



ANGELA ALSOBROOKS
County Executive

**PRINCE GEORGE'S COUNTY
DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
HOUSING DEVELOPMENT DIVISION**



Aspasia Xypolia
Director

**NOTICE OF FUNDING AVAILABILITY
(NOFA)**

May 2, 2019

**Public Notice to Owners and Developers Regarding the
Acceptance of Applications on a Rolling Basis**

**Aspasia Xypolia
Director**

**Prince George's County Department of
Housing and Community Development**

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A. GENERAL OVERVIEW

The Prince George's County Department of Housing & Community Development (DHCD) has funds available, through the HOME Investment Partnership Program (HOME) and the Prince George's County Housing Investment Trust Fund (HITF), to support the acquisition, new construction or rehabilitation of affordable/workforce rental housing opportunities. Funds may only be awarded to projects that demonstrate a gap in financing and a need for additional resources. Applications are being accepted on a rolling basis.

Based on the Plan 2035 Prince George's Approved General Plan (<http://www.mncppc.org/374/General-Plan>), DHCD has identified priority target areas for development projects, specifically, transit oriented development projects (TOD) (see Appendix A for a listing of these areas). DHCD is seeking mixed-income (market rate and affordable units), mixed-finance and mixed-use development projects. Projects should be consistent with the County's current plans and therefore, potential applicants are encouraged to confer with the Maryland National Capital Parks and Planning Commission staff, as appropriate. All development activity will be viewed as a catalyst to encourage and support future development activities in the targeted communities.

The following will be considered for funding:

- Requests for Prince George's County HITF and HOME funds, for the new construction or rehabilitation of a project of scale, in the maximum amount of \$2,000,000 per project not to exceed a 20% investment in total project cost.

At the discretion of the Director, an amount of funds exceeding the maximum may be awarded based on the County's needs or priorities. The Director may also exercise discretion in choosing whether HOME or HITF funds are awarded to applicants.

The use of HOME funds requires accountability and compliance with the HOME Program Regulations at 24 CFR Part 92 that require:

- The housing project to be assisted with HOME funds has an anticipated start date within 12 months from commitment;
- The project meets eligibility and underwriting requirements including maximum subsidy limits;
- Compliance in accordance with the Environmental Review under 24 CFR Part 58;
- Compliance with accessibility standards in accordance with Section 504 of the Rehabilitation Act of 1973 as amended and as implemented under 24 CFR Part 8;
- HOME funds must be used to provide housing for low and very-low income residents;
- Housing produced with HOME funds must meet quality standards as decent, safe and sanitary housing and must be maintained to Housing Quality Standards (HQS);
- Rental units must remain affordable for periods of 15 years or more for rehabilitation or 20 years or more for new construction as evidenced by a written agreement;
- Compliance with HUD maximum household income and rent limits;
- Compliance with all deadlines, monitoring reviews, reporting requirements and written agreements; and
- Compliance with all applicable federal laws.

The proposed schedule for this Notice of Funding Availability (NOFA) is:

- Issue HOME Program NOFA: May 2, 2019
- Begin accepting applications: June 3, 2019
- Proposal Advisory Group (PAG) Review and Report: 90 days from the date the application is received

DHCD, in its sole discretion, reserves the right to modify the above dates.

B. GENERAL INSTRUCTIONS

1. The Application Form should be completed in its entirety and signed by an authorized representative of the applicant entity.
2. For purposes of this Application, the term Applicant shall mean the entity that is applying for the HITF or HOME funds and is also identified as Applicant on all applications to financial institutions and other lenders to finance the project identified herein.
3. All applicants must complete the "*Prince George's County Application for HOME Investment Partnership (HOME) Loans, and Housing Investment Trust Fund (HITF) Loans.*" Requested attachments must also be submitted with the completed application. The application submission package is available through DHCD's website at:

<https://www.princegeorgescountymd.gov/1061/Public-Notices>

4. Please submit an original and five copies of the complete Application, each in a separate three ring binder with a table of contents and dividers (labeled) for each section and attachment. Additionally, applicant must submit one complete electronic copy in PDF format. All completed applications must be submitted to: Department of Housing and Community Development, Housing Development Division, Attention: Pamela Wilson, 9200 Basil Court, Suite 306, Largo, Maryland 20774.
5. Proposals with incomplete applications or that fail to meet the Threshold Requirements and/or Evaluation Criteria will not be considered for funding. Applicants will be notified accordingly.
6. Applicants are encouraged to contact Pamela Wilson at DHCD's Housing Development Division at 301-883-5570 or pawilson@co.pg.md.us with questions regarding program requirements and the application process.
7. DHCD reserves the right to suspend, amend, or modify the provisions of this NOFA, to waive selected requirements or limitations herein, to reject all proposals, to negotiate modifications of proposal, or to award less than the full amount of the funding available; all in its sole discretion.

