



**DISTRICT OF
COLUMBIA
DEPARTMENT OF
HOUSING AND
COMMUNITY
DEVELOPMENT**

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REQUEST FOR PROPOSALS

**HOME Investment Partnerships Program (HOME)
Community Housing Development Organization
(CHDO) Development Funds**

Issue Date: July 23, 2010

Closing Date: August 20, 2010

**The District of Columbia
Department of Housing and
Community Development (DHCD)**



*The District of Columbia Department of Housing and
Community Development pledges to foster the letter and
spirit of the law for achieving equal housing opportunity
in the District of Columbia.*

SUMMER 2010 HOME CHDO REQUEST FOR PROPOSALS

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<http://www.hud.gov/offices/cpd/affordablehousing/programs/home/topical/chdo.cfm>
<http://www.nacced.org/chdokit.pdf>

Synopsis

- This RFP denotes the availability of HOME Investment Partnerships Program (HOME) Community Housing Development Organization (CHDO) funds.
- This RFP solicits applications for new construction and/or rehabilitation projects for affordable housing
- Properties must be located in the District of Columbia and serve low to moderate-income individuals or families, as defined in the RFP.

Schedule

Request for Proposals (RFP) Released:

July 23, 2010. RFP is available on CD at DHCD, 1st Floor Security Guard's desk, 1800 Martin Luther King, Jr. Avenue, SE, Washington, DC 20020. RFP available on DHCD's website on or about July 30, 2010 (www.dhcd.dc.gov).

RFP Proposal Conference:

Friday, August 6, 2010 from 10 a.m. to 12 p.m., at the DHCD Housing Resource Center, 1800 Martin Luther King, Jr. Avenue, SE, Washington DC 20020 1st Floor.

Proposals Due:

- **On or before 4 p.m. (Eastern Daylight Time), Friday, August 20, 2010.**

NO APPLICATIONS WILL BE ACCEPTED AFTER THE FILING DEADLINE.

Submit Proposal to 1800 Martin Luther King, Jr. Avenue, SE, Washington DC 20020 2nd Floor. Incomplete applications or applications that fail to meet Eligibility Requirements outlined in Section V of this RFP will be disqualified without further review.

Projected Announcement of Selections: August 30, 2010 on DHCD's Website

Applicants are advised that the Authorized Agency Contact Person for all matters concerning this Request for Proposals is:

Vivian Portis, Community Development Resource Specialist
1800 Martin Luther King, Jr. Avenue, SE, Washington, DC 20020
202.442.7281 (RFP Question Hotline)
rfpquestions@dc.gov

Information and Updates on this RFP:

- 202.442.7281 (RFP Questions Hotline),
- DHCD website, www.dhcd.dc.gov

I. Introduction

The District of Columbia Department of Housing and Community Development (DHCD or “Department”) requests proposals for the development of affordable housing in response to the Notice of Funding Availability (NOFA). HOME Investment Partnerships Program (HOME) funds are available (subject to local and federal appropriations). These HOME CHDO funds are designated for financing the acquisition, construction or rehabilitation of affordable rental and/or homeownership housing for low- to moderate- income residents of the District of Columbia. A CHDO is a specific type of non-profit organization as defined in Section 92.2 of the HOME Final Rule, [24 CFR Part 92](#)

Through this Request for Proposals (RFP), DHCD is soliciting applications for funding for projects that will help the Department fulfill its goals to:

- Generally, increase the supply of decent, affordable rental and ownership low-income housing through assistance for preservation, rehabilitation and new construction;
- Create permanent housing opportunities, with supportive services, for individuals and families who are homeless or at risk of becoming homeless;
- Provide housing for elderly persons;
- Provide housing for persons with special needs;
- Preserve existing subsidized housing where federal subsidies are set to expire;
- Stabilize neighborhoods by providing homeownership opportunities for low- and moderate-income households; and
- Achieve economic integration of subsidized housing by providing mixed-income housing, or by locating affordable housing in neighborhoods that are not poverty impacted, or that are undergoing rapid gentrification.

CHART 1: ELIGIBLE CHDO ACTIVITIES	ELIGIBLE CHDO SET ASIDE ACTIVITIES		
	CHDO Developer	CHDO Sponsor	CHDO Owner
Acquisition/rehabilitation of rental housing	X	X	X
New construction of rental housing	X	X	X
Acquisition/rehabilitation of homebuyer properties	X	X	X
New construction of homebuyer properties	X	X	X
Tenant-based rental assistance (TBRA)	NOT ELIGIBLE CHDO SET-ASIDE ACTIVITIES		
Homeowner rehabilitation			
Provision of down-payment or closing cost assistance			
Brokering or other real estate transaction when CHDO acts as a conduit for HOME funds			

Proposals for funding should be submitted to DHCD requesting HOME CHDO funds. However, DHCD reserves the right to specify the funding source in order to maximize the public benefit derived.

In order to submit a fully competitive proposal and maximize its scoring potential, all application filing requirements must be closely followed and all information requested in the application must be responded to completely. Applications must be received at DHCD on or before 4:00 pm Eastern Daylight Time, Friday, August 20, 2010. Applications must be delivered to 1800 Martin Luther King Jr., Ave., SE, Washington, DC 20020, 1st Floor Security desk. A time/date clock stamp will be used and receipts will be issued at the time of submission.

Completed applications must be submitted on a formatted CD with all of its contents/documents remaining in the original format as released by DHCD. In addition, DHCD requests one hard copy labeled binder of the information in the CD.

No applications will be accepted after the filing deadline.

Potential Respondents are advised to review all documents which make up this RFP, including:

1. Request for Proposals (RFP);
2. Application Submission Package (Instructions, Application Forms); and Exhibits
3. RFP Reference Guidebook.
4. Qualified Allocation Plan (QAP)
5. HUD HOME CHDO requirements for Participating Jurisdictions

Definitions of Key Terms in this RFP

For the purpose of this RFP and any projects funded pursuant to this RFP, the following definitions will apply:

“Homeless” - Refers to the *Homeless No More* definition which is derived from the HUD definition: (1) an individual who lacks a fixed, regular, and adequate nighttime residence; and (2) an individual who has a primary nighttime residence that is (A) a supervised publicly or privately operated shelter designed to provide temporary living accommodations (including welfare hotels, congregate shelters, and transitional housing for the mentally ill); (B) an institution that provides a temporary residence for individuals intended to be institutionalized; or (C) a public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings.

“Chronically Homeless” means continuously homeless for a year or more, or having had at least four (4) episodes of homelessness in the last three (3) years.

“Supportive Housing” means housing provided in connection with voluntary services designed to help tenants maintain housing, including, but not limited to, coordination/case management, physical and mental health, substance abuse management and recovery support, job training, literacy, and education, youth and

children's programs, and money management.

“Permanent Supportive Housing” - Refers to the *Homeless No More* definition which is derived from the HUD definition: Long-term, community-based housing that has supportive services for homeless persons with disabilities. This type of supportive housing enables special needs populations to live as independently as possible in a permanent setting. The supportive services may be provided by the organization managing the housing or coordinated by the applicant and provided by other public or private service agencies. Permanent housing can be provided in one structure or several structures at one site, or in multiple structures at scattered sites.

“Disability” means a physical, mental, or emotional impairment which is expected to be of long-continued and indefinite duration; that substantially impedes the ability to live independently; and is of such a nature that such ability could be improved by more suitable housing conditions (primarily persons who are seriously mentally ill; have chronic problems with alcohol, drugs, or both; or have AIDS and related diseases).

“Special Needs” - Refers to an umbrella group of families and individuals (that may or may not be homeless) that have conditions or needs that require the provision of supportive services. These conditions include mental health problems, drug/substance abuse problems, mobility impairment issues, HIV/AIDS and other chronic disease problems, and homelessness.

“SRO” - Refers to the *Homeless No More* definition which is derived from the HUD definition: a residential property that includes multiple single room dwelling units. Each unit is for occupancy by a single individual. The unit need not, but may, contain food preparation or sanitary facilities or both.

“Supportive Services” - Voluntary services designed to help tenants maintain housing, including, but not limited to coordination/case management, physical and mental health, substance use management and recovery support, job training, literacy, and education, youth and children's programs, and money management.

II. Available Programs and Funding Sources

Applicants may submit proposals **only** for the DHCD financing programs outlined in this RFP. **Proposals for funding should be submitted to DHCD requesting HOME CHDO funds. However, DHCD reserves the right to specify the funding source in order to maximize the public benefit to be derived.**

Funding sources available through this RFP include:

- HOME Investment Partnerships Program (HOME) CHDO Funds

III. General Program Requirements

Each funding source operates under separate federal or local regulations. All regulations

include restrictions on the incomes of families served, and maximum allowable rents, but such restrictions vary among the funding sources. Further, definitions for income categories, such as low-income or moderate-income, vary between funding sources. A brief summary of income restrictions, rent limits and definitions related to income for each funding source is outlined below. Applicants' projects must meet the specific income limits in effect at the time of funding, and must subsequently adjust income and rent limits to maintain ongoing compliance with program regulations as new limits are published.

A. HOME Investment Partnerships Program:

Through the U.S. Department of Housing and Urban Development (HUD), HOME is the largest Federal block grant to State and local governments designed exclusively to create affordable housing for low-and moderate- income households. HOME provides formula grants to States and localities that communities use in partnership with local nonprofit groups to fund a wide range of activities that build, buy, and/or rehabilitate affordable housing for rent or homeownership. The program was designed to reinforce several important values and principles of community development:

- ▶ HOME's flexibility empowers people and communities to design and implement strategies tailored to their own needs and priorities.
- ▶ HOME's emphasis on consolidated planning expands and strengthens partnerships among all levels of government and the private sector in the development of affordable housing.
- ▶ HOME's technical assistance activities and set-aside for qualified community-based nonprofit housing groups builds the capacity of these partners.

The eligibility of households for HOME assistance varies with the nature of the funded activity. For rental housing and rental assistance, at least 90 percent of benefiting families must have incomes that are no more than 60 percent of the HUD-adjusted median family income for the area. (92.216). In rental projects with five or more HOME assisted units, at least 20% of the units must be occupied by very low-income families with incomes that do not exceed 50% of the HUD-adjusted median income for the area. (92.252(b)). The incomes of households receiving HUD homeownership assistance must not exceed 80 percent of the area median. HOME income limits are published each year by HUD. (92.217).

HOME-assisted rental housing must comply with certain rent limitations. HOME rent limits are published each year by HUD. The program also establishes maximum per unit subsidy limits and maximum purchase-price limits. (92.250 and 254).

