

2023

CONSOLIDATED REQUEST FOR PROPOSALS FOR AFFORDABLE HOUSING PROJECTS

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- Pages 43, 44, 86, 87: Changes to two evaluation scoring criteria points options, “Affordable Housing Opportunities Across Planning Areas,” and “Proximity to Neighborhood Amenities”

Housing Production Trust Fund (HPTF) | Department of Behavioral Health (DBH) Grant Funds |

HOME Investment Partnerships Program (HOME) | Community Development Block Grant (CDBG) |

National Housing Trust Fund (NHTF) | Housing Opportunities for People with AIDS (HOPWA) |

Local Rent Supplement Program (LRSP) | Department of Human Services (DHS) Supportive Services Funds

I. INTRODUCTION

In 2019, in response to population growth, an insufficient housing supply, and structural racial disparities, Mayor Muriel Bowser outlined bold housing goals for the District to create 12,000 new affordable housing units and preserve 6,000 existing affordable housing units by 2025. Known as the Housing Framework for Equity and Growth, a series of supporting documents outlined an integrated framework for increasing housing production and promoting equity for existing and future residents. In particular, the District's [Housing Equity Report](#) provided goals for the equitable distribution of affordable housing throughout Washington, DC to counter a historic legacy of exclusionary and discriminatory housing policy. Since 2019, more than 7,600 new affordable housing units have been created.¹

In 2022, the Bowser Administration recognized that bolder housing equity goals as well as more intentional actions were needed to address the racial disparities in homeownership and household wealth in the District. For example, the homeownership rate for Black households in the District is 34% compared to nearly 49% for white households.² Additionally, a first-time homebuyer with the average income of a DC Black household could afford just 8.4% of homes sold in the District between 2016 and 2020, compared to a buyer with the average income of a white household, which could afford 71% of these homes.³ Recent trends such as rising interest rates have likely further exacerbated disparities. To that end, the Black Homeownership Strike Force was convened by the Mayor in June 2022 to help the District chart a path to not only rectify the harmful discriminatory policies of the past but also increase and preserve access to homeownership for longtime District residents in an equitable manner. The culmination of the Strike Force's work is reflected in the [Black Homeownership Strike Force Final Report](#). As further described in the report, the District has a bold new goal -- 20,000 new Black homeowners by 2030. In addition, the report discusses the launch of new tools such as the development of a Public-Private Homeownership Fund.

In 2023, the District of Columbia faces evolving challenges towards the continued goal of supporting the preservation and production of affordable housing. After emerging from the COVID-19 public health emergency and setting its sights on long-term recovery, interest rates and construction costs have rapidly increased, increasing the funding gap for many projects both underway and in the pre-development stage. Further, many of the income supports and other tenant protections rolled out in response to the public health emergency have now ended. In a challenging budget year, Mayor Bowser has maintained her commitment to funding the Housing Production Trust Fund (HPTF) with \$100 million annually.⁴ This Fiscal Year (FY) 2024 funding level, however, is more constrained than recent budget years which were boosted by federal pandemic relief. Thus the District's charge now is to focus on efficiently allocating existing available resources to achieve the housing equity goals.

¹ DMPED 36,000 by 2025 Dashboard, available at: <https://open.dc.gov/36000by2025/>

² Source: U.S. Census Bureau, American Community Survey (ACS)

³ Ibid.

⁴ Not adjusted for potential transfers of HPTF articulated in the Fiscal Year 2024 Budget Support Act of 2023

There are several other notable shifts in the affordable housing ecosystem in the District. Additional resources from the 2022 federal Inflation Reduction Act – an historic investment in clean energy at the federal level, with an estimated \$10 billion of loan, grant, and tax incentive opportunities for affordable housing projects and low-income communities – are starting to take shape, and are expected to become available over the next several years. Meanwhile, the demand for available Private Activity Bond Volume Cap (Bond Cap) issued by the District of Columbia Housing Finance Agency (DCHFA) has exceeded supply, making this resource and the associated 4% Low Income Housing Tax Credits (LIHTC) competitive for the first time. Efficiency requirements for projects of at least 10,000 square feet of gross floor area where at least 15% of the total cost is financed by the District are substantially increasing through the accelerated implementation of the Greener Government Buildings Amendment Act (D.C. Law 24-306), requiring net zero energy compliance for these projects across the board. Lastly, as of July 1, 2023, operating subsidies through the Local Rent Supplement Program (LRSP) administered by the DC Housing Authority (DCHA) are no longer determined by submarket rent limits, but rather by an individual unit’s size, type, age, location, and the amenities, services, and utilities provided by the owner.

It is in this context that the DC Department of Housing and Community Development (DHCD), the DC Housing Authority (DCHA), the DC Department of Behavioral Health (DBH), the DC Department of Human Services (DHS), the DC Department of Health (DOH), and the Department of Energy and Environment (DOEE) release this Consolidated Request for Proposals (RFP), the District of Columbia’s primary vehicle for awarding federal and local funds for affordable housing. Because there is an existing pipeline of projects that require tax-exempt bond cap allocation through 2025, this Consolidated RFP will focus on affordable rental projects that do not request tax-exempt bonds and 4% Low Income Housing Tax Credit (LIHTC) structures (referred to as Non-Multifamily Mortgage Revenue Bond structures or scenarios) as well as homeownership projects.

