FY 2023 Housing Trust Fund Allocation Plan (HTF) for the District of Columbia

Submission to the US Department of Housing and Urban Development

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Overview

The national Housing Trust Fund (HTF) is a federal affordable housing production program that will complement existing District of Columbia efforts to increase the supply of affordable housing for extremely low-income households, including individuals and families experiencing homelessness, and persons with special needs. Congress established the HTF through the Housing and Economic Recovery Act of 2008. On January 30, 2015, the US Department of Housing and Urban Development (HUD) published an Interim Rule that guides the implementation of the HTF by the states. HUD plans to issue a final rule for the HTF after states and the District have experienced administering the program and can offer comments regarding the initial implementation.

In years when total national funding is less than $1 billion, 100 percent of each state’s allocation must benefit households at or below the federal extremely low income (ELI) level, which is 30 percent of Area Median Income (AMI), or households with income below federal poverty level, whichever is greater. In the District, the federal poverty level is lower than the federal ELI; therefore, HTF will serve households earning 30% or less of the federal ELI level.

Given the requirements of the program and the need for rental housing affordable to ELI households in the city, the District will use HTF program funds to develop newly constructed Permanent Supportive Housing, as defined below, for homeless individuals and families consistent with the Priority Needs and the Strategic Plan’s Goals laid out in the District’s Consolidated Plan.

The District’s HTF funding will be blended with other federal and local funding resources, including Project-Based Rental Assistance, to finance properties that include these units. The terms of competitive solicitations may specify deeper targeting and lower maximum rents for HTF units than those in the federal Interim Rule.

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1 In years that total HTF funding exceeds $1 billion nationally, up to 25 percent of a state’s allocation can be used to benefit very low-income (VLI) households (those at or below 50 percent of AMI).
Program Administration

The Department of Housing and Community Development (DHCD) will administer the HTF in the District. The Development Finance Division (DFD) will obligate funds and undertake eligible activities.

Eligibility Requirements

Per 24 CFR §93.2, DHCD will award HTF (or, as specified in the regulations, “HTF”) funds to applicants meeting the definition as stated in the rules: “Recipient means an organization, agency, or other entity (including a public housing agency, or a for-profit entity, or a nonprofit entity) that receives HTF assistance from a grantee as an owner or developer to carry out an HTF-assisted project. A recipient must:

1. Make acceptable assurances to the grantee that it will comply with the requirements of the HTF program during the entire period that begins upon selection of the recipient to receive HTF funds and ending upon the conclusion of all HTF-funded activities;
2. Demonstrate the ability and financial capacity to undertake, comply, and manage the eligible activity;
3. Demonstrate its familiarity with the requirements of other federal, state, or local housing programs that may be used in conjunction with HTF funds to ensure compliance with all applicable requirements and regulations of such programs; and
4. Have demonstrated experience and capacity to conduct an eligible HTF activity as evidenced by its ability to:
   (i) Own, construct, or rehabilitate, and manage and operate an affordable multifamily rental housing development; or
   (ii) Design, construct or rehabilitate, and market affordable housing for homeownership;
   (iii) Provide forms of assistance, such as down payments, closing costs, or interest rate buydowns for purchasers.”

DHCD will accept and consider eligible development proposals from all applicants that meet this definition and any additional requirements of a recipient under 24 CFR §93.2. Upon application, eligible recipients shall meet the threshold requirements provided in DHCD’s current Consolidated RFP, including the following Threshold Eligibility Requirements:

1. Having an eligible project type, which shall produce or preserve affordable housing;
2. At least 5 percent of Production units must be Permanent Supportive Housing (PSH) units, which is defined under DC Official Code §4-751.01-28 as “Supportive housing for an unrestricted period for individuals and families who were once homeless and continue to be at imminent risk of
homelessness, including persons with disabilities as defined in 24 CFR §582.5 for whom self-sufficient living may be unlikely and whose care can be supported through public funds”;
3. Control of the proposed site;
4. Compliance with the zoning requirements;
5. Provide a Development Budget and Operating Pro forma that meets DHCD’s underwriting standards;
6. Financing letters from other perspective lenders and investors;
7. Financial information for operational projects (this is a Threshold Requirement in the Consolidated RFP for rehabilitation (or Preservation) projects only; it does not apply to HTF funds, which will only be available to new construction projects);
8. A development team that includes an owner, developer, development consultants (if applicable), an architect, general contractor, construction manager (if applicable), management agent, and supportive services provider (for PSH units) that are not debarred from receiving federal or District funding and collectively demonstrate the financial;
9. An appraisal that includes the values for the property “as-is,” “as-built” with restrictive rents, and “as-built” with unrestricted rents;
10. A market study;
11. A Phase I Environmental Site Assessment;
12. Architectural plans and cost estimates;
13. The project must meet designed and constructed accordance with the Green Building Act of 2006, DC Official Code §§6–1451.01, et seq.;
14. A relocation and anti-displacement strategy (this is a Threshold Requirement in the Consolidated RFP for occupied properties, but it does not apply to HTF funds, which will only be available to new construction projects);
15. An indication of compliance with the Rental Housing Act (DC Official Code §§42–3501.01, et seq.), the Tenant Opportunity to Purchase Act of 1980 (DC Official Code §§42–3404.01, et seq.), and all other compliance and monitoring requirements; and
16. A year 15 plan for projects that will use Low Income Housing Tax Credit financing.

In addition to meeting the above threshold requirements, applicants shall:

- Include a description of the eligible activities to be conducted with HTF funds, and demonstrate that projects can be completed within the five years covered by this Plan;
- Explain management practices related to leasing to homeless households or persons with special needs; and

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DHCD’s RFPs contain this as a threshold requirement. HTF applicants will qualify as new construction or Production projects and will not be subject to the Preservation threshold criterion.
• Certify that eligible activities assisted with HTF funds will comply with the HTF requirements.

Applicants that meet all Threshold Eligibility Requirements are then scored according to the RFP scoring criteria (see the Spring 2019 Affordable Housing Scorecard on the next page), further evaluating the project team’s technical and financial capacity to meet the recipient requirements of 24 CFR §93.2.

In September 2021 the agency released an affordable housing RFP, and the RFP scoring criteria were revised¹.

In the summer of 2022, DHCD is proposing an update of the 2021 RFP criteria chart.

**Ability to enter into a Commitment for HTF funds/Timeliness**

The ability to enter into a commitment for HTF funds and undertake eligible activities promptly is a minimum requirement of DHCD’s RFP. Currently, DHCD’s project selection criteria include the following threshold eligibility requirements and scoring criteria, many of which evaluate project readiness and developer capacity, as illustrated by the Spring 2019 Affordable Housing Scorecard on the next page.

### 2019 Affordable Housing RFP Selection Criteria

<table>
<thead>
<tr>
<th>THRESHOLD ELIGIBILITY REQUIREMENTS</th>
<th>Applicable?</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Project Criteria</strong></td>
<td></td>
</tr>
<tr>
<td>1 Eligible Project Type</td>
<td></td>
</tr>
<tr>
<td>2 Permanent Supportive Housing</td>
<td></td>
</tr>
<tr>
<td>3 Site Control</td>
<td>NA</td>
</tr>
<tr>
<td>4 Zoning</td>
<td></td>
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<tr>
<td><strong>Financial Criteria</strong></td>
<td></td>
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<tr>
<td>5 Development Budget and Operating Proforma</td>
<td>NA</td>
</tr>
<tr>
<td>6 Financing Letters</td>
<td></td>
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<tr>
<td>7 Financial Information for Operational Projects</td>
<td>NA</td>
</tr>
<tr>
<td><strong>Applicant Criteria</strong></td>
<td></td>
</tr>
<tr>
<td>8 Development Team Thresholds</td>
<td></td>
</tr>
<tr>
<td><strong>Reports and Plans</strong></td>
<td></td>
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<tr>
<td>9 Appraisal</td>
<td></td>
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<td>10 Market Study and Market Demand Analysis</td>
<td></td>
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<tr>
<td>11 Environmental Site and Physical Needs Assessments</td>
<td></td>
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<tr>
<td>12 Architectural Plans and Cost Estimates</td>
<td></td>
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<tr>
<td><strong>Compliance Criteria</strong></td>
<td></td>
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<tr>
<td>13 Green Design and Building</td>
<td></td>
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<tr>
<td>14 Community Engagement Plan</td>
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<td>15 Relocation and Anti-Displacement Strategy</td>
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<tr>
<td>16 General Compliance</td>
<td></td>
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<tr>
<td><strong>LIHTC-Specific Requirements</strong></td>
<td></td>
</tr>
<tr>
<td>17 Year 15 Plan</td>
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</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SCORING CRITERIA</th>
<th>UNDERWRITING SCORING</th>
<th>Potential Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Financial and Economic Feasibility</td>
<td>35</td>
<td>35</td>
</tr>
</tbody>
</table>