HOME Investment Partnerships Program – 2010 Adjusted HOME Income Levels								
	1 Person HH	2 Person HH	3 Person HH	4 Person HH	5 Person HH	6 Person HH	7 Person HH	8 Person HH
Very Low Income 0%-50% limits	36,250	41,400	46,600	51,750	55,900	60,050	64,200	68,350
51% - 60% limits	43,500	49,680	55,920	62,100	67,080	72,060	77,040	82,020
Low Income 61% - 80% limits	45,100	51,550	58,000	64,400	69,600	74,750	79,900	85,050

Some special conditions apply to the use of HOME funds. Per HUD regulation, DHCD must ensure that at least 15 percent of its HOME allocation is used to fund housing to be owned, developed, or sponsored by experienced, community-driven nonprofit groups designated as Community Housing Development Organizations (CHDOs). (92.300). Additionally, DHCD must ensure that HOME-funded housing units remain affordable in the long term (20 years for new construction of rental housing; 5-15 years for construction of homeownership housing and housing rehabilitation, depending on the amount of HOME subsidy). (92.252 and 254)

Projects must contain five (5) or more units to be eligible for funding. All housing assisted under this RFP must meet the residential federal and local housing codes and the appropriate income guidelines for beneficiaries.

DHCD Affordable Housing Commitments:

- Utilize the expertise of the private and non-profit sector to protect and increase affordable housing;
- Leverage private funds to develop affordable housing;
- Ensure long term availability of affordable housing;
- Encourage mixed-income development; and
- Support the Administration’s housing initiatives.

Priorities: Although the above projects are eligible, DHCD will give priority to certain types of projects.

The Department of Housing and Community Development of the District of Columbia is seeking to partner with private owners, including for-and non-profit entities, to protect and increase the supply of affordable housing in the District of Columbia, particularly:

- in properties requiring rehabilitation as a result of significant code violations;
- in neighborhoods where affordable housing is not readily available;
- where subsidies are needed to reduce displacement as a result of gentrification;
- for low-income disabled and/or elderly households requiring supported living environments;
- for special needs populations, such as persons and families moving from shelters to permanent housing with supportive services;
- for low- to moderate-income households seeking to purchase homes; and/or
- for units in poverty impacted neighborhoods undergoing substantial rehabilitation as part of a comprehensive neighborhood revitalization strategy.

Redevelopment Guidelines

DHCD desires to preserve and enhance whenever possible quality housing for low- and very low-income households and to make redevelopment planning decisions in an open, fair and rational manner. The guidelines set forth below will govern the discussions and negotiations with private sector parties and when seeking other governmental or private funding sources in connection with developments funded through DHCD resources.

- 1) DHCD will give greater consideration to new construction or rehabilitation of vacant existing properties that result in mixed-income housing. Generally, the units serving extremely low income households shall comprise no more than 30 percent of the new development. This mixed income requirement does not necessarily apply to senior developments and small scale developments serving chronically homeless persons.
- 2) Affordable units shall be built out simultaneously with market rate units and in place no later than the market rate housing.

Eligible Costs: Financing may be used for general development finance purposes including, but not limited to:

- Acquisition
- Construction financing
- Interim financing
- Permanent financing
- Eligible predevelopment costs
- Eligible hard and soft costs

Financing may not be used for:

- Project-based rental assistance to tenants
- Tenant-based rental assistance to tenants
- Down payment assistance
- Security or utility deposits
- Operating and maintenance expenses
- Social services
- Capacity building
- Tax liabilities nor any other District or federal obligations

C. Monitoring Requirements. In accordance with Federal and District regulations, DHCD is required to monitor the use of the funds distributed under this RFP. Applicants receiving financial assistance from DHCD for projects will be subject to any and/or all of the following applicable requirements outlined below:

Monitoring Elements, Guidelines and/or Requirements

- Community Development Block Grant (CDBG), including all applicable Office of Management and Budget (OMB) Circulars, such as A-110, A-122, and A-133
- **HOME Investment Partnerships Program (including long-term affordability requirements)**
- Housing Production Trust Fund regulations (including continuous affordability requirements)
- Environmental Reviews - 24 CFR Part 85 •
- Affirmative Action Program (Local

- Small Disadvantaged Business Enterprises – Mayor’s Order 85-85)
- Section 3 - (24 CFR Part 135)
- First Source Employment Agreements
- Registration with DC Apprenticeship Council
- Americans with Disabilities Act of 1990
- Lead Safe Housing Rule (Lead Based Paint)
- Section 504 of Rehabilitation Act of 1973, as amended
- Uniform Relocation Act or District of Columbia Relocation Assistance provisions (10 DCMR Chapter 22)
- Freedom of Information Act
- Davis Bacon and related Acts
- Conflict of Interest (24 CFR § 570.611 and 24 CFR §§ 84.42 and 85.36)
- Fair Housing (24 CFR Part 14 et al)
- LIHTC (§ 42 of IRS Code of 1986)

DHCD requires each applicant to sign a Monitoring Certification indicating the agreement to comply with the regulations, to be subject to DHCD monitoring for compliance and to accept any applicable penalties for noncompliance. The applicant is responsible for any and all costs associated with implementing and maintaining records to comply with and allow for DHCD monitoring. The Monitoring Certification Form is included in the application.

D. Targeted Geographic Areas:

Targeted Geographic Areas are designated by the District of Columbia or Federal government for the purpose of improving neighborhoods and providing economic stimulus. DHCD will accept proposals for eligible projects throughout the city, and DHCD funding is not necessarily linked with resources in the programs or initiatives identified here. However, the Department will award bonus points to projects located in the following Targeted Geographic Areas to encourage neighborhood revitalization and the preservation of affordable housing in these areas. These programs include: the Neighborhood Investment Fund, the Great Streets Initiative, and the New Communities Initiatives, administered through the Office of the Deputy Mayor for Planning & Economic Development; and the Neighborhood Stabilization Program, designated by DHCD.

TARGETED GEOGRAPHIC AREAS

	NIF	Great Streets	New Communities	Neighborhood Stabilization Program
Anacostia (<i>1</i>)	X	X		X
Barry Farm / Parker Chester / Wade Road			X	
Bellevue	X	X		
Bloomingdale / Eckington	X			

Brightwood / Upper Georgia Ave.	X			
Brookland / Edgewood	X			
Columbia Heights	X			
Congress Heights	X			
Deanwood (1)				X
Deanwood Heights / Nannie Helen Burroughs	X	X		
Fairlawn / Pennsylvania Ave.		X		
Georgia Avenue		X		
H Street	X	X		
Ivy City / Trinidad (1)				X
Lincoln Heights /Richardson Dwellings			X	
Logan Circle	X			
Minnesota Ave. / Benning Road		X		
Northwest One			X	
Park Morton			X	
Shaw	X	X		
Washington Highlands	X			

(1) Projects located in specific census tracts may be eligible for additional sources of development financing, per DHCD discretion.

More information on these initiatives and maps describing the Targeted Geographic Areas can be found as follows:

Neighborhood Investment Fund:

<http://dcbiz.dc.gov/dmped/cwp/view.a.1366.q.604691.dmpedNav.%7C33026%7C%7C33028%7C.asp>

Great Streets Initiative:

<http://dcbiz.dc.gov/dmped/cwp/view.a.1366.q.598874.dmpedNav.%7C33026%7C%7C33028%7C.asp>

New Communities:

<http://dcbiz.dc.gov/dmped/cwp/view.a.1365.q.605482.asp>

Neighborhood Stabilization Program:

<http://www.hud.gov/offices/cpd/communitydevelopment/programs/neighborhoodspg/arrafactsheet.cfm>

IV. Eligible Applicants

To be eligible for funding consideration, proposals must:

1. Be submitted by a District-based Community Housing Development Organization (CHDO) that is on record as currently certified by DHCD;
2. Request funding for a property located in the District of Columbia and propose to serve individuals or families consistent with income restrictions outlined under Section III of this RFP;

3. Propose activities that meet the eligibility requirements of the HOME Investment Partnerships Program (See the *RFP Reference Guidebook*); and,
4. Meet the Eligibility Requirements outlined in Section V, below.

V. Eligibility Requirements

Applicants must submit documentation that fully demonstrates their compliance with the Eligibility Requirements outlined below. Failure to include such documentation will result in elimination of the application from funding consideration without further review.

- 1) **Site control/Zoning:** This may be in the form of a current deed, fee simple ownership, lease option (lease term must be equal or greater than the proposed financing term), or a contract of sale. At the time of application, site control should extend for at least 180 days after the extension date (including extension options) with an option to continue the control for another 180 days. Additionally, the applicant must demonstrate that the proposed development is matter of right, or that approval from the Board of Zoning Adjustment has been obtained for necessary changes.
- 2) **Basic regulatory eligibility:** The proposed project must meet the appropriate regulatory requirements for eligibility for the HOME program. (For guidance and background information, see the *RFP Reference Guidebook*.)
- 3) **Good standing:** At time of application, the applicant/developer must demonstrate good standing by providing a Certificate of Good Standing from the Department of Consumer and Regulatory Affairs (DCRA). Further, and without exception, the applicant and members of the development team may not:
 - a) Be delinquent on city obligations, including, but not limited to, income taxes, real estate taxes and water and sewer charges; lease payments or defaulted grant(s) from the Office of Business and Economic Development or other loan obligations. (If it is determined during any stage of the review, underwriting or funding process, that the applicant or any business affiliate² has any outstanding indebtedness to DHCD or the District, the applicant shall be removed from further consideration in this funding round);
 - b) in the past five years, have been a party to chronic housing code violations, excessive tenant complaints, or substantial judgments;
 - c) be barred by the U.S. Department of Housing and Urban Development (HUD), DHCD, District of Columbia Housing Authority (DCHA) or District of Columbia Housing Finance Agency (DCHFA); nor,
 - d) Be suspended, voluntarily or involuntarily excluded from participation in any federal or District Programs.

- 4) **Creditworthiness:** Applicant has a satisfactory credit or Dun & Bradstreet report: No member of the development team acting in the role of sponsor, developer, guarantor, or owner has had chronic past due accounts, substantial liens or judgments, foreclosures or bankruptcies within the past five years; nor has defaulted on any obligation to the District of Columbia within the past ten years.
- 5) **Green Design and Building:** In accordance with The Green Building Act of 2008, the application must meet the following standards relative to green design and building, which apply to all projects of 10,000 square feet or more, for which public financing constitutes 15% or more of development costs:

Residential buildings

- Application documents the findings of the integrated design charrette which has been conducted to consider the most cost effective ways to integrate required green design elements (Exhibit GB-2)
- Application includes “Intended Method of Satisfying Green Communities Criteria” (Exhibit GB-1) with appropriate minimum score:
 - *New construction* = All mandatory criteria and a minimum of 25 points on optional criteria;
 - *Rehabilitation* = All mandatory criteria and a minimum of 20 points on optional criteria
- Application demonstrates inclusion of LEED[®] Accredited Professional (LEED[®] AP) or experienced green building design specialist as a member of the development team (Exhibits K through N)

Mixed Use Projects

- Residential standards apply to residential portions of project; non-residential standards apply to non-residential portions of project. *All required materials in each category must be included in application for it to be considered complete.* (For more information on green building and associated standards, see Section V of the RFP Reference Guidebook.)

