in addition to the requested documentation referenced in the online Quickbase application.

Q: Can you provide any further detail on how the Category A loan should be structured, to be reflected in the underwriting?
A: Under this RFP, bridge loans with flexible loan terms will be provided if an application is selected for further underwriting – as such, please see the "Who Should Apply" Section of the Consolidated RFP under Threshold Requirements, in the "Category A Applications" and "Category B Applications" sections on pgs 5 and 6 of the RFP – in particular, the bullet points that reference the DSCR of 1.00x and the expense coverage ratio of 1.05x.

Q: It would be great to review structure of award for Category A and B, confirm submission requirements versus C, and 24-month timeline — is there any look back (1/1/24)
A: Under this RFP, a bridge loan with flexible loan terms will be provided if an application is selected for further underwriting – as such, please see the "Who Should Apply" Section of the RFP under Threshold Requirements, in the "Category A Applications" and "Category B Applications" sections on pgs 5 and 6 of the RFP – specifically regarding current DSCR, current expense coverage ratio (for Category A applications) and forecast of monthly carrying costs for 24 months (for Category B applications).

Q: Do projects with preservation loan funds qualify as having existing DHCD commitment?
A: Please see the Consolidated RFP document at https://dhcd.dc.gov/sites/default/files/dc/sites/dhcd/publication/attachments/DHCD%20Consolidated%20RFP%20Fall%202024%20%28update%29%2009.25.24.pdf under Eligible Projects on pg. 5, Category A: *Bridge Funding for Distressed Properties*, where it states that eligible projects include those that already have DHCD investment (either Federal or HPTF), which is inclusive of projects that have received an Housing Preservation Fund (HPF) loan via one of the three HPF lenders, as these loans are partially funded by DHCD.

Q: Can you explain the $30K/unit cap for category applications? It seems really tight to account for both the renovation costs, and all the other development fees, e.g., payment to development partner, attys, DC fees, 3rd party reports, etc. One housing cooperative is going for its second round/year of application, and the projected total budget from the developer was $7M but now it's going to be $870K ($30K/unit for 29 units), it's a drastic change, which will probably require spending more money on architect plans to scale down. It may also make it impossible for the building to change its energy systems to meet green building requirements. What will DC do to help buildings with financing for green building requirements?
A: The $30,000/unit cap sets a limit on the amount an applicant can request due to limited financial resources available for this RFP, as the RFP is designed to help projects maintain in the interim until a permanent financing solution is available. Regarding green building requirements, there are a plethora of financing options available both at the Federal and the District levels to support such activity. As examples, please go to Green and Resilient Retrofit Program (GRRP) | HUD.gov / U.S. Department of Housing and Urban Development (HUD) for resources available from the U.S. Department of Housing and Urban Development and | DOEE (dc.gov) for resources available from the DC Department of Energy and Environment (DOEE).

Q: I would like to know more details on the (HOPWA) program.
A: Please go to HAHSTA/HOPWA Program | doh (dc.gov) for additional details about the HOPWA program.

Q:Will bridge funding be available for existing 4% tax credit properties to transition out of high interest loans through HUD refinancing.
A: Please see the Consolidated RFP document at https://dhcd.dc.gov/sites/default/files/dc/sites/dhcd/publication/attachments/DHCD%20Consolidated%20RFP%20Fall%202024%20%28update%29%2009.25.24.pdf under "Eligible Projects" on pg. 5, Category A: *Bridge Funding for Distressed Properties*, where it states the criteria for eligible projects.

Q: If possible, to discuss the hiring/labor compliance requirements for each source of funding offered that would be very helpful. For example, which funding sources require First Source, CBE, etc.
A: All standard DHCD requirements for First Source/CBEs will apply. Please see the Consolidated RFP document at https://dhcd.dc.gov/sites/default/files/dc/sites/dhcd/publication/attachments/DHCD%20Consolidated%20RFP%20Fall%202024%20%28update%29%2009.25.24.pdf on pgs. 12, 33 and 57 for additional clarity, in addition to https://dhcd.dc.gov/sites/default/files/dc/sites/dhcd/publication/attachments/2023%20Qualified%20Allocation%20Plan%2007282023_1.pdf, the 2023 QAP, on pg. 40 for further clarity (specific to Category C applications).

Q: Please provide more clarification on bridge financing requirements
A: Under this RFP, a bridge loan with flexible loan terms will be provided if an application is selected for further underwriting – as such, please see the Consolidated RFP document at https://dhcd.dc.gov/sites/default/files/dc/sites/dhcd/publication/attachments/DHCD%20Consolidated%20RFP%20Fall%202024%20%28update%29%2009.25.24.pdf under the "Who Should Apply" Section under Threshold Requirements, in the "Category A Applications" and "Category B Applications" sections on pgs 5 and 6 of the RFP.

Q: Clarify what would make an application ineligible vs being eligible but not awarded. Also, clarify does awarded under one of the three categories make your project ineligible to apply for next year?
A: Please see the Consolidated RFP document at https://dhcd.dc.gov/sites/default/files/dc/sites/dhcd/publication/attachments/DHCD%20Consolidated%20RFP%20Fall%202024%20%28update%29%2009.25.24.pdf under the "Who Should Apply" Section under Eligible Projects and Threshold Requirements on pgs 5 and 6. This RFP is focused on this point in time and has no bearing on any future potential funding solicitations.

Q: Some of the eligibility requirements are onerous and above/beyond what was required to obtain funding through the housing preservation trust fund.
A: Please see the Consolidated RFP document at https://dhcd.dc.gov/sites/default/files/dc/sites/dhcd/publication/attachments/DHCD%20Consolidated%20RFP%20Fall%202024%20%28update%29%2009.25.24.pdf under the "Who Should Apply" Section under Eligible Projects and Threshold Requirements on pgs 5 and 6.

Q: Will funding be available for buildings that accept tenant-based vouchers but are also plagued with bad debt and facing potential demise due to the extremely slow eviction timeline in DC?
A: Please see the Consolidated RFP document at https://dhcd.dc.gov/sites/default/files/dc/sites/dhcd/publication/attachments/DHCD%20Consolidated%20RFP%20Fall%202024%20%28update%29%2009.25.24.pdf under the "Who Should Apply" Section under Eligible Projects and Threshold Requirements on pgs 5 and 6.

Q: We believe the available funding should be open to all affordable communities and not just those with existing DHCD investments and that the funds dedicated to addressing financial distress be made available as grants to reduce the rent debt of existing residents. We would suggest funding the Housing Stabilization Grant program and modifying it to include rent control properties as well as DHCD assisted properties and we would be prepared to lower the prior 80/20 split between government funding and owner abatement to 60/40 or 50/50 thereby stretching the grant dollars further.
A: Please see the Consolidated RFP document at https://dhcd.dc.gov/sites/default/files/dc/sites/dhcd/publication/attachments/DHCD%20Consolidated%20RFP%20Fall%202024%20%28update%29%2009.25.24.pdf under the "Who Should Apply" Section under Eligible Projects and Threshold Requirements on pgs 5 and 6 for project eligibility requirements.

Q: If we have a new development with permits ready to go for a multifamily rental property with Workforce & Affordable units, how can we participate in any of the three (3) funding Categories?
A: Please see the Consolidated RFP document at https://dhcd.dc.gov/sites/default/files/dc/sites/dhcd/publication/attachments/DHCD%20Consolidated%20RFP%20Fall%202024%20%28update%29%2009.25.24.pdf under the "Who Should Apply" Section under Eligible Projects and Threshold Requirements on pgs 5 and 6 – particularly Category C, which is the only category that allows for new projects.

