



Basics of Affordable Housing Finance

Rental Income Is Lower For Projects That Include Affordable Housing



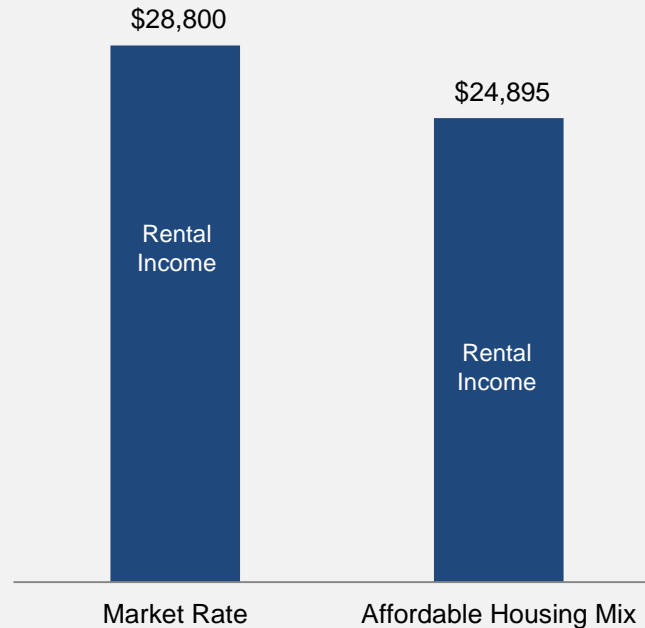
Rental Income for Market Rate Development

100 Units @ Market
\$2,400/mo

Average Unit Rent
\$2,400/mo

x 12 months
\$28,800/year

Average Income/Unit



Rental Income for Development with Affordable Housing*

25 Units @ 60% AMI
\$1,229/mo

+

5 Units @ 80% AMI
\$1,747/mo

+

70 Units @ Market
\$2,400/mo

Average Unit Rent
\$2,075/mo

x 12 months
\$24,895/year

Average Income/Unit

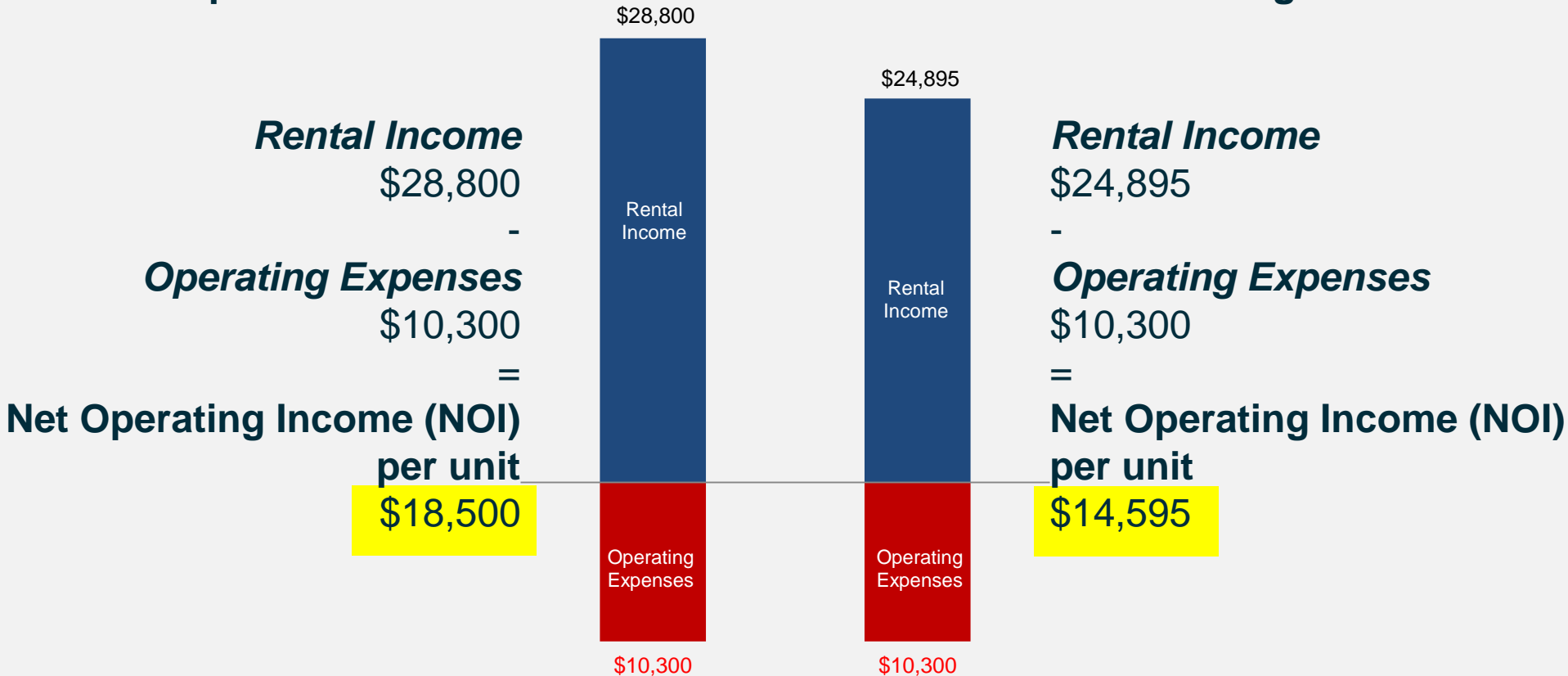
*The same logic applies to **for-sale properties** – **sale proceeds** per unit are **less** than market rate.

All numbers are illustrative and provided as general examples only

Rental Income Drives Net Operating Income (NOI)

NOI for Market Rate Development

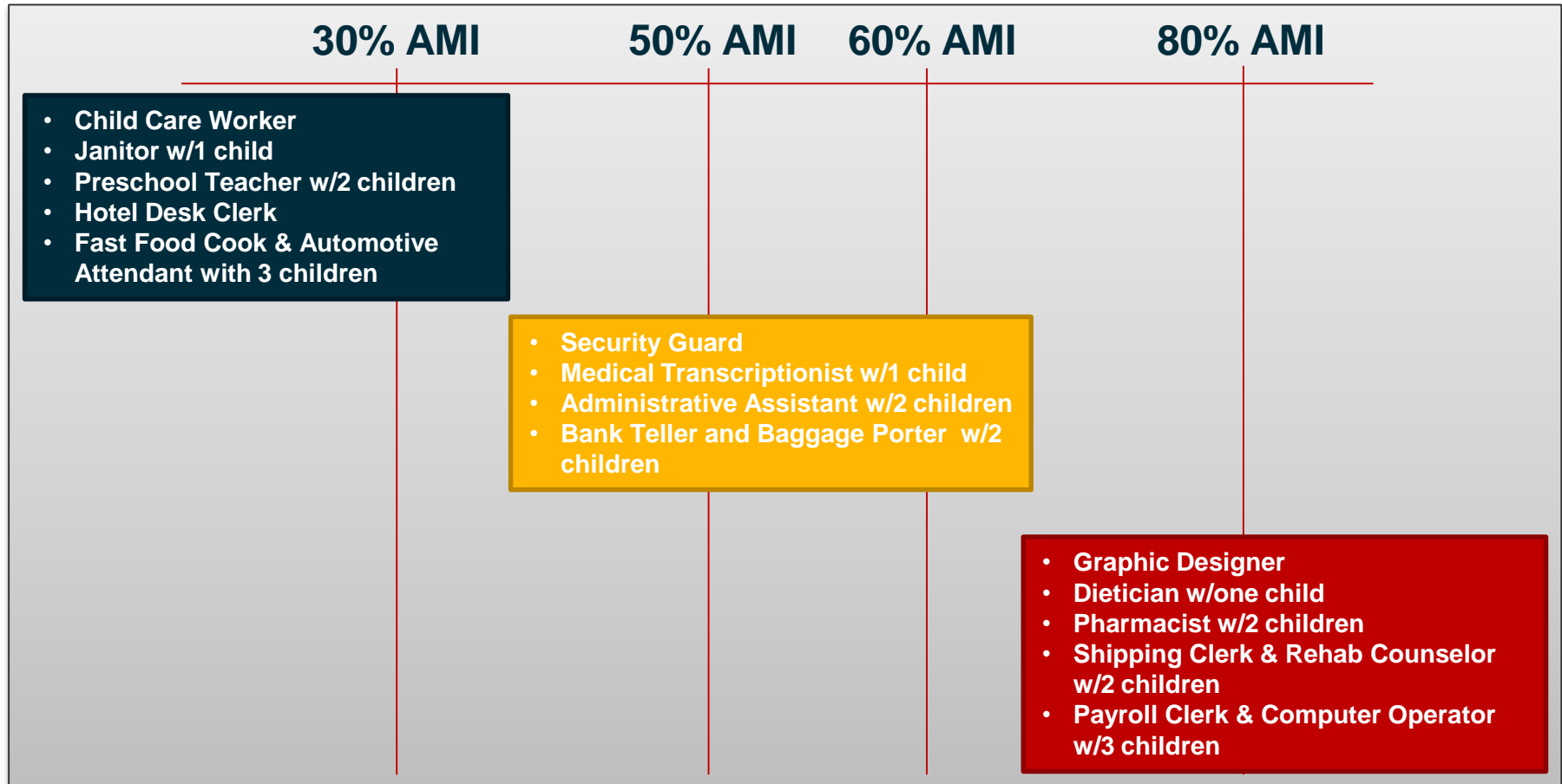
NOI for Development with Affordable Housing



Rental Income – Operating Expenses = Net Operating Income (NOI)

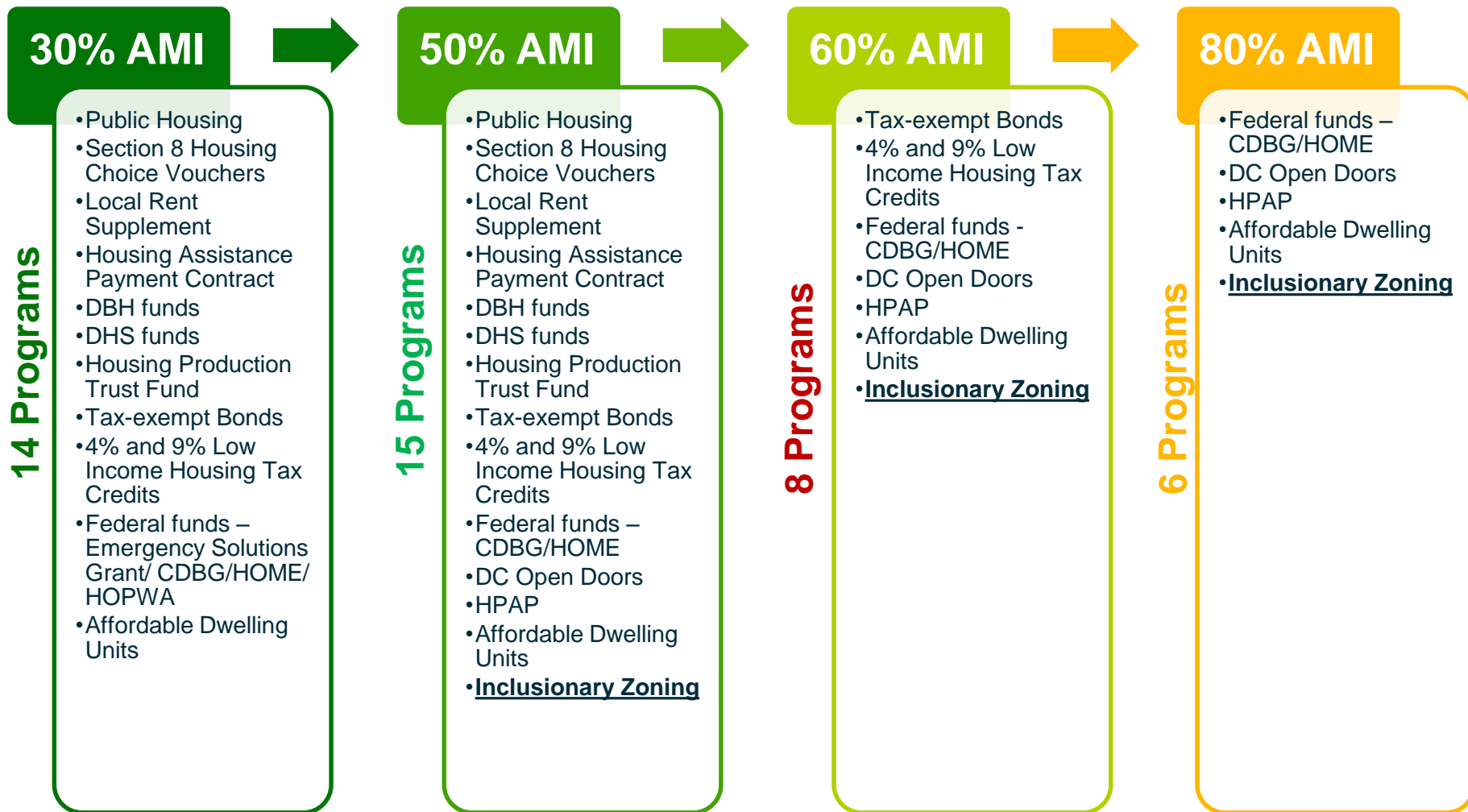
Net Operating Income is greater in an all-market rate development than one with an affordable housing program because rental income is significantly greater in an all market rate building, while operating expenses are generally the same regardless of affordability level.