¹ [https://dhcd.dc.gov/sites/default/files/dc/sites/dhcd/page_content/attachments/2021-9-28%20DC%20DHCD%20Summer%202021%20Affordable%20Housing%20RFP_DFD%20updated%20021022.pdf](https://dhcd.dc.gov/sites/default/files/dc/sites/dhcd/page_content/attachments/2021-9-28%20DC%20DHCD%20Summer%202021%20Affordable%20Housing%20RFP_DFD%20updated%20021022.pdf)
2 Development Team Capacity and Experience | 30 | 25 | 30 | 30
3 Site Selection and Design Characteristics | 5 | 5 | 5 | 5
4 Acquisition Cost Reasonableness | 15 | 10 | 15 | 15
5 Compliance with DHCD Cost and Funding Guidelines | 10 | 10 | 10 | 10

Underwriting Scoring Subtotal | 100 | 90 | 100 | 100

PRIORITIZATION SCORING

Demographic Criteria
1 Permanent Supportive Housing | 10 | 0 | 10 | 0
2 Resident Services Plan | 3 | 3 | 3 | 3
3 Family-Oriented Units | 10 | 10 | 10 | 10
4 Special Populations | 5 | 5 | 5 | 5
5 Income Levels Served | 7 | 7 | 7 | 7
6 Section 8 and Public Housing Waiting Lists | 1 | 1 | 1 | 1

Applicant Criteria
7 Nonprofit Participation and Right of First Refusal | 5 | 5 | 5 | 5
8 TOPA Preference | 5 | 5 | 5 | 5

Location Criteria
9 Transit Proximity | 3 | 3 | 3 | 3
10 Opportunity Zones | 1 | 1 | 1 | 1
11 Economic Opportunity Targeting | 17 | 17 | 17 | 17

Maximizing Impact of DHCD Resources
12 Preservation | 5 | 5 | 5 | 5
13 Mixed-Income | 10 | 10 | 10 | 10
14 Preference for Projects with District Land | 8 | 8 | 8 | 8
15 Green Building | 5 | 5 | 5 | 5
16 Affordability Period Restriction | 5 | 5 | 5 | 5

Prioritization Scoring Subtotal | 100 | 90 | 100 | 90

TOTAL | 200 | 180 | 200 | 190

Note: Not all selection criteria relate to the HTF funds or are construed as a preference for the HTF. For example, HTF funds will not be used for Preservation (Rehabilitation) uses. The table above is from a previous Consolidated RFP, which offers other funding sources for Preservation.

As demonstrated above in the RFP scorecard and the attached RFP document, all projects must have site control (#3) and comply with zoning requirements (#4) at the time of application. Further, projects must have completed the third-party reports required to conduct underwriting and compliance reviews.

Additional Selection Criteria that pertain specifically to ensuring timely obligation of funds are detailed below:

Threshold Eligibility Requirement #6 – Development Team Thresholds:
Under Threshold Eligibility Requirement number 11, “Development Team Thresholds,” applicants must demonstrate that they have their development team in place and provide complete information and documentation on its members. At a minimum, the following team members must be identified:

- Owner (including all parties involved in the partnership)
- Developer
- Development Consultants (if applicable)
- Architect
- General Contractor
- Construction Manager (if applicable)
An extensive series of forms and attachments must be completed and submitted for each member of the development team, including corporate documents, qualifications, resumes, references, organizational charts, workload descriptions, AIA documents, and financial statements.

