

County of Loudoun
Affordable Multi-family Housing
Loan Program Guidelines

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AFFORDABLE MULTI-FAMILY HOUSING LOAN PROGRAM GUIDELINES

Purpose

The fundamental purpose of the Affordable Multi-family Housing Loan Program (Program) is to increase the supply and retention of affordable multi-family rental housing units in Loudoun County (County) to support housing for County citizens and the workforce, which is critical to the County's economic development, by providing financing in accordance with these Guidelines (Guidelines). The Guidelines are established to enable the County to provide gap financing in affordable housing projects to encourage private investment to address the unmet housing needs of County citizens and workers, and to guide the processing and approval of loans.

Within the Program, and in addition to loans, the County may also offer other non-cash County services or benefits, including but not limited to commitment to donate public land or buildings or reduction on County fees.

Use of the Program Loans

The purpose of the Program is to provide loans to finance affordable, rental housing within the County to help address the unmet rental housing needs of County households earning 60% or less of the Area Median Income (AMI). Loans shall be provided to finance units in excess of the minimum number of Affordable Dwelling Units (ADU) necessary to satisfy the requirements of Article 7 of the Zoning Ordinance. The County of Loudoun Board of Supervisors (Board), through the Program, serves as a gap lender. Loans are intended to provide assistance to developers with gap financing, not to pay the entire cost of project development. A leverage of 1:5 or higher is required. For purposes of the Program, the term Affordable Housing refers to households earning 60% AMI or lower.

The Program may provide loans to assist funding the following types of projects:

- 1) Multi-family affordable rental housing units in the County developed pursuant to the Virginia Housing Development Authority, now called Virginia Housing (VH) Low Income Housing Tax Credit (LIHTC) program (VH LIHTC) or a U.S. Department of Housing and Urban Development (HUD) 221(d)(4) Affordable program that meets the definition of Affordable Housing included in the HUD Multifamily Accelerated Processing (MAP) Guide, Revised December 18, 2020, as amended, from the Office of the Assistant Secretary for Housing - FHA Commissioner (HUD 221(d)(4) Affordable), as applicable, or
- 2) Multi-family affordable rental housing in the County with units for the benefit of households within the income and the rental limits defined by Article 7 of the Loudoun County Zoning Ordinance as referred to in section 1450.03 (b) of Chapter 1450 of Loudoun County Codified

Ordinances.

The Program will assist funding the construction, or rehabilitation, of affordable rental housing in the County, at the discretion of the Board. The following are the eligible uses of the loans:

- Construction of affordable units. Construction refers to development of new multi-family housing structures.
- Rehabilitation/Renovation of affordable units. Rehabilitation/Renovation is defined as repairs, improvements, replacements, alterations, and additions to existing properties, and the labor, materials, tools, and other costs of improving buildings, other than minor or routine repairs. This term includes renovations that involve costs of 75 percent or less of the value of the building before rehabilitation. Loans may be made for all levels of renovation—minor, moderate, and substantial, and include adaptive reuse, use conversion from nonresidential to residential.
- Real estate acquisition directly linked to construction, or rehabilitation/renovation of affordable units.

The Program may not be used to finance the following non-eligible items:

- Operating expenses
- Social services
- Project reserves, except if required by VH or HUD
- Hard or soft cost contingencies
- Developer fees
- Builder's profit
- Syndication related costs
- Construction management fees
- Development/financing consultant fees, or fees for other non-development related services, including funded guarantee or reserve accounts required by lenders or investors
- Units for rent at market rate
- Financing fees

Loan applications for a mixed income project (projects that include rental units to benefit households with income higher than 60% AMI) or a mixed-use project could be considered as long as the loan applicant demonstrates in the loan application materials (particularly the development and operating budgets) that any resource from the Program will only be allocated toward costs associated with affordable housing uses and units eligible to be funded by the Program. For a mixed income project, no more than 20 percent of the units within the development may be market-rate. In any mixed income project, the affordable units must be interspersed throughout the building(s) in all floors and sections so as not to concentrate the affordable units in any one area of the building(s). Multifamily buildings must have a shared entrance for both market-rate and affordable units, and applicants must

demonstrate that market-rate units are fully financeable without the County's participation and that no subsidy source for affordable housing is directly or indirectly financing the market-rate units.

A mixed income or mixed-use proposal means a project that provides both affordable housing and market rate units for rent. Market rate non-eligible units and uses must be identified in the loan application but shall be segregated out of the budget. The sources side of the budget must show what portion of each source is allocated to eligible and ineligible uses. The budget in the loan application must show the following: eligible uses (line by line, and total); ineligible uses (line by line, and total); total uses; sources allocated to eligible uses; sources allocated to ineligible uses; total sources. In summary, the loan applicant must be able to show that the portion of the building that is ineligible for financing from the Program can be financed without the Board's assistance. A loan applicant cannot divert resources generated by income from eligible uses or eligible cost basis to finance ineligible costs or expenses, thereby creating a larger funding gap.

For affordable housing developments that will be part of a larger market-rate residential or mixed-use community project, the affordable housing development must be integrated into the larger community with connecting sidewalks, trails, etc. If the project proposes common amenities for the larger community, such amenities shall be available to the residents of the affordable housing development at no additional cost to such residents. Additionally, no physical barriers or divisions should separate the common areas of the affordable housing development from the common areas in the larger community.

Eligible Loan Applicants

Eligible loan applicants include non-profit and for-profit affordable housing developers that propose to provide long-term affordable rental housing within the County. All applicants must have demonstrated capacity, experience developing products similar to that proposed, and with acceptable credit histories.

Funding Availability

The Program is funded by appropriations from the Board out of the County of Loudoun Housing Trust (Trust). The Program is available to developers of affordable rental housing through an annual competitive loan application process. Every year, not later than July 1, the Department of Housing and Community Development will publish on the County's website, a Notice of Funding Availability (NOFA) disclosing the loan application schedule for the same year and any other requirements specific to that year. At the direction of the Board, the NOFA may indicate funding priorities for areas of high opportunity or need in the County (based on criteria as described in the Unmet Housing Needs Strategic Plan).

To be considered, complete loan applications must be submitted by 5:00 p.m. EST on the first business date in October or as noted in the advertised NOFA. The Board may decide whether to provide a loan based on consideration of the applications not later than the second regular business meeting of the

Board in February of the following year. In addition, for developments pursuing 4% LIHTCs only, not hybrids, the loan application may be submitted by the first business day in January or the first business day in June or as noted in the advertised NOFA. Applicants should allow four months for the review of 4% LIHTC, not hybrid, loan applications.

Resources in the Trust are not specifically derived from local tax revenues and cannot be predicted. The Board's objective is to provide the greatest affordable housing benefit to the public and maximize the utilization of resources for the Program while preserving it as a funding source for the long-term, creating, if possible, a more predictable revenue stream. The Board will allocate resources to assist affordable rental housing projects while preserving sufficient funds to sustain, promote, and advance the goals of the County's affordable housing programs for the long-term. Should the Board deem the balance in the Program insufficient to meet the County's long term housing policy goals, non-committed Program available resources may be withdrawn at the Board's discretion. The Board, upon recommendation from County staff, will consider whether to concentrate funding within the same group or related parties based on an evaluation of business risk to the County. For projects to be developed pursuant to VH LIHTC or HUD 221(d) (4) Affordable programs, the County will commit to loans from the Program contingent upon the loan applicant obtaining VH LIHTC and/or HUD 221 (d) (4) Affordable approvals, as applicable.

Loan Application Review Criteria

The Program is available to developers of affordable housing for rent through a competitive loan application process. Funding decisions will be made based on the merits of each loan application as graded in accordance with these Guidelines, the Affordable Multi-family Housing Loan Program Criteria and Scoring Guidance (Program Scoring Guidance), terms contained in the NOFA, and the availability of resources in the Program. Loans may be approved by the Board for less than the full amount requested in the loan application, and if multiple projects apply for loan program funds, project scores may be used to compare projects. Highest consideration will be given to loan applications that demonstrate, based on information provided in the loan application, that the project will rehabilitate, construct and/or preserve the greatest number and highest quality of affordable units to serve County households at the greatest need in the most economically sustainable way.

All applications will be reviewed, scored if complete, and presented to the Board for consideration. However, loan applications that score lower than 75 out of a total scoring of 127 (or 82 out of a total scoring of 137 for rehabilitation/renovation projects) on the General Criteria will be presented to the Executive Review Team (ERT) within 45 days of application submission to determine if the loan review process should continue. The ERT has the authority to end the review process. The Board reserves the right to disqualify or qualify any project for justifiable reasons that were not contemplated when these Guidelines or the Program Scoring Guidance were established.

Gap Financing

The Board serves as a gap lender. Loan applicants must demonstrate that they are seeking and will

continue to seek other financing sources in their loan application. The amount of the loan cannot be higher than the minimum amount necessary to make the affordable rental housing project feasible. The gap financing will be calculated as the difference between the total financing available for the affordable rental housing project, including equity investment, and the total development costs of the same affordable rental housing project. The loan applicant shall structure the loan request to maximize the long-term affordability and sustainability of the affordable housing rental project receiving assistance from the County, as well as to encourage opportunities that include participation from other public and private funding sources. A priority for the Board in awarding the competitive loan is the ability of the developer to leverage the County's funds to secure private investment and other federal, state, and local sources of financing.

Rent Restrictions

During the affordability compliance period, which shall last at least 30 years, or until the loan is fully repaid, whichever comes later, commencing upon the date the final certificate of occupancy for the residential units is issued as agreed to by the borrower in a deed of declaration of restrictive covenants for the benefit of the County, the project shall include the following affordability restrictions, at a minimum:

- The gross rent, including utilities, with respect to each unit does not exceed 30 percent of the imputed income limitation applicable to such unit size;
- The monthly rent of the affordable rental units will be restricted in accordance with rent limitations imposed by the VH LIHTC program and/or the HUD 221(d)(4) Affordable program, as applicable, or by a declaration of covenants for affordable units offered for rent for the benefit of households with the income and the rent limits as defined by Article 7 of the County Zoning Ordinance, as referenced in Chapter 1450 of County Codified Ordinances;
- The affordable rental units will be offered for rent for the benefit of households with an income of 60% AMI or less in accordance with the income limitations and eligibility requirements imposed by the VH LIHTC program and/or the HUD 221(d)(4) Affordable program, as applicable, or by a declaration of covenants for affordable units offered for rent for the benefit of households with the income and the rent limits as defined by Article 7 of the County Zoning Ordinance, as referenced in Chapter 1450 of County Codified Ordinances.
- The rental units that do not qualify herein as affordable housing but qualify as affordable in accordance with the VH LIHTC program and/or the HUD 221(d)(4) Affordable program, may be offered for rent in accordance with income limitations and eligibility requirements imposed by those programs, as applicable.
- A mixed income or mixed-use project must at least comply with rent restrictions and income limitations required by VH LIHTC or HUD 221(d)(4) Affordable program, as applicable, and the loan will be made to support the affordable housing rental units only.

Loan Application Package

The loan applicant is required to be provided to the Department of Housing and Community

Development as a complete loan application package by 5:00 p.m. EST on the first business day in October or as noted in the advertised NOFA. For developments pursuing 4% LIHTCs only, not hybrids, those applications can also be submitted by the first business day in January or the first business day in June or as noted in the advertised NOFA.

The loan application package shall contain any material documents, records, or other information deemed necessary by the loan applicant for the County staff and the Board to review and grade the loan application. The loan application package must contain the components listed in the Application Requirements.

If not available at the time of submission of the loan application package, an appraisal of the proposed site shall be required in advance of the Board taking action on the loan and as a condition of loan approval. The appraisal of the proposed site (not older than one year) should contain “as-is” or “as-built” or “as completed”, as applicable if vacant or built, and “as-built or as-completed with restricted rent and income” and “as- built or as-completed and unrestricted income” valuations.

At a minimum, the following items must be estimated in the loan application and managed throughout the life of the loan, if approved, in accordance with the requirements of the VH LIHTC and/or the HUD 221(d)(4) Affordable programs. In addition to such minimum requirements, other requirements requested by the primary lender and accepted by the loan applicant will also apply to the following items:

- Operating reserves;
- Contingency amount;
- Developer fees and other fees in the development budget;
- Operating expenses;
- Reserve for capital replacements;
- Vacancy rate; and
- Minimum design and construction requirements.

The obligation of the loan applicant to provide documents, records, or other information requested by the County for the County to review the application continues throughout the loan application review process. The obligation of the borrower to provide documents, records, or other information relevant and material to the loan (e.g., final commitment letters from all funding sources; updated income/expense, uses/sources, pro forma; fee simple site control documentation; and updated partnership/membership agreement of ownership entity among others) continues throughout the closing of the loan and monitoring phases, whether or not the County has made the request. Applicants shall provide updated budget, sources and uses, and pro-forma through the time of loan approval and loan closing.

Construction or Rehabilitation/Renovation Costs and Acquisition Price

The construction or rehabilitation/renovation costs of the project to be partially financed with the loan must be within a reasonable range for the proposed scope of work. Construction or rehabilitation/renovation costs include all work, including site acquisition and development, associated with the physical development of the project. The construction contingency should be factored when calculating the construction or rehabilitation costs of the project and shall be itemized in the budget. Contingencies greater than 10% of the construction budget will need to be explained.

For projects that involve acquisition of real property and for purposes of the loan, the purchase price of the proposed site, “as is”, may not exceed the lesser of the sale contract price or the “as is” appraised value of the property. Staff also may be guided by the opinion of value rendered by the County’s Commissioner of the Revenue, or his designee. Costs related to the development of the land that are included in the purchase price (e.g., road or infrastructure improvements) may be taken into consideration for purposes of estimating the value of the real property, at the Board’s discretion.

Funding per Project

The loan amount is based on the number of units provided in excess of the ADU requirements of Article 7 of the Zoning Ordinance, based on the demonstrated gap financing needed for the development of the project and the availability of funding in the Program, and the level at which the proposed project meets County affordable housing needs as identified through the Scoring Criteria. The County loan must be 20% or less of the total non-County funding of the development costs of the housing project.

Interest Rate

Interest rates on the loan will be simple interest at a fixed rate of interest guided by the 10-year Treasury bill rate, as set 60 days prior to closing of the County loan or closing of the VH/HUD or primary loan, if prior to closing of the County loan and required by either VH or HUD, as applicable. The rate negotiated shall assume a fully amortized loan with a term not to exceed 30 years (plus one-year period after loan closing for construction/renovation/rehabilitation). Adjustments for terms up to 40 years may be made, on a project-by-project basis. Negotiated rates will be based on the project’s financing components and benefits to the County and the Program. Interest rates will comply with VH requirements for local subsidies.

Loan Collateral/Security

The loan must be instrumented as a promissory note payable to the County, secured by a deed of trust on the property where the proposed affordable housing rental project is located; the notes and respective deed of trust will be subordinated only to the primary lender, with a secured priority no lower than second position with respect to any lender at all times. The deed of trust will have a non-recourse clause.

In cases where the project involves a ground lease, the County may, at the discretion of the Board, subordinate the loan to the fee owner under the lease agreement. In cases where the loan applicant

demonstrates that a bridge loan is required to make the project feasible, the Board may accept, in its own discretion, that the loan be temporarily subordinated to a third position until closing of the permanent financing, based on a recommendation by the County Administrator and supported by the County Attorney if there is equivalent collateral to protect the interest of the County.

Along with the deed of trust, the borrower must execute a declaration of covenants, in a form suitable for recordation among the land records of the Loudoun County Circuit Court, providing that the number of affordable rental units financed with the loan shall remain subject, for at least the entire period during which the loan remains outstanding, to the income eligibility requirements and rent price restrictions and limitations prescribed by the VH LIHTC program, the HUD 221(d)(4) Affordable program, or Article 7 of the Zoning Ordinance and Chapter 1450 of County Ordinances, as applicable. A declaration of covenants for the benefit of the County may also provide eligibility for households with lower incomes, and/or longer affordability periods, as offered by the applicant and accepted by the Board.

Equal Housing Opportunity

All projects receiving loans from the County must comply with applicable Equal Housing Opportunity and Fair Housing laws.

Loan Repayment Schedule

The County will approve loan terms where repayment is feasible and does not jeopardize the long-term affordability and sustainability of the proposed affordable housing project. Long-term affordability means not less than a thirty (30) year affordability period or the date by which the County loan is fully repaid, whichever is longer, agreed to by the applicant. Loan applicants must demonstrate the ability to repay the loan based on the terms of the loan and the estimated financial projections presented to the County. Length of the loan shall not exceed the length of the project affordability period and the rent restrictions shall apply while the loan funding is outstanding. The affordability period will not be shortened, or the affordability covenants will not be released, should the loan be paid off ahead of schedule. The loan will be due and payable in the event of a sale or refinance of the project, unless the Board, at its discretion, previously agrees to the transaction. Notwithstanding, the County will not call the loan due and payable if the sale or refinance of the project, as applicable, is the result of a restructuring agreement between the developer/operator/manager of the project and VH or HUD, as applicable, as long as (i) the County is informed in advance by the developer/operator/manager of the project of their reaching out to VH or HUD and (ii) the secured priority of the County's loan remains intact with respect to any lender.

Repayment terms may include, on a case by case basis: negotiation of the net cash flow split in terms of the loan repayment in the early years of the project, while the deferred developer fee is being paid; negotiation of the interest rate; demonstration that the first payment on the loan occurs shortly after property stabilization when the project is generating cash flow; and that the cash flow is sufficient to pay not only interest on the loan, but also to start paying principal by no later than the end of the LIHTC

compliance period of 15 years. Loans must crest not later than 15 years after stabilization (2-3 years of occupancy).

Net cash flow shall specifically include the amount by which gross revenues exceed annual debt service payments, approved operating expenses, and payments to the capital replacement reserve. Any other fees or payments in excess of what is stated here must be paid from the applicant's portion of residual cash flow.

Regardless of the structure of the loan, the County expects and requires repayment of the loaned amount in full. The outstanding balance of the loan (principle and accrued interest) is due at the end of the loan term. The length of the loan shall not exceed 30 years (plus one-year period after loan closing for construction) at any point in time. Under special circumstances, at the discretion of the Board, loan terms may be extended up to 40 years to meet specific requirements, such as those associated with HUD 221(d)(4) Affordable program financing.

LIHTC Initial Compliance Period

All loan applicants proposing projects developed using the VH LIHTC and/or HUD 221(d)(4) Affordable program must present a plan for the project that addresses the period after the initial 15-year compliance period.

The plan must clearly describe the following:

- Exit strategy for the limited partner and anticipated ownership changes;
- Any anticipated refinancing, re-syndication, or sale to a third party;
- How affordability will be maintained through the extended affordability period;
- Measures in place to ensure any future transfer serves the interests/guidelines of the Program and maintains the Right of First Refusal (ROFR) agreement.

Loan applicants must agree to maintain affordability for at least 30 years (to include the first 15-year compliance period and a minimum 15-year extended affordability period) by waiving the right to seek a qualified contract for project purchase at the end of the 14th year of the compliance period.

Administrative Fee

There will be a \$1,000 non-refundable administrative fee, payable at the time of submission of the loan application, to partially recover costs to process and underwrite such loan application.

Project Monitoring

The County has the right to inspect and monitor the affordable housing rental project, including gaining access to the management and financial records of the borrower and VH LIHTC and HUD required reports to determine compliance with household income and rental restrictions, restrictive covenants, and terms and conditions of the loan. The requirement to provide information continues throughout the term of the loan and includes any documents requested by the County to support

calculations of cash flow, reporting to other lenders or investors, and any other document, report, or information relevant and material to the loan, whether or not the County has requested it. These documents shall be submitted to the County no less than annually, as requested.

Application Process

All funding decisions will be at the discretion of the Board. The loan application process will be managed by the Loudoun County Department of Housing and Community Development, assisted by other County staff to include staff from the Departments of Planning and Zoning, Economic Development, Finance and Budget, Treasurer's Office, and the County Attorney's Office. The review process will also include review by leadership in the Department of Housing and Community Development, Finance and Budget, as well as the County Treasurer, Commissioner of the Revenue, County Administration, and a member of the Board of Supervisors to ensure coordination (Executive Review Team). Other County staff may be asked to participate depending upon the specific attributes of the affordable housing rental proposal.

Applications are due by 5:00 p.m. EST on the stated business day as advertised in the NOFA.

All content or process-related questions must be submitted in writing to the Housing Finance Project Manager at housing@loudoun.gov. All general questions and answers, excluding confidential information exempt from disclosure under Virginia law, may be posted to the County's NOFA webpage.

1. Loan approval will be based upon these Guidelines and the project scoring, which has been designed to measure the affordable housing project and its overall value to increase the County's affordable housing supply.
2. At least 45 days in advance of the deadline to submit loan applications, for information purposes and to respond to questions, County staff will conduct a pre-application meeting with all prospective loan applicants at a date and time indicated in the NOFA.
3. A complete loan application **must** be submitted by the October deadline (or the January or June deadline if applicable) or as noted in the advertised NOFA, to be considered in that year's loan application cycle. Each loan cycle is independent and loan applications submitted for one year will not carry over to the next year.
4. Loan applications will be reviewed for completeness and date stamped. Once the loan application is submitted, the loan applicant will receive written confirmation of receipt of the application and will be notified within 10 business days by the Department of Housing and Community Development of loan application completeness or incompleteness. Once a loan application has been submitted to the County, it cannot be changed, modified, or supplemented by the loan applicant, without prior written approval from the Department of Housing and Community Development. Incomplete applications will be rejected and not scored.

5. Any changes to the terms contained in the loan application due to financing adjustments required by VH or HUD LIHTC program need to be communicated to the County as soon as possible with updated documents/records. Material revisions to the loan application that reduce the number of units or the support services to be provided, or the targeted population to be served, must be approved in writing by the County or may result in the rejection of the loan application.
6. A professional underwriter, under contract with the County, will evaluate the loan application for risk and feasibility of the proposed project and repayment to the County, and will provide a professional assessment about the viability of each application to County staff and the Board.
7. Each loan applicant with a complete application will be required to provide a presentation of their application during the review process at the direction of the County staff. County staff will be in regular communication with applicants, and meetings with County staff may be scheduled, as needed, on a case-by-case basis.
8. The County staff will rank each loan application pursuant to the Guidelines, the Program Scoring Guidance and the underwriter's assessment, will develop a written recommendation to the Finance/Government Operations and Economic Development Committee (FGOEDC) by February of the year following the publication of the NOFA (or by May or October for 4% LIHTC loan applications received by the January or June deadlines, as applicable).
9. Final funding decisions are made by the Board, not later than the second regular business meeting of the Board in February of the year following the publication of the NOFA (or the second regular business meeting of the Board in May or October for 4% LIHTC loan applications received by the January or June deadlines, as applicable). Approved loan(s) will be available for closing within thirty (30) business days after the Board's approval.
10. An applicant must submit 1 original and 1 hard copy of the loan application, including attachments, as well as an electronic copy via email, including attachments. The loan application shall be mailed or electronically delivered to:

Department of Housing and Community Development
Attn: Affordable Multi-family Housing Loan Program
P.O. Box 7000
Leesburg, VA 20177
Housing Finance Project Manager
housing@loudoun.gov

11. Before closing of an approved loan, or during the life of an approved loan, the County Administrator is authorized to make or accept technical amendments to such loan without

further approval by the Board. However, before closing of an approved loan, any material changes in the terms and conditions of the loan as approved by the Board that negatively impact the units to be provided by the proposed development, the level of household income to be served, or the repayment of the loan should be brought back to the Board for further review and approval or rejection. The Board, at its discretion, could direct staff not to proceed with closing if conditions proposed at the time of approval have materially changed by the time of closing and adversely affect the loan.

12. The County Administrator is also authorized to accept clerical or administrative non-material changes to the Guidelines proposed by the Department of Housing and Community Development, without Board approval.
13. The term of the County loan commitment is three (3) years after approval, or any other period of time as approved by the Board. If the County loan does not close within three (3) years after its approval by the Board, the Board may at its discretion reassign the funds to another project in the County. The applicant may reapply to the Board for reassignment of the funds using the same loan application for the affordable housing project that was originally approved, subject to funds availability.

LOAN APPLICATION AFFIDAVIT

(To be executed and submitted along with the Loan Application Materials)

Submit a signed affidavit acknowledging and agreeing with the items below. The affidavit must be signed by loan applicant's authorized representative on behalf of the applicant and must be dated.

1. The application contains a factual description of the project type, size, and location; population to be served; proposed design of the buildings; and specific universal design elements, if any, (including universal design required and optional elements, if available) that applicant proposes to incorporate into the project. If not available at time of submission of the loan application, an itemized list of the required and of the chosen Universal Design optional elements will be provided before the application is considered by the Board.
2. The application contains a factual description of the type of support services and programs the applicant is proposing for the project, if any, with indication of the estimated number of people to be served, the purpose/benefits of the program on a per unit/person basis, the additional operating expenses including in the project associated with such program, and any financial value for the County by having such services and programs, if any.
3. The application contains an explanation of how the proposed project interplays and complies with proffers encumbering the site, if any; and identification of the Affordable Housing Units that the project provides in addition to the ADUs required under the proffers and/or Article 7 of the Zoning Ordinance.
4. The application indicates the relationship between the loan applicant and the owner of the project site and certifies that no relationship exists between the loan applicant and the seller of the project site, except as shown in this application.
5. The application contains an explanation of whether the community surrounding the proposed project is engaged with the project, with indication of meetings with neighbors and surrounding civic association; the level of support and letters of support, if any; as well as the strategy and timeline in case outreach to the community is pending at time of loan application.
6. The application identifies the total amount of funds to cover gaps in the planned financing that are being requested from the County and contains a description of how the repayment of the County loan will be prioritized, how the loan will be used, as well as the plan for maximizing resources and minimizing costs.
7. The application contains a list of all additional funding, not secured at the time of the application, for which the applicant is seeking from non-County sources contingent and after award of tax credits, including the name of the funding entity, type of funding, and projected application and award dates.
8. The loan applicant understands and agrees that if being financed by LIHTC (4% or 9% projects) it shall provide to the County, within 10 business days of submission to either VH or HUD, as applicable, a copy of the project's VH/HUD application for reservation, including score sheet and attachments; a copy of an updated tax credit application after VH/HUD releases its annual update of the reservation and

- attachment materials; and a copy of applicant's application submitted to VH, including all attachments.
9. The loan applicant understands and agrees that it shall provide to the Department of Housing and Community Development an updated sources and uses, budget and proforma of the project within reasonable time before the Board considers the loan application, and the final sources and uses, budget and proforma before closing of the County loan, if approved.
 10. The loan applicant understands and agrees that all developments will receive a physical inspection upon receipt of occupancy permits, and that the County may request physical property inspections at any time during the life of the loan, upon 15 business days' notice, unless an emergency at the County's discretion.
 11. The loan applicant understands and agrees that during the life of the loan, property managers shall send to the Department of Housing and Community Development any documentation or reports submitted to VH or HUD, as applicable, within 10 business days of such submission, to include among others: monthly operating summary, annual owner/agent financial statements, annual budget documents, annual project information report, and annual owner certifications, as well as any other documentation required in the County loan documents.
 12. The loan applicant understands and agrees that during the life of the loan, the County may request and shall get from borrower on a year-by-year basis the 12-month operating budget and reports showing total gross revenue, total operating expenses, total debt service payments, payments into the capital replacement reserve, as well as calculation and amount of County loan repayments.
 13. The loan applicant understands and agrees that it must submit to the Department of Housing and Community Development, within 10 business days of their receipt, their accepted contractor bid for the construction of the project, and within 3 months from completion of construction and issuance of occupancy permits for all rental units, evidence of the actual cost of development and construction of the project.
 14. The loan applicant understands and agrees that during the life of the loan, the County may request, and the applicant shall provide among others the following documents/records with respect to any affordable unit in the project: copies of each tenant's file, rental application, executed rental agreement (lease), rental income-restricted unit income certification form with supporting documentation, annual rental occupancy affidavit, and/or income verification.
 15. The loan applicant hereby certifies that the information set forth in this application is true, correct, and complete.
 16. The loan applicant understands and agrees that the information in this application may be disseminated to others for purposes of verification or other purposes consistent with the Virginia Freedom of Information Act. However, except for the Virginia Freedom of Information Act, all information will be maintained, used, or disseminated in accordance with the Virginia Privacy Protection Act. The loan applicant may refuse to supply the information requested; however, such refusal will result in the County's inability to process the loan application.

The original or copy of this application may be retained by the County, even if the loan is not approved or disbursed.

**COUNTY OF LOUDOUN
AFFORDABLE MULTIFAMILY HOUSING LOAN PROGRAM
APPLICATION REQUIREMENTS AND SCORING CRITERIA**

APPLICATION REQUIREMENTS

ALL ITEMS LISTED BELOW MUST BE INCLUDED WITH THE LOAN APPLICATION. INCOMPLETE APPLICATIONS WILL BE REJECTED.

Item	Provided (Y/N)
1. Two physical (1 original and 1 copy) and one electronic (e-mail) copy of the loan application and attachments.	
2. A summary statement of facts that explains how this project will preserve the greatest number of rent restricted or market affordable rental units to serve the County’s households at the greatest need in the most economically sustainable way. At a minimum, the summary statement shall include whether and how the development (i) meets the transportation needs of residents, (ii) approaches to Internet connection (whether broadband will be provided, the type of coverage and its costs - including estimates of costs on the operating expenses side), and (iii) provides common facilities and other amenities available on-site and in the larger market-rate development, if applicable, and its cost.	
3. Submit a signed affidavit.	
4. \$1,000 loan application fee (non-refundable).	
5. Loan applicant’s organizational chart, including ownership structure identifying corporate/partnership membership in levels to show individuals’ names rather than entities as ultimate owners, with percentage of interest by each level of ownership.	
6. Organizational chart of the project developer (including the managing member/partner of the loan applicant), including ownership structure identifying corporate/partnership membership in levels to show individuals’ names rather than entities as ultimate owners, with percentage of interest by each level of ownership.	

7. Organizational chart of the proposed affordable housing project manager, including ownership structure identifying corporate/partnership membership in levels to show individuals' names rather than entities as ultimate owners, with percentage of interest by each level of ownership.	
8. One page resume of each ultimate owner listed in response to numbers 5, 6 and 7	
9. Operating or partnership agreement of loan applicant.	
10. Disclosure of each principal's (named in the above organizational charts) participation on previous or same year affordable housing applications or project within or outside the County, including the status of those projects, the demographic being served, and support services provided, if any. In the case of non-profit organizations, provide brief, but substantive, information about its mission or purpose, population served, and a summary of existing projects or programs developed/administered by the organization, including any previous experience in Loudoun County.	
11. Virginia State Corporation Commission's certification of good standing of loan applicant, developer, and property manager entities. If a single purpose entity is the owner, certificate of good standing of the member(s), manager(s) or managing member(s), shareholder(s), or partner(s) of such entity, as applicable; section 501(c)(3) Determination Letter, if a non-profit organization.	
12. Applicant financial statements as required to be submitted or already submitted to VH and/or the HUD 221 (d)(4) Affordable programs, with analysis of the organization's financial position and its ability to support the project for which loan funds are requested, with indicators of how the submitted financial statements supports the proposition that the organization is/will be able to support the project.	
13. Letter from each member of the loan applicant's team, including but not limited to those listed in 5, 6, 7 and 8 above, certifying that he/she is not or has not been debarred from participation in any federal program nor have any unresolved default or noncompliance issues with the County of Loudoun or the Commonwealth of Virginia.	
14. Purchase listing, bid notification, and/or site control documentation. The applicant should provide a summary description of the project's location including the immediate neighborhood, civil association, or condominium, as applicable, and the context of other development/uses in the adjacent area; the amenities and services available near the project, the distance of those amenities from the site, including access to public transit; land acquisition cost by acre and square foot (including discount by the seller, if any), as well as explanation of other costs, besides vacant land acquisition (e.g.	

<p>improvements, proffers, utilities, infrastructure), that has been included within the bid or agreed upon purchase price for the site, if any, with evidence to support such additional costs.</p> <p>The location information shall include: a photo of the site, a map showing street names, if the property is served by transit currently, how far away is the closest current transit stop, existing address or closest key intersections (if the property has no current mailing address), census tract(s) of the proposed development, and plans to address transportation needs of residents.</p>	
<p>15. Environmental site assessment <u>when the project will be accompanied by a Project-Based Voucher application.</u></p>	
<p>16. Zoning approval, including special exception, if any, that demonstrates that the proposed development is a matter of right.</p>	
<p>17. Relocation assistance plan for existing and occupied buildings resulting in the displacement of current occupants, if applicable.</p>	
<p>18. Project development budget in the form of sources & uses of funds (provided in Excel format), and proposed project schedule. The full project development budget should include the financing sources with itemized amounts (federal, other public, private entities), status of commitment, timing and intended use of all the sources, as well as known acquisition cost, construction/rehabilitation cost, contingencies and all anticipated financing and soft cost (professional/legal/appraisal fees, architectural and engineering fee, construction loan interest, developer fees, marketing costs, real estate taxes, insurance costs, any loan or financing fees, building permits costs, anticipated relocation expenses and consultant fees) calculated on an aggregate, per unit and square foot basis, both with respect to the total financing sources available and with respect to the County loan. Any item, including contingencies, with a cost of \$10,000 or higher should be individually identified in the development budget. The total amount budgeted for contingencies needs to be shown as well.</p> <p>This section of the application should also include a list of other funding sources the developer has applied for or plans to apply for this development, whether those applications were submitted or will be submitted, as applicable, as well as estimated time for their approval or rejection.</p> <p>The proposed project schedule shall include pre-development, site control, development site approval (with enumeration of any known or potential</p>	

<p>challenges to development of the site), financing milestones (including use of sources received) and if applicable, construction milestones through completion, occupancy and lease up.</p>	
<p>19. Thirty year operating pro forma, as applicable, (including aggregate & per unit amounts) (provided in Excel format).</p> <p>The proforma should include at a minimum: rental revenues and ancillary income, as well as expenses such as market vacancy; operating and management costs (e.g. cost/expenses associated with support services including permanent supportive housing units provided at the site and cost of broadband); real estate taxes; all fees the applicant expects to pay from the operating budget, reserves for operating deficits (operating reserves) and any contingency amount, lease up and future capital expenses, including the capital replacement reserve; developer’s and other fees and amount of the deferred fees; reserve for replacement deposits; hard debt service; the term required to fully repay the County’s loan; methodology used/to be used during life of the County’s loan for calculating cash flow to repay such loan, as well as waterfall for distribution/disbursement of such cash flow. Any item, including contingencies, for an amount of \$10,000 or higher should be individually identified in the operating pro-forma.</p> <p>This section of the application shall also state whether the applicant has applied for Project Based Vouchers, how many PBVs have been requested, and how those PBVs are intended to be used (e.g., whether the PBVs will be used to pay for the Permanent Housing Units).</p>	
<p>20. Tax credit calculations, if applicable (provided in Excel format).</p>	
<p>21. Letters of intent or interest for all funding sources identified in the loan application, if applicable and available. At a minimum, a narrative of all proposed funding sources, amounts and status of the application must be provided.</p>	
<p>22. Loan applications proposing projects developed using the LIHTC and/or HUD 221(d)(4) Affordable program must present a plan for the project that addresses the after-the-initial-15-year compliance period, which clearly describes the exit strategy for the limited partner and anticipated ownership changes; any anticipated refinancing, re-syndication, or sale to a third party; and how affordability will be maintained through the extended affordability period.</p>	

<p>23. Factual or documentary evidence to support factual description of the type of support services and programs the applicant is proposing for the project, its estimated operational costs, and how those costs will be supported.</p>	
<p>24. Provide documentary evidence to support that common amenities offered to residents of the master development where the affordable housing project will be located will be available to the residents of the affordable housing project at no additional cost to such residents.</p>	
<p>25. Architectural concept plan and design, including interior and exterior materials to be used. For projects that involve rehabilitation/renovation of existing buildings, a capital/physical needs assessment or a property condition needs assessment is also required.</p>	
<p>26. Construction estimate including estimated cost of additional features in the project above Code of Virginia and County ordinance regulations, e.g., fully accessible units, green certifications, Universal Design, on an estimated aggregate amount and on a per unit basis. If Universal Design units/common spaces are proposed, an itemized list of the UD required and optional elements to be provided should be included.</p>	
<p>27. Project architect's certification of registration in Virginia.</p>	

**County of Loudoun Affordable Multi-Family Housing Loan
SCORING CRITERIA
GENERAL CRITERIA FOR ALL PROJECTS**

Criteria	Scoring Guidance	Max. Points Available
SECTION 1: Consistency with Countywide Housing Needs		
Commitment Period	Highest Points: 75 + years commitment to maintaining affordability of units consistent with targeted households as proposed.	5
Affordable Units at or below 60% AMI	Points awarded in accordance with number of units at AMI lower than 60%. Highest points awarded if at least of 50% of the units are for AMI lower than 60% and the application proposes ten percent (10%) or more of the project units to benefit households at 30% AMI -Extremely Low Income (ELI).	5
Extremely low-income units ¹	Highest Points: Ten percent (10%) of the project units or more to benefit ELI households, with ELI units not to be served by Project Based Vouchers.	4
Size of the units	Highest Points: Forty percent or more of the project units are entry-level worker units of 1 bedroom or studios.	5
The project provides housing for older adult residents.	Highest Points: Twenty percent or more of the project units are senior housing, with 100% of the units for older adults being fully accessible, 504 compliant, and meeting requirements of ADA and ANSI A117.1	5
The project provides housing for persons with disabilities.	Highest Points: Twenty percent or more of the project units are housing for persons with disabilities, with 100% of those units fully accessible, 504 compliant and meeting requirements of ADA and ANSI A117.1.	5
Transportation	Highest Points: Proposed project is located within walking distance (approximately .25 mile) to public transportation.	5

¹ Serves households up to 30% AMI

Permanent Supportive Housing Units	Higher points awarded in accordance with number of permanent Supportive Housing Units proposed for individuals with a history of chronic homelessness and/or with a disability. Highest points awarded when the Permanent Supportive Housing units are funded using sources different from County's social programs like the PBV program or similar, the applicant has provided an alternative Supportive Services Plan provided by a registered 501 (c) (3) not-for-profit organization, and the Plan complies with applicable regulations.	10
Geographic distribution	Highest Points: The project is located within the Urban Policy Areas, the areas surrounding the Silver Line Metro stations and along Route 7 and Route 28 interchange, redevelopment and infill areas, or an incorporated Town.	5
SECTION 1 Total maximum points available		49
SECTION 2: Project Design		
Universal Design	The project applies Universal Design principles to allow the built environment to be usable by people of all ages and abilities; promotes the ability for people to age in place. Points awarded in accordance with number of units compliant with UD elements and type of optional elements chosen.	5
Building Innovation	Highest Points: The project meets an established green building standard such as, but not limited to, Passive House, Living Building Challenge and EnergyStar Certification; LEED, EarthCraft, or other similar certifications accepted by HUD or VH, with ongoing energy use tracking, uses energy efficient design and construction principles; promotes high performance and sustainable buildings, and minimizes construction waste and other negative environmental impacts.	3
Development Amenities	Highest Points: The project will provide on- site amenities that could include, but not be limited to community meeting room, outdoor playground, swimming pool, greenspace, community garden, etc.	3

Community Amenities	Highest Points: The project will provide residents with access to common elements and amenities provided to residents of the market-rate master development where the affordable housing project is located (if applicable) including trails, pool, playground, etc.	2
Broadband	The development will provide broadband infrastructure in all of the units. Highest points: Service provided at no cost to residents.	3
Location within the Community	Highest Points: The project will be located within walking distance (approximately .25 mile) of existing employment opportunities, public schools, and other amenities that could include, but not be limited to library, hospital, food store, park, community center.	5
<i>SECTION 2 Total maximum points available</i>		<i>21</i>
SECTION 3: Project Readiness		
Planning, design, and construction process	Highest points: Site plan or use permit process identified and approved by County's planning staff. Construction plan and documents (architectural, civil engineering, specifications) are permit-ready, and the construction budget is aligned with such plans.	3
Public participation process	Highest points: Civic association consulted; appropriate schedule for public participation process in place.	3
Feasibility	Highest points: Demonstrated a feasible plan through the documents/information provided within the loan application package and a reasonably to-be-accomplished milestone schedule.	5
<i>SECTION 3 Total maximum points available</i>		<i>11</i>

SECTION 4: Experience		
Design Team Experience	Highest Points: Design team with extensive (10+ years) experience in green design and construction.	3
General Contractor Capacity and Experience	Highest Points: Selected general contractor demonstrates exemplary track record in projects of similar size, scale, type, and complexity to the proposed project to have delivered similar projects on time, on budget, and to the highest quality standards, while maintaining compliance with applicable industry and environmental regulations.	3
Developer Experience	Highest Points: The applicant submitted documentation of experience as a developer of affordable housing, to include taking projects through a community process and obtaining approvals; receiving Low Income Housing Tax Credits; inclusion on the VH experienced developer list; closing on debt and equity financing; history of repayment and obtaining building permits.	5
Other Projects' Completion by Developer	Highest Points: Proven track record of completing affordable housing projects on budget and on schedule.	3
Property Management	<p>Highest Points: Selected management agent demonstrates successful track record in projects of similar size, scale, type, and complexity to the project proposed, including demonstrated ability to maintain ongoing compliance over the life of a project.</p> <p>Applicant has submitted documentation of proven property management experience, well-maintained, violation-free properties, compliance with occupancy requirements, and overall tenant satisfaction in properties managed by the proposed manager.</p>	3
Architect and/or Construction Manager	Highest Points: Selected architect and selected construction manager demonstrates a successful track record in project of similar size, scale, type, and complexity to the proposed project and has experience to ensure that proposed design is compliant with all applicable regulations, including	3

	environmental, accessibility standards, zoning, and historic preservation. Architect and/or Construction Manager have capacity/experience to provide project oversight to guarantee delivery on time, on budget, and to the highest quality standards.	
Experience Partnering with Service Providers	<p>Highest Points:</p> <p>1) Tier One: The applicant has provided a detailed plan for managing and delivering support services to special needs populations based on previous partnering with social service providers and of having provided excellent management and support services to special needs populations.</p> <p>2) Tier Two: The applicant has provided a detailed plan for managing and delivering support services to special needs populations.</p>	3
Fiscal and Organizational Health and Team Capacity	<p>Highest Points: The applicant is fiscally and organizationally sound, as evidenced by the financial statements. The applicant has the financial and workload capacity to make the project a top priority, execute it as scheduled in terms of time and budget, and based on the information provided, it is reasonable to assume that the applicant will be able to develop and manage the project as proposed.</p>	3
<i>SECTION 4 Total maximum points available</i>		26

SECTION 5: Budget and Leverage		
Sources of Funds	Highest Points: The project financing plan is sound, reasonable, and includes competitive sources. The applicant has submitted firm financial commitments for other sources of financing, shown the financing gap of the project, and demonstrated consistency with accepted underwriting standards. The project proposes to utilize public and private partnerships and utilizes state and federal housing programs to assist in fulfilling unmet housing needs and the financing gap.	5
Uses of Funds	Highest Points: The project budget is clear, accurate, thorough, and contains a realistic set of sources and uses; acquisition costs are at or below appraised value; construction costs are supported by contractor estimates and at or below local industry standard for projects of similar size, type and complexity located in the proposed location or proximity, and fees and soft costs are reasonable and at or below local industry standard. Applicant presents evidence of maximizing resources to minimize construction costs as possible and within compliance with industry standards.	5
Leverage and Subsidy	Highest Points: The applicant has submitted documentation of strong leverage. Minimum ratio of 1:5 (Fund's sources to other sources).	3
Developer Participation	Highest Points: Developer contribution (e.g., deferred developer fee, a sponsor loan, or a seller note up to 50% of the County loan request) equals at least 10% of the County loan request.	3
Income	Highest Points: Income projections are reasonable and consistent with rents for targeted households; vacancy rates and other income are reasonable and based on industry standards.	3
Operating Costs	Highest Points: Operating costs are consistent with those documented for other recent local similar developments.	3
<i>SECTION 5 Total maximum points available</i>		22

GENERAL CRITERIA MAXIMUM POINTS AVAILABLE	127
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Additional criteria and points apply if a rehabilitation project:

REHABILITATION CRITERIA

Type of Project	Highest points: Rehabilitation of housing projects with an existing and expiring affordability deed/covenant restriction.	5
Rehabilitation/Renovation projects	Highest Points: The project provides for adaptive re-use of existing unused, or underutilized structures or materials to provide affordable housing with the goal of upgrading the housing quality for affordable housing	5
REHAB MAXIMUM ADDITIONAL POINTS AVAILABLE		10

Loan applicant should submit with its loan application, any additional materials, not previously listed, that provide support of the applicant’s plan for any of the point scoring categories.