



Fairfax County Fiscal Year 2025 Consolidated Notice of Funding Availability (NOFA) for Affordable Housing Development and Preservation

Fiscal Year 2025

Fairfax County Department of Housing and Community Development (HCD)

Release Date: **September 6, 2024**

Submissions Accepted: ***Until all funds are awarded or a subsequent NOFA is posted***

Applicants with projects planning to apply for the 2025 Virginia 9% Low Income Housing Tax Credit round must submit funding requests to FCRHA by October 22, 2024.

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1. Program and NOFA Overview

1.1. NOFA Overview

Fairfax County Redevelopment and Housing Authority (FCRHA) and the Fairfax County [Department of Housing and Community Development](#) (HCD) are pleased to release this Consolidated Notice of Funding Availability (NOFA).

Fairfax County is an extraordinary community with a strong local economy and high quality of life. Median income for Fairfax County households is one of the highest in the nation. However, despite a robust economy, many households are living paycheck-to-paycheck due in large part to severe lack of price-appropriate housing. With an expanding employee and talent-base across the County and as businesses seek to grow their presence in or relocate to Fairfax County, FCRHA recognizes that housing is *where jobs go at night*. In recognition of the critical role that affordable housing plays in economically strong and diverse communities, both the **Fairfax County Board of Supervisors (Board) and the FCRHA are committed to providing individuals and families with equitable access to affordable homes in a community of their choice.**

Housing partnerships and financing opportunities supported through this NOFA are key to building and preserving a diverse array of affordable housing options that, in turn, support our growing workforce, our economy, and our communities. These funding and partnership opportunities in this NOFA also advance the goals of One Fairfax policy, namely in creating housing that drives socioeconomic integration, reverses racial disparity trends, eliminates institutional and structural racism, and ensures that outcomes and opportunities for all people in our communities are no longer predicted by where a person lives.

The Board has allocated County funds to the FCRHA to be used in connection with federal, state and private financing in furtherance of its housing production and preservation goals. The Board set a goal of adding **10,000 units of housing affordable to households earning 60 percent of the Area Median Income (AMI) and below to Fairfax County's housing stock by the year 2034.** The Board also re-affirmed its support of the principle of **no net loss** of existing market affordable and committed affordable rental homes with expiring subsidies.

To advance these goals, **FCRHA is making over \$50 million in funding available** for affordable housing across the County. The FCRHA is a political subdivision of the Commonwealth of Virginia and possesses specific powers granted by state code, including the ability to issue tax-exempt bonds, purchase property, develop property and make loans and grants. As such, the FCRHA acts as the local housing finance agency for Fairfax County. Through tax-exempt bond financing, and as a Federal Housing Administration (FHA) approved housing finance agency, the FCRHA provides a vehicle for private developers to obtain low-cost mortgages to acquire, construct and rehabilitate housing developments.

The FCRHA reserves the right to award funds under this Notice of Funds Availability (NOFA) from whichever pool is most appropriate, at its own discretion. The FCRHA also reserves the right, at its

discretion, to substitute in comparable funding sources, maintaining the same total funding amount in this NOFA. Additional funding may also be identified after the issuance of this NOFA and will be reconciled via addenda to this solicitation, as appropriate.

1.2. Changes from Prior NOFAs

FCRHA staff are continuously identifying ways to better support the County's affordable housing development and preservation goals, to align limited public dollars to achieve impact, and to serve priority populations, priority locations, and priority project types. The FCRHA NOFA criteria are intended to prioritize awarding funds based on the most urgent identified housing needs and the County's housing production and preservation goals.

Applicants are strongly encouraged to review the NOFA and scoring criteria in detail. Key elements reflected in the FY 2025 NOFA include, but are not limited to:

- **Updated Loan Terms:** New loan and fee amounts associated with FCRHA-awarded projects and updated per unit award target.
- **Revised Scoring:** New criteria for project scoring, including prioritization for Permanent Supportive Housing (PSH) projects with services.
- **Leasing and Relocation plans:** The NOFA requests applicants to provide an overview of their plans for leasing, including their tenant selection plan. For acquisition and rehab projects, applicants should include leasing and relocation plans as part of their application. For new construction, applicants will be required to submit leasing/ tenant selection plans for approval by FCRHA prior to closing.
- **Resident experience:** Applicants are expected to provide information about 1) how the subject property will be managed, including a description of the qualifications of anticipated or committed property management partners; and 2) a description of supportive services to be offered to residents.
- **Additional resources for Permanent Supportive Housing.** In partnership with Virginia Department for Behavioral Health and Developmental Disabilities (DBHDS), and the Fairfax County Services Board (CSB), this NOFA provides \$5.5 Million funding from the Permanent Supportive Housing Capital Funds to support the construction and development of integrated rental housing projects.
- **Energy Efficiency Standards for New Construction of HUD and USDA-Financed Housing,** including model energy code developed by International Code Council (ICC).
- **New Requirements under Build America Buy America (BABA) Act** for projects funded with federal financial assistance.
- **New Appraisal Requirements**
- **Attestation of eligibility:** Applicants should submit a notarized attestation.

1.3. Available Funding Sources

FCRHA intends to allocate available funds between the following programs as listed in the table in this section. FCRHA reserves the right to reallocate funds between the programs based on submitted proposals to best support its production and preservation goals. Applications will be considered for all eligible funding sources, and funding awards will be made at the sole discretion of the FCRHA. However, if there are funding sources that the applicant would be unwilling or unable to accept because of the project requirements or other reasons, they should **indicate their preference in their application**.