*Underwriting Scoring #1 — Financial and Economic Feasibility*

The Financial and Economic Feasibility score is a composite of several factors listed below. Applications will be scored on the sub-criteria below, and the scores will be summed.

a. **Form 202 — Application for Financing**
   Maximum points will be awarded to proposals that submit Form 202 containing a realistic set of sources and uses, development budget, and pro forma operating budget. Budgets and tax credit requests must be based on solid assumptions (vacancy rate, debt service coverage ratios, LIHTC raise rates, funding levels for reserves, etc.). The uses are appropriate for the project and the requested financing sources. Letters of interest with terms and conditions are submitted from multiple lenders and investors (at least two, but no more than three) for each proposed financing source to demonstrate the competitiveness of private loan and syndication terms. If multiple alternative financing scenarios are presented, letters of interest substantiate each.

b. **Timeline**
   Maximum points will be awarded to projects with a strong likelihood of proceeding into construction within 180 days of being selected for further underwriting by DHCD, based on the timeline, narrative, and supporting documentation.

c. **Architectural Plans**
   Maximum points will be awarded to applicants who submit Architectural Plans that are permit-ready and have a construction budget aligned with the plans. The plans reflect all design characteristics in this application, such as green building and accessibility features. The construction budget has been prepared and signed by the General Contractor, and it is doubtful that the budget will change before loan closing.

d. **Firm Financing Commitments**
   Maximum points will be awarded to applicants that submit Final Letters of Commitment from all other participating financial sources. Rates and terms have been locked in, and lenders are ready to close as soon as DHCD commits to funding the final gap.
e. Overall Financial and Economic Feasibility
   Maximum points will be awarded to applicants that demonstrate that the long-term financial sustainability of the project is high, likely, and an appropriate amount of tax credits are being requested, based on DHCD’s assessment of overall feasibility and project readiness.

Underwriting Scoring #2 — Development Team Capacity and Experience
The Development teams will be evaluated on their experience with and performance on comparable projects and their capacity to deliver the proposed project and maintain long-term viability and compliance. Applications will be scored on the sub-criteria below, and the scores will be summed.

a. Developer/Owner Capacity and Experience
   Maximum points will be awarded to applicants (owner, borrower, sponsor, developer, and guarantor) with the financial and workload capacity to make this project a top priority and execute it on a rapid timeline. The lead developer (and co-developer or development consultant, if applicable) demonstrates an exemplary track record in projects of similar size, scale, type, and complexity to the proposed project.

b. General Contractor Capacity and Experience
   Maximum points will be awarded to projects that have selected a General Contractor that demonstrates an exemplary track record in projects of similar size, scale, type, and complexity to the proposed project. The GC has the capacity and experience to deliver this project on time, on budget, and to the highest quality standards while maintaining compliance with applicable regulations such as Davis-Bacon and the Green Building Act.

c. Management Agent Capacity and Experience
   Maximum points will be awarded to projects that have selected a Management Agent that demonstrates a successful track record in projects of similar size, scale, type, and complexity to the proposed project, including a demonstrated ability to maintain ongoing compliance over the life of a project.

d. Architect/Construction Manager Capacity and Experience
   Maximum points will be awarded to projects that have selected an Architect that demonstrates a successful track record in projects of similar size, scale, type, and complexity to the proposed project and has the capacity and experience to assure that the proposed design is compliant with all applicable regulations, such as the Green Building Act, accessibility standards, zoning, and historic preservation. The Architect or Construction Manager has the capacity and experience to provide project oversight to guarantee that it is delivered on time, on budget, and to the highest quality standards.

e. Overall Team Capacity and Experience
Maximum points will be awarded to projects that have a high likelihood of delivering on time and within the budget, and will remain in compliance for the life of the project, based on DHCD’s assessment of overall team capacity and experience.