C. FUNDING PRIORITIES

The underwriting criteria and awarding of HOME and/or HITF Program funding will be guided by the following set of priorities:

- Targeting affordable housing projects serving up to 80% of the area median income
- New construction and/or preservation of workforce/affordable housing within Prince George's County's Transit Oriented Development communities, particularly along the Purple Line Corridor, Branch Avenue, Largo Town Center, New Carrollton, Prince George's Plaza and Suitland Metro Stations.
- Opportunity Zones as issued by the State of Maryland Department of Housing and Community Development;
- Housing priorities and guidance in the Prince George's County's 2035: Adopted General Plan;
- Creation of quality mixed-use, mixed-income affordable/workforce housing; and
- Affordable/workforce housing that includes sustainable design, energy efficiency and green design standards.

D. UNDERWRITING AND RESERVATION PROCESS

DHCD will first conduct a screening review of applications to determine if the applicant meets the **Threshold Requirements**. DHCD will appoint a Proposal Advisory Group (PAG) to review applications and supporting documentation to determine the

applicant's compliance with the threshold requirements. Incomplete applications or projects that do not meet threshold requirements will not receive further consideration. Applications will be reviewed in the order they are received by DHCD.

Projects meeting the Threshold Requirements will then be evaluated and scored against the **Evaluation Criteria**. The PAG will conduct a complete and comprehensive review of submitted proposal(s), including a detailed underwriting analysis of the project and will assign a score to the application. Applicants must achieve a minimum total score of 200 points to be eligible to receive HOME and/or HITF funds and must receive minimum scores of 65 points in the "Development Team Experience" section and 48 points in the "Financial Feasibility" section. A formal report/recommendation regarding the applicant's request of HOME and/or HITF funds and conditions for funding will be submitted to DHCD's Director as part of a formal recommendation provided they satisfactorily meet the scoring requirements of the Evaluation Criteria. Final review and approval of the recommendation by the Office of the County Executive will be required.

Funding will be reserved in an order determined by their readiness to proceed and the continued availability of HITF and HOME funds. At the discretion of the Director, the order in which projects are prioritized may be changed or funding reservations may be canceled if a project ceases to meet the Thresholds Requirements or would no longer satisfy the minimum scoring requirements of the Evaluation Criteria.

E. THRESHOLD REQUIREMENTS

To be considered for funding, an applicant must meet the following Threshold Requirements:

1. Public Purpose – Use of Prince George's County HOME and HITF Funds

DHCD seeks development projects that will be strong, long-term, sustainable real estate developments offering quality communities for both the residents and the surrounding neighbors. Development projects should comply with the programs' funding priorities, provide supportive services, provide housing of choice for families, seniors, and persons with disabilities, and be supported by the community. Additionally, DHCD seeks projects that align with the County's priorities (i.e. Transit Oriented Developments). Projects must comply with the income guidelines of the respective programs, including:

- The units assisted with County HOME funds must serve households at or below 60% of the area median income (AMI) for rental;
- The units assisted by the County HITF must serve households between 40% and 80% of AMI for rental; and
- Development projects may be assisted with both County HOME and HITF funds, however HOME and HITF funds may not be used for the same unit.

2. Development Team Requirements

The applicant must provide documentation that demonstrates that the development team has the capability and capacity to implement the proposed project. Resumes and/or credentials of key staff members must be included. Applicant must provide information on similar projects implemented and completed, years in service, funding sources provided, and work performed.

3. Management Plan

The applicant has prepared a preliminary/conceptual Management Plan which includes a provision for the management and marketing of the affordable/workforce housing units.

4. Tenant and Support Services

If applicable, the applicant has prepared a preliminary/conceptual Supportive Services Plan for services to be provided to residents and has written evidence or memorandums of understanding demonstrating commitment from stakeholders or organizations to provide these services.

5. Persons with Disabilities

All projects, regardless of the source of funds, must ensure that persons with physical disabilities have priority for occupancy of any units qualified under the Uniform Federal Accessibility Standards (UFAS). To ensure that persons with disabilities who require the features of a UFAS unit receive priority for UFAS qualified housing, when a UFAS unit becomes available, it must be offered first to a prospective tenant whose disabilities require such a unit even if other applicants who do not require accessible units have higher placement on the general waiting list. All projects, regardless of the source of funds, must comply with UFAS and any other applicable laws or requirements including, without limitation, to Section 504 of the Rehabilitation Act of 1973 (Section 504), the regulations implementing Section 504 at 24 CFR Part 8, the Americans with Disabilities Act (ADA), and the 2010 ADA Standards (as modified by HUD).

