

FY 2017-2018 NATIONAL HOUSING TRUST FUND ALLOCATION PLAN FOR THE DISTRICT OF COLUMBIA

Submission to the U.S. Department of Housing and Urban Development

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Overview

The National Housing Trust Fund (NHTF) is a new federal affordable housing production program that will complement existing District of Columbia efforts to increase the supply of affordable housing for extremely low-income households, including homeless families and individuals, and persons with special needs. Congress established the NHTF through the Housing and Economic Recovery Act of 2008. On January 30, 2015, the U.S. Department of Housing and Urban Development (HUD) published an [Interim Rule](#) that guides implementation of the NHTF by the states. HUD plans to issue a final rule for the NHTF after states and the District have had experience administering the program and are able to offer comments regarding the initial implementation.

In years when total national funding is less than \$1 billion, 100 percent of each state's allocation must benefit households at or below the federal extremely low income (ELI) level, which is 30 percent of Area Median Income (AMI), or households with income below federal poverty level, whichever is greater. In the District, the ELI level is greater than the federal poverty level. Thus, in 2018, the District's entire NHTF allocation will be used to benefit ELI households because HUD estimates the total amount of the trust fund to be approximately \$174 million.¹

Given the requirements of the program and the need for rental housing affordable to ELI households in the city, the District will use NHTF program funds to develop newly constructed Permanent Supportive Housing, as defined below, for homelessness individuals and families consistent with the Priority Needs and the Strategic Plan's Goals laid out in the District's Consolidated Plan.

NHTF funding will be blended with other federal and local funding resources, including Project Based Rental Assistance, to finance properties that include these units. The terms of competitive solicitations may specify deeper targeting and lower maximum rents for NHTF units than those in the federal Interim Rule.

¹ In years that total NHTF funding exceeds \$1 billion nationally up to 25 percent of a state's allocation can be used to benefit very low income (VLI) households (those at or below 50 percent of AMI).

Program Administration

The Department of Housing and Community Development (DHCD) will administer the NHTF in the District. The Development Finance Division (DFD) will obligate funds and undertake eligible activities in a timely manner. In fiscal year 2016 alone, DFD closed projects worth \$128.6 million. In the Spring 2016 Request for Proposals (RFP), developers submitted 29 applications requesting nearly \$180 million in federal and local resources; after completing a threshold eligibility review and scoring and ranking process, DHCD selected 13 projects totaling \$102.5 million for more thorough underwriting.

Eligibility Requirements

Per 24 CFR §93.2, DHCD will award NHTF (or, as specified in the regulations, “HTF”) funds to applicants meeting the definition as stated in the regulations:

“Recipient means an organization, agency, or other entity (including a public housing agency, or a for-profit entity or a nonprofit entity) that receives HTF assistance from a grantee as an owner or developer to carry out an HTF-assisted project. A recipient must:

1. Make acceptable assurances to the grantee that it will comply with the requirements of the HTF program during the entire period that begins upon selection of the recipient to receive HTF funds, and ending upon the conclusion of all HTF-funded activities;
2. Demonstrate the ability and financial capacity to undertake, comply, and manage the eligible activity;
3. Demonstrate its familiarity with the requirements of other Federal, State, or local housing programs that may be used in conjunction with HTF funds to ensure compliance with all applicable requirements and regulations of such programs; and
4. Have demonstrated experience and capacity to conduct an eligible HTF activity as evidenced by its ability to:
 - i. Own, construct, or rehabilitate, and manage and operate an affordable multifamily rental housing development; or
 - ii. Design, construct, or rehabilitate, and market affordable housing for homeownership.
 - iii. Provide forms of assistance, such as down payments, closing costs, or interest rate buydowns for purchasers.”

