



Fairfax County Fiscal Year 2024 Consolidated Notice of Funding Availability (NOFA)

Fiscal Year 2024

Fairfax County Department of Housing and Community Development (HCD)

Release Date: **August 31, 2023**

Submissions Accepted: ***On a rolling basis until June 30, 2024, or until all funds are awarded.***

Applicants submitting projects planned to apply for the 2024 Virginia 9% Low Income Housing Tax Credit round must submit funding requests to HCD by October 16, 2023.

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1. Program and NOFA Overview

1.1. NOFA Overview

Fairfax County and the Fairfax County Redevelopment and Housing Authority (FCRHA) are pleased to release this Consolidated Notice of Funding Availability (NOFA).

Across Fairfax County, as rents continue to rise and incomes struggle to keep pace, many individuals and families, including critical frontline and essential workers, are finding it increasingly difficult to find or afford homes in the community where they work. This includes people working in hospitality, retail, food service, childcare and education, health/public safety, and more. The Fairfax County Board of Supervisors and the FCRHA recognize that affordable housing is a foundation for economic self-sufficiency and strong and diverse communities, and that more affordable housing in all areas of Fairfax County is critical to ensuring that everyone has access to their community of choice. The Fairfax County [Department of Housing and Community Development](#) (HCD) and the FCRHA administer a variety of housing programs, resources and services which aim to place housing within reach.

The Fairfax County Board of Supervisors (BOS) has adopted a goal of creating **a minimum of 10,000 new units of housing affordable to households earning 60 percent of the Area Median Income (AMI) and below by the year 2034**. The Board also re-affirmed its support of the principle of **no net loss** of existing "market affordable" and committed affordable rental homes with expiring subsidies.

To advance these goals, the Fairfax County Redevelopment and Housing Authority is making available \$31,900,322 in funding for new construction and preservation of affordable housing across the County.

This NOFA makes available the following sources for FY 2024:

Funding Source	Description	Available Funds
Housing Blueprint Fund	Fairfax County Affordable Housing Development and Investment fund	\$26,782,862
Tyson's Housing Trust Fund	Fairfax County funds for Affordable Housing in Tyson's Urban Center	\$349,288
Community Development Block Grant (CDBG)	Federal funds for providing affordable housing and expanding economic opportunity	\$821,291
HOME Investment Partnerships Program	Federal funds to be used for construction, preservation, or direct rental assistance	\$1,252,987
HOME-ARP	Additional HOME funds to support development of permanent supportive housing	\$2,693,894
Total		\$31,900,322

HCD will administer these funding sources on behalf of the FCRHA and the County. Applicants must comply with all applicable federal requirements of all federal funding sources used to fund the Applicant's project. The FCRHA is a political subdivision of the Commonwealth of Virginia and possesses specific powers granted by state code, including the ability to issue tax-exempt bonds, purchase property and make loans. As such, the FCRHA acts as the local housing finance agency for Fairfax County. Through tax-exempt bond financing and, as an FHA-approved housing finance agency, the FCRHA provides a vehicle for private developers to obtain low-cost mortgages to acquire, construct and rehabilitate multi-family developments.

The FCRHA reserves the right to award funds under this Notice of Funds Availability (NOFA) from whichever pool is most appropriate, at its own discretion. The FCRHA also reserves the right, at its discretion, to substitute in comparable funding sources, maintaining the same total funding amount in this NOFA. Additional funding may also be identified after the issuance of this NOFA and will be reconciled via addenda to this solicitation as appropriate.

1.2. Changes from Prior NOFAs

Since the release of the FY 2023 NOFA, County staff have identified ways in which the FY 2024 NOFA can better support its affordable housing commitments and better align these commitments with limited public dollars. The FCRHA has developed new NOFA criteria that are intended to prioritize projects based on the most urgent housing needs identified and the County's housing production and preservation goals.

Applicants are strongly encouraged to review the scoring criteria/threshold analysis in detail. Key changes reflected in the FY 2024 NOFA include but are not limited to:

- **Consolidation of funding sources:** The County has increased the number of sources and included federal sources that can be utilized in conjunction with new construction and/or preservation of affordable housing;
- **Expanded County policy priorities:** this NOFA creates a scoring framework that prioritizes the following commitments:
 - Increasing the supply of affordable housing across the County;
 - Long-term affordability;
 - Supporting existing housing in which residents are at risk of displacement; and
 - Removing barriers for individuals and families who have significant housing needs, including individuals and families who are experiencing homelessness, persons of low and/or extremely low incomes, persons with disabilities, and low-income seniors.
- **Revised scoring system.**

1.3. Available Funding Sources

The County intends to allocate available funds between the following programs as listed in the table provided in Section 1.1. The County reserves the right to reallocate funds between the programs based on submitted proposals to best support its production and preservation goals. Applications will be considered for all eligible funding sources, and funding awards will be made at the sole discretion of the County. However, if there are funding sources that the applicant would be unwilling or unable to accept because of the project requirements or other reasons, they may indicate their preference in their application.

Local Sources:

Housing Blueprint Fund: Fairfax County makes an annual contribution of its real estate tax revenue to the Fairfax County Affordable Housing Development and Investment Fund. Loans made out of this fund are known as “Blueprint loans.” The FCRHA provides Blueprint loans to developers seeking to develop or preserve affordable housing units throughout Fairfax County.

Tysons 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 Tysons Housing Trust Fund on a per-square foot basis.

Federal Sources:

Community Development Block Grant (“CDBG”): Fairfax County receives an allocation of CDBG funds from the Department of Housing and Urban Development (HUD) annually. These funds are available through this NOFA for use in the acquisition, rehabilitation, preservation, and new construction of affordable housing. For more information about CDBG see the Code of Federal Regulations Title 24, Part 570 at www.hud.gov.

HOME Investment Partnerships Program (“HOME”): HOME funds are allocated annually to Fairfax County by HUD. The HOME funds available through this NOFA may be used for the construction, acquisition, and rehabilitation of affordable rental or homeownership projects. For more information about HOME see the Code of Federal Regulations Title 24, Part 92 at www.hud.gov.

HOME American Rescue Plan Program (“HOME ARP”): HOME-ARP funds are an extension of the HOME Program authorized by the American Rescue Plan. They are specifically intended to reduce homelessness and increase housing stability. All four qualifying populations identified by HUD in Notice CPD-21-10 are eligible to be served by rental housing supported by HOME-ARP funds. Fairfax County intends to give preference to people defined as “Homeless” in Title 24 of the Code of Federal Regulations, Section 91.5, and prioritize people defined as “Chronically Homeless” in the same regulations.

2. Funding Priorities

2.1. Funding priorities

The funds under this NOFA are being made available for capital costs associated with the acquisition, new construction, rehabilitation, and preservation of affordable housing. Projects should be aligned with the Consolidated Plan and FY 2024 Annual Action Plan, Communitywide Housing Strategic Plan, Fairfax County Countywide Strategic Plan, One Fairfax Equity Policy, and the Chairman's Task Force on Equity and Opportunity Recommendations. All project applications submitted in response to this NOFA will be evaluated on the degree to which the project incorporates the following County housing priorities, which guide the scoring priorities for this NOFA:

- 1. Increasing the supply of affordable housing across the County;**
- 2. Long-term affordability;**
- 3. Assisting housing projects in which residents are at risk of displacement; and**
- 4. Removing barriers for individuals and families who have significant housing needs, including individuals and families who are experiencing homelessness, persons of low and/or extremely low incomes, persons with disabilities, and low-income seniors.**

2.2. Eligibilities

Eligible Project Types:

- Rental projects of five or more units or homeownership projects of two or more units
- Projects may be vacant or occupied.
- Projects may include the conversion of commercial space.

Eligible Locations:

- Projects utilizing local and ARPA dollars must be located within Fairfax County, including the Towns of Herndon, Vienna, and Clifton.
- Projects utilizing CDBG, HOME, and HOME ARP funds must be located in Fairfax County, inclusive of the Towns of Herndon, Vienna and Clifton, or in the Cities of Falls Church or Fairfax.

Ineligible uses of funds include costs associated with the following:

- Emergency or transitional housing
- New construction of an Accessory Dwelling Unit, whether attached or detached
- Construction, rehabilitation, or operation of commercial space
- Mortgage assistance to individual homebuyers or rental assistance to individual tenants
- Pre-development costs
- Capacity building
- Rental operating subsidies or maintenance expenses

- Service provision
- Capitalized reserves
- Furnishings
- Permanent tenant relocation
- Security or utility deposits
- Owner/sponsor equity or cash contribution to project

Equity Considerations: In line with the [One Fairfax Policy](#), the FCRHA seeks to support development projects that house and help improve the lives of a diverse population of families and individuals. The FCRHA will consider the following efforts to support equitable impacts of housing development:

- *Provision of affordable housing in low-poverty, high-opportunity neighborhoods* – location of the development project in area with low poverty, significant amenities, as well as proximity to robust job centers and ample public transportation.
- *Provision of vital community services* – development projects with ancillary facilities, services and programs that help to serve its residents and socially disadvantaged members of the greater community. Examples include daycare centers, health clinics, and educational/job training programs. Consideration will be given for provision of such facilities, services and programs in neighborhoods and communities that are lacking access to these resources.

Applicant organizations with leadership and partners from all backgrounds are encouraged to apply; demographic information of an applicant organization will not factor into scoring.

3. Submission Process and Timeline

3.1. Application Timeline

Applications will be accepted on a rolling basis through June 30, 2024, or until all of the funding has been committed for the Fiscal Year 2024 funding. FCRHA staff will send an e-mail within 2 business days to the applicant to confirm application receipt.

For projects applying for 9% Low Income Housing Tax Credits (LIHTC) in the March 2024 Virginia Housing competition, applications must be received by October 16, 2023 at 4:00 p.m. in order to ensure sufficient time for processing and review. Projects applying for 9% LIHTC will be given priority review by HCD staff. Applications received after October 16, 2023 are not precluded from competing in the March 2024 competition, however sufficient County processing and approval time is not guaranteed.

For applications assuming 9% LIHTCs, if an application is underwritten and awarded funds during this NOFA round, it is expected that the applicant will apply in the 2024 LIHTC application round. If the developer misses the LIHTC application deadline, the applicant may be required to forfeit the funds awarded through this NOFA and may need to reapply during the next NOFA cycle. If

the project is not awarded 9% LIHTC by Virginia Housing, then any awarded Fairfax County funds may be rescinded. The applicant may reapply for the next fiscal year’s NOFA.

Date	Event
August 31, 2023	NOFA is released
September 18, 2023, 3:30 pm EST	Pre-Application Meeting
October 16, 2023, 4 pm EST	9% LIHTC Priority Deadline
June 30, 2024	End of FY2024 application period

3.2. Submission Process

To be considered for funding, eligible applicants must submit a signed, completed Application through the Fairfax County Egnyte site in accordance with the instructions specified below. Applicants should email the HCD staff member listed below for access to the Egnyte site. HCD staff will email a link to the requesting applicant.

For questions about the application process or required components, please contact: Debashish Chakravarty at: debashish.chakravarty@fairfaxcounty.gov.

A pre-application conference will be held on September 18th, 2023 at 3:30pm at HCD, located at 3700 Pender Drive, HCD Center (1st Floor), Fairfax, VA 22030, with a virtual option for those who would like to attend online. Please send an e-mail to rha@fairfaxcounty.gov to register for the conference by September 8th, 2023. You must register to attend.

Completed applications must include:

I. Evidence of Applicant Experience and Qualifications

A. **Past Project Experience:** A minimum of 3 examples of successfully completed projects with a scale, scope, and financing structure similar to the proposed project. Include project details such as location, project type, populations served and AMI levels, number and mix of units, and financing structure.

B. Applicant Information:

1. Articles of incorporation or similar documents showing how the applicant is organized. Provide for each member of a joint venture/development partnership.
2. An organizational chart for the applicant and any development partners.
3. Last three (3) years of independently audited financials for the applicant/sponsor. In the case of a joint venture, audited financial statements are required for all parties. For organizations that do not have a 2023 audit prepared at the time of application, 3 years of previous audited financials plus unaudited financials for 2023 are acceptable.
4. Resumes for key personnel and a description of each team member’s roles and responsibilities in the acquisition, development or renovation process.

5. A list of any partners or contracted entities that will be involved in the project including service providers, property management firms, or other development partners. A partnership agreement, Memorandum of Understanding (MOU), OR Letter of Intent (LOI) must be submitted for each listed partner organization.

C. Attestation of Eligibility: Applicants must include an attestation with their application to certify:

1. That the applicant has not been debarred from participation in any County, State, or Federal procurement.
2. For applicants wishing to be considered for CDBG funds, that the applicant is eligible to receive the requested funds.

II. Project Description

A. Location

1. Address
2. Magisterial District
3. Evidence of notification to the Fairfax County Magisterial District Supervisor and the FCRHA Commissioner representing the subject Magisterial District. Copy of submitted letter or email are both acceptable and confirmation of receipt is preferred.
4. Tax Map Identifier
5. Zoning
6. Documentation of Zoning Approval: including evidence of all entitlements and/or approvals required or requested
7. Transportation and/or transit connections
8. Narrative description of surrounding neighborhood amenities
9. Documentation of Site Control

B. Project Components

1. New Construction
 - a. Site size and scale of proposed development
 - b. Number of units by unit type, size and AMI level
 - c. Project amenities
 - d. Confirmation of project compliance with Section 504 of the Rehabilitation Act, per Virginia Housing guidelines
2. Preservation
 - a. Site size
 - b. Number of units by unit type, size and AMI level
 - c. Scope of renovation
 - d. Physical Needs Assessment (rehabilitation projects only)
 - e. Project amenities
 - f. Confirmation of project compliance with Section 504 of the Rehabilitation Act, per Virginia Housing guidelines

C. Population(s) served:

1. Narrative of how this project will meet the needs of the population(s) served

2. Description of services provided on-site (PSH projects only)
3. Narrative of the equity impact of the project based on the goals of One Fairfax

III. Evidence of Project Readiness and Financial Feasibility

A. Development Plan: A description of the proposed implementation strategy for the project, including, but not limited to:

1. Timeline from NOFA award through stabilization; for acquisition-only projects, timeline should include any anticipated phased affordability compliance and/or future plans for re-capitalization.
2. Acquisition strategy, if applicable

B. Financing Plan: A description of the project financing plan, including all sources and uses of funds.

1. Commitment letters, term sheets or LOIs for all sources of capital funds including terms and conditions for all debt and equity, as appropriate.
 - a. Financing term sheet(s) with, at minimum, the loan amount, interest rate, term, Loan-to-Value ratio, and a final approval process;
 - b. Equity term sheets (or commitment letters) stating the terms of the equity and expected levels of return;
2. For funding and financing sources that have not yet been committed, a description of the approach to securing these funds, timelines, and the feasibility of securing each additional sources.
3. Describe acquisition financing strategy separately from capitalization/recapitalization strategy.

C. Project Pro-forma: A proforma analysis of the property's projected financial performance over, at minimum, the first thirty (30) years of the proposed loan, including rental income (within affordability guidelines), expenses, deposits to reserves, and percentage of requested NOFA funds in relation to Total Development Cost following Virginia Housing Total Development Cost/Unit guidelines. **Pro-formas must be submitted as a functioning spreadsheet and include all formulas.**

D. Appraisal Report: An Appraisal Report as defined in the Uniform Standards of Professional Appraisal Practice dated within 3 months of the NOFA response. The Appraisal Report will be reviewed by the County Department of Tax Administration (DTA) before seeking the FCRHA's and the BOS' approvals.

1. A Restricted Appraisal Report format is not acceptable.
2. The Appraisal Report must provide four values for the project, and intangible assets or investment value should not be included in the valuations:
 - a. Market value of the land alone, unencumbered by affordability restrictions;

- b. Market value of the completed building and land, unencumbered by affordability restrictions;
 - c. Rent-restricted value of the completed building and land (i.e., subject to the affordability restrictions proposed by the applicant indefinitely); and
 - d. Decontrol value of the completed building and land (i.e., subject to the affordability restrictions proposed by the applicant, but with such restrictions ending 3 years after a foreclosure sale).
1. The FCRHA will require an update letter to the Appraisal Report if the proposed transaction does not close within 6 months of the date of the Appraisal Report, or a new Appraisal Report if the proposed transaction does not close within 12 months of the date of the original Appraisal Report.
- IV. **Relocation Plan:** Where planned construction or renovations may interfere with tenants' ability to live in their units, relocation may be necessary. A full Relocation Plan for tenants during any planned construction, if applicable, must be submitted to the FCRHA for approval prior to closing. All projects must comply with the Fair Housing Act, which is title VIII of the Civil Rights Act of 1968, [HUD's Affirmatively Furthering Fair Housing rules](#), and the Uniform Relocation Act.

Additional materials and/or documentation may be requested at the discretion of HCD staff to allow for full review and assessment of the project proposal and funding request.

3.3. Application Review Process

Applications requesting funds will be reviewed by HCD staff and evaluated for conformance with the Minimum Threshold Criteria, as outlined in Section 4.1 and the Policy Priorities detailed in Section 4.2. HCD staff will convene a Technical Advisory Committee (TAC) to review and score the applications. The TAC will present their analysis to the Selection Advisory Committee (SAC) which will then decide which projects to recommend for financing and the amount of any proposed investment. HCD staff will present its recommendations to the FCRHA and, as applicable, the BOS. Upon approval by the FCRHA and the BOS, the funds will be committed to the approved projects, contingent on proceeding in accordance with the award parameters.

Award recommendations will be determined within approximately 12 weeks of the application submission date. Once final project approvals by the FCRHA and, as applicable, the BOS, are obtained, a formal award letter will be provided to the applicant (approximately 20 weeks from submission).

Applicants should provide complete, thorough applications with their most favorable terms. Should applications require additional clarification and/or supplementary information, applicants should submit such additional material within five (5) business days of request by HCD. HCD reserves the right not to accept incomplete applications.

The FCRHA reserves the right to cancel this NOFA or reject applications at any time prior to an award. HCD staff reserves the right to rescind the recommendation for funding if it determines, at its sole discretion, that the proposal presented by the applicant is no longer viable.

4. Project Scoring and Requirements

4.1. Minimum Threshold Criteria

Applicants should note that the 2024 NOFA has a *higher level of threshold criteria than previous NOFAs*. *The threshold criteria are described in detail below.*

All projects must meet either criteria (I) or (II) below:

- I. **New Construction** projects seeking funding under this NOFA must demonstrate a commitment to increasing the supply of new affordable housing in the County AND a commitment to long-term affordability through:
 - a. A project proposal that will create new rental homes for households earning 60% of AMI and below (income averaging allowed); and
 - b. Agreeing to execute legal documents with the County to commit the proposed affordable units for the greater of 30-years and the term of the first trust loan.
- II. **Preservation** projects seeking funding under this NOFA must demonstrate a commitment to long-term affordability AND a commitment to minimizing displacement of low-income tenants, or a commitment to substantially improve the condition of the subject housing through:
 - a. Agreeing to execute legal documents with the County to commit the proposed affordable units for the greater of 30-years and the term of the first trust loan, and
 - b. A project proposal to acquire and renovate existing market-affordable properties with non-subsidized units affordable to households at or below 60% AMI; and commit the affordability through covenants or other appropriate legal means; or
 - c. A proposal to acquire and preserve an income restricted affordable property with expiring subsidies (serving households up to 80% AMI); or
 - d. A proposal to acquire and preserve an income restricted affordable property nearing the end of their initial tax credit compliance period or expiring affordability restrictions; or
 - e. A project proposal to acquire and preserve the affordability of a manufactured home community.

In addition to meeting either Criteria (I) or (II) above, projects should meet the following threshold criteria.

- III. **Applicant Experience and Qualifications.** Applicants must demonstrate experience in affordable housing development and have clear capacity for the proposed project. Partnerships or joint ventures among experienced developers and community-based organizations are acceptable to demonstrate the required experience. Applicants not

eligible for federal, state or local funding based on suspension, debarment or other past compliance issues are not eligible to apply under this NOFA.

- IV. **Readiness to Proceed:** The project's readiness to proceed will also be a key determinant in awarding funding.
- a. **Financing:** 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 12-18 months of receiving approval for funding or (if applicable) LIHTC award.
 - b. **Entitlement:** Demonstration that the proposed project is entitled and consistent with the approved 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 may be considered on a case-by-case basis.
 - c. **Site Control:** Provide acceptable evidence of site control that clearly identifies all parcels in the development. Site control options include any of the following:
 - i. Deed to property demonstrating fee simple ownership; or
 - ii. Ground lease with a term that is no less than 75 years; or
 - iii. Purchase Contract with a minimum 12-month term beyond the date of the application.
- V. **Financial Feasibility:** Projects must demonstrate financial feasibility to be considered for funding. To demonstrate financial feasibility, applicants must provide:
- a. The project must demonstrate the ability to support any must-pay debt;
 - b. Loan to value (LTV) ratio not to exceed 100%, including all debt;
 - c. The appraised value under the rent-restricted value of the completed building and land for the project must exceed the sum of the requested Blueprint loan together with the amount of all superior debt secured by the property;
 - d. All sources of funds are sufficient and appropriate to complete the proposed project;
 - e. The estimated costs of construction or renovation are market reasonable, include appropriate contingencies, and are sufficient to cover proposed scope of work. If CDBG or HOME funds are proposed, all anticipated rehabilitation work must comply with HCD's Rehabilitation Standards for Affordable Housing;
 - f. Both proposed renovation and new construction/adaptive reuse projects must comply with Virginia Housing development cost limit guidelines if the project intends to pursue LIHTC funding;
 - g. For renovation projects: the proposed renovation scope addresses repairs and replacement needs outlined in the Physical Needs Assessment;
 - h. A minimum Debt Service Coverage Ratio (DSCR) of 1.15 should be reflected in the project pro forma model. The FCRHA, at its own discretion, may accept a lower DSCR provided the lower DSCR is accepted by the first mortgage lender and/or equity provider;

- i. Leveraging of County resources of 4:1 leverage ratio or higher. County sources include Blueprint funds and Tysons Housing Trust Fund but are exclusive of Federal sources such as CDBG, HOME, and ARPA or FCRHA operating resources such as project-based vouchers; and
 - j. Proposed financing terms provided in LOIs or other commitments should reflect a fixed interest rate mortgage with a term that matures no later than the proposed FCRHA loan. Lenders' construction and disbursement requirements should not be adversely inconsistent with the terms of the FCRHA loan.

- VI. **Equity Contribution:** Projects must demonstrate that equity will be included from the owner/sponsor/parent company as a funding source. This could include the deferred developer fee and grants flowing through the owner/sponsor/parent company as a source of funds.

- VII. **Affordability/Incomes Served:** Project components proposed to utilize FCRHA funding must consist entirely of rental or homeownership units affordable to households at or below 60% of Area Median Income (AMI).
 - a. The FCRHA will allow projects proposing to use Low Income Housing Tax Credits to employ the "income averaging" set-aside. Projects proposing to use income averaging may include units with rent and income limits up to 80% AMI, so long as the average of the income limitations does not exceed 60% AMI.
 - b. Preservation projects with units serving up to 80% AMI may be considered on a case-by-case basis.

- VIII. **Additional Project Requirements:**
 - a. **Section 3** program requires that recipients of certain HUD financial assistance, to the greatest extent possible, provide training, employment, contracting and other economic opportunities to low- and very low-income persons. Under certain circumstances, the offeror may be required to comply with Section 3 and it is their responsibility to do so as well as provide Section 3 reporting information to HCD upon request. For further guidance on the Section 3 Rule, see <https://www.hud.gov/section3>.
 - b. **Environmental Review:** The National Environmental Policy Act (NEPA) and other Federal laws and authorities require that an environmental review be conducted by HCD for all Federally assisted actions (except those exempted under 24 CFR Part 58). Environmental reviews of projects serve as a planning tool used by Fairfax County to determine (1) whether its proposed actions will have an impact on the environment, or (2) whether the environment will have an impact on the proposed action. Completion of the environmental review process is mandatory before taking a physical action on a site, or making a commitment or expenditure of HUD or non-HUD funds for property acquisition, rehabilitation, conversion, lease, repair or construction activities.

- c. **Lead Based Paint:** All work shall be in accordance with federal lead-based paint regulations found in 24 CFR Part 35.
- d. **Conflict of Interest:** Applicant must comply with applicable Fairfax County, Virginia and federal conflict of interest requirements (including Title 24 CFR § 570.611 and Title 24 CFR § 92.356). For example, the FCRHA prohibits the loan of county funds to any non-profit entity found to be in violation of any of the following conflicts of interest:
 - i. No member of the applicant’s Board of Directors, or any other employee of the applicant, may serve as the realtor brokering any real estate transaction between the applicant and a third-party seller.
 - ii. If any applicant Board member, employee, or agent is also a Fairfax County Department of Housing and Community Development (HCD) employee, any such employees must recuse themselves from any aspect of the review and selection process so as to avoid the appearance of conflict of interest and the perception of favoritism on the part of HCD toward any individual applicant.
 - iii. No persons who exercise or have exercised any functions or responsibilities with respect to CDBG or HOME activities, or who are in a position to participate in a decision-making process or gain inside information with regard to such activities may 1) obtain a financial interest or benefit from a CDBG or HOME-assisted activity, or 2) have a financial interest in any contract, subcontract, or agreement with respect to a CDBG-assisted activity, or with respect to the proceeds of the CDBG or HOME-assisted activity.
 - iv. “Covered individuals” under the conflict of interest provision are as follows:
 - 1. Employees of the non-profit organization;
 - 2. Agents representing the non-profit;
 - 3. Consultants to the non-profit;
 - 4. Officers or Board members of the non-profit;
 - 5. Elected officials, appointed officials, or employees of any designated public agencies; and
 - 6. Those who have business or immediate family ties, during their tenure or for one year thereafter.

- IX. **Loan Documents:** Projects receiving financing will be required to execute loan documents and related restriction agreements to commit units as affordable for the term approved by the FCRHA.
 - a. The minimum term that will be considered is the greater of 30 years or the term of the fixed-rate amortizing first mortgage.

- b. The FCRHA must have both an option and right of first refusal/offer, and all projects will be subject to a Land Use Restriction Agreement (LURA) that will govern the affordability term and limit rent increases to AMI.
- c. The FCRHA, at its own discretion, may require the affordability to be recorded in covenants that are senior to all financing.
- d. Other requirements, as deemed necessary, may be required to protect the interest of the FCRHA and Fairfax County.

4.2. Scored Criteria

To further evaluate projects that meet the threshold criteria outlined above, HCD staff will use the following scored criteria. Projects are not expected to meet all scored criteria. Rather, the following categories reflect County priorities and will guide Staff recommendations.

Criteria	Maximum Points Possible
Deeper Affordability	
Non project-based subsidized units with rents at or below 30% AMI (0.5 point for each percent of units up to 10 points)	10
Units with rents at or below 40% AMI (0.5 point for each percent of units up to 10 points)	10
Units with rents at or below 50% AMI (0.5 point for each percent of units up to 5 points)	5
Longer Affordability Term	
Projects with an affordability term greater than 50 years	10
Resource Efficiency	
Projects that are at or below the target per unit request amount of \$85,000	10
Access to Opportunity	
Projects located within a Census block group with a "Very Low" vulnerability score as determined by the Fairfax County Vulnerability Index	5
Transit-Oriented Location	
Projects located less than 0.25 miles from a bus stop or 0.5 miles from a rail station	5
Family-Sized Units	
Projects with up to 10% 3+ bedroom units	1
Projects with between 10% and 20% 3+ bedroom units	2
Projects with more than 20% 3+ bedroom units	5
Permanent Supportive Housing (PSH)	
Projects that include PSH units and accompanying services	5
Special Populations	
Projects that provide housing opportunities for individuals or families with disabilities	3

Projects that provide housing opportunities for low-income seniors (62+) or families headed by low-income seniors (62+)	3
Projects that comply with Virginia Housing's Universal Design accessibility standards, beyond the accessibility standards required in the threshold section of this NOFA.	3
Tenant Selection	
Projects with a leasing preference to families on FCRHA or other County Waiting Lists	2
FCRHA Bonds	
Projects that make use of FCRHA tax-exempt bond capacity	2
Existing Project-Based Subsidy	
Projects that include an existing project-based subsidy	2
Maximum Score	80

4.3. Financing Terms

Funds awarded through this NOFA will generally be awarded in the form of a loan from the FCRHA.

1. FCRHA Loan Structure:

- a. Interest rate of no less than 2%
- b. Fully amortized loan structure preferred
- c. Local Funds are subject to typical limited carveouts, non-recourse secured loans.
- d. 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.
- e. Local Funds must be approved by HCD’s Selection Advisory Committee, the FCRHA, and the BOS.
- f. Loans are subject to annual monitoring fees of \$7,500 for each individual loan, escalating at 3% annually.
- g. Financing that includes cross-collateralization and cross-default provisions **will not be considered.**

2. Disbursement of funds

- a. For new construction projects, subordinate financing should be modeled to be disbursed after first-trust debt, with half of the loan proceeds paid after 50% completion and the remainder paid after substantial completion. The FCRHA may consider earlier disbursement on a case-by-case basis and, at a minimum, when the below criteria are met:
 - i. Payment and Performance Bond provided that specifies “with FCRHA as named insured”;
 - ii. No outstanding or pending defaults under any loan, construction, or other project-related agreement; and
 - iii. Mutually acceptable intercreditor agreement with other lender(s).

- b. For acquisition/rehab projects, depending upon underwriting risk and sufficiency of collateral, NOFA funds may be disbursed during rehabilitation on a case-by-case basis.

Appendix A: Proposal Terms Worksheet

As part of the project proposal, please complete the chart below with the proposed terms and explanations, as appropriate.

Topic	Fairfax County Target/ Minimum	Developer/ Project Proposal
Per Unit Request	\$85,000 per unit	
Term	Coterminous with senior loan	
Rate	2% simple interest per annum	
DSCR	1.15	
LTV	100% or less	
Leverage Ratio	4 (Other Sources) to 1(Requested County Sources)	