

Fall 2024

Consolidated Request for Proposals for affordable housing projects

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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) Supplemental Services Funds

District of Columbia
CASE NO. 23-18A
EXHIBIT NO. 2C

I. INTRODUCTION

In 2019, in response to the population growth, an insufficient housing supply and structural racial disparities, Mayor Muriel Bowser outlined bold housing for the District to create 12,000 new affordable housing units and to preserve 6,000 existing affordable housing units by 2025. This became known as the *Housing Framework for Equity and Growth*. Since 2019, more than 9,800 units of affordable housing have been produced and counting. We expect to reach our goal of 12,000 by the end of 2025. There are 2,500 units currently under construction expected to deliver by the end of 2025, with an additional 1,200 new affordable units under construction and expected to deliver after the end of 2025.

Within this framework, Mayor Bowser’s administrations have invested more than \$1.3 billion into the Housing Production Trust Fund which has led to 36,000 new units having been developed in the District of Columbia – thus translating into 6,500 homes delivered each year since 2019. Based on the District of Columbia recent total household count of 326,970 households, over 10% of the District of Columbia’s housing stock has been added since 2019 – this overall investment has meant the following to the region:

- 31% of all new housing units created in the DC Region
- 41% of the committed affordable housing units in the DC region
- 81% of the committed affordable housing units at 30% MFI in the DC region
- 72% of the committed affordable housing units at 50% MFI in the DC region
- 25% of the committed affordable housing units at 80% MFI in the DC region

The requirements of this RFP are guided by the 2023 Qualified Allocation Plan (QAP) and current housing market indicators which dictate that **District resources are needed to stabilize properties that have current investments from the government.** There are approximately 22,000 units representing 48,000 residents that are at risk of foreclosure due to delinquency. We are seeing a crisis in our housing ecosystem where more than 80% of the properties are not receiving enough in rent collection to pay their mortgages or pay maintenance expenses. This puts the District of Columbia affordable housing market at serious risk, both for future investment and foreclosure of existing properties.

The funding resources governed by DHCD will be used to provide bridge, gap and support funding to multi-family projects that currently provide housing to families with income equal to or less than 80% of Median Family Income. These developments will need to demonstrate operating pressures due to unplanned vacancy, extraordinary increase in budgeted operating expenses post-construction and lease-up. Funding will also be used to support projects in the pre-development phase that have been selected to proceed by a District of Columbia government agency but have experienced unexpected delays in timing due to an inability to receive of construction or permanent financing (i.e tax-exempt bonds), resulting in unplanned carry costs, but remain committed to delivering projects.

With this RFP, it is an important to step to ensure existing affordable housing remains available in the District of Columbia, to ensure the investments made by the District are cost effective and sustainable and that the District of Columbia remains a city where affordable housing developers, lenders and investors want to participate.

II. WHO SHOULD APPLY

Up to **three** awards per sponsor/owner will be eligible to receive funding.

Application Release:	Friday, August 23, 2024
RFP Question & Answer:	Friday, September 6, 2024
Online Application System available to start applications	Wednesday, September 25, 2024
Application Deadline:	11:59 AM on Friday, November 1, 2024 (For Category A & B applications)
	11:59 AM on Friday, December 20, 2024 (For Category C applications)

Eligible Projects:

Category A: *Bridge Funding for Distressed Properties*

1. Already have DHCD Investment (i.e Federal or HPTF, etc)
2. Pending Conversion to Permanent Financing or have a demonstrated unforeseen debt load due to delinquency
3. Have a valid Certificate of Occupancy/Temporary Certificate of Occupancy
4. A minimum of 95% leased units for longer than 1 year (excluding PSH Units)

Category B: *Bridge Funding for Planned/Pipeline Development Projects*

1. Project is in the pre-development phase
2. Has a demonstrated commitment or award from a District of Columbia government agency as of the issue date of this RFP
3. Has demonstrated equity investment in the project from the sponsor/developer
4. Were induced for tax exempt bond financing
5. Were selected for underwriting via DHCD's Consolidated RFP prior to, and including, December 2023
6. Were selected for development by a DMPED RFP, prior to, and including, December 2023

Category C: *9% Low-Income Housing Tax Credits and DC LIHTCs*

1. **Apply for 9% LIHTCs and/or DC LIHTCs, only**
2. Production or Preservation Projects
3. Priority will be given to preservation projects and projects that are experiencing delinquency rates of more than 12%.
4. Category A projects that can demonstrate additional basis (in this instance, execution of an 8609 would still be pending).

Threshold Requirements:

DHCD will accept and consider eligible proposals from all qualified applicants. Applications and supporting documents are required to provide evidence of the following:

All Applications:

- An entity in which the sponsor has an ownership interest must have legal site control (warranty deed or

executed ground lease) of the project site.

Category A Applications – characteristics must include:

- Maximum request is the lesser of \$4 million or \$30,000/unit
- Project Must be 100% complete and have a valid Temporary Certificate of Occupancy/Final Certificate of Occupancy
- Sponsors/Developer/Project must be in current and full compliance with all DHCD reporting requirements, rules, and regulations for all programs and funding
- Requested amount demonstrates bringing the current DSCR to 1.00x for a period of 24 months
- Requested amount demonstrates current expense coverage of 1.05x
- Narrative summarizing the past and planned use of reserves
- Economic Occupancy is less than 85%
- Submission of Operating Pro-Forma including Loan Repayment Plan
- Submission of comprehensive property management plan, including case management, eviction management (including status, plan, deferment, incentives), collections management, plan and incentives, etc.
- Submission of a third-party maintenance assessment demonstrating correctable deferred maintenance (no capital maintenance items required)
- Evidence of financially secure Sponsor/Owner/Developer demonstrating an ability to meet all financial obligations
- Correctable compliance issues with no financial impact, no reporting issues and no current recapture issues pending

