



GOVERNMENT OF THE DISTRICT OF COLUMBIA
DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
1800 Martin Luther King Jr. Avenue SE
Washington, DC 20020



HOUSING PRESERVATION FUND - FUND MANAGER REQUEST FOR APPLICATIONS (RFA)

Issued on November 13, 2017; Due on December 18, 2017 at 4 p.m. EST

OFFICIAL QUESTIONS AND ANSWERS

Submitted as of November 17, 2017 and Published on November 22, 2017

1. In the section requesting the respondent to describe each loan across the country, should respondents just focus on the DC loans made? Could we instead provide a summary of just DC loans by loan type, with a bullet listing the core information on each loan (rate, term, LTV, etc.)?

Please follow the instructions per Section 4: Application Review Process, Beginning on page 13, and include all information requested.

2. Is there a page limit?

The Request for Applications (RFA) does not state a page limit. The application should contain all items provided for in Section 5: Application Instructions, beginning on page 17.

3. How long is the DHCD money outstanding? What happens at end of the DHCD loan term—as in will the lender no longer originate loans, but loans can be outstanding for a few additional years?

While the RFA does not state a formal duration for the DC Preservation Fund, please provide within the application information that will meet the Scoring Criteria, beginning on page 12. As stated in the RFA, the structure is anticipated to allow the District funds to be used on a revolving basis or as an enduring guarantee for new loans to new projects as loans are repaid. The length of time the funds will be available and the conditions under which they can be recaptured by the District will be specified in the grant agreement.



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4. What is DHCD's goal for this fund in terms of projects/units funded?

The District is looking to leverage public funds with additional private dollars to preserve additional affordable housing in the city that is both with and without an affordable housing covenant prior to the DC Preservation Fund investment.

5. Should respondents report on-balance loans only, or on- and off-balance loans for the portfolio questions?

Please include both and see the response to Question #1 above.

6. Are mixed-use projects eligible uses, if the majority of space/cost is attributable to preserving affordable housing?

"The goal of the Housing Preservation Fund is to aid in achieving the policy objective of the DC Housing Preservation Strike Force: "Preserving the affordability of 100% of its existing federally and city-assisted affordable rental homes."

Applicants may wish to include preserving affordable housing in mixed use projects, however, the approach will need to meet and be consistent with what was stated within the Scoring Criteria, beginning on page 12. Applications should be explicit in how they propose to use the fund such that the District of Columbia is assured its funds are being used for eligible activities and projects.

7. Are lenders allowed to set an LTV cap at less than 125% LTV?

Per section titled Loan Terms and Conditions, beginning on page 3, it states the anticipated loan terms.

By way of providing further clarification, there could be two aspects of this question to address.

1. The first aspect is that of the general terms of the loan. The listing of loan terms in the section title Loan Terms and Conditions, beginning on page 3, are preceded by the phrase "It is anticipated that the Housing Preservation Fund will make loans that have terms and conditions similar to those outlined below, which are



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subject to change in response to the proposals received.” This wording indicates that applicants can propose general terms for the loans made by the fund in their applications that are similar but different from those listed, including setting an LTV cap somewhat higher or lower than 125%.

2. The second aspect of this question is whether, having set the general terms, individual loans can deviate from them. DHCD’s intention is to delegate most underwriting decisions to the Fund Manager, per Section 3, Housing Preservation Fund Manager Role and Qualifications, beginning on page 9.

8. Is unsecured lending allowed when tied to predevelopment costs for an affordable housing preservation project?

Yes, however, based upon the Housing Preservation Fund law, there would be an affordable housing covenant required for the project funded with Housing Preservation Fund proceeds.

9. Please clarify on what grounds the District will request return of funds. What percentage of funds does DHCD expect deployed within the first 6 months.

Per Section 3, Housing Preservation Fund Manager Role and Qualifications, beginning on page 9, the RFA states: “The District expects the immediate use of its funds for the purposes of preserving affordable housing in the District of Columbia and may request and receive the return of any and all unused funds on or after August 30, 2018 or six months after the District Funds are transferred to the Fund Manager, whichever comes later.”

The District will actively monitor fund activity and the use of the District’s resources. After an initial period to establish fund operations, the District anticipates it may ask for the return of some or all of its funds in instances where those funds are not tied to active loans to eligible projects for eligible activities, or underwriting activity likely to lead to such loans, and where the funds have not been serving that purposes for at least 6 months.

The District expects to have 100% of the District Funds deployed in FY 2018.



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- 10. Does DHCD anticipate awarding one award for all the money, several awards, or a loan fund type structure with one awarded that is a partnership between several entities?**

Per the section titled Award and Amounts, beginning on page 5, the RFA states DHCD will evaluate each applicant's work plan and budget for adequate fiscal capability to manage the Preservation Fund as described below and there is no prescribed award amount for any service, or for any specific grant.

In addition, per the section titled Organizational Capacity, beginning on page 6, the RFA explains the applicant qualifications to be considered as a Fund Manager. Regarding the expected leverage, please provide within the application information that will meet the Fundraising and Leverage criteria, beginning on page 14. The District is looking to leverage public funds with additional private dollars to preserve additional affordable housing, with and without a covenant, in the city.

Applicants should explicitly state if they wish to be granted some amount less than the entire \$10 million and if there is a minimum grant amount below which they are no longer interested in being considered for an award.