- 6) **Completeness of application:** Application must comply with all requirements outlined under **Section X** of this RFP. Incomplete applications will be eliminated from funding consideration without further review and notice.

VI. Scoring Criteria

Applications deemed to meet the Eligibility Requirements referenced above will receive further consideration. Proposals for HOME CHDO development funds scored based on the below listed

criteria and then compared against all others received for the proposed development type (e.g. rental housing, homeownership, etc.). In general, it is DHCD's goal to provide funding to those projects which provide the greatest public benefit while maximizing the impact of public resources.

1. Meeting DHCD's Policy Objectives (maximum 20 points)

This score will be determined from the Applicant's response in **Exhibit A**.

Proposed projects will be scored according to how closely they meet the policy objectives outlined below:

DHCD Policy Objectives under this RFP:

- Create permanent housing opportunities, with supportive services, for individuals and families who are homeless or at risk of becoming homeless;
- Provide housing for elderly persons;
- Provide housing for persons with special needs (see definition in Introduction);
- Preserve existing subsidized housing where federal subsidies are set to expire; and
- Stabilize neighborhoods by providing homeownership opportunities for low and moderate-income households.

2. Impact/Public Benefit (maximum 15 points)

This score will be determined from the Applicant's response in **Exhibit A**.

This criteria measures the extent to which the project proposes to serve low-income households, with greater consideration given to projects that provide the greatest level of affordability, in an economically integrated environment, for the longest period of time. The objective is to achieve economic integration of subsidized housing by providing mixed-income housing, or by locating affordable housing in neighborhoods that are not poverty impacted, or that are undergoing rapid gentrification. The level of affordability is determined by both the incomes of the families served and the actual number of affordable units in the project. Location of the property also matters: a small 100% subsidized property (as may be appropriate for seniors or supportive housing settings) in an economically integrated neighborhood could achieve the same policy goal as a mixed-income property in a poverty-impacted one.

3. Appropriateness of Site and Design (maximum 10 points)

Appropriateness of Site: proposal must adequately address topography, soil, and grade issues, environmental hazards, zoning requirements, and other special site conditions.

- 5 points = Applicant has completed a Phase 1 environmental site assessment analysis. The applicant has formulated a satisfactory plan to deal with any issues raised through those studies. The applicant has addressed zoning and historic preservation issues and has received approval from the Board of Zoning Adjustment for necessary changes.
- 3 points = Applicant has completed a historical review of property uses and provided a minimal assessment of site and environmental issues (the Environmental Assessment

Exhibit of the application). Applicant has identified any issues and budgeted for associated costs. The applicant has identified zoning and historic preservation issues and has received approval from the Board of Zoning Adjustment for necessary changes.

- 0 points = Failure to document the minimum steps outlined for 3 points, above.

Appropriateness of Design: proposed project design must blend with the neighborhood, be structurally sound and cost efficient, and meet the needs of the occupants with appropriate amenities.

- 5 points = Applicant has completed schematic designs. The proposal includes site plans, elevations, and floor layouts. For rehab projects, the proposal does not need site plans or elevations but does need existing layouts and proposed layouts. The design is consistent with neighborhood design characteristics. Amenities and units are appropriate for the tenant population. The project has a defined and realistic cost summary schedule. (Form 212)
- 3 points = Applicant describes project amenities and unit sizes both which are appropriate for the proposed development program and tenant/homeowner population. The project is consistent with neighborhood design characteristics. There is a cost summary and schedule. (Form 212)
- 0 points = Failure to document the minimum steps outlined for 3 points, above.

4. Financial Feasibility (maximum 10 points)

This score will be determined from the Applicant's response in **Exhibit W**.

- 10 points = There is a complete set of financial documents to support the financing request. The application (Form 202) contains a realistic set of sources and uses, pro forma and operating budget. DHCD's subsidy must be included in the sources and uses. The uses are appropriate for the project and the requested financing source. Letter(s) of commitment from other participating financial sources is/are included.
- 5 points = There is a complete set of financial documents to support the financing request. The application (Form 202) contains a realistic set of sources and uses, pro forma and operating budget. DHCD's subsidy must be included in the sources and uses. The uses are appropriate for the project and the requested financing source. Letter(s) of interest from other participating financial sources is/are included.
- 0 points = Failure to document the minimum steps outlined for 5 points, above.

5. Amount of the Subsidy Request (maximum 10 points)

This score will be determined from the Applicant's response in **Exhibit A**.

Scoring is based only on DHCD-assisted units in the project. All projects will be assessed relative to other projects of similar type. Subsidy per unit is determined by dividing the DHCD investment by the DHCD assisted units. The greatest consideration will be given to those projects that minimize DHCD's subsidy per-unit cost.

- 10 points = up to \$25,000 subsidy per unit
- 8 points = \$25,001- 50,000 per unit
- 6 points = \$50,001 - \$75,000 per unit
- 4 points = \$75,001- \$100,000 per unit

- 1 point = Over \$100,000 per unit

6. Capacity of the Development Team (maximum 10 points)

This score will be determined from the Applicant's response in **Exhibits J through N**.

Development teams demonstrating a strong record of capacity will receive more points.

- 10 points = The developer/development team must demonstrate a successful track record in projects of similar size, scale and complexity to the proposed project. The development team includes the appropriate members: developer/applicant, architect, green design professional, development consultant, construction management and/or general contractor, accounting, financial, legal, syndication and property and/or asset management team. Members of the development team must be able to demonstrate and verify a successful performance history in projects of similar type and scale. The development team must also demonstrate the financial capacity to fulfill their respective responsibilities. No members of the development team may have defaulted on any obligation to the District of Columbia within the past 10 years. If the proposed project includes supportive services, a qualified service provider must be a member of the development team.
- 5 points = The developer/developer team must demonstrate a successful track record in projects of similar size, scale and complexity to the proposed project. Most of the members of the development team are experienced and demonstrate successful performance history and financial capacity in projects of similar size, scale and complexity. No members of the development team may have defaulted on any obligation to the District of Columbia within the past 10 years. If the proposed project includes supportive services, a qualified service provider must be a member of the development team.
- 0 points = Failure to document minimum capacity of each member of the development team, including experience consistent with the scope of the proposed project.

7. Coordination with other District Government Agencies (maximum 10 points)

This score will be determined from the Applicant's response in **Exhibit Q**.

DHCD will award up to 10 points under this criterion for projects that complement resources (subsidy funding, financial investment, rent supplement, land, real property, etc.) from D.C. Housing Finance Agency, the D.C. Housing Authority, the D.C. Department of Mental Health or other District agencies. Applicants must provide appropriate documentation of resource availability, such as a letter of interest.

8. Leverage (maximum 5 points)

This score will be determined from the Applicant's response in **Exhibit A**.

This will measure the extent to which DHCD funds are leveraged with other public and private resources. The leveraging formula will deduct the total DHCD investment from the total development

cost and divide the total DHCD investment by the remaining total development cost. The greatest consideration will be given to those projects that achieve the highest leverage ratio.

- 5 points = Leverage ratio of 1:5 or greater
- 4 points = Leverage ratio of 1:3-4.99
- 3 points = Leverage ratio of 1:2-2.99
- 2 points = Leverage ratio of 1:1-1.99
- 1 point = Leverage ratio less than 1:1

9. Timeliness (maximum 5 points)

This score will be determined from the Applicant's response in **Exhibit A**.

This will measure the readiness of the site to start construction, including whether the applicant has completed a Phase 1 environmental site assessment analysis, formulated a satisfactory plan to deal with any issues raised through those studies, and has successfully addressed zoning and historic preservation issues. In addition this will measure the length of time necessary to complete rehab/construction with greater consideration given to those projects that will achieve a certificate of occupancy most quickly.

10. Section 3 Residents and Business Concern Participation (maximum 3 points)

This score will be determined from the Applicant's response in **Exhibit Z-4**.

Points will be awarded for the hiring or contracting of Section 3 Residents or Business Concerns above the minimum requirement for this RFP of 5% of new hires.

- 3 points = 20% or greater of new hires
- 2 points = 13% - 19% of new hires
- 1 point = 6% - 12% of new hires
- 0 points = Less than 6% of new hires

11. Subsidized Family-Oriented Units (2 points)

This score will be determined from the Applicant's response in **Exhibit A**.

- 2 points = 33 % or more of project units are 3 or more bedrooms.
- 1 point = 20% – 32 % of project units are 3 or more bedrooms.
- 0 points = Less than 20% of project units are 3 or more bedrooms.

Bonus Points (up to 10 points total):

1) Geographic Targeting (up to 4 points)

This score will be determined from the Applicant's response in **Exhibit E**.

Bonus points will be awarded to proposed projects located in the targeted geographic areas, as detailed in Section III of the RFP. One bonus point is available for each Targeted Geographic Area.

2) Green Design and Building (up to 2 points)

This score will be determined from the Applicant's response in **Exhibit GB**.

One bonus point will be awarded for the inclusion of green design elements above the required standard, as follows:

- Residential new construction projects - Green Communities Criteria, attainment of 26 or more optional points
- Residential substantial rehabilitation projects - Green Communities Criteria, attainment of 21 or more optional points

3) Non-Profit Participation (up to 2 points)

This score will be determined from the Applicant's response in **Exhibit Q**.

Bonus points will be awarded for projects in which non-profit organizations have significant partnership roles (e.g., developer, co-developer, property manager).

4) Use of District of Columbia certified Local Small Disadvantaged Business Enterprises (LSDBE) (up to 2 points)

This score will be determined from the Applicant's response in **Exhibit P**.

The District of Columbia encourages the maximum utilization of District of Columbia certified Local Small Disadvantaged Business Enterprises (LSDBE) in the development and construction of projects where DHCD is investing resources. Sponsors and developers are encouraged to utilize District certified LSDBEs in all phases of the development process. Sponsors and developers may contact Mr. Andre Banks, of the Office of Local Business Development, at (202) 727-3900 for information on District of Columbia certified LSDBEs. *The minimum requirement is 35% participation; bonus points will be awarded above that threshold.*

- District of Columbia certified LSDBE participation in 36% or more of all available development, construction, and professional opportunities.