FY2025 AVAILABLE NOFA FUNDING		
Funds for New Construction and Preservation		
Funding Source	Description	Available Funds
Housing Blueprint Fund	Fairfax County Affordable Housing Development and Investment fund (AHDI)	\$42,272,563
Tysons Housing Trust Fund	Fairfax County funds for Affordable Housing in Tysons Urban Center	\$96,250
Housing Trust Fund-General	Funds from zoning proffers for affordable housing in all of Fairfax County	\$206,253
Housing Trust Fund Senior	Funds from zoning proffers for senior housing only	\$1,435,119
HOME Investment Partnerships Program	Federal funds to be used for development, acquisition, preservation or rehabilitation of affordable housing units	\$753,529
	Total	\$44,763,714
Funds for Predevelopment and Construction Costs for Projects that include PSH Units		
Funding Source	Description	Available Funds
VA Department of Behavioral Health and Developmental Services (DBHDS) Region 2	State funds to support the development of permanent supportive housing for very low-income people with serious mental illness	\$5,500,000
Housing Blueprint Fund	Fairfax County Affordable Housing Development and Investment fund set-aside for projects with PSH units	\$500,000
	Total	\$6,000,000
	Total	\$50,763,714

Local Sources:

Housing Blueprint Fund: Fairfax County makes an annual contribution of its real estate tax revenue to the Fairfax County Affordable Housing Development and Investment (AHDI) Fund. Loans made out of this fund are known as “Blueprint loans.” The FCRHA provides Blueprint loans to developers seeking to develop or preserve affordable housing units throughout Fairfax County.

Housing Trust Fund: This fund is intended to develop affordable housing opportunities, specifically projects which facilitate the acquisition, construction, or preservation of affordable housing, and which leverage private funds. The fund is capitalized via proffered contributions from private developers through the County’s entitlement process, or County contributions for specific housing needs. The fund has three specific funding pools, including:

- **General Housing Fund:** Cash proffers paid by developers in lieu of the creation of affordable units, paid on a per unit basis.
- **Tysons Housing Fund:** Cash proffers from commercial properties in the Tysons Corner Urban Center district that support the development of workforce and affordable dwelling units within this district, on a per-square foot basis.
- **Senior Housing Fund:** Funds allocated for the provision of affordable housing for older adults and/or persons with disabilities.

FCRHA Tax Exempt Bonds: FCRHA offers tax-exempt financing for private developers to obtain below-market interest rate mortgages to acquire, construct and rehabilitate multifamily developments. Developers are required to rent a specified percentage of the units in the project to low-to-moderate-income persons, in accordance with the requirements of federal law pertaining to tax-exempt bonds.

State Sources:

DBHDS Region 2 Permanent Supportive Housing (PSH): State funding awarded through FCRHA to support the development of affordable rental housing projects that will increase the regional supply of quality permanent supportive housing for extremely low-income adults with serious mental illnesses (SMI). These funds are intended to support due diligence, acquisition, entitlement, rehabilitation, construction or operating reserves for units that are studio, 1 BR and/ or 2 BR. Additional parameters:

- No more than 25 percent of the total property units may be restricted for persons with disabilities.
- The supported units should have a leasing preference for households in which the head has an SMI.
- Approximately \$100,000 per unit or up to \$1,000,000 per project will be awarded, at discretion of FCRHA.

Federal Sources:

Community Development Block Grant (CDBG): Fairfax County receives an allocation of CDBG funds from the U.S. Department of Housing and Urban Development (HUD) annually. These funds are available through this NOFA for use in the acquisition (inclusive of land acquisition), rehabilitation, preservation, and horizontal construction (i.e. site clearance, demolition) of affordable rental housing. For more information about CDBG see the Code of Federal Regulations Title 24, Part 570 at <https://www.ecfr.gov/current/title-24/subtitle-B/chapter-V/subchapter-C/part-570> or visiting <https://www.hudexchange.info/programs/cdbg/> for additional resources.

HOME Investment Partnerships Program (HOME): HOME funds are allocated annually to Fairfax County by HUD. The HOME funds available through this NOFA may be used for the acquisition, rehabilitation, preservation, and construction of affordable housing. For more information about HOME see the Code of Federal Regulations Title 24, Part 92 at <https://www.ecfr.gov/current/title-24/subtitle-A/part-92> or visiting https://www.hud.gov/program_offices/comm_planning/home for additional resources.

Applicants must comply with all applicable federal requirements of all federal funding sources used to fund the Applicant's project.

2. Funding Overview

2.1. Funding priorities

The funds under this NOFA are being made available for costs associated with the acquisition, predevelopment, construction and rehabilitation of affordable housing. In the case of funding awarded through FCRHA from DBHDS Region 2 PSH, funds may also be used for operation reserves for units of Permanent Supportive Housing.

Projects should be aligned with the Five-Year Consolidated Plan for FY 2022-2026 and FY 2025 One-Year Action Plan, Communitywide Housing Strategic Plan, Fairfax County Countywide Strategic Plan, One Fairfax Equity Policy, and the Chairman's Task Force on Equity and Opportunity Recommendations. Increasing the supply of affordable housing and no net-loss of affordable housing is a clear goal outlined in all of these plans.

Through its loans and other financing tools, the FCRHA seeks long-term affordability in the new construction of housing and in the preservation of market-affordable properties, particularly where residents are at risk of displacement. FCRHA aims to use its financing tools to help remove barriers for **individuals and families with significant housing needs, including individuals and families experiencing homelessness, persons of low or extremely low incomes, low-income seniors, and persons living with disabilities, including people with serious mental illness (SMI)**. All project applications submitted in response to this NOFA will be evaluated on the degree to which the project incorporates these funding priorities.

