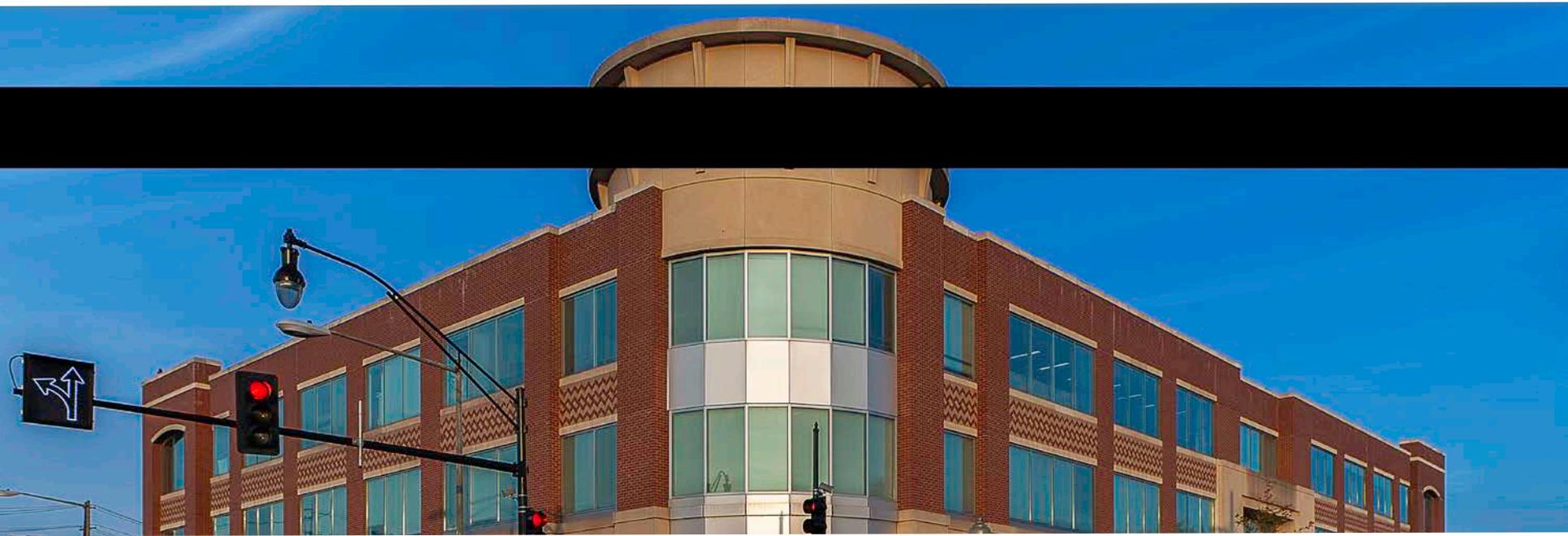




Department of Housing and Community Development

# *Pre-Solicitation and Capacity Building Workshop*

*March 27, 2014*



*WELCOME*



Department of Housing and Community Development

# Michael Kelly

*Director*

*D.C. Department of Housing and Community Development*



Department of Housing and Community Development

# Nathan Simms

*Deputy Director*

*D.C. Department of Housing and Community  
Development*

*DEVELOPMENT AND PROGRAM FUNDING SOURCES*



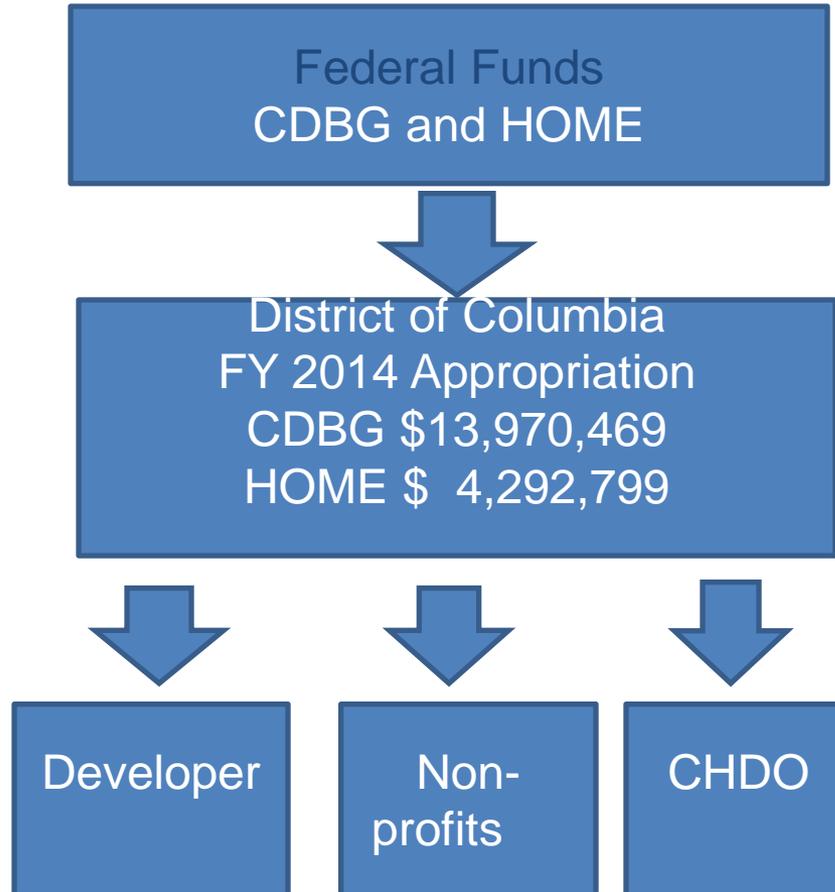


Department of Housing and Community Development

# Vanessa M. Barnard

*Senior Community Planning and Development Rep,  
U.S. Department of Housing and Urban Development (HUD)*

## Follow the Money





## *New HOME Final Rule*

- Effective FFY 2014
- **HOME projects must be completed within four years of commitment.** (Any project that is not completed timely will be terminated and PJs will be required to repay HOME funds drawn. [ § 92.205(e)(2)])
- **A homebuyer unit must have a ratified sales contract within nine months of construction completion.** (PJ must either convert it to a HOME rental unit or repay the full HOME investment. [ § 92.254(a)(3)])
- **Project Certification - PJs must underwrite all HOME projects.** (To ensure that each project is financially sustainable over its affordability period. The underwriting review must evaluate cost reasonableness, market demand, developer capacity, and the commitment of other funding sources. [ § 92.250(b)])