Category B Applications – characteristics must include:

- Maximum request for carrying cost cannot exceed \$1MM. If the loan request exceeds \$100,000, applicants will be required to demonstrate access and to source additional matching funds of 50% up to a 1:1 match
- The project has received a letter of commitment/notice of award for construction and/or permanent financing
- Alternatively, Sponsor/Developer will commit to repayment from an award of any future DHCD financing
- Submission of an updated development budget and project timeline
- Submission of forecast of monthly carrying costs for 24 months
- Confirmation of target closing date from DCHFA, if applicable.
- Projects with qualified non-profit sponsors will be required to apply for the property tax exemption relief through DHCD.
- This will be a loan request, with the loans secured with a deed of trust lien or a guaranty (either personal or corporate)

Category C Applications – characteristics must include:

- Please refer to the QAP: [2023 Qualified Allocation Plan 07282023 1.pdf \(dc.gov\)](#)
- New and Preservation Projects will only be eligible for LIHTCs under this RFP
- Category A and B projects can apply for LIHTCs should they be able to demonstrate additional eligible basis (in this instance, execution of an 8609 would still be pending).

For Category B and C Applications: Specific requirements for development team members are detailed in this RFP

and in the DHCD Quickbase Online Application System. Applicants should include all the members of their development team, not limited to developer, architect, professional consultants such as an attorney, a general contractor, property manager, lenders and investors. 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.

Eligible applicants 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. Projects must meet all Threshold Eligibility Requirements. Failure to meet even one Threshold Eligibility Requirement will result in disqualification, and the application will not be scored or evaluated.

Scoring:

Threshold Evaluation Review and Evaluation Criteria Review for each project will include various evaluative criteria specific to affordable housing finance transactions – a few of the more important of these are as follows:

- *CBE-Certified enterprises:* DHCD values CBE-Certified participation in projects that (a) have a for profit sponsor or developer that is a CBE, minority-, woman-or disabled-owned business, or the organization has adopted a statement that their mission is to provide housing and services to minorities, women and/or individuals with disabilities, and has a demonstrated history of services to minorities, women and/or individuals with disabilities or (b) a non-profit organization has adopted a statement that their mission is to provide housing and services to minorities, women and/or individuals with disabilities, and has demonstrated a history of services to minorities, women, and/or individuals with disabilities;
- *Financial participation:* DHCD values projects in which the sponsor an/or a private lender has or will commit in writing to extend credit or equity to the project (thus factored into the leverage component of the scoring rubric);
- *High-Cost Opportunity Areas:* DHCD values projects in which some or all of the units are in area identified as a High-Cost Opportunity Area or an underserved area for affordable housing by the DC Office of Planning; and
- *Leveraging:* As previously referenced, DHCD values projects that have higher leveraging of increasingly scarce DHCD resources – thus valuing projects that request fewer DHCD resources based on the total financial need.

Documentation Requirements:

Applications will be submitted via DHCD's Quickbase Online Application system. The application must be submitted both as a PDF document signed by the sponsor and completed in the Quickbase Excel format. Supporting documentation must be provided for each of the above-listed items, along with other requisite due diligence items that will be noted in the online application.

Specific to Category A and Category B applications, a key due diligence item will be a signed funding agreement executed by the Sponsor that will be required as a condition of the funding. If a project is selected for DHCD funding, after the fund agreement is received by the bank, the awarded funds will be transferred to the award recipient's designated account within 30 days. Documentation required after the funds are transferred will be outlined in the

funding agreement and will include a) evidence that the funds were transferred to the project within 30 days of receipt and b) a periodic property status report. Periodic reports will be required until the project is stabilized (for Category A Applications) or receives construction financing (for Category B Applications) – and for either application type, any other documentation is to be submitted as required by DHCD upon request to evaluate the financing application in question.

III. HOW TO APPLY

All proposals in response to this RFP must be created and submitted in DHCD’s Quickbase Online Application System, the link for which can be found at:

<https://octo.quickbase.com/db/bteypt65u?a=showpage&pageid=65>

The Online Application System to begin new applications for this funding round will be available on **Wednesday, September 25, 2024**. Applicants should visit the website to register as users and become familiar with the system. Detailed instructions on how to create, build, and submit an application are provided on the website.

- **Category A Applications: Due by 11:59 AM on November 1, 2024**
- **Category B Applications: Due by 11:59 AM on November 1, 2024**
- **Category C Applications: Due by 11:59 AM on December 20, 2024**

The central component of the application is a multi-tab spreadsheet titled “Form 202 – Application for Financing” provided by DHCD (available within the Online Application System). The current version of the Form 202 must be used for all applications. Applicants will use this workbook to present details of their proposal, such as their development budget, operating pro-forma, LIHTC and other tax credit calculations (if applicable), and unit information.

Additionally, applicants will be required to upload an extensive list of documents, some provided by DHCD and filled out by the applicant (such as the Form of Contract Affidavit for every team member), and others obtained directly by the applicant (such as the appraisal and Phase I environmental site assessment).

To submit a responsive, competitive proposal and maximize the potential of the application:

- **all application filing requirements must be closely followed;**
- **all information requested in the application must be responded to completely; and**
- **all information and figures provided must be consistent throughout the application.**

IV. PROCESS & TIMELINE

Application Review Process:

1. Threshold Review

Once the application window is closed, DHCD will conduct a Threshold Eligibility Review to determine whether