



MEMORANDUM

To: Members of the Rappahannock-Rapidan Regional Commission
From: Patrick L. Mauney, Executive Director
Date: June 15, 2021
Subject: Virginia Housing PDC Housing Development Program

In May, Virginia Housing (formerly VHDA) released a new funding opportunity known as the Planning District Commission Housing Development Program. From the program handbook, also enclosed here, the program is designed to support PDCs/Regional Commissions as intermediaries in order to:

- Promote regional approaches to housing project/program planning and development
- Enhance collaboration between regional and local organizations comprising the housing delivery network
- Strengthen PDC capacity to address housing opportunities identified in state studies/reviews as well as the Virginia Housing Strategic Plan: Opportunity 2024

After consulting with Chair Taylor, staff developed and submitted an application indicating our interest in the program ahead of the June 4th deadline. However, we have asked for Virginia Housing representatives to be present at the June 23rd meeting to review the program and overall goals for the Commission. Mr. John Payne will be present from Virginia Housing to speak on the program.

As outlined in the handbook, this is a three-year funding stream with a goal of supporting actual production of affordable or workforce housing units, either via new construction, acquisition and rehabilitation of existing vacant units or adaptive re-use of existing structures to incorporate new housing units. Staff does not envision the Commission serving in any development role, aside from serving as an intermediary for the available funding for housing development organizations.

Staff also foresee a need to utilize the Executive Committee, or an as yet unformed Commission subcommittee, to provide oversight and governance for this program.

REQUESTED ACTION: Authorization for the Executive Director to execute contractual agreements with Virginia Housing for the PDC Housing Development program, if awarded, and to designate the Executive Committee or other sub-committee to oversee the program.



**Planning District Commission (PDC)
Housing Development Program
Handbook**

**Grants Programs and Initiatives
Effective: May 1, 2021**

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1. Program Description

According to the Code of Virginia, Planning District Commissions (PDCs) in Virginia were created “to encourage and facilitate local government cooperation and state-local cooperation in addressing on a regional basis, problems of greater than local significance (CODE OF VIRGINIA, SECTION 15.2-4207.) Since housing is generally recognized as an issue within regional markets, PDCs can play a unique role in addressing the need for affordable and workforce housing from a regional perspective.

Accordingly, the **PDC Housing Development Program** supports Planning Districts Commissions as intermediaries in order to:

- promote regional approaches to housing project/program planning and development
- enhance collaboration between regional and local organizations comprising the housing delivery network
- strengthen PDC capacity to address housing opportunities identified in state studies/reviews as well as the Virginia Housing Strategic Plan: Opportunity 2024.

The housing outcomes envisioned by this program focus on the actual production of new affordable and workforce housing units that can serve as a model for further development both within the sponsoring PDC as well as other PDCs throughout the Commonwealth. Such housing production can result from the construction of new units, the acquisition and rehabilitation of existing vacant units, or the adaptive re-use of existing structures to incorporate housing units.

Furthermore, this program seeks to increase the inventory of affordable housing units in underserved markets, including rural areas and historically marginalized communities, with a focus on first-time homebuyers. This program is also intended to foster income and economic integration through housing development and revitalization projects in areas of opportunity that include mixed-use and/or mixed-income rental developments.

This program is a thirty-six (36) month intensive process that offers two track options and focuses on each PDC reaching its definitive milestones in order to produce the development of single-family and/or multifamily affordable housing units. Once the development of these units is complete, homes must remain affordable to individuals or families whose incomes do not exceed 80% of Area Median Income (AMI). Mixed use developments must designate at least 60% of its square footage for housing. 100% of homeownership and/or rental developments must be used for housing.

Awards are based on the PDC’s readiness to complete the project and availability of Virginia Housing funding.

The program is divided into two-track options:

- **Track 1:** PDCs with no current or previous housing development experience. This track will allow the PDC to establish new project partners before developing their project analysis.

- **Track 2:** PDCs with current or previous housing development experience. This track will allow the PDC more time dedicated to the project analysis. PDCs in this track may also develop multiple projects.

1.1. Freedom of Information Act

Virginia Housing is subject to, and will at all times comply with, the Virginia Freedom of Information Act (“FOIA”). Virginia Housing’s policy is to apply exemptions to FOIA when such exemptions are available as set forth in the Virginia Code.

1.2. Conflict of Interest

No officer or employee of an applicant or awarded organization shall have a personal interest in a contract with that organization of which he/she is an officer or employee.

