



RUSHERN L. BAKER, III
County Executive

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



ERIC C. BROWN
Director

**NOTICE OF FUNDING AVAILABILITY
(NOFA)**

APRIL 26, 2018

Public Notice to Owners and Developers

**Eric C. Brown
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.

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) and areas as defined in the County's Transforming Neighborhood Initiative (TNI) (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 during this funding round:

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

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: April 26, 2018
- Pre-proposal conference (optional): May 3, 2018
- Written questions/comments submission deadline: May 10, 2018
- Application submission deadline: June 1, 2018
- PAG Review and Report: June 4 – July 16, 2018

- Recommendations to the DHCD Director: August 1, 2018
- Notification of award provided to applicants: No later than August 31, 2018

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 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/Government/AgencyIndex/HCD/index.asp>

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 and preliminary underwriting requirements will not be considered for funding. Applicants will be notified accordingly.
6. Applicants are encouraged to contact DHCD's Housing Development Division at 301-883-5570 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. THRESHOLD REQUIREMENTS AND PRELIMINARY UNDERWRITING

DHCD will conduct a preliminary screening review of applications to determine if the applicant meets threshold and preliminary underwriting requirements, as listed below. If a project satisfies all threshold criteria, it will be evaluated against the preliminary underwriting criteria. DHCD will appoint a Proposal Advisory Group (PAG) to review applications and supporting documentation to determine the applicant's compliance with preliminary underwriting criteria. Incomplete applications or projects that do not meet threshold requirements will not receive further consideration.

To be considered for funding, an applicant must meet the following threshold requirements and preliminary underwriting criteria:

1. Mission Statement

DHCD has established the following set of priorities to guide the award of competitive HOME and/or HITF Program funding:

- Preservation of existing affordable housing;

- Targeting affordable housing projects serving 40% to 80% of the area median income
- Housing with Prince George's County's Transit Oriented Development communities, particularly Branch Avenue, Largo Town Center, New Carrollton, Prince George's Plaza and Suitland Metro Stations.
- Housing within Prince George's County's Transforming Neighborhood Initiative Communities;
- Opportunity Zones as issued by the State of Maryland Department of Housing and Community Development;
- Housing that promotes greater access to opportunity such as schools, transit and close to job centers;
- Housing priorities and guidance in the Prince George's County's 2035: Adopted General Plan;
- Creation of new mixed-income quality and affordable/workforce housing; and
- Affordable/workforce housing that includes sustainable design, energy efficiency and green design standards.

2. Public Purpose

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. Projects should offer resident services, provide housing of choice for families, seniors, and persons with disabilities. Additionally, DHCD seeks projects that support priority target areas (i.e. Transit Oriented Developments and Transforming Neighborhood Initiatives).

- 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;
- Rental units must have affordability restrictions for at least 15 years for rehabilitation and 20 years for new construction; 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.

3. Financial Feasibility and Financial Need (Rental Projects)

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;
- Information on how the property will be managed;
- A chart showing the anticipated capital needs of the property for the next 10 years;
- Equity investment and leveraging of other available financing evidenced by commitment letters from financial institutions;
- 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.
 - A Capital Needs Assessment must be conducted if there are 26 or more rental units.

4. Development Team Capacity

The applicant must provide documentation that demonstrates that the development team has the capability and capacity to implement the proposed project. Applicant must provide information on similar projects implemented and completed, years in service, funding sources provided and work performed.

5. Leveraging

Using HOME funds, funding is available primarily to provide "gap" financing 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.

Using HITF funds, funding is available primarily to provide "gap" financing for the new construction of workforce housing, in the maximum amount of \$2,000,000 per project not to exceed a 20% investment in total project cost.

For both HOME and HITF funds, the applicant must identify other public/private financial sources.

6. Market Feasibility

The applicant must document the market feasibility of the proposed project based on a current market study which must be prepared by a qualified independent market analyst not affiliated with the members of the development team.

7. Evidence of Site Control

The applicant has a specific site for development, evidence of site control for a period of 12 months following the date of application.

8. Land Use and Zoning

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

9. Neighborhood Needs Assessment

The applicant has documented that the proposed project meets the needs of the neighborhood.

10. Project Design

The project is well designed and feasible as evidenced by preliminary construction documents. The amenities being proposed are appropriate. The project incorporates "green principles."

11. Physical Assessment (Rehabilitation)

The proposed work will meet physical repair needs of the building and improve operating costs. The level of rehabilitation proposed is appropriate, adequate, and feasible.

12. Readiness to Go

The project has the necessary financing, zoning and site control approvals.

13. 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.

14. Community Support

The applicant has received written evidence demonstrating community support for the project.

15. Management Plan

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

16. 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.

17. Relocation Plan

If applicable, the applicant has prepared a Relocation Plan and budget.

D. EVALUATION AND SELECTION PROCESS

The PAG will conduct a complete and comprehensive review of submitted proposal(s), including a detailed underwriting analysis of the project and submit a formal report/recommendation regarding the allocation of HOME and/or HITF funds and conditions for funding to DHCD's Director for final review and approval by the Office of the County Executive.

