GOVERNMENT OF THE
DISTRICT OF COLUMBIA
MURIEL BOWSER, MAYOR

TAX ABATEMENT FOR HOUSING IN DOWNTOWN (HID)

Preliminary Request for Applications

MARCH 11, 2024

Deputy Mayor Nina Albert

John A. Wilson Building | 1350 Pennsylvania Ave, NW, Suite 317 | Washington, DC 20004

TABLE OF CONTENTS

I. Background..... Pg. 2
II. Abatement Cap and Availability..... Pg. 2
III. Development Eligibility..... Pg. 3
IV. Affordable Housing Requirement..... Pg. 4
V. Application Procedure..... Pg. 5
VI. Application Review and Reservation Process..... Pg. 5
   a. Application Review
   b. Competitive Process
   c. Eligibility and Reservation Process
   d. Denial Letter
   e. Incomplete Application
VII. Application Submission Materials..... Pg. 7
VIII. Required Forms and Attachments..... Pg. 9
IX. Noncompliance..... Pg. 10
X. Tax Abatement Certification Process..... Pg. 10
XI. Definitions..... Pg. 11
XII. Exhibit A..... Pg. 14

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I. BACKGROUND

In 2023, Mayor Bowser released DC's Comeback Plan which focuses on retaining and growing DC's tax base, supporting business vitality, strengthening neighborhoods, and supporting economic mobility of DC residents. The plan includes action to transform Downtown into a lively, mixed-use urban center and introduces a new goal of bringing 15,000 new residents to the area by 2028.

D.C. Official Code §§ 47-860.01 - .04 authorizes the Mayor to approve tax abatements as incentives for the creation of certain residential housing from previous non-residential property in eligible areas within Washington, D.C. Specifically, the rulemaking defines the boundaries of the eligible area, including the central business district, and establishes the conditions that must be met to receive a tax abatement. The process for applying and receiving a tax abatement, and the requirements to remain eligible for the tax abatement during the abatement period are described in this Request for Application ("RFA").

The Fiscal Year 2024 Budget includes the Housing in Downtown ("HID") tax abatement program. The Office of the Deputy Mayor for Planning and Economic Development ("DMPED") is releasing this RFA to provide instructions for, and receive, applications from owners delivering developments that meet the HID program's requirements.

II. ABATEMENT CAP & AVAILABILITY

Taxes subject to the abatement are real property taxes levied pursuant to D.C. Official Code §47-811. The abatement period is up to twenty (20) years. The tax abatement period starts with the latest issued certificate of occupancy for the property. The total amount of tax abatements approved, certified, or restored by DMPED for all developments shall not exceed the following program caps:

- In FY24, FY25, and FY26[1], the total amount of abatements shall not exceed $2.5M for all three fiscal years.
- In FY27, the total amount of abatements shall not exceed $6.8M.
- In FY28 the total amount of abatements shall not exceed $41M[2].
- In each fiscal year thereafter, the total amount of abatements shall not exceed the prior fiscal year's cap increased by 104% (i.e., 4% annual escalation each year).

[1] The District's fiscal year runs from October 1 to September 30 of the following year. For example, Fiscal Year ("FY") 2024 is October 1, 2023, to September 30, 2024.
[2] Program caps are not cumulative (i.e., FY27 $4.3M net new to award, and in FY28 $34.2M net new to award).

III. DEVELOPMENT ELIGIBILITY

For real property to be eligible for a tax abatement under the HID program, the following requirements must be satisfied:

- The parcel associated with the real property must be in the eligible area, including parcels on either side of each delineating street (see, **Figure 1**).
- There is a change in use of the parcel, as indicated by the certificate of occupancy for the development, resulting in the creation of at least ten (10) housing units.
- The affordable housing requirements for the HID program must be met, and affordable housing units shall be designed and administered in accordance with the requirements of the Inclusionary Zoning Program for the term of the tax abatement (see, **Section IV. "Affordable Housing Requirement"**).
- The owner shall record a covenant in the land records as required under DCMR 10-B § 6606.
- The owner shall enter into an agreement with the District that requires the owner to, at a minimum, contract with certified business enterprises for at least 35% of the contract dollar volume of the construction and operations of the development for so long as the real property is receiving an abatement.
- The owner shall enter into a First Source Agreement for the operations of the development for so long as the real property is receiving an abatement.

