



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



RUSHERN L. BAKER, III
County Executive

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**APPLYING
FOR
HOME INVESTMENT PARTNERSHIP PROGRAM FUNDS
FOR PROJECT DEVELOPMENT**

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A. GENERAL OVERVIEW

The Prince George's County Department of Housing & Community Development (DHCD) provides financing, primarily through the HOME Investment Partnership Program funds (HOME Funds), to support acquisition, new construction or rehabilitation of affordable rental or homeownership opportunities. Funds may only be awarded to projects that demonstrate a gap in financing and a need for additional resources.

In conjunction with the Office of the County Executive, 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-tenure, 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.

DHCD will accept applications for HOME Funds on a year round basis for projects that meet the criteria described herein, that are financed primarily with State of Maryland Community Development Administration (CDA) tax exempt bond financing, other state financing, HUD insured financing or private financial institution financing. For projects that are to be submitted to CDA to apply for the competitive Low Income Housing Tax Credits (LIHTC) the Application for HOME Funds must be submitted to DHCD ninety (90) days in advance of the CDA application deadline.

DHCD, in its sole discretion, reserves the right to modify the above application submission requirements.

The following applications will be considered :

- Requests for Letters of Support in connection with an application for LIHTC from the CDA, or other State funds to be awarded in conjunction with such LIHTC funds, and tax exempt bond financing.
- Requests for Prince George's County HOME funds, for a project of scale, in the maximum amount of \$2,000,000 per project not to exceed a 20% investment in overall project cost. The actual amount of HOME funds a project is eligible for will be determined by DHCD underwriting and other factors including the availability of HOME funds.

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

- 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.

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. In addition to the HOME application- , all applicants must complete Form 202 of the Maryland Department of Housing and Community Development's Multifamily Rental Financing Application, (MD Form 202), which can be found in Microsoft Excel format at: <http://www.mdhousing.org/website/Programs/rhf/application.aspx>

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, 9200 Basil Court, Suite 306, Largo, Maryland 20774.

4. The application Submission Package is available through DHCD's website at: <http://www.princegeorgescountymd.gov/sites/DHCD/FederallyFundedPrograms/HOMEInvestmentPartnership>
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 herein, 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 projects satisfy all threshold criteria, they 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 seeks to target development by providing funding to support housing development in the transit oriented development (TOD) areas. Additionally, in support of the County Executive's vision, DHCD has identified the Transforming Neighborhoods Initiatives (TNI) target areas as a priority. TOD and TNI areas are described in Appendix A. In all cases, DHCD seeks new construction or rehabilitation projects that support mixed-income, mixed-use, mixed-tenure and mixed-financed rental and/or homeownership housing opportunities which are critical to sustainability and viability. Specifically, DHCD seeks:

- Development projects that create new affordable housing units;
- Development projects that protect and preserve existing affordable housing through rehabilitation;
- Development projects that are located in target areas, and/or meets a county priority.

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, including, seniors and persons with disabilities and special needs. 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 for rental; at or below 80% for homebuyers;
- Rental units must have affordability restrictions for at least 15 years for rehabilitation and 20 years for new construction.

3. Financial Feasibility and Financial Need (Rental Projects)

The applicant must document that the financing by the County is necessary, as evidenced by the following financials for the proposed development, as applicable:

- A detailed Sources and Uses of Funds Statement;
- 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 based on a Capital Needs Assessment.

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

DHCD's funding is available primarily to provide "gap" financing, therefore, the applicant must identify other public/private financial sources. The County will provide no more than 20% of the total cost of the project.

6. Market Feasibility

The applicant has documented 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 and has evidence of site control.

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. Community Support

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

14. Management Plan

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

15. Support Services

If applicable, the applicant has prepared a preliminary/conceptual Supportive Services Plan for proposed services to be provided to residents.

16. 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 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>
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DEVELOPMENT TEAM CAPACITY	65
<ul style="list-style-type: none"> • Development Team Experience • Participation of MBE/WBE partners • 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 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 • Demonstration of financial capacity to carry-out the proposed activity 	
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 • 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 • 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, 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. Evaluation of proposed product. 	

<ul style="list-style-type: none"> • 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 Preservation/New Construction within TOD 	
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 • Ratio of HOME funds requested to other funding; • Proposed number of HOME assisted units • Proposed number of the units for tenants below 50% of AMI • HOME funds per unit development cost; • Operating Budget, Long-term Operating Cost Analysis • Proposed repayment of HOME funds 	
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 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 in close proximity to a Transit Oriented Development or within a Transforming Neighborhood Initiative target area • Project is in a designated Priority Funding Area and/or will address needs of the Base Realignment and Closure (BRAC) study • Evidence of a partnership between applicant and a Community Housing Development Organization (CHDO) Applicant 	
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. Six areas of the County have been identified under the TNI, including:

- Langley Park;
- East Riverdale/Bladensburg;
- Kentland/Palmer Park;
- Cora Hills/Suitland;
- Hillcrest Heights/Marlow Heights; and
- Glassmanor/Oxon Hill.

Transit Oriented Developments (TOD)

Prince George's County has 15 TOD's, as listed below. Detailed information regarding each TOD is available at the Prince George's Department of Planning.

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