6. Other Financing Commitments

Letters of intent to provide financing must be furnished for all funding sources identified in the application. At a minimum, funding memorandums must show the amount of anticipated funding, repayment terms, and any financial conditions. If Low Income Housing Tax Credit (LIHTC) financing is also being used, applicants must provide a proposal from at least one syndication firm showing the amount of expected LIHTC, the investor type, expected net proceeds, syndication costs, pay-in schedule, evidence must be provided that the appropriate applications for financing have been prepared and have been or are ready to be filed.

7. Underwriting Standards

Project shall be underwritten using the parameters below:

- Rents comply with HOME and HITF limits;
- Vacancy allowance is at least 5%;
- Trending income increases by not more than 2% annually;
- Trending operating expenses must be projected to increase by not less than 3% annually;
- Operating expenses, including all taxes but excluding replacement reserves should be between \$4,000 and \$7,000 per unit per year;
- Replacement reserves of at least \$300 per unit per year;
- Once stabilized occupancy is achieved, debt service coverage is greater than 1.15 or the level permitted by the senior financing sources; and
- Operating reserves equaling between three (3) and six (6) months of underwritten operating expenses, debt service payment, and other required reserves.

8. Rehabilitation Projects – Capital Needs and Relocation Plan

A capital needs assessment prepared by a qualified architect or engineer must be included for all proposed rehabilitation projects. If applicable, the applicant must prepare a Relocation Plan and budget.

9. Readiness to Proceed and Financial Feasibility

The applicant must document that the inclusion of County financing for the proposed development is necessary. As directed by the application, this must be evidenced by the following financials and supplemental attachments, if applicable.

- A detailed Sources and Uses of Funds Statement as outlined in the Application;
- A 15 or 20 year pro forma (based on project type) showing operating income, operating expenditures, replacement reserves, debt service and related debt coverage ratios as outlined in the Application;
- Information on how the property will be managed;
- Equity investment and leveraging of other available financing evidenced by commitment letters from financial institutions; and
- Evidence the proposed work will meet physical repair needs of the building and improve operating costs, and the level of rehab proposed is appropriate, adequate, and feasible.

10. Evidence of Site Control

For all proposed development sites, site control must extend for a minimum period of 180 days following the date of application, with evidence of the ability to extend site control beyond this period for a minimum of six months or until the date of the loan closing.

11. Site Requirements: Zoning and Environmental Approvals

The proposed project must meet applicable zoning and land use requirements, or evidence is included as part of the application demonstrating that the applicable requirements will be met.

12. Market Study

Applicants must provide a Market Study prepared by a qualified independent market analyst not affiliated with the members of the development team. The Market Study must have an executive summary and must be no more than six (6) months old from the date of the application submission.

13. Development Design and Sustainability Thresholds

The project is well designed and feasible as evidenced by preliminary construction documents. The amenities being proposed are appropriate. The project incorporates “green principles” with energy saving and environmentally sustainability features such as the use of low VOC paints, mechanical equipment that minimizes or eliminates the use of substances such as CFC’s, and sustainable products are sourced and used in the construction or rehabilitation.

14. Participation of MBE/WBE Business Partners and Section 3 Business Interests

The applicant has engaged MBE/WBE business partners and Section 3 Business Interest and qualified employees to perform work on the project and has a preliminary written plan to attract these business partners and interests, and employees to open employment opportunities.

F. EVALUATION CRITERIA

Applications meeting all the Threshold Requirements will then be evaluated and scored against the Evaluation Criteria. Applicants must achieve a minimum total score of 200 points to be eligible to receive HOME and/or HITF funds and must receive minimum scores of 65 points in the “Development Team Experience” section and 48 points in the “Financial Feasibility” section.

The PAG will review all proposals based on the following criteria. The PAG’s review will also include a detailed underwriting review of all financial data.