VII. Application Review Process & Timing of Awards

Once applications are received, DHCD will first determine whether or not applications conform to the Eligibility Requirements outlined in Section V of the RFP. Applications determined to be ineligible will not be reviewed. All eligible applications will be scored against the scoring criteria outlined in Section VI of the RFP, and then compared against all others received for the proposed development type (e.g. rental housing, homeownership, etc.). Projects which meet the eligibility requirements and score competitively compared with other proposed projects of similar type will be recommended for HOME CHDO development funding.

DHCD anticipates the announcement of applicant selection for the Underwriting Phase on or about August 30, 2010. The announcement of selection means only that the applicant has been selected to advance to the Underwriting Phase, the outcome of which will impact DHCD's final decision to award funding to a particular project.

Applicants whose projects have been selected to advance to underwriting will be so notified and invited to attend a “kick-off” meeting. The purpose of the “kick-off” meeting is to review the project status as it advances to underwriting, and to gain a common understanding of the requirements, terms and provisions for further review of the application. After this meeting has been held, applicants will have 30 days to submit a best and final application. During this 30-day period, DHCD will conduct due diligence, environmental and other regulatory reviews, verify all representations made in the application, will establish final underwriting terms including (where applicable) loan terms, interest rates, security and collateral requirements and other covenants, and will make a final recommendation to the Director for financing. Commitments from other funding sources must be secured prior to initial loan closing. For more details on the funding process, refer to the *DFD Financing Application Submission Package*, included as an attachment to this RFP.

VIII. Application Guidelines

Application guidelines and requirements are identified below. Detailed guidelines and requirements are contained in the DFD Financing Application Submission Package.

1. ***Applying for Multiple Projects:*** Applicants may apply for funding for more than one project.
2. ***Application Submission:*** Applications must be received at DHCD on or before **4:00 PM, August 20, 2010, Eastern Daylight Time**. Applications must be delivered to DHCD, Development Finance Division, 1800 Martin Luther King Jr. Ave., S.E., 2nd Floor Receptionist’s Desk, Washington, DC 20020. **Please note that no applications will be accepted after the 4:00 PM deadline. DHCD will use a time/date stamp clock to register the application and will monitor the timeliness of applications received.**

Applicants must submit one CD of the application and one signed copy of the application in a three ring binder (with each exhibit tabbed). DHCD will not make copies for applicants. Application documents, other than maps and drawings, must be submitted using a 12 point type size and on 8 ½ x 11 paper.

An individual authorized to obligate the applicant must sign the Application Summary Sheet. By signing the application, the authorized person is also attesting to the truthfulness of the information supplied in the application. Unsigned applications will not be accepted. The Certification documents, including Contract Affidavit, Qualifications Statements, and Monitoring Certification Forms (all in “Exhibits” of Application Submission Package) must also be signed.

3. ***Project Award Provisions:*** All awards are subject to the applicable federal and District of Columbia guidelines and regulations applying to those funds. All awards are subject to the regulatory requirements referenced, and to the availability of District of Columbia or federal funds.

IX. RFP Proposal Conferences

One RFP Proposal Conference will be held in conjunction with this RFP on August 6, 2010 from 10:00 a.m. to 12:00 pm at the DHCD Housing Resource Center, located at 1800 Martin Luther King, Jr. Avenue, S.E., 1st floor. Questions regarding the RFP should be directed to: Vivian Portis, Community Development Resource Specialist at rfpquestions@dc.gov or 202-442-7281 (voicemail).

X. Application Submission Package Guidance

A. Overview of the Funding Process

Application Review Process

The application review process includes a review conducted by DHCD staff for basic eligibility requirements. Applications are then reviewed by DHCD HOME Program staff based on the aforementioned scoring criteria. This panel will forward the results of their review to the Director, who will then conduct the final determination of projects to be considered for funding.

See Sections V and VI for detailed information on basic eligibility requirements and the scoring criteria.

Project Financing Process

1. Reservations: Sponsors of projects that are selected for further underwriting will receive letters stating their selection. These letters will specify requirements that must be met in order for the projects to be approved for commitment including processing documentation and time frames. **The selection for further underwriting is not a commitment to fund the project and the Department is not obligated to fund the project unless it issues a commitment letter.** An application will be withdrawn from processing if any of the following occur:

- The loan processing and submission requirements as described in this section are not met. This includes a failure to meet the time frames established.
- The project changed substantially from the initial submission. A substantial change includes:
 - a reduction in the original score of more than 5% of the scoring criteria;
 - a significant change in the project's design, financing or amenities;
 - a material reduction in the project's income targeting;
 - a change of the project's sponsor or developer entities; or
 - a change of the project's site.
- The project is changed so that it no longer meets all eligibility requirements.

- The project’s developer, sponsor or owner, or their general partners, files for bankruptcy or is the subject of an involuntary bankruptcy.
- The project is for any reason no longer feasible.
- The project’s developer, sponsor or owner submits false, misleading or incomplete information to the Department.

2. Kick-off Meeting: Following the issuance of the aforementioned letter, the Department will schedule a “kick-off” meeting with the sponsor. The DFD financing team assigned to the project, including underwriting, construction, and monitoring staff will be present at the meeting, as appropriate. The sponsor should require representatives of the contractor and architect to attend.

If the project has support from District of Columbia Housing Finance Agency (DCHFA) or District of Columbia Housing Authority (DCHA), or other District or Federal agencies, a representative of those agencies should also attend the meeting. Additional Departmental staff that may need to attend the kick-off meeting include the Development Finance Manager, representatives from the Portfolio Management Division (PMD), Residential and Community Services Division (RCS), Property Acquisition and Disposition Division (PADD), the Office of Program Monitoring (OPM), and the Office of the Attorney General (OAG).

The purpose of this meeting is to gain a common understanding of its requirements, terms and provisions to process the application. At the kick-off meeting, the Development Finance Manager or the Project Manager will review the requirements, time frame of the loan processing schedule and the submission kit processing in detail. The assigned team will also schedule a subsequent meeting with the sponsor to conduct a detailed site visit.

3. Underwriting and Construction Review: After the selection for further underwriting has been made, the loan application will be underwritten, and detailed construction plans and documents will be reviewed before any issuance of a commitment letter.

A. Preliminary Review: A preliminary review may be added before a viability review at the Department’s discretion for complicated projects, or waived for straightforward projects.

B. Viability Review: During this phase of the review process, sponsors will submit updated information along with detailed construction and underwriting documentation. DFD staff will review the material and provide verbal feedback through ongoing discussions and written feedback regarding a viability report, which will include the Department’s updated underwriting pro forma and term sheet showing any changes in the anticipated loan amount and conditions based on findings during the preliminary review. DFD staff will then prepare the loan package for submission to the Loan Review Committee (LRC).

Specific milestone dates for completing these reviews and issuing commitment letters are discussed at the kick-off meeting and set in conformance with the Department’s submission and

loan underwriting system. Documentation requirements for this review period will be included in the attachment to the letter of selection for further underwriting.

Detailed guidance will be provided to sponsors throughout this process to assist the development team in the preparation of construction plans and underwriting documentation. The architectural requirements for each stage of this review are those defined in the American Institute of Architect's (AIA) publication The Architect's Handbook of Professional Practice. More specifically, the requirements are outlined in the AIA document B162a and in the HUD Minimum Design Standards.

Additionally, other underwriting requirements will be detailed and made clear to all parties early in the process. Involvement may include the Water and Sewer Authority, Department of Consumer and Regulatory Affairs, and other agencies, depending on the scope of the project(s). Projects in the advanced stages of development should proceed at a much faster pace. The Department and sponsors should make every attempt to complete all review requirements within the time frames outlined in the reservation letters.

Final Project Review

DFD will prepare a project report, including a final underwriting pro forma and updated term sheet upon receipt of the sponsor's final submission of all required documentation. The project report will be scheduled for submission, with recommendation to the LRC for review. After evaluating the recommendations, the LRC will make a final recommendation to the Director who will, at his or her discretion, approve projects for a letter of commitment.

If approved by the Director for funding, DFD staff will submit the terms of a proposed commitment letter to the Office of the Attorney General (OAG) for preparation. The sponsor, working with the Project Manager, must confirm the business terms included in the proposed commitment letter and identify any remaining issues to be resolved within three (3) days of the date of the proposed commitment letter. The OAG attorney along with DFD staff will finalize the commitment letter and begin preparing the loan documents.

Initial Closing

Along with the commitment letter, the sponsor will receive a loan closing submission checklist. The checklist specifies the pre-closing documents that the sponsor must provide and the closing documents the sponsor's attorney must provide before the financing is closed. The sponsors will have five to ten days to accept and execute the commitment letter.

The Department's standard loan conditions are detailed in the commitment letter. The sponsor should also review and understand the loan repayment schedule, and the Department's draw and requisition requirements, particularly those affecting the initial draw. DFD staff will be available to meet and review the draw procedures. At this stage, if the financing request is less than \$1 million, the project sponsor should proceed with completing the conditions precedent to closing – but in the instance of a financing request being greater than \$1 million, DFD staff and OAG

attorneys will coordinate a District of Columbia Council package, which is submitted to the Council of the District of Columbia for passive review.

At this stage, the project sponsor should be actively in the process of fulfilling all of the conditions precedent to closing, as stated in the aforementioned commitment letter and closing checklist. When all of the documents identified in the checklist have been submitted, reviewed and approved, the Department and OAG staff will schedule an initial closing date, which is scheduled upon OAG's receipt, review and approval of all closing documents.

Construction or Rehabilitation Period

Construction or rehabilitation of the project will commence once the initial closing is complete. Prior to the start of construction or rehabilitation, the sponsor and general contractor must participate in a pre-construction conference with the DFD construction staff responsible for the project, including the DFD architectural representative, finance and project managers, and representatives from the Office of Program Monitoring. This meeting is conducted to review all construction period procedures such as inspections by Department staff, draw requisition and disbursement procedures; change order procedures and monitoring requirements. All other project lenders should be present at the meeting to ensure a smooth inspection and draw process.