Q: For category A, the project narrative includes information that isn't applicable, should we say n/a or will a new narrative be provided specifically for category A?
A: Please provide all of the information necessary to explain the financing request for Category A applications so the application clearly explains the situation with the project.

Q: For category A, certain fields are still in the application. Those fields include sources and uses, acquisition cost reasonableness, financing letters, and green design. Will these fields be removed as they aren't applicable to this category? If not, how should we handle ensuring that field is checked off to submit the application. Should we upload a document that says not applicable.
A: If there is an aspect of the online application that the applicant feels is not applicable, please upload a document stating so with the reason why the applicant feels it not applicable. Please note that DHCD reserves the right to request additional information regarding this given item in its determination of projects to be selected for further underwriting.

Q: For DHCD repayment, what form should we use to capture that information? The current 202 form is locked and doesn't allow us to manipulate or to demonstrate repayment for distressed properties.
A: An updated Form 202 is posted in the RFP Quickbase application. Also, if an applicant wants to submit an additional spreadsheet/proforma to explain the financing request, please submit that as well. If there are any questions regarding the Form 202, please email **FallDHCD2024.RFP@dc.gov** for technical assistance.

Q: How recent should financials on the building be reported by? Can we use 2023 financials or 2024?
A: Please provide the most recent financials available for the project in question. For example, this would include the full year of 2023 financials and the year-to-date 2024 financials for the project in question.

Q: How much 9% LIHTC will be available for awards through this NOFA? What is the funding limit per award?
A: The amount of 9% LIHTC available for the District to allocate in each calendar year reflects the sum of the amounts allowed as the per-capita State Ceiling under IRC §42(h)(3)(C). This amount may be increased by: (1) returned tax credits from prior years; (2) tax credits allocated to the District from the national tax credit pool; or (3) new legislation increasing the amount of tax credits distributed to each state. The current allocation amount for 2025 is estimated at $3,185,000, although this amount may shift based on the aforementioned (1), (2) and (3). That stated, any Category C applications submitted under this RFP remain subject to the current 2023 Qualified Allocation Plan (QAP) currently in effect at https://dhcd.dc.gov/sites/default/files/dc/sites/dhcd/publication/attachments/2023%20Qualified%20Allocation%20Plan%2007282023_1.pdf.

Q: How does DHCD define delinquency rate?
A: Delinquency rate reflects rent payment delinquency rate, i.e., the percentage of project rents that have not been paid and/or are late in being paid to the property owner.

Q: If a development project has already been selected for further underwriting, is the development project eligible for both A and C levels of consolidated RFP funding availability?
A: If a project has already been selected by DHCD for further underwriting, the project would only be eligible for *Category B* under this RFP.

Q: In Section VII (Available Funding Sources), two tax exemptions are listed (Non-Profit Affordable Housing Developer Tax Relief Program and Contractor's Exempt Purchase Certificate). Please confirm that these exemptions (while potential financing tools for affordable housing) are not awarded through this RFP.
A: Requests for these exemptions occur once a project has been selected by DHCD for further underwriting, if deemed necessary for the financial feasibility of the project.

Q: For Category C projects, may we submit an application for 9% LIHTCs and DC LIHTCs and show a pro forma that includes HPTF to be awarded a future year's (e.g. 2025) funding RFP?
A: Applicants should not assume the future availability of HPTF in their Category C application for 9% and DC LIHTCs.

Q: What is the timeline for DHCD reaching decisions on applications received?
A: DHCD expects to have selections for further underwriting completed in Q2 FY 2025.

Q: The online application does not appear to be available. See below screen shot of what is listed when one arrives at the Quickbase link provided in the Consolidated RFP. When will the online application be available?
A: The Quickbase online portal is now live. If there are any questions regarding Quickbase access or application functionality or RFP questions in general, please send them to **FallDHCD2024.RFP@dc.gov**.

Q: Is there a limit on how much DC LIHTC a Category C project can apply for?
A: All financing requests should be made based on need, as DHCD is a gap lender/capital provider. Please see the Please see the Consolidated RFP document at https://dhcd.dc.gov/sites/default/files/dc/sites/dhcd/publication/attachments/DHCD%20Consolidated%20RFP%20Fall%202024%20%28update%29%2009.25.24.pdf and review the "Financial Criteria" section on pgs. 14 and 15 regarding the development budget and operating proforma.

Q: The RFP states that Category C will prioritize preservation projects (Page 5), but it also separately lists 4 priority criteria (Page 7) and then has the standard detailed scoring system (Pages 50-57). How does DHCD plan to proceed with these three different sets of prioritization - will the highest scoring projects not necessarily be selected? If a project scores first and meets the four criteria on Page 7 but is new construction, will preference still be given to lower scoring preservation projects that do not meet the Page 7 criteria?
A: Projects in this RFP will be scored using the scoring rubric reflected in Consolidated RFP Section XII "Appendix: Evaluation Criteria Subcategory Scoring Matrix". With respect to Category C projects, any Category C applications submitted under this RFP remain subject to the current 2023 Qualified Allocation Plan (QAP) currently in effect at https://dhcd.dc.gov/sites/default/files/dc/sites/dhcd/publication/attachments/2023%20Qualified%20Allocation%20Plan%2007282023_1.pdf, including the scoring rubric included in the QAP.

Q: How do you define "demonstrated unforeseen debt load"? Would operating deficit meet this? Would other liabilities in addition to hard debt be eligible?
A: Increases in documentable project-related expenses that cause a project to experience financial difficulties, thus causing the DSCR to be less than 1.0x would apply. This would include operating deficits, increases in insurance, utilities, interest rate fluctuations, etc. Also, instances in which rent payment delinquencies (and thus, lower revenue for the property) has caused the DSCR for a property to drop below 1.0x (which then requires the project

sponsor/owner to fund operating deficits in order to maintain a 1.0x DSCR). Please forward any additional questions regarding this to **FallDHCD2024.RFP@dc.gov** and DHCD will provide a response within 24 hours of receipt.

Q: Is a minimum of 95% leased units for longer than 1 year (excluding PSH Units) necessary as a qualification or is this part of the scoring criteria?
A: This is one of the required Category A eligibility criteria under the "Bridge Funding for Distressed Properties" category.

Q: Can you explain what the parameters are for eligible uses?
A: For Category A applications, documentable project-related expenses that cause a project to experience financial difficulties causing the DSCR to be less than 1.0x would be eligible – this would include operating deficits, increases in property operations expenses, interest rate fluctuations, etc. For Category B applications, standard predevelopment expenditures that help the project sponsor carry the project until a permanent financing solution is implemented would be eligible. Please note that DHCD reserves the right to deem any expenditures submitted under these categories as ineligible based on funding source requirements or other criteria used by DHCD to determine project eligibility.

Q: Is this only for tax-credit projects?
A: Please see the Consolidated RFP document at https://dhcd.dc.gov/sites/default/files/dc/sites/dhcd/publication/attachments/DHCD%20Consolidated%20RFP%20Fall%202024%20%28update%29%2009.25.24.pdf and review the "Eligible Projects" and "Threshold Requirements" sections on pgs. 5 and 6.

Q: Do projects have to say yes to all of the following criteria? Specifically, qualifications 3-6.

- **Has demonstrated equity investment in the project from the sponsor/developer**
- **Were induced for tax exempt bond financing**
- **Were selected for underwriting via DHCD's Consolidated RFP prior to, and including, December 2023**
- **Were selected for development by a DMPED RFP, prior to, and including, December 2023**

A: Please see the Consolidated RFP document at https://dhcd.dc.gov/sites/default/files/dc/sites/dhcd/publication/attachments/DHCD%20Consolidated%20RFP%20Fall%202024%20%28update%29%2009.25.24.pdf and review the project eligibility criteria for each application category on pgs. 5 and 6.

