

Request for Proposals for Multifamily Affordable Housing Development Projects

Issue Date: July 2, 2020

Closing Date: Rolling until June 30, 2021 or until funds are exhausted

- 1) **Amount of Funding Available:** Up to \$20,642,532 from the following sources will be available for FY2021:

Funding Source	Available Funds	Description
Housing Blueprint	\$7,570,249	Fairfax County Affordable Housing Development and Investment Fund
Virginia Housing (Formerly VHDA) Amazon Impact REACH Funds*	\$7,850,000	Amazon funds for Affordable Housing development in Northern Virginia
Tysons Housing Trust Fund	\$5,222,283	Fairfax County funds for Affordable Housing in Tysons Urban Center
Total	\$20,642,532	

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

*Use subject to Virginia Housing approval on a project-by-project basis.

- 2) **FCRHA Background:** The Fairfax County Redevelopment and Housing Authority (FCRHA) is a political subdivision of the Commonwealth of Virginia and possesses specific powers granted by state code, including the ability to issue bonds, purchase property and make loans. As such, the FCRHA acts as Fairfax County’s local housing finance agency. The FCRHA began a tax-exempt financing program in the late 1970s to facilitate the development and preservation of affordable housing. Through tax-exempt bond financing and, as an FHA-approved housing finance agency, the FCRHA is able to provide a vehicle for private developers to obtain below-market interest rate mortgages to acquire, construct and rehabilitate multi-family developments. The FCRHA has issued fixed-rate bonds for 45 multifamily and public facility deals totaling approximately \$680 million.

The FCRHA seeks to achieve its goals of developing 5,000 new units of housing that is committed affordable and no net loss of existing affordable housing utilizing the various funding pools made available through this NOFA.

- 3) **Funding Pools:**

- a) **Housing Blueprint Fund:** Fairfax County makes an annual contribution of its general revenue to the Fairfax County Affordable Housing Development and Investment Fund (known as the “Housing Blueprint Fund”). The FCRHA provides Housing Blueprint loans to developers seeking to develop or preserve affordable housing units throughout the County.

The FCRHA is making up to \$7,570,249 Housing Blueprint Funds available for affordable housing projects through this Notice.

- b) **Virginia Housing Amazon Impact REACH Funds:** Virginia Housing (formerly Virginia Housing Development Authority) supported the Commonwealth’s effort to bring Amazon’s second headquarters to Northern Virginia through a commitment of \$75 million in new Amazon Impact REACH funding for affordable rental housing and homeownership in the region. No development/project or Amazon Locality will receive more than \$3,750,000, unless the Fiscal Year 2021 commitment of \$15 million is not full utilized.

Projects utilizing the 9% federal low income housing tax credits (LIHTC) are **not** eligible to be funded. However, proposals utilizing the 4% LIHTCs are encouraged to apply. In addition, to be eligible, the development must utilize permanent financing from Virginia Housing.

Although these funds are provided by Virginia Housing, FCRHA is responsible for recommending allocations of the funds to eligible projects. A total allocation of \$7,850,000 is made available through this notice. Amazon Impact REACH funds will be allocated to projects with the approval of Virginia Housing based on the recommendation of the FCRHA. REACH funds may be combined with any of the other available funds under this notice.

- c) **Tyson's Housing Trust Fund:** The Tysons Housing Trust Fund, was created to provide affordable and workforce housing opportunities in the Tysons Urban Center. Nonresidential developments throughout Tysons contribute funds to the Trust Fund on a per-square foot basis.

The FCRHA is making \$5,222,283 available for affordable housing opportunities in the Tysons Urban Center through this notice.