Continuum of Housing – Employment Examples



2015 AMI is \$109,200, family of 4

Continuum of Housing – Policies





Affordable Housing Development Finance Overview

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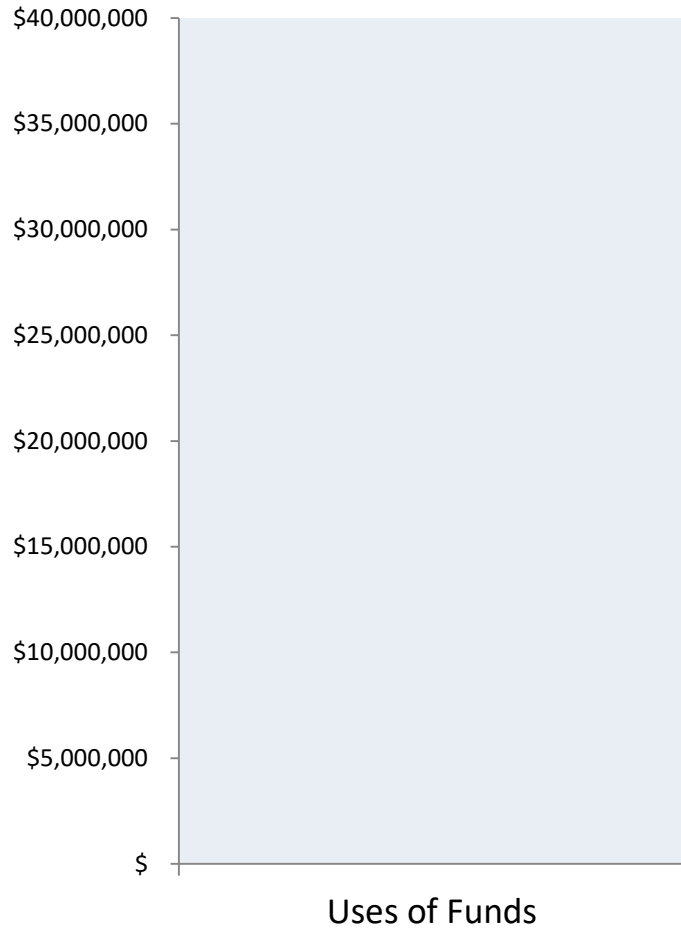
Provide timely and compliant gap-financing in the preservation and production of affordable housing and community facilities.

- Affordable Housing Financing (5+ Units)
 - Production
 - Preservation
- Community Facilities Financing
- Tenant Opportunity to Purchase Assistance (TOPA) Acquisition Financing