Q: What is needed to provide evidence of financially secure Sponsor/Owner/Developer demonstrating an ability to meet all financial obligations. Would DHCD cashflow loans be able to be used for proving this?
A: Three (3) years of financial statements for the sponsor/owner/developer will provide evidence of the financial viability of the sponsor/owner/developer. Note that DHCD reserves the right to request additional documentation to confirm the financial viability of the sponsor/owner/developer if necessary to select a given project for further underwriting.

Q: For us to effectively compile our applications, can we please receive a list of all required documents for category A and B.
A: Please see the Consolidated RFP document at https://dhcd.dc.gov/sites/default/files/dc/sites/dhcd/publication/attachments/DHCD%20Consolidated%20RFP%20Fall%202024%20%28update%29%2009.25.24.pdf and review the project eligibility criteria for each application category on pgs. 5 and 6, in addition to the online Quickbase application which provides additional details about required documentation for submission.

Q: Please clarify what is intended by "demonstrated unforeseen debt load due to delinquency" to evaluate this threshold. Can you provide a few examples of this?
A: Instances in which rent payment delinquencies (and thus, lower revenue for the property) has caused the DSCR for a property to drop below 1.0x, which then requires the project sponsor/owner to fund operating deficits in order to maintain a 1.0x DSCR. Please forward any additional questions regarding this to **FallDHCD2024.RFP@dc.gov** and DHCD will provide a response within 24 hours of receipt.

Q: Regarding a minimum of 95% leased units for longer than 1 year (excluding PSH units), an operating property (i.e. not in development or rehab) may have down units that cannot be leased due to property damage. As the units are not leasable, the spirit of this criteria to assist distressed operating properties infers exclusion of unleasable units from the denominator in evaluating this threshold. That is, an operating property could be excluded from consideration if it has damaged units (e.g. fire, roof leaks, pipe bursts, or other events that take a unit offline for an extended period) that cannot be leased and inclusion of those units result in not meeting this threshold, whereas the threshold is met when excluding the units. Please affirm such a circumstance (i.e. an operating property with damaged and therefore unleasable units) represents a valid adjustment to the calculation.
A: DHCD reserves the right to determine if a project submitted under Category A will qualify under this aspect of the eligibility criteria. As such, please submit documentation explaining how the given project meets the 95% leased units minimum as part of the Category A application submission.

Q: Regarding the requested amount that demonstrates bringing the current DSCR to 1.00x for a period of 24 months, what period is this measuring and is it intended to be a monthly measurement?
A: This refers to the amount of DHCD financing needed to bring the DSCR of a property up to 1.00x on a monthly basis for the 24 months going forward from the time of projected closing on the bridge financing *(likely to be Q2 FY 2025 if a project is selected for further underwriting)*. Please see the Consolidated RFP Section XII. Appendix: Evaluation Criteria Subcategory Scoring Matrix to see how this metric affects the potential score of an RFP application.

Q: Regarding the requested amount that demonstrates the current expense coverage (ECR) of 1.05x, please clarify how the calculation of ECR is defined to ensure each applicant is calculating this consistently as well as the measurement period for this calculation.
A: This refers to the amount of DHCD financing needed to bring the operating expense coverage ratio to 1.05x, in particular ***property income / operating expenses > 1.05x*** for the 24 months going forward from the time of projected closing on the bridge financing *(likely to be Q2 FY 2025 if a project is selected for further underwriting)*.

Q: Regarding the narrative summarizing the past and planned use of reserves, what is the lookback period for past uses of the reserves?
A: A lookback of three (3) years for the past uses of reserves should be provided to demonstrate sponsor/owner/developer support of the distressed property, but DHCD reserves the right to request additional documentation to confirm the past use of reserves, if necessary, to determine the selection of a project for further underwriting.

Q: Regarding the concept of economic occupancy being less than 85%, clarify the measurement date or applicable measurement period for this requirement. Also, to the extent rent relief was received, intent of the RFP would be to measure economic occupancy excluding this relief, otherwise economic occupancy would be overstated as the true measure of the property's economic occupancy is net of this rent relief. Please affirm.

A: To clarify, the measure of economic occupancy should be the current measure of economic occupancy, as evidenced by the most recent financial statement for the property, in addition to any other written documentation deemed necessary by the application to demonstrate the current economic occupancy of the property. Note that DHCD reserves the right to request additional documentation to confirm the economic occupancy, if necessary, to determine the selection of a project for further underwriting.

Q: Regarding the submission of an Operating Pro-Forma including Loan Repayment Plan, how many years is required for the Operating Pro-Forma and are there criteria available in the application to address for the Loan Repayment Plan?
A: Please use the DHCD Form 202 found in the application for the Operating Pro-Forma, in addition to other supplemental documentation deemed necessary by the applicant to address the loan repayment plan. Note that DHCD reserves the right to request additional documentation regarding the operating pro-forma and the proposed loan repayment plan, if necessary, to determine the selection of a project for further underwriting.

Q: Regarding the submission of a third-party maintenance assessment demonstrating correctable deferred maintenance (no capital maintenance items required), does a property condition report suffice? What other third-party reports qualify?
A: If a property condition report contains correctable deferred maintenance details with the associated costs, then it will suffice. Note that a third-party maintenance assessment with the associated costs will also suffice. Note that DHCD reserves the right to request additional documentation regarding this documentation, if necessary, to determine the selection of a project for further underwriting.

Q: Regarding evidence of financially secure Sponsor/Owner/Developer demonstrating an ability to meet all financial obligations, what are DHCD's assessment criteria? Is this specific to the GP of the property?
A: DHCD will use its standard asset / risk management criteria via the DHCD Portfolio & Asset Management Division to assess the financial viability of project sponsors/owners/developers, and this is not specific to the general partner of a property – this also includes a financial review of the sponsor/owner/developer of the property. Note that DHCD reserves the right to request additional documentation to determine the financial viability of a project sponsor during the process of selecting projects for further underwriting.

Q: Regarding the concept of correctable compliance issues with no financial impact, no reporting issues and no current recapture issues pending, are these LURA, regulatory, and lender compliance items?
A: Yes, based on the operational standards of the DHCD Portfolio and Asset Management Division.

Q: Will there be Underwriting Guidelines issued specific to this RFP (the RFP refers to "forthcoming" underwriting guidelines)?
A: Updates to DHCD's underwriting guidelines are underway but will likely not be finalized prior to the RFP closing dates. That stated, DHCD will use the underwriting guidelines that it has generally used for projects already in the DHCD pipeline and reflected in both the current RFP and QAP, and DHCD reserves the right to request additional information from applicants to determine if a given application meets the requisite criteria in order to be selected for further underwriting.

Q: Does bridge loan in Category A require offsetting Sponsor match? If so, what is the lookback period for operating deficit funding and deferred fees that represent a Sponsor investment and demonstrate Sponsor support of the distressed property that can be applied towards a match? Does the funding agreement restrict use of the funds?

A: A lookback of three (3) years for the past uses of reserves should be provided to demonstrate sponsor/owner/developer support of the distressed property (in addition to other documentation the applicant deems appropriate to demonstrate said support) - and DHCD reserves the right to request additional documentation to confirm the past use of reserves, if necessary, to determine the selection of a project for further underwriting. Note that the forthcoming funding agreement will delineate the allowable use of funds if a project is selected for further underwriting through this Consolidated RFP.