2.2. Eligible Uses

Eligible Project Types:

- Residential Properties:
 - Planned developments of five or more units
 - Existing multi-family properties of five or more units
 - Age-restricted rental housing
 - Homeownership projects of two or more units
 - Vacant or occupied residential properties
 - PSH units Integrated in mixed-income or market-rate communities
 - Properties that incorporate community-serving uses
- Non-residential properties proposed for conversion to a residential use:
 - Must be vacant if funds are committed for acquisition and FCRHA take title to the property
- Projects that co-locate residential with public facilities

Eligible Locations:

- Projects utilizing local dollars must be located within Fairfax County, inclusive of the Towns of Herndon, Vienna, and Clifton
- Projects utilizing CDBG and HOME funds must be located in Fairfax County, inclusive of the Towns of Herndon, Vienna and Clifton, or in the City of Falls Church or City of Fairfax.

Ineligible uses of funds include costs associated with the following:

- Emergency or transitional housing
- New construction of an Accessory Dwelling/Living Unit, whether attached or detached
- Mortgage assistance to individual homebuyers or rental assistance to individual tenants
- Pre-development costs, except for funds specifically allocated for pre-development or projects applying for Virginia Department of Behavioral Health and Developmental Disabilities DBHB Region 2 PSH "Permanent Supportive Housing Capital Funds"
- Capacity building or technical assistance
- Rental operating subsidies or maintenance expenses
- Service provision
- Capitalized reserves (except for funds specifically allocated for capitalized reserves)
- Furnishings
- Permanent tenant relocation
- Security or utility deposits
- Owner/sponsor equity or cash contribution to project

Equity Considerations: In line with the [One Fairfax Policy](#), the FCRHA seeks to support development projects that help improve the lives of a diverse population of families and individuals. The FCRHA will consider the following efforts to support equitable impacts of housing development:

- *Provision of affordable housing in low-poverty, high-opportunity neighborhoods* – location of the development project in an area with low poverty, significant amenities, as well as proximity to robust job centers and public transportation.
- *Provision of vital community services* – development projects with ancillary facilities, services and programs that serve residents and socially disadvantaged members of the greater community. Examples include daycare centers, health clinics, and educational/job training programs. Consideration will be given for applications that propose partnerships for the provision of such facilities, services and programs in neighborhoods and communities that are lacking access to these resources.
- *Preservation of communities and housing opportunities*- FCRHA seeks to reduce residential displacement and create economic mobility opportunities for people most vulnerable to displacement. Consideration will be given to projects that invest in the stabilization of tenants and homeowners, build economic mobility in communities vulnerable to displacement or preserve housing in areas with active displacement risk.

Applicant organizations with leadership and partners from all backgrounds are encouraged to apply. Demographic information of an applicant organization is not included in scoring criteria.

3. Submission Process and Timeline

3.1. Application Timeline

Applications will be accepted on a rolling basis until all funding has been committed or until subsequent FY 2026 NOFA is released. FCRHA staff will send an e-mail within 2 business days to the applicant to confirm receipt of application. FCRHA may request additional information following initial confirmation of receipt of application.

For projects applying for 9% Low Income Housing Tax Credits (LIHTC) in the March 2025 Virginia Housing competition, applications must be received by October 22, 2024 at 4:00 p.m. in order to ensure sufficient time for processing and review. Projects applying for 9% LIHTC will be given priority review by HCD staff. Applications received after October 22, 2024 are not precluded from competing in the March 2025 competition, however sufficient County processing and approval time is not guaranteed.

For applications assuming 9% LIHTCs, if an application is underwritten and awarded funds during this NOFA round, it is expected that the applicant will apply in the 2025 LIHTC application round. If the developer misses the LIHTC application deadline or if the project is not awarded 9% LIHTC by Virginia Housing, then any awarded Fairfax County funds may be rescinded. The applicant may reapply for the next fiscal year's NOFA.

Date	Event
September 6, 2024	NOFA is released
September 18, 2024, 3:30 pm EST	Pre-Application Meeting
October 22, 2024, 4 pm EST	9% LIHTC Priority Deadline

3.2. Submission Process

To be considered eligible for funding, applicants must submit a signed, completed Application through the Fairfax County Egnyte site in accordance with the instructions specified below. Applicants should email the FCRHA staff member - listed below for access to the Egnyte site. HCD/FCRHA staff will email a link to the applicant.

For questions about the application process or required components, or to request a link to Egnyte, please contact:

Debashish Chakravarty
 Associate Director, Real Estate Finance
debashish.chakravarty@fairfaxcounty.gov

A pre-application conference will be held on September 18, 2024 at 3:30pm. To pre-register, please send an e-mail to rha@fairfaxcounty.gov by September 16th, 2024 indicating your name, organization affiliation, and contact information. You must register to attend the pre-application conference.

Completed applications must include:

I. Evidence of Applicant Experience and Qualifications

- A. **Past Project Experience:** Please include a description of the applicant’s experience and capacity for acquiring, financing, constructing, operating, and maintaining affordable housing properties. In addition, please include 3-5 examples of successfully completed projects with a scale, scope, and financing structure similar to the proposed project. Consideration will be given for projects completed in Fairfax County or neighboring jurisdictions. For each project example, applicants should include project details such as location, project type, populations served and AMI levels, number and mix of units, on-site amenities, supportive services (if applicable), and financing structure including debt and equity (Attachment A). Example projects developed through partnerships are acceptable. Please indicate how the partners have worked together in the past, if applicable.
- B. **Applicant Information:**
 - 1. Articles of incorporation or similar documents showing how the applicant is organized. Provide for each member of a joint venture/development partnership.