4) **Application Process and Timeline**

- a) Submit signed, completed Application in accordance with the specified instructions. The Application can be found on the following website:
<https://www.fairfaxcounty.gov/housing/initiatives/affordable-housing-partnership-program>.
- b) Applications will be accepted on a rolling basis through June 30, 2021, or until all of the funding has been committed for the Fiscal Year 2021 funding. FCRHA staff will send an e-mail to the applicant to confirm application receipt.
- c) Important note: For projects applying for 9 percent Low Income Housing Tax Credits (LIHTC) in the March 2021 Virginia Housing competition, applications must be received by October 1, 2020 at 4:00 p.m.
- d) During the COVID-19 pandemic, electronic applications uploaded through Fairfax County Sharefile Program will be considered to be in compliance with the application deadline. Within five (5) business days of electronic submission, two (2) hard copies of the application should be delivered to HCD. Access to the Sharefile program will be provided directly to each developer.
- e) Applications requesting funds will be reviewed by the Selection Advisory Committee (SAC) and scored using the Minimum Threshold scoresheet. The SAC will review the applications and make a recommendation to the FCRHA and Fairfax County Board of Supervisors as to which project(s), if any, to fund. Upon approval, of Fairfax County funds, the funds will be committed to the approved projects contingent on proceeding in accordance with the award parameters. Any applications recommended to receive Amazon Impact REACH funding will be recommended to Virginia Housing for funding award
- f) It is anticipated that notifications of award recommendation will be made within 12 weeks of the October 1, 2020 submission deadline. It is anticipated that applications received after October 1, 2020 will be notified within 12 weeks of application submission date. A formal award letter will follow Board of Supervisors and FCRHA approval of funding. It is anticipated that developers will also be notified if their project application is unsuccessful within 12 weeks of submission.

The FCRHA reserves the right to cancel this Request for Proposal or reject proposals at any time prior to an award and is not required to furnish a statement of the reasons why a particular proposal was not deemed to be the most advantageous.

5) **Minimum Threshold Criteria:** Projects should meet the minimum threshold criteria noted below.

- a) Demonstrate evidence of notification to Fairfax County Magisterial District Supervisor via e-mail or letter. Confirmation receipt by Supervisor's office is preferred.
- b) Zoning Approval: Demonstration that proposed project is consistent with the 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 or using the Tysons Housing Trust Fund, may be considered on a case-by-case basis.
- c) No debarment: Any person or firm suspended or debarred from participating in County, State, or Federal procurement is ineligible to receive funding.
- d) Provide acceptable evidence of site control including:
 - i) Deed to property demonstrating fee simple ownership;
 - ii) Ground lease with a term that is no less than 60 years; or
 - iii) Purchase Contract with a minimum 12-month term beyond the date of the application; and
 - iv) Site control should clearly identify all parcels in the development.

- 6) **Per-unit Funding Guideline:** The FCRHA staff will ultimately evaluate the relative funding per unit based on population served and reasonableness of projections in an attempt to maximize efficiency of local and Virginia Housing funds awarded through this NOFA. The funds awarded through the NOFA should leverage other sources of funding.
- 7) **Affordability/Income Targeting:** The FCRHA encourages projects applying for the local funds to meet the following income targeting goals:

	Blueprint	Tyson's HTF	General HTF	Virginia Housing
Income Targeting	60% AMI or below with LIHTC income averaging permitted	60% AMI or below with LIHTC income averaging permitted	60% AMI or below with LIHTC income averaging permitted	Per Amazon Impact REACH program rules

- a) Projects should serve multiple FCRHA goals including:
 - a. New production of rental homes for individuals and families earning 60% of AMI and below;
 - b. The preservation of "market affordable" rental properties and committed affordable properties with expiring subsidies or major capital needs; and/or
 - c. Reduction of homelessness through the development of new permanent supportive housing options for persons coming out of chronic homelessness.
- b) Starting in FY 2021, the FCRHA will allow projects proposing to use Low Income Housing Tax Credits to employ the "Income Averaging" set-aside, as well as the traditional "20% at 50%" and "40% at 60%" set-asides under IRS Code Section 42. Projects proposing to use Income Averaging may include units with rent and income limits as high as 80% AMI, so long as the average of the income limitations does not exceed 60% AMI. For all other projects, all units proposed to be supported by the Local Funds must be income- and rent-restricted to be affordable at 60% AMI or below.
- c) The FCRHA encourages innovative approaches to meeting the established affordability targeting goals and reserves the right to award funds in a manner that achieves the stated affordability goals, which includes the potential to request adjustments to an applicant's proposed income targeting.
- d) Any other innovative approaches that meet the housing blueprint goals.