Compliance and Monitoring: The U.S. Department of Housing and Urban Development (HUD) and the District of Columbia regulations require DHCD to monitor projects funded with federal and/or District of Columbia funds for compliance with various federal and District regulations. Applicants receiving financial assistance from DHCD could be subject to any or all of the following laws and regulations:

- Community Development Block Grant (CDBG), including all applicable Office of Management and Budget (OMB) Circulars, such as A-110, and
- Housing Production Trust Fund regulations (including continuous affordability requirements)
- Environmental Reviews - 24 CFR Pt 85
- Affirmative Action Program (Local Small Disadvantaged Business Enterprises LSBDE – Mayor's Order 85-85)
- Section 3 - (24 CFR Part 135)
- First Source Employment Agreements
- Registration with DC Apprenticeship Council
- American with Disabilities Act of 1990
- Lead Safe Housing Rule (Lead Based Paint)
- Section 504 of Rehabilitation Act of 1973, as amended
- Uniform Relocation Act or District of Columbia Relocation Assistance provisions (10 DCMR Chapter 22)
- Freedom of Information Act
- Davis Bacon and related Acts
- Conflict of Interest (24 CFR § 570.611 and 24 CFR §§ 84.42 and 85.36)
- Fair Housing (24 CFR Part 14 et al)

The project will also be subject to DHCD's monitoring requirements. See the Exhibit Checklist (exhibits Za through Zd) for more information.

Early Start: At the sponsor's request, the Department may permit work on the project to begin prior to closing of the Department's financing. An early start of the construction or rehabilitation may be authorized after issuance of the commitment letter. Approval for an early start will be evidenced by written approval issued by DFD. Work may begin when the conditions of the early start letter are met and after the pre-construction conference is held. The Department will not fund any costs incurred for work performed under an early start unless the loan is eventually closed.

Construction Completion

After the completion of construction or rehabilitation, sponsors must complete a certification of costs incurred prepared by an independent certified public accountant. The cost certifications will be reviewed by DFD staff within 90 days of receipt provided all construction documents and change order requests have been submitted before or at the same time that the cost certification is received. A letter describing the final determination of funding proceeds will be sent to the sponsor for signature.

B. General Application Instructions

Introduction

The District of Columbia Department of Housing and Community Development ("DHCD" or the "Department") administers financing programs for the construction, acquisition and rehabilitation of multifamily rental and for-sale housing. Many of the Department's multifamily funding sources can be applied to using the consolidated application form, but for purposes of this Request for Proposals, the only available funding source is as follows:

- HOME Investment Partnerships Program (HOME)

Note that DHCD, in its sole discretion, reserves the right to fund projects received in this solicitation from non-HOME funding sources as it deems appropriate.

Submission Requirements

1. Due Dates: The Department must receive completed applications on or before 4:00 PM, E.D.T. Friday, August 20, 2010, at DHCD, Development Finance Division, 1800 Martin Luther King, Jr. Avenue, S.E., 2nd Floor Reception Desk, Washington, DC 20020. DHCD will set the time/date stamp clock used to register applications and will monitor the timeliness of applications. Applicants may use standard or express mail services. However, the Department is not responsible for mail delivery and will not accept applications received after the due date and time.

2. Form of Submission: Applicants may submit proposals for funding to DHCD for HOME funding, however, DHCD reserves the right to substitute one funding source for another in

situations where the Department determines that doing so would maximize the public benefit without negatively impacting the development program.

Applicants must submit one (1) CD copy of the application and one (1) original bound in a three-ring notebook binder with each exhibit tabbed. DHCD will not make copies for applicants. Application documents, other than maps and drawings, must be submitted using a 12 point type size and on 8 ½” x 11” paper. Documentation fully demonstrating compliance with the basic eligibility requirements (Section V) **at the time of application** must be submitted with the application in order to receive further consideration. Any applications lacking such documentation will be returned to the applicant without further consideration.

The following components, in the order listed, *with any attachments*, must be included in the application submission. The application form is contained in Section 6 of this package. Also required is the Appendix 1 - Project Narrative.

DFD Financing Application (Form 202)

- A. Application with Cover Page and Authorized Signatures
- B. General Information – (*Narrative and Form 202)
- C. Development Team Information
- D. Community Revitalization Information
- E. Project Income (rental projects and community facilities)
- F. Project Expenses
- G. Uses of Funds
- H. Sources of Funds
- I. Project Summary Information
- J. 20-Year Operating Proforma
- K. Complete Exhibit Checklist, and all executed exhibits
- L. Monitoring Certification (Exhibit Z)**
- M. Form 212 and 215 ***

***Note 1:** A Narrative is required with all proposal submissions. A narrative format is included as Appendix 1 of the Application Submission Package.

****Note 2:** An individual authorized to obligate your organization must sign the Application Cover Page. By signing the application, the authorized person is also attesting to the truthfulness of the information supplied in the application. The “Monitoring Certification Form” (which can be found in the Exhibit Checklist – Exhibit Z) must also be signed. Unsigned applications will not be accepted.

***** Note 3:** The Summary Cost Estimate (Form 212) is Required As Part of the RFP Application For Funding; and the Detailed Cost Estimate (Form 215), included with the Application, must be completed by the final submission deadline for projects selected for underwriting. It is not required in the initial Application for funding.

C. Guidelines for Applicants

Development Team Requirements

1. Previous Project Performance: Members of the applicant's team may not:

- Have participated as an owner or manager in the development or operation of a project that has defaulted on a Department or other government or private sector loan in the previous ten years.
- Have consistently failed to provide documentation required by the Department in connection with other loan applications or the management and operation of other, existing developments;
- Have been involuntarily removed within the previous five years as a general partner or managing member from any affordable housing project whether or not financed or subsidized by the programs of this Department;
- Have a current Limited Denial of Participation from the U. S. Department of Housing and Urban Development (HUD); or
- Be debarred, suspended or voluntarily excluded from participation in any federal, state or local program.

Failure to disclose required information on the application may subject the applicant to penalties under District of Columbia law.

Members of the development team are: individuals or organizations, including officers and directors of corporate members of the team, general partners of partnership members, and members of limited liability company members, that are involved in the development of the project in any of the following roles:

- Applicant;
- Developer and co-developer, if any;
- Guarantor(s), if applicable;
- Owner (including any ownership interest other than limited partners);
- Architect;
- General Contractor;
- Management Agent; or
- Consultant

2. Financial Capacity: In addition, members of the development team acting in the role of sponsor, developer, guarantor, or owner with chronic past due accounts, substantial liens or judgments, foreclosures or bankruptcies within the past five years will not be considered for

funding. This evaluation will be based on a review of Department records, personal credit histories, commercial credit reports and other available data.

3. Previous Participation: Development team members are also ineligible to participate in the program if they received reservations or commitments of funding but were unable to carry the project forward. This prohibition applies only to reservations or commitments issued within four years prior to the date of the application. For tax credits, this includes entities that:

- Received a reservation but were unable to place their projects in service in the year of their reservation or to meet the requirements to receive a Carryover Allocation;
- Received a Carryover Allocation but could not meet the 10% test necessary to keep a Carryover Allocation; or
- Received a Carryover Allocation or other Allocation but could not place their projects in service within the time required by the tax credit program.

For loan programs, this includes entities that received a reservation or commitment of loan funds but were unable to close the financing.

4. No Fees Due: Development team members are also ineligible to participate in the program if they have unpaid fees or other obligations due to the Department on other projects. The development team should provide a list of any names under which it may have been organized previously.

Project Support

Please provide any and all letters of support for project.

Advisory Neighborhood Commission Notice Requirements

In accordance with the Home Rule Act and the Advisory Neighborhood Commissions Act of 1975, D.C. Law 1-58, March 26, 1976, codified at DC Official Code §1-309.10 (2003), the Department is required to provide notice to Advisory Neighborhood Commissions (ANCs) before the award of any grant funds to a citizen, organization or group if the award is of significance to neighborhood planning and development in the affected commission area. ANCs are entitled to a thirty (30) day comment period to submit written or oral comments and recommendations to the Department in response to any proposed funding award. If comments are received, the Department is required to respond to all legally relevant recommendations prior to making a final decision on any funding award.

Site Requirements

- 1. Site Control:*** Sponsors must have sufficient site control to allow projects to move forward if they receive a reservation of funds. At the time of application, site control should extend for at least 180 days after the application deadline date (including extension options) with an option to continue the control for another 180 days. Evidence of site control includes deeds, contracts of sale, leases, purchase options or other forms acceptable to the Department.
- 2. Utility Availability:*** Evidence that the required public water, sewer, electric, gas, telephone and other utility services are at project sites or will be available during the construction or rehabilitation period. Acceptable evidence of utility availability may include a letter from the development team's civil engineer, the utility company providing the service, a responsible local official or, for existing buildings, copies of recent utility bills.
- 3. Zoning:*** Properties should be properly zoned for their intended use. The applicant must demonstrate that the proposed development is matter of right, or that approval from the Board of Zoning Adjustment has been obtained for necessary changes.

Project Location and Marketability

DHCD will accept proposals for eligible projects throughout the city. Bonus points will be given to Targeted Geographic Areas. (see Section III (D)).

Occupancy Restrictions and Rent Levels

At a minimum, sponsors must agree that low-income units in the projects will be rented to families with incomes that do not exceed the levels required under the HOME Investment Partnerships Program, as indicated in this Request for Proposals.

The low-income units in the projects must be rent restricted as required by the funding source. For projects receiving project-based rental assistance, the application must include information concerning the actual rent to be paid by the tenants and the estimated subsidy that will be received by the project owner. For this analysis, the actual tenant-paid rent will be evaluated rather than the gross rent received resulting from the rental assistance. If any rental assistance is not project-based, the assisted portion of the rent should not be included in the project’s income projections. In these cases, the gross rent will be evaluated and not the amount actually paid by the tenants.

Maximum unit rents (including tenant paid utilities) may not exceed 30% of the beneficiary’s gross income limit applicable to each unit. Under the HOME program, the gross income limit will be based on 1.5 persons per bedroom for units with one or more bedrooms and 1.0 person for efficiency units, and household size limits are as shown below.

- Efficiency – 1 person
- One bedroom – 2 persons
- Two bedrooms – 3 persons
- Three bedrooms – 5 persons
- Four bedrooms – 7 persons
- Five bedrooms – 8 persons

For elderly projects, the imputed household size may not exceed three persons regardless of the number of bedrooms.

Rent levels including tenant paid utilities must be supported by market data. Rents should also allow for a reasonable affordability window so those tenants with incomes below the maximum levels are not paying a disproportionate percentage (i.e. greater than 30%) of their income for rent. The Department will consider the project’s capture rate in reviewing the rents.

Relocation and Anti-Displacement Strategies

For existing and occupied buildings, the applicant must submit a draft of the relocation strategy for projects that result in the temporary or permanent displacement of current occupants. If the project will result in the relocation of any tenants (i.e. households or businesses), the Department requires the applicant to comply with the requirements of the Uniform Relocation Assistance and Real Property Acquisition Act of 1970 (42 U.S.C. 4601 also known as “URA”) and §104(d) of the Housing and Community Development Act of 1974 [42 U.S.C. §5304(d)] if CDBG funds are used, or the local relocation regulation found at Title 10, District Code of Municipal Regulations (DCMR) Chapter 22 if HPTF is used, regarding resident notice and compensation.