2. An organizational chart for the applicant and any development partners, including leadership and staff who will be involved in the project.
 3. Most recent three (3) years of independently audited financials for the applicant/sponsor. In the case of a joint venture, audited financial statements are required for all parties. For organizations that do not have a 2024 audit prepared at the time of application, 3 years of previous audited financials plus unaudited financials for 2024 are acceptable. Additional statements or any other information the applicant wishes to use to demonstrate capacity to undertake the proposed project will also be accepted.
 4. Resumes for key personnel, showing their experience in affordable housing development, real estate finance, asset management, and related areas of expertise, and a description of each team member's roles and responsibilities in the acquisition, development or renovation process.
 5. A list of any partners or contracted entities that will be involved in the project including service providers, property management firms, or other development partners. A partnership agreement, Memorandum of Understanding (MOU), or Letter of Intent (LOI) must be submitted for each listed partner organization (Attachment B).
- C. **Attestation of Eligibility:** Applicants must include a notarized attestation with their application to certify that the applicant has not been debarred from participation in any County, State, or Federal procurement (Attachment C).

II. Project Description

A. Location

1. Address
2. Magisterial District
3. Evidence of notification to the Fairfax County Magisterial District Supervisor and the FCRHA Commissioner representing the subject Magisterial District. Copy of submitted letter or email are both acceptable and confirmation of receipt is preferred (Attachment D)
4. Tax Map Parcel Number
5. Zoning District
6. Documentation of Zoning Approval: including evidence of all entitlements and/or approvals required or requested (Attachment F)
7. Transportation and/or transit connections (Attachments E and G)
8. Narrative description of surrounding neighborhood amenities and nearby community services
9. Proximity to employment opportunities
10. Documentation of Site Control (Attachment H)

B. Project Components

1. New Construction
 - a. Site size and scale of proposed development

- b. Unit Mix and Rents (Attachment Q) - Number of units detailed by unit type, size, bedroom and bathroom count, and AMI level
 - c. Project amenities
 - d. Confirmation of project compliance with Section 504 of the Rehabilitation Act, per Virginia Housing guidelines (Attachment I)
 - e. Describe anticipated Virginia Housing Universal Design elements, if applicable.
 - f. Soil Map Confirmation (Attachment J)
 - g. Any green building or energy efficiency certifications expected
2. Preservation
- a. Site size and information related to existing property and current affordability levels
 - b. Unit Mix and Rents (Attachment Q) - Number of units by unit type, bedroom and bathroom count, size and AMI levels of current residents at the property
 - c. Scope of renovations proposed
 - d. Any additional density proposed
 - e. Physical Needs Assessment (rehabilitation projects only, Attachment J)
 - f. Project amenities
 - g. Confirmation of project compliance with Section 504 of the Rehabilitation Act, per Virginia Housing guidelines
 - h. Tenant Relocation plan

C. Population(s) served:

- 1. Narrative of population served and how this project will meet the needs of the population(s) served
- 2. Description of proposed services provided on-site and any partners who will be delivering the services
- 3. Narrative of how the project intends to serve populations with significant housing needs, including individuals and families who are experiencing homelessness, persons of low and or extremely low-incomes, persons and families living with disabilities, including people with serious mental illness (SMI), and low-income seniors Narrative of the equity impact of the project based on the goals of One Fairfax

III. Evidence of Project Readiness and Financial Feasibility

A. Development Plan: A description of the proposed implementation strategy for the project, including, but not limited to:

- 1. Schematic Architectural and Site Plans (Attachment W)
- 2. Timeline from NOFA award through lease-up / stabilization; for acquisition-only projects, timeline should include any anticipated phased affordability compliance and/or future plans for re-capitalization (Attachment K)

3. Acquisition strategy, including timeline of Purchase and Sale Agreement (PSA), if applicable (Attachment L)

B. Financing Plan: A description of the project financing plan, including all sources and uses of funds (Attachments M and N).

1. Commitment letters, term sheets or Letters of Interest (LOI) for all sources of capital including financing terms and conditions for all debt and equity, as appropriate.
 - a. First trust debt financing term sheet(s) with, at minimum, the loan amount, interest rate, term, Loan-to-Value ratio, and a final approval process (Attachment O);
 - b. Equity term sheets (or commitment letters) stating the terms of the equity and expected levels of return;
2. For funding and financing sources that have not yet been committed, a description of the approach to securing these funds, timelines, and the feasibility of securing each additional source;
3. If the Applicant plans to recapitalize the property utilizing LIHTC after closing, please provide a description of this strategy, including the year, anticipated LIHTC round/ pool, and other information to appropriately describe the proposed strategy;
4. Please describe acquisition financing strategy separately from capitalization/ recapitalization strategy.

C. Project Pro-forma: Operating proforma for the full term of the proposed affordability (minimum of first 30 years) showing:

1. All rental income and project expenses including property management and asset management expenses;
2. Payback period for all sources of debt or equity;
3. Capitalized reserves sufficient to maintain the property in a state of good repair;
4. Percentage of requested NOFA funds in relation to Total Development Cost following Virginia Housing Total Development Cost/Unit guidelines.

Pro-formas must be submitted as a functioning spreadsheet and include all formulas (Attachments P and R).

D. Appraisal Report: An Appraisal Report as defined in the Uniform Standards of Professional Appraisal Practice dated within 4 months of the NOFA response. The Appraisal Report will be reviewed by the County Department of Tax Administration (DTA) (Attachment S).