8) **General Funding Parameters:**

- a) The funds provided through this notice are primarily intended for multifamily projects (six or more units).
- b) Projects must demonstrate financial feasibility to be considered for funding.
- c) Applicants are advised that, in the event the FCRHA Purchasing Agent does not require additional clarifications and/or supplementary information, such applications may be evaluated without further discussion. Consequently, applicants should provide complete, thorough applications with the offerors' most favorable terms. Should applications require additional clarification and/or supplementary information, offerors should submit such additional material in a timely manner.
- d) For applications assuming 9% LIHTCs, if an application is underwritten and awarded funds during this RFP round, it is expected that the developer apply in the 2021 LIHTC application round. If the developer misses the LIHTC application deadline, the applicant will forfeit this award and need to reapply during the next RFP cycle. If tax credit request by Virginia Housing is not awarded, then those Funds will be rolled over into the next fiscal year's RFP and the applicant will need to reapply in the next RFP cycle.
- e) Units must remain affordable for a minimum of 30 years. In projects which may or may not include Low Income Housing Tax Credits, or any other financing with affordability restrictions, the FCRHA, at its own discretion, may require the affordability to be recorded in covenants that are senior to all financing.
- f) Blueprint, Tysons and Countywide Housing Trust Fund funds will be awarded in the form of a loan. Funds may be structured as cash flow deferred loans from the FCRHA at an interest rate of 2%, Virginia Housing Amazon

Impact REACH funds may be awarded as a grant or a loan from Virginia Housing, and are subject to Virginia Housing approval.

- g) Applications should have a fixed-interest rate, fully-amortizing mortgage with a term that is the same as the maturity of the loan. Preference will be given to projects using fixed-rate financing where the term is the same as the amortization. However, other types of financing structures may be considered on a case-by-case basis at the sole discretion of the FCRHA. Financing that includes cross-collateralization and cross-default provisions **will not be considered**. Proposed projects must comply with the FCRHA Funding Guidelines <https://www.fairfaxcounty.gov/housing/sites/housing/files/assets/documents/ahpp/fcrha%20funding%20guidelines%20and%20policy.pdf>.
 - h) Applications should show percentage of funds to Total Development Cost and follow Virginia Housing Total Development Cost/Unit guidelines.
 - i) An appraisal either ordered by the first mortgage lender or the Fairfax County Department of Housing and Community Development (HCD) is required and will be reviewed by the County Department of Tax Administration (DTA) before seeking the FCRHA's and Board of Supervisors' approvals. The cost of the appraisal will be borne by the developer. The appraisal will need to be based on the property's projected value post-foreclosure, taking into account any applicable rent restrictions, including those as may be defined in Virginia Housing's Extended Use Agreement.
 - j) The FCRHA, at its own discretion, may consider preservation or rehab projects where it is offered the option to purchase the land under an unsubordinated ground-lease scenario.
 - k) Equity Contribution: While not a requirement, it is strongly preferred that cash equity be included from the owner/sponsor/parent company as a funding source. This would exclude the deferred developer fee and grants flowing thru the owner/sponsor/parent company as a source of funds.
 - l) Preference will be given to projects with at least 50% of the developer's fee deferred and paid from the project's cash flow.
 - m) FCRHA has the right of first refusal to the extent allowed by other lenders.
 - n) Preference for all funding sources, except Virginia Housing Amazon Impact REACH funds, will be given to those projects that use bonds issued by the FCRHA. Virginia Housing funds will require Virginia Housing financing.
 - o) The project needs to conform to HUD regulations interpreting the accessibility requirements of Section 504 of the Rehabilitation Act, per Virginia Housing's guidelines released annually for the LIHTC program.
 - p) Special note for rehabilitation projects: At its own discretion the FCRHA may hire a third-party firm, at the expense of the borrower, to provide a Physical Needs Assessment to verify that the planned rehab scope of work is sufficient for the project. This may include an architect or consultant with expertise in the field. If other reports are available for other financing agencies, those may be accepted.
 - q) Ensure lenders' construction and disbursement requirements are not contradictory.
 - r) Applicant shall provide Excel spreadsheets showing formulas.
 - s) Other factors as deemed necessary to protect the interest of the FCRHA and Fairfax County.
- 9) **Amazon Impact REACH Evaluation Criteria** All proposals for Amazon Impact REACH funds for Fairfax County must be made through this NOFA. Proposals for properties in the Cities of Fairfax and Falls Church are eligible to apply under this NOFA for the Amazon Impact REACH funds only. If multiple submissions are made, FCRHA/HCD will provide ranking priority recommendations to Virginia Housing.