Applicants should make themselves familiar with the requirements of URA, §104(d) or 10 DCMR 22, as applicable, including notices from both the purchaser and seller to residents

that may apply to their project. Information on federal relocation requirements may be found on the Internet at <http://www.hud.gov/offices/cpd/library/relocation/index.cfm>.

Financing Terms and Conditions

1. Other Financing: Letters of commitment, intent to provide financing or interest must be furnished for all funding sources identified in the application. At a minimum, letters of intent must state that projects appear feasible and show the amount of anticipated funding, general repayment terms and any conditions. If financing will be subsidized or insured by another institution, evidence must be provided that the appropriate applications were prepared and filed or are ready to be filed.

For projects that will be syndicated for tax credit equity investment, sponsors must provide a proposal from at least one syndication firm showing the amount of tax credit expected, investor type, expected net proceeds, syndication costs and pay-in schedule.

2. Project Assistance: In general, loans through the department's funding must be totally repaid on an amortizing basis at an annual interest rate ranging from 1%-3% for a term of up to 40 years (for rental projects) and 15 years (for homeownership projects). If the development cannot support the loan in the 1%-3% interest rate, the rate may be reduced at the Department's discretion. The maximum loan per project is the lesser of \$2.0 million or the total development cost of the project multiplied by the percentage of income-restricted units. Funding requests in excess of \$2.0 million will be considered on a case-by-case basis.

To the extent possible, the Department's funds must be repaid on an amortizing basis; however, at the Department's discretion, loans may be repaid to the Department on a cash flow basis. If the loan will be repaid on a cash flow basis, the Department expects to receive 100% of the net cash flow. All cash flow loans must be repaid at the end of the loan term.

The sponsor may request a waiver of this requirement in writing, with detailed and specific reasons for the waiver request, at the time of application or, if the need for the waiver arises after application, and before execution of letter of commitment, DHCD will evaluate each waiver request on a case-by-case basis.

Construction or Rehabilitation Costs

The construction or rehabilitation costs for projects must be within a reasonable range for the scope of work proposed. If the proposed costs per gross square foot exceed the maximum guidelines outlined below, sponsors must submit a request for waiver that includes a detailed explanation of the reason construction or rehabilitation costs are outside of these ranges. Staff will evaluate waiver requests for reasonableness on a case-by-case basis to determine compliance with the threshold requirements. Construction or rehabilitation costs include all work, including site development, associated with the physical development of projects. The projects' costs are obtained by dividing the amount of the construction or rehabilitation contract by the gross square footage of the buildings to be constructed or renovated. The construction contingency should not be factored into this equation.

Maximum Construction Costs per Gross Square Foot			
Type of Building	New Construction	Substantial Rehabilitation	Moderate Rehabilitation
Townhouses	\$100	\$85	\$55
Garden Apartments	90	80	50
Elevator Buildings (≤ 5 floors)	90	80	50
Mid-rise Buildings	110	80	55

For projects that consist of the rehabilitation of existing buildings, the Department has established a **minimum** rehabilitation standard to ensure that meaningful, and not just cosmetic, rehabilitation is undertaken. The total hard construction costs (exclusive of fees or overhead items) of rehabilitation for projects must be at least \$15.00 per square foot per unit and supported by a building evaluation report performed by an engineer or other qualified professional. This minimum may be waived for projects that can demonstrate both a strong need for preservation of affordable housing in the market area and that affordable housing units will be lost if the project is not financed using Department funds.

Lead Hazard Elimination

The Department is committed to the goal of 100% elimination of risk from lead hazards in housing. Any rehabilitation of existing buildings must meet HUD/EPA clearance standards and must be certified by the District’s Department of Health (DOH) as lead-safe. All abatement and clean-up must be carried out in accordance with the 1992 Housing and Community Development Act included in Title X (Title Ten) of 24 CFR 35 Subpart H – Rehabilitation; and with District requirements found in Title 6, Chapter 997 of the D.C. Code. All abatement contractors or subcontractors must be certified and accredited by the District. For information on District abatement requirements, please call 202-535-1934, the Department of Health’s Lead Paint Risk Assessment and Certification Office.

Development Budget

1. Acquisition Price: For projects involving acquisition and rehabilitation of existing buildings or the purchase of raw land, the acquisition price may not exceed the standards set forth below.

- For an arms length transaction, the maximum acquisition price may not exceed the lesser of the contract sales price or the appraised value of the property.
- For transactions involving a change in use, appraisals will include an “as is” value and an after rehabilitation value under its projected use. In such cases, the acquisition cost may not exceed the lesser of the two values or any lower value based upon the standards for related party transactions described in this section.
- For a related party transaction where the property was acquired less than two years before the application date, the maximum acquisition price may not exceed the lesser of the appraised

value of the property or the original acquisition price plus carrying costs acceptable to the Department.

- For a related party transaction where the property was acquired two or more years before the application date, the maximum acquisition price may not exceed the appraised value of the property.
- For schools and other sites owned by the District, applicants may not use DHCD loan funds to purchase these sites for conversion to housing.

For purposes of this section, acquisition is defined as transfer of title and legal ownership. Applicants with questions regarding the definition of arms-length and related-party transactions should contact the Department.

The acquisition price must be supported by an appraisal performed by a licensed independent professional appraiser. The Department, at its sole discretion, may accept an appraisal that is required by another lender and prepared by an independent professional appraiser for that lender.

2. *Syndication Related Costs:* For projects that are syndicated for tax credits, the equity raise-up rate should be within current market standards. When the project's gap analysis is performed, the Department will review the raise-up rate to ensure that it is competitive in the tax credit market.

3. *Operating Reserves:* Operating reserves shall range from three to six months of projected operating expenses plus all required debt service payments and monthly replacement reserve payments. For projects with proposed operating reserves that are outside of this range, sponsors must submit a request for a waiver that includes a detailed explanation of the reasons operating reserves for the project should be set at a different level. Staff will evaluate waiver requests for reasonableness on a case-by-case basis to determine compliance with the threshold limits. The Department when evaluating guaranties for completion, lease-up, or operations will consider the demonstrated financial capacity and liquidity of the owner or other guarantor.

At a minimum, funded operating reserves must remain in place until the project has achieved economic break-even operations for a fiscal year confirmed by its annual audit and has reached 90% occupancy for 12 consecutive months. Reserves may then be released over the next three or more years at the discretion of the Department, provided the project continues to achieve economic break-even operations and 90% occupancy. Upon release, operating reserves generally may be used to pay any outstanding deferred developer's fee and then should be used to reduce any DHCD loan.

Limitation on Fees

Fees in the development budget are limited according to the standards established by the Department. Projects subject to federal subsidy layering requirements have the same limitations under a Memorandum of Understanding between the Department and HUD. See the Department's Qualified Allocation Plan for further information.

Category	Limitation
Builder's Profit	5% to 10% of the net construction costs
Builder's Overhead	2% to 3% of the net construction costs
General Requirements	5% to 10% of the net construction costs
Architect Design	2% to 5% of the construction contract
Architect Administration	1% to 3% of the construction contract
Developer's Fee	10% to 15% of total development costs not to exceed \$2.5M

Please see below for additional information

1. Net Construction Costs: Net construction costs are equal to the construction contract amount less builder's profit, builder's overhead, general requirements and bond fees.

2. Builder's Profit: A builder's profit is permitted even if a relationship or identity of interest exists between the developer and general contractor. However, all general contractors must meet departmental guidelines and be approved to act as a general contractor for the project. The allowable profit will range from 5% to 10% of the net construction costs.

3. Builder's Overhead: Allowable builder's overhead may range from 2% to 3% of the net construction costs with the lower percentage applicable to larger projects and the higher percentage to projects of lesser amounts.

4. General Requirements: The allowable general requirements are determined based on the size of the project. General requirements may range from 5% to 10% of net construction costs.

5. Architect's Fees: The allowable architect's fee for project design may range from 2% to 5% of the construction contract amount. For architectural administration, the allowable fee may range from 1% to 3%.

6. Developer's Fee: The developer's fee must include all fees paid to processing agents and development consultants. The range of allowable developer's fees is from 10% to 15% of total development costs based on the table below. The developer's fee may not exceed \$2.5 million. For projects with proposed developers' fees in excess of \$2.5 million, sponsors must submit a request for a waiver that includes a detailed explanation of the reasons for increased developer's fee. Staff will evaluate waiver requests for reasonableness on a case-by-case basis to determine compliance with the threshold requirements. Any fee in excess of \$2.5 million must be recommended by DHCD's Loan Review Committee and approved by the Director of the Department. Increasing the fee to increase the tax credit basis is not a valid justification for a waiver.

Fee on Development Costs	Fee on Acquisition Costs
• 15% on first \$10,000,000	• 5% on first \$10,000,000
• 10% on amount over \$10,000,000	• 2.5% on amounts over \$10,000,000

Total development costs include the following: expenses related to the actual construction or rehabilitation of the project; fees related to the construction or rehabilitation such as architecture,

engineering and legal expenses; financing fees and charges such as construction interest, taxes, insurance and lender fees; and acquisition related costs. Total development costs do not include the following: hard or soft cost contingencies, syndication related costs; funded guarantee and reserve accounts that are required by lenders or investors; and developers' fees.

Financial Pro Forma

The financial pro forma of projects will be evaluated based on a review of estimated operating expenses, construction costs, reserve for replacement deposits, vacancy rates and debt service coverage ratios. Sponsors must submit a minimum 20-year pro forma.

1. Operating Expenses: Estimated annual operating expenses, including real estate taxes and excluding reserve for replacement deposits, should range from \$4,000 to \$6,000 per unit. For projects with proposed operating expenses that are outside of this range, sponsors must submit a request for waiver that includes a detailed explanation of the reasons operating expenses are expected to be outside the range and support these estimates by the market analysis submitted with the application. Staff also will evaluate, where possible, waiver requests for reasonableness on a case-by-case comparison basis against similar properties in the DHCD portfolio to determine compliance with the threshold requirements.

2. Reserve for Replacement Deposits: Proposed reserve for replacement deposits must not be less than the minimum standards for the scope of work proposed.

- For new construction or substantial rehabilitation projects a minimum annual deposit of \$250 per unit.
- For moderate rehabilitation projects a minimum annual deposit of \$300 per unit.

For rehabilitation projects, a capital needs assessment or comparable engineering report will be required before closing in order to establish a final amount for the reserve for replacement deposit. For all projects, the Department reserves the right to adjust the reserve for replacement amount based on a new capital needs assessment every five years.