2. Application Process

Virginia Housing grants funds to PDCs in order to foster a regional approach to housing development for low- to moderate-income renters and homeowners; underserved markets; and Virginia's workforce. Awards are based on an organization's readiness, development focus, previous performance, and the availability of Virginia Housing funding.

Agencies seeking funding should apply to Virginia Housing's Notice of Funding Opportunity (NOFO) located in the Grants Management System at <https://vhdagrants.com/>. **For questions concerning this program or assistance with application submission, contact Matt Bolster, Strategic Housing Officer, at (804) 343-8631.**

All applications must be submitted electronically using the Virginia Housing Grants Management System at <https://vhdagrants.com/>. Applications submitted beyond the end date stated in the Virginia Housing NOFO will not be accepted.

2.1. Eligibility Guidelines

To be eligible for funds under the PDC Housing Development Program, the applicant must be designated as a Planning District Commission as set forth in CODE OF VIRGINIA, SECTION 15.2-4200 et. seq.

2.2. Schedule

The budget and period of performance for this grant is thirty-six (36) months from the grant award.

Units must be habitable before the end of the performance period.

2.3. Eligible Activities

The PDC must comply with this handbook and complete the program phases in its designated track. Track requirements are listed below.

2.3.1. Track One Overview

2.3.1.1. Program Development

During Phase 1-3, PDCs should engage with stakeholders; locate key partners; and design the program processes and procedures it will implement to ensure project development.

2.3.1.2. Project Analysis

During Phase 4-6, PDCs should carry out project assessments and ensure project selection in line with its designated program.

2.3.1.3. Project Development

During Phase 7-9, PDCs should ensure the site selection and development of its project.

Phase I: Program Design

Months 1-3

- PDC will conduct organizational assessment.
- PDC will coordinate with local governments to determine priorities and key initiatives its program can support.
- PDC will identify program strategies, goals, objectives, capacity, restrictions, expected outcomes, available resources, budget limits, and timelines.
- PDC will begin documenting its program and awareness strategies
- PDC will conduct initial outreach with potential partners.

Phase 2: Investment Plan

Month 4

- PDC will document its investment plan.
- PDC will identify the process by which program income will be reinvested in the project
- PDC will identify who will be responsible for tracking program income and reinvestment.
- PDC will ensure a line of credit is secured.
- PDC will develop recruitment strategies and mechanisms such as but not limited to RFPs

Phase 3: Partnership Development

Months 5-7

- PDC will select partners.
- PDC will document partnership guidelines including but not limited to project core values, expectations and commitments, communication methods and deadlines, roles, goals and measurements for evaluation.
- PDC will obtain signed guideline agreements with project partners.

Phase 4: Project Analysis

Month 8

- PDC will identify project manager and review panel.
- PDC will conduct project analysis and comparison
- PDC will identify project scope, cost, and determine parameters for each project's completion.
- PDC will list each stage of the project, and develop an action plan for project design, outcome tracking, and evaluation.

Phase 5: Project Selection

Month 9-10

- PDC will select project to implement.
- PDC will identify resources required for each phase, activity, and tasks for successful completion.
- PDC will identify any task, process, or activities that are dependent upon completion between work items.
- PDC will develop action plan and identify milestones in scope of work.

Phase 6: Innovation, Eco-friendly, and Universal Design Assessment

Months 11-12

- PDC will conduct assessments to identify opportunities for innovation, eco-friendly, and universal design.
- PDC will identify the specific innovation, eco-friendly, and universal design elements and where they will be implemented in the project.

Phase 7: Predevelopment

Months 13 - 18

- PDC will ensure community feedback meetings with neighbors and other stakeholders are conducted in order to gather input and address concerns on the project. PDC will aggregate and analyze data in order to adapt the project (if applicable).
- PDC will ensure financial planning is conducted– LIHTC, grants, conventional loans, etc. PDC will prepare cost estimation and budget.
- PDC will ensure environmental assessments are conducted.
- PDC will ensure design decisions, systems and materials to be used for project are identified.
- PDC will ensure site location(s), required permits and feasibility are identified.

Phase 8: Predevelopment

Months 19 - 24

- PDC will ensure land acquisition or securing option rights to purchase land is completed.
- PDC will ensure site surveys such as but not limited to topography, access to utilities, storm-water runoff, traffic studies, and archeology are conducted.
- PDC will ensure infrastructure improvements occur
- PDC will identify potential barriers and predetermined alternatives/solutions to address them.
- PDC will ensure the documentation of the overall project schedule.

