2017 Housing Trust Fund
Stage 2 Application Workshops

Nathan Peppin
Project Management & Underwriting Manager

Sean Harrington
Project Manager & ESDS Manager

May-June, 2017
Seattle, Everett, Olympia, Yakima, Spokane
Final Slides: Published on June 9, 2017
Welcome & Today’s Agenda

• Welcome & introductions
• Why are we here
• Main topics:
  ▪ Overview of the 2017 funding cycle
  ▪ Anticipated funding – state & federal
  ▪ History: 2012-2016 application process & evaluation
  ▪ Homeownership funding & evaluation process
  ▪ Multifamily evaluation process (3-steps):
    1. Application Thresholds
    2. Scored Priorities
    3. Project Viability & Other Determinants
• Questions & Answers
Why Are We Here?

• To help applicants submit a complete and competitive application
• To provide more:
  • Clarity
  • Transparency
  • Predictability
  • Consistency
• To offer applicants an opportunity for questions and feedback
Overview of the 2017 Funding Cycle

- Combined Funders Application has minor or no changes from last year
- Homeownership application will be separate and homeownership-specific (work-in-progress!)
- HTF Addendum will have some additional questions
- Stage 1 is no longer a pre-requisite to apply in Stage 2
- **Applicants must follow all of the NOFA* instructions**
- If there is a conflict between the NOFA and the HTF Handbook, the NOFA must be followed (if in doubt, contact HTF staff before the submittal deadline)

*Notice of Funding Availability (aka solicitation for applications)*
Overview of the 2017 Funding Cycle (continued)

- The HTF evaluation criteria will be clearly described in the Stage 2 NOFA
- The HTF criteria are not new, but differently evaluated
- All criteria based on RCW, Capital Budget, and current policy
- **Multifamily** evaluation process has now been separated into 3 steps:
  1. Application Thresholds
  2. Scored Priorities
  3. Project Viability & Other Determinants
- **Homeownership** evaluation process has not changed (see HTF Handbook)
The Recent Past (2012-2016)
Multifamily Project Review

High/Medium/Low rating on seven criteria:

1. Scope (incl. population, ESDS)
2. Funding sources
3. Services
4. Readiness
5. Operating budget
6. Development budgets
7. Organizational strength & history

Other determinant factors included:
Geographic distribution
Public funders, tax credit program coordination
Local priorities
A New Multifamily Evaluation Process

- Resulted from a collaboration with PAT* subcommittee incl. stakeholders, developers, other funders, etc.
- Will continue to evolve to meet current demands, as we watch for unintended consequences
- Is based on RCW, Capital Budget, and current policy
- Was tested on the 2016 batch of applications
- Will be described in detail in the Stage 2 NOFA

* Policy Advisory Team, a subcommittee of the Affordable Housing Advisory Board. For more details, visit the PAT website.
2017 Housing Trust Fund Anticipated Timeline

- **June**: Budget Released
- **July**: Stage 2 NOFA Published
- **August**: HTF Review Period
- **September**: Coordination with Other Public Funders
- **October**: Final Reconciliation
- **November**: Stage 2 Applications Due
- **December**: Awards Announced
Anticipated State Funding for 2017 & 2018 Based on 2017-19 Biennial Budget Proposals

<table>
<thead>
<tr>
<th>2017-2019 DRAFT BIENNIAL CAPITAL BUDGETS</th>
<th>GOVERNOR</th>
<th>SENATE</th>
<th>HOUSE</th>
</tr>
</thead>
<tbody>
<tr>
<td>COMPETITIVE - NEW UNITS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Homeless people with chronic mental illness with low or no-barrier, case-managed housing/PSH (homeless not specified in the House Budget)</td>
<td>$ 21,312,000</td>
<td>$ 17,232,000</td>
<td>$ 24,370,000</td>
</tr>
<tr>
<td>Homeless veterans (homeless not specified in House Budget)</td>
<td>$ 8,880,000</td>
<td>$ 7,180,000</td>
<td>$ 5,590,200</td>
</tr>
<tr>
<td>Homeownership</td>
<td>$ 8,880,000</td>
<td>$ 7,180,000</td>
<td>$ 5,590,200</td>
</tr>
<tr>
<td>People with disabilities (DD in House Budget)</td>
<td>$ 8,880,000</td>
<td>$ 7,180,000</td>
<td>$ 2,795,100</td>
</tr>
<tr>
<td>Non-traditional/innovative housing for homeless people</td>
<td>$ 2,795,100</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Homeless families with children</td>
<td>$ 19,536,000</td>
<td>$ 15,796,000</td>
<td></td>
</tr>
<tr>
<td>Homeless youth</td>
<td>$ 8,880,000</td>
<td>$ 7,180,000</td>
<td></td>
</tr>
<tr>
<td>Seniors</td>
<td>$ 6,216,000</td>
<td>$ 5,026,000</td>
<td>$ 39,131,400</td>
</tr>
<tr>
<td>Farmworkers</td>
<td>$ 6,216,000</td>
<td>$ 5,026,000</td>
<td></td>
</tr>
<tr>
<td>Other low income &amp; special needs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>COMPETITIVE - PORTFOLIO PRESERVATION</td>
<td>$ 10,000,000</td>
<td>$ 10,000,000</td>
<td>$ 10,000,000</td>
</tr>
<tr>
<td>COMPETITIVE – Disaster housing for 80% AMI incl. last 2 biennia</td>
<td></td>
<td></td>
<td>$ 5,000,000</td>
</tr>
<tr>
<td>DIRECT APPROPRIATIONS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(incl. 2 non-traditional/innovative projects in the Senate Budget)</td>
<td>$ 2,772,000</td>
<td>$ 14,772,000</td>
<td>$ 11,098,000</td>
</tr>
<tr>
<td>TOTAL HTF BIENNIAL APPROPRIATION</td>
<td>$ 101,572,000</td>
<td>$ 96,572,000</td>
<td>$ 106,370,000</td>
</tr>
</tbody>
</table>
Anticipated Federal Funding for 2017

