

## Request for Proposals for Multifamily Affordable Housing Development Projects

- 1) **Amount of Funding Available:** Up to \$10.7 million\* from the following sources:

<b>Housing Blueprint</b>	\$6,862,525	Local Funds
<b>CDBG/HOME</b>	\$3,842,976	Federal Funds; \$226,472 reserved for Community Housing Development Organizations (“CHDO’s”)

- 2) **Application Process**

- a) Multifamily projects (six or more units) will apply via the Fairfax County Affordable Housing Partnership Program (<http://www.fairfaxcounty.gov/rha/ahpp.htm>).
  - b) Projects utilizing federal Community Development Block Grant (CDBG) and HOME Investment Partnerships Program (HOME) Funds should serve households (including individuals) with Special Needs, as described in the FY 2017 Housing Blueprint, with a preference for serving extremely low incomes (30 percent of the Area Median Income and below).
  - c) Applicants proposing to use only federal CDBG and/or HOME resources must use the HOME/CDBG application. Applicants proposing to use only Housing Blueprint funding must use the AHPP application. Applicants proposing to combine federal CDBG and/or HOME resources with Housing Blueprint Funds must complete both the AHPP application AND the CDBG/HOME application.
  - d) Preference will be given to projects that create new committed affordable housing not already affordable under the LIHTC program or other affordability restrictions. Preference will also be given for new construction for the Housing Blueprint Funds.
  - e) Applications for Housing Blueprint Funds will be accepted on a rolling basis through the Fiscal Year 2017 (FY17) funding cycle up until June 1, 2017, or until all of the funding has been committed.
  - f) For projects that plan to apply for 9 percent Low Income Housing Tax Credits (LIHTC) in the 2017 Virginia Housing Development Authority competition, applications for Housing Blueprint Funds must be received by October 7, 2016 at 4:00 p.m.
  - g) For applications applying for both CDBG/HOME funds in addition to Housing Blueprint Funds, the application due date is October 7, 2016 at 4:00 p.m.
  - h) When an application is received, HCD staff will send a receipt e-mail to the applicant. If an applicant misses the deadline for applications that include 9 percent tax credits and/or federal funds, the applicant will need to reapply during the next Notice of Funding Availability (NOFA) cycle, or revise and resubmit the application requesting only Housing Blueprint Funds.
  - i) Applications requesting only Housing Blueprint Funds will be reviewed by the Selection Advisory Committee (SAC) and scored using the AHPP scoresheet. Applications requesting a combination of Housing Blueprint and federal funds will be reviewed by the SAC using separate scoresheets; the AHPP scoresheet for Housing Blueprint Funds and the scoresheet for federal funds.
  - j) We will accept applications for Housing Blueprint Funds before October 7, 2016. However, no funding recommendations will be made prior to October 7, 2016. Early submissions will have the benefit of review with a chance for dialogue for any questions or issues if necessary.
  - k) After October 7, 2016, the SAC will review the applications and make a recommendation to the Fairfax County Redevelopment and Housing Authority (FCRHA) and Fairfax County Board of Supervisors as to which project(s), if any, to fund, and put in a notification when those funds are committed.
  - l) In the event that Housing Blueprint Funds are still available, applicants may submit funding applications after October 7, 2016 up until June 1, 2017, for Housing Blueprint Funds.
  - m) If a successful application included tax credits, but the tax credit request was declined by VHDA, then those Housing Blueprint Funds will be rolled over into the next fiscal year’s NOFA.
- 3) **Per-unit subsidy guideline:** As a general guideline, local Housing Blueprint Funds requested for multifamily projects should not exceed \$50,000/unit, however higher per unit funding requests will be considered. Applicants are expected to leverage other resources to the greatest extent possible. NOTE: this general per unit guideline does not apply to projects requesting only federal funding. If federal funding is being requested in addition to the local Housing Blueprint Funds for a project, then the per-unit general guidelines apply **unless** the units subsidized with federal funding are serving a homeless/special needs population with extremely low incomes.

- 4) **General funding parameters:**
  - a) Units financed with Blueprint funding must remain affordable for a minimum of 30 years.
  - b) Projects proposing to use variable-rate financing, balloon payments, or cross-collateralization/cross-default will **not** be considered.
  - c) Applications should have a fixed-interest rate, fully-amortizing mortgage with a term that is the same as the maturity of the loan.
  - d) Projects to be proposed must use the Affordable Housing Partnership Program [application](#).
  - e) Projects proposing to use federal funding – either by itself or in combination with Housing Blueprint Funds – must also fill out the CDBG/HOME application.
  - f) Applications should show percentage of Housing Blueprint Funds to Total Development Cost.
  - g) Applications must comply with FCRHA's refinancing/subordination policy.
  - h) For multifamily projects, an appraisal either ordered by the first mortgage lender or HCD will be reviewed by the County Department of Tax Administration (DTA) before seeking the FCRHA's and Board of Supervisors' approval.
  