3. Vacancy Rate: The pro forma vacancy rate must be supported by the market environment described in the appraisal. During subsequent underwriting by Department staff, the rate may be adjusted up or down to reflect documented market conditions.

4. Debt Service Coverage Ratios: For DHCD subordinated debt, projects must have a minimum debt service coverage ratio of 1.1 to 1 by the first year of sustaining operations after considering all primary debt service payments, including bond financed mortgage payments. A debt coverage ratio of 1 to 1 will be required for other amortizing debt service on DHCD financing. The Department will work with the sponsor to meet more stringent requirements imposed by other lenders or equity providers.

5. Project Phasing: Applications for subsequent phases of projects already in receipt of a reservation of loan funds or tax credit allocations must show evidence that the original phase(s) of the project achieved sustaining occupancy. DFD defines sustaining occupancy for this

purpose as a minimum of 3 months of break-even operations and 90% or above occupancy. The Department may waive this requirement upon specific request provided that such requests include a market study meeting the criteria of this plan and demonstrating that the subsequent phase(s) will not adversely affect the leasing and operations of the initial phase.

Project Schedule

Sponsors must submit a project completion schedule with the application. Sponsors are expected to meet the development schedules as proposed if projects are approved for reservations of funding. In cases where a zoning change, variance or exception is necessary, schedules must be consistent with the analysis provided by the development team's zoning attorney or engineer.

The Department must approve any significant deviations from project schedules. In these cases, sponsors must submit updated schedules, including an explanation for the delays, to the Department for review. Sponsors must promptly notify the Department if for any reason projects that received reservations become infeasible. The Department will monitor the progress of projects to ensure timely completion, as the applicant's processing schedule must be consistent with the Department's loan submission process.

D. Form 202 Application Instructions

This section provides information for completing the Form 202 application form. The specific information that is to be entered into the individual fields on the application form is described in detail below.

General Information – Page 1

Funding Applied For. Show the amount of HOME CHDO development financing for which you are applying.

Project Name and Location. Show the name of the project and address. If you do not have a specific street address, provide the lot, parcel and tax map numbers for the project's site. Other information required includes the project's census tract and ward.

Applicant Information. Show the name, mailing address, contact person and title, telephone number, facsimile number and e-mail address of the entity that is applying for financing.

Ownership Entity Information. Show the name, taxpayer's identification number and type of entity that will ultimately be the borrower or recipient of the tax credits and own the project. If the ownership entity has not yet been formed, please indicate. All ownership entities must be formed with taxpayer identification numbers shortly after reservation letters are received. For corporations and controlling general partners, provide the name, taxpayer identification number, percentage of ownership interest for each individual or entity and whether the entity is a nonprofit corporation.

Project Information – Pages 2-3

Amenities. Indicate the amenities planned for the development.

Type of Project. Indicate the type of development being undertaken by marking all appropriate boxes. *See DHCD Financing Application Form 202 for guidance if the proposed project is a homeownership project.*

Existing Building Information. For the rehabilitation of existing buildings indicate the current percentage of units occupied; whether the rehabilitation will include compliance with historic standards; whether tenants will be permanently or temporarily relocated during the rehabilitation; and the year the building was originally constructed.

Number of Residential Buildings. Show the total number of each type of building included in the project's design.

Total Land Area. Show the total acreage of the project site(s).

Total Building Area. Show the gross square footage of all buildings in the project.

Type of Occupancy. Indicate the number of units that will be occupied by individuals or families, the elderly, for commercial uses or for special needs.

Special Needs Housing. Show the number of units that will serve special housing needs. If a listed option does not describe your project, show the units under other and provide a brief description.

Preservation of Affordable Units. If the project involves the preservation of affordability units for a building with expiring federal subsidies, indicate so here.

Occupancy Restrictions of Project. Show the number of units that will be income restricted at each income level. All units in the project should be included. Changes to income restrictions after approval could cause the loss of a funding reservation.

Low-Income Use Restrictions. Indicate the total number of years for which low-income units in the project will be restricted for occupancy.

Anticipated Development Schedule. Show the month and year that each stage of the development has been or is scheduled to be completed. For site control, indicate if the sponsor currently has site control, the date control expires and the expected date the ownership entity will acquire the site. Acceptable forms of site control include deeds, contracts of sale, leases with purchase options or other forms acceptable to the Department. For zoning, indicate the current zoning. If a change or variance of the zoning is necessary, show the date of application, final hearing and final approval.

Substantial completion is the date when 95% of the rehabilitation or construction is complete, all certificates of use and occupancy have been issued, and the architect has issued the certificate of substantial completion. Sustaining occupancy is when the project's income is sufficient to cover operating expenses and debt service for six consecutive months.

Development Team – Pages 4-8

Development Team Members. For each member of the development team, show the entity's name, mailing address, contact person and title, telephone number, facsimile number, e-mail address, and Duns number.

Development Team History. Answer each question concerning the history or prior performance of the members of the development team. If you answer yes to any of the questions, provide a brief explanation.

Nonprofit Participation. This section must be completed if the application involves a nonprofit entity and you are seeking additional points under the selection criteria.

Other District or Federal Involvement. If the project involves the D.C. Housing Authority or D.C. Housing Finance Agency, or other District of Columbia or federal agencies and you are seeking additional points under the selection criteria, complete the section in the Form 202 under “Community Based Involvement”.

Project Income – Pages 9-10

Residential Rental Income: Low Income Units. For all low-income units in the project, show: the number of bedrooms and baths per unit; percent (%) of median income; the number of units of this size and type; the unit size in net leaseable square footage; tenant paid utilities; and the contract rent to be paid by the tenant. The monthly income is the contract rent, adjusted for utilities, and multiplied by the number of units of this size and type. Calculate annual income by multiplying the monthly income by 12 months. The total net leaseable square footage for all units is the sum of the unit size multiplied by the number of units for each size and type. To calculate the vacancy allowance, multiply the total annual income for the market rate units in the project by an estimated vacancy rate. The vacancy rate is based upon an analysis of similar projects in the market area. Subtract the vacancy allowance from the total annual income to determine the effective gross income of the market rate units.

Residential Rental Income: Market Rate Units. For all market rate units in the project (not reserved for households at or below 80% of the area median income), show: the number of bedrooms and baths per unit; the number of units of this size and type; the unit size in net leaseable square footage; and the contract rent paid by the tenant. The monthly income is the contract rent multiplied by the number of units of this size and type. Calculate annual income by multiplying the monthly income by 12 months. The total net leaseable square footage for all units is the sum of the unit size multiplied by the number of units for each size and type. To calculate the vacancy allowance, multiply the total annual income for the market rate units in the project by an estimated vacancy rate. The vacancy rate is based upon an analysis of similar projects in the market area. Subtract the vacancy allowance from the total annual income to determine the effective gross income of the market rate units.

Nonresidential Income. Nonresidential income includes but is not limited to commercial space, parking, laundry facilities and vending machines. For all nonresidential income in the project, show a description of the income type and/or size; the square footage (if applicable) and the income generated. Calculate annual income by multiplying the monthly income by 12 months. The vacancy allowance is calculated by multiplying the total annual nonresidential income by an estimated vacancy rate that is based upon an analysis of similar projects in the market area. Subtract the vacancy allowance from the total annual income to determine the effective gross income for nonresidential units.

Effective Gross Income. This is the sum of the effective gross income for all income producing units in the project (low income, market rate and nonresidential sources).

Non-Income Producing Units. For all community, common and other non-income producing units or spaces included in the project, show the number of units (if applicable) and the square footage of each type of space. The total square footage for all units is the sum of the unit size

multiplied by the number of units for each size and type. Manager's units where the occupant is not being charged rent should be included here.

Tenant Paid Utilities. If tenants will pay monthly utilities, show the type of utilities by marking the appropriate box.

Project Expenses – Page 11-12

Fill in the annual estimated expenses for each type listed that is applicable to the project. A management fee is calculated by multiplying the Effective Gross Income by an annual percentage rate. Utility expenses include only those items paid by the owner and should not include tenant paid utilities.

Total Operating Expenses. This is the sum of total administrative expenses, total utility expenses, total operating and maintenance expenses, total taxes and insurance and reserve for replacement deposits.

Net Operating Income. Calculate the project's Net Operating Income by subtracting the Total Operating Expenses from the Effective Gross Income for all units.

Uses of Funds – Pages 13-15

Fill in the total estimated cost for each use of funds listed that is applicable to the project. Please consult your accountant or attorney for more information before submitting an application for funding.

Construction or Rehabilitation Costs. Net construction costs (shown in the Department's Form 212 – Summary Cost Estimate and Form 215 – Detailed Cost Estimate) are construction costs that do not include a builder's general requirements, builder's profit, general overhead, bond premium, construction contingency or other fees. Also indicate the builder's general requirements, builder's profit and overhead, as a percentage of net construction costs. For limits on builder's general requirements, builder's profit and general overhead refer to Section 4, page 18. Bond premiums include the actual premium paid for performance and payment bonds or the actual cost paid to a lending institution for letters of credit to assure construction completion. A construction contingency of 5% to 10% of the total construction contract is required to fund unforeseen construction work items. The sponsor may pledge the developer's fee to cover the contingency instead of including the construction contingency on this line.

Fees Related to Construction and Rehabilitation. For the architect's design and supervision fees, show the applicable percentage of the total construction contract. Real Estate Attorney Legal fees directly related to closing the loans are tax credit basis eligible. Marketing costs are generally limited to 1% of total development costs and must be supported by a budget. For limits on the architect's design fee, architect's supervision fee and legal fees refer to Section 4, page 18.

Financing Fees and Charges. Construction interest is calculated on the funds disbursed during the construction loan period based on a projected monthly draw schedule. Mortgage Insurance Premium is the premium charged for mortgage insurance during the construction loan period only. Title and recording costs are those estimated by the title attorney. A financing (soft cost) contingency may not exceed 1% of total development costs to cover unanticipated interest and financing costs.

Acquisition Costs. If the site includes existing buildings, allocate the cost between land and buildings. Generally, there cannot have been any transfer of ownership within the past 10 years for buildings to be eligible for an acquisition tax credit.

Total Development Costs. This is the sum of total construction costs, total fees, total financing fees and charges, and total acquisition costs.

Developer's Fee. All fees for processing agents and development consultants must be paid from this fee. The Department will not finance the developer's fee. Generally, the developer's fee may not exceed \$2.5 million.

Syndication Related Costs. These are costs incurred when syndicating a project with historic tax credits or Low-Income Housing Tax Credits. Syndication related costs may not be paid with Department loan proceeds. Generally, these costs are not included in the project's tax credit basis.