- **To qualify as a Community Housing Development Organization (SHDO), a non-profit must have paid staff whose experience qualifies them to undertake CHDO activities.** *Capacity cannot be demonstrated by use of a consultant, except in the first year that a CHDO becomes certified. [[ § 92.2 CHDO]*



## *Key Programmatic Requirements*

- Written Agreements
- Record keeping requirements
- Financial management requirements
- Subrecipient Oversight

## *Written Agreements*

- Written Agreements include:
  - *Statement of Work*
  - Budget
  - *Records and Reports*
  - Project Schedule
  - Project Oversight



## *Record Keeping Requirements*

- Eligibility Determination
- Project files
- Inspection documentation
- Deed Restrictions



## *Financial Management Requirement*

- Expenditure Supporting Documentation
- Reimbursements
- Time and Attendance Records
- Standards for Financial Management Systems (24 CFR Part 84 & 85)



## *Subrecipient Oversight*

- Federal requirement to monitor subrecipients
- Monitoring schedule and scope
- System to communicate monitoring results
- Technical assistance



## *Program Resources*

- <https://www.onecpd.info/>
- <https://www.onecpd.info/incomecalculator/>



Department of Housing and Community Development

# Alton Turner

*Housing Compliance Officer,  
D.C. Department of Housing and Community  
Development*



## *Office of Program Monitoring*

- Contract Compliance
- Long Term Compliance
- Monitoring Reviews



## *Contract Compliance*

- Davis Bacon and related laws
- Environmental Reviews & Historic Preservation
- Affirmative Action
- Section 3
- Fair Housing
- Relocation