DHCD will accept and consider eligible development proposals from all applicants that meet this definition and any additional requirements of a recipient under 24 CFR §93.2. Upon application, eligible recipients shall meet the threshold requirements provided in DHCD’s current Consolidated RFP, including the following Threshold Eligibility Requirements:

1. Having an eligible project type, which shall produce or preserve affordable housing;²
2. At least 5 percent of Production units must be Permanent Supportive Housing (PSH) units, which is defined under D.C. Official Code §4-751.01-28 as “Supportive housing for an unrestricted period of time for individuals and families who were once homeless and continue to be at imminent risk of homelessness, including persons with disabilities as defined in 24 CFR §582.5 for whom self-sufficient living may be unlikely and whose care can be supported through public funds”;
3. Control of the proposed site;
4. Compliance with the zoning requirements;
5. Provide a Development Budget and Operating Pro forma that meets DHCD’s underwriting standards;
6. Financing letters from other prospective lenders and investors;
7. Financial information for operational projects (this is a Threshold Requirement in the Consolidated RFP for rehabilitation (or Preservation) projects only; it is not applicable to NHTF funds, which will only be available to new construction projects);
8. A development team that includes an owner, developer, development consultants (if applicable), an architect, general contractor, construction manager (if applicable), management agent, and supportive services provider (for PSH units) that are not debarred from receiving federal or District funding and collectively demonstrate the financial;
9. An appraisal, that include the values for the property “as-is,” “as-built” with restrictive rents, and “as-built” with unrestricted rents;
10. A market study;
11. A Phase I Environmental Site Assessment;
12. Architectural plans and cost estimates;
13. The project must meet designed and constructed accordance with the Green Building Act of 2006, D.C. Official Code §§6-1451.01, et seq.;
14. A relocation and anti-displacement strategy (this is a Threshold Requirement in the Consolidated RFP for occupied properties, but it is not applicable to NHTF funds, which will only be available to new construction projects);
15. An indication of compliance with the Rental Housing Act (D.C. Official Code §§42-3501.01, et seq.), the Tenant Opportunity to Purchase Act of 1980 (D.C. Official Code §§42-3404.01, et seq.), and all other compliance and monitoring requirements; and
16. A year 15 plan for projects that will use Low Income Housing Tax Credit financing.

In addition to meeting the above threshold requirements, applicants shall:

- Include a description of the eligible activities to be conducted with NHTF funds, and demonstrate that projects can be completed within the five-year period covered by this plan;

² DHCD’s RFPs contain this as a threshold requirement. NHTF applicants will qualify as new construction, or Production, projects and will not be subject to Preservation threshold criterion.

- Explain management practices related to leasing to homeless households or persons with special needs; and
- Certify that eligible activities assisted with NHTF funds will comply with the NHTF requirements.

Applicants that meet all Threshold Eligibility Requirements are then scored according to the RFP scoring criteria (see the Spring 2017 Affordable Housing Scorecard on the next page), which further evaluates the project team’s technical and financial capacity to meet the recipient requirements of 24 CFR §93.2.

Ability to enter into a Commitment for NHTF funds/Timeliness

The ability to enter into a commitment for NHTF funds and undertake eligible activities in a timely manner is a minimum requirement of DHCD’s RFP. Currently, DHCD’s project selection criteria include the following threshold eligibility requirements and scoring criteria, many of which evaluate project readiness and developer capacity, as illustrated by the Spring 2017 Affordable Housing Scorecard on the next page.

Spring 2017 Affordable Housing RFP Selection Criteria

| THRESHOLD ELIGIBILITY REQUIREMENTS | Applicable? | | | |
|--|-------------------------------------|-------------------------------------|-------------------------------|--------------|
| | Production (Rental w/ PSH Units) | Production (Rental w/ DSH Units) | Production (Homeownership) | Preservation |
| <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 | 10 | 10 |
| 7 Leverage | 10 | 10 | 10 | 10 |
| Underwriting Scoring Subtotal | 100 | 100 | 95 | 100 |
| PRIORITIZATION SCORING | Potential Points | | | |
| <i>Demographic Criteria</i> | | | | |
| 1 Permanent Supportive Housing and TAH | 10 | 10 | 0 | 10 |
| 2 Supportive Services Plan | 5 | 0 | 0 | 5 |
| 3 Family-Oriented Units | 10 | 10 | 10 | 10 |
| 4 Senior 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 Small Business Enterprise/Certified Business Enterprise | 1 | 1 | 1 | 1 |
| 9 TOPA Preference | 5 | 5 | 5 | 5 |
| <i>Location Criteria</i> | | | | |
| 10 Transit Proximity | 5 | 5 | 5 | 5 |
| 11 Economic Opportunity Targeting | 12 | 12 | 12 | 12 |
| 12 R/ECAP | 2 | 2 | 2 | 2 |
| <i>Project Criteria</i> | | | | |
| 13 Mixed-Income | 7 | 7 | 7 | 7 |
| 14 Preference for Projects with District Land | 10 | 10 | 10 | 10 |
| 15 Net Zero Energy or Living Building Challenge Preference | 5 | 5 | 5 | 5 |
| 16 Extended Use Restriction | 5 | 5 | 5 | 5 |
| <i>Other DHCD Policy Objectives</i> | | | | |
| 17 Meeting Other DHCD Policy Objectives | 5 | 5 | 5 | 5 |
| Prioritization Scoring Subtotal | 100 | 95 | 85 | 100 |
| TOTAL | 200 | 195 | 180 | 200 |