Phase 9: Development

Months 25 - 36

- PDC will ensure project development and identify effort and cost tracking systems/tools.
- PDC will identify any modifications to project plan and ensure the update of project schedules.
- PDC will identify task assignments to be executed.

2.3.2. Track Two Overview

2.3.2.1. Program Development

During Phase 1-3, PDCs should engage with stakeholders; locate key partners; and design the program processes and procedures it will implement to ensure project development.

2.3.2.2. Project Analysis

During Phase 4-6, PDCs should carry out project assessments and ensure project selection in line with its designated program.

2.3.2.3. Project Development

During Phase 7-9, PDCs should ensure the site selection and development of its project.

Phase I: Project Analysis Months 1	Phase 2: Key Player Identification Month 2	Phase 3: Project Selection Months 3-4
<ul style="list-style-type: none">•PDC will identify project strategies, goals, objectives, capacity, expected outcomes, budget, limits, and timeline.	<ul style="list-style-type: none">•PDC will identify all strategic partners and stakeholders who will be involved in project.•PDC will ensure a line of credit is secured.	<ul style="list-style-type: none">•PDC will identify project manager and review panel.•PDC will conduct project comparison and organizational assessment, and determine resources available•PDC will identify project scope, cost, and determine parameters for project completion.•The PDC will list each stage of the project, and develop an action plan for project design, outcome tracking, and evaluation.

Phase 4: Partnership Development

Month 5-7

- PDC will follow-up with partners to identify and document, core values, expectations and commitments, communication methods and deadlines, key players and roles, and goal measurements and evaluation.
- PDC will obtain signed guideline agreements with project partners.

Phase 5: Innovation, Eco-friendly, and Universal Design Assessment

Month 8-10

- PDC will conduct assessments to identify opportunities for innovation, eco-friendly, and universal design.
- PDC will identify the specific innovation, eco-friendly, and universal design elements and where they will be implemented in the project.

Phase 6: PDC Investment Plan

Months 11-12

- PDC will document its investment plan.
- PDC will identify the process in which program income will be reinvested in the project.
- PDC will identify who will be responsible for tracking program income and reinvestment.

Phase 7: Predevelopment

Months 13 - 18

- PDC will conduct community feedback meeting with neighbors and other stakeholders to gather input and address concerns on the project
- PDC will conduct financial planning – LIHTC, grants, conventional loans, etc. PDC will prepare cost estimation and budget.
- PDC will conduct environmental assessments.
- PDC will identify design decisions, systems and materials to be used for project.
- PDC will identify site location(s), required permits and feasibility.

Phase 8: Predevelopment

Months 19 - 24

- PDC will ensure land acquisition or securing option rights to purchase land is completed.
- PDC will conduct site surveys - topography, access to utilities, storm-water runoff, traffic studies, archeology, etc.
- PDC will ensure infrastructure improvements occur.
- PDC will identify potential barriers and predetermined alternatives/solutions to address them.
- PDC will establish overall project schedule.

Phase 9: Development

Months 25 - 36

- PDC will initiate project development and identify effort and cost tracking systems/tools.
- PDC will identify any modifications to project plan.
- PDC will identify task assignments to be executed.

2.4. Application Requirements

The Application package must include:

2.4.1. Proposed Budget

The proposed budget may not exceed the PDC's designated tier.

- Population jurisdiction up to 99,000 - \$1,000,000
- Population jurisdiction from 99,000 to 600,000 - \$2,000,000
- Population jurisdiction over 600,000 - \$3,000,000

2.4.2. Attachments

The following must be attached to the application:

- Agency authorized official certification
- ACH
- W-9
- Charter
- Organizational Chart
- Negotiated Indirect Cost Rate Agreement (NICRA) (if applicable)

2.5. Eligible Expenses

Approved organizations will only receive disbursement and reimbursement for the applicable expenses outlined in this section. Virginia Housing reserves the right to reject funding requested for any costs that are outside the scope of activities listed below:

2.5.1. Salaries and Fringe

Personnel time provided to ensure the PDC's completion of the project. Staff must be listed in the application.

2.5.2. Project Specific Marketing

Advertising and/or materials developed to increase community awareness about the designated project. General marketing of the organization is not eligible.

2.5.3. Consultant Fees

Contracted services to facilitate meetings, develop proposals and/or facilitate development.

2.5.4. Contractor Fees

Construction services to develop the project.

2.5.5. Soft Costs

Fees directly related to the project's development; such as permitting fees, utility connections, final design, inspection fees, surveys, and capitalization fees

2.5.6. Materials

This includes items needed to develop the project.