- 5) **Eligible applicants:** Organizations experienced in the development of affordable housing.
  - a) Developers should demonstrate experience and have clear capacity for the undertaking they are proposing; this experience includes the type of project proposed (including the number of units, the scale of construction/rehabilitation and the proposed financing structure of the project).
  - b) Partnerships or joint ventures among experienced developers and community-based organizations are acceptable as a way to demonstrate the required experience as discussed above.
  - c) To access the HOME Community Housing Development Organization (CHDO) funding, in addition to the above, eligible applicants must be nonprofit corporations who have been officially certified as a Fairfax County CHDO by the Fairfax County Department of Housing and Community Development. CHDO's must also have paid staff with demonstrated development experience. CHDO funds are a portion of the HOME funds being made available under this solicitation.
  
- 6) **Eligible activities:** Funds are available for the purposes of development of affordable housing in Fairfax County.
  - a) Funds may only be used for capital purposes (no pre-development or operating funds) such as New construction, acquisition, and acquisition/rehabilitation.
  - b) Projects must be located within Fairfax County, including the Towns of Herndon, Vienna, and Clifton; projects using **only** CDBG or HOME may also be located in the City of Fairfax. (Projects located in the City of Fairfax are not eligible for any application also using Housing Blueprint funds.)
  - c) Blueprint/AHPP Funds may only be used for permanent financing unless the developer has a firm take out commitment from a lender for permanent financing that is accepted and approved by HCD.
  - d) The use of HOME funding will be governed by the HOME Final Rule as amended at: <https://www.onecpd.info/home/home-laws-and-regulations>
  - e) The use of CDBG funding will be governed by the regulations of the CDBG Program at: <https://www.onecpd.info/resource/3689/24-cfr-part-570-cdbg/>
  
- 7) **Minimum threshold criteria:** Projects should meet the minimum threshold criteria noted below and determined to be financially feasible in order to be considered for funding.
  - a) **Complete Application – Multifamily Projects**
  - b) [http://www.fairfaxcounty.gov/rha/ahpp/ahpp\\_app\\_2016-final.pdf](http://www.fairfaxcounty.gov/rha/ahpp/ahpp_app_2016-final.pdf)
  - c) [http://www.fairfaxcounty.gov/rha/ahpp/ahpp\\_guidelines2016.pdf](http://www.fairfaxcounty.gov/rha/ahpp/ahpp_guidelines2016.pdf)
  - d) **Acceptable Evidence of Site Control**
    - i) Deed to property demonstrating fee simple ownership
    - ii) Ground lease with a term that is at least as long as the term of the Housing Blueprint/AHPP Loan
    - iii) Purchase Contract with a minimum 12-month term beyond the date of the AHPP application (multifamily projects)
    - iv) Site control should clearly identify all parcels in the development
    - v) NOTE: site control documentation is not required for applicants using federal funds for acquiring/developing properties with five or fewer units but applications with site control will receive additional points
  - e) **Zoning Approval:** Approval of proposed project as presented in the application, by the Department of Planning and Zoning (DPZ).
  - f) **No debarment:** The applicant must not be debarred from receiving federal funding, nor debarred from contracts with Fairfax County.