Note: Not all selection criteria relate to the NHTF funds or should be construed as a preference for the purposes of the NHTF. For example NHTF funds will not be used for Preservation (Rehabilitation) uses. The table above is from a previous Consolidated RFP, which offers other funding sources for Preservation.

As demonstrated above in the RFP scorecard and in the attached RFP document, all projects must have site control (#3) and comply with zoning requirements (#4) at the time of

application. Further, projects must have completed the third-party reports required to conduct underwriting and compliance review.

Additional Selection Criteria that pertain specifically to ensuring timely obligation of funds are detailed below:

Threshold Eligibility Requirement #6 – Development Team Thresholds:

Under Threshold Eligibility Requirement number 11, “Development Team Thresholds,” applicants must demonstrate that they have their development team in place and provide complete information and documentation on its members. At a minimum, the following team members must be identified:

- Owner (including all parties involved in the partnership)
- Developer
- Development Consultants (if applicable)
- Architect
- General Contractor
- Construction Manager (if applicable)
- Management Agent
- Supportive Services Provider (if project includes Permanent Supportive Housing units not designated as DBH units)

There is an extensive series of forms and attachments that must be completed and submitted for each member of the development team, including corporate documents, qualifications, resumes, references, organizational charts, workload descriptions, AIA documents, and financial statements.

Underwriting Scoring #1 – Financial and Economic Feasibility

The Financial and Economic Feasibility score is a composite of several factors listed below. Applications will be scored on the sub-criteria below, and the scores will be summed.

a. Form 202 – Application for Financing

Maximum points will be awarded to proposals that submit Form 202 containing a realistic set of sources and uses, development budget, and pro forma operating budget. Budgets and tax credit requests must be based on solid assumptions (vacancy rate, debt service coverage ratios, LIHTC raise rates, funding levels for reserves, etc.). The uses are appropriate for the project and the requested financing sources. Letters of interest with terms and conditions are submitted from multiple lenders and investors (at least two, but no more than three) for each proposed financing source, to demonstrate competitiveness of private loan and syndication terms. If multiple alternative financing scenarios are presented, letters of interest substantiate each.

b. Timeline

Maximum points will be awarded to projects that have a strong likelihood of proceeding into construction within 180 days of being selected for further

underwriting by DHCD, based on the timeline, narrative, and supporting documentation.

c. Architectural Plans

Maximum points will be awarded to applicants that submit Architectural Plans that are permit-ready and have a construction budget that is aligned with the plans. The plans reflect all design characteristics committed to in this application, such as green building and accessibility features. The construction budget has been prepared and signed by the General Contractor and it is highly unlikely that the budget will change prior to loan closing.

d. Firm Financing Commitments

Maximum points will be awarded to applicants that submit Final Letters of Commitment from all other participating financial sources. Rates and terms have been locked in and lenders are ready to close as soon as DHCD commits to funding the final gap.

e. Overall Financial and Economic Feasibility

Maximum points will be awarded to applicants that demonstrate that long term-financial sustainability of the project is highly likely and an appropriate amount of tax credits are being requested, based on DHCD's assessment of overall feasibility and project readiness.