1. A Restricted Appraisal Report format is not acceptable.
2. The Appraisal Report **must provide five values** for the project, and intangible assets or investment value should not be included in the valuations:
 - a. Market value of the land alone, unencumbered by affordability restrictions;

- b. Market value of the land and existing building, unencumbered by affordability restrictions;
 - c. Market value of the completed building and land, unencumbered by affordability restrictions;
 - d. Rent-restricted value of the completed building and land (i.e., subject to the affordability restrictions proposed by the applicant indefinitely); and
 - e. Decontrol value of the completed building and land (i.e., subject to the affordability restrictions proposed by the applicant, but with such restrictions ending 3 years after a foreclosure sale).
3. The FCRHA will require an update letter to the Appraisal Report if the proposed transaction does not close within 6 months of the date of the Appraisal Report, or a new Appraisal Report if the proposed transaction does not close within 12 months of the date of the original Appraisal Report.
- IV. Relocation Plan:** Where planned construction or renovations may interfere with tenants' ability to remain in their units, relocation may be necessary. A full Relocation Plan for tenants during any planned construction, if applicable, must be submitted to the FCRHA for approval prior to closing. All projects must comply with the Fair Housing Act, which is title VIII of the Civil Rights Act of 1968, [HUD's Affirmatively Furthering Fair Housing rules](#), and the Uniform Relocation Act (Attachment T).
- V. Additional materials and documentation:** Completed application package should also include the following information labeled according to the Attachment designation noted.
- Phase I Environmental Report (Attachment U)
 - Description of Significant Litigation (Attachment V, if applicable);
 - Market Feasibility Study (Attachment X)
 - Marketing and Tenant Selection Plan, including the anticipated lease-up strategy for new construction (Attachment Y), and
 - Property Management Plan including proposed property manager, service providers as relevant provider qualifications (Attachment Z)

Additional materials and/or documentation may be requested at the discretion of Fairfax County staff to allow for full review and assessment of the project proposal and funding request.

3.3. Application Review Process

Applications requesting funds will be reviewed by staff and evaluated for conformance with the Minimum Threshold Criteria, as outlined in Section 4.1 and the Scored Criteria detailed in Section 4.2. The Selection Advisory Committee (SAC) will decide which projects to recommend for financing and the amount of any proposed investment. Staff will present its recommendations to the FCRHA and, as applicable, the Board of Supervisors, for approval. After approval, the funds will be committed to the approved projects, contingent on proceeding in accordance with the award parameters.

Once final project approvals by the FCRHA and, as applicable, the Board of Supervisors are obtained, a formal award letter will be provided to the applicant.

Applicants should provide complete, thorough applications with their most favorable terms. Should applications require additional clarification and/or supplementary information, applicants should submit such additional material within five (5) business days of request by FCRHA. FCRHA reserves the right not to accept incomplete applications.

The FCRHA reserves the right to cancel this NOFA or reject applications at any time prior to an award. Staff reserves the right to rescind the recommendation for funding if it determines, at its sole discretion, that the proposal presented by the applicant is no longer viable.

4. Project Scoring and Requirements

4.1. Minimum Threshold Criteria

The FY 2025 NOFA threshold criteria are described in detail below.

All projects must meet either (I) or (II) below, which are threshold criteria:

- I. **New Construction or Adaptive Reuse** projects seeking funding under this NOFA must demonstrate a commitment to increasing the supply of new affordable housing in the County AND a commitment to long-term affordability through:
 - a. A project proposal that will create rental homes for households earning 60% of AMI and below (income averaging allowed);
 - b. A project proposal that will **convert** a non-residential use into new rental homes for households earning 60% of AMI and below (income averaging allowed);
 - c. Agreeing to execute legal documents with the County to commit the proposed affordable units for the greater of 30-years and the term of the first trust loan.
- II. **Preservation** projects seeking funding under this NOFA must demonstrate a commitment to long-term affordability AND a commitment to minimizing displacement of low and moderate-income tenants, AND a commitment to substantially improve the condition of the subject housing through:
 - a. Agreeing to execute legal documents with the County to commit the proposed affordable units for the greater of 30-years and the term of the first trust debt, and
 - b. A project proposal to acquire and renovate existing market-affordable properties with non-subsidized units affordable to households at or below 60% AMI; and commit the affordability through covenants or other appropriate legal means; or
 - c. A proposal to acquire and preserve an income restricted affordable property with expiring subsidies (serving households up to 80% AMI); or
 - d. A proposal to acquire and preserve an income restricted affordable property nearing the end of their initial tax credit compliance period or expiring affordability restrictions; or

- e. A project proposal to acquire and preserve the affordability of a manufactured home community.

In addition to meeting either Criteria (I) or (II) above, projects should meet the following threshold criteria.

- III. **Applicant Experience and Qualifications.** Applicants must demonstrate experience in affordable housing development and have clear capacity for the proposed project. Partnerships or joint ventures among experienced developers and community-based organizations are acceptable to demonstrate the required experience. Applicants not eligible for federal, state or local funding based on suspension, debarment or other past compliance issues are not eligible to apply under this NOFA.
- IV. **Readiness to Proceed:** The project's readiness to proceed will also be a key determinant in awarding funding.
 - a. **Financing:** 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 and should be able to demonstrate closing within 12-18 months of receiving approval for funding or (if applicable) LIHTC award.
 - b. **Entitlement:** Demonstration that the proposed project is entitled and consistent with the approved zoning on the site via a letter from the Department of Planning and Development (DPD). This is mandatory; however, flexibility for projects using public land may be considered on a case-by-case basis.
 - c. **Site Control:** Provide acceptable evidence of site control that clearly identifies all parcels in the development. Site control options include any of the following:
 - i. Deed to property demonstrating fee simple ownership; or
 - ii. Ground lease with a term that is no less than 75 years; or
 - iii. Purchase Contract with a minimum 4-month term beyond the date of the application.
- V. **Financial Feasibility:** Projects must demonstrate financial feasibility as a threshold criteria to be considered for funding. To demonstrate financial feasibility, applicants must provide:
 - a. All sources of funds are sufficient and appropriate to complete the proposed project;
 - b. The estimated costs of construction or renovation are market reasonable, include appropriate contingencies, and are sufficient to cover proposed scope of work. If CDBG or HOME funds are proposed, all anticipated rehabilitation work must comply with HCD's Rehabilitation Standards for Affordable Housing;
 - c. The project must demonstrate the ability to support any must-pay debt;
 - d. Loan to value (LTV) ratio not to exceed 100%, including all sources of debt; The FCRHA, at its own discretion, may accept a higher LTV or Loan to Cost (LTC);