While mixed-use developments are eligible for the HID program, only assessment and taxation lots comprising the residential use (inclusive of the housing units, and common areas serving the housing units, including hallways, lobbies, stairwells, elevators, loading docks, and amenity space) will be eligible for the tax abatement. If a common area serves more than one use within a building, DMPED will determine its eligibility in its sole discretion.

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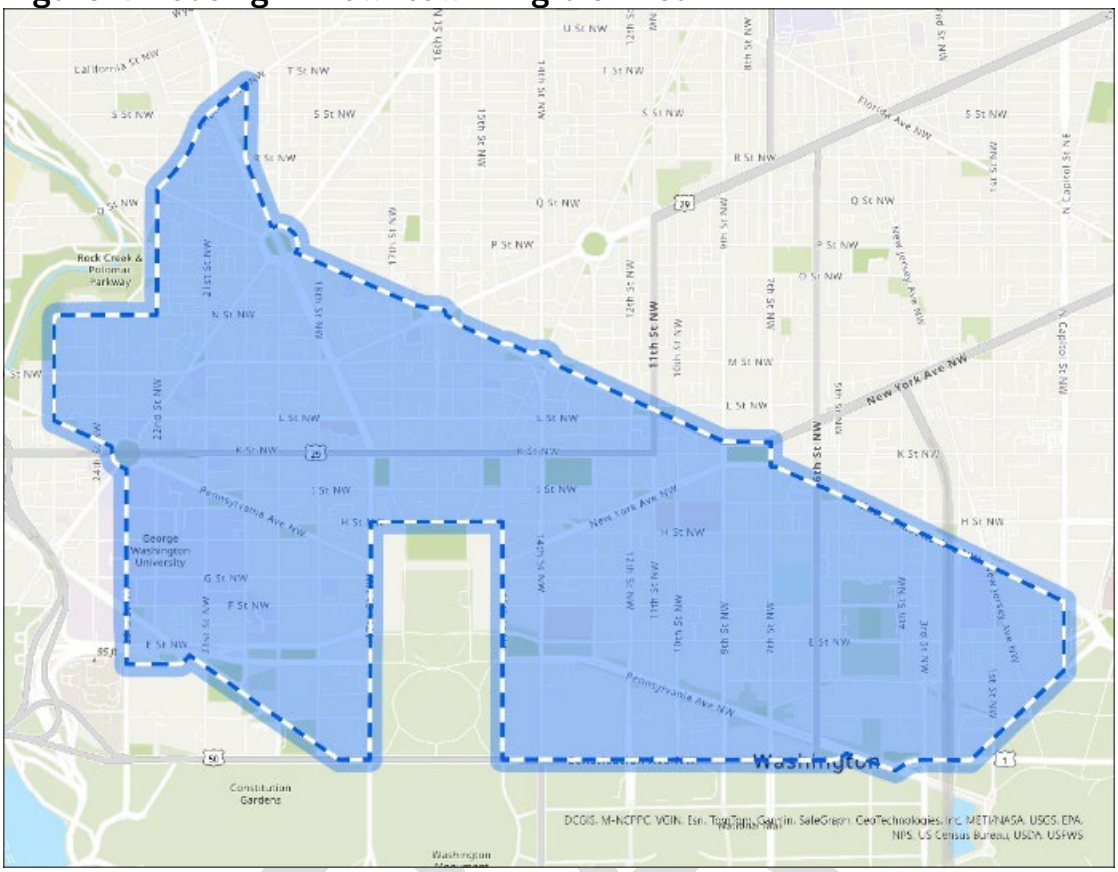
Figure 1: Housing in Downtown Eligible Area