Q: Will there be an example of funding agreement included as part of the application with general terms and conditions outlined?
A: If a project is selected for further underwriting under this RFP, a draft funding agreement will be circulated to the project sponsor as part of the underwriting process.

Q: How will the Scoring Matrix be revised for this RFP specific to sustaining operating properties in Category A?
A: The scoring matrix as reflected in the RFP will stand at the scoring rubric for Category A project applications.

Q: Page 18 of the RFP includes the provision of a flow of funds for the recapitalization of existing properties as well as an in-place development team and related information and capacity. As this is emergency funding for distressed properties that may not be in the process of working on a recapitalization, please advise on or clarify this information request.
A: If a flow of funds for a given project is not necessary to demonstrate project need, then the applicant should explain why a flow of funds is not necessary for submission as part of the application. That stated, note that the applicant should submit a Form 202 for any funding request, DHCD reserves the right to request additional information in order to make selections for further underwriting.

Q: On page 6 of the RFP under Category A Applications, there is a requirement for a third-party maintenance assessment demonstrating correctable deferred maintenance. For an existing multifamily asset which the partnership has owned for more than 7 years, will DHCD allow a detailed maintenance assessment from the property's third party professional management company?
A: Yes, and that assessment should also include cost information related to the deferred maintenance items.

Q: Please clarify acceptable confirmation of site control for this RFP
A: To clarify, site control can come in the form of a current deed evidencing fee simple ownership, a fully-executed lease option, a fully executed land or property disposition agreement (LDA or PDA) executed with the District of Columbia, a fully executed contract of sale, or a fully executed letter of intent to purchase. Note that DHCD reserves the right to request additional documentation to confirm any instances of site control during the process of determining selection of projects for further underwriting.

Q: Will there be a Threshold Review for bond applications in January 2025?
A: Prior to the end of calendar year 2025, DHCD, along with its other governmental partners (DMPED and DCHFA) will likely determine if there will be a bond application threshold review in January 2025.

Q: Please circulate the September 9th Q&A Transcript.
A: Please see the September 9th Q&A Transcript attached to this Q&A summary.

Q: Can funds be used to pay aged payables? We have small vendors who have been waiting for payment.
A: For Category A applications, documentable project-related expenses that cause a project to experience financial difficulties causing the DSCR to be less than 1.0x would be eligible – this would include operating deficits, increases

in property operating expenses, interest rate fluctuations, etc. Please note that DHCD reserves the right to deem any expenditures submitted under these categories as ineligible based on funding source requirements or other criteria used by DHCD to determine project eligibility.

Q: When is the effective date of the 24 months of 1.0 DSCR that we should show? Can we show a start date of Jan 2023? Jan 2024?
A: Please project forward from Q2 FY 2025 forward for purposes of the DSCR, requesting the amount necessary to bring the current DSCR to 1.00x for the subsequent 24 months.

Q: How will scoring work for Category A properties? Will all regular DHCD scoring for all evaluation criteria apply? Or a subset of scoring?
A: Projects in this RFP will be scored using the scoring rubric reflected in RFP Section XII "Appendix: Evaluation Criteria Subcategory Scoring Matrix". With respect to Category C projects, any Category C applications submitted under this RFP remain subject to the current 2023 Qualified Allocation Plan (QAP) currently in effect at https://dhcd.dc.gov/sites/default/files/dc/sites/dhcd/publication/attachments/2023%20Qualified%20Allocation%20Plan%2007282023_1.pdf, including the scoring rubric included in the QAP.

Q: For category A, certain fields are still in the application. Those fields include sources and uses, acquisition cost reasonableness, financing letters, and green design. Will these fields be removed as they aren't applicable to this category? If not, how should we handle ensuring that field is checked off to submit the application. Should we upload a document that says not applicable.
A: If the applicant feels that a section of the online application is not applicable, please upload a document stating that. That stated, note that DHCD reserves the right to request additional information regarding that item if it is necessary that additional information is needed to determine if a project will be selected for further underwriting.

Q: For DHCD repayment, what form should we use to capture that information? The current 202 form is locked and doesn't allow us to manipulate or to demonstrate repayment for distressed properties.
A: Please submit an application with the Form 202 posted in the Quickbase application, and provide a supplemental schedule, if necessary, to further demonstrate the financing ask being made for the property.

Q: How recent should financials on the building be reported by? Can we use 2023 financials or 2024?
A: A: Please provide the most recent financials available for the project in question. For example, this would include the full year of 2023 financials and the year-to-date 2024 financials for the project in question.

Q: Can you confirm that Category A is the appropriate category for operating properties out of stabilization phase.
A: Correct, with the additional requirements noted under Eligible Projects, Category A: *Bridge Funding for Distressed Properties* on pg. 5 of the Consolidated RFP.

Q: Regarding the submission of a third-party maintenance assessment demonstrating correctable deferred maintenance (no capital maintenance items required), the RFP states submission of 3rd party maintenance assessment, however I don't see it in the required in the application. Is this still a required report for the submission package? If so is this part of the initial submission on Nov 1st?
A: Please upload it into the Project Narrative section of the online application to ensure it is included as part of the applications due on Nov 1st. A full-blown capital needs assessment would be best, but a 3rd party maintenance assessment (inclusive of costs) signed off upon by the 3rd party that completed the assessment will suffice for the November 1st deadline.

Q: The question is if this criteria is applicable to Affordable Assisted Living projects that were financed through DHCD/DCHFA, as Affordable Assisted Living projects are fundamentally different than typical Affordable deals in terms of populations served (effectively all of the units at the facility operate in a PSH role), the leasing & approval process for moving residents in (which requires far more approvals from various District Agencies that can take upwards of 9 months before an applicant can become a qualified resident), and the average duration of stay for an individual resident as Assisted Living Facilities have a far greater rate of turnover due to medical issues persistent with the resident population. Furthermore, while achieving a 95% occupancy rate for typical Affordable projects maybe typical in the District, that is anything but typical with Assisted Living Facilities, which typical operate at a lower occupancy thresholds due to the various factors listed above.

A: Please see the Consolidated RFP document at https://dhcd.dc.gov/sites/default/files/dc/sites/dhcd/publication/attachments/DHCD%20Consolidated%20RFP%20Fall%202024%20%28update%29%2009.25.24.pdf for details regarding project eligibility, in particular the Category A requirements. Regarding the leased units requirement, please provide as much detail as possible to demonstrate how a given project meets this aspect of the eligibility criteria.

As a reminder . . . .

