

## Fairfax County Department of Housing and Community Development

### 2015 Housing Blueprint Funds – Draft Request for Proposal

#### Questions and Answers

On June 19, 2015, the Fairfax County Department of Housing and Community Development (HCD) released for comment a draft Request for Proposals (RFP) for a total of up to \$12 million in local and federal funds for affordable housing development. HCD hosted a “Developer Dialogue” on June 22, and received comments and questions through June 29. The following are responses to questions received during the comment period, including at the Developer Dialogue event.

1. Q. What is the county looking for in the required appraisal?
  - A. *The purpose of the appraisal is to ensure that the funds, which will be provided in the form of a loan from the Fairfax County Redevelopment and Housing Authority (FCRHA), are fully protected. More often than not, the FCRHA takes a subordinate position in these transactions. The appraisal needs to show enough value in the project to protect the FCRHA’s interest. For the purpose of the application, an “opinion of value” letter from a qualified appraiser is required; a full appraisal, commissioned by the first trust lender and approved by the Department of Housing and Community Development, must be completed at the borrower’s expense and submitted as a condition of closing.*
  
2. Q. How is the appraisal used? Can a developer pay more for a property than the appraised value?
  - A. *The FCRHA will only lend money in a transaction where the total borrowed amount is equal to or less than the appraised value. As in any real estate transaction, a purchaser may choose to use their own equity to pay over the assessed value.*
  
3. Q. How does the FCRHA’s underwriting process work?
  - A. *Staff from HCD will carefully evaluate all of the data provided as part of the application, (i.e. developer’s fee, development costs, rents, cash flow, operating expenses, replacement reserve, etc...). HCD does a thorough review to ensure that the project can stand on its own. If the project does receive financial assistance from the FCRHA, there is also a thorough and ongoing compliance review by HCD staff after construction to ensure that the developer is abiding by all federal and local regulations that are associated with the funds.*
  
4. Q. A 60-day timeline is pretty short; is there any flexibility on the schedule for the application process?
  - A. *The final RFP issued will include the following deadlines, as discussed during the June 22 Developer Dialogue: for **local funds** the application deadline will remain September 1; for projects using only federal funds, the deadline will be October 1. It should be noted that the deadline for projects **combining** federal and local funds will remain September 1. Any entity seeking to apply for both local and federal funding must complete both the Affordable*

*Housing Partnership Program (AHPP) and the HOME/CDBG Applications and submit **both** application forms by September 1, 2015. Each application will be ranked and scored based on the established criteria set by each program.*

*It should be noted that the reason for the shorter deadline for local funds is the need to ensure timely review by the Board of Supervisors and FCRHA, well in advance of the Virginia Low Income Housing Tax Credit application deadline in March. Before the projects are presented to the FCRHA and the Board, HCD needs to do its own underwriting of the applications. Therefore, those applications by September in order to perform the proper due diligence before they go up for approval by the board. Because funding awards using only for federal funds do not have to go before the Board for approval, a longer timeframe – until October 1 – can be accommodated and the RFP documents will be amended to reflect this change, as described above.*

5. Q. What documents are needed as supplemental to the application?  
A. *A fully completed Affordable Housing Partnership Program (AHPP) application is required, along with evidence of site control, third-party reports, proformas, etc., as more fully described at <http://www.fairfaxcounty.gov/rha/ahpp.htm>.*
6. Q. If a project needs zoning changes, will approval by the local area supervisor be required?  
A. *All projects must demonstrate that the local area supervisor (see <http://www.fairfaxcounty.gov/government/board/>) has been notified. Projects requiring land use approvals (zoning changes or Comprehensive Plan amendments) by definition require approval by the entire Board of Supervisors.*
7. Q. If you have a complete project, can you still apply for available Project Based Vouchers?  
A. *HCD will conduct a separate competition for federal Project Based Vouchers concurrent with the competition for capital funds. Please review the competition information for the Project Based Vouchers [here](#) <link>.*
8. Q. What specifically can you use this funding for?  
A. *The preference is to use these funds to create new affordable units, rather than preserving previously committed affordable units. Put another way, projects which involve making “market” affordable units – those without any income or rent restrictions – into committed affordable units or new construction are preferred over projects that involve re-syndicating projects in the extended use period of the Low Income Housing Tax Credit program or with other income and affordability restrictions.*
9. Q. Will the application get the full 30 points as allocated in the Threshold Analysis if 5% of the units are accessible?  
A. *This decision is not binary, the score allocated for accessible units will depend on whether other criteria are met in the Threshold Analysis.*

10. Q. How many projects can apply for funding from one developer?
- A. *One project can apply for all of the funding (Blueprint, CDBG, HOME), or the developer can have multiple projects apply for a part of each funding source. Funding will be allocated according to each project's merits.*
11. Q. How does the Project Based Voucher application process work? What will the deadline be?
- A. *As stated in Number 6, applications for funding and applications for federal Project Based Vouchers are separate; like the local funding, the application deadline for Project Based Vouchers will be **September 1**.*
12. Q. Can the scoring be amended and/or revised to include points for affordable homeownership? The current point system seems skewed towards affordable rental units.
- A. *No. Per the FY 2016 [Housing Blueprint](#), the funds are aimed at the development of rental housing options for a spectrum of affordable housing needs. However, the Housing Blueprint for FY 2017 will be in development shortly, and your comments will be taken in consideration as part of a broader strategy for potentially expanding the county's affordable homeownership efforts.*
13. Q. Is there a preferred source for leveraging, as described in the draft RFP?
- A. *"Leveraging," for the purpose of the capital funds, means resources brought to the real estate transaction which augment and form an essential part of the financing. Examples include a first trust mortgage from a private lender or the Virginia Housing Development Authority (VHDA), tax credit equity, and borrower equity (cash).*
14. Q. What is the timeline to demonstrate site control?
- A. *Adequate evidence of site control, in the form of an executed sales contract, title, or other means deemed acceptable by HCD are required for applications to be considered for funding. Applications must include evidence of site control when submitted for consideration. Applications that do not include adequate evidence of site control will be returned unscored. Ideally, projects requesting local funding will be brought to the Board of Supervisors in October for consideration.*
15. Q. Does an award of funding under the RFP guarantee award of Low Income Housing Tax Credits (LIHTC) from the Virginia Housing Development Authority (VHDA)?
- A. *No. Developers using funding awarded under this RFP and wishing to use LIHTC must [separately apply to VHDA](#) for the tax credits. Applications for competitive tax credits are typically due to VHDA in March of each year. See the [VHDA LIHTC webpage](#) for more information.*
16. Q. Does the FCRHA issue bonds? If so, what is the limit for the amount of bonds issued?

- A. *Yes; the FCRHA is empowered to issue bonds, subject to the approval of the Board of Supervisors. The amount depends upon the underwriting and financial feasibility of the project and subject to the availability of the volume cap from the [Virginia Department of Housing and Community Development](#).*