IV. AFFORDABLE HOUSING REQUIREMENT

For real property to be eligible for a tax abatement under the HID program, the following requirements must be satisfied:

Housing units included in the development as part of the Inclusionary Zoning Program or other affordable housing units included in the development pursuant to Zoning Commission requirements shall be counted towards the affordability requirement of this program, if they meet or exceed the following criteria:

- At least 10% of the housing units developed must be affordable to households earning 60% of the Median Family Income ("MFI") for a period of at least 20 years; or
- At least 18% of the housing units developed must be affordable to households earning 80% of MFI, for a period of at least 20 years.

If the calculation of the number of affordable housing units results in a fractional number, then the required number of affordable housing units shall be rounded up to the next whole number.

V. APPLICATION PROCEDURE

This RFA will be open on a rolling basis, this means that applications can be submitted at any time. Submissions will be reviewed for completeness by DMPED staff who will request additional information as necessary.

Within thirty (30) business days after receiving a complete application, DMPED shall review the application and either: approve the application, deny the application, request additional information from the applicant, or inform the applicant that additional time is needed to complete the review of the application. If additional time is needed to review the application, DMPED will inform the applicant of the amount of additional time needed to complete its review.

Rolling Application - Window Opening March 22, 2024

Applications should be submitted electronically via the portal on DMPED's website and a brief email should also be sent to HID.applications@dc.gov notifying that a submission has been made.

DMPED Website: https://dmped.dc.gov/page/housing-downtown-hid-program

VI. APPLICATION REVIEW & RESERVATION PROCESS

Application Review

After an application is received and reviewed for completeness, the application will be evaluated by the Selection and Recommendation Panel.

Recommendations for approval of applications will be made to the Deputy Mayor for Planning and Economic Development (Deputy Mayor). The Deputy Mayor shall make final approval of applications in her sole discretion.

Competitive Process

DMPED shall determine whether to award a tax abatement and the amount of such tax abatement based on a development's financial feasibility and need, as evidenced by the pro formas or other financial analyses submitted as part of the application.

DMPED shall assess each application, and give preference to applications, based on the benefit of the proposed development to the area surrounding the parcel and the District. These criteria will be used by the Selection and Recommendation Panel when evaluating applications.

Preference may be given to applications that provide benefit to the revitalization of Downtown, including, but not limited to:

- Developments with accelerated project delivery timelines
- Developments that exceed the affordability requirements of the HID program
- Developments that contribute to the development of residential nodes, as described in the Downtown Action Plan and Office of Planning's Public Realm Plan.
- Developments that include family-sized housing units
- Developments that include supermarkets, childcare, or other key neighborhood amenities.

Eligibility & Reservation Letter

If DMPED approves an application, DMPED will issue an eligibility and reservation letter to the owner that confirms the real property is eligible for the tax abatement and that DMPED has reserved a tax abatement for the real property. The letter will state the annual dollar amount of the abatement, which may be less than the amount requested in the application. The letter will identify the conditions that must be met, including the entitlement and construction milestones for the development, to avoid forfeiture of the tax abatement. Finally, the letter will detail the process to request a tax abatement certification.

Denial Letter

If DMPED denies an application, DMPED shall transmit to the applicant a denial letter that shall state the reason for the denial. Applications will be denied if the entire available tax abatement has already been reserved for the associated program cap, the development is ineligible for the tax abatement, or the application is not selected through the RFA.

If an application is denied, the applicant is not barred from applying in the future.

Incomplete Application

If an application is submitted that is not complete, DMPED shall transmit to the applicant either a denial letter or a request for additional information required for consideration of the application. If a denial letter is not transmitted, a notification letter will be sent to the applicant. The notification letter will list the materials required to complete the application and the time allotted to cure.