- g) **Affordability/Income Targeting – Blueprint Funding:** Fairfax County encourages, but is not requiring, projects applying for the local Housing Blueprint Funds to meet following income targeting goals:
- i) Projects should serve multiple Housing Blueprint goals as provided for in the FY 2017 Housing Blueprint, but the maximum affordability level of units receiving Blueprint subsidy will be 60 percent of the Area Median Income (AMI). The Blueprint provides general guidance that 20 percent of units delivered serve homeless/special needs populations.
  - ii) HCD encourages innovative approaches to meeting the established affordability targeting goals. We encourage all applicants to discuss their project proposals with HCD staff for eligibility and feasibility prior to submission of a request. Fairfax County reserves the right to award Housing Blueprint Funds in a manner that achieves the stated affordability goals, to include requests for adjustments to an applicant's income targeting.
  - iii) Federal CDBG and HOME Funds may be used separately or in combination with Blueprint funding; however, projects using federal funding should serve homeless individuals, people with mental and/or physical disabilities, seniors, and special needs populations.
  - iv) Notification of Proposed Project to the member of the Fairfax County Board of Supervisors in whose district the property is located.
- 8) **Financial Feasibility:** Projects will be underwritten and determined to be financially feasible. Factors will include, but are not limited to:
- i) Review income and expense assumptions.
    - (1) Includes and assessment of whether rents are reasonably targeted to the market, within affordability guidelines.
    - (2) The proposed utilities and operating expenses for the project.
  - ii) The Project's ability to support any must-pay debt, reviewing a 15-year proforma.
  - iii) A pro-forma analysis of the property's projected financial performance over the first fifteen (15) years of the proposed loan, including rental income, expenses, deposits to reserves, among others.
  - iv) The appraised and assessed values of the property;
  - v) The condition of the property and proposed renovations;
  - vi) Debt coverage with a minimum Debt Service Coverage of 1.10, and loan to value ratio not to exceed 100%, including all debt; and
  - vii) The terms and conditions of any senior debt (if applicable).
  - viii) Leveraging of other resources to the County funds, targeting a 3:1 leverage ratio.
  - ix) Expectation will be to have the County funds repaid from cash flow.
  - x) Fixed interest rate, fully amortizing mortgage with term same as maturity.
  - xi) Last three (3) years of independently audited financials for the applicant.
- 9) **Loan Structure:** Generally, Housing Blueprint Funds will be structured as cash flow deferred loans from the Fairfax County Redevelopment and Housing Authority (FCRHA) at an interest rate of 2%, or other such interest rate that is acceptable to the FCRHA and/or the equity provider with a maximum term that is co-terminus with the maturity of the first mortgage.
- a) Housing Blueprint Funds are non-recourse secured loans.
  - b) Repayment of principal and interest from surplus cash flow shall be determined on a case-by-case basis depending upon the outcome of the underwriting process.
  - c) Housing Blueprint Funds must be approved by HCD's Loan Underwriting Committee (LUC), FCRHA Board, and the Fairfax County Board of Supervisors (BOS).
  - d) It is anticipated that the funds are part of a broader financing plan that may include additional public or private debt or tax credits; ideally, the funds are being used to leverage additional sources of financing.
    - i) In situations where the financing plan includes competitive 9% LIHTC and the credits are not received, Housing Blueprint funding may be subject to recapture.
  - e) Loans are subject to annual monitoring fees.

For applicants applying just for federal funds, HOME and CDBG Funds will be provided as a deferred, zero (0) interest loan for a term of 30 years to be repaid, or recaptured, in the event that the property is either sold or no longer used for affordable rental housing. When applying for federal funds in combination with Housing Blueprint Funds, the Housing Blueprint terms will control, unless otherwise provided for and approved by the FCRHA. Compliance with the HOME and/or CDBG requirements that the property be used for affordable housing will be included in the terms of the loan documents. A deed of trust will secure the note and will provide that if the property is either sold or no longer used for affordable rental housing during the 30-year period, the grantee will be indebted to the lender for the greater of the loan proceeds or the lender's equity share. HOME and CDBG funding is provided at settlement following the approval of the HCD Loan Underwriting Committee.

- 10) **Readiness to Proceed:** The project's readiness to proceed will also be a key determinant in awarding funding.
- a) The project should be in the process of securing other financing or have a clear timeline for acquiring additional sources of funding necessary to complete the project.
  - b) Preference will be given to projects that can demonstrate closing within 12 months of receiving approval for funding, or in the case of applicants applying for tax credits, 12 months from the award of tax credits.
- 11) **Processing, Timelines:** Applications for Housing Blueprint funding will be accepted on a rolling basis through June 1, 2017.
- a) Applicants proposing multifamily development (6 or more units) must complete the Affordable Housing Partnership Program (AHPP) application and submit with all necessary documents.
    - i) The AHPP application and Guidelines for completion can be downloaded at:  
<http://www.fairfaxcounty.gov/rha/ahpp.htm>
  - b) Applicants proposing scattered site development must complete the HOME/CDBG Application and submit with all necessary documents.
    - i) The HOME/CDBG application and Guidelines for completion can be downloaded at:  
<http://www.fairfaxcounty.gov/rha/rfp/cdbghomefy2017guidelinesandapplication.pdf>
  - c) Applicants proposing to combine federal CDBG and/or HOME resources with Housing Blueprint Funds must complete **both** the AHPP application AND the CDBG/HOME application. Applications for combined or solely federal funding must be submitted no later than 4 p.m. on October 7, 2016.
  - d) Applicants applying for tax credits must submit their application by 4 p.m. on October 7, 2016.
  - e) Projects shall be evaluated by a Selection Advisory Committee (SAC); the SAC shall weigh the project's income targeting goals, amount of funding per unit requested in relation to the income targeting and financial feasibility
  - f) If awarded, HCD staff shall take the project to the LUC, FCRHA Board, and County Board of Supervisors for approval.
  - g) Please refer to the Guidelines and application for more details.
- 12) **PRE-PROPOSAL CONFERENCE**  
A pre-proposal conference on both application processes will be held at **1 p.m. on Wednesday, July 27, 2016** in the HCD Center Conference Room, in the Offices of the Fairfax County Department of Housing and Community Development (HCD), 3700 Pender Drive, Fairfax.