- 11. The stated purpose of the fund is to assist in the acquisition and predevelopment of affordable housing is there anything to preclude District or federal funds to be used for the take-out financing? Are District funds the expected takeout?**

Per section titled Scoring Criteria, beginning on page 12, the applicant should explain their approach based upon the scoring section titled, DC Housing Preservation Impact and Plan for Expansion and Growth, beginning on page 14.

As a point of clarification, DHCD does not preclude the use of other District local and federal resources for construction and permanent financing. However, DHCD does not want to characterize District local and federal funds as the "expected" take-out financing and DHCD does not expect all Preservation Fund properties to receive or even to be eligible for other available District local and federal funds.



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- 12. Is there anticipated to be a “first look requirement” for the District of Columbia or is the lending process expected to be fully delegated?**

Per Section 3, Housing Preservation Fund Manager Role and Qualifications, beginning on page 9, the RFA states the expected role of the Fund Manager.

The RFA states that the Fund Manager will be asked to “consider local concerns and development plans in the funding decisions and provide a means for the District to inform lending decisions.” If the applicant is selected, the final process by which this occurs will be further specified in the grant agreement.

- 13. Does the deployment of resources to meet the time benchmarks for deploying resources include the leveraged, non-District funds; i.e., is it \$40 million that must be deployed in FY18?**

Per Section 3, Housing Preservation Fund Manager Role and Qualifications, beginning on page 9, the RFA states: “The District expects the immediate use of its funds for the purposes of preserving affordable housing in the District of Columbia and may request and receive the return of any and all unused funds on or after August 30, 2018 or six months after the District Funds are transferred to the Fund Manager, whichever comes later.”

The District will actively monitor fund activity and the use of the District’s resources. After an initial period to establish fund operations, the District anticipates it may ask for the return of some or all of its funds in instances where those funds are not tied to active loans to eligible projects for eligible activities, or underwriting activity likely to lead to such loans, and where the funds have not been serving that purposes for at least 6 months.

The District expects to have 100 percent of the District Funds deployed in FY 2018 and as stated under Role of Housing Preservation Fund Manager on page 10 of the RFA, the District targets a minimum overall 3:1 private-to-District-funding ratio for the Preservation Fund.

- 15. Can the covenant be released if the take-out financing established an affordability covenant that would run at least as long and has affordability requirements that result in the same or more affordable units at the same level of affordability and or deeper affordability (i.e., lower rents and expenses paid by the residents) as the fund’s**



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affordability covenant? When the loan is closed and taken out with other financing would the Preservation Fund manager still have to monitor the covenant?

Per section titled Loan Terms and Conditions, beginning on page 3, the RFA states that “the affordability covenant will not be released when loan is repaid if repayment occurs prior to expiration of the affordability covenant.”

The section titled Loan Terms and Conditions, beginning on page 3 also states also states that an affordability covenant of at least 10 years is required for properties receiving assistance from the Housing Preservation Fund “*with the assumption that in most cases permanent financing will require additional years of affordability.*”

The mechanics of the fund’s affordability covenants will be specified in the grant agreement. If an applicant has a strong preference related to the contents of the fund’s covenant and how the fund’s covenants will be recorded, monitored, and released DHCD encourages these applicants to include this information in the application and in additional appendices.

16. Can the fund be used as equity in a project?

Per the section title Eligible Activities, beginning on page 4, the RFA states that “it is also anticipated that the new Housing Preservation Fund will not to be used for DC owned properties or DOPA or as equity in the project.”

17. Will the covenant survive foreclosure?

It is anticipated that the Housing Preservation Fund covenant would not survive foreclosure.

18. What specific environmental and labor requirements will apply to Preservation Fund projects?

The requirements will depend upon all funding sources for the project (existing and prospective).

Per the section titled, General Compliance, beginning on page 15, it lists all of the possible laws and regulations that should be considered.



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- 19. Will DHCD permit the awardee Fund Manager to allocate a portion of the funds received to a Sub-Advisor provided that the sub-advisor adheres to the same leverage and structure requirement as the awardee Fund Manager and presumably reports through the Fund Manager?**

Yes, DHCD encourages partnerships among institutions that strengthen the applications in reference to the qualifications detailed in Section 2 of the RFA and the roles and qualifications detailed in Section 3 of the RFA. The structure of the proposed relationship must be explicit in the application and full information as requested in the RFA must be provided for every for every likely participant in managing the District's Funds. (Also see Question #10.)

- 20. In the Business Experience section, Is DHCD looking for applicants to identify the outlined criteria for ALL loans closed in the past 3 years, or just the information for DC-based loans?**

Please follow the instructions per Section 4: Application Review Process, beginning on page 13, and include all information requested. (Also see Question #1.)

- 21. Is DHCD interested only in on-balance sheet lending, or are you looking for total portfolio summary, including off-balance sheet lending?**

Please include both and see the response to Question #1 above.



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22. Due to the volume of materials requested, instead of emailing each document, can respondents email a Dropbox link with all documents?

DHCD will accept applications using Dropbox but only using the following process:

- Email Preservationfund.RFA@dc.gov using the subject “[team name] Drop Box request,”
- In the email provide the email address your organization will use to gain access to the folder.
- DHCD will provide a link to a DHCD Dropbox folder unique to your team for you to use in submitting your application.
- If you request a DHCD Dropbox, please place all application materials in the DHCD-provided folder provided and email Preservationfund.RFA@dc.gov with a cover letter indicating that the application is complete and can be found in the provided Dropbox folder.
- DHCD encourages applicants to make this request prior to December 13, 2017 and is not responsible in any way if applicants who request a folder after this date are unable for any reason to use the DHCD Dropbox folder to submit their application.