Underwriting Scoring #2 – Development Team Capacity and Experience

Development teams will be evaluated on their experience with and performance on comparable projects, as well as their capacity to deliver the proposed project and maintain long term viability and compliance. Applications will be scored on the sub-criteria below, and the scores will be summed.

a. Developer/Owner Capacity and Experience

Maximum points will be awarded to applicants (owner, borrower, sponsor, developer, and guarantor) that have the financial and workload capacity to make this project a top priority and execute it on a rapid timeline. The lead developer (and co-developer and/or development consultant, if applicable) demonstrates an exemplary track record in projects of similar size, scale, type and complexity to the proposed project.

b. General Contractor Capacity and Experience

Maximum points will be awarded to projects that have selected a General Contractor that demonstrates an exemplary track record in projects of similar size, scale, type and complexity to the proposed project. The GC has the capacity and experience to deliver this project on time, on budget, and to the highest quality standards, while maintaining compliance with applicable regulations such as Davis-Bacon and the Green Building Act.

c. Management Agent Capacity and Experience

Maximum points will be awarded to projects that have selected a Management Agent that demonstrates a successful track record in projects of similar size, scale, type, and complexity to the proposed project, including a demonstrated ability to maintain ongoing compliance over the life of a project.

d. Architect/Construction Manager Capacity and Experience

Maximum points will be awarded to projects that have selected an Architect that demonstrates a successful track record in projects of similar size, scale, type, and complexity to the proposed project, and has the capacity and experience to assure that the proposed design is compliant with all applicable regulations, such as the Green Building Act, accessibility standards, zoning, and historic preservation. The Architect and/or Construction Manager have/has the capacity and experience to provide project oversight to guarantee that it is delivered on time, on budget, and to the highest quality standards.

e. Overall Team Capacity and Experience

Maximum points will be awarded to projects that have a high likelihood of delivering on time and on budget and will remain in compliance for the life of the project, based on DHCD's assessment of overall team capacity and experience.

Distribution of Funds

NHTF funds will be awarded on a competitive basis through DHCD's semiannual RFP process, which DHCD uses to award the majority of the federal and local resources it administers for multifamily housing. These RFPs will make NHTF financing available directly to qualified recipients that submit applications to develop affordable rental housing that meets the criteria outlined in this allocation plan, more specific criteria described in each RFP, and criteria as required by federal and District statutes and rules. The District's 2018 allocation of NHTF funding will be focused on targeting affordable rental housing to address the priority need of assisting extremely low income households with affordable housing to prevent homelessness as identified in the jurisdiction's Consolidated Plan. NHTF funding will be leveraged with local funds, and local financing, including the Housing Production Trust Fund, Department of Behavioral Health Grant Fund, or Local Rent Supplement Program operating subsidies (a type of Project Based Rental Assistance), and federal financing, such as Community Development Block Grant funds, HOME Investments Partnership Program funds, Housing Opportunities for People with AIDS funds, Low-Income Housing Tax Credits, and Housing Choice Voucher Program or Annual Contributions Contract Program operating subsidies (PBRA).

These RFPs are and will be part of a comprehensive semiannual funding plan to distribute financing across the District based on the need for rental housing across the city. DHCD will distribute funding from the NHTF in a manner that affirmatively furthers fair housing. For example, DHCD's recent RFPs, which made available funding from multiple federal and local sources, included prioritization scoring points for projects that would advance economic integration at the neighborhood level.

The District will award NHTF funds to eligible projects selected through the competitive RFP process. Awardees may use NHTF funds to pay for any eligible cost within an approved project budget, excluding costs that are specifically prohibited by federal or local rules. Eligible costs include hard or soft costs related to construction, demolition or other site work, acquisition of real property, financing and syndication-related costs, and operating or replacement reserves.

