



County of Fairfax, Virginia

To protect and enrich the quality of life for the people, neighborhoods and diverse communities of Fairfax County

Date: August 31, 2022

ADDENDUM NO. 1

SUBJECT: Request for Proposal (RFP) for FY2023 CDBG/HOME Affordable Housing Projects

APPLICATION CLOSING DATE: September 23, 2022 @ 4:00 P.M.

FUNDING INCREASE: CDBG funding available has increased an estimated \$236,554 for a new estimated total of \$660,684 and HOME funding available has increased an estimated \$227,207 for a new estimated total of \$1,853,023 (approximately \$370,685 of which are reserved for Community Housing Development Organizations).

OVERVIEW: The following are responses to questions received before, during and after the August 23, 2022, pre-proposal conference:

- 1. If properties funded with CDBG or HOME funds are no longer being used as affordable housing by the nonprofit as the awardee, is it correct that the exact amount of the loan plus 2% interest per year is repaid to the FCRHA? And then once past the 30 years will the nonprofit still repay 2% interest on the full amount?**

During the first 30 years, if the property is no longer used as affordable housing, the owner must then repay:

- The then-outstanding principal of the loan;
- Unpaid accrued interest on the loan (simple interest accrues at 2% per year until the end of year 30); and
- Any other then outstanding sums (e.g., late fees, etc.).

During the next 60 years – i.e., from year 31 through year 90 – if the property is no longer used as affordable housing, the owner must then repay the unpaid accrued interest. The owner does not have to repay the outstanding principal in this instance.

After 90 years, neither the principal nor interest are required to be repaid.

- 2. If the nonprofit organization receiving CDBG or HOME funds would like to sell or transfer the property to another nonprofit housing organization, would the original nonprofit receiving the funds be able to ask the County to approve that?**

Any sale or other transfer of any interest in the property requires the prior written consent of the FCRHA. The owner may request such consent; the FCRHA may grant or withhold its consent in its sole discretion.

Department of Housing and Community Development

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<http://www.fairfaxcounty.gov/housing>

Further, during the first 30 years, the owner must offer to convey the property to the FCRHA before the owner may convey the property to a third party.

- 3. If the nonprofit receiving CDBG or HOME funds sells the property to another person, is it the exact amount of the loan the nonprofit repays, or could it end up that the nonprofit has to repay more monies if they sell the house for more than they paid for it?**

Awards under this RFP do not include or require an equity share concept.

On a repayment event during the first 30 years, the owner must repay the unpaid outstanding principal of the loan, together with the then-accrued interest and any other amounts owed under the loan. Simple interest accrues during the first 30 years at 2% per year. It is possible that a repayment amount might exceed the price an awardee originally pays for a unit, depending on, among other things, how much of the original purchase price is paid using RFP funds and how many years interest has accrued.

Please also note that it is the County's expectation that awardees will use RFP funds to acquire housing to rent out to income-eligible households, not to acquire housing only to re-sell it in fee simple.

- 4. If a nonprofit applies, and feels confident that they we would qualify as a CHDO, if they aren't currently one for Fairfax County, would that be the County's determination to qualify them as a CHDO for the purposes of the RFP's CHDO set-aside?**

To qualify as a CHDO, a nonprofit will need to complete Appendix 7 of the RFP Application Guidelines and HCD staff will work with the nonprofit to verify the information.

- 5. In the application, there are the HOME caps for a maximum per unit amount. Is the County capping CDBG at the same limits?**

HUD does not cap CDBG with a per unit maximum subsidy amount the way it does for the HOME program.

- 6. Can leasing subsidies be leveraged as part of the 5% to 20% of non-County leveraging resources?**

No, the leveraging must be non-County resources used towards the total *capital* project costs.

- 7. Regarding rent-to-own programs, where, for example, a nonprofit may be providing affordable rental housing for a period of 5-10 years while the household builds up its credit, and then the nonprofit makes a sale to the household itself, would this kind of program be looked upon favorably with this RFP?**

Proposals with innovative and creative ideas are welcome. For this specific RFP, 30 years of affordability as a rental project is what is being looked for and so proposals submitted would have to conform to this eligibility criterion.

8. Can an organization submit two proposals?

Yes, there is no limit to the number of applications an organization could submit.

9. Relating to the scoring of points for projects providing affordable housing in areas that are lacking affordable housing and areas considered mixed-income, how is a mixed-income area being defined? Is there a specific definition about levels of affordability and income ranges for the housing in those areas?

There is no specific definition regarding mixed-income for the areas. It is up to the applicant to present the case that the area for the project is a mixed-income area. The applicant would describe why they reached the determination, and the reviewers of the proposal would consider this information in the determination of points for that element of the criterion.


10. Will the PowerPoint from the August 23, 2022 Pre-Proposal Conference be made available?

The PowerPoint document from the Pre-Proposal Conference has been made available and can be accessed through <https://www.fairfaxcounty.gov/housing/news/2022/fy23-cdbg-home-funding-availability>.

11. Is the County interested in projects that are in proximity to transportation means?

In the proposal evaluation criteria, points can be earned under the Demonstration of Need criterion for proximity to public transportation and active retail or recreation.

All other terms and conditions remain unchanged.

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Kevin Sheehan, CPPB
Contract & Procurement Coordinator

THIS ADDENDUM IS CONSIDERED A PART OF THE SUBJECT REQUEST FOR PROPOSAL