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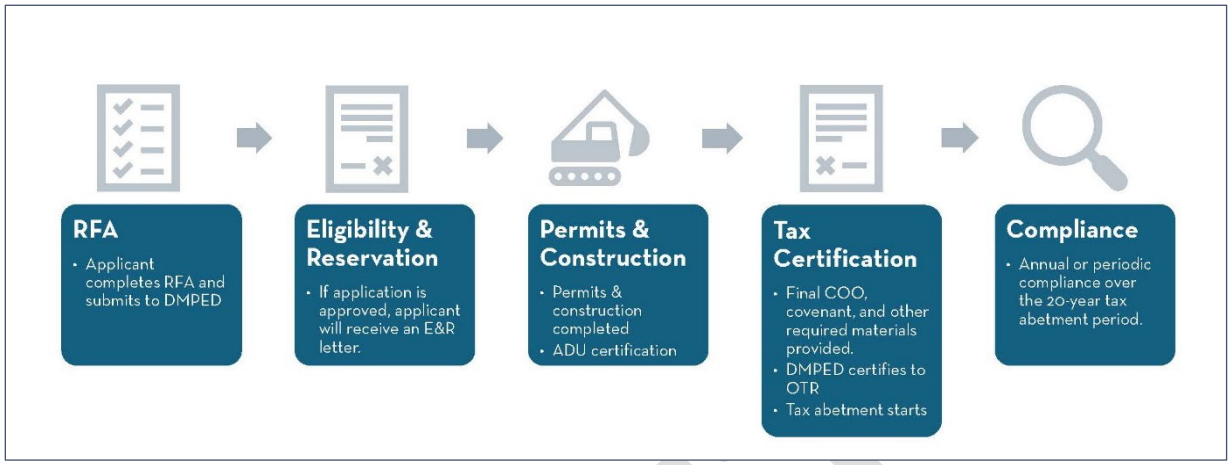
Figure 2: Application Process Summary



VII. APPLICATION SUBMISSION MATERIALS

Each application shall include:

- ☐ Proof of current commercial non-residential use of the parcel, or, if the parcel is currently vacant, proof that the most-recent use of the parcel was non-residential. DMPED will accept certificates of occupancy and building permits for this purpose.
- ☐ A written letter with attachments, not to exceed ten pages in total, which includes:
    - The name(s) of the owner of the real property and, if different than the owner, the applicant, and the developer.
    - The address or addresses of the parcel; and the square, suffix, if any, and lot number(s) of the parcel.
    - A written description of the planned development on the parcel; written, with supplementing graphics.
    - At least three (3) dated photographs of the parcel taken within the thirty (30) day period that precedes the date of submission of the application; including building entrance, street-frontages, and interior and exterior shots.
    - An area map showing the boundaries of the eligible area with the parcel clearly identified, including a location arrow.
    - A proposed timeline for project construction including milestone dates for entitlement and construction; must include the estimated date the core and shell, conditional, and final certificate of occupancy will be issued for the development.
    - The annual dollar amount of tax abatement being requested provided that the length of the requested tax abatement shall not exceed twenty (20) years.
    - The years for which the tax abatement is requested.
    - As an optional attachment, applicants may submit an illustrative pro forma modeling the development with the requested tax abatement.