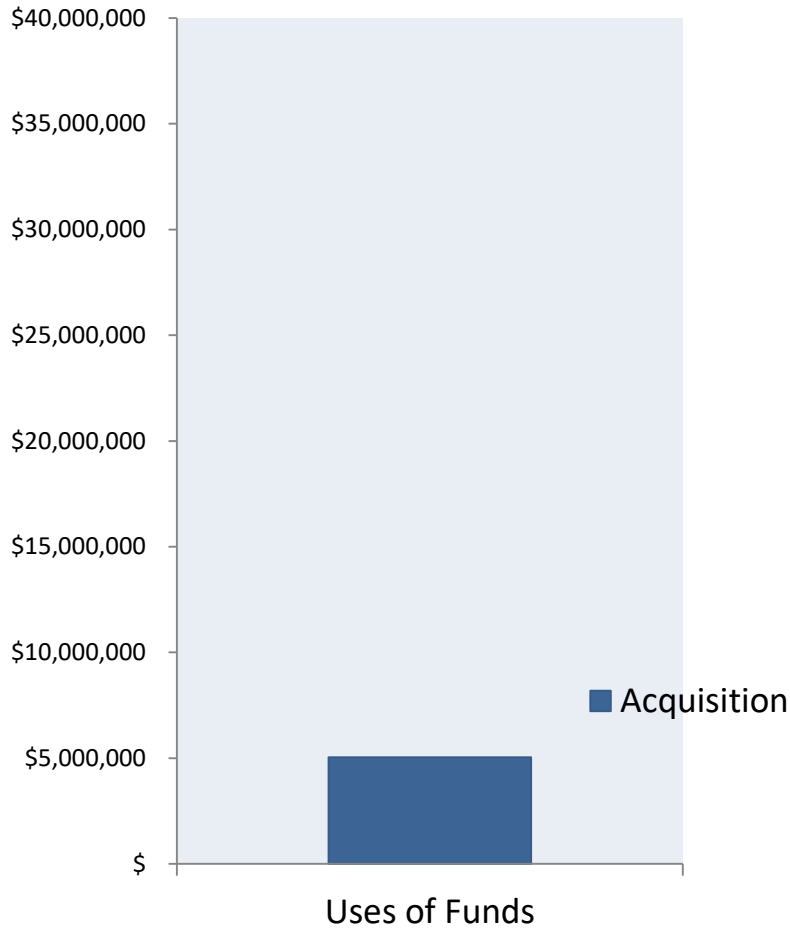
Affordable Housing Finance Overview



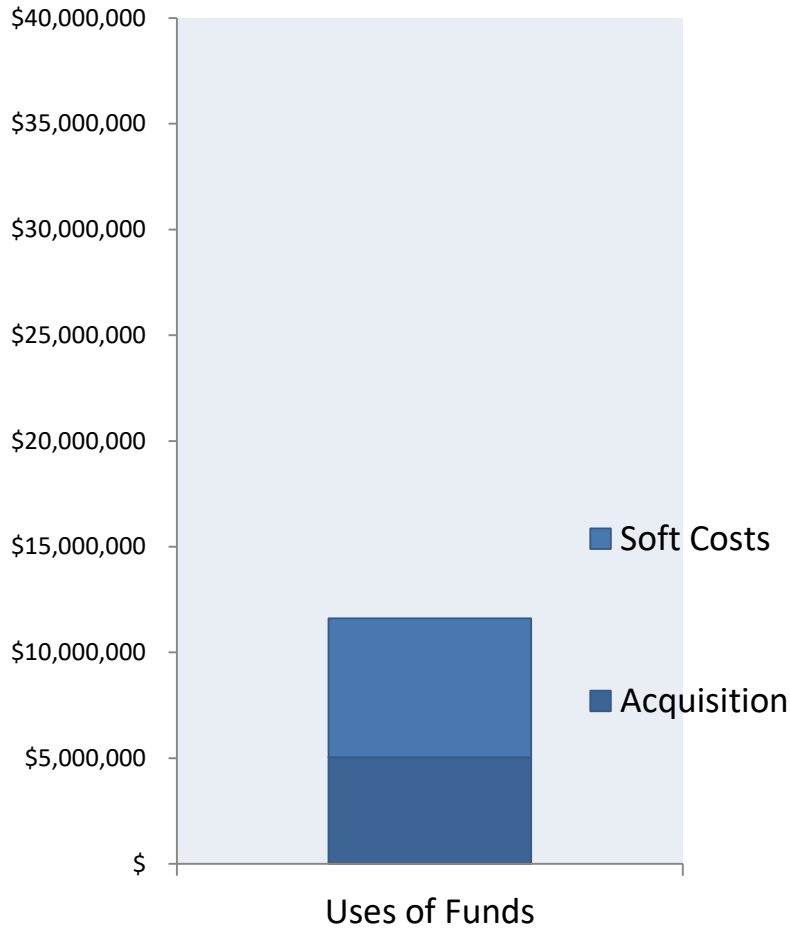
Affordable Housing Finance Overview



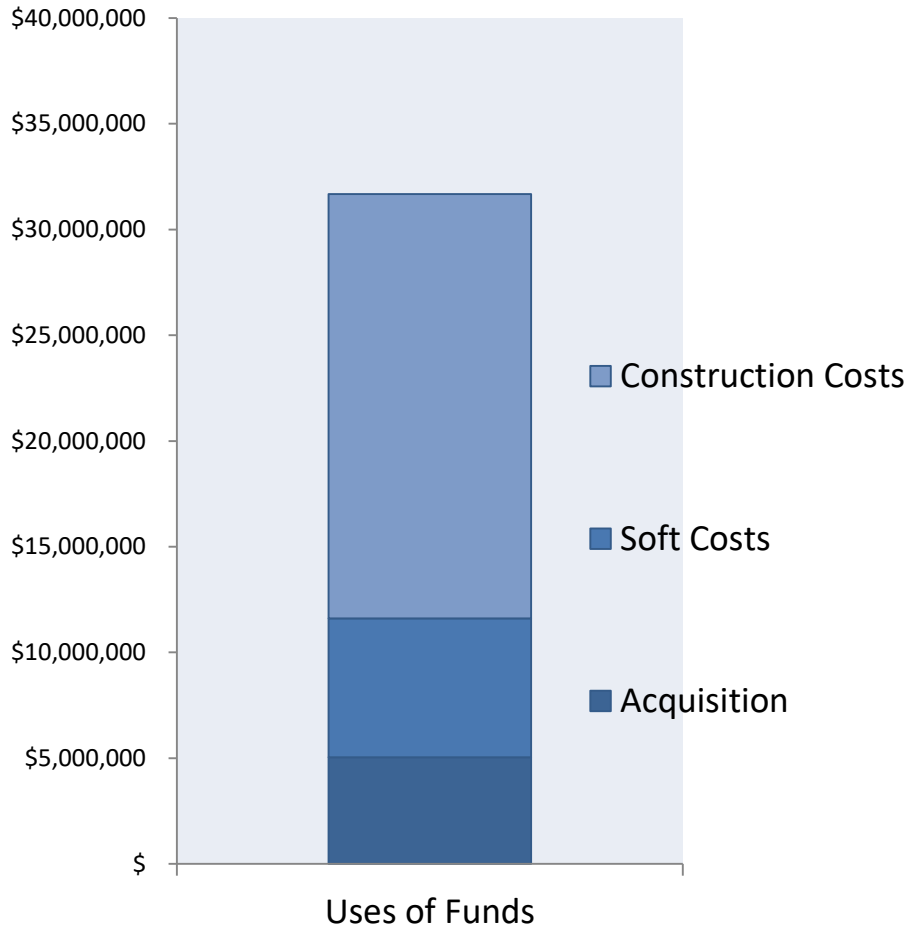
Site Acquisition



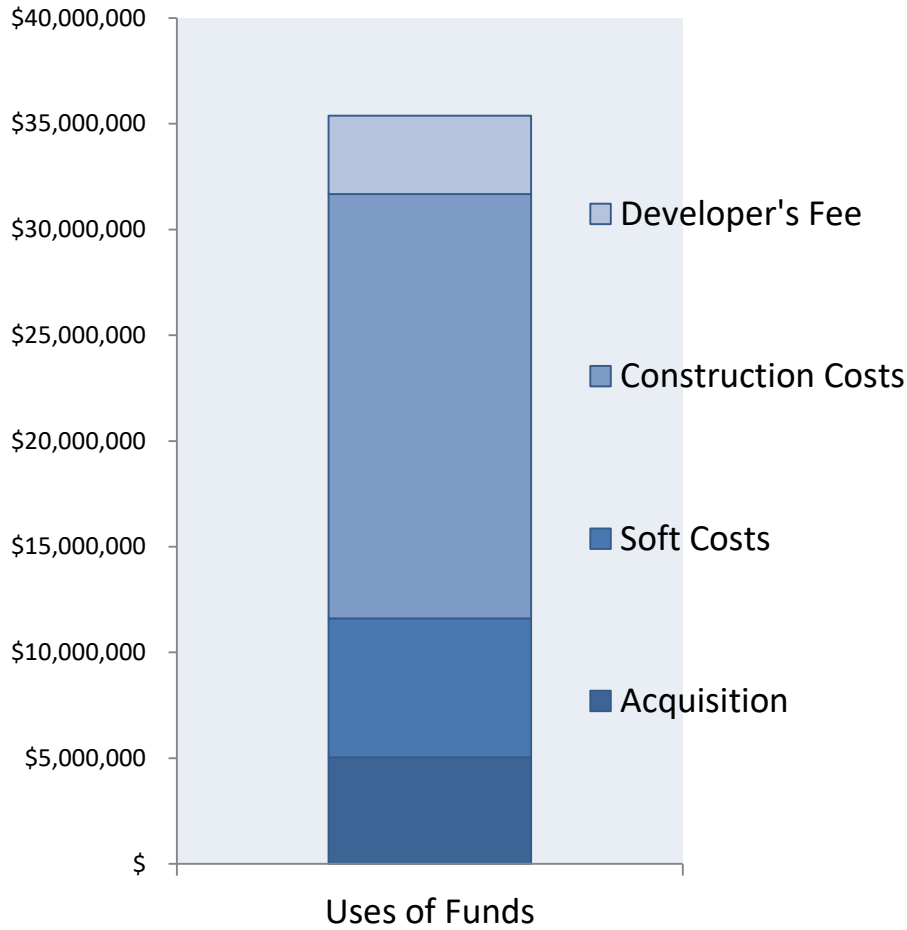
+ Soft Costs



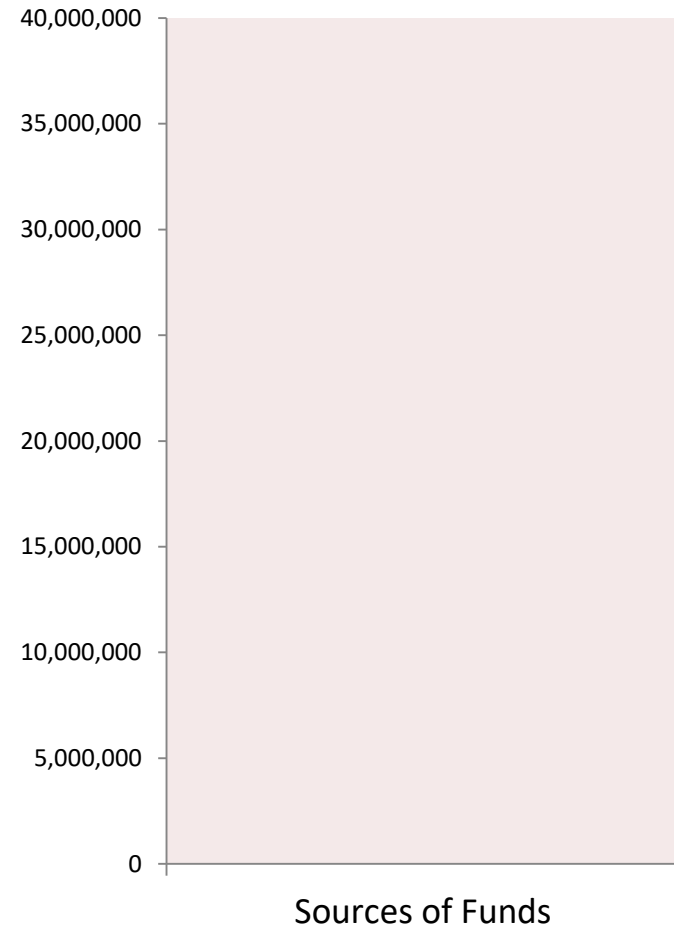
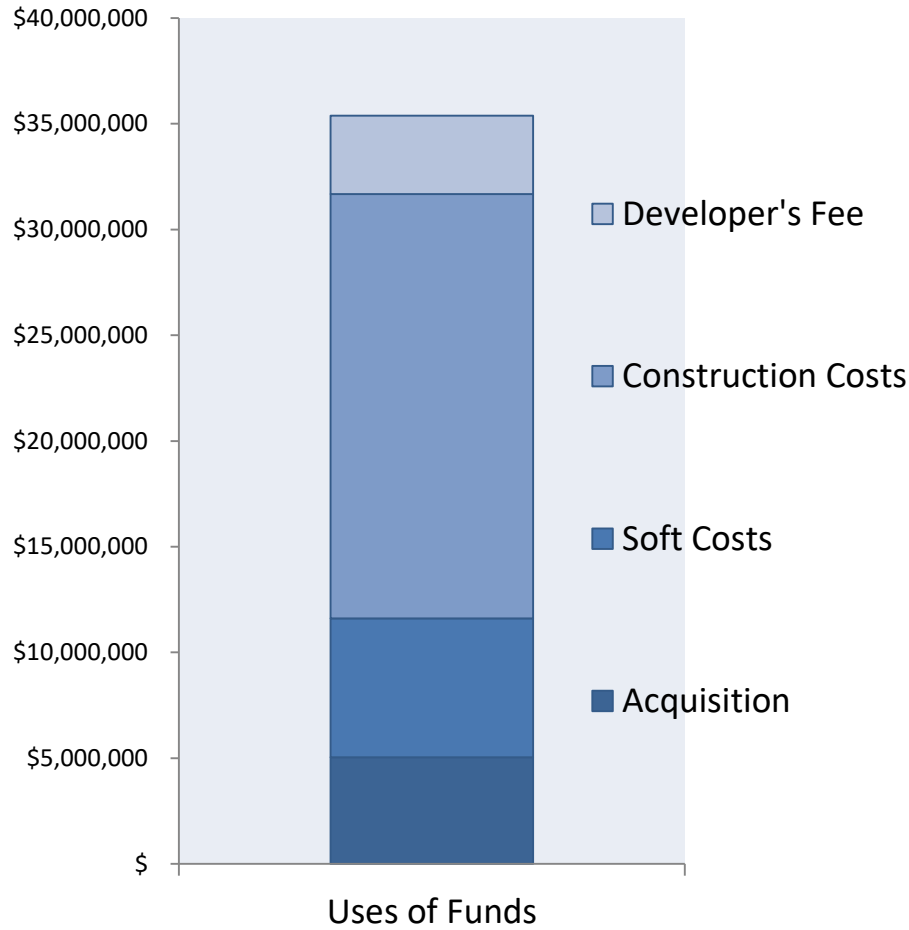
+ Construction Costs



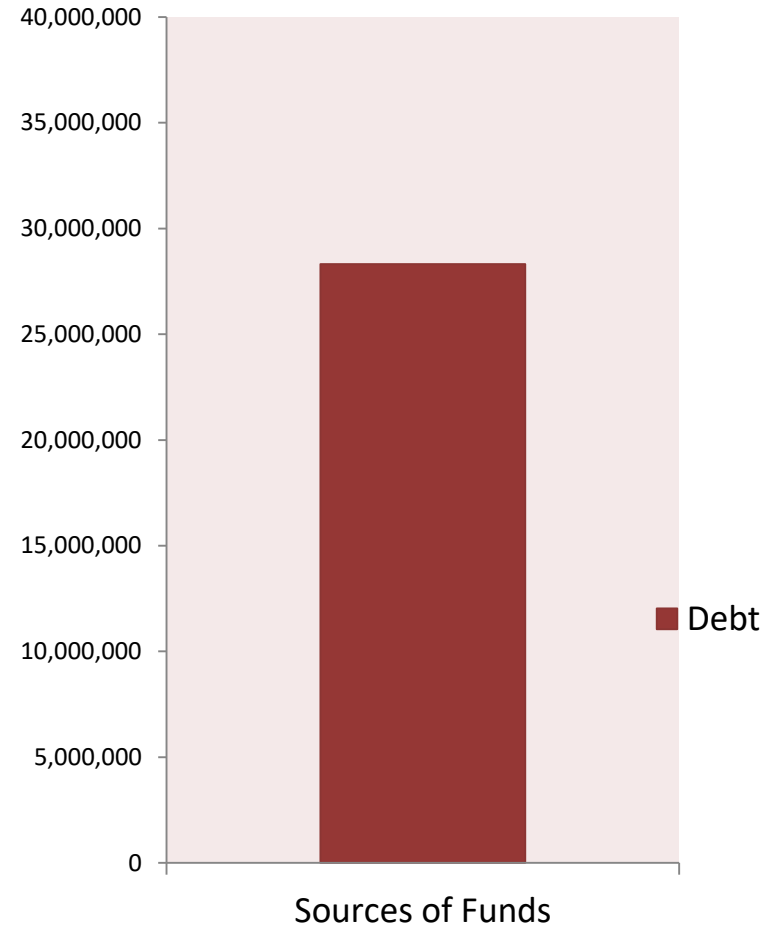
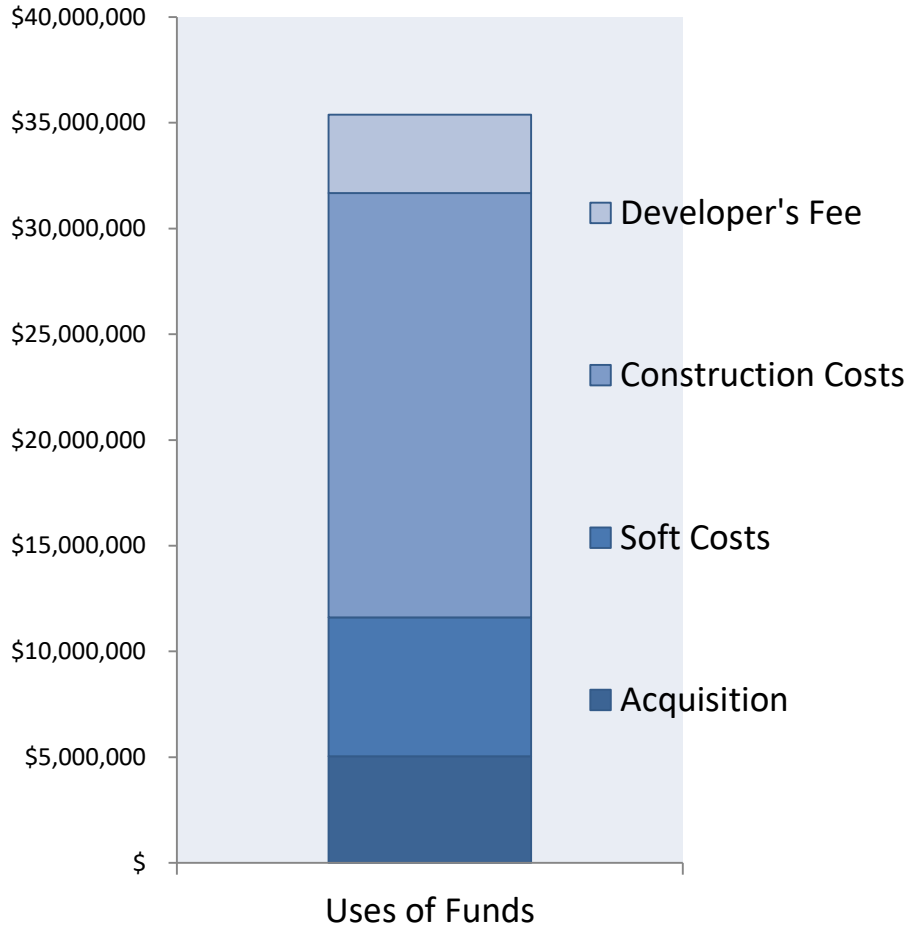
+ Developer's Fee



How to Pay for it?



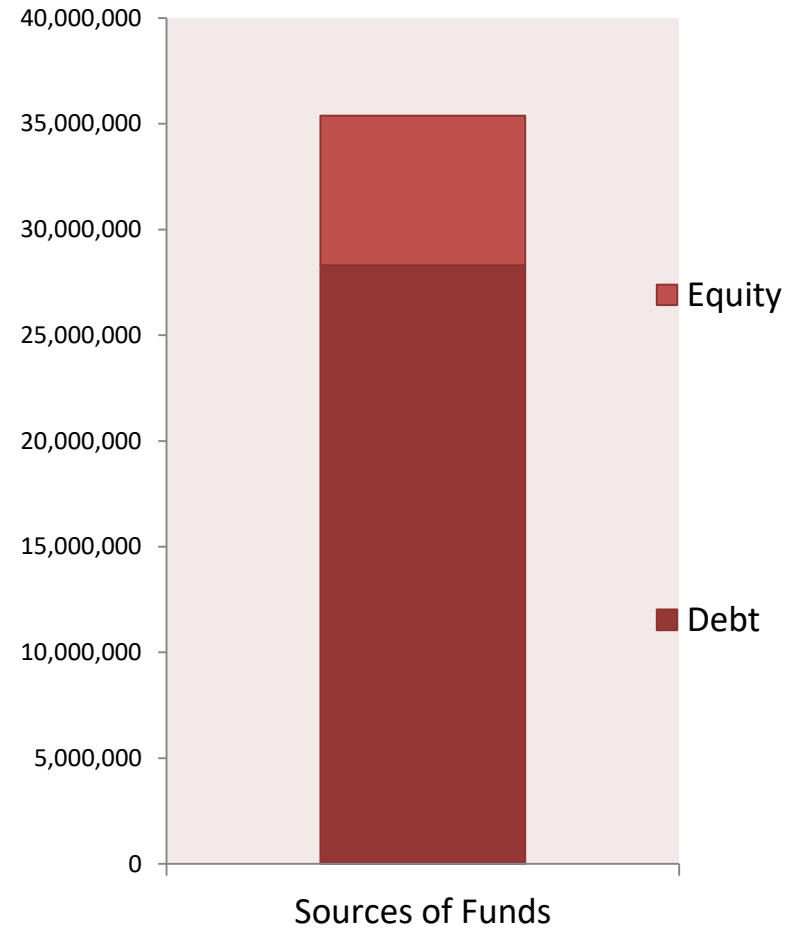
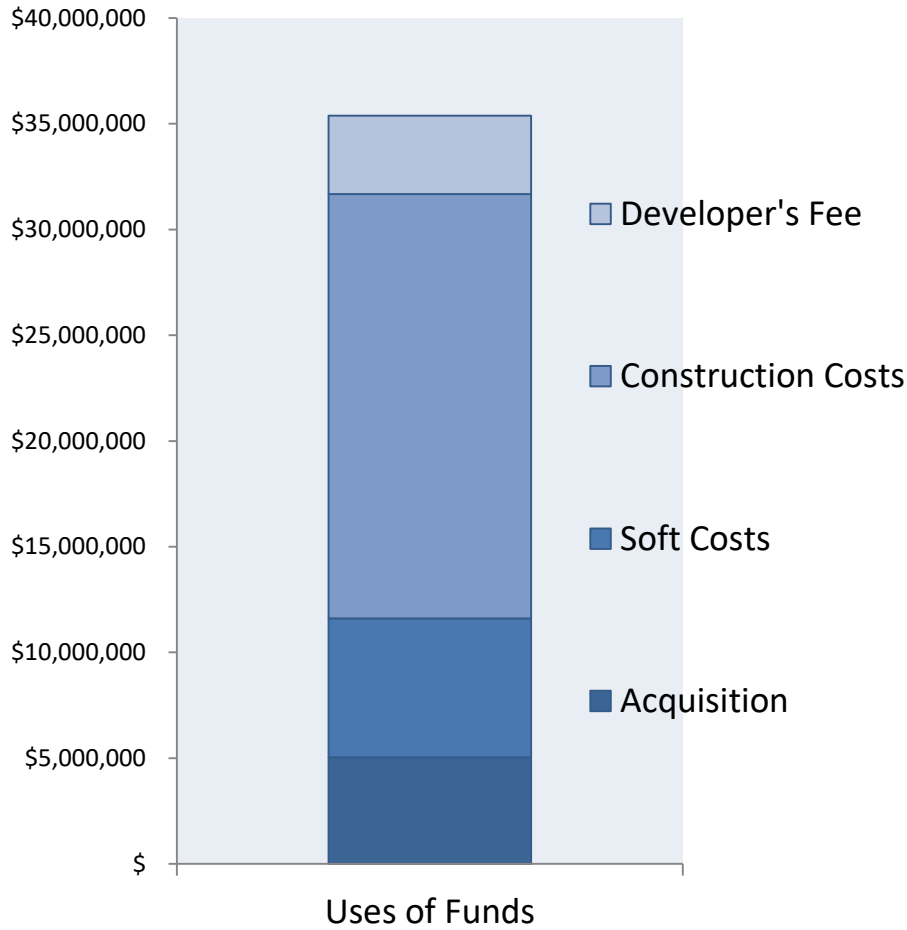
Debt