<u>CRITERIA</u>	<u>MAXIMUM SCORE</u>
PUBLIC PURPOSE	24
Compliance with the programs' priorities and funding requirements	4
Compliance with the Funding Priorities listed within the NOFA	4
Income targeting	4
Evidence of supportive services (inclusion of a memorandum of understanding or other agreement to provide these services)	4
Housing for individuals with disabilities and populations with special needs: requires minimum 5% mobility accessible; plus 2% visual and sensory accessible per HUD’s Section 504 requirements and Americans with Disabilities Act (ADA) standards	4
Evidence of community support (submission of letters of support, etc.)	4
DEVELOPMENT TEAM EXPERIENCE - <i>Must receive a minimum of 65 points</i>	80
Developer and General Contractor capacity the past five years - The developer and general contractor must provide a listing or chart of the projects upon which they have worked during the past five years. For each project, please include: the total number of units; total development costs; location; construction start date; and present status (i.e. under construction, completed, etc.). Highlight or notate any projects that contain units of affordable or workforce housing. The developer and general contractor should include information regarding all notices of violations (i.e. stop-work orders, deficiencies, etc.) and the outcomes:	
<i>Developer(s)</i>	10
<i>General Contractor</i>	10

Demonstration of the development team's key staff members' experience and expertise to complete the project and provide management services as demonstrated by the submission of their resumes or credentials	5
Prior experience in similar communities	5
Timely completion of previous projects	5
Developer has the financial capacity to carry-out the proposed activity:	
<i>Combined Net Worth of the Developer(s): Over 25% of TDC (5 points); 10.00-24.99% of TDC (3 points); less than 10.00% of TDC (0 points)</i>	5
<i>Combined Net Liquid Assets of the Developer(s): Over 10% of TDC (10 points); 4.01-10.00 % of TDC (6 points); 2.00-3.99% of TDC (2 points); less than 2.00% of TDC (0 points)</i>	10
Team members are in "Good Standing" with the State Department of Assessments and Taxation (SDAT) and are not listed on the Excluded Parties List System (EPLS) website. Include a flow chart detailing all legal entities comprising the Development Team and proposed ownership of the Project	5
Identification of any potential conflicts of interest; assurance that the appropriate disclosures are made and documentation of the steps taken to ensure transactions are conducted at arm's length	5
Has a greater than satisfactory compliance with HOME monitoring of existing projects within the County	5
Prior experience with HOME and/or other grant programs related to the development of affordable housing	5
Participation of MBE/WBE business partners and Section 3 Business Plans: Submission of a Section 3 Business Plan aligning with the HUD-covered activities portion of the County's Five-Year Consolidated Housing and Community Development Plan	5
County-Based Small Businesses (CBSB): Compliance with the County's requirement of a minimum 40% CBSB participation rate for any award of County HITF funds exceeding \$500,000; and 100% CBSB participation rate for any award of County HITF funds less than or equal to \$500,000	5
MARKET STUDY	40
Market study is less than 6 months old and has been prepared recently enough to comply with other lenders' or investors' requirements	2
Executive summary capturing all the information in the market study	2
Neighborhood assessment	2
Market study methodology	2
Demonstrates robust market for the project	4
Findings/data on vacancy, turnover, comparable rents	2
Detailed description of site and surrounding area	2
Detailed project description including number of bedrooms, unit size in square feet, and utility allowance schedule for tenant paid utilities and rents.	2

Geographic definition in addition the primary (PMA) and secondary (SMA) market areas including maps of those areas	2
Estimates number of rental households qualified by income and age, if appropriate, for the targeted programs and special needs set-asides in the PMA	2
Provides rent levels, operating expenses, comparative amenity study, turnover rates, waiting lists and vacancy rates of comparable projects in market area with analysis of competitive advantage offered by the applicant's proposed project	2
Provide absorption rate for proposed project (number of units monthly)	2
Provide support for applicants proposed vacancy rate and income targeting for the project	2
Summary of the project's positive and negative attributes and impact on existing projects in the vicinity	2
A summary of market related strengths and weaknesses which may influence project's marketability	2
Opinion by the market analyst of the market feasibility including the prospect for long term performance of property given economic factors	2
Chart showing proximity to public services with distances (narrative)	2
Map showing access and proximity to public transportation with distances (narrative)	2
Project meets site & neighborhood standards	2
PRELIMINARY MANAGEMENT PLAN AND MARKETING PLAN	20
Experience and track record of the management company	5
Demonstrate that property management has relevant experience	5
Defined roles & responsibilities of owner and management agent	5
Performance with existing County-financed projects	5
FINANCIAL FEASIBILITY - <i>Must receive a minimum of 48 points</i>	60
Development budget – sources and uses of funds	4
Cost reasonableness of project - does not exceed County thresholds (the same as the State's thresholds)	4
Acquisition cost and fair market value	4
Per-unit development cost	4
Developer equity - a portion of the developer's fee is reinvested as an additional financing source	4
Developer fee	4
General requirements/builder profit/overhead	4
Leveraging	4