- e. The appraised value under a decontrol scenario of the completed building and land for the project must exceed the sum of the requested Blueprint loan together with the amount of all superior debt secured by the property;
 - f. Both proposed renovation and new construction/adaptive reuse projects must comply with Virginia Housing development cost limit guidelines if the project intends to pursue LIHTC funding;
 - g. For renovation projects: at minimum, the proposed renovation scope addresses repairs and replacement needs outlined in the Physical Needs Assessment;
 - h. A minimum Debt Service Coverage Ratio (DSCR) of 1.15 should be reflected in the project pro forma model. The FCRHA, at its own discretion, may accept a lower DSCR provided the lower DSCR is accepted by the first mortgage lender and/or equity provider;
 - i. Leveraging of FCRHA resources of 4:1 leverage ratio or higher. County sources include Blueprint funds and Housing Trust Funds but are exclusive of Federal sources such as CDBG, HOME, and ARPA or operating resources such as project-based vouchers;
 - j. Proposed financing terms provided in LOIs or other commitments should reflect a fixed interest rate mortgage with a term that matures no later than the proposed FCRHA loan. Lenders' construction and disbursement requirements should not be adversely inconsistent with the terms of the FCRHA loan; and
 - k. Repayment of accrued interest and principal on the Blueprint loan and other County Sources should begin within a timeframe after construction completion and conversion such that the County can recoup its funds within a reasonable time period.
- VI. **Equity Contribution:** Projects must demonstrate that equity will be included from the owner/sponsor/parent company as a funding source. This could include any deferred developer fee for LIHTC projects and grants or cash flowing through the owner/sponsor/parent company as a source of funds.
- VII. **Affordability/Incomes Served:** Project components proposed to utilize FCRHA funding must consist entirely of rental or homeownership units affordable to households at or below 60% of Area Median Income (AMI). Applications proposing units at lower AMI levels may receive additional points based on the scoring criteria listed in Section 4.2.
- a. The FCRHA will allow projects proposing to use Low Income Housing Tax Credits to employ the "income averaging" set-aside. Projects proposing to use income averaging may include units with rent and income limits up to 80% AMI, so long as the average of the income limitations does not exceed 60% AMI.
 - b. Preservation projects with units serving up to 80% AMI may be considered on a case-by-case basis.

- c. Projects funded with DBHDS Region 2 funds must provide a leasing preference for a designated number of units to people with SMI who have incomes of 50% of AMI or below. Projects may have sources of project-based rental assistance and/or accept referrals of individuals with tenant-based rental assistance from DBHDS designated referral entities for these units.

VIII. **Additional Project Requirements:**

- a. **HUD Section 3** program requires that recipients of certain HUD financial assistance, to the greatest extent possible, provide training, employment, contracting and other economic opportunities to low- and very low-income persons. Under certain circumstances, the offeror may be required to comply with Section 3 and it is their responsibility to do so as well as provide Section 3 reporting information to FCRHA upon request. For further guidance on the Section 3 Rule, see <https://www.hud.gov/section3>
- b. **Environmental Review:** The National Environmental Policy Act (NEPA) and other Federal laws and authorities require that an environmental review be conducted by RHA on all Federally assisted actions (except those exempted under 24 CFR Part 58). Environmental reviews of projects serve as a planning tool used by Fairfax County to determine (1) whether its proposed actions will have an impact on the environment, or (2) whether the environment will have an impact on the proposed action. Completion of the environmental review process is mandatory before taking a physical action on a site or making a commitment or expenditure of HUD or non-HUD funds for property acquisition, rehabilitation, conversion, lease, repair or construction activities.
- c. **Lead Based Paint:** All work shall be in accordance with federal lead-based paint regulations found in 24 CFR Part 35.
- d. **Conflict of Interest:** As a threshold criteria, applicant must comply with applicable Fairfax County, Virginia and federal conflict of interest requirements (including Title 24 CFR § 570.611 and Title 24 CFR § 92.356). For example, the FCRHA prohibits -lending of county funds to any non-profit entity found to be in violation of any of the following conflicts of interest:
 - i. No member of the applicant's Board of Directors, or any other employee of the applicant, may serve as the realtor brokering any real estate transaction between the applicant and a third-party seller.
 - ii. If any applicant Board member, employee, or agent is also a Fairfax County Department of Housing and Community Development (HCD) employee, any such employees must recuse themselves from any aspect of the review and selection process to avoid the appearance of conflict of interest and the perception of favoritism on the part of HCD toward any individual applicant.