Guarantees and Reserves. Guarantees and reserves should include only funded amounts required by the Department, other lenders or syndication firms and cannot be funded with Department loan proceeds.

Total Uses of Funds. This is the sum of total development costs, developer's fee, total syndication related costs, and total guarantees and reserves.

Maximum Developer's Fee. The developer's fee is calculated as a percentage of total development costs. A fee of up to 15% is allowed on the first \$10 million of total development costs (less acquisition-related costs, construction, and soft cost contingencies) and up to 10% on total development costs (less acquisition-related costs and construction and soft cost contingencies) over \$10 million. A fee of up to 10% is allowed on the first \$10 million of acquisition-related costs and up to 5% on acquisition-related costs over \$10 million. Generally, the total developer's fee may not exceed \$2.5 million.

Sources of Funds – Pages 16-17

Primary Debt Service Financing. For all projects required that have primary debt service, indicate the type of funds, the name of the bond issuer or lender, the required debt coverage ratio (DCR), the total annual payment, the interest rate, the amortization period of the loan, the actual loan term, and the maximum supported loan amount. Also, show the annual payment associated with any bond insurance premium.

Subordinate Debt Service Financing. For all loans that are subordinate to primary debt, show the type of funds, the name of the lender, the DCR and the percentage of cash flow that will be applied to payments due on the loan, the anticipated annual payment, the interest rate, the loan term, and the loan amount. Calculate the maximum loan amount from DHCD on the application form. Generally, the DHCD loan (from all sources) may not exceed \$2.0 million. For grants, show the type of funds, the name of the grantor if not DHCD, the term of the grant (if applicable), and the amount of the grant.

Total Debt. Add the total loan amounts for the cash flow loans and the total maximum mortgage amounts for the debt service financing to determine the total debt.

Equity. Indicate the source and amount of equity proceeds generated from the sale of low income and/or historic tax credits. Also, identify the developer's equity that is not from syndication proceeds. The Department requires that equity from the sale of competitively allocated tax credits be sufficient to cover syndication related costs, guarantees and reserves, developer's fee and at least 10% of total development costs.

Total Sources of Funds. The total sources of funds are the sum of the total financing and the total equity and must equal the total uses of funds.

Maximum DHCD Loan Amount. Notwithstanding the above, the maximum Department loan amount is calculated on the cost of the project and the amount of gap financing needed. Subtract the total debt service maximum mortgage amount, financing from non-Departmental sources, the amount of any other cash flow loan, historic tax credit syndication proceeds and Low-Income Housing Tax Credit proceeds from the project's total development costs.

Project Summary Information – Pages 21-22

General Information. Provide the project information, funding applied for, and occupancy restrictions of the project.

Project Income. Indicate total units, annual income, and vacancy rates for the low-income units, market rate units and nonresidential sources from the Project Income worksheet. The years until sustaining occupancy are the number of years between the application submission date and the estimated date of sustaining occupancy shown in the anticipated development schedule. For the annual trending, fill in the estimated annual increase in rents. The trend can be based upon experience with similar projects or determined in the market study. Calculate the trended income (at the time of sustaining occupancy) by multiplying the annual income by the sum of the years until sustaining occupancy and annual trending rate and adding this result to the annual income. The vacancy allowance is the sum of the trended income multiplied by the vacancy rate for each unit type. These are the figures to be entered into the first year of the 20-Year Operating Pro Forma in the next worksheet.

Project Expenses and Cash Flow. Fill in the annual expense for each project expense category from the Project Expenses worksheet. For administrative, utility, operating maintenance, taxes,

insurance, and reserve for replacement, indicate the number of years until sustaining occupancy and the annual trending rate. The management fee is not trended but is always a percentage of effective gross income. The other expenses are trended by multiplying the annual expense by the sum of the years until sustaining occupancy and annual trending rate and adding this result to the annual expenses.

Sources and Uses of Funds. Enter the summary information from Sources of Funds and Uses of Funds worksheets.

Project Description. Enter a narrative description that highlights the unique or innovative characteristics of the project.

20-Year Operating Pro Forma – Pages 23-24

Income. Enter the trended amounts into year one from the Project Summary Information worksheet. Each year after that, the annual income for the low income, market rate and nonresidential units should be trended forward by the rate shown in the Project Summary Information worksheet. Multiply the previous year's income by the trending rate and add it to the previous year's annual income. The vacancy allowance is the sum of the vacancy rate times the gross income for each type of income.

Expenses. Enter the trended expenses shown on the Project Expenses and Cash Flow table in the Project Summary Information section in year one. The management fee is not to be trended. Other expenses are trended annually by multiplying the previous year's expenses by the trending rate and adding it to the previous year's expenses. The trended net operating income is calculated by subtracting the trended expenses from the trended effective gross income.

Primary Debt Service Financing. Annual debt service payments are entered for each year from the Debt Service Financing table in the Project Summary Information section. The debt coverage ratio is calculated by dividing the net operating income by the total debt service payments.

Subordinate Debt Service Financing. Annual cash flow payments are calculated for each year by multiplying the cash flow by the Percentage of Cash Flow for Payment shown in the cash flow financing table in the Project Summary Information worksheet. The remaining cash flow is calculated by deducting debt service and cash flow payments from the trended net operating income. The debt coverage ratio is calculated by dividing the net operating income by the sum of the total debt service payments and the total cash flow debt payments.

E. Application Forms

A Development Finance Division (DFD) Financing Application -- Form 202 -- must be submitted that reflects all aspects of the project, including estimated development and operating budgets and pro forma. The application for funding must include the Project Narrative (Appendix 1) and all applicable exhibits (See Exhibit Checklist) and attachments as described in this package. One (1) CD copy and one (1) copy of the application in a three-ring notebook binder with each exhibit tabbed, must be sent to DHCD.

On or about **July 30, 2010**, the application forms will be available on the DHCD website.

ATTACHMENTS

- Form 202 - DFD Financing Application (form provided -- executed hardcopy mandatory)
- Form 202 - Completed electronic version of the DFD Financing Application - (optional)
- Project Narrative (Appendix 1)
- Exhibit Checklist

**APPENDIX 1 –
PROJECT NARRATIVE FORMAT**

Project Name

Address

Background

Briefly summarize the nature of the proposed project and support services (if applicable), including the amount and type of financing, and a brief description of the community in general. How did this specific project originate? Also, give a brief history of the relationship between members of the development team.

Sponsorship

Describe the sponsoring organization and its capacity to complete the proposed project. How long has the organization been in existence?

1. If a non-profit organization provide the date organization was incorporated, and 501(c) (3) status. Who started the group and why? What are the mission and support services (if applicable), the size and composition of the staff? State the organization's real estate development and support services (if applicable), track record, particularly with regard to projects similar to the one proposed. What are the organization's accomplishments (include dates and current programs). List key staff members involved in real estate activities and support services (if applicable), and explain their relevant experience and responsibilities. Please provide information regarding any planned staff additions for this project of direct service providers (if applicable). The information provided should include: Position, primary responsibility and authority, recruitment process, timing of employment, unique skill or anticipated contributions to the project's success. Also discuss the overall composition of the board (number, % within the neighborhood), and specific areas of expertise of board members which might be helpful to the organization during development of the proposed project. Provide an overview of the financial position of the organization. Current and past sources of operational support (include source, amount, and dates).

2. If a for-profit organization, describe the legal structures, who are the principals of the entity, the size and composition of the staff. State the organization's real estate development track record, particularly with regard to projects similar to the one proposed. What are the organization's accomplishments (include dates and current programs). List key staff members involved in real estate activities, and explain their relevant experience and responsibilities. Also discuss the overall composition of the organization number, and specific areas of which might be helpful to the organization during development of the proposed project. Provide an overview of the financial position of the organization. Current and past sources of operational support (include source, amount, and dates).

Neighborhood Description

Discuss accessibility to public transportation, retail and other services, recreation and healthcare facilities, employment opportunities. Describe the general character of the neighborhood, including age, condition and type of housing stock, development activity, and any other major uses. Provide demographic information—median income, major employers, major institutions, etc.

Site Description

Describe the site or sites: location - the neighborhood, cross streets, and addresses, visibility within neighborhood; significant features, topography, prior uses, etc.; physical status—size of parcel (in square footage or acreage as appropriate) and type of property (vacant land, vacant building, occupied building, etc.); type of improvements—materials, condition, number of existing units; current ownership and status of purchase agreements, options, etc.

Development Team

Who will be the contact person at the organization to coordinate the work?

- CHDO Developer—If different from sponsor, summarize qualifications and experience with projects of similar size, type, and financing.
- Development Partners—If different from sponsor, summarize qualifications and experience with projects of similar size, type, and financing.
- General Contractor—Explain qualifications of the selected or anticipated contractor, including age of firm. If not yet selected, explain the selection process—competitive bid, negotiation, RFP, etc.
- Architect—Experience and qualifications of the design firm. Specifically describe relevant project experience.
- Property Management—Qualifications, number of properties and units managed, number and type of staff, nonprofit or for-profit company, where based.
- Consultant(s)—If used, explain qualifications and experience, as well as the role this individual or firm will play in the project.
- Construction Manager—as applicable

Supportive Services

Describe the supportive services to be provided to tenants or homebuyers at the property, and state who will provide those services. If outside entities will be used, please describe their qualifications briefly.

Market Overview

Define the market area; discuss vacancy and absorption rates, average rents or sales prices; explain the specific need for the project. Describe evidence of the demand by the targeted population for this type of project. What income level and household size will the project target?

Project Financing

For each phase of financing listed below, identify and discuss the status of all anticipated funding sources. If possible, identify participants; dates of commitment letters, application deadlines, anticipated award dates, etc.

Acquisition and Predevelopment:

Construction:

Permanent:

Equity/Subsidy:

Development Budget and Operating Pro-forma: While the actual spreadsheets will be attached as exhibits to the project proposal package, in this section, discuss the assumptions used in the spreadsheets (for example: interest rates, income and expense escalation factors, projected subsidies, affordability, etc).

Project Risk: What are the perceived risks: borrower, project, collateral?

Collateral Position: Describe the collateral and collateral position to secure the loan. Who owns the collateral? Is the collateral assignable? What liens currently exist on it? Has the title been checked with real property office or tax records office? Is the land or property encumbered?

Project Timeline: Identify the major milestones involved in moving this project forward and in repaying the loan. Use a chart similar to the one below (add or delete rows as necessary). Include milestones already achieved. Be sure to show anticipated loan commitment dates, loan repayment dates, project start and completion dates.

Event:

Date:

Importance: Discuss the importance of the transaction to the sponsoring organization, the District, and lender, and the strategic importance to the neighborhood. How will the residents benefit from the project? What role has the community played in developing the project or project concept?