Awards of NHTF funds will be made in the form of below market rate, subordinate gap loans payable from available cash flow. Interest rates will range from 0 percent-3 percent and terms will range from a minimum of 30 years. More specific loan terms will be prescribed in the RFP through which the NHTF funds are offered, and in the underwriting process. Funding will be allocated only for newly constructed rental housing production. In this allocation, the District will not use funds for homeownership projects. All projects funded with NHTF funds will be required to execute a minimum 30-year affordability covenant recorded against the property's deed. This requirement will be established in the Loan Terms section of the

Consolidated RFP, where it has been listed as a requirement in previous RFPs. DHCD awards Prioritization Scoring points (5 points) to projects that commit to Perpetual Affordability. DHCD enforces this requirement through the execution of an affordability covenant.

To promote safe, decent, and sanitary housing, NHTF projects shall comply with local housing requirements in the *DC Municipal Regulations*, Title 14. Applicants also must submit a construction scope of work and budget that addresses these needs, to ensure that the development will remain safe, decent, and sanitary over the life of the affordability period. As an example of how DHCD addresses this issue, please review excerpts from DHCD's most recent RFP, which is included as an attachment to this plan.³

Prior to closing on financing, each NHTF-funded recipient must provide a written description of eligible activities to be conducted with NHTF funds and execute a DHCD NHTF Written Agreement that certifies that housing assisted with NHTF funds will comply with NHTF requirements as required in 24 CFR §93.200.

Up to 10 percent of the District's NHTF allocation will be used for administration, as allowed by NHTF regulations.

Priority Funding Factors

As listed above in the RFP table, DHCD will award prioritization scoring points in the consolidated RFP to projects that advance certain District of Columbia policy priorities. Within this process all NHTF funds will be used to benefit Extremely Low Income (ELI) households. The allocation of the NHTF funds among projects will be consistent with the Priority Needs stated in the Strategic Plan detailed in the Consolidated Plan without limitation or preference being applied to a particular segment of the ELI population.

The table on the next page outlines how the most recent completed RFP prioritization scoring points align with the Priority Needs identified in the Consolidated Plan.

³ Generally, as part of an application for financing, applicants seeking to preserve or rehabilitate a property must provide a property conditions needs assessment that identifies necessary repairs. However, since NHTF applicants will only be applying for new construction they will not be subject to this requirement.

| Priority Needs | Priority Funding Factors |
|--|---|
| Affordable housing | <ul style="list-style-type: none"> • Income Levels Served • Section 8 and Public Housing Waiting Lists • Extended Use Restriction |
| Homelessness | <ul style="list-style-type: none"> • Permanent Supportive Housing • Supportive Services Plan • Income Levels Served |
| Neighborhood Investments that Affirmatively Further Fair Housing Choice | <ul style="list-style-type: none"> • Permanent Supportive Housing • Family-Oriented Units • Senior Housing • Transit Proximity • Economic Opportunity Targeting • R/ECAP • Mixed-Income Projects |
| Capacity-Building | <ul style="list-style-type: none"> • Non-Profit Participation • Small Business Enterprise/Certified Business Enterprise • TOPA Preference |
| Sustainability/Green Building/Community Resilience | <ul style="list-style-type: none"> • DC Green Design and Building requirements (Threshold Requirement) • Net Zero Energy or Living Building Challenge |
| Plans/Studies | <ul style="list-style-type: none"> • Reports and Plans (Phase I, market study, etc.) (Threshold Requirement) |

It is important to note that between each funding round, DHCD solicits input from the public on ways the RFP can be improved. Based on these comments and on internal policy priorities, DHCD can make modifications to the RFP that will be used in future NHTF allocation plans.

Anti-Displacement

For properties that contain existing and occupied units prior to construction, funding applicants must submit a Relocation and Anti-Displacement Strategy addressing any temporary or permanent displacement of current occupants. In most instances, Relocation will not apply the NHTF funded projects since the District’s allocation will only be used for new construction, not rehabilitation.

Geographic Targeting

The geographic targeting DHCD uses to select preferred projects is detailed in the RFP and includes the following:

- **Transit Proximity:** Projects located within 1/2 a mile of a Metro station or DC Streetcar stops.
- **Economic Opportunity Targeting:** Points are awarded for projects based on location. DHCD seeks to create more affordable housing in high opportunity neighborhoods, those with characteristics such as low-crime, low-poverty, and access to high quality schools and jobs. Another goal of this point prioritization is to disperse the District's affordable housing supply more equitably across neighborhoods and Wards and to provide a counterbalance to the implicit incentive for developers to build affordable housing in low-cost and high poverty neighborhoods. Projects requesting NHTF funds will be scored against DHCD's RFP. A map and breakdown of the points are included in the attachments.
- **R/ECAP:** Full points will be awarded to projects that are not located in a HUD-designated Racially or Ethnically Concentrated Area of Poverty (R/ECAP).