Application Deadline:

For Category A & B applications
11:59 AM on Friday, November 1, 2024

For Category C applications
11:59 AM on Friday, December 20, 2024

DHCD Consolidated RFP Q&A Transcript Summary

Septemeber 9, 2024

DHCD's Development Finance Division (DFD) - 2024 Consolidated RFP Orientation Session-20240909_110719-Meeting Recording

September 9, 2024, 3:07PM

47m 16s

admin2000 0:03

Like that that I'm calling green, the director of the Department of Housing and Community Development, we have here to I think I have to.
Is that me or is it from there?
Is everyone muted?
OK, we have here an honor to have.
Here, our deputy mayor for planning and economic development, Nina Albert.
So give her a round of applause for actually being here.
I don't think we've ever had a deputy mayor sitting on a DHD Q&A for RFP.
We also have with us, you know, very illustrious DHCD staff in the background.
So if people want to ask them questions afterwards or any other relevant things that you may need, they're standing because raise your hand if you are part of the DHCD family and team.
So people have questions afterwards.
Umm, so we are here in tradition after an RFP is released to give people a chance to ask questions and we will give you answers to the best of our ability.
I know often during these sessions we have people that give us food for thought and maybe amendments happen out of this conversation as well.
Hopefully we have circled everything and this was very deliberative and well thought out process, but obviously feedback is something that we value.
Uh, and in that feedback is the reason why this RFP looks a little different this year.
Umm we have 3 categories in the RFP and they are really to address sort of the current housing market that we've received feedback from our industry partners and leaders and real estate development and affordable housing.
So we have 3 categories that we are trying to address in this RFP and that is bridge financing for distress properties, bridge financing for planned and pipeline development projects as well as 9% low income housing tax credits for new and preservation projects.
So with that, we'll open it up for questions.
We do have some people that are on video or are joining us virtually and we will be posting all the questions and answers online so people can have an opportunity to read them.
The reference them and everyone gets a chance to fairly be involved.
So with that, I think the best so I'm I'm getting used to this format.
Full transparency, I usually like to sit down and have a conversation, but because people are virtual, I'm standing at a podium.
And on screen.
So if it gets a little weird, that's totally my fault.
This is new for me, so anyway there's if you just raise your hand, we can recognize you and you can, you know.
Put please state your name and the company that you're from when you ask the question.
That would be really helpful.

And with that, we'll get started.
Do I need to do that?
How is the chat people in the chat?
Are they raising hands in the chat?
OK. Go ahead.
OK.
Good morning everyone.
My name is Chris Marshall, with the NRP group.
I question about information.
Obviously, in the RFP, there's a bit of discrepancy about available funds in the section about who should apply, and I'm looking at page 5 for whatever it's worth, category C is designated as projects that are only eligible to apply for 9% Litex and or DC Litex, whereas in the section on available funding sources, I'm looking at page 34.
Umm, there are additional sources available to category C Projects operating subsidy LSP specifically, and then the National Housing Trust Fund.
So on.
Here's to hoping the information on page 34 is the correct one and not just the one.
So the information, all funding sources are going to be going towards category and A&B except the tax credit.
OK.
So the tax credits are for new projects only, but we'll be using all our resources for categories A&B other than the tax credits.
So that's helpful to know.
So therefore, uh, and then it would be needed for that table on page 34?
It will take a look at that.
Obi sector with a equity plus.
I have a couple questions, but I'll so I just ask right one second.
Just wanna go back.
So if you go to page 34, it says available to category A&B and then category C.
So I see what you're talking about in terms of.
See, we said that you could do low local rent supplement and National Housing trust fund.
We'll we'll correct that.
A couple questions and then I'll pass Mike and come back and more later.
Have a few.
1st is a simple one, just trying to understand the definition of sponsor for the three application per sponsor and limit a lot of projects have 2-3 even 4 joint venture partners in them and then joint venture partner B might be in a different deal with other people unrelated.
So just trying to figure out how to define a sponsor for evaluating the three project application per sponsor.
Then within that is it.
I think I know the answer to this, but is it three applications total or three within a three within B3 within C?
Or is it just three across AB and C sponsor refers to owner, developer, guarantor.
If it's, that's more than one person or one than one group, then to sponsor ownership entity.

Then it's rolled up to whoever is makes that owner or guarantor entity.
So if there's a sponsor that has two people to joint venture, they're part of the sponsorship for the review.
That LLC and the background so that all those.
So if you are an AA developer, that is a minority member of exaggerating 10 deals.
If you go into deals 1-2 and three you think can't do fourth with 10, even if you're only 10% of each.
I don't understand your question.
1234 through 10.
I don't understand what you're.
So let's say just use me Avi.
Avi is a 10% owner of 10 deals, but in those ten deals, the 90% of the other project or other people unrelated to each other.
So I'm a joint venture partner with Sam in Project A and so we would want to look at anyone that's part of the ownership entity, got it, OK and that's three applications total, right, that three for a three for B3 for C3 applications.
No, go ahead.
You wanna open it?
You want me to?
You wanna do?
Vic from Mikasa.
So your hand is raised.
You can go ahead and unmute yourself.

VG **Vic Goncalves (Mi Casa) (Guest)** 8:28
Yes.
Hi Vick uncovers project manager at Mikasa.
We have a couple of questions.
So the first one is for category A projects they have to already have DHCD investment.
Does this include a preservation loan fund?
Is that counted as a DHD investment?

A **admin2000** 8:52
Yes.

VG **Vic Goncalves (Mi Casa) (Guest)** 8:54
OK.
Umm, another question we have is for category A.
Can you talk about what you all mean by a minimum of 90% lease units for longer than one year?

A **admin2000** 9:08
A minimum of 95% leased units for longer than one year, so that would indicate that you would have to have been in operation.

So you can't have.
You can't be in prerelease up or leasing and apply for the category A, so having been in operation, you would have had to been 95% lease for one year to qualify for category.

Vic Goncalves (Mi Casa) (Guest) 9:36
OK, great.
Thank you.
So for category B, the project requires matching funds 1 to one from the applicant.
Therefore, limited.
Does that mean that limited equity cooperatives would need to be able to match the funds that they are requesting for?

admin2000 10:01
So in term, we'd have to look at the limited equity coop question.
This was really intended for bridge financing for projects that are already in the pipeline or have planned projects that we know about, so that is not something that we contemplated in terms of limited equity coops that are not in the pipeline or not something that's been contemplated.

Vic Goncalves (Mi Casa) (Guest) 10:28
OK.
Similarly, there is some language about having equity already an equity investment from the owner, but limited equity coops have limited equity.
So we're just wondering if that would count as an equity investment already?

admin2000 10:49
So at this are you referring to a limited equity coop that is already in our pipeline?

Vic Goncalves (Mi Casa) (Guest) 10:56
Umm well, most of ours have received preservation loans, so I don't know if that counts as being in the pipeline.

admin2000 11:06
I'm that's a good question.
I don't with when we are talking about the pipeline we're talking about planned projects that have gone through the RFP process and our in our pipeline and waiting to be closed.

Vic Goncalves (Mi Casa) (Guest) 11:21
OK.
I'm sure that my coworkers have other questions.
There's also a good amount of questions in the chat.
Umm, but I'll go ahead and unmute, unmute and let my coworkers ask questions.

admin2000 11:46
Jerry Joseph, if you can unmute.

Gerry Joseph 11:58
Thank you.
Calling just one question.
This reference in a relative to category C.
Uh, it says the priority will be given to preservation projects in projects that are experiencing delinquency rates of more than 12%.
So is there I look?
Is there a definition of how you're defining delinquency rate?
Is it a annual calculation?
Is there is there a a sort of a a consistent way in which the the different ways to calculate or people use the term delinquency rate?
Is it an A point in time?

admin2000 12:38
So when we're referring to delinquency rates, we're referring to delinquency rate on rent collections.

Gerry Joseph 12:39
Is that right?
Right.
Uh.
Over what period of time.
So you looking for that, that a current delinquency rate or does it need to be a cause, delinquency rate really involves collections and so it may be?

admin2000 12:58
I would.
I would look to the last year to current if you are experiencing delinquency rate.
That just happened a month ago.
That's not an emergency or a sustainable issue, so we would be looking back for what's happening for a year or prior to the year in the last two years to up to a year.
If it just happened last month, that's not.
Something that I would indicate your reserves would need.
You know that you don't have a situation for one month is not a trend.

Gerry Joseph 13:34
OK.
And just to follow up and so that's a prioritization in terms of the applications, it's not a requirement, but it would be score effectively scored based higher scoring for people who are projects that are in that situation.

admin2000 13:49
Well.