The requirements of this RFP are specifically guided by the following:

- the housing and geographic goals outlined in [Mayor’s Order 2019-036](#) and the [Housing Equity Report](#);
- the District’s [FY24 Fair Shot Budget](#);
- the [Five Year Consolidated Plan for FY 2022 - 2026](#);
- the Housing Production Trust Fund (HPTF) statutory requirement that at least 90% of project obligations go to units for households earning no more than 50% of Median Family Income (MFI), and half for households earning no more than 30% of MFI;⁵

⁵ D.C. Official Code §42-2802; the Housing Production Trust Fund Act of 1988, as amended (D.C. Law 7-202, effective March 16, 1989)

- the goals outlined in Chapter 4 of the [Interagency Council on Homelessness' \(ICH\) 2021-2025 strategic plan, titled Homeward DC 2.0](#), with particular emphasis on the production of Permanent Supportive Housing (PSH) units;
- the need to preserve existing affordable housing, as guided by the [Housing Preservation Strike Force Final Report](#) published in November 2016;
- the recommendations for increasing Black homeownership, described in the [Black Homeownership Strike Force Final Report](#) published in October 2022; and
- [D.C.'s Comeback Plan](#), outlining the District's equitable economic development goals for the next five years.

All prospective applicants are strongly encouraged to read this document in its entirety prior to beginning an application as a number of notable updates have been made since the last funding round.

DHCD will only accept and review Non-Multifamily Mortgage Revenue Bond/4% LIHTC (“Non-MMRB”) rental and homeownership scenarios through this RFP. Applicants may submit both a primary financing scenario and an alternative financing scenario. For rental projects, either the primary or alternative scenario submitted may utilize 9% LIHTC, with or without additional gap financing.

HPTF Guidelines in Non-Multifamily Mortgage Revenue Bond Scenarios

The HPTF contribution to a project cannot exceed 49% of the project's total sources.⁶ Federal sources provided through this RFP may be requested to limit the amount of HPTF requested to 49% of the Total Uses of Funds.

DHCD expects projects to maximize the use of non-HPTF resources in the project, including:

- All projects must explore low-cost first trust debt.
- Projects that are 100% owned by a non-profit should pursue 501(c)3 bonds through the Industrial Revenue Bonds (IRB) program.
- Projects with for-profit partners should seek to monetize the losses generated by the project by adding a loss-only investor.
- Projects receiving non-DHCD funding sources should clearly show the DHCD lien position and whether the funds are being awarded to the Project as a loan or grant.

For projects that are not Limited Equity Cooperatives (LECs), a waiver must be requested to exceed the HPTF 49% limitation; however, it may negatively impact the scoring for the project and/or necessitate additional requirements from DHCD.

Non-MMRB Rental Housing Options and Examples

⁶ An exception is permitted for Limited Equity Cooperatives. See Summary of Underwriting Standards on pg. 70 for details.

Projects applying for financing for a rental project will need to clearly demonstrate that the structure complies with the above requirements. DHCD has identified several tools that projects can use, either alone or in combination, to meet the requirements. The below examples are not an exhaustive list and Applicants can submit other structures provided they comply with the above requirements.

Overview of Potential Structures and Tools - Rental Projects

Structure	RFP Resources	Optional Tools	External Resources
Non-Multifamily Mortgage Revenue Bond (MMRB) with conventional, low-cost debt, DHCD gap financing, and other non-DHCD sources to achieve 49% HPTF limitation	<ul style="list-style-type: none"> Gap financing (local or federal) LRSP Housing resources for special needs populations (HOPWA, PSH, DBH, etc.) 	<ul style="list-style-type: none"> District land purchase and ground lease Master lease of units in building DC Industrial Revenue Bond Program (IRB) for non-profit owners 	<ul style="list-style-type: none"> Green funding resources: (Department of Housing and Urban Development (HUD) Green and Resilient Retrofit Program (GRRP), Other Inflation Reduction Act incentives, DC Green Bank, Affordable Housing Retrofit Accelerator through the DC Sustainable Energy Utility (DCSEU)) Federal Home Loan Bank Affordable Housing Program (FHLB AHP), Capital Magnet Fund, other grants Other
9% LIHTC with DHCD gap financing and/or LRSP	<ul style="list-style-type: none"> Gap financing (local or federal) 9% LIHTC DC LIHTC LRSP Housing resources for special needs populations (HOPWA, PSH, DBH, etc.) 		
9% LIHTC only	<ul style="list-style-type: none"> 9% LIHTC DC LIHTC 		
Affordable Component in larger Mixed-Use or Mixed-Income Project	<ul style="list-style-type: none"> Gap financing (local or federal) LRSP Housing resources for special needs populations (HOPWA, PSH, DBH, etc.) 	<ul style="list-style-type: none"> Medicaid Waiver Other 	

Please see the Structures and Financing Guidelines in Section V for more detail.

