

2024 Competitive Application for Tax-Exempt Bonds and 4% LIHTC

The District of Columbia Housing Finance Agency (“DCHFA”) annually receives approximately \$375MM in qualified Private Activity Bond Volume Cap (“Bond Cap”) from the District through the Office of the Deputy Mayor for Planning and Economic Development (“DMPED”) for housing mortgage revenue bonds. With the persistent high demand for limited Bond Cap outstripping supply, tax-exempt bonds and associated 4% LIHTCs (“LIHTCs”) remain competitive. This ongoing competitive environment required a shift from DCHFA’s former rolling application process to one that prioritizes projects based on existing District policy. These policies are established and guided by strategic documents, including but not limited to, the DC Department of Housing and Community Development’s (“DHCD”) Qualified Allocation Plan (“QAP”), which governs the 4% LIHTCs, and the District of Columbia’s Housing Equity Report. The Housing Equity Report establishes a goal of producing 12,000 net new affordable housing units by 2025 and includes production goals by planning area. The QAP, required by Federal law, requires that the QAP allocate LIHTCs to projects based on federally mandated requirements and priority needs as determined by the District.

DMPED, DCHFA, and DHCD have collectively agreed upon an updated process for Bond Cap reservations.

A summary of the process is as follows:

I. Bond Application Process as of January 1, 2024.

DCHFA will review projects for Readiness each year in two (2) application periods prior to reserving Bond Cap (“Readiness Review”). The first Readiness Review application period will occur in January and the second Readiness Review Application period will occur in July.

A. Project Submission Requirements

- a. Submit the project’s DHCD Threshold Review and Evaluation Score. ***DCHFA will only review submissions that have already received a DHCD Threshold Review and Evaluation Score. You cannot submit for a DHCD Threshold Review and Evaluation Score in the same round that you apply for DCHFA Bond Cap.***
- b. Submit a complete DCHFA Stage II application. See Stage II application at <https://www.dchfa.org/developers/available-programs/mmr/b/>.
- c. Document the ability to close within six (6) months from the DCHFA application date by providing:
 - i. Evidence of filing for construction permits to the DC Department of Buildings (“DOB”), including evidence that the permits having undergone at least one (1) review by DOB. Your evidence must be based on direct correspondence from DOB.
 - ii. Evidence that the project can be constructed under the current zoning laws. Refer to <https://www.dchfa.org/developers/available-programs/mmr/b/> for all zoning documentation required for application submission.

- iii. Provide all Letters of Intent (“LOI”) from the construction lender, permanent lender, subordinated lender (e.g., HPTF, Amazon HEF, etc.), Federal LIHTC syndicator, State LIHTC syndicator, etc. The LOI must have pricing that reflects the market conditions as of the date of the LOI. The LOI must be dated within ninety (90) calendar days of application submission. Refer to the <https://www.dchfa.org/developers/available-programs/mmr/b/> for all information required in the LOI for application submission.
- iv. Provide the general contractor’s reasonable estimate of construction pricing on DHCD Form 215. At a minimum, pricing must be based on your Design Development drawings. You must submit updated construction pricing based on permanent drawings within ninety (90) calendar days of application submission. Refer to DHCD for Form 215.

B. Preliminary Inducement of “Acquisition and Rehabilitation” Projects for IRS Compliance

To ensure that acquisition and rehabilitation projects can fund acquisition basis with tax-exempt bonds, DCHFA will offer preliminary inducements of projects within sixty (60) calendar days of a project’s acquisition date pursuant to the IRS. A preliminary inducement does not constitute a DCHFA commitment of Bond Cap for your project. A preliminary inducement is ONLY for the purpose of IRS compliance and does not negate the project’s requirement to secure a DHCD Threshold Review and Evaluation Score. You must still submit your application for a competitive evaluation through DCHFA’s Readiness Review process.

C. Project Bond Cap Reservation Limitation

No project will receive a bond cap reservation in an amount more than twenty percent (20%) of DCHFA’s total annual bond allocation. The maximum reservation amount for each project cannot exceed \$75.6 million.

D. Selection of Projects for DCHFA Underwriting

1. All projects must receive a DHCD Threshold Review and Evaluation Score prior to applying to DCHFA for Bond Cap.
2. DCHFA will prioritize the bond financing of projects based on the DHCD Threshold Review and Evaluation Score in the order from high to low scores, until the available Bond Cap is exhausted.
3. If two projects receive the same DHCD Threshold Review and Evaluation Score, priority will be given to a project based on the following:
 - i. The project with the highest geographic location score as determined according to points assigned by DHCD.
 - ii. In the event that more than one project receives the same DHCD Threshold Review and Evaluation Score and also receives the same geographic location score, the project with the largest percentage of units restricted to thirty percent (30%) of the Median Family Income will receive priority.