Non-Federal Funding Leverage

DHCD awards preference points for use of alternative financing sources that reduce public investment in the project, including tax credit equity, conventional debt, and private grants. In mixed-income buildings, applicants may use surplus cash flow from market rate units to cross subsidize the affordable units and improve their leverage ratio.

Project-Based Rental Assistance

DHCD's RFPs are Consolidated Requests for Proposals. Other District Government agencies, including the Department of Behavioral Health (DBH), the Department of Human Services (DHS), and the D.C. Housing Authority (DCHA), make funds available through these consolidated RFPs. The relationship is formalized in an interagency Memorandum of Understanding. Applicants that request NHTF funds for units that benefit ELI households will also be able request project-based rental assistance (PBRA) from DCHA, subject to funding availability. Since NHTF will only be used to support 0 percent-30 percent AMI units (ELI units), DHCD will require NHTF units to have PBRA, whether through an existing contract or a through new PBRA contract awarded through the Consolidated RFP. NHTF dollars may be combined with any of the following PBRA programs, which are administered by the DCHA and offered through the Consolidated RFP:

- Housing Choice Voucher Program;
- Local Rent Supplement Program (LRSP); and
- Annual Contributions Contracts Authority (ACC).

DHCD and DCHA combine development subsidies with operating subsidies to ensure long-term feasibility and sustainability of units for households earning between 0 percent-30-percent of AMI; however, both departments have underwriting standards and other

safeguards in place to ensure that no unit is over-subsidized and that no more than the minimum amount of public funds required to support the reserved units is awarded.

Preference will be given to projects that have PBRA contracts in place to support the operations of the NHTF-funded units, or bring a contract secured outside of the Consolidated RFP. Projects that do not have a PBRA contract in place or a commitment lined up must request new PBRA assistance through the Consolidated RFP.

Maximum Per-unit Development Subsidy Amount

DHCD has chosen to use the HOME maximum subsidy limits (24 CFR §92.250) without modification throughout the entire District. The reasoning is that the District is roughly 70 square miles and integrated into a larger metropolitan area that represents a single market for the labor, professional services, and materials that contribute to the cost of constructing affordable housing. These limits are currently in use for the HOME program and have proven sufficient to produce units throughout the District. The average per unit HOME subsidy from 2010-2015 was \$53,000 and the highest per unit subsidy during this period was \$107,000. This subsidy level is possible because DHCD has a strong preference for units that leverage other funding sources and for mixed-income projects. Though the NHTF is targeted at a lower income level than what is required by the HOME program, the preference for leveraging other sources of funds and the District's threshold requirement that NHTF-funded units receive project based rental assistance will ensure that the HOME maximum subsidy limits are suitable for the market. (The per-unit subsidy amounts are included below in Table 1.) Furthermore, the HOME maximum subsidy limits are familiar to the industry, will encourage applications for the newly available funding source, and facilitate project compliance and monitoring.

The total amount of funds that a participating jurisdiction may invest on a per-unit basis in affordable housing may not exceed the per-unit dollar limitations established under Section 221(d)(3)(ii) of the National Housing Act. HUD will allow the per-unit subsidy amount to be increased on a program-wide basis to an amount, up to 240 percent of the original per unit limits, to the extent that the costs of multifamily housing construction exceed the section 221(d)(3)(ii) limit. The District of Columbia is currently on the High Cost Percentage Exception list. HUD's Office of Multifamily Housing updates the Section 234 basic mortgage limits annually and publishes them in the *Federal Register*.