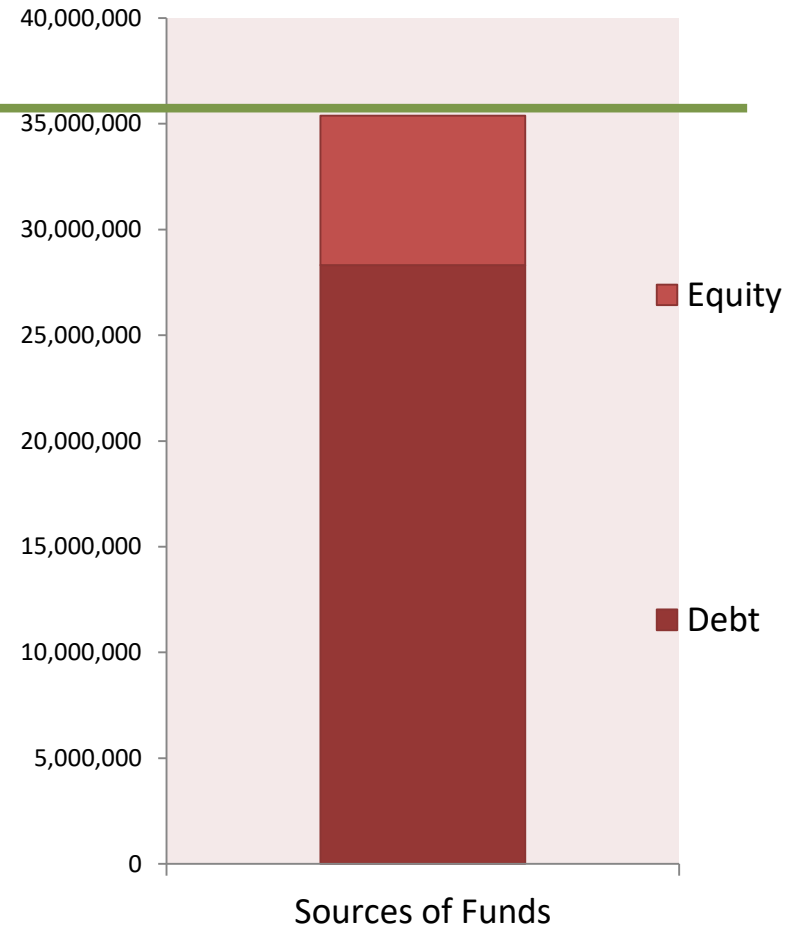
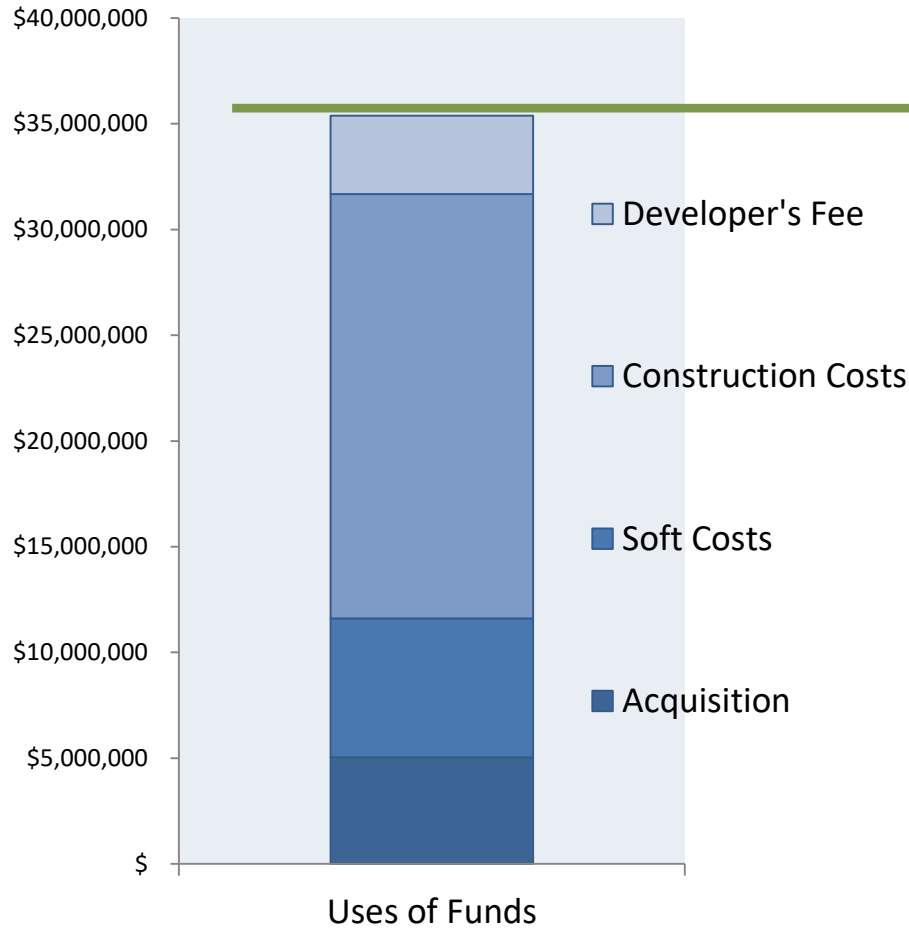
Market Rate Rents



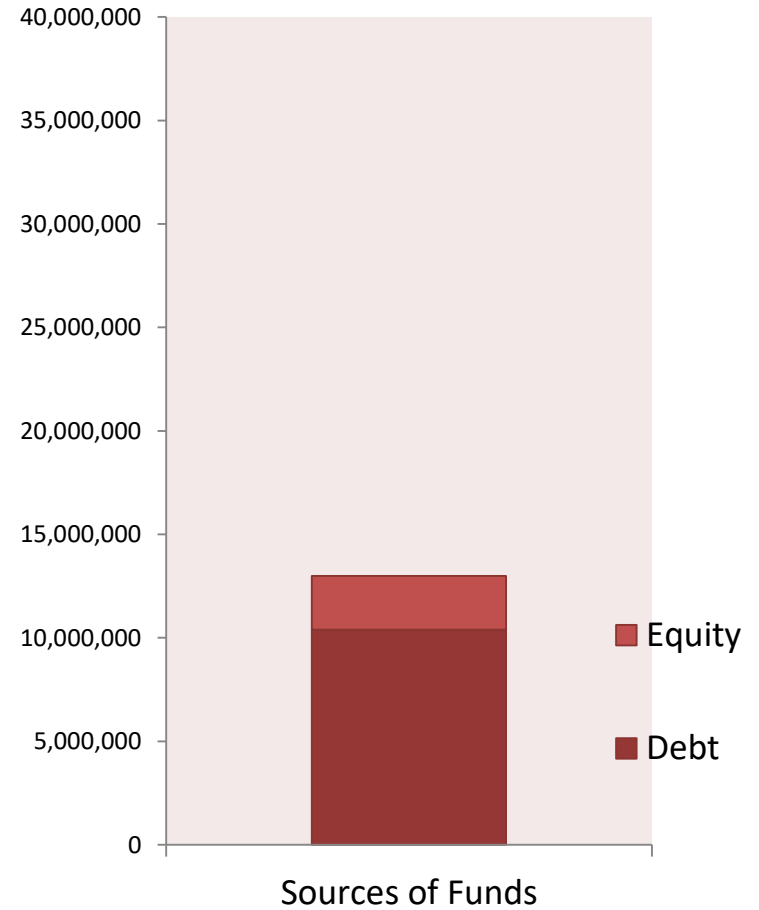
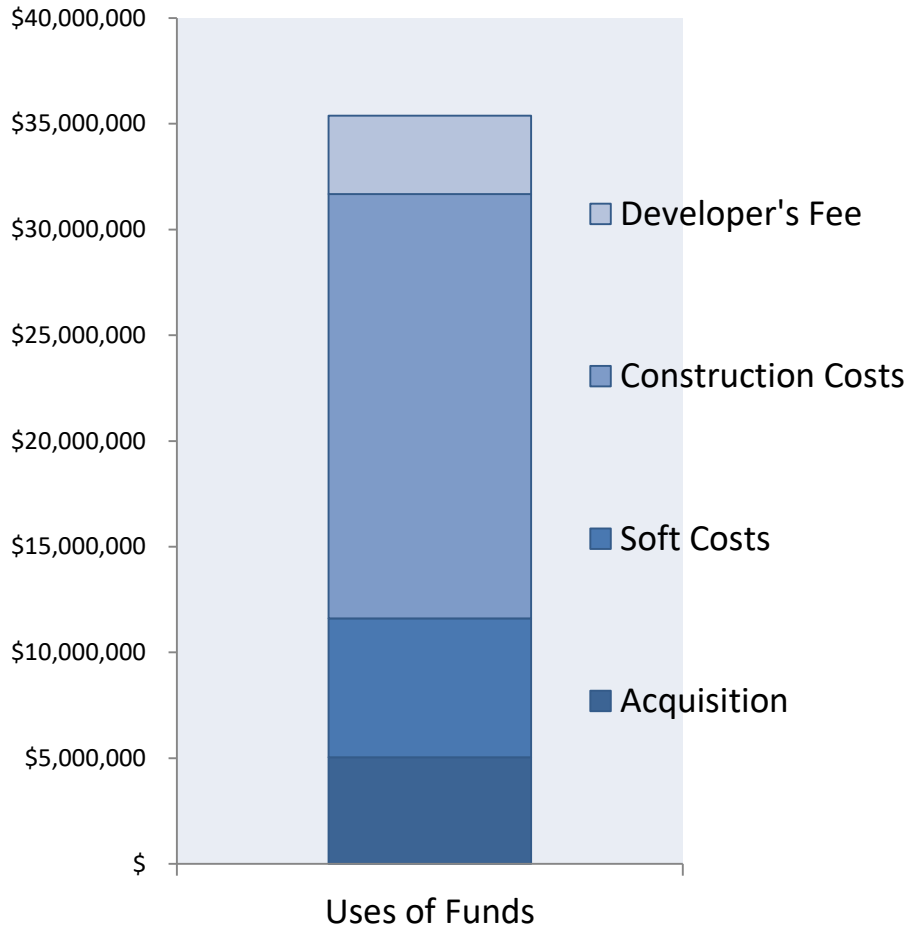
+ Equity



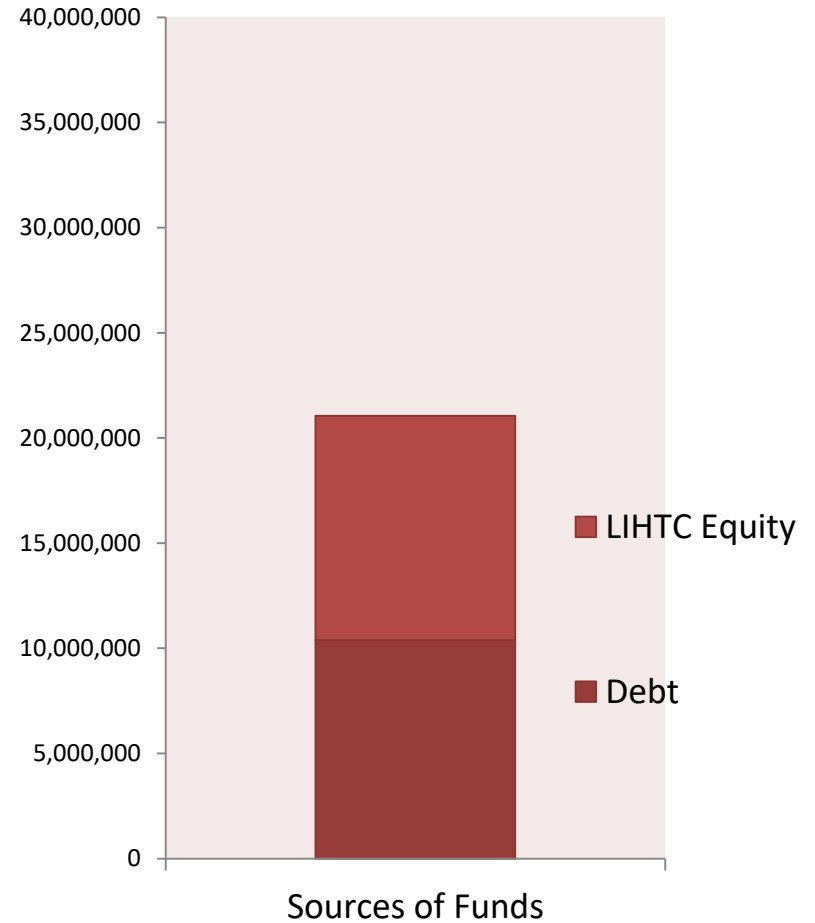
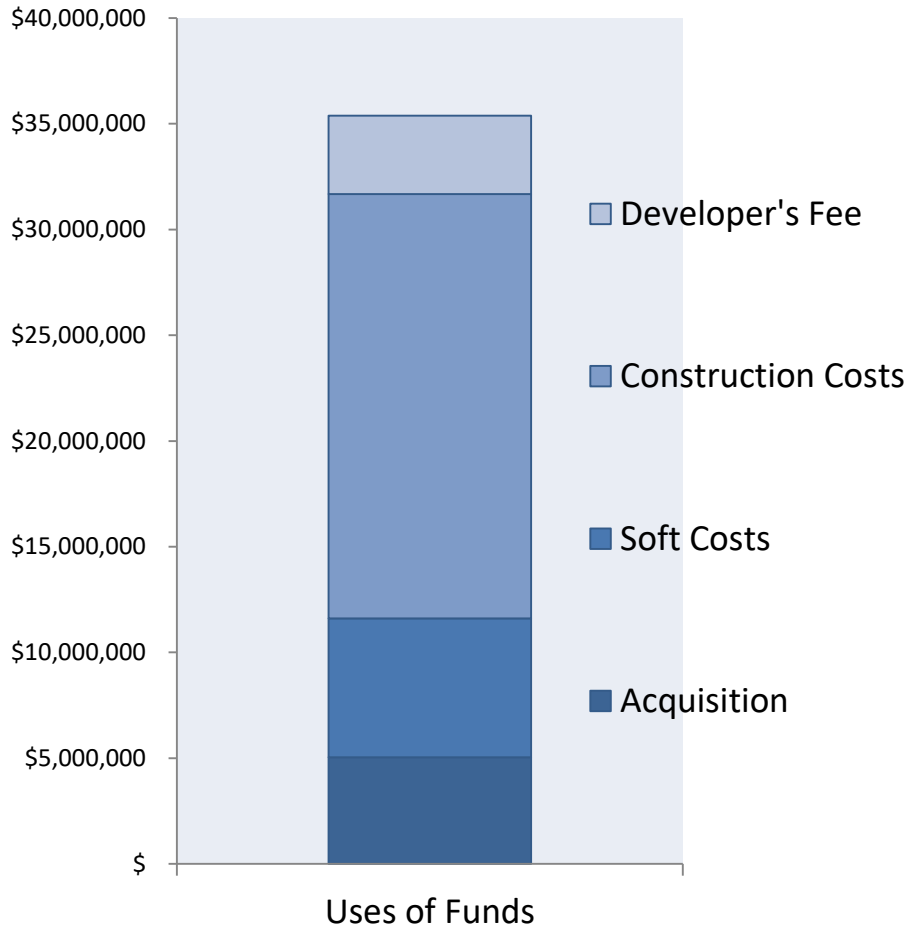
Sources = Uses