## *Environmental & Historic Preservation*

- The National Environmental Policy Act (NEPA) and “other Federal laws and authorities” requires an environmental review be conducted for all Federally assisted actions except those that are exempt
- Completion of the *environmental review process* is mandatory **before** taking a physical action (or undertaking) on a site, or making a commitment or expenditure of HUD or non-HUD funds for property acquisition, disposition, rehabilitation, conversion, lease, repair or any construction related activities

## *Environmental & Historic Preservation*

DHCD prepares five (5) levels of Environmental Reviews for projects requiring an undertaking.

- Exempt (from NEPA review)
- Categorically Excluded (converting back to Exempt)
- Categorically Excluded not Subject to Part 58.5
- Categorically Excluded Subject to Part 58.5
- Environmental Assessments

## *Historic Preservation*

- Similar to Section 106 of the National Historic Preservation Act (NHPA)
- A historic preservation review of federal government undertakings must be conducted



## *Fair Housing & Accessibility*

- Ensure equal housing opportunity for qualified persons in all of DHCD's projects and programs
  - Affirmative Fair Housing Marketing Plan
  - Fair Housing & Equal Opportunity Certification
- Accessibility-ensure compliance with FHAA and Section 504 of the Rehabilitation Act
  - Section 504 Certification
  - Accessibility Checklist
  - Physical inspections during construction

## *Davis-Bacon*

- Ensure all covered projects and contractors pay the prevailing wage rates
- Certified payrolls are due to DHCD on a weekly basis after the end of the weekly pay period.
  - "Statement of Compliance"
- On-site monitoring and interviews of staff on the project sites
- Review payrolls to ensure proper classifications of work, fringe benefits and wage rates



## *CBE, First Source, etc*

- DHCD forwards the following information to the agencies with compliance oversight:
  - *Affirmative Action Packets are forwarded to OHR*
  - *CBE documents are forwarded to DSLBD*
  - *First Source documents are forwarded to DOES*

## *Relocation*

- We do front-end monitoring of the relocation process for projects in which tenants or businesses may be relocated
- Relocation plans are required to be submitted and include:
  - *Rent Roll*
  - *Detailed budget*
  - *Narrative*
  - *Advisory services to be provided*
  - *Timelines*
- Housing Compliance Inspector inspects all relocation replacement units

## *Section 3*

- Ensure all DHCD assisted projects comply with Section 3 of the Housing and Urban Development Act of 1968
- Require recipients to forecast hiring and contracting of low-income DC residents and businesses
- Certify any businesses wishing to claim the Section 3 business concern preference
- Quarterly Reporting



## *Long Term Compliance*

- Conduct renter or homeowner income eligibility reviews
- Conduct physical inspections of properties during affordability period
- Ensure units are safe and habitable



Department of Housing and Community Development

# Lesley Edmond

*Program Analyst, OPM*

*D.C. Department of Housing and Community Development*

## *Monitoring/Compliance*

### *What is DHCD looking for?*

- Compliance with all regulations governing:
  - *Administrative*
  - *Financial*
  - *Programmatic operations*
- Ensure sub-recipients achieve their performance objectives on schedule and within budget

## *Monitoring/Compliance*

### *What You Need To Know*

- You must adhere to your grant/loan agreements
  - *They are your “bible” to achieving compliance with your grant*
- You must comply with the federal and local program regulations (CDBG, HOME, HPTF, DMH)
- You must comply with Uniform Administrative Requirements 2 CFR 215 (A-110)
- You must comply with Cost Principles enumerated in 2 CFR 230 (A-122)

## *Monitoring/Compliance*

### *Why is compliance important?*

- Compliance is condition of the receipt of an agency's funds.
- If a grantee fails to comply DHCD may:
  - *Impose sanctions*
  - *Identify grantees as "high-risk"*
    - *Impose restrictions or conditions*
  - *Limit participation in future programs*
  - *Disallowances (failure to apply applicable cost principles)*
- We must prevent fraud, waste and abuse
- DHCD has a mission to fulfill for the District