Table 1: HOME Per-Unit Subsidy Amounts

| 0 Bedroom | 1 Bedroom | 2 Bedroom | 3 Bedroom | 4 Bedroom |
|------------------|------------------|------------------|------------------|------------------|
| \$157,621 | \$180,692 | \$219,718 | \$284,245 | \$312,012 |

Performance Goals

NHTF currently allocates \$3,000,000 per year exclusively for ELI housing, and is estimated to provide \$12,000,000 within the FY16-FY20 Consolidated Plan cycle. Given the cost to produce housing restricted to households earning less than 30 percent AMI, the District could only support between one and three small projects annually. However, DHCD expects to leverage funds from other sources that are available in the Consolidated Request for Proposals to meet and exceed the District's goal to set aside 40 percent of its local funds toward ELI households. DHCD evaluated past project proposals that leveraged 4 percent low income housing tax credits. Average requests from projects with units at 30 percent AMI averages at \$146,000. Most projects funded with 30-percent AMI units have been new construction as opposed to substantial rehabilitation, which drove the weighted average higher. NHTF funds will only be used for new construction. Assuming these construction costs continue and DHCD uses all \$300,000 eligible for administrative costs; \$2.7 million per year would produce between 18 and 19 units annually that are restricted to 30 percent AMI.

Citizen Participation in Development Of the NHTF Allocation Plan

On Tuesday, June 27, 2017, DHCD held a public hearing for the 2018 Annual Action Plan and National Housing Trust Fund Allocation Plan. Although DHCD did not receive any comments about NHTF a summary of the outreach events is below.

Table 2: Summary of Citizen Participation

| Date | Mode of Outreach | Target of Outreach | Summary of Response/ Attendance | Summary of Comments Received/Accepted | Summary of Comments Not Accepted and Reasons | URL (if applicable) |
|---------------|---|-------------------------------|---------------------------------|---------------------------------------|--|---------------------|
| June 27, 2017 | Public Hearing (National Housing Trust Fund (NHTF)) | Non-targeted/ broad community | See below | See below | N/A | N/A |

The public hearing advertisement was placed two weeks before the event in *the DC Register*. Email blasts were sent to government agencies and interest groups. In addition, the Housing Association for Non-Profit Developers and the Coalition for Non-Profit Housing and Economic Development distributed the public hearing notice to their member base.

DHCD encouraged participation from special needs populations and advertised the availability of sign-language interpreters and interpreters for non-English speaking constituents upon request. The hearing was held at the Housing Resource Center located at 1800 Martin Luther King Jr. Ave. SE. However, prior to the hearing, DHCD solicited input at its 9th Annual Housing Expo and Home Show.

Citizens Participation at Annual Housing Expo and Public Hearing Summary

On June 24, 2017, during the one month public comment period for the 2018 Annual Action Plan, DHCD conducted an all-day public participation, comment and feedback session during DHCD's 9th Annual Housing Expo and Home Show, located at the Washington Convention Center, in Washington, DC.

The public was able to discuss, leave their comments, and most importantly, vote on the main initiatives proposed in this year's action plan. The areas highlighted in the 2018 Annual Action Plan are:

- Green Building
- Community Infrastructure and Facilities
- Community Economic Development
- Home Rehabilitation
- Homeownership
- Vacant and Blighted Properties
- Housing Development Finance

By the end of the Expo, DHCD had received over 600 responses from the public to the proposed Action Plan. Of those responses, most of the public's feedback stressed the importance of Housing Development Finance, Community Infrastructure and Facilities, and Homeownership.

Housing Development Finance

This area of the Plan received the greatest overall number of responses with over 66 percent calling for programs to address Housing for Persons Exiting Homelessness. Housing for seniors and persons with mental/physical disabilities received approximately 30 percent of citizens' responses; another 25 percent stressed the importance of Housing for Target Populations (that is, Veterans, Teachers, At Risk Persons/Families and Public Safety Employees).

Community Infrastructure and Facilities

About 50 percent of the responses were in support of Community Infrastructure and Facilities, and suggested that DHCD address infrastructure needs. Many of the public's comments on infrastructure focused on programs to address streets, sidewalks, alleys, and lighting in the District, while 30 percent of the responses highlighted community gardens and improved parks/playgrounds.