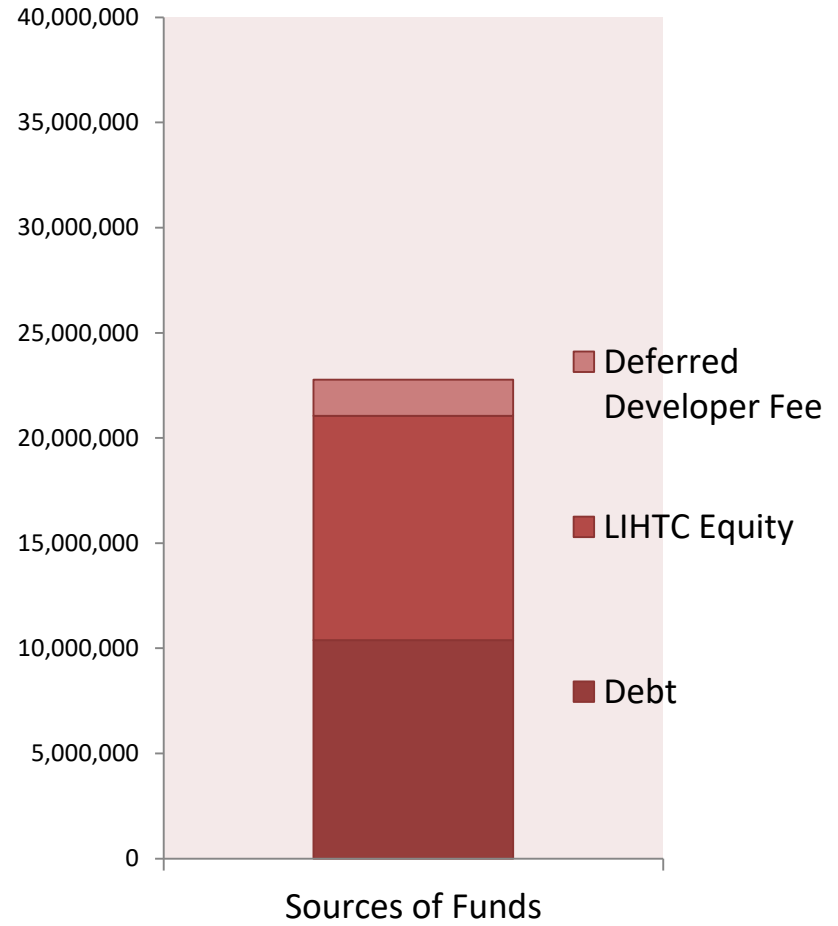
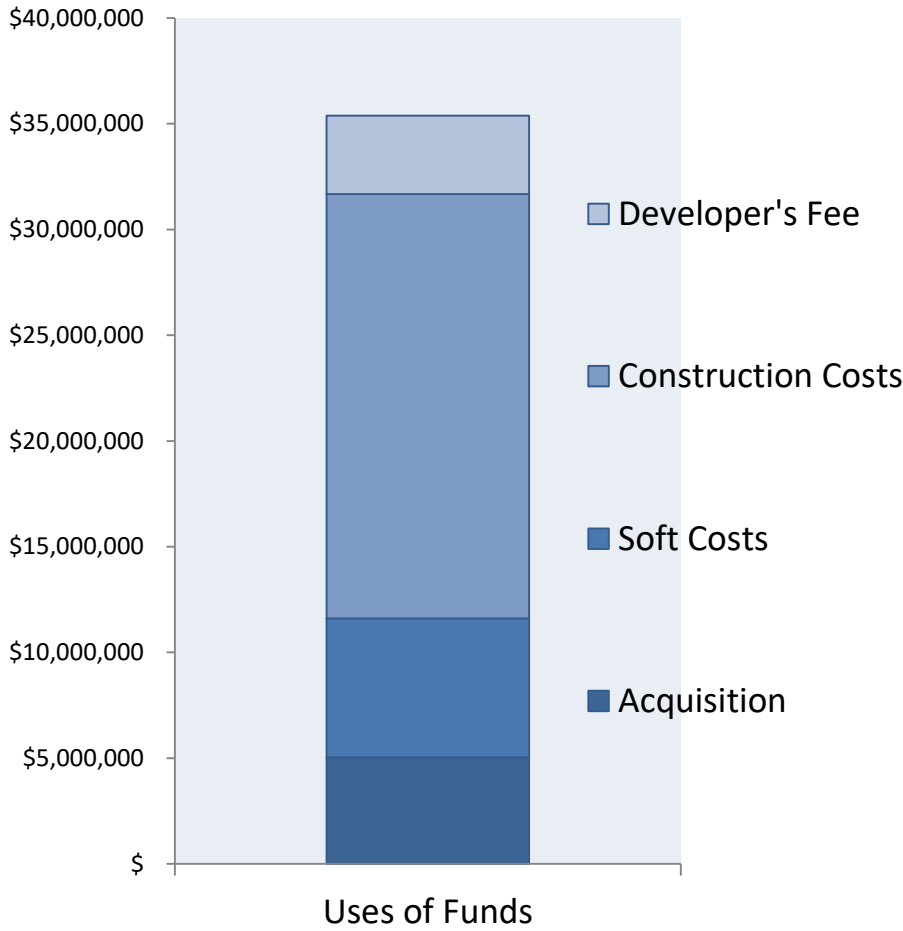
With Restricted Rents



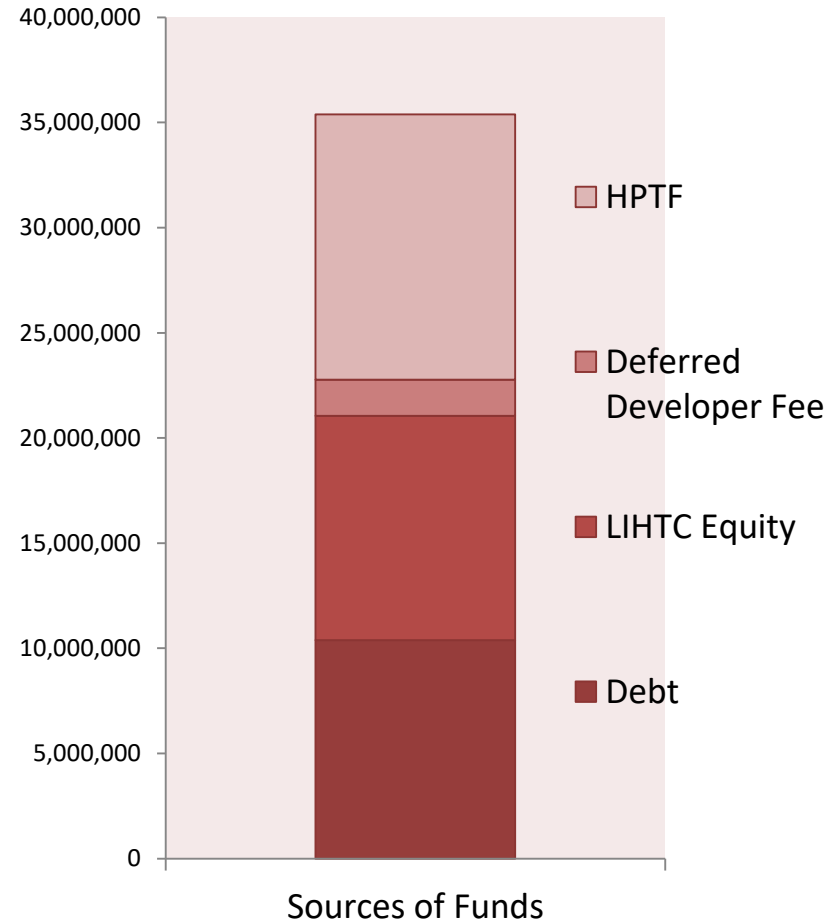
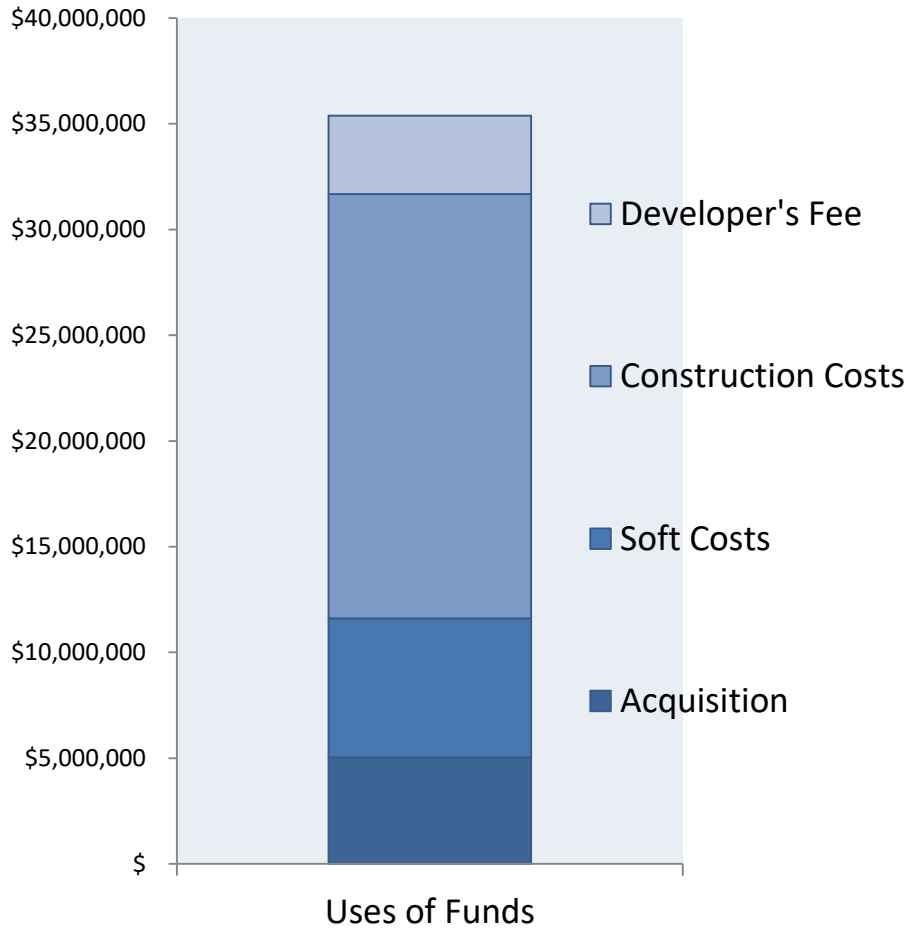
+ Low Income Housing Tax Credits (LIHTC)