2.5.7. Equipment

This includes tangible personal property having a per-unit acquisition cost which equals or exceeds \$5,000.

2.5.8. Indirect Costs

Administrative costs associated with the project. Note, unless the applicant has an existing Negotiated Indirect Cost Rate Agreement (NICRA) this amount is 10% of the direct cost incurred.

2.6. Restrictions

- Applicants are limited to one grant at a time.
- The \$20,000 initial draw must be used for eligible expenses and the agency must maintain documentation of expenses throughout the required reporting period stated in the grant agreement.
- PDCs awarded in Track Two may develop multiple projects under this funding opportunity; however, the description of each project must be listed in the application.
- No more than 85% of the award may be requested prior to completion of Phase 8.
- Acquisition funding requests may not exceed 25% of the award, and must be for land used by the project to be developed under this program. The following must be submitted with acquisition funding requests, and approved by Virginia Housing in its sole discretion.
 - Detailed development plan
 - Clean title as determined by Virginia Housing
 - Appraisal
 - Environmental Study
 - Proof of line of credit secured by applicant or partnering organization (note: partnership organizations must have a signed partnership agreement)
- Land banking is not permitted.
- Funds may not be used for land trust development.
- Capitalization fees reimbursement requests must be directly related to the project developed under this program. A detailed development plan must be submitted with capitalization fee reimbursement requests.

- Mixed use developments must designate at least 60% of its square footage for housing.
- 100% of homeownership and/or rental developments must be used for housing.
- A minimum of ten (10) units must be developed per \$1,000,000 awarded
- Homeownership units generated by this grant shall have sales price and income limits consistent with Virginia Housing limits for that area or region unless lower limits are mandated by the use of leveraged financial resources from other funding sources. The most recent limits can be access by visiting <https://virginiahousing.com/loanlimits>.
- Rental developments generated by this grant must maintain 80% AMI or less for all units
- Mixed-use rental developments must maintain 50% of the units at 80% AMI or less. 50% may be unrestricted unless otherwise mandated by the use of leveraged financial resources from other funding sources.
- Market Analysis is not covered under this funding opportunity; however, it may be applied for under the Community Impact Grant funding opportunity.
- Applicants with an existing or previous Virginia Housing grant must not have any outstanding compliance issue(s) or issues resulting in funds withheld within the twelve (12) months before application submission.
- Projects must be in the predevelopment phase within the first fourteen (14) months. Failure of an applicant to be in the predevelopment phase of its project within twenty-four (24) months will result in termination of the grant.
- If contractor fees are requested, applicants must ensure at least three (3) bids have been solicited from developers prior to developer selection
- No more than 85% of the award may be requested prior to completion of Phase 8.
- All program income generated must be reinvested into the project.
- One-time extension may be granted to extend the development phase (only) up to twelve (12) months.
- Funds may not be used to pay for activities currently funded by another funding source.
- Consultants receiving funds under this grant may in no way have an existing relationship (current employment or voluntary) with the PDC during the term of this grant.
- Funds may not be used for, in support of, or to develop owner-occupied rehabilitation, rent assistance or emergency shelters.

2.7. Approval

Funds will be awarded based on an assessment of the organization's application and the availability of Virginia Housing funds.

The selected PDC will receive a Grant Award Notification (GAN) and a Grant Agreement if approved for funds under the award. The PDC must return the Grant Agreement to Virginia Housing with signature by an authorized representative.

Approval may take up to thirty (30) days.

2.8. Denial

PDCs that are not approved for funds will receive a letter from Virginia Housing explaining the denial of grant funds.

2.9. Disbursement

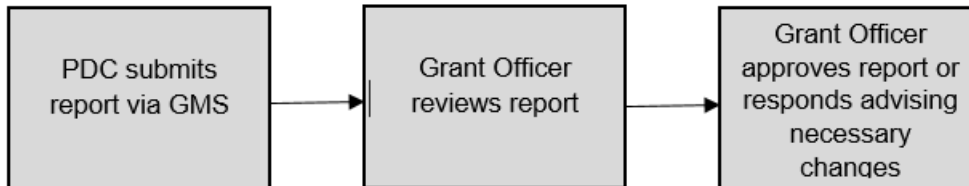
After award execution, grantees may request an initial disbursement prior to incurring expenses up to \$20,000 via claim submission. Funds should be used, at minimum, to assist in the completion of Phase I. Remaining funding will be reimbursed for applicable activities outlined in Section 2.5. Virginia Housing reserves the right to reject funding requested for any costs that are outside the scope of activities listed under this program.