Right.
So projects that are most in need correct.

Gerry Joseph 13:54
Yeah.
OK. Thanks.

admin2000 14:02
Jennifer Rudolph, can you unmute?

Jennifer Rudolph 14:08
Hi, good morning.
The project that I I have a couple questions and they probably piggyback on each other, but the project that we're currently doing is a we're in the middle of a live tech rehab.
It is.
It's a property that we owned since 2019, and it does have a substantial delinquency issue.
So my question is, I kind of feel like we're falling somewhere in between.
Well, somewhere in between category A&B.
Specifically, my question around category A is we've had to take units offline so that we could so that we could do the rehab on them.
So we don't necessarily meet the minimum 95% of least units for longer than a year because they've had to come offline.
So are those units going to be counted against us when you're looking when you're looking at the category and or the information category A?

admin2000 15:07
So if your projects are offline as part of your development plan, you would not qualify for this.

Jennifer Rudolph 15:12
It's not that our project is offline.
We are fully operating.
We're fully operating property, it's just some of our units are coming offline and going back online as we take them off to rehab them and then put them back on.

admin2000 15:25
So that that would not qualify.
That's part of your development plan or your rehab plan.

Jennifer Rudolph 15:33
OK and.

admin2000 15:34
Yeah, you're still under rehab.

This is for properties that are in distress and are currently operating, so you are in right, but you have a rehabilitation plan that requires you to vacate property.

Jennifer Rudolph 15:41
While we are currently, yeah we are.

admin2000 15:50
So your plan should have it included.
How?
What your carry would be to do that and what you put in your proposal, so we're not going to then provide more money for our plan that's in place.

Jennifer Rudolph 16:04
So what if so?
I mean, just just, you know, speaking out.
So what if we already know that we're?
I mean, we don't have economic occupancy now in the units that are leased.
We already know that we're probably not gonna have economic occupancy in order to convert this mortgage or to convert this loan once this project is completed.
I mean like when we were awarded the funds and when we closed on our deal.

admin2000 16:28
So.

Jennifer Rudolph 16:33
Those what we projected, it's clearly not what we're experiencing.

admin2000 16:39
So you would have to have a demonstrated problem currently.

Jennifer Rudolph 16:43
It will mean it and it is.
I mean like so for example, we have one of our sources is supposed to be a substantial amount of interim income.
We are never gonna meet that interim income that was projected because our property, the delinquency at our property right now is so bad that we are not generating interim income at all.
So I mean it it is a problem right now.

admin2000 17:11
So Jennifer, I, you know, you're talking about specific problem for your project.
I would encourage you to submit, but my advice to you today would be that if you had planned in your project to have some vacancies in order to rehab because there was people in place, we would not that be not not something that would qualify here.
However, if you feel like you might qualify for some sort of other bridge funding, you're under

construction, you're not in operations.
There may be some other suggestions around that, but this RP really does not actually looks like it responds to your situation.
This RFP is for projects that are currently operating that have economic vacancy issues or other operations issues or projects that are in the pipeline that are waiting to close and they're carrying costs are.
Becoming more exorbitant as a result of trying to get to a permanent conversion, etcetera, or a new project.
So those are the three categories that we are responding to.
You have a a sounds like a nuance situation, so I would suggest that maybe you contact do FD or development finance division and get some technical assistance because it doesn't seem like what you're describing. To me.
That's perfectly in one of these three categories.

JR **Jennifer Rudolph** 18:47
OK.
Thank you.

A **admin2000** 18:48
You're welcome.
This is obvi again, equity plus uh.
A question on.
Which projects are quote in the pipeline versus not you got in the last RFP round, there were basically three types of letters issued there was you're admitted for further underwriting immediately.
There's are not admitted for underwriting and then there's variations of.
We wanna do it, but we have to figure out either section 108 or there was like a bug.
So you were not out, you weren't in.
It was a so for those kind of middle letters, are those considered?
No, in the pipeline for OK, but this arc and then follow up on that.
If you have a project that is both category A and potentially seed, do 2 separate apps.
Or is it gonna be clear on the portal you just click two buttons AC and keep on trucking.
So if you have A and you can use tax credits to help with this.
This one application just make the request for funds.
Which one?
I'm saying what's the name Beth?
Best sewer can you unmute?

BS **Beth Seward** 20:09
Hi.
Yeah.
Jennifer Rudolph.
That was I had the same question as her, so I'm gonna take my hand down.

admin2000 20:16
Thank you.
I have a Holly Dennison.
Do you see that Holly Dennison can you unmute?

Holly Denniston-Chase, Blue Light Advisors 20:26
Good afternoon.
This is Hallie Denniston chase from Blue Light advisors.
Is that 9% cap still applicable and if so, how much is that CAP?

admin2000 20:38
I don't know the direct answer.
It's a nine percent cap still applicable as far.
OK, I I so if you we're not changing anything from what is in our QA P regarding 9%.
So if there's no adjustment to that, you would have to apply within the 2023 QP.
So if they capture there, that is, we're not changing anything.
We have to go through the qap process to update it, but the 2023 qap applies to this RFP.

Holly Denniston-Chase, Blue Light Advisors 21:20
Thank you.

admin2000 21:28
Alexander, would you unmute please?

Alexander Lichtle-Mullenix 21:33
Yes, thank you.
Able to hear me.

admin2000 21:35
Yes.

Alexander Lichtle-Mullenix 21:36
Great.
So I am also with Mikasa.
I'm so I have a few questions about the structure and details around the bridge financing.
So for if it is a a bridge loan.
What?
What are?
What kind of payments might be expected in the interim?
And do we know the term when is actually expected to be paid down?
I know for category B it indicates that.
The sponsor developer will commit to repayment from an award of any future DHCD financing.
Should we expect that next year, the year after in an RFP and then as?

Do we?
Do we know what kind of uses are going to be available in terms of?
Critical repairs.
Debt pay paid out and things like that.
And then.
Umm how?
How is the LRSP gonna factor into these categories?

admin2000 22:49
So for that was a multifaceted question.

Alexander Lichtle-Mullenix 22:53
Yes, sorry about that.

admin2000 22:53
So let me try it again.
All of that.
So for category B, the bridge financing it is really to focus on the predevelopment phase of a project.
So if you were a carrying interest carry, if you are having to pay any predevelopment expenses you that is what we're talking about in that instance.
Umm.
In order to keep the project alive so you know you may have to do, you know, keep going towards permits and things like that.
So that's to keep the project alive and I would, I think in the RFP, if we're not clear, we had said up to 24 months in terms of estimating the amount that you would need.

Alexander Lichtle-Mullenix 23:44
And then the the last bit was how the.
LSRP will factor or LRSP, yeah.

admin2000 23:52
Still, the LRSP would be factored in not to category B, but mostly to category a projects to help with distressed properties where they're where the where it can qualify.

Alexander Lichtle-Mullenix 24:05
Thank you.

admin2000 24:06
And I will clarify how will be used in category C because I know that was in the original.
So we'll send out clarification later cause I may have just forgotten that part.
There's someone asking over there. Thanks.
And in the meantime, while you walk over there, I think I see, is there someone else, Matt Dowling you want me?

You still there, Matt Dowling?
OK.

Dowling, Matt 24:47
Yeah, I'm.
I'm here.
Can you hear me?

admin2000 24:49
Yeah, go ahead.

Dowling, Matt 24:51
OK.
This is Matt Allen from Enterprise community development.
I'm gonna asked general a couple general questions and you know, just you the Q&A for specific questions.
I I just wanted to clarify a few things.
One with the funding at three properties, does that also mean you're limited to applying for three properties?

admin2000 25:17
So we are limiting it to three applications.