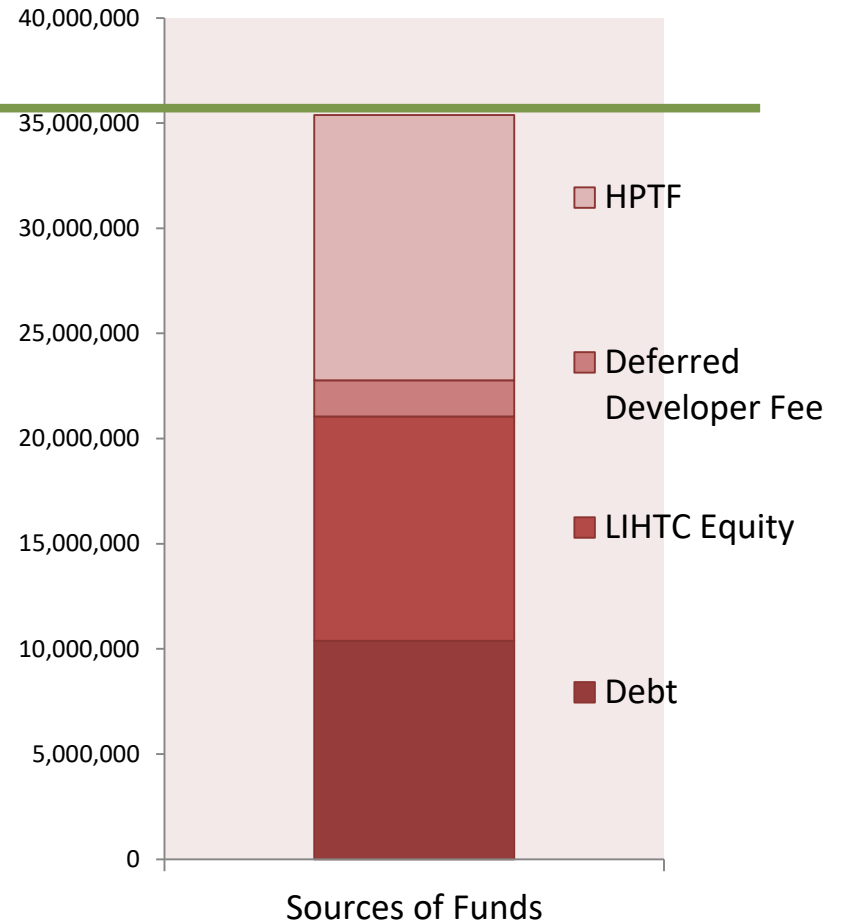
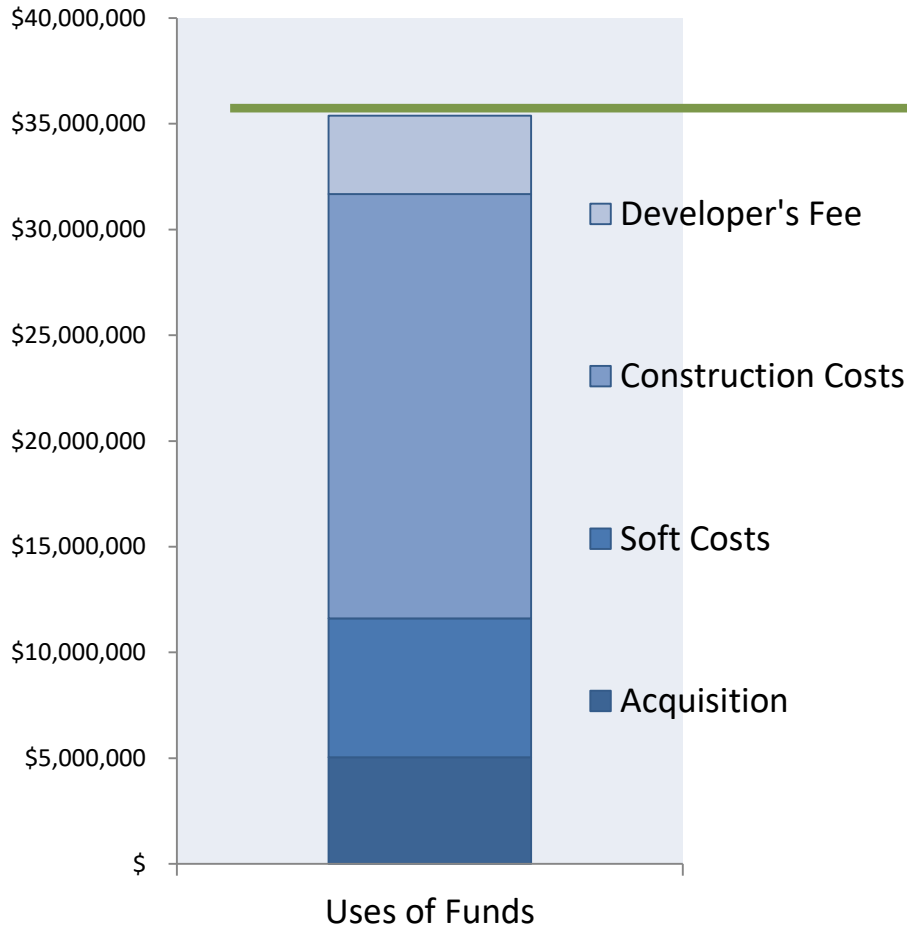
+ Deferred Developer Fee



+ DHCD Gap Financing



Sources = Uses



Project Selection



- Consolidated RFP
- PADD Dispositions
- Acquisition Financing for TOPA Projects

 GOVERNMENT OF THE
DISTRICT OF COLUMBIA
MURIEL BOWSER, MAYOR

FALL 2017 RFP

CONSOLIDATED REQUEST FOR PROPOSALS FOR AFFORDABLE HOUSING PROJECTS

Issue Date: November 30, 2017
Closing Date: 11:59 pm, February 14, 2018

Housing Production Trust Fund (HPTF) | Department of Behavioral Health (DBH) Grant Funds |
HOME Investment Partnerships Program (HOME) | Community Development Block Grant
(CDBG) | National Housing Trust Fund (NHTF) | Local Rent Supplement Program (LRSP) | Annual
Contributions Contract Program (AAC) | Department of Human Services (DHS) Supportive
Services Funds

Brian Kenner
Deputy Mayor for Planning and Economic Development

Polly Donaldson, Director
Department of Housing and Community Development
1800 Martin Luther King Jr. Avenue SE | Washington, DC 20020



Local Funding

- **Housing Production Trust Fund (HPTF)**
- **Department of Behavioral Health (DBH)**

Federal Funding

- **Community Development Block Grant (CDBG)**
- **HOME Investment Partnership Program (HOME)**
- **9% Low Income Housing Tax Credit (LIHTC)**
- **National Housing Trust Fund (NHTF)**

Operating Subsidy (DCHA)

- Local Rent Supplement Program (LRSP)
- Annual Contributions Contract (ACC) (public housing operating subsidy)

Social Services (DHS/DBH)

- Case Management Supportive Services Funds
- DBH provided services for DBH-funded units

Project Selection Criteria



	Production (Rental w/ PSH Units)	Production (Rental w/ DBH Units)	Production (Homeownership)	Preservation
THRESHOLD ELIGIBILITY REQUIREMENTS				
<i>Project Criteria</i>				
1 Eligible Project Type	✓	✓	✓	✓
2 Permanent Supportive Housing	✓	✓	NA	NA
3 Site Control	✓	✓	✓	✓
4 Zoning	✓	✓	✓	✓
<i>Financial Criteria</i>				
5 Development Budget and Operating Proforma	✓	✓	✓	✓
6 Financing Letters	✓	✓	✓	✓
7 Financial Information for Operational Projects	NA	NA	NA	✓
<i>Applicant Criteria</i>				
8 Development Team Thresholds	✓	✓	✓	✓
<i>Reports and Plans</i>				
9 Appraisal	✓	✓	✓	✓
10 Market Study	✓	✓	✓	✓
11 Environmental Site and Physical Needs Assessments	✓	✓	✓	✓
12 Architectural Plans and Cost Estimates	✓	✓	✓	✓
<i>Compliance Criteria</i>				
13 Green Design and Building	✓	✓	✓	✓
14 Relocation and Anti-Displacement Strategy	✓	✓	✓	✓
15 General Compliance	✓	✓	✓	✓
<i>LIHTC-Specific Requirements</i>				
16 Year 15 Plan	✓	✓	NA	✓
SCORING CRITERIA				
UNDERWRITING SCORING				
	Potential Points			
1 Financial and Economic Feasibility	30	30	30	30
2 Development Team Capacity and Experience	30	30	25	30
3 Site Selection and Design Characteristics	5	5	5	5
4 Market Demand and Need Analysis	10	10	10	10
5 Acquisition Cost Reasonableness	5	5	5	5
6 Compliance with DHCD Cost and Funding Guidelines	10	10	5	10
7 Leverage	10	10	10	10
Underwriting Scoring Subtotal	100	100	90	100
PRIORITIZATION SCORING				
	Potential Points			
<i>Demographic Criteria</i>				
1 Permanent Supportive Housing	10	10	0	10
2 Supportive Services Plan	5	0	0	5
3 Family-Oriented Units	10	10	10	10
4 Senior/Artist Housing	5	5	5	5
5 Income Levels Served	7	7	7	7
6 Section 8 and Public Housing Waiting Lists	1	1	1	1
<i>Applicant Criteria</i>				
7 Non-Profit Participation and Right of First Refusal	5	5	5	5
8 TOPA Preference	5	5	5	5
<i>Location Criteria</i>				
9 Transit Proximity	5	5	5	5
10 Economic Opportunity Targeting	14	14	14	14
<i>Project Criteria</i>				
11 Preservation	5	5	5	5
12 Mixed-Income	10	10	10	10
13 Preference for Projects with District Land	8	8	8	8
14 Net Zero Energy or Living Building Challenge Preference	5	5	5	5
15 Extended Use Restriction	5	5	5	5
Prioritization Scoring Subtotal	100	95	85	100
TOTAL	200	195	175	200

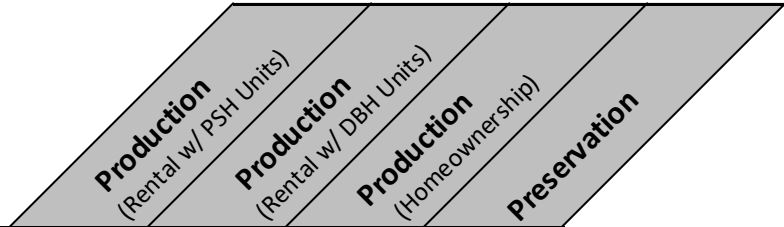


Threshold Eligibility Requirements



THRESHOLD ELIGIBILITY REQUIREMENTS	Applicable?			
	Production (Rental w/ PSH Units)	Production (Rental w/ DBH Units)	Production (Homeownership)	Preservation
<i>Project Criteria</i>				
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4 Zoning	✓	✓	✓	✓
<i>Financial Criteria</i>				
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11 Environmental Site and Physical Needs Assessments	✓	✓	✓	✓
12 Architectural Plans and Cost Estimates	✓	✓	✓	✓
<i>Compliance Criteria</i>				
13 Green Design and Building	✓	✓	✓	✓
14 Relocation and Anti-Displacement Strategy	✓	✓	✓	✓
15 General Compliance	✓	✓	✓	✓
<i>LIHTC-Specific Requirements</i>				
16 Year 15 Plan	✓	✓	NA	✓

Underwriting Scoring Criteria



SCORING CRITERIA					
UNDERWRITING SCORING		Potential Points			
1	Financial and Economic Feasibility	30	30	30	30
2	Development Team Capacity and Experience	30	30	25	30
3	Site Selection and Design Characteristics	5	5	5	5
4	Market Demand and Need Analysis	10	10	10	10
5	Acquisition Cost Reasonableness	5	5	5	5
6	Compliance with DHCD Cost and Funding Guidelines	10	10	10	10
7	Leverage	10	10	10	10
Underwriting Scoring Subtotal		100	100	95	100



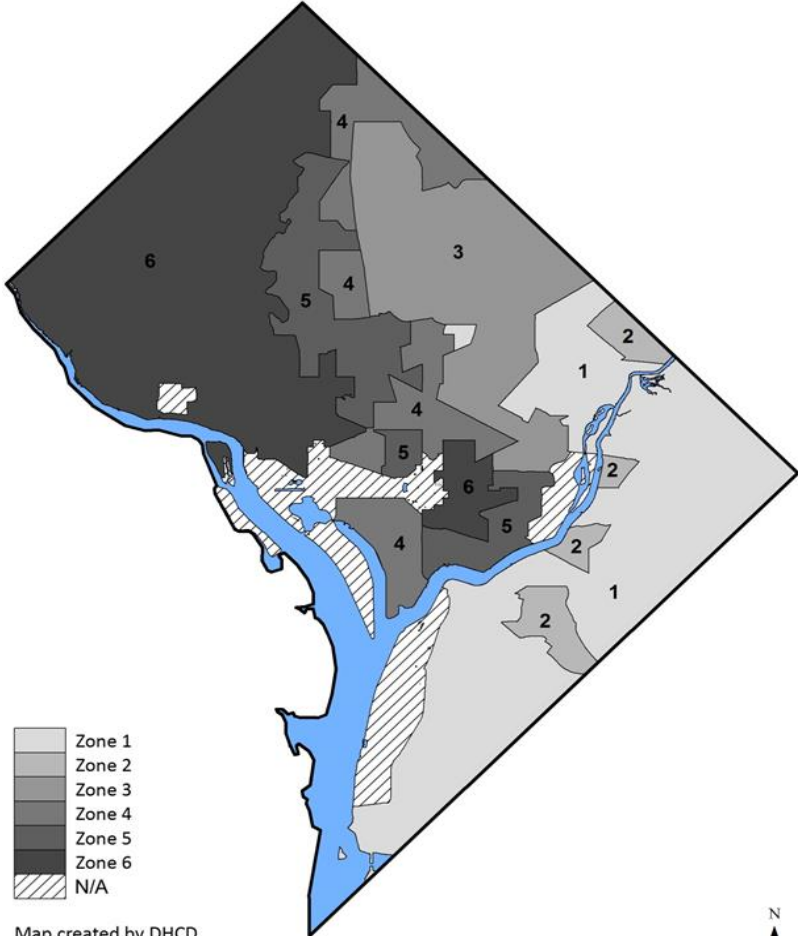
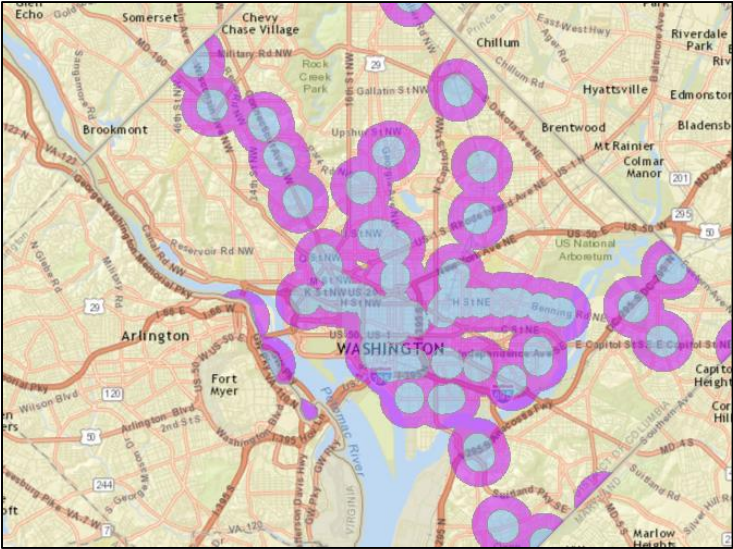
Prioritization Scoring Criteria



