

Questions and Answers

Q: What are the minimum requirements for the affordable housing covenant required by DOPA?

A: Under DOPA, DHCD is required, as practicable, to increase the number of rent-and-income-restricted units in the purchased housing accommodation restricted to tenants with annual household incomes equal to or less than 60% of the median family income.

The affordable housing covenant may not reduce the number of units affordable at 30% or 60% of median family income below the number of such units existing on the date of the offer of sale.

The affordable housing covenant may allow for rent-and-income restricted units to be restricted to tenants with annual household incomes above 60% of the median family income; provided, that the average designated household annual income limit of all rent-and-income restricted rental units is equal to or less than 60% of MFI as a result of the affordable housing covenant.

DHCD may waive certain affordability requirements in order to increase the financial feasibility of the purchase and operation of the project.

Q: If the selected developer increases the number of housing units on the site, will units that do not currently exist be subject to the affordable housing covenant?

A: All rental units provided at the property will be subject to the affordable housing covenant. The affordable housing covenant will be established after the DOPA acquisition. It will apply to the 71 units that currently exist. In the event that the DOPA developer adds housing units at a later date, the affordable housing covenant will be amended to include the additional units. The owner will submit a proposed amendment to the affordable housing covenant that demonstrates financial feasibility and sustainability with the proposed rental rates, including all sources of funding secured for the project.

Q: What sequencing is anticipated for establishing the affordable housing covenant?

A: After selection, the District will provide an assignment of its DOPA right that includes an affordable housing covenant that meets the minimum requirements of DOPA. If the selected developer uses the District's DOPA right to acquire the property, the covenant will be recorded against the title of the property ahead of all deeds of trust.

Subsequent to the initial establishment of the affordable housing covenant, the developer may request amendment(s) due to adding rental units, securing resources with different requirements for permanent financing, or for other reasons. DHCD will consider such proposed amendments in keeping with the goals and requirements of DOPA, including:

- Maintaining affordable rents for a tenant who lived in a rental unit in the housing accommodation on the date the offer of sale was provided to the Mayor.
- Increasing the number of rent-and-income-restricted units restricted to tenants with annual household incomes equal to or less than 60% of the median family income.

Q: Will rents go up for current tenants of the property if it is acquired using the District’s DOPA right?

A: For the first 12 months after the purchase of the property, rents will be set at the same level as they were on the date of the offer of sale. After the first 12 months, rents and landlord-billed utilities may increase only as much as allowed by § 42-3502.08 of the DC Code or by any local or federal rent affordability program.

Q: What is the affordability requirement for vacant units?

A: For units that were vacant on the date of the offer of sale and for which most recent contract rents are known, rents in the first 12 months after the date of purchase are set as follows:

- If the most recent contract rents are known:
 - If the rent was less than a rent affordable to households earning up to 30% of MFI, then the rent is set at a level at or below a level affordable to households earning 30% of MFI.
 - If the rent was less than a rent affordable to households earning between 30% and 60% of MFI, then the rent is set at a level at or below a level affordable to households earning 60% of MFI.
- If the most recent contract rents are not known, the rent is set according to an affordable housing covenant established between the buyer and the District.
- Under the affordable housing covenant, rents may be set at a level higher than that affordable to households earning 60% of MFI as long as the average of all rents in the development are affordable to households earning 60% of MFI or less.

Q: What rent levels apply for units occupied by tenants with tenant-based rental assistance (vouchers)?

A: Contract rents (the amount of rent charged by the owner) for units occupied by tenants with vouchers is set at the rate allowed by the rental assistance program. If a voucher-holding tenant leaves the unit, the rent is set according to the affordable housing covenant.

Q: Which real property taxes are subject to the nonprofit tax exemption?

A: The nonprofit real property tax exemption under [§ 47–1005.02. Nonprofit affordable housing developer tax relief. | D.C. Law Library \(dccouncil.gov\)](#) include recordation tax (§42 Chapter 11), transfer tax (§47 Chapter 9) and real property tax (§47 Chapter 8). The property must have received financial assistance from a program designated by the Mayor to provide housing affordable to households earning not in excess of 80% of MFI, and eligible nonprofit owners must maintain compliance with a covenant restricting affordability, pursuant to the definitions and requirements set forth in § 47–1005.02 and 47-1005.03.

Q: Why are the contract and settlement deadlines for the DOPA acquisition different than the ones for the TOPA process with respect to this property?

A: TOPA and DOPA deadlines are adjusted based upon the date on which requested information is provided to the tenant association and the District, respectively. In this case, the current owner provided requested information to the District later than it provided information to the tenant association, resulting in different deadlines.

Q: Can the District share information, including the details of the current third-party offer, with prospective applicants under this DOPA RFP?

A: The District will share detailed information provided by the owner with the applicant selected for assignment of the District's DOPA right. The selected applicant will at that point be acting on the District's behalf in the matter of the DOPA acquisition.

Q: Is the nonprofit tax exemption cited in the RFP available to developers selected by the tenants under the TOPA process?

A: The nonprofit tax exemption cited in the RFP is generally available to eligible owners of eligible properties. DHCD's Office of the General Counsel reviews the tax relief certification application and supporting documentation and prepares tax relief certification recommendations. Upon receipt of the DHCD tax relief certification, the developer presents the certification to the DC Office of Tax and Revenue, which grants the applicable tax relief. (See <https://dhcd.dc.gov/page/tax-relief-certification-forms-nonprofit-affordable-housing-developers>.)

One component of eligibility pursuant to [§ 47-1005.02. Nonprofit affordable housing developer tax relief. | D.C. Law Library \(dccouncil.gov\), subsection \(a-1\)](#), is that a project with an eligible sponsor has received financial assistance and be operated according to an affordability covenant, such as those offered through the DOPA RFP. The District must make financial assistance available via a RFP process.

Q: Can the District make any additional financial assistance available in association with this RFP?

A: No. The District is not in a position at this time to offer financial assistance beyond what is offered to eligible nonprofit developers in the RFP. In addition to other resources that they may be considering, DHCD suggests that applicants review the following potential sources of funding for acquisition or permanent financing, all of which may be accessed outside the context of a DHCD RFP:

- [Affordable Housing Preservation Fund](#)
- [Transit-Oriented Development | Build America \(transportation.gov\)](#)
- [Industrial Revenue Bonds for 501-c-3 issuers](#)