



## Interim Guidance for 2021 Low Income Housing Tax Credit Qualified Allocation Plan

**Date Issued: January 20, 2023**

This Interim Guidance supplements the District's Low Income Housing Tax Credit (LIHTC) Qualified Allocation Plan (QAP) that was issued in September 2021. The [2021 QAP](#) reserves the District's right to modify, to supplement, or to make conforming amendments to the 2021 QAP and all related documents without undergoing a formal amendment process, including additional public hearings.

This Interim Guidance outlines a shift from a rolling application for tax-exempt bonds and associated 4% LIHTCs to a competitive application process and shall apply to the 2021 QAP for any project seeking 4% LIHTCs until an updated QAP is adopted in 2023.

### Background

The District of Columbia Housing Finance Agency (DCHFA) receives approximately \$335MM annually in qualified Private Activity Bond Volume Cap ("Bond Cap") from the District through the Office of the Deputy Mayor for Planning and Economic Development (DMPED). The high demand for limited Bond Cap requires the District and DCHFA to create a new process for Bond Cap allocation. Since the demand for available Bond Cap exceeds the available supply, this means that tax-exempt bonds and associated 4% LIHTCs must now be competitive. This competitive environment requires a shift from DCHFA's rolling application process to a process that prioritizes projects based on the District's existing housing policy, including the [Housing Equity Report](#) and the [QAP](#) which governs 4% LIHTCs. The QAP is aligned with the annual Consolidated Request for Proposals for Affordable Housing (Consolidated RFP), which competitively allocates gap financing and other development and operating resources to affordable housing projects through the Department of Housing and Community Development (DHCD).

### New Competitive Application and Evaluation Process

Applications for Bond Cap and 4% LIHTCs will no longer be accepted on a rolling basis by DCHFA. Rather, DCHFA will review applications for Bond Cap and 4% LIHTCs twice per year, in January and July. See DCHFA's website for additional information about the DCHFA Readiness Application process: <http://www.dchfa.org/developers/available-programs/mmr/b/>

Applicants must follow these steps:

### **Step One: DHCD Threshold Eligibility Review**

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Starting January 1, 2023, any project planning to apply for Bond Cap and 4% LIHTCs must first apply to DHCD for Threshold Eligibility Review and to receive an Evaluation Score. Moving forward, DHCD will open Threshold Review and Evaluation Scoring submission windows in January and July of each year. The January 2023 Threshold Review and Evaluation Scoring submission window (“January 2023 Threshold Window”) will open by January 31, 2023 and will close on March 3, 2023. The January 2023 Threshold Window will only be for Threshold Review and Evaluation Scoring for projects that intend to apply for DCHFA’s July 2023 Bond Readiness Application. Applicants that contemplate requiring DHCD resources (i.e., gap financing) in their capital stack should apply in the July 2023 Threshold Window. The July 2023 Threshold Window will coincide with the next Consolidated RFP for Affordable Housing. Applications submitted to DHCD during the January 2023 Threshold Window will be reviewed according to the 2021 QAP, as supplemented by this Interim Guidance, and will receive Evaluation Scores prior to DCHFA’s July 2023 Readiness Application period.

All applications for the January 2023 Threshold Window must be submitted using DHCD’s Online Application System. Notice that the DHCD Online Application is open will be posted on DHCD’s website at <https://dhcd.dc.gov/service/development-and-finance>.

Detailed instructions on how to create, build, and submit an application will be provided when the January 2023 Threshold Window Online Application is opened. The deadline for submissions is March 3, 2023 at 5 pm EST.

Once the January 2023 Threshold Window application period is closed, DHCD will conduct a Threshold Review to determine whether applications conform to the Threshold Eligibility Requirements outlined in the 2021 QAP, as further detailed by the 2021 Consolidated RFP and in the Online Application. Applications that meet all of the Threshold Eligibility Requirements will move forward to the Evaluation Scoring stage.

### **Step Two: DHCD Evaluation Scoring**

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Projects that meet all of the Threshold Eligibility Requirements will be evaluated and scored based on the Evaluation Criteria outlined in the 2021 QAP, as further detailed in the 2021 Consolidated RFP and in DHCD’s Online Application. DHCD will provide the project Evaluation Score to applicants. The applicant must submit evidence of DHCD’s Threshold Review and Evaluation Score as part of its DCHFA Readiness Application.