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- ☐ Completing the **HID RFA Form (Excel)**, to report unit details for the development, pro forma, and other financial analyses for the construction and operation of the development to justify the development's financial need for the tax abatement. Applicants must submit the mandatory HID RFA Form (Excel) provided as part of this application, this form has a pro forma template which must be populated. The HID RFA Form includes the following mandatory elements:
    - The total number of housing units that will be constructed as part of the development.
    - The total number of affordable housing units that will be constructed as part of the development, including housing units required pursuant to the Inclusionary Zoning Program and other affordable housing units included in the development pursuant to Zoning Commission requirements.
    - For each affordable housing unit, the number of bedrooms in the unit and the median family income level of affordability for the unit.
    - An explanation and calculations describing the development's residential rea, property tax.
- ☐ Executing **Exhibit A,** which is an acknowledgement that the affordable housing units shall be designed and administered in accordance with the requirements of the Inclusionary Zoning Program for the term of the tax abatement.
- ☐ A copy of the CBE agreement with DSLBD requiring the owner to, at a minimum, contract with certified business enterprises for at least 35% of the contract dollar volume of the construction and operations of the development, in accordance with the CBE Act and a certification from DSLBD that the owner is in compliance with the requirements of the CBE agreement.
- ☐ A copy of the recorded deed evidencing the owner's fee simple ownership of the parcel. If the applicant is not the owner of the parcel, a copy of the executed lease evidencing the applicant's leasehold interest in the parcel, an executed contract of sale for the parcel by which the applicant will obtain fee simple ownership of, or a leasehold interest in, the parcel, or such other agreement evidencing owner's designation of applicant as an assignee or designee of owner and having the authority to bind owner for the purposes of the abatement program.

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VIII. **REQUIRED FORMS & ATTACHMENTS**

- The HID RFA Form (Excel), provided as a mandatory part of this application.
- The Applicant Acknowledgement Form, available as Exhibit A.

RFA Questions

All questions regarding the RFA and elements should be submitted to: https://dcgov.seamlessdocs.com/f/c3edpsfbiit9

On the first of every month, answers will be posted to a publicly available FAQ on the DMPED website.

Key Contacts

For technical assistance with required criteria as listed in this RFA, please reach out to the appropriate agency contact as listed below.

- Jovine, Olivia (DMPED) <olivia.jovine@dc.gov>
- Bulmash, Gene (DHCD) <gene.bulmash@dc.gov>
- Cooper, Charles (DSLBD) charles.cooper@dc.gov
- Wright, Amanda (DSLBD) <Amanda.Wright@dc.gov>
- Kenner, Terry (DOES) <Terry.Kenner2@dc.gov>

Preliminary RFA

This Preliminary RFA is pending finalization and subject to change.

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IX. NONCOMPLIANCE

Following the issuance of a tax certification, DMPED may deem a property ineligible for the tax abatement if it determines that the owner or the real property fails to meet the conditions in the tax abatement certification, and if any portion of the property receiving the tax abatement is no longer being used for residential use.

X. TAX ABATEMENT CERTIFICATION PROCESS

Approved Applications Only

Owners who have received an Eligibility & Reservation letter may request a tax abatement certification if a development meets the requirements and conditions in the eligibility and reservation letter. This stage of the certification process will happen after construction of the development, likely many months after application approval and receipt of the Eligibility & Reservation letter.

In a written letter, an owner's request for tax abatement certification shall include:

- ☐ A copy of the covenant filed in the land records, as required by DCMR 10-B66 § 6609.2
- ☐ The certificate of occupancy for the development
- ☐ The certificate of inclusionary zoning compliance for the development, or a certification from the Department of Buildings that all the affordable housing units are designed in accordance with the requirements of the Inclusionary Zoning Program.
- ☐ A copy of the First Source agreement required for the operation of the development, and a certification from the owner, or its designee or assignee, that it follows the requirements of the agreement. DCMR 10-B66 § 6602.1(f)
- ☐ A copy of the CBE agreement and a certification from the Department of Employment Services that the owner, or its designee or assignee, follows the requirements of the agreement. DCMR 10-B66 § 6602.1(g)
- ☐ Any other outstanding information or documents that DMPED has required.

Within thirty (30) business days after receiving a complete request for tax abatement certification, DMPED will review the request and approve, deny, or request additional information from the owner, or inform the owner that additional time is needed to complete the review of the request. If the owner submits an incomplete request, DMPED shall either transmit to the owner either a denial letter or a request for additional information required for consideration of the request.