## *Monitoring/Compliance*

### *Recordkeeping*

- You must keep all your records relating to grant agreement including the original application
- All modifications to the grant agreement must be in writing and an approval in your grant files
- All files must be made available for review
- Keep records organized



## *Monitoring/Compliance*

### *Financial Management*

- *Financial Reporting*
- *Accounting Records*
- *Internal Controls*
- *Budget Control*
- *Allowable Costs*
- *Source Documentation*
- *Cash management*
- *Time reporting/distribution of records*
- *Compliance with procurement requirements*
- *Property Management*
- *Cost Allocation*
- *Time Allocation*

## *Monitoring/Compliance*

### *Conflicts of Interest*

- You must have conflict of interest declarations from all staff and board members
  - *CDBG (24 CFR 570.611)*
  - *HOME*
- BEST PRACTICE-annually have board members and staff complete declarations.

## *Monitoring/Compliance*

### *Reporting*

- You must do your reporting
  - *Financial*
  - *Programmatic*
  - *Final payment reports*
  - *Final programmatic reports*
- BEST PRACTICES
  - *Do your reports on time and thoroughly, contact your program manager if you need assistance or an extension.*
  - *Do not cut and paste information into reports over and over and over*



## *Monitoring/Compliance*

### *Single Audit Requirements*

- Agencies that expend more than \$500,000 in a year in federal funds must have a single or program-specific audit
- OMB Circular No. A-133

## *Monitoring/Compliance*

### *How Do We Monitor CBOs?*

- On-site visits
  - *By Program Managers*
  - *Office of Program Monitoring and OCFO auditor*
- Open communication
- Providing Technical Assistance

## *Monitoring/Compliance*

### *How Do We Monitor Multifamily?*

- On-site visits
  - *By Project Managers*
  - *Office of Program Monitoring (various specialists)*
  - *DHCD's Architect*
- Construction Monitoring
  - *Section 3*
  - *Accessibility*
  - *Fair Housing*
  - *Davis-Bacon*
  - *Relocation*
- Rental & Homeowner eligibility reviews



## *Monitoring/Compliance*

### *Excluded Parties List*

- Please make sure any contractors working on your projects are not on the Federal ECPL (SAMS) or the District's list.

## *Monitoring/Compliance*

### *Why is compliance important?*

- Compliance is a condition of the receipt of an agency's funds.
- If a recipient fails to comply DHCD may:
  - *Impose sanctions*
  - *Identify grantees as "high-risk"*
    - *Impose restrictions or conditions*
  - *Limit participation in future programs*
  - *Disallowances (failure to apply applicable cost principles)*
  - *Suspend payments*



Department of Housing and Community Development

# Johnette Powell

*Program Analyst, OPM  
D.C. Department of Housing and Community  
Development*

## *CHDO Compliance*

- Certified by DHCD to receive HOME funds
- Paid staff (full or part-time) with experience/capacity relevant to project and role as owner, developer or sponsor
- 1/3 of Board Members must be of low income or reside in a low income neighborhood
- Maintain certification during the affordability period of the project
- CHDOs will be re-certified on an annual basis
- CHDO certification will be reviewed before each commitment of a new HOME funded project
- Monitoring will be conducted by DHCD

## *CHDO Compliance*

- For-profit Parent Organizations
  - Officers or employees of parent organization serving as Officers or employees of the CHDO is prohibited
- Governmental or Public Parent Organizations (PJs, public housing agencies, HFA's, redevelopment authorities, Indian Tribes):
  - Officers or employees of the governmental entity may not serve as officers or employees of the CHDO