### **Step Three: DCHFA Bond Readiness Review Application**

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As stated above, DCHFA will only accept Readiness Applications for Bond Cap and associated 4% LIHTCs during two application rounds per year, the first in January and the second in July. DCHFA will finance projects based on the priority set by the DHCD Evaluation Score, from high

scores to low scores, until the applicable Bond Cap is exhausted for the applicable six-month round. Further details on the Readiness Application are provided on DCHFA's website: <http://www.dchfa.org/developers/available-programs/mmr/b/>

**Anticipated Timeline for January 2023 Threshold Review and Evaluation Score**

DATE	MILESTONE
January 20, 2023	Interim 2021 QAP Guidance Released
January 31, 2023	DHCD's Online Application available
March 3, 2023 5:00 PM	Deadline for Applications to DHCD for January 2023 Threshold Review and Evaluation Scoring
April 7, 2023	Projects that meet Threshold Requirements proceed to Evaluation stage; all Applicants notified of their Threshold Review results
May 12, 2023	Evaluation Scores sent to applicants ahead of DCHFA Readiness Application Window

**Questions During DHCD's Threshold Review and Evaluation Scoring Application Process**

During the January 2023 Threshold Review application period, prospective applicants may submit questions to DHCD through the Online Q&A Portal, which is part of the Online Application. DHCD will respond to all questions submitted and will distribute the responses to all registered users of the system. DHCD will establish a deadline by which all questions must be submitted, usually at least two weeks before the application deadline, to allow sufficient time for DHCD to respond to questions and for applicants to consider or incorporate the guidance in their application proposals.

Applicants should not directly contact DHCD staff with questions about a specific proposal. All questions must be submitted through the Q&A Portal. DHCD staff are unable to discuss an individual project proposal with an applicant and will not respond to these inquiries.

**Alignment with Future Consolidated Requests for Proposals for Affordable Housing**

DHCD will open Threshold Review and Evaluation Scoring windows in January and July of each year. It is possible that in the future, one or both of these submission windows may align with a Consolidated RFP for Affordable Housing that offers other resources to develop affordable housing. The January 2023 Threshold Window does not align with a Consolidated RFP, and no additional development resources will be available during this Threshold Review and Evaluation Scoring period.

## Alignment with Updated Underwriting Guide

DHCD is in the process of updating its underwriting guidelines and requirements in coordination with DCHFA. Until the public release of the updated guide, projects are subject to previously published guidelines. DHCD and DCHFA reserve the right to request additional modifications in order to ensure compliance with the most updated underwriting guidelines and requirements.

## 2023 Transition Projects

For the January 2023 Readiness Application window, DCHFA will only accept applications for projects that are categorized as Transition Projects. See the [DCHFA Guidance](#) titled “Updated Tax-Exempt Bond Volume Cap Allocation Process” for more details.

## Evaluation Criteria from the 2021 QAP and Consolidated Request for Proposals (RFP)

Projects applying under this Interim Guidance will be scored utilizing the Evaluation Criteria contained within the 2021 QAP and Consolidated RFP. [For additional details, please refer to the 2021 Consolidated RFP.](#)

EVALUATION CRITERIA	
	Potential Weight
<b>Project Readiness and Past Performance</b>	<b>-25</b>
Error-Free Submission	-10
Readiness to Proceed	-4
Compliance with DHCD Cost and Funding Guidelines	-5
Past Performance	-6
<b>Inclusive and Equitable Housing</b>	<b>Max 25</b>
Permanent Supportive Housing	10
Family-Oriented Units	10
Programs to Address Additional Barriers to Housing	5
Housing for Seniors and People with Disabilities	5
Provision of Wealth-Building Opportunities	5
Income Levels Served	7
Section 8 and Public Housing Waiting Lists	1
<b>Place-Based Priorities</b>	<b>Max 25</b>
Affordable Housing Opportunities Across Planning Areas	25
Proximity to Transit and Neighborhood Amenities	15
Preference for Projects with District Land	10
<b>Maximizing the Impact of DHCD Resources</b>	<b>Max 25</b>
TOPA, DOPA, Housing Preservation Fund, and/or SAFI	5
Risk of Loss of Affordability in the Near Term (NOAH or Covenanted)	5
Mixed-Income	10
Affordability Period Restriction	10
Non-Profit Participation and Right of First Refusal	5
Maximizing Density	5
Leverage	12
<b>Innovative and Community-Oriented Features or Programming</b>	<b>Max 25</b>
Resilient Buildings and Innovative Design	15
Resident Services and Community-Oriented Amenities	25
Workforce Development and Certified Business Enterprise Participation	10