**Distribution of Funds**

The District’s 2023 allocation of HTF funding focused on targeting affordable rental housing to address the priority need of assisting extremely low-income households with affordable housing to prevent homelessness as identified in the jurisdiction’s Consolidated Plan. HTF funds will be awarded on a competitive basis through DHCD’s semiannual RFP process, which DHCD uses to award the majority of the federal and local resources it administers for multifamily housing. These RFPs will make HTF financing available directly to qualified recipients that submit applications to develop affordable rental housing that meets the criteria outlined in this allocation plan, more specific standards described in each RFP, and criteria as required by federal and District statutes and rules. HTF funding will be leveraged with local funds and local financing, including the Housing Production Trust Fund, Department of Behavioral Health Grant Fund, or Local Rent Supplement Program operating subsidies (a type of Project-Based Rental Assistance), and federal financing, such as Community Development Block Grant funds, HOME Investments Partnership Program funds, Housing Opportunities for People with AIDS funds, Low-Income Housing Tax Credits, and Housing Choice Voucher Program or Annual Contributions Contract Program operating subsidies (PBRA).

These RFPs will be part of a comprehensive semiannual funding plan to distribute financing across the District based on the need for rental housing across the city. DHCD will distribute funding from the HTF in a manner that affirmatively furthers fair housing. For example, DHCD’s recent RFPs, which made available funding from multiple federal and local sources, included prioritization scoring points for projects that would advance economic integration at the neighborhood level.

The District will award HTF funds to eligible projects selected through the competitive RFP process. Awardees may use HTF funds to pay for any eligible cost within an approved project budget, excluding costs prohibited explicitly by federal or local rules. Eligible costs include hard or soft costs related to construction, demolition, or other site work, acquisition of real property, financing and syndication-related costs, and operating or replacement reserves.

Awards of HTF funds will be made below-market-rate, subordinate gap loans payable from available cash flow. Interest rates will range from 0 percent-3 percent, and terms will range from a minimum of 30 years. DHCD prescribed more specific loan terms in the RFP through which the HTF funds are offered and in the underwriting process. Funding will be allocated only for newly constructed rental housing production. In this allocation, the District will not use funds for homeownership projects. All projects funded with HTF funds will be required to execute a minimum 30-year affordability covenant recorded against the property’s deed. This requirement will be established in the Loan Terms section of the Consolidated RFP, where it has been listed...
as a requirement in previous RFPs. DHCD awards Prioritization Scoring points (5 points) to projects that commit to Perpetual Affordability. DHCD enforces this requirement through the execution of an affordability covenant.

To promote safe, decent, and sanitary housing using HTF projects, DHCD shall comply with local housing requirements in the DC Municipal Regulations, Title 14. Applicants also must submit a construction scope of work and budget that addresses these needs to ensure that the development will remain safe, decent, and sanitary over the life of the affordability period. As an example of how DHCD addresses this issue, please review excerpts from DHCD’s most recent RFP, which’s included as an attachment to this Plan.3

Before closing on financing, each HTF-funded recipient must provide a written description of eligible activities to be conducted with HTF funds and execute a DHCD HTF Written Agreement that certifies that housing units using HTF funds will comply with HTF requirements as required in 24 CFR §93.200.

Up to 10 percent of the District’s HTF allocation will be used for administration, as allowed by HTF regulations.

**Priority Funding Factors**

As listed above in the RFP table, DHCD will award prioritization scoring points in the consolidated RFP to projects that advance specific District of Columbia policy priorities. All HTF funds will be used within this process to benefit Extremely Low Income (ELI) households. The allocation of the HTF funds among projects will be consistent with the Priority Needs to be stated in the Strategic Plan detailed in the Consolidated Plan without limitation or preference being applied to a particular segment of the ELI population.

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3 Generally, as part of an application for financing, applicants seeking to preserve or rehabilitate a property must provide a property conditions needs assessment that identifies necessary repairs. However, since HTF applicants will only be applying for new construction, they will not be subject to this requirement.
The following table outlines how the most recent completed RFP prioritization scoring points align with the Priority Needs identified in the Consolidated Plan.