If DMPED approves the request, DMPED shall issue a certification of the real property's eligibility for the tax abatement and shall provide a copy of the certification to the owner and the Office of Tax and Revenue (OTR).

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XI. DEFINITIONS

When used in this RFA, the following terms and phrases shall have the meanings ascribed:

Affordable housing unit – a housing unit that is affordable to, and set aside for, households meeting the income limits required by DCMR 10-B66 § 6602.1(c).

Bedroom – a room in a development, with immediate access to an exterior window and a closet, that is designated as a "bedroom" or "sleeping room" on construction plans submitted with an application for a building permit for the development.

CBE Act – the Small and Certified Business Enterprise Development and Assistance Act of 2005, effective October 20, 2005 (D.C. Law 16-33, § 2346; D.C. Official Code § 2-218.01 *et seq.*).

Certificate of inclusionary zoning compliance – the certificate approved by the Department of Buildings in accordance with Section 105 of the Inclusionary Zoning Implementation Amendment Act of 2006, effective March 14, 2007 (D.C. Law 16-275, § 105; D.C. Official Code § 6-1041.05).

Certificate of occupancy – a document issued by the Department of Buildings pursuant to 12A DCMR § 110.4.1. If more than one certificate of occupancy is issued for the development, then the latest issued certificate of occupancy shall be used for approvals and determining the start of the tax abatement.

Certified business enterprise – a business enterprise or joint venture certified pursuant to the CBE Act.

Change in use – a change in use from non-residential use to residential use through any manner of conversion, including adaptive reuse or full redevelopment.

Competitive process – a request for applications or similar process by which applications for tax abatements under this chapter are solicited or accepted by DMPED.

DCMR – the District of Columbia Municipal Regulations.

Developer – an individual or entity that is engaged by an owner to design and construct a development.

Development – the buildings or improvements constructed or redeveloped that include housing units and common areas solely serving the housing units, including lobbies, stairwells, elevators, loading docks, and amenity space, on or within a parcel. If a building includes multiple uses, only the portion of the building comprising the housing units shall be considered the development under this chapter.

DMPED – the Office of the Deputy Mayor for Planning and Economic Development.

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Eligible area – the area described in D.C. Official Code § 47-860.01(2)(A), and such other portions of the central business district, described as follows:

The geographic area beginning at the intersection of Florida Avenue, N.W., and 20th Street, N.W.; continuing south along 20th Street, N.W., to Connecticut Avenue, N.W.; continuing southeast along Connecticut Avenue, N.W., to Dupont Circle, N.W.; continuing clockwise around Dupont Circle, N.W., to Massachusetts Avenue, N.W.; continuing southeast along Massachusetts Avenue, N.W., to Scott Circle, N.W.; continuing clockwise around Scott Circle, N.W., to Massachusetts Avenue, N.W.; continuing southeast along Massachusetts Avenue, N.W., to Thomas Circle, N.W.; continuing clockwise around Thomas Circle, N.W., to Massachusetts Avenue, N.W.; continuing southeast along Massachusetts Avenue, N.W., to Mount Vernon Place, N.W.; continuing east along Allen Y. Lew Place (formerly Mount Vernon Place), N.W., to 7th Street, N.W.; continuing south along 7th Street, N.W., to Massachusetts Avenue, N.W.; continuing southeast along Massachusetts Avenue, N.W., to North Capitol Street; continuing south along North Capitol Street to Louisiana Avenue, N.W.; continuing southwest along Louisiana Avenue, N.W., to Constitution Avenue, N.W.; continuing west along Constitution Avenue, N.W., through the intersection with Pennsylvania Avenue, N.W., to 15th Street, N.W.; continuing north along 15th Street, N.W., to H Street, N.W.; continuing west along H Street, N.W., to 17th Street, N.W.; continuing south along 17th Street, N.W., to Constitution Avenue, N.W.; continuing west along Constitution Avenue, N.W., to Virginia Avenue, N.W.; continuing northwest along Virginia Avenue, N.W., to D Street, N.W.; continuing west along D Street, N.W., to 23rd Street, N.W.; continuing north along 23rd Street N.W., to Washington Circle, N.W.; continuing clockwise around Washington Circle, N.W., to Pennsylvania Avenue, N.W.; continuing northwest along Pennsylvania Avenue, N.W., to 25th Street, N.W.; continuing north along 25th Street, N.W., to N Street, N.W.; continuing east along N Street, N.W., to 22nd Street, N.W.; continuing north along 22nd Street, N.W., to Florida Avenue, N.W.; continue northeast along Florida Avenue, N.W., to 20th Street, N.W. (the starting point).