- 10) **Eligible applicants:** Organizations experienced in the development of affordable housing.
- a) Developers should demonstrate experience and have clear capacity for the undertaking they propose; 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.
- 11) **Eligible activities:** Funds are available for the purposes of development of affordable housing in Fairfax County.
- a) Provided there is sufficient collateral, funds may only be used for capital purposes (no pre-development or operating funds) such as new construction, acquisition or acquisition/rehabilitation.
 - b) Projects must be located within Fairfax County, including the Towns of Herndon, Vienna, and Clifton. Projects located in the Cities of Fairfax and Falls Church may be considered for Virginia Housing Amazon Impact REACH funds, but are not eligible for local funds.
 - c) For new construction projects, on a case by case basis, the FCRHA may consider disbursing up to 50% of local funds after the achievement of 50% construction completion and upon satisfaction of the following:
 - i) A letter by the developer certifying 50% construction contract price expended, including any approved change orders;
 - ii) Payment and Performance Bond provided that specifies “with FCRHA as named insured”;
 - iii) No outstanding or pending defaults on the project;
 - iv) Mutually acceptable Inter Creditor Agreement (ICA), if applicable; and
 - v) Compliance with all lenders (construction and disbursement requirements).
 - d) For acquisition/rehab projects, depending upon underwriting risk and sufficiency of collateral Funds may be disbursed during rehabilitation on a case-by-case basis.
- 12) **Financial Feasibility:** Projects will be underwritten to determine financial feasibility of the project and financial strength of the sponsor, as evidenced by the last three (3) years of independently audited financial statements. Factors will include, but are not limited to:
- a) A pro-forma analysis of the property’s projected financial performance over the first fifteen (15) years of the proposed loan, including rental income (within affordability guidelines), expenses, and deposits to reserves;
 - b) The Project’s ability to support any must-pay debt;
 - c) The appraised value of the project under the guidelines mentioned in Section 8J. The condition of the property and proposed renovations;
 - d) Debt coverage with a minimum Debt Service Coverage (DSC) of 1.15. The FCRHA, at its own discretion, may accept a lower DSC provided the lower DSC is accepted by the first mortgage lender and/or equity provider and is in conformance with the FCRHA Funding Guidelines (Loan Adjustment and Financing Policy) and loan to value ratio not to exceed 100%, including all debt;
 - e) The terms and conditions of any senior debt (if applicable);
 - f) Leveraging of other resources to the funds, targeting a 4:1 leverage ratio.
 - g) The repayment of the loan from cash flow;
 - h) Fixed interest rate, fully amortizing mortgage with term same as maturity; and
 - i) Last three (3) years of independently audited financials for the applicant/sponsor.

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. HCD’s

Selection Advisory Committee (SAC) reserves the right to rescind the recommendation for funding if it determines, at its sole discretion, that the financing plan presented by the developer is not financially viable for the FCRHA and BOS to commit the funds.

- 13) **FCRHA Loan Structure***: Generally, FCRHA Funds will be structured as cash flow deferred loans from the 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) Local 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) Local Funds must be approved by HCD's Loan Underwriting Committee (LUC), the FCRHA Commission, and the Fairfax County Board of Supervisors (BOS).
 - d) Loans are subject to annual monitoring fees of \$5,000, escalating at 3% annually.

**Virginia Housing will determine the terms of the grant or loan of Amazon Impact REACH funds.*

- 14) **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 and should be able to demonstrate closing within 12 months of receiving approval for funding.

15) **PRE-PROPOSAL CONFERENCE**

A pre-proposal conference regarding the application process will be held electronically via the MS Teams platform on August 6, 2020. Please send an email to rha@fairfaxcounty.gov to register for the conference by July 24, 2020. You must register in advance to attend.