Homeownership

Homeownership received the third highest total number of responses from the public attending the Expo. Since the Expo's focus was on providing information on the many aspects of affordable housing, the public's comments and responses in this area targeted how to own a home. Two thirds (2/3) of the responses were regarding Home Purchase/Down Payment Assistance programs, and the remaining 1/3 advocated for Housing Counseling/Financial Literacy.

Testimony of Miriam's Kitchen at Public Hearing

On Tuesday, June 27 2017, at 6:00 p.m., DHCD held a public hearing on the 2018 Annual Action Plan and National Housing Trust Fund Allocation Plan. The goal of the hearing in accordance with the agency's Citizen's Participation Plan was to provide a forum, and to receive public comments and testimony before the agency submits the Action Plan in August.

The hearing closed at 6:40 p.m., and received testimony only from Miriam's Kitchen (Miriam), a nonprofit organization whose mission is to serve the District's homeless and underserved citizens. Miriam's Kitchen is located in NW Washington, DC and a summary of the testimony is listed below.

Miriam has requested that DHCD use CDBG and HOME funds to support: (1) the development of PHS; (2) More Targeted Affordable Housing; and (3) Rapid Re-Housing Programs for the city's most vulnerable individuals and families.

Miriam would also like to see 15 percent of the District's CDBG allocation target Homeless Services. The funds would be used to provide the following service needs: (Below are excerpts of Miriam's Kitchen's testimony.)

1. **Services for PSH:** CDBG could be used with local funds to provide more staffing for a low barrier shelter program.
2. **Services in Low Barrier Shelters for Single Adults:** CDBG dollars would provide increased staffing at the various centers including 801 East Men's Shelter.
3. **Outreach Services:** CDBG would be used in conjunction with other Federal funds (used currently) to provide needed outreach services to people on the street and in shelters.
4. **Downtown Services Center:** While the Martin Luther King Jr. Library serves as an "unofficial" daytime shelter, CDBG funds can be used to open a much needed downtown shelter.
5. **Staffing for Prevention/Diversion Program Pilot:** Partnering with other sister agencies (for example, DHS), \$2 million in CDBG funds could be used to launch a prevention/diversion housing program that will target single adults from becoming homeless. The funds would cover staffing and the administration of the pilot program.

Regarding 2018 HOME Investment Program funds, Miriam would like DHCD to target two areas:

1. **Development of PSH:** HOME funds could be used for additional housing programs, like the DHCD-funded North Capitol Commons Housing project, and other projects that would house and also provide services to people experiencing chronic homelessness.

2. **Rapid Rehousing Program:** DHCD would use HOME dollars to expand the number of units under the current program from 450 units to 2,500 units.

As for the Emergency Solutions Grant (ESG), Miriam recognizes the current year's grant funds are dedicated to providing emergency rental assistance to the District's most at-risk families. However, they would also like to see ESG funds used for the following services (similar to CDBG):

1. Services in low barrier shelters for single adults
2. Outreach services
3. Staffing for a Downtown Services Center
4. Rapid Rehousing Program

Testimony of Central American Resource Center (CARECEN) and their Clients

On July 25, 2017, CARECEN and their clients submitted their testimony to DHCD about the 2018 Action Plan. CARECEN is a nonprofit based in Washington, DC, with the mission of providing tenant, homeownership and housing counseling services to the District's growing immigrant population. The organization supports DHCD's mission to provide affordable housing through many of the agency's local and federally funded programs including CDBG and the NHTF.

CARECEN highlights many of the financial, socio-economic, cultural and language barriers their clients face on the pathway to homeownership. CDBG funds help their organization provide assistance to District of Columbia citizens to curb home foreclosures and displacement. In addition, with funds from CDBG, CARECEN offers credit and financial management along with tenant rights programs. In conclusion, CARECEN supports DHCD's administration of the CDBG program. Testimonies were submitted by the following individuals:

1. Anabell Martinez, CARECEN Housing Program Director
2. Jose Hernandez, District Resident
3. Lidia Ramirez, District Resident
4. Miguel Solis, District Resident
5. Vilma Ramos, District Resident
6. Maria Salvador, District Resident
7. Aurelia Gonzalez, District Resident
8. 3115 Tenant Association Inc.