- iii. No persons who exercise or have exercised any functions or responsibilities with respect to CDBG or HOME activities, or who are in a position to participate in a decision-making process or gain inside information with regard to such activities may 1) obtain a financial interest or benefit from a CDBG or HOME-assisted activity, or 2) have a financial interest in any contract, subcontract, or agreement with respect to a CDBG-assisted activity, or with respect to the proceeds of the CDBG or HOME-assisted activity.
- iv. "Covered individuals" under the conflict of interest provision are as follows:
 - 1. Employees of the non-profit organization;
 - 2. Agents representing the non-profit;
 - 3. Consultants to the non-profit;
 - 4. Officers or Board members of the non-profit;
 - 5. Elected officials, appointed officials, or employees of any designated public agencies; and
 - 6. Those who have business or immediate family ties, during their tenure or for one year thereafter.

e. **Davis-Bacon Act:** Rehabilitation and new construction projects may be subject to the wage and hour requirements of the Davis-Bacon Act as well as the accessibility requirements under 24 CFR part 8, which implements Section 504 of the Rehabilitation Act of 1973. See Davis-Bacon and Related Acts | U.S. Department of Labor (dol.gov) for more information.

f. **Build America Buy America (BABA) Act:** Projects funded by federal financial assistance will be subject to align with the BABA Act, that requires domestically sourced infrastructure materials. This applies to iron, steel, manufactured products, and construction materials used, ensuring they are produced within the United States. Additional information on BABA can be found at:

<https://www.whitehouse.gov/wp-content/uploads/2022/07/Build-America-Buy-America-Factsheet-and-FAQs-for-Award-Recipients.pdf>

g. **Energy Efficiency Standards for New Construction:** Effective January 18th, 2024, Virginia adopted the 2021 IECC International Energy Conservation Code (IECC), a model energy code developed by the International Code Council (ICC) through a public hearing process. The code contains minimum energy efficiency provisions for residential buildings.

IX. **Loan Documents:** Projects receiving financing will be required to execute loan documents and related restriction agreements to commit units as affordable for the term approved by the FCRHA. Anticipated loan terms are outlined in Appendix A: Form FY25 NOFA Term Sheet.

4.2. Scored Criteria

Staff will use the following scored criteria to further evaluate projects that meet the threshold criteria outlined above. Scored criteria reflect County priorities and will guide staff recommendations.

Criteria	Maximum Points Possible
Deeper Affordability	
Units with rents at or below 30% AMI, not receiving project-based subsidies (0.5 point for each percent of units up to 15 points)	15
Units with rents at or below 50% AMI (0.5 point for each percent of units up to 10 points)	10
Longer Affordability Term	
Projects with an affordability term greater than 50 years	5
Resource Efficiency	
Projects that request no more than \$85,000 per unit requests.	10
Access to Opportunity	
Located within a Census block group with a "Very Low" vulnerability score as determined by the Fairfax County Vulnerability Index	5
Transit-Oriented Location	
Projects located less than 0.25 miles from a bus stop or 0.5 miles from a rail station	5
Family-Sized Units	
Projects with up to 10% 3+ bedroom units	1
Projects with between 10% and 20% 3+ bedroom units	2
Projects with more than 20% 3+ bedroom units	5
Permanent Supportive Housing (PSH)	
Projects that provide studio units and/or one-bedroom units for individuals with SMI whose incomes are 50% AMI or below	5
Special Populations	
Projects that provide housing opportunities for individuals or families living with disabilities	5
Projects that provide housing opportunities for low-income seniors (62+) or families headed by low-income seniors (62+)	5
Projects that comply with Virginia Housing's Universal Design accessibility standards, beyond the accessibility standards required in the threshold section of this NOFA	5
Tenant Selection	
Projects with a leasing preference to families on FCRHA or other County Waiting Lists	2
FCRHA Bonds	
Projects that make use of FCRHA tax-exempt bond capacity	10
Existing Project-Based Subsidy	
Projects that include an existing project-based subsidy	5
Integration of One Fairfax Equity Goals	5
Maximum Score	100

4.3. Financing Terms

Funds awarded through this NOFA will generally be awarded in the form of a loan from the FCRHA.

1. **FCRHA Loan Structure:**

- a. Interest rate of no less than 3% (exceptions may be made based upon funding source)
- b. A fully amortizing first mortgage loan structure is strongly preferred
- c. Local Funds are subject to typical limited carveouts, non-recourse secured loans
- d. Repayment of principal and interest from net cash flow shall be determined on a case-by-case basis depending upon the outcome of the underwriting process. s
- e. Loans are subject to annual monitoring fees of \$7,500 for each individual loan, escalating at 3% annually.
- f. Financing that includes cross-collateralization and cross-default provisions **will not be considered.**

Appendix A: Form Term Sheet

Form FY25 NOFA Term Sheet

Borrower Entity:

Developer:

Project Address:

Amount: Up to \$_____, which may receive funding from Housing Blueprint funds, Housing Trust Fund (HTF), and/or other sources. If the Project receives funding from multiple sources, the FCRHA reserves the right to have each source comprise a separate loan.

If there are savings in the development budget upon project completion, then at the discretion of the FCRHA such savings may be used to reduce the amount of the FCRHA loan(s), so long as such reduction would not impact the project's basis under the LIHTC program.

Interest Rate: []% simple interest per annum. Interest will accrue on funds as they are disbursed.

Repayment: Loan will be repaid from annual net cash flow (NCF). NCF includes cash flow remaining after payment of must-pay debt service, operating expenses, operating reserves, deferred developer fee, and such other expenses as may be approved by the FCRHA. Payments made will be applied first to accrued interest, then to principal. All outstanding principal and accrued but unpaid interest will be due on the maturity date.

If the funding includes Blueprint loan and other loans, payments will go first to amounts owed on the Blueprint loan; once Blueprint loan is fully repaid, payments will go to amounts owed under the other loans.

Term: Will be coterminous with term of first-position permanent loan.

Security: FCRHA loans will be secured by a deed of trust and will be subordinate only to the first-position deed of trust. However, one or more FCRHA loans may be in lower priority lien position if acceptable to the FCRHA in its sole discretion. (If the project is funded with Blueprint and other FCRHA funds, then the Blueprint loan will be in second position, followed by other FCRHA loans in third position, fourth position, etc.)