Evidence of financial commitments	4
**Applications for HOME Funds:	
<i>Proposed number of HOME-assisted units</i>	4 / 2
<i>Proposed number of the units for tenants below 50% of AMI</i>	4 / 2
<i>HOME funds per unit development cost</i>	4 / 2
<i>Ratio of HOME funds requested to other funding</i>	4 / 2
<i>Proposed repayment of HOME funds</i>	4 / 2
**Applications for HITF Funds:	
<i>Proposed number of HITF units</i>	4 / 2
<i>Proposed number of units at 40-80% of AMI</i>	4 / 2
<i>HITF funds per unit development cost</i>	4 / 2
<i>Ratio of HITF funds requested to other funding</i>	4 / 2
<i>Proposed repayment of HITF funds</i>	4 / 2
**NOTE: Applicants requesting HOME <u>or</u> HITF funds will be evaluated against the criteria for only that specific funding source and can receive a maximum of 4 points per criterion. Applicants requesting both HOME <u>and</u> HITF funds will be evaluated against the criteria for BOTH funding sources and can receive a maximum of 2 points per criterion.	
NEW CONSTRUCTION OR REHABILITATION	
40	
Readiness to go, as determined by:	
<i>Project ready to start within 12 months</i>	14
<i>Project development schedule is reasonable</i>	5
Sustainability of development amenities and design based on conceptual drawings	3
Property well designed and meets neighborhood considerations	3
Rehabilitation standards or new constructions standards are met	3
Plans, specifications, scope of work clearly identify the proposed work and materials to be used	3
Percentage of accessible units meet or exceed HOME and HITF requirements	3
Reasonableness of construction costs	3
Project incorporates "green" improvements and energy efficient measures for cost savings	3

ZONING AND LAND USE	20
Provide proof property is zoned for intended use and no variance or exception is required	20
OR	
If zoning change, variance or exception is required, must document present status of proposed change, variance or exception and process required	5
Must provide detailed schedule of dates, timeline for obtaining required approvals and contact information of County official familiar with approval process	5
TOTAL NUMBER OF POINTS POSSIBLE	284
<u>BONUS POINTS</u>	25
Project is located within one mile of a priority designated Transit Oriented Development area or the Purple Line Corridor (refer to Appendix A)	5
Project is in a designated Priority Funding Area or a State of Maryland Opportunity Zone (refer to Appendix A)	5
Evidence of a partnership between applicant and a Community Housing Development Organization (CHDO)	5
For allocations of County HITF funds exceeding \$500,000, the project exceeds the County's 40% County-Based Small Business (CBSB) requirement proportionately-measured upon the amount of County financial support provided	5
Project has units for households at 30% of AMI or less	5

APPENDIX A: ADDITIONAL INFORMATION AND RESOURCES

Prince George's County Transit Oriented Developments (TOD)

Prince George's County has fifteen TOD's, as listed below; five of which are considered priority TOD's. Detailed information regarding each TOD is available at the Prince George's Department of Planning (<https://pgccouncil.us/documentcenter/view/3078>).

- Largo Town Center - **priority**
- New Carrollton - **priority**
- Prince George's Plaza - **priority**
- Suitland - **priority**
- Branch Avenue/Camp Springs - **priority**
- Capitol Heights
- Addison Road/Seat Pleasant
- Morgan Boulevard
- Cheverly
- Landover
- West Hyattsville
- College Park-University of Maryland
- Greenbelt
- Southern Avenue
- Naylor Road

State of Maryland Opportunity Zones within Prince George's County

- Nominated Opportunity Zones:
<http://news.maryland.gov/dhcd/wp-content/uploads/sites/16/2018/04/Nominated-Opportunity-Zones.pdf>
- Mapping Tool:
<https://maryland.maps.arcgis.com/apps/webappviewer/index.html?id=1cc479d2dc3948239f0c47bda8b6967e>

State of Maryland Priority Funding Areas within Prince George's County

- Mapping Tool:
<http://www.dhcd.state.md.us/GIS/MMP/index.html>

Purple Line Corridor

- Purple Line Alignment Map:
https://www.purplelinemd.com/images/about_the_project/alignment_map/Purple%20Line%20Alignment_PA%20Map_2018_09_26_english.pdf
- Aerial Maps:
<http://www.purplelinemd.com/en/about-the-project/maps>

Prince George's County Comprehensive Housing Strategy - Housing Opportunity for All

- <https://www.princegeorgescountymd.gov/2803/Comprehensive-Housing-Strategy>