THRESHOLD ELIGIBILITY REQUIREMENTS		Applicable?			
		Production (Rental w/ PSH Units)	Production (Rental w/ DBH Units)	Production (Homeownership)	Preservation
PRIORITIZATION SCORING		Potential Points			
<i>Demographic Criteria</i>					
1	Permanent Supportive Housing	10	10	0	10
2	Supportive Services Plan	5	0	0	5
3	Family-Oriented Units	10	10	10	10
4	Senior/Artist Housing	5	5	5	5
5	Income Levels Served	7	7	7	7
6	Section 8 and Public Housing Waiting Lists	1	1	1	1
<i>Applicant Criteria</i>					
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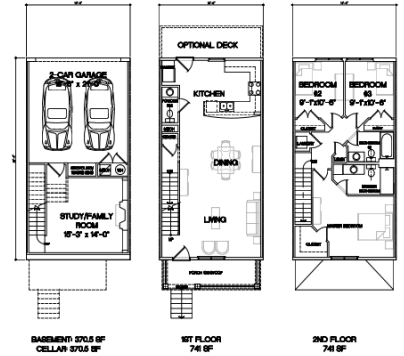


Prioritization Scoring - Location Criteria

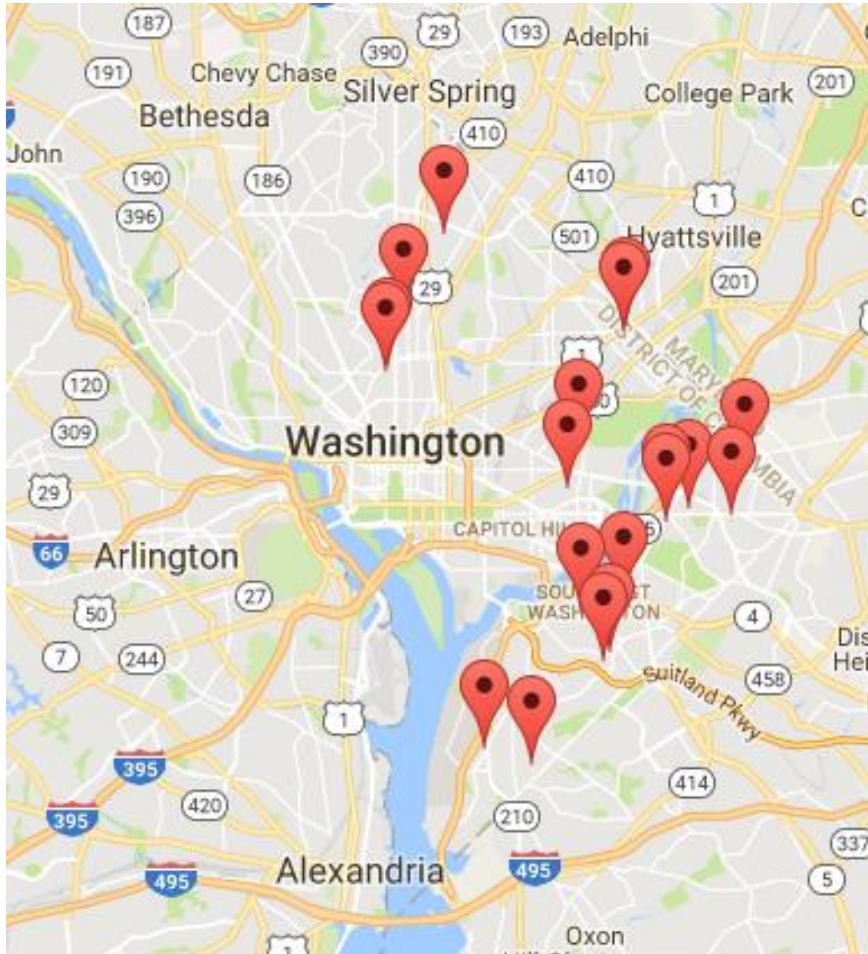


Map created by DHCD.
Based on housing cost data from the U.S. Census Bureau.