Affordability: Borrower will rent approximately __ units to households with an initial household income of no more than __% of the area median income (AMI)

and approximately __ units to households with an initial household income of no more than __% of AMI.

Borrower must comply with all applicable affordability and rent requirements, including LIHTC requirements during the LIHTC compliance period.

Affordability Term: Affordability and rent restrictions related to FCRHA loans will appear in a Land Use Restriction Agreement (LURA), covenants or other documents recorded in the land records and running with the land.

Option & Right of

First Refusal/Offer: Borrower will provide FCRHA with an option to purchase the property and a right of first refusal/offer (ROFR/O) for the property. The FCRHA's option and ROFR/O rights will be subject to – and otherwise on the same terms as – the option and ROFR/O rights of Borrower's developer and/or investor, as set forth in Borrower's partnership/operating agreement, subject to the approval of the FCRHA.

Developer Fee: Borrower may pay a developer fee to Developer, the total and deferred amounts of which are subject to the approval of the FCRHA. Borrower may recoup its deferred developer fee in full before making payments on FCRHA loans, subject to terms to be finalized between FCRHA and Borrower.

Borrower will make no other payments to Developer (or affiliates of Developer) without the prior consent of the FCRHA.

Monitoring Fee: Borrower will pay to the FCRHA a total annual monitoring fee of \$7,500, escalating at 3% annually for monitoring project compliance with the affordability requirements detailed in the loan documents. The fee may not be structured to be cash flow dependent.

Reserves: At funding, Borrower will establish a repair and replacement reserve. Such amount may be consistent with the first position lender's or investor's requirements, as approved by the FCRHA.

Transfers: Borrower may not transfer the property, in whole or in part, by operation of law or otherwise, without the prior approval of the FCRHA. Borrower may, however, transfer the property to an affiliate under common control, as further described in the loan documents to be negotiated for the project, provided that Borrower must notify the FCRHA in advance and the transferee must assume the loan(s).

No interests in the Borrower may be transferred without the prior approval of the FCRHA, not to be unreasonably withheld, except (i) for cause, as set forth in Borrower's partnership/operating agreement; and (ii) for transfers of the investor's interests in the Borrower to Borrower's general partner / managing member (or to a commonly controlled affiliate) after the end of the LIHTC compliance period.

Senior Loan: The first position loan must have a fixed interest rate, provided that the FCRHA may approve a variable rate senior construction loan in its sole discretion. The permanent first position loan must amortize fully.

First position lender must enter into intercreditor or subordination agreement with the FCRHA on terms reasonably acceptable to the FCRHA including, without limitation, the survival of the FCRHA loan affordability, the right to cure defaults, to acquire the senior debt, and to acquire ownership of the property.

Other Loans: Other than the loans represented in the application for this Blueprint loan, Borrower may not subject the property to any deed of trust or other lien, whether senior or subordinate to the FCRHA loan(s), without the prior approval of the FCRHA.

Borrower may not obtain any unsecured loans without the prior approval of the FCRHA, except for an unsecured loan that is cash flow dependent and the repayment of which would come after annual payment of the FCRHA loan(s) in priority of payment from NCF.

Refinancing: Borrower may not refinance senior debt on the Project without the FCRHA's consent. FCRHA loans will become due upon any refinancing of the senior permanent loan. The FCRHA, in its sole discretion, may agree to resubordinate one or more of the FCRHA loans upon such refinancing.

Termination: The FCRHA may terminate this commitment if the project does not receive an allocation of LIHTC by [] or if the project does not close by [].

Closing Conditions: Borrower will execute the FCRHA loan documents concurrently with Borrower's construction loan closing (Closing). Unless waived by the FCRHA in its sole discretion, the following conditions must be met before Closing:

- Fully executed construction loan documents and construction contract.
- Fully executed partnership/operating agreement of Borrower, with admission of investor.

- Fully executed loan commitment for permanent loan, and all necessary approvals for any other permanent and/or ongoing funding sources.
- A satisfactory appraisal, dated no earlier than 6 months before Closing, showing a property value that exceeds the aggregate debt on the property.
- ALTA survey and Lender's title insurance policy for the benefit of the FCRHA, from a title company acceptable to the FCRHA.
- Zoning letter from the Fairfax County Department of Planning and Zoning, site plan, building permits, etc.
- Borrower organizational documents (including good standing certificate and authorizing resolutions)
- Legal opinion of Borrower's counsel.
- Final underwriting acceptable to the FCRHA, including sources and uses, development budget, annual operating expenses, 30-year cash flow analysis, and a development schedule.
- Such other documents and information as the FCRHA may require.

Disbursement: FCRHA loan funds shall be disbursed at construction completion or earlier as may be permitted by the FCRHA in its sole discretion. Conditions precedent to funding the FCRHA loan(s) shall be detailed in the loan documents, and shall, at minimum, include.

- Certification by architect of construction progress.
- Payment and performance bond specifying the FCRHA as a named insured.
- Evidence of no outstanding defaults under any loan, construction, or other project-related agreement.
- Such other items and information as the FCRHA may reasonably require.

Use of Insurance: After a casualty event, Borrower must restore so long as restoration is reasonably practicable. Borrower's first-position lender may not have unilateral ability to repay itself from casualty insurance proceeds after all casualty events.

The FCRHA may permit full or partial exceptions to any provision in this term sheet in its sole discretion. In the event of any conflict between this term sheet and any fully executed FCRHA loan document, the terms of the FCRHA loan document will control. No third party may rely on the contents of this term sheet.

FCRHA:

FAIRFAX COUNTY REDEVELOPMENT AND HOUSING AUTHORITY

By: _____

Name:

Title:

BORROWER:

[Entity Name]

By: _____

Name:

Title:

Left intentionally blank.