3. Reporting

PDCs are required to submit a quarterly status report detailing the progress of the project.

PDCs are also required to submit a final report at the completion of the project. The final report must include videos and/or photos and three available dates and times for site visits.

The review process is below:



3.1. Status Report Schedule

Status Reports should be submitted via the Grants Management System as follows:

- October 15 for the months July 1 through September 30
- January 15 for the months October 1 through December 31
- April 15 for the months January 1 through March 31
- July 15 for the months April 1 through June 30

4. Claims

After award execution, grantees may request an initial disbursement prior to incurring expenses up to \$20,000 via claim submission. Funds should be used, at minimum, to assist in the completion of Phase I.

Grantees may also request funds for acquisition prior to incurring expenses up to 25% of the award. Funding must be for land used by the project to be developed under this program. The following must be submitted with acquisition funding requests:

- Detailed development plan
- Clean title
- Appraisal
- Environmental Study
- Proof of line of credit secured by applicant or partnering organization (note: partnership organizations must have a signed partnership agreement)

Remaining funding is on a reimbursement basis.

No more than 85% of the award may be requested prior to completion of Phase 8.

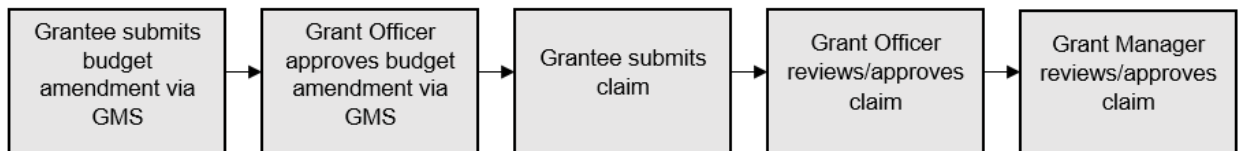
Proof of payment must be submitted with the claim for each expense in which reimbursement is requested.

Amount requested per line item cannot exceed the currently approved budget.

4.1. Claims Request Process

Grantees must allocate funds from their award line item to the allowable budget line item in which they'd like to be reimbursed via a budget amendment request in the Grants Management System by the last day of the quarter prior to the submission of a claim. Grantees will then submit a claim to request disbursement and/or reimbursement based on Section 2.11.2. Expenses may not exceed budget line items, as a result applicants are encouraged to estimate their budgets carefully.

The review process is below:



4.2. Claims Schedule

Claims should be submitted via the Grants Management System as follows:

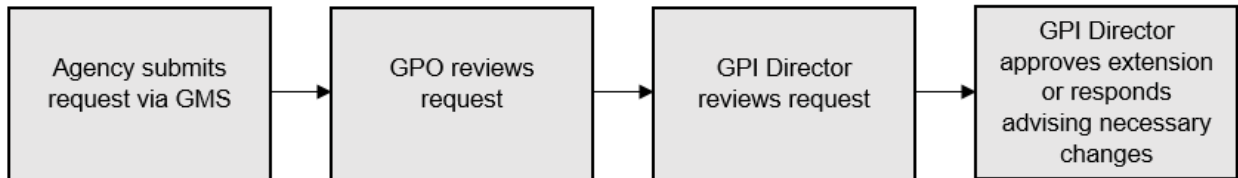
- October 15 for the months July 1 through September 30
- January 15 for the months October 1 through December 31
- April 15 for the months January 1 through March 31
- July 15 for the months April 1 through June 30

5. Contract Changes

5.1. Period of Performance

If an agency wants to extend its development phase after award approval from Virginia Housing, it must submit a contract amendment to extend its period of performance via the Grants Management System (GMS). Contract amendments may only be submitted for the development phase once an agency has reached its predevelopment phase; and an agency's period of performance may only be extended up to twelve (12) months. Funds will not be disbursed on items that occur outside of the approved performance period. Virginia Housing must approve all changes to the performance period.

The review process is below:



6. Reviews

Virginia Housing may conduct a review of a grantee's program operations to ensure proper accountability and compliance with program requirements.

For the PDC Housing Development Program, an on-site inspection by a compliance officer will be conducted before the release of final payment.

Using the findings of a review, Virginia Housing may determine whether to continue participation unconditionally or conditionally. Additionally, the findings of a review may serve as a basis for determining future grant funding for the PDC.

Grantees will be notified at least fifteen (15) days before reviews.

Applicants will be required to submit a Certification of Compliance six months after the end of the period of performance to ensure proper affordability is maintained for units developed under this program.