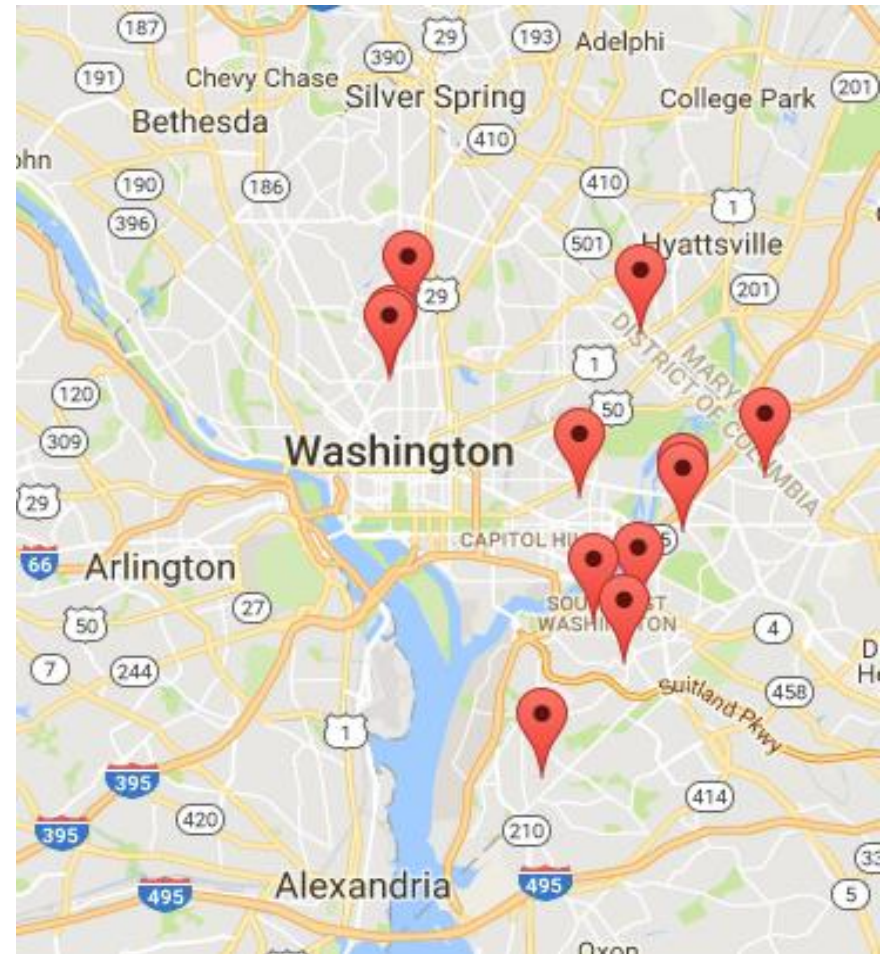
2017 RFP Results



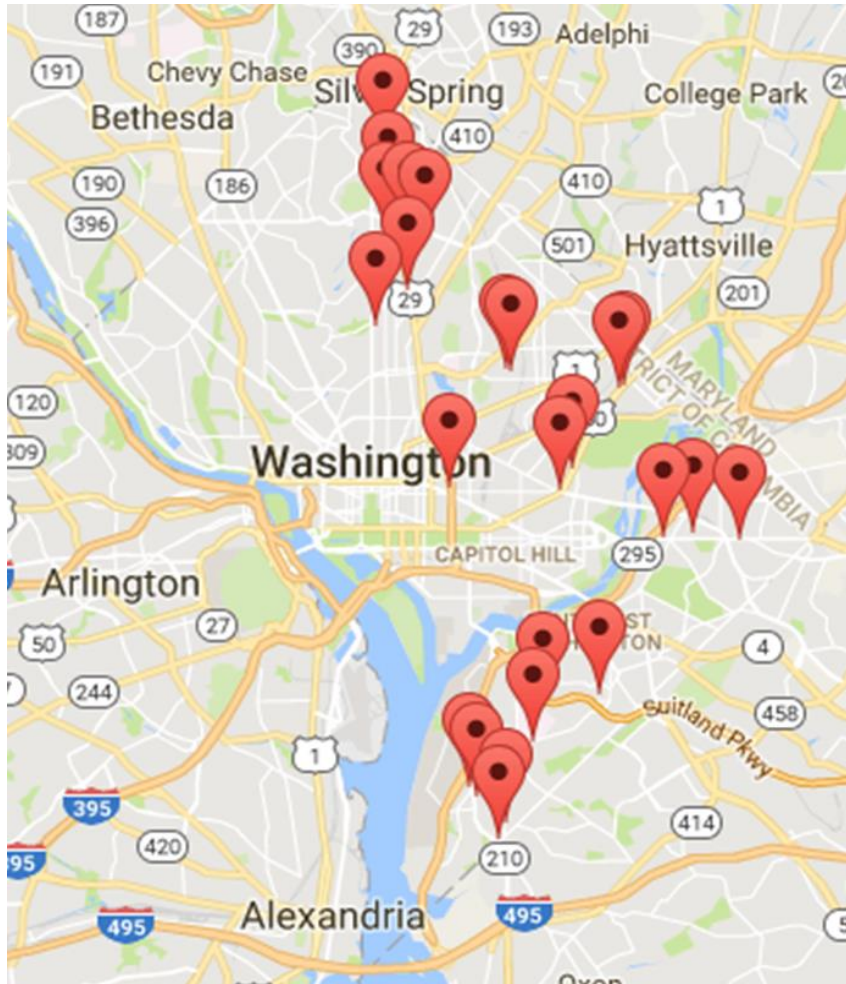
Applications Received



Applications Selected



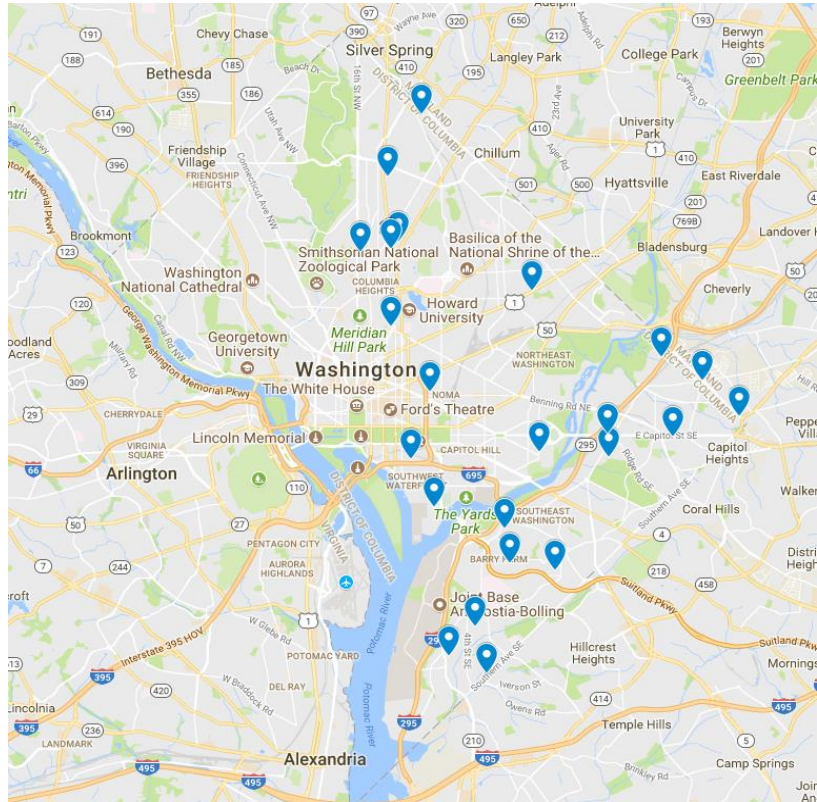
Applications Received



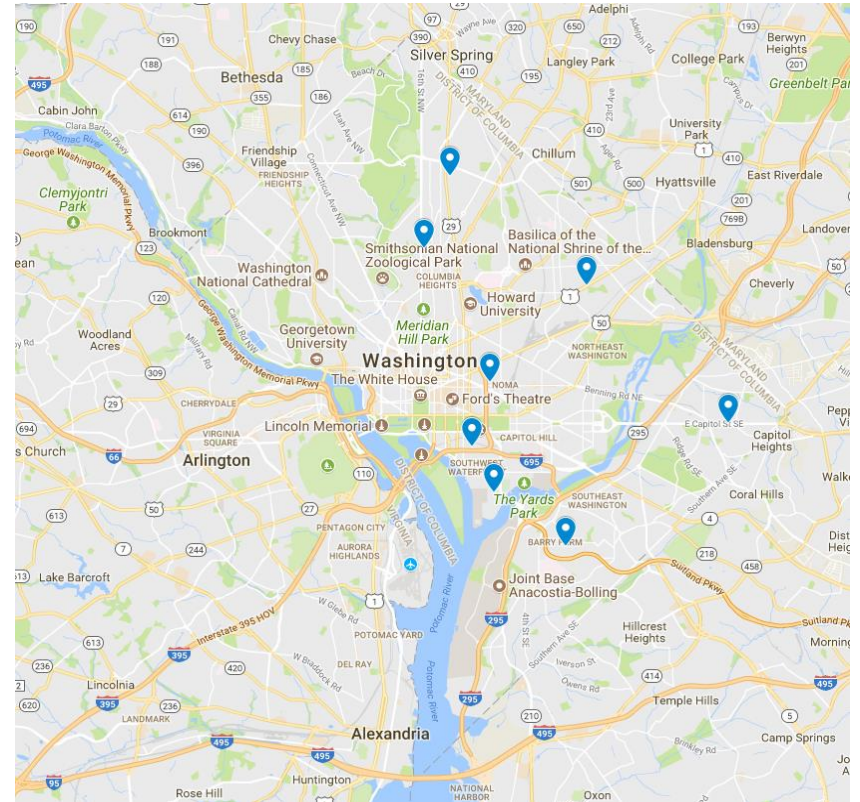
Applications Selected



Applications Received

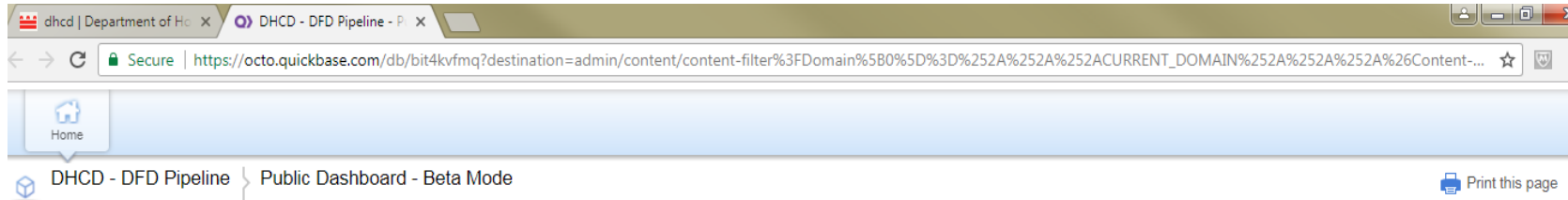


Applications Selected



DFD Project Database

<https://octo.quickbase.com/db/bit4kvfmq>



Search Projects

Funding Opportunities

Payment Tracker

Underwriting Pipeline

Construction Pipeline

Completed Projects

9% LIHTC Allocations

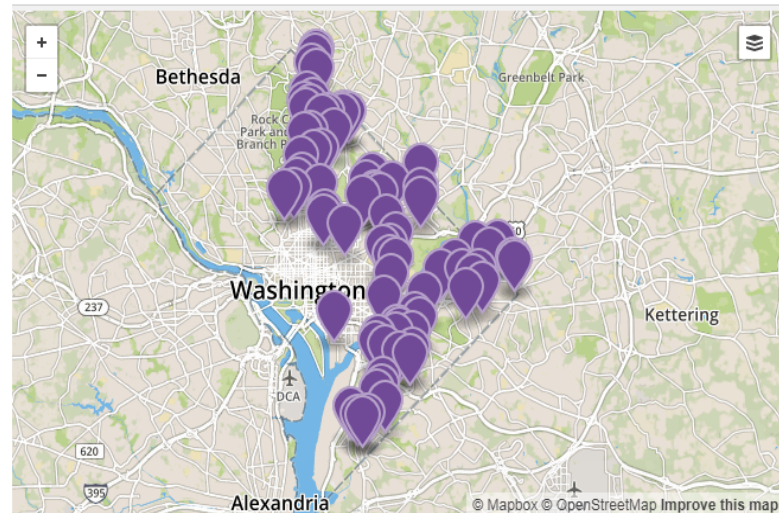
Overview

One of the primary functions of the D.C. Department of Housing and Community Development (DHCD) is to finance the development of affordable housing and community facilities. DHCD's Development Finance Division (DFD) receives loan applications from private developers in response to an annual Request for Proposals (RFP), known as the Notice of Funding Availability (NOFA), and on a rolling basis from tenant associations seeking to exercise their right to purchase rental properties under the Tenant Opportunity to Purchase Act (TOPA). Also, DHCD occasionally partners with our sister agencies, such as the D.C. Housing Authority, to develop affordable housing opportunities.

The purpose of this pipeline report is to provide our stakeholders with real time updates on the status of the projects in the DHCD pipeline, including those that are currently in underwriting, under construction, completed, or leasing or on the market for purchase. The navigation tabs above will allow you to view all projects or perform a more guided search.

The database includes all projects financed, or in the pipeline to be financed, by DHCD's Development Finance Division since the beginning of Fiscal Year 2011 (October 1, 2010).

Please note that this database and dashboard are in Beta Mode; this is a work in progress.



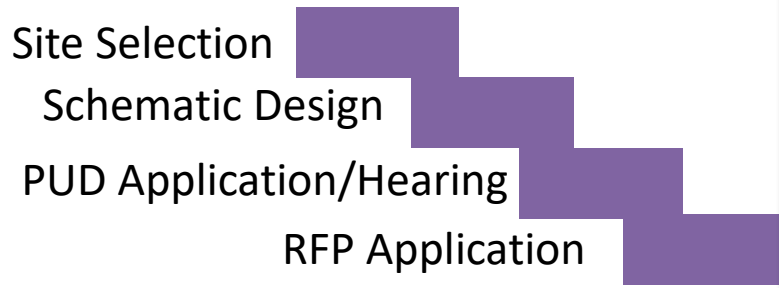
DFD Timeline



	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Dec
Project Selection - January 1	█									
Initial Review and Underwriting	█	█								
Loan Review Committee			█	█	█					
Letter of Conditional Commitment					█	█	█			
OPM Approval						█	█	█		
Council Submission							█	█	█	
Closing									█	█




Overall Predevelopment Timeline



	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Dec
Project Selection - January 1	█									
Initial Review and Underwriting	█	█								
Loan Review Committee			█	█	█					
Letter of Conditional Commitment					█	█	█			
OPM Approval						█	█	█		
Council Submission							█	█	█	
Closing									█	█

Overall Predevelopment Timeline



PUD Application/Hearing 

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Dec
Project Selection - January 1	█									
Initial Review and Underwriting	█	█								
Loan Review Committee			█	█						
Letter of Conditional Commitment					█	█				
OPM Approval						█	█			
Council Submission							█	█		
Closing									█	█



2016

- Sursum Corda
- Park Morton
- Kenilworth-Parkside

2017

- Capitol Vista (ZC Case No. 17-06)
- Providence Place (17-08)
- The Strand Residences (17-10)
- Deanwood Town Center (17-19)

Design Quality



DHCD Design and Construction Standards



- DC Building and Zoning Codes
- Historic Preservation Review Board
- Enterprise Green Communities / LEED Silver
- Living Building Challenge / Nearing Net Zero
- Davis-Bacon Prevailing Wages
- First Source Hiring Requirements
- SBE/CBE Contracting Requirements

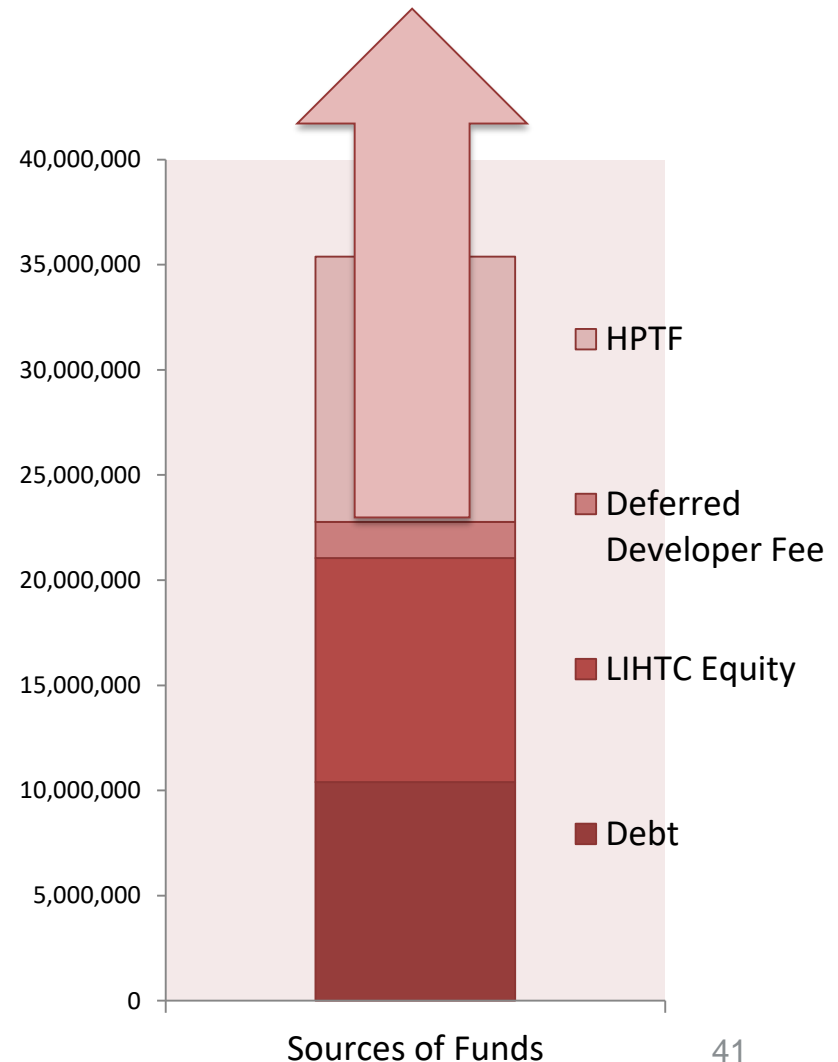
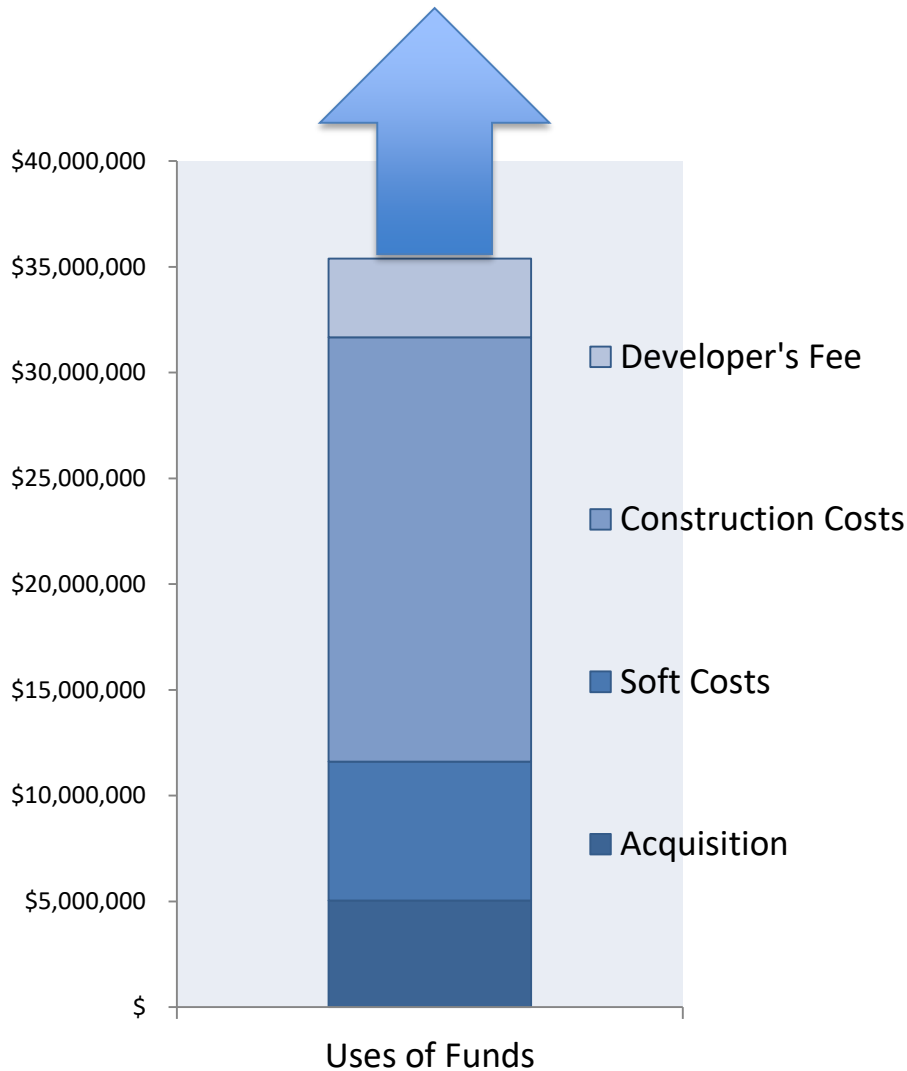
DHCD Construction Cost Guidelines



Maximum Construction Costs per Gross Square Foot

Type of Building	New Construction	Substantial Rehabilitation	Moderate Rehabilitation
Townhouses	\$180	\$145	\$100
Garden Apartments/Condos	175	135	95
Elevator Buildings (.5 floors)	210	150	125
Mid-rise Buildings (6 or more floors)	240	165	140

Added Cost Increases Gap



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DFD Manager

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202.442.7287

HPTF Rent and Income Limits



2017 Housing Production Trust Fund (HPTF) Rent Limits

Unit Size	Income Band		
	0 - 30%	31 - 50%	51 - 80%
Efficiency	\$580	970	1,540
1 Bedroom	660	1,100	1,760
2 Bedroom	740	1,240	1,990
3 Bedroom	830	1,380	2,210
4 Bedroom	910	1,520	2,430
5 Bedroom	990	1,650	2,650

2017 Housing Production Trust Fund (HPTF) Income Limits

Income Band	Household Size							
	1 person	2 person	3 person	4 person	5 person	6 person	7 person	8 person
0 - 30%	\$23,150	26,500	29,800	33,100	36,400	39,700	43,050	46,350
31 - 50%	38,600	44,100	49,650	55,150	60,650	66,200	71,700	77,200
51 - 80%	61,750	70,600	79,400	88,250	97,050	105,900	114,700	123,550