First Source Agreement – an agreement with the District governing certain obligations of the developer regarding job creation and employment for so long as the real property is receiving an abatement under this chapter, pursuant to Section 4 of the First Source Employment Agreement Act of 1984, effective June 29, 1984 (D.C. Law 5-93, § 4; D.C. Official Code § 2-219.03) and Mayor's Order 83-265, dated November 9, 1983.

Household – all persons who will occupy an affordable housing unit, which may, subject to occupancy standards contained in Title 14 Chapter 22 of the DCMR, be:

- A single family;
- One (1) person living alone;
- Two (2) or more families living together; or
- Any other group of related or unrelated persons who share living arrangements.

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Housing unit – any room or group of rooms forming a single unit that is used or intended to be used for living, sleeping, and the preparation and eating of meals, and that is located within a building that is wholly or partially used or intended to be used for living and sleeping by human occupants.

Inclusionary Zoning Program – the provisions of the Inclusionary Zoning Regulations and the Inclusionary Zoning Implementation Amendment Act of 2006, effective March 14, 2007 (D.C. Law 16-275, § 101; D. C. Official Code § 6-1041.01 et seq.).

Inclusionary Zoning Regulations – the regulations published at Title 14, Chapter 22 of the District of Columbia Municipal Regulations and at Title 11-C, Chapter 10 of the District of Columbia Municipal Regulations.

Land records – the land records of the Office of the Recorder of Deeds.

Median family income – the median family income for a household in the Washington Metropolitan Statistical Area as set forth in the periodic calculation provided by United States Department of Housing and Urban Development (HUD), adjusted for family size without regard to any adjustments made by HUD for the purposes of the programs it administers.

Non-residential use – a use category defined in 11-B DCMR §200.2 other than residential.

Operations – all property maintenance, resident services, and related functions necessary to operate and maintain a development.

Owner – the owner(s) of the fee simple interest in parcel on or in which a development is constructed or redeveloped.

Parcel – the parcel(s) of land or air lots on or in which a development is constructed and operated.

Real property – the parcel and the improvements comprising the development.

Residential use – the use category as defined in 11-B DCMR §200.2(aa).

Sale – sale as defined in Section 402 of the Tenant Opportunity to Purchase Act of 1980, effective September 10, 1980 (D.C. Law 3-86, § 402; D.C. Official Code § 42-3404.02).

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EXHIBIT A

HID Applicant Acknowledgment Form

Applicant hereby acknowledges that all requirements of this Request for Application (RFA) have been submitted as part of their application and the development will comply with all requirements of this RFA and the Tax Abatements for Housing in Downtown Amendment Act of 2022, approved September 21, 2022 (D.C. Law 24-167, § 7082(b); D.C. Official Code §§ 47-860.01 - .04).

Additionally, applicants hereby acknowledge that the affordable housing units constructed as part of the development, including housing units required pursuant to the Inclusionary Zoning Program and other affordable housing units included in the development pursuant to Zoning Commission requirements, shall be designed and administered in accordance with the requirements of the Inclusionary Zoning Program for the term of the tax abatement.

Signature: _____

Name: _____

Title: _____

Date: _____

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