<table>
<thead>
<tr>
<th>Priority Needs</th>
<th>Priority Funding Factors</th>
</tr>
</thead>
</table>
| **Affordable housing** | • Income Levels Served  
• Section 8 and Public Housing Waiting Lists  
• Extended Use Restriction |
| **Homelessness** | • Permanent Supportive Housing  
• Supportive Services Plan  
• Income Levels Served |
| **Neighborhood Investments that Affirmatively Further Fair Housing Choice** | • Permanent Supportive Housing  
• Family-Oriented Units  
• Senior Housing  
• Transit Proximity  
• Economic Opportunity Targeting  
• R/ECAP  
• Mixed-Income Projects |
| **Capacity-Building** | • Non-Profit Participation  
• Small Business Enterprise/Certified Business Enterprise  
• TOPA Preference |
| **Sustainability/Green Building/Community Resilience** | • DC Green Design and Building requirements  
(Threshold Requirement)  
• Net Zero Energy or Living Building Challenge |
| **Plans/Studies** | • Reports and Plans (Phase I, market study, etc.) (Threshold Requirement) |

It is important to note that DHCD will solicit input from the public on how the RFP can be improved between each funding round. Based on these comments and internal policy priorities, DHCD can modify the RFP in future HTF allocation plans.

**Anti-Displacement**

For properties containing existing and occupied units before construction, funding applicants must submit a Relocation and Anti-Displacement Strategy addressing any temporary or permanent displacement of current occupants. In most instances, Relocation will not apply to the HTF funded projects since the District’s allocation will only be used for new construction, not rehabilitation.

**Geographic Targeting**

The geographic targeting DHCD uses to select preferred projects is detailed in the RFP and includes the following:
• **Transit Proximity:** projects located within 1/2 a mile of a Metro station or DC Streetcar stops.

• **Economic Opportunity Targeting:** points awarded for projects based on location. DHCD seeks to create more affordable housing in high opportunity neighborhoods, those with characteristics such as low crime, low poverty, and access to high-quality schools and jobs. Another goal of this point prioritization is to disperse the District’s affordable housing supply more equitably across neighborhoods and Wards and provide a counterbalance to the implicit incentive for developers to build affordable housing in low-cost and high-poverty neighborhoods. Projects requesting HTF funds will be scored against DHCD’s RFP. A map and breakdown of the points are included in the attachments.

• **R/ECAP:** Full points will be awarded to projects not located in a HUD-designated Racially or Ethnically Concentrated Area of Poverty (R/ECAP).

**Non-Federal Funding Leverage**

DHCD awards preference points for the use of alternative financing sources that reduce public investment in the project, including tax credit equity, conventional debt, and private grants. In mixed-income buildings, applicants may use surplus cash flow from market-rate units to cross-subsidize the affordable units and improve their leverage ratio.

**Project-Based Rental Assistance**

DHCD’s RFPs are Consolidated Requests for Proposals. Other District Government agencies, including the Department of Behavioral Health, the Department of Human Services, and the DC Housing Authority (DCHA) makes funds available through these consolidated RFPs. The relationship is formalized in an interagency Memorandum of Understanding. Applicants that request HTF funds for units that benefit ELI households will also request project-based rental assistance (PBRA) from DCHA, subject to funding availability. Since HTF will only be used to support 0 percent-30 percent AMI units (ELI units), DHCD will require HTF units to have PBRA, whether through an existing contract or a new PBRA contract awarded through the Consolidated RFP. HTF dollars may be combined with any of the following PBRA programs, which are administered by the DCHA and offered through the Consolidated RFP:

- Housing Choice Voucher Program;
- Local Rent Supplement Program (LRSP); and
- Annual Contributions Contracts Authority (ACC)

DHCD and DCHA combine development subsidies with operating subsidies to ensure long-term feasibility and sustainability of units for households earning between 0 percent-30-percent of AMI; however, both departments have underwriting standards and other safeguards in place to ensure that no housing unit is over-subsidized and that no more than the minimum amount of public funds required to support the reserved units is awarded.
Preference will be given to projects that have PBRA contracts in place to support the operations of the HTF-funded units or bring a contract secured outside of the Consolidated RFP. Projects that do not have a PBRA contract in place or a commitment lined up must request new PBRA assistance through the Consolidated RFP.