Dowling, Matt 25:20
Three applications.
OK.
Just wanted to make sure that and then for these are projects specific.
Is there consideration in the RFP at the organizational level given it's a partner sustainability, you know, uh.
Type view.

admin2000 25:42
So at the HCD we only fund projects and not the organization.
So these are project specific.

Dowling, Matt 25:52
OK.
Umm.
And then related to a question that equity plus had regarding the sponsors umm it, it sounded like everybody in the ownership change that includes any other GPS and limited partners even though limited partners Umm wouldn't necessarily provide any funding.
So just a question or will there be?
Criteria regarding the what represents a financially secure sponsor that's included in the application, as that's part of the Umm, request.

admin2000 26:33
I'm sorry we state will there be any criteria?

Dowling, Matt 26:36
Yeah.
So when when it indicates.
That the review will include review of financially secure sponsor.
Is there anything in the application it'll provide the criteria?
What?
What that really means?

admin2000 26:53
Yes, if I thought that was in the RP, but if it's not, we'll provide clarification of what we are looking for in terms of financially secure sponsors.

Dowling, Matt 27:04
OK.
And then the last general question, the the funding.
Document that will be posted as part of the application to look at that door and the application process too.

admin2000 27:20
The funding document, can you clarify?

Dowling, Matt 27:22
Yeah, there there's a funding agreement reference to the RFP.

admin2000 27:26
So the funding agreement is that you are saying that you are committing to signing a funding agreement.

Dowling, Matt 27:35
The the the terms of the agreement will that will that be available to reference as part of the RFP or is that just?

admin2000 27:42
So every project is going to be a little different.
So, but the funding agreement references the fact that you're willing to commit capital to solve the problem as well, along with the partnership with ADHD.
So that's what the funding agreement gets to how much that is a specific to the project is specific to to your application, but the funding agreement will get to what your contribution is and what your repayment will be.

Dowling, Matt 28:09
OK.

admin2000 28:10
So I can't.

Dowling, Matt 28:10
Thank you.

admin2000 28:11
It's not one size fits all, but you have to commit to being willing to sign one.

Dowling, Matt 28:13
OK.
OK, that that was it for the question I had for now. Thanks.

admin2000 28:21
OK.
Or a good, good morning generalized question.
My name is Susanna.
From women at work, why is the rent delinquency threshold so high one to two years when it's dire versus when it could be salvageable in three to six months?
Just general question I didn't can you repeat that you said that the rental delinquency threshold is one to two years to be able to qualify for the bridge finance earlier, correct?
So I'm just asking why is it such a high threshold versus when the delinquency is three to six months and still salvageable versus versus 2 years delinquency and developer will have a hard time retreating.
So you can whatever delinquency help you need is what you'll be applying for.
That is the Max that we're saying.
So if you have a delinquency threshold that's shorter than that, then you can ask for that as well that that answering the question correctly and didn't really understand that.
No, that's a OK verifying it.
Thank you.
Christopher Miller.

Christopher Miller 29:29
Good morning.
I have two questions.
The first one is do projects that are only have 4% lightech tax credits count as having federal investment for category A.

admin2000 29:45

I'm sorry.
Repeat that.

Christopher Miller 29:47
Your projects that only have 4% lightech credits count as a meet the federal investment requirement for category A.

admin2000 29:57
Yes.

Christopher Miller 29:58
OK.
And then the second question is for the funding agreement projects where the sponsor, investor and lender have already kind of worked to inject additional capital into the project, would that be taken under consideration for the funding agreement?

admin2000 30:18
Yes.

Christopher Miller 30:19
OK, great.
Thank you.

admin2000 30:24
Calvin Jones.
Can you, Calvin Jones?

Calvin Jones 30:32
Hi, good morning.
Hi, good morning.
The question the question I have is more self for category C it states that mainly 9% tax credits end or DC only.

admin2000 30:39
Umm.

Calvin Jones 30:46
So if I have a nine percent new construction deal that made me gap funding, should that?
Should you know that?
Should we apply or should we just wait for, you know, the next RFP?

admin2000 30:59
So the nine person if you have gap funding from elsewhere, not DHCD.

Calvin Jones 31:05
Yeah, not the HD, but if we need DHCD funding, then don't apply this.

admin2000 31:09
That's not available in this room.

Calvin Jones 31:10
That's not available.
That's what I thought.
Thank you.

admin2000 31:22
I that's what I said, right?
So my deputy director said I need to clarify.
So you can get the 9% tax credits, but you cannot get subordinate financing in this RFP for new projects.
Was that clear?
OK, OK.

Calvin Jones 31:42
Yes, that's clear.

admin2000 31:46
So you have to wait until you OK.
Thanks.
Who's next, Naseem?

Gauhar Naseem 31:56
Yes, good.
Afternoon.
Good morning.
So I I just have a question regarding the vacancy requirement for category a day or occupancy requirement.

admin2000 32:05
He.

Gauhar Naseem 32:07
It just seems to be a little bit of a, uh, confusion regarding.
Umm, the requirement to have 95% of the units leased for longer than one year on as as stated in on page five and then on the subsequent page the IT states that they economic occupancy.

admin2000 32:20
Umm.

Gauhar Naseem 32:33
Umm is less than 85% or that that that characteristic must be included in a category a environment.

admin2000 32:38
Umm, who?

Gauhar Naseem 32:39
So could you would you be able to speak to what, what what you mean by 95% or what you mean by 85% occupancy or less economic occupancy or less and what the 95% occupancy rate on the five is?

admin2000 32:55
Sure.
So we wanna just make sure that you had fully leased your building and the economic occupancies speaks to maybe you have a leases but you don't have payments coming in.

Gauhar Naseem 33:12
OK.
And then so then the other question is, is and I think there's also a lot of landlords here on the chat group that seem to expressing this as well and that they have had.
95% occupancy for.
Uh.
More than one year, but recently have experienced less than 95% occupancy because of normal turnover or because tenants have moved out passed away.
If you have had delinquency for a longer over one year and have had generally longer than 95% or greater than 95% occupancy.
Uh, but are now experiencing a lower occupancy.
Does that exclude you from qualifying?

admin2000 33:59
Now what we wanna see is that your building was fully leased at some point in the last year or prior.
And if you are having occupancy issues subsequently to being fully leased, you would qualify because you are experiencing the results of the current housing ecosystem and market conditions.

Gauhar Naseem 34:23
Great.
Thank you so much.

admin2000 34:26
No problem.
Abby.
Quickly I've got all lines and yeah.
Financing for CS.
I know the QAP for the feds caps at a million, two or million.
Whatever is a project and that's not changing, but given the change in the DC state lightech law that kicks in October 1st, I don't see you in the QAP, where there's a cap on DC Nines per deal.
You guys buy institute one per this RP, which we find, but I don't think there is one currently existing.
And would you plan on leaving it that way or putting a cap for deal on the DC-9 like there is the feds?
We'll put guidance out on scoring updates subsequent to this meeting.
OK.
I'm back to the chat.
Hi Rosa one on mute.

Rosa Estrada 35:33
Hey, Colleen.
Good morning.
I have a couple of questions on behalf of Michael's organization.
The application appears to require an appraisal.
That's not more than 120 days old.
The market study that's not more than six months old and in environmental Sciences site assessment that's not more than two years old, is that really still required for properties and category A that have been fully operational for you know a year or two, three years?

admin2000 36:06
I think it does, yes.

