

# Community Service Facilities: Listening Session Supplement

September 21, 2020

*This document is intended to provide sufficient information to:*

- *Help listening session attendees develop comments or questions in advance of the session*
- *Help those unable to attend provide written input through the 2021 QAP Written Input Survey ([click here](#))*

## COMMUNITY SERVICE FACILITIES

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### DEFINITIONS

#### *Community Service Facility*

Any facility:

- Located in a qualified census tract
- Designed to serve primarily individuals whose income is 60% or less of area median gross income (AMGI) within the meaning of section 42
  - Used to provide services that will improve quality of life for community residents
  - Taxpayer must demonstrate that the services provided are appropriate and helpful to individuals whose income is 60% or less of AMGI – this may be demonstrated through the market study or a similar study.
  - Must be located on the same tract of land as one of the buildings that is part of the development
  - If fees are charged they must be affordable to individuals whose income is 60% AMGI or less.
- Used throughout the taxable year as a community service facility
- The increase in the eligible basis of any low-income building attributable to the adjusted basis of any community service facility is limited to:
  - (1) 25% of so much of the eligible basis of the qualified low-income housing project of which it is a part as does not exceed \$15,000,000, plus (2) 10% of so much of the eligible basis of such project as is not taken into account under (1) above.
  - For purposes of limiting the costs included in eligible basis, all community service facilities associated with the same development are treated as one facility.

### ISSUES

- Although the QAP does not prevent applicants from submitting applications proposing a Community Service Facility (CSF), it is currently silent on the topic.
- Currently, high costs associated with CSFs may require interested developers to submit cost waivers and may be prohibitive to including in most applications.
- Since CSFs have been historically rare throughout the United States, DCA wants to ensure it distributes its limited resources to developments that can ensure success in service provision and community benefit.

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## PROPOSAL: PILOT PROGRAM

DCA proposes a small pilot program that provides cost waiver exceptions to developments proposing a CSF, rather than including CSFs as a scoring category in the QAP. Applicants selected through the pilot process would then proceed to submit a full application for DCA's review.

### *Limit number of exceptions*

- No more than 5 applications will be selected to receive a cost waiver exception in the pilot process. DCA is not obligated to select any.

### *Criteria for exceptions*

To inform DCA's review process, applicants would participate in a Shark Tank style pitch at Pre-Application. This process would be subjective and may involve non-DCA staff as reviewers. The pitch would be a virtual or in-person 30-minute – 1-hour presentation inclusive of questions from the reviewers. Applicants would not be limited by any specific types of services, but would be encouraged to offer services that target any of the following:

- Veterans
- Disability
- Homelessness
- Job Training
- Health (physical and/or mental)
- Education
- Immigrant populations
- HIV/AIDS services
- Prison re-entry

Applicants would be required to provide at minimum, the following during the pitch:

- Development Team
- Project Concept
- Facility Size
- Facility Layout plan
- Service Operator
- Staffing plan
- How services will be financed
- Developer's previous experience with service enriched housing
- Description of capacity and sustainability of the proposed services

Evaluation would be based on the capacity and financial sustainability of the proposed services, including any additional funding sources, degree to which the proposed services meet a unique community need, and the development team's prior experience in delivering successful service enriched housing.

### *Submission*

- In addition to the pitch, applicants would be required to submit their proposal in writing. Applicants would also be required to submit evidence of the proposal meeting all Section 42 CSF requirements as outlined in the definitions section of this document.

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## ADDITIONAL CONSIDERATIONS

- DCA will not underwrite proposed CSFs. Nor will DCA be party to any CSF master leases.
- DCA would likely limit the size of proposed CSFs to 5,000 square feet.