**Maximum Per-unit Development Subsidy Amount**

DHCD has chosen to use the HOME maximum subsidy limits (24 CFR §92.250) without modification throughout the entire District. The reasoning is that the District is roughly 70 square miles and integrated into a larger metropolitan area representing a single market for the labor, professional services, and materials that contribute to the cost of constructing affordable housing. These limits are currently in use for the HOME program and have proven sufficient to produce units throughout the District. The average per-unit HOME subsidy from 2020 was $172,479, and the highest per-unit subsidy during this period was $341,426. This subsidy level is possible because DHCD has a strong preference for units that leverage other funding sources and mixed-income projects. However, the HTF program is targeted to individuals at a lower income level required by the HOME program. The choice for leveraging other funding sources and the District’s threshold requirement that HTF-funded units receive project-based rental assistance will ensure that the HOME maximum subsidy limits are suitable for the market. (The per-unit subsidy amounts are included below in Table 1.) Furthermore, the HOME maximum subsidy limits are familiar to the industry, encourage applications for the newly available funding source, and facilitate project compliance and monitoring.

The total amount of funds that a participating jurisdiction may invest on a per-unit basis in affordable housing may not exceed the per-unit dollar limitations established under Section 221(d)(3)(ii) of the National Housing Act. HUD will allow the per-unit subsidy amount to be increased on a program-wide basis to an amount up to 240 percent of the original per unit limits, to the extent that the costs of multifamily housing construction exceed section 221(d)(3)(ii) limit. The District of Columbia is currently on the High-Cost Percentage Exception list. HUD’s Office of Multifamily Housing updates the Section 234 basic mortgage limits annually and publishes them in the Federal Register.

<table>
<thead>
<tr>
<th>Table 1: HOME Per-Unit Subsidy Amounts</th>
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<tr>
<td>0-Bedroom</td>
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<tr>
<td>$157,621</td>
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Performance Goals

HTF currently allocates $2,700,000 per year exclusively for ELI housing and is estimated to provide $8,100,000 within the FY2022-FY2026 Consolidated Plan cycle. Given the cost to produce housing restricted to households earning less than 30 percent AMI, the District could only support between 1 and 3 small projects annually. However, DHCD expects to leverage funds from other sources available in the Consolidated Request for Proposals to meet and exceed the District’s goal to set aside 40 percent of its local funds for ELI households.

DHCD evaluated past project proposals that leveraged 4 percent low-income housing tax credits. Average requests from projects with units at 30 percent AMI average at $146,000. Most projects funded with 30 percent AMI units have been new construction instead of substantial rehabilitation, which drove the weighted average higher. HTF funds will only be used for new construction. Assuming these construction costs continue and DHCD uses all $300,000 eligible for administrative costs, $2.7 million per year would produce between 18 and 19 units annually restricted to 30 percent of the area median income.
Citizen Participation in Development of the HTF Allocation Plan

On March 24, 2022, DHCD held a Needs Assessment hearing for the Update of the Federal Funds Reporting Process for the upcoming FY 2023 Annual Action Plan, including the National Housing Trust Fund allocation for FY 2023. Although DHCD did not receive any comments about HTF, a summary of the outreach events is below.

Table 2: Summary of Citizen Participation

<table>
<thead>
<tr>
<th>Date</th>
<th>Mode of Outreach</th>
<th>Target of Outreach</th>
<th>Summary of Response/Attendance</th>
<th>Summary of Comments Received/Accepted</th>
<th>Summary of Comments Not Accepted and Reasons</th>
<th>URL (if applicable)</th>
</tr>
</thead>
<tbody>
<tr>
<td>March 24, 2022</td>
<td>Needs Assessment Hearing (National Housing Trust Fund (HTF))</td>
<td>Non-targeted/broad community</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
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The public hearing advertisement was published two weeks before the event in the Washington Times and a notice was published in the DC Register as well. Email blasts were sent to government agencies and interest groups. In addition, the hearing was advertised on the DHCD website (https://dhcd.dc.gov/) as well as and social media websites Facebook and Twitter.

DHCD encouraged participation from special needs populations and advertised ASL interpreters and interpretation for non-English speaking constituents upon request. The hearing was held virtually in Web-Ex video conferencing format.