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

<u>CRITERIA</u>	<u>MAXIMUM SCORE</u>
DEVELOPMENT TEAM CAPACITY	65
<ul style="list-style-type: none"> • Development Team Experience • 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 • 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 • Demonstration of key staffs' experience and expertise to complete the project • Prior experience with HOME and/or other grant programs related to the development of affordable housing • Has a greater than satisfactory compliance with HOME monitoring of existing projects in the County • Prior experience in similar communities • Timely completion of previous projects • 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 	

<ul style="list-style-type: none"> • Demonstration of financial capacity to carry-out the proposed activity • 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 	
PUBLIC PURPOSE	20
<ul style="list-style-type: none"> • Compliance with the funding program's mission statement • Neighborhood assessment • Income targeting • Evidence of supportive services • Housing for individuals with disabilities: requires minimum 5% mobility accessible; plus 2% visual and sensory accessible per HUD's Section 504 requirements and Americans with Disabilities Act (ADA) standards • Evidence of community support 	
PROJECT LOCATION & MARKETABILITY	40
<p>Market Study criteria:</p> <ul style="list-style-type: none"> • Executive summary capturing all the information in the market study • Market study methodology • Market study is less than 6 months old and has been prepared recently enough to comply with other lenders' or investors' requirements • Demonstrates robust market for the project • Findings/data on vacancy, turnover, comparable rents • Detailed description of site and surrounding area • Detailed project description including number of bedrooms, unit size in square feet, and utility allowance schedule for tenant paid utilities and rents. • Geographic definition in addition the primary (PMA) and secondary (SMA) market areas including maps of those areas • Estimate number of rental households qualified by income and age, if appropriate, for the targeted programs and special needs set-asides in the PMA • Provide 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 • Provide absorption rate for proposed project (number of units monthly) • Provide support for applicants proposed vacancy rate and income targeting for the project • Summary of the project's positive and negative attributes and impact on existing projects in the vicinity • A summary of market related strengths and weaknesses which may influence project's marketability • Opinion by the market analyst of the market feasibility including the prospect for long term performance of property given economic factors • Chart showing proximity to public services with distances (narrative) • Map showing access and proximity to public transportation with distances (narrative) • Project meets site & neighborhood standards 	

PRELIMINARY MANAGEMENT PLAN AND MARKETING PLAN	30
<ul style="list-style-type: none"> • Experience and track record of the management company • Demonstrate that property management has relevant experience • Defined roles & responsibilities of owner and management agent • Performance with existing County-financed projects 	
FINANCIAL FEASIBILITY	50
<ul style="list-style-type: none"> • Development budget – sources and uses of funds • Cost reasonableness of project • Acquisition cost and fair market value • Per-unit development cost • Developer equity • Developer fee • General requirements/builder profit/overhead • Leveraging • Evidence of financial commitments • Proposed number of HOME-assisted units • Proposed number of the units for tenants below 50% of AMI • HOME funds per unit development cost • Ratio of HOME funds requested to other funding • Proposed repayment of HOME funds • Proposed number of HITF units • Proposed number of units at 40-80% of AMI • HITF funds per unit development cost • Ratio of HITF funds requested to other funding • Proposed repayment of HITF funds • Operating budget, long-term operating cost analysis 	
NEW CONSTRUCTION OR REHABILITATION	40
<ul style="list-style-type: none"> ▪ Sustainability of development amenities and design based on conceptual drawings ▪ Property well designed and meets neighborhood considerations ▪ Rehabilitation standards or new constructions standards are met ▪ Quality of proposed materials to be used ▪ Plans, specifications, scope of work clearly identify the proposed work and materials to be used ▪ Percentage of accessible units meet or exceed HOME and HITF requirements ▪ Reasonableness of construction costs ▪ Project incorporates “green” improvements and energy efficient measures for cost savings ▪ Readiness to go <ul style="list-style-type: none"> ○ Project ready to start within 12 months ○ Project development schedule is reasonable 	
SITE CONTROL	20
<ul style="list-style-type: none"> ▪ Fully executed documentation evidencing site control 	

ZONING AND LAND-USE	20
<ul style="list-style-type: none"> ▪ Provide proof property is zoned for intended use and no variance or exception is required ▪ If zoning change, variance or exception is required, must document present status of proposed change, variance or exception and process required ▪ Must provide detailed schedule of dates, timeline for obtaining required approvals and contact information of County official familiar with approval process 	
BONUS POINTS	40
<ul style="list-style-type: none"> ▪ Project is located within one mile of a Transit Oriented Development or within a Transforming Neighborhood Initiative target area ▪ Project is in a designated Priority Funding Area (http://www.dhcd.state.md.us/GIS/MMP/index.html) ▪ Evidence of a partnership between applicant and a Community Housing Development Organization (CHDO) Applicant ▪ 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 	
TOTAL NUMBER OF POINTS	325

APPENDIX A

TRANSFORMING NEIGHBORHOODS INITIATIVE (TNI) and TRANSIT ORIENTED DEVELOPMENT (TOD) AREAS

Transforming Neighborhood Initiative (TNI)

The Prince George's County Neighborhood Transformation Initiative (TNI) goal is to achieve the County Executive's vision of a thriving economy, great schools, safe neighborhoods, and high quality healthcare by targeting cross-governmental resources to neighborhoods that have significant needs (<https://tni.princegeorgescountymd.gov/>). Nine areas of the County have been identified under the TNI, including:

- Forestville;
- Hillcrest Heights/Marlow Heights;
- Kentland/Palmer Park;
- Suitland/Coral Hills;
- Woodlawn/West Lanham Hills;
- East Riverdale/Bladensburg;
- Glassmanor/Oxon Hill; and
- Langley Park
- Silver Hill

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

- <http://news.maryland.gov/dhcd/wp-content/uploads/sites/16/2018/04/Nominated-Opportunity-Zones.pdf>