Department of Housing and Community Development

# Georgette Benson

*Manager*

*Portfolio & Asset Management,*

*D.C. Department of Housing and Community  
Development*

## Post Construction Compliance

### Lease Up

- *At 50% Construction DFD Project Manager will schedule a post-Construction meeting with DFD Construction Inspector, Developer, Property/Management Agent, OPM Reps, PAMD Reps, OAG, CDBG or HOME Specialist, Green Building Specialist and other parties as necessary.*
- *Meeting will cover document submission and other requirements.*
- *Tenant files*
  - *10 or less files will be reviewed electronically*
  - *Lease Up Mail Box is [dhcd.leaseup@dc.gov](mailto:dhcd.leaseup@dc.gov)*
  - *We have a 48 hour turn around*

## *Post Construction Compliance*

### *Income Verification*

- *Copies of SSC*
- *Copies of all Birth Certificates*
- *Copies of Paystubs*
- *Copy of Credit Report*
- *Copies of Photo ID*

## *Post Construction Compliance*

### *For sale policies*

- *Copies of W2*
- *Paystubs*
- *Copies of photo ID*
- *Copies of SSC*
- *Affordability Covenant*
- *Copies of Birth Certificates for all children*



## *Post Construction Compliance*

### *Annual Reporting Requirements*

1. Copy of FY\_ Final Audited Financial Statements;
2. Copy of FY\_ Final Tax Return;
3. Copy of Evidence of Commercial Property Insurance with the District of Columbia DHCD added as an Additional Interest, Loss Payee:

DC Department of Housing and Community Development  
Portfolio Asset Management Division  
1800 Martin Luther King, Jr. Avenue, SE  
Washington, DC 20020-6900



## *Post Construction Compliance*

### *Annual Reporting Requirements (con't)*

4. Copy of Certificate of Liability Insurance with the District of Columbia DHCD added as a Certificate Holder:

DC Department of Housing and Community Development  
Portfolio Asset Management Division  
1800 Martin Luther King, Jr. Avenue, SE  
Washington, DC 20020-6900;

5. Evidence of 20\_\_ Real Estate Property Taxes paid for the 2nd Half;
6. Evidence of 20\_\_ Real Estate Property Taxes paid for the 1st Half and,
7. Copy of Current Business License



Department of Housing and Community Development

# Laverne Scott

*Housing Projects Coordinator, DFD*

D.C. Department of Housing and Community Development



## NOFA UPDATE

### RECAP

#### Available Funding Sources:

- HPTF \$80 Million
- 9 % LIHTC \$3.3 Million
- HOPWA **\$1.3 Million**
- DBH \$4 Million
- DHS \$2.125 Million (increased from \$500 thousand)
- DCHA 50 LRSP  
50 HCVP  
300 ACC

#### No funding available from:

- CDBG (through the Development Finance Division)
- HOME Investment Partnership Program



## NOFA UPDATE

### RECAP

- 5% of the project units must include Permanent Supportive Housing (PSH)
- Applications will be submitted on a Tiered Basis
  - Tier 1 – Submission deadline is May 2, 2014
  - Tier 2 – Submission deadline is June 2, 2014

**NEW INFORMATION** – No public facilities will be funded in this round



## NOFA UPDATE

### RFP Questions

**Q1.** Does the 5% requirement apply to buildings of less than 20 units? For example, the 5% requirement for a 10-unit building would be half of a unit. Is it correct to assume that this requirement would not apply if 5% of the units are less than one full unit?

**Answer:** The 5% requirement will only apply to all new construction projects. The RFP states that the requirement is a minimum of 5% of the units will be set aside for permanent supportive housing, and not less than 1 unit. If you have a project that is fully occupied, the 5% requirement will not apply.



## NOFA UPDATE

**Q2.** Does the 5% requirement apply to rehab financing requests in the RFP from limited equity co-ops?

**Answer:** No. This requirement will NOT apply to projects requesting rehab funds

**Q3.** If a developer is pooling smaller projects into a larger LIHTC application, does the 5% requirement have to be met for each project, or can it be met for the total pool regardless of which project the set aside units are located in?

**Answer:** If the scattered site development is a renovation project, the 5% threshold does not apply. If the scattered site project is new construction, the 5% standard applies to the project, not the individual properties.



## NOFA UPDATE

**Q4.** Is the AMI ceiling for the permanent supportive housing units the same as for the other assisted units in the building?

**Answer:** The definition of PSH is not tied to income level, but to homelessness and risk of homelessness. However, for the purposes of the application, applicants should budget as if the PSH unit will serve a household at or below 30% AMI.



## NOFA UPDATE

**Q5.** Will developers be eligible for project based rental assistance (project based LRSP or HCVP) for the 5% of units set aside for PSH? If the developer does not receive project based assistance, what assumption should they make about rental income from PSH units?

**Answer:** Operating subsidy is available for a limited number of units in this round, and PSH units are a high priority use for those operating subsidies. Given the distribution of available operating subsidies, applicants are urged to consider how to make use of the ACCs.



## NOFA UPDATE

**Q6.** DHCD has indicated that applicants under the RFP must “come in with a service provider” as a threshold requirement.

a. For purposes of the RFP, what is the definition of a “service provider” and what services are they required to provide?

**Answer:** A Supportive Service Provider is an entity which provides the supportive services as defined in the RFP as “services designed to help tenants maintain housing, including, but not limited to coordination/case management, physical and mental health, substance use management and recovery support, job training, literacy, and education, youth and children’s programs, and money management.”

b. Will DHCD provide a list of service providers so that developers unfamiliar with supportive services and this type of housing will know who to connect with?

**Answer:** We are currently working with DHS and DBH to provide us a list; however, we strongly urge you to do your research as well.



## NOFA UPDATE

**Q6.** DHCD has indicated that applicants under the RFP must “come in with a service provider” as a threshold requirement.

**c.** What evidence of having a service provider must be submitted in order to meet the RFP’s threshold requirement – a memorandum of understanding or contract with the service provider?

**Answer:** For applicants seeking DHS supportive service funding, a letter of commitment from the primary service provider will meet the Threshold test. Stronger applications will have more fully documented relationship between the developer and service provider, as evidenced by a memorandum of understanding and a well-developed Supportive Service Plan.



## NOFA UPDATE

**Q6.** DHCD has indicated that applicants under the RFP must “come in with a service provider” as a threshold requirement.

**d.** How will the cost of the services be funded and who will receive those funds?

**Answer:** Applicants seeking DHS supportive services funding must submit a budget with the Supportive Service Plan. If approved for DHS funding, the contract will be between the service provider and DHS, and funds will flow directly to the service provider.

**e.** Must the service provider have a commitment from DHS or other source of funding for the supportive services required to be provided?

**Answer:** Applicants seeking supportive service funding from DHS through this RFP do not need to have a prior commitment. However if supportive services are already being provided by another source, you would need to provide documentation for those services.



## NOFA UPDATE

**Q7.** What happens at a later date if the service provider fails to provide the required services? Is the owner expected to find another provider? Is the owner responsible for covering the cost of those services?

**Answer:** The applicant agrees to provide Permanent Supportive Housing for the term of the project financing. If, at some point during operations, there are issues with a service provider, the owner will need to negotiate with either DHS or DBH (depending on the subsidy source) to resolve the issue.



## NOFA UPDATE

### Q8. Regarding PSH tenants

**a.** How will owners find tenants that meet the PSH definition? Will they be referred by DHS or another agency?

**Answer:** Eligible residents will be pre-screened by DHS or DBH, and will be referred by these agencies.

**b.** Can the tenant selection criteria used for the other occupants of the building be applied to the selection of PSH tenants? What differences would there be?

**Answer:** Tenant selection will be the responsibility of the referring agency (DBH or DHS). Housing developments serving seniors will be referred age eligible prospective residents.



## NOFA UPDATE

### Q8. Regarding PSH tenants

c. How long will owners be required to keep a unit open awaiting a PSH eligible applicant? Will there be a mechanism for recovering lost rent if the District does not refer eligible tenants in a timely manner?

**Answer:** Tenant referrals are typically made within 14 days of notification of a vacancy. Units with a site based operating subsidy have a window of at least 30 days to fill a unit before there is any disruption in rental income.



Department of Housing and Community Development

*Thank You!*