Homeownership Options and Examples

Projects considering a homeownership program will also need to clearly demonstrate that any proposed structures comply with the minimum funding guidelines outlined above for Non-MMRB Scenarios, as applicable. In addition, homeownership projects will be subject to additional requirements and guidelines.

For the 2023 Consolidated RFP, DHCD will accept homeownership proposals that fall into one of the following categories:

- 1) For-Sale, Single-family Project - five or more single-family units with either a fee simple or leasehold ownership structure; units can be attached townhomes or adjacent properties or pooled scattered site units
- 2) For-Sale Multi-family Project - five or more condominium units with either a fee simple or leasehold ownership structure; can be within one building or in scattered site buildings
- 3) Limited Equity Cooperative (LEC) - five or more cooperative units

The following matrix provides an overview of potential homeownership approaches to be used in conjunction with non-LEC single-family and multifamily projects (options 1 and 2 above). The matrix also highlights minimum requirements for the primary scenario submission as well as other assumptions and tools that projects can consider incorporating in an alternative scenario.

Overview of Potential Structures and Tools - Homeownership Projects (Non-LEC)

	Primary Scenario (Required for all projects) No homebuyer subsidy	Alternative Scenario Assume homebuyer subsidy / other structure
Sales Price / Affordability Restrictions	<ul style="list-style-type: none"> • Restricted Sales Prices affordable to 80% of MFI and below <u>without</u> assuming Home Purchase Assistance Program (HPAP) homebuyer subsidy. • Affordability period: 15 years to permanent/perpetual 	<ul style="list-style-type: none"> • Market Sales Prices • Affordable to 80% of MFI and below <u>through</u> relying on homebuyer subsidy • Affordability period varies based on funding source • Possible incorporation of ROFR for resales - target to HPAP/EHAP buyers or Community Land Trust (CLT)/nonprofit/public entity's waitlist of buyers
Loan Repayment Requirements for Developer	<ul style="list-style-type: none"> • Deferred until end of construction period • Repaid from surplus proceeds (if any) • Remaining construction loan balance may be fully or partially forgiven as units are sold to homebuyers 	<ul style="list-style-type: none"> • Deferred until end of construction period • Fully repaid from sales proceeds • If land is transferred to CLT/non-profit/other public entity, acquisition component of loan could be forgiven
RFP Resources	<ul style="list-style-type: none"> • DHCD gap financing (local or federal) 	<ul style="list-style-type: none"> • DHCD gap financing (local or federal) • Project-based allocation of homebuyer subsidies
Optional Tools	<ul style="list-style-type: none"> • Potential incorporation of ground lease with Community Land Trust (CLT) or other nonprofit or public entity 	<ul style="list-style-type: none"> • Project-based allocation of buyer subsidy or "pre-commitments" • Potential incorporation of ground lease with CLT or other nonprofit or public entity
External Resources	<ul style="list-style-type: none"> • Developer Funding Resources: New Market Tax Credits (NMTC), Green Building funding sources, CDFI construction financing, etc. 	<ul style="list-style-type: none"> • Developer Funding Resources: NMTC, Green Building funding sources, CDFI construction financing, etc. • Public-Private Homeownership Fund (under development)

- Other homebuyer funding resources (downpayment or closing cost assistance): Neighborhood Assistance Corporation of America (“NACA”), DC Open Doors, HPAP (for deeper affordability rather than minimum affordability), etc.

- Other homebuyer funding resources (downpayment or closing cost assistance) beyond any project-based buyer subsidies provided by DHCD

Please see the Structures and Financing Guidelines in Section V below for more detail on minimum requirements and guidelines for homeownership projects, as well as the Threshold Eligibility Requirements in Section VI and the Underwriting Guidelines in Section VIII.

II. WHO SHOULD APPLY

DHCD will accept and consider eligible development proposals from all qualified applicants. Specific requirements for development team members are detailed in Section VI and in the Online Application System. Applicants should represent a development team that includes a developer, architect, professional consultants such as an attorney, a general contractor, property manager, lenders and investors, and any other team members necessary to finance, construct, and operate the development.

Together, the team must have the experience and financial and technical capacity to deliver a project that meets all of DHCD’s eligibility requirements and remains operational and compliant for the life of the project.

Lead applicants and project team members may be non-profit or for-profit entities. Applicants may be based in the District of Columbia or outside, but there are requirements about partnering with District-based enterprises and hiring District residents outlined in the Selection Criteria and the Compliance & Monitoring Requirements sections of this document.

Applicants may submit development proposals for more than one project in the same funding round if their project team’s capacity allows it. However, DHCD may decide to limit awards to one per developer/applicant.

Projects must be far enough along in the pre-development process to meet all Threshold Eligibility Requirements. Failing to meet even a single Threshold Eligibility Requirement will result in disqualification, and the application will not be scored or further evaluated.

III. HOW TO APPLY

All proposals in response to this RFP must be created and submitted in DHCD’s Online Application System, located at: