INSTRUCTIONS FOR COMPLETING FORM 202

This guide provides information for completing the Form 202 application form. The specific information that is to be entered into the individual fields on the application form is described in detail below. The Form 202 has been updated in 2023 to collect additional development program information in several tabs, and to address issues identified in the prior version.

The current version of the Form 202 (2024 v4) must be used for all applications. While additional tabs can be incorporated to share additional detail (e.g. further itemized soft costs), applicants should not alter the format or content of the workbook.

"1. SIGNATURE" Tab

Drop down menus on the Signature tab are used to select the worksheets that are displayed for each project. Complete all the drop-down menus that correspond with your project accurately to display all required worksheets. The "LIHTC Funding Requested?" drop down must be marked "Yes" if the project intends to use either 4% or 9% LIHTCs.

A PDF copy of the signed signature page must be provided with the application.

"2. INSTRUCTIONS" TAB

A short list of instructions for filling out the Form 202 is also available on the Instructions tab. The list within the Form 202 is not exhaustive and should be used in conjunction with this guide along with individual notes in cells.

Team Info—"3. TEAM_INFO" TAB

Applicants should complete all fields and dropdown menus on tab. If the project owner/borrower name has not been determined at time of application, then simply input "TBD" in the Owner/Borrower Name field. Applicants should select entity type from the drop-down menu which identifies the legal and accounting type of business organization. Applicants should also complete all fields related to the development team on the tab.

Project Timeline – "4. TIMELINE" Tab

Applicants should outline each step required to complete the project. Key milestones have been identified in the form, but Applicants should add detail as necessary.

The Category and Project Step fields are hard coded on the Timeline tab. The Date Completed/ Expected; and Notes fields are text fields. Notes should be provided on the status of any pending item.

Project Income – “5. INCOME” Tab

Residential Income:
For all units in the project**,** enter: the number of bedrooms and baths per unit; percent (%) of median income (select as a drop-down menu option); the number of units of this size and type; the unit size in net leasable square footage; tenant paid utilities; and the tenant paid rent to be paid by the tenant and any subsidy. Additionally, select the subsidy for each unit type in the other federal or district source column. Drop down menu options have also been added for accessibility type, supportive housing, and applicable funding sources. Input the proposed Residential Rental vacancy/collection loss rate into cell N47.

Median Family Income of Affordable Units: This summary section automatically calculates from the Residential Income Section.

LRSP Units & Income; Unit Types by Number of Bedrooms: This new summary section automatically calculates from the Residential Income Section.

Tenant Paid Utilities:
If tenants will pay monthly utilities, show the type of utilities by marking the appropriate box, and describing the utility type (gas, electric, etc.).

Total Gross Square Footage:
Provide the total as-completed square footage for the project, defined as any use included under the ownership entity that receives DHCD funding. Any use that is in a separate condominium or under a separate ownership structure should not be included in the total gross square footage. This box is used throughout the remaining worksheets to calculate the per sq. ft. cost of the project.

Nonresidential Income:
Nonresidential income includes but is not limited to commercial space, parking, laundry facilities and vending machines. For all nonresidential income in the project, show a description of the income type and/or size; the square footage (if applicable) and the income generated. Input the proposed Nonresidential vacancy rate into cell N70.

Effective Gross Income:
This is the sum of the effective gross income for all income producing uses in the project (residential and nonresidential sources).

Non-Income Producing Units:
For all community, common and other non-income producing units or spaces included in the project, show the number of units (if applicable) and the square footage of each type of space. The total square footage for all units is the sum of the unit size multiplied by the number of units for each size and type. Manager’s or staff units where the occupant is not being charged rent should be included here.

For projects using a condominium or tax lot structure:

Projects proposing a condominium/tax lot ownership structure to separate DHCD-eligible uses and DHCD-ineligible uses should complete this section. For example, if a project is separating DHCD-eligible residential units from market-rate units within the same project or for projects proposing a commercial space.

Ineligible Condo Residential Income:
For all units in the ineligible condo**,** enter: the number of bedrooms and baths per unit; percent (%) of median income; the number of units of this size and type; the unit size in net leasable square footage; tenant paid utilities; and the contract rent to be paid by the tenant and any subsidy. There are also drop-down menus for accessibility, and special populations. The monthly income is the contract rent, adjusted for utilities, and multiplied by the number of units of this size and type. The total net leasable square footage for all units is the sum of the unit size multiplied by the number of units for each size and type. Input the proposed vacancy rate into cell N90.

Ineligible Condo Nonresidential Income:
Nonresidential income includes but is not limited to commercial space, parking, laundry facilities and vending machines. For all nonresidential income in the project, show a description of the income type and/or size; the square footage (if applicable) and the income generated. Input the proposed vacancy rate into cell N100.

Summary of Project Square Footage Components:
Please complete the summary of the building components beginning in Row 108.

Project Expenses – "6. EXPENSES" Tab

Project expenses must be included for any use included under the ownership entity that receives DHCD funding. Expenses for any use that is in a separate condominium or under separate ownership should not be included in the project expenses.

Fill in the annual estimated expenses for each type listed that is applicable to the project. Input Management Fee percentage into cell B10. Utility expenses include only those items paid by the owner and should not include tenant paid utilities.

Cost per unit values will automatically calculate based on the number of units entered in "INCOME" tab; "Total Units" can be found in D46.

Total Operating Expenses:
This is the sum of total administrative expenses, total utility expenses, total operating and maintenance expenses, total taxes and insurance and reserve for replacement deposits.

Net Operating Income:
Net Operating Income is found in cell D80 and is calculated by subtracting the Total Operating Expenses from the Effective Gross Income for the project.

Total amount of utilities (if any) attributed to in-unit utilities paid by the owner:
New for 2023, cell D83 enables the Applicant to input any total in-unit utilities paid for by the owner. Per the RFP, these expenses do not count towards the DHCD operating expense limit.

Predevelopment Budget – "7. PREDEVELOPMENT_BUDGET" Tab

The predevelopment budget should be consistent with any information submitted to DCHFA.

All predevelopment sources and uses for the project that the developer has incurred or will incur should be listed in the predevelopment budget.

Total Residential Units and Total Gross Square Footage will calculate automatically from information provided on the "INCOME" tab. These totals are used to calculate the Cost per Sq. Ft. and Cost per Unit columns.

Development Budget – "8. DEVELOPMENT_BUDGET" Tab

Fill out the total estimated cost for each use of funds listed that is applicable to the project in column C "Total Budgeted Cost."

Total Residential Units and Total Gross Square Footage will calculate automatically from information provided on the "INCOME" tab. These totals are used to calculate the Cost per Sq. Ft. and Cost per Unit columns.

Residential Total:
The Residential Total column (column G) is calculated by multiplying the amounts in the Total Budgeted Cost column by the Residential Percentage in cell G8. The Residential Percentage in cell G8 should be input by the developer and is the percentage of the Total Development Cost assigned to all residential uses (market rate, affordable, amenities, etc.)

Non-Residential Total:
The Non-Residential Percentage column (Column R) is calculated by multiplying the amounts in the Total Budgeted Cost column by the inverse of the Residential Percentage in cell G8. This represents the amount of the Total Development Cost assigned to commercial space at the project.

Sources by Uses:
Beginning in cell H7, list each source being utilized for Residential (eligible and ineligible) and Non-Residential development. Allocate each Residential and Non-Residential cost by source. The Sources should match the sources on the "PERMANENT FINANCING" Tab and total

amount of each source should match the total amount of each source indicated on the "PERMANENT FINANCING" Tab.

If there are more than two non-residential sources, click the plus sign above column W at the top of the page for each the non-residential section. There are two additional columns for non-residential sources.

For mixed-income projects with Residential uses that are ineligible for DHCD funding (i.e., market-rate units or units over 50% MFI for a new construction project applying for HPTF), click the plus sign above column R to show the ineligible sources columns. Separate the 1st mortgage listed on the "PERMANENT FINANCING" Tab into two sources:

1. 1st Mortgage – DHCD-eligible, which is the amount of 1st mortgage supported by income from DHCD-eligible units/uses; and
2. 1st Mortgage – DHCD-ineligible, which is the amount of 1st mortgage supported by income from DHCD-ineligible units/uses.

List each as a source in the Residential section of the development budget and allocate uses accordingly. The same should be done for Deferred Developer Fee or any other source that will be used by DHCD-ineligible uses.

For mixed-use projects, separate the 1st mortgage listed on the "PERMANENT FINANCING" Tab into two sources:

1. 1st Mortgage – Residential, which is the amount of 1st mortgage supported by income from residential units; and
2. 1st Mortgage – Non-Residential, which is the amount of 1st mortgage supported by income from commercial uses.

List the residential source in the Residential section of the development budget and the commercial source in the Non-Residential section and allocate uses accordingly. The same should be done for Deferred Developer Fee or any other source that will be used by the Non-Residential uses.

For projects that are both mixed-income and mixed-use and have Residential uses that are ineligible for DHCD funding, click the plus sign above column Q to show the DHCD-ineligible sources columns. Separate the 1st mortgage on the "PERMANENT FINANCING" Tab into three sources:

1. 1st Mortgage – DHCD-eligible (Residential), which is the amount of 1st mortgage supported by income from DHCD-eligible residential units/uses;
2. 1st Mortgage – DHCD-ineligible (Residential), which is the amount of 1st mortgage supported by income from DHCD-ineligible residential units/uses; and
3. 1st Mortgage – Non-Residential, which is the amount of 1st mortgage supported by income from commercial uses.

List the DHCD-eligible and DHCD-ineligible sources in the Residential section of the development budget and the commercial source in the Non-Residential section and allocate uses accordingly. The same should be done for Deferred Developer Fee or any other source that will be used by both DHCD-ineligible residential and commercial uses.

For all uses, include notes which describe assumptions and bases for calculations, including inputs for calculations in columns X, Y, and Z. Columns X, Y and Z can be accessed by clicking the plus sign above column AA.

Please note that ineligible uses within the same ownership entity as the DHCD-supported affordable units are the uses that are expected to be displayed in the DEVELOPMENT BUDGET Tab. Ineligible uses that have been segregated via a condo or tax lot structure do not need to be shown in the DEVELOPMENT BUDGET tab. A separate sources and uses budget is expected to be submitted for any non-DHCD financed project components that are legally separated, or a separate tab can be added into your existing Form 202 model.

Please use Column X, Y, and Z (unhidden by clicking on plus sign) to explain the assumptions behind the Development Budget line items. DHCD expects to be provided sufficient detail to understand the basis for the assumptions in the Development Budget tab. After a project is selected for further underwriting, additional supplemental worksheets to detail cost assumptions and the projected flow of funds/draw schedule for the project are expected to be incorporated.

Acquisition Costs:
If the site includes existing buildings, allocate the cost between land and acquisition. Any carrying costs, relocation costs, etc. should be separated into the other acquisition rows.

Construction Costs:
Net construction costs (shown in the Department's Form 215 – Detailed Cost Estimate) are construction costs that do not include a builder's general conditions/requirements, builder's profit, general overhead, bond premium, construction contingency or other fees. Bond premiums include the actual premium paid for performance and payment bonds or the actual cost paid to a lending institution for letters of credit to ensure construction completion. A construction contingency as a percentage of the total construction contract is required to fund unforeseen construction work items.

Soft Costs:
Architect and Engineer costs are generally limited to 2-6 percent of total development costs. Architect and Engineer Supervision costs are generally limited to 1-3 percent of total development costs. Marketing costs must be supported by a budget.

DCHFA Financing Costs:
Include all anticipated financing and transaction related costs related to the District of Columbia Housing Finance Agency ("DCHFA"). These costs are for all DCHFA executions. Applicants should note that DHCD's LIHTC Allocation Fee and DC's LIHTC Fee are costs specific to District of Columbia's Department of Housing and Community Development financing products and SHOULD NOT be inputted in this category.

Other Financing Costs:
Construction interest is calculated on the funds disbursed during the construction loan period based on a projected monthly draw schedule. Title and recording costs are those estimated by the title attorney. A financing contingency may not exceed 1 percent of total development costs to cover unanticipated interest and financing costs.

Any tax credit or syndication cost that is not specifically allocated to a line item in the financing fee section should be added together and inputted in the Tax Credit Fee/Legal in cell B88.

Developer's Fee:
These figures are automatically filled in at the maximum developer fee calculated at the bottom of the spreadsheet. If the developer would like to request a lower fee, the cell is editable by reducing percentages in cells C139 and C144 and can be reduced manually.

Guarantees and Reserves:
The amounts in the guarantees and reserve section should only include capitalized reserves and other guarantees being funded at closing.

Total Uses of Funds:
This is the sum of acquisition, construction costs, soft costs, financing fees and charges, developer's fee, and total guarantees and reserves. This total is also referred to as the Total Development Cost.

Construction or Bridge Debt Financing--"9. CONSTRUCTION_BRIDGE_DEBT" Tab

Applicants are to itemize all project construction and short-term financing, and sort debt products and executions between short-term bonds, construction loans and bridge loans. Applicants are to complete all fields in each table including the repayment source fields (cells H5, H10 and H16). The calculated interest per draw schedule fields (cells I12 and I18) are not required for the application stage but will be expected to be completed with the Form 202's submission at a later underwriting stage.

Permanent Financing – "10. PERMANENT_FINANCING" Tab

Applicants should fully complete this tab.

Permanent Financing-1st Deed of Trust:
For all permanent debt, indicate the type of funds, the source of funds (bond issuer or lender), the required debt service coverage ratio (DSCR), the interest rate, the amortization period of the loan, the actual loan term, and the required LTV. With these inputs, the sheet will calculate maximum annual debt service principal and interest. Should there be supplemental permanent debt to the 1st Deed of Trust, then applicant can access the "Mezzanine/Supplemental Must Pay Debt" by clicking the plus next to row 23.

Please note that the senior lender loan sizing formula is for demonstration purposes and is subject to lender discretion. For specific sizing related to tax-exempt bonds, please confer with DCHFA.

Solar ITC Equity and other Green Building Sources:
A new separate section for 2023, please complete all columns for all sources in this section. All Green Building Source Type are to be identified via the drop down menu in column C.

Subordinate Residential Debt/Grants (Including Existing DHCD Loans):
For each source of subordinate debt or grant, use pull down menu to indicate “Source Type”, “Public/Private”, “Type”, “Financing” and “Repayment Source.”

Please use the designated cell (K35) to input your proposed deferred developer fee.

DHCD funding cannot be used to subsidize an ineligible use. As explained in the development budget section above, for mixed-income, mixed-use, and projects that include both mixed-income units and mixed-uses, the first trust debt should be separated into DHCD-eligible, DHCD-ineligible, and Non-residential sources. The affordable units cannot *cross-subsidize* an ineligible use, thereby indirectly increasing the project’s request for gap financing. Separating the first trust debt into these three uses allows DHCD to confirm affordable units are not subsidizing ineligible uses.

Other Equity Sources:
For LIHTC equity, indicate the source of equity and equity pricing. The amount of LIHTC is automatically updated from the LIHTC_EQUITY tab.

Please note that the default dropdown options for the types of tax credit equity contributed to a project should not be modified except for cell C44, which should be updated to 4% LIHTC or 9% LIHTC, whichever is applicable. Please also note that Solar ITC equity is no longer inputted in this section.

DHCD Loan Amount:
The “not-to-exceed” or maximum DHCD loan amount is automatically calculated in cell K65 of the 10. PERMANENT_FINANCING tab.

Summary Sources and Uses—”11. SUMMARY_S&U

The Summary Sources and Uses tab separates sources and uses by the project’s construction and permanent phases. Applicant should sort project sources and uses in the appropriate categories and input numerical values in white fields.

20 Year Operating Pro Forma –“12. 20-YR_PRO_FORMA” Tab

At the top of this page, enter the first full year of expected sustained occupancy in cell D3 and years until sustaining occupancy in cell D7. In addition provide inputs for annual income and expense trending in accordance with DHCD underwriting guidelines. With this information, the pro forma will automatically populate with information from the 5. INCOME, 6. EXPENSES, and 10. PERMANENT_FINANCING tabs. Please check that income and expense are trending correctly, and that sources are accurately reflected.

Income:
The section of the worksheet will calculate trended income figures based on the number of years between filing this application and expected sustained occupancy. Each year after that, the annual income for the low-income, market rate and nonresidential uses will be increased annually for income and increased annually for expenses, as shown at the top of the worksheet. The vacancy allowance is the sum of the vacancy/collection loss rate times the income for each type of income.

As part of the 2023 update, LRSP income and LRSP escalation have been broken out in the income escalation section to comply with rent reasonableness requirements and allow for more nuance in assumptions. LRSP units will be populated from the 5. INCOME tab. Applicant should enter escalation on an annual basis in row five.

Expenses:
The section of the worksheet will calculate trended expenses based on the number of years between applications and expected sustained occupancy. The management fee, typically a percentage of collected rents, is to be trended based on rent and occupancy trends. Other expenses will be increased annually at rate in D6. The trended Net Operating Income is calculated by subtracting the trended Expenses from the trended Effective Gross Income.

Primary Debt Service Financing:
Annual debt service payments are entered for each year from the 10. PERMANENT FINANCING tab. The debt service coverage ratio is calculated by dividing the annual Net Operating Income by the annual total debt service payments.

Subordinate Payments:
Annual cash flow payments are calculated for each year by multiplying the cash flow by the Percentage of Cash Flow for Payment shown in the DHCD loan terms section of the 10. PERMANENT FINANCING tab. The remaining cash flow is calculated by deducting Total Cash Flow Debt service from the Available Cash Flow. All anticipated payments must be estimated in this section.

Please note there is now a dedicated space to include SREC income from Solar Panels. If SREC income is not underwritten as part of a project’s effective gross income, it is expected to be shown in the subordinate payments section as a credit that enables a slightly larger deferred developer fee.

DHCD Repayment:
New for 2023, in alignment with DHCD's updated loan documents, available net cash flow is now bifurcated during the deferred developer fee repayment period. The proforma now reflects 10% of cash flow (as opposed to 0% previously) going towards DHCD's loan and 90% of cash flow going towards the deferred developer fee note. After the deferred developer fee is paid off, the cash flow split reverts to 75% going towards DHCD's loan.

Projected Draw Schedule/Flow of Funds – "13. DRAW SCHEDULE" Tab

New for 2023, a starting draw schedule template has been made available for applicant's use. While rental and homeownership projects are not expected to submit a complete Draw Schedule at the application stage, homeownership projects are expected to complete the Residential Absorption and Construction Loan Paydown Analysis section starting at row 59 as part of their application's Form 202 submission. This section requires the Applicant to input timing assumptions for the projected delivery and sell-out period for their proposed homeownership units. These inputs in turn help quantify the corresponding net sale proceeds available on a monthly basis to pay for construction period financing sources and any remaining uses such as developer fee.

The Draw Schedule is available as a standalone tab and is also included as tab 13 in the Form 202 2023 v2. It is unlocked and can be fully integrated and expanded as needed to align with the Development Budget and other tabs. In addition, applicants are still allowed to utilize their own format for a draw schedule. DHCD will require a complete, fully detailed draw schedule later in the underwriting phase should a project be selected for further underwriting.

Low-Income Housing Tax Credit Eligible Basis – "14. LIHTC_ELIGIBLE_BASIS" Tab

This tab is only visible to projects that have selected "Yes" to the question "LIHTC Funding Requested?" (cell H13) on the 1. SIGNATURE tab.

The Residential Total from the 8. DEVELOPMENT_BUDGET tab will populate Column C.

The eligible depreciable or LIHTC basis for the project should be separated into Acquisition and New Construction/Rehab. Greyed out cells are items that DHCD does not believe should be included in eligible basis. The developer's eligible basis amount as determined by this tab may change during DHCD's underwriting.

Numerical results in the New Construction/Rehab Basis column are calculated by multiplying column C (Residential Total) by column D (% in Basis). Applicants should manually input the percentage in column D by use line item to arrive at the New Construction/Rehab Basis. The default inputs should be refined as needed.

The applicable fraction will be applied on the 14. LIHTC_EQUITY tab. Do not discount the amounts on the 15. LIHTC_ELIGIBLE_BASIS tab for LIHTC ineligible units as that will incorrectly reduce the eligible basis for the units twice.

New for 2023, Bond Basis is broken out separately in column I and J to allow for a more nuanced aggregate basis calculation. Please update the Bond Basis percentages as needed and input the requested bonds (if applicable) in cell H130.

Low-Income Housing Tax Credit Equity – “15. LIHTC_EQUITY” Tab

This tab is only visible to projects that have selected “Yes” to the question “LIHTC Funding Requested?” on the 1. SIGNATURE tab.

The three questions at the top of the worksheet are to determine the weighted average basis boost for the project. First, select the number of buildings in the project. Second, select “Yes” if any building is in a difficult to develop area, a qualified census tract, or has been granted a Department Basis Boost by DHCD. Third, select the number of buildings that qualify for the basis boost. This will determine the weighted average basis boost for the project.

The Eligible Basis for both Acquisition and New Construction/Rehab will populate from the “13. LIHTC_ELIGIBLE_BASIS” tab.

Input any amounts of grants, loans, non-qualified, non-recourse financing, and Historic Rehabilitation Tax Credits that the project is receiving into rows 12-15.

The calculation for the Applicable Fraction is at the bottom of the page and will automatically select the lesser of the percentage of affordable units or percentage of affordable square footage.

Applicant should also select the project’s Minimum Set Aside via the drop-down menu in cell I7.

New for 2023, updates have been made to the solar ITC and federal LIHTC calculation to account for the Inflation Reduction Act of 2022, and solar ITC equity is now separately calculated in the 10. PERMANENT FINANCING tab. In addition, the calculation of 9% LIHTC based on a capped allocation amount has been automated.

DC Low-Income Housing Tax Credit Equity – “16. DC_LIHTC_EQUITY” Tab

This tab is expected to be completed if a project is utilizing DC LIHTC.

This tab is only visible to projects that have selected “Yes” to the question “LIHTC Funding Requested?” on the 1. SIGNATURE tab.

Input the DC LIHTC Equity Pricing in cell I14. The DC LIHTCs generated by the project, the Equity

Raised from DC LIHTC, and the DC LIHTC Fee due to DHCD will calculate automatically. Please note that DC LIHTC should be priced no lower than $0.70 per tax credit.