Rosa Estrada 36:10
OK.
And then with regards to this bridge loan, what is the target with regards to repayment?
What?
What?
What are you sort of envisioning here as far as like an interest rate term disbursement schedule?
What?
How would that work in in real life?

admin2000 36:31
But the bridge loans we wanna make that as user friendly as possible.
We wanna.
We're gonna look at your deal and I think that the repayment will be from the conversion of

when you expect to close.
I mean that is we wanna make it.
It helpful to folks so.
Once you get towards closing, I think that will be the repayment.
However, if a closing never happens, we have to expect a repayment as well.
So umm, does that make sense?

GJ **Rosa Estrada** 37:06
Yeah.
So when you say closing, you mean the permanent loan closing from the construction loan?

A **admin2000** 37:12
Right.
Or for people that are in the pipeline, right?
So they also have a closing that hopefully will happen.

GJ **Rosa Estrada** 37:20
The and and for properties that have already converted to perm but are applying for for this source of funding.
What?
What would be envisioned there, since there would be no quote closing at that point?

A **admin2000** 37:35
Property that have converted to perm would not qualify for category B.

GJ **Rosa Estrada** 37:41
So I was talking about category A.

A **admin2000** 37:44
Right.
So for category a me, your question is sorry, state that question.

GJ **Rosa Estrada** 37:53
So, so so for category A.
My question is with regards to the expectation for repayment of this.

A **admin2000** 38:01
Umm.

GJ **Rosa Estrada** 38:03
What appears to be a A2A2 year bridge loan for delinquencies to cover delinquencies for two years.
What would be the repayment in the absence of a construction to alone closing constructions?

admin2000 38:16
So there were.
So to bridge is distressed properties.
We're hoping that the market will come back.
We're we're betting on the market coming back and we are asking for also property management plans, incentive plans, case management plans and other incentives to encourage people to repay or to begin paying.
So, and hopefully we'll see the market will change as well to address some of the ecosystem issues that have resulted in the the lack of payment that is causing a lot of these delinquencies.
So we're kind of betting on the market here, but any upside that happens as a result of change behavior or incentives that are put in place, which is asked for in the delivery of the application, we'll expect those to come back as repayment for this bridge.

Rosa Estrada 39:15
OK.
Thank you.

admin2000 39:16
Yeah.
You're welcome.
Elizabeth Everhart, can you unmute?

Elizabeth Everhart 39:24
Hi how will scoring work for category a properties?

admin2000 39:29
There's a scoring sheet on included in the RFP and so you can kind of self score to see where you would end up.

Elizabeth Everhart 39:41
So it's the same as a typical application project.

admin2000 39:46
Well, there's different categories and it there's different evaluation, but it you have a scoring sheet attached to sort of allow you to self evaluate where you would end up in the score.

Elizabeth Everhart 39:58
OK.
And I just want to point out that it does say that the reports third party reports are specifically required only for category C just to try and clarify that from the previous question.

admin2000 40:06
Umm.

OK.
Thank you.

Elizabeth Everhart 40:11
Reports and plans required for Category C project applications only for appraisal. Market sodium.

admin2000 40:21
OK.
Thank you.

Elizabeth Everhart 40:22
If you're you're fighting.

admin2000 40:28
Karen Fletcher, can you unmute?

Karen Fletcher 40:38
Go to the whole, uh, the funding of things that are available in DC.
I'm a new organization, a nonprofit organization working with youth.
And so my question is.
Well, we are in the process of selecting the right type of home.
However, just getting started, we need a bridge loan that will help us kind of start off and and you know, take off run so that we can now open our doors for the youth that are are waiting, whether it's in foster care or the.
DC jail or whatever.
So my my first question is number one, is there a counselor?
Well, first would my project even qualify under a RB in doing so?
And 2nd, is there a counselor that I could work with if if we are eligible?
Thank you.

admin2000 41:36
Hi, Karen.
That sounds like a really amazing project and you sound like you're doing really great work, but your project would not qualify in our current RFP.

Karen Fletcher 41:49
OK.
Thank you.

admin2000 41:50
And if you would like, because it's such an amazing project, I would love for you to contact us and we'll try to put you in touch with some of the right people that can help.

Karen Fletcher 41:59

Absolutely. Please.
And should I contact just call the the office directly?
Should I call you or with that information?

admin2000 42:12
We'll have.
We'll put it in the chat for your for the content.

Karen Fletcher 42:16
OK.
Thank you.

admin2000 42:18
No problem.
Thank you, Jerry Joseph.

Gerry Joseph 42:23
Test 1 follow up what's the total amount of nine percent lightech.
That's gonna be available to be awarded this round.

admin2000 42:32
Well, we have our annual allocation of tax credits.
So it'll be our annual allocation that's available.

Gerry Joseph 42:43
Which is what 2.5.

admin2000 42:46
What's our annual allocation again?
Thanks.
It might be as much as 3,000,000, but we'll clarify what that is.
It is, you know, it's a calculation done by the Fed.
So we'll clarify what that is coming in.

Gerry Joseph 43:03
OK.
Thank you.

admin2000 43:07
Umm are there any questions in the audience where we keep going online?
OK.
What's the next Alexander?

Alexander Lichtle-Mullenix 43:19

Thank you.
So I I wanted to kind of follow up about the three application rule given that we have a different structure than a lot of other people in the audience.
Again, I'm with Mikasa and we work with limited equity coops who are the owner, developer, all of that for the project.
We merely operate as a consultant for them.
However, we would be generally the ones submitting the application.
Does that limit us for how many of our coops can go forward?

A **admin2000** 43:58
No.
If you're the consultant and you're not the owner, then you that's different.

AL **Alexander Lichtle-Mullenix** 44:05
Thank you.

A **admin2000** 44:08
Uh, Vick Gonzalez.

VG **Vic Goncalves (Mi Casa) (Guest)** 44:13
Yes.
Hi umm.
So the first question is, could you clarify if it's category B or category C that needs the third party reports?

A **admin2000** 44:24
Category C for the new projects.

VG **Vic Goncalves (Mi Casa) (Guest)** 44:28
OK.
And then for category a, one of the requirements is that the project must be 100% complete.
And then there's, you know, you must have a certificate of occupancy.
So some of our projects, you know, have a certificate of occupancy, have our occupied umm but have not had a rehab.
However, they might, they still are in the situation of category A where they.
You know are experiencing pretty high delinquencies.
Would those count as being 100% complete even though they have not gone through rehab, but they are occupied currently?

A **admin2000** 45:15
If you have a investment from DHCD or federal source, you can apply.

VG **Vic Goncalves (Mi Casa) (Guest)** 45:24

OK.
I thank you.

admin2000 45:33
Are there any other questions?
Any other questions in the chat?
OK.
Any other?
But we can also answer the ones in the chat so.
Umm, we will.
This is been reported and we will post all the questions and the answers.
The questions that are in the chat we will post also questions and answers so that they'll be available to to everyone, to review and to get feedback on.
And as you apply for this application.
All right, one more question.
Hi, Sarah.

Sarah Constant 46:19
Hey, Colleen.
Hey everybody.
Just a quick question in terms of the effective date under category A, I think you can apply for up to 24 months.
Is it all forward looking?
Is there any retroactive looking in terms of delinquencies and economic vacancies in that time period?
Like, are we saying from?

admin2000 46:40
I think you should submit what you're looking for as a need.
OK, alright.
Thank you for coming.
It's been a pleasure and I look forward to reviewing the submissions and to stay in conversation in this moment in time.
We've been here before.
Look after this again.
Alright, thank you guys.

Gaines, Lionell (DHCD) stopped transcription