• Commerce anticipates to receive:
  • Approx. $3 Million in HOME funds
  • Approx. $4 Million in National Housing Trust Fund funds (2017 awards may include an operating subsidy)

• **HTF allocates federal funds simultaneously with the state HTF** – same multifamily application and review process (no homeownership)

• **Some** applicants will receive an award including both state and federal funds

• **All** applicants should assume that they MAY receive federal funds as part of an award, **unless the project is not a “good candidate” for the federal program**

• HTF staff will work with the successful applicants to determine best state/federal combination
Anticipated Homeownership Funding for the 2017 and 2018 Funding Cycles

- The Legislature has not passed a 2017-2019 Capital Budget as of the date of this presentation
- Current Budget drafts are indicators that homeownership may receive funding in the HTF appropriation
- HTF plans to award approx. 50-60% of the biennial appropriation in 2017 and the rest in 2018
- Homeownership projects will be exclusively funded with State HTF funds

<table>
<thead>
<tr>
<th>Governor’s Proposed Capital Budget 12/14/2016</th>
<th>Senate’s Draft Capital Budget 3/30/2017</th>
<th>House’s Draft Capital Budget 4/12/2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>$8,880,000 (10% of $88,800,000 biennial competitive funds)</td>
<td>$7,180,000 (10% of $71,800,000 biennial competitive funds)</td>
<td>$5,590,200 (7% of $80,272,000 biennial competitive funds)</td>
</tr>
</tbody>
</table>

http://www.ofm.wa.gov/budget17/default.asp
http://leap.leg.wa.gov/leap/archives/index_budgetsp.asp
Homeownership Application Process

• $600,000 cap per applicant per year

• Separate homeownership application forms and sections (work-in-progress!)

• No changes to the current evaluation process:
  o Applications will need to meet certain thresholds (per current policy, see HTF Handbook)
  o Applications will receive High/Medium/Low ratings

• Applicants may be awarded funds for fewer units than requested to equitably distribute funds across the state
Homeownership Funding Criteria

- Statewide geographic distribution (approx. 30% rural)
- Scope
- Population income levels
- Project readiness (zoning, permits, full funding, etc.)
- Costs (overall and per unit)
- Leverage of other funds
- Local funding & support
- Applicant contribution

- Opportunity-rich community:
  - Access to employment
  - Access to training
  - Access to transit
  - Collaboration with schools
- Applicant organization assessment and capacity, history with HTF
- Evergreen building standards (ESDS)
Today’s Remaining Agenda Items

• **Multifamily Applications Evaluation Process (3-steps):**
  1. Application Thresholds
  2. Scored Priorities
  3. Project Viability & Other Determinants

• **Questions & Answers**
2017 Funding Decision Making

- Three Decision Points

Point 1
- Thresholds

Point 2
- Priorities

Point 3
- Determinants

"Must haves" in order for an application to be further reviewed.

Projects are scored and ranked in three geo. pools (102 max points).

Coordination with public funders, project viability, other requirements.
Overview of the 2017 Funding Decision Making

- Three Decision Points
  - Point 1: Thresholds
  - Point 2: Priorities
  - Point 3: Determinants
Point 1 - Thresholds

- T-1 Timely & Complete Submittal
- T-2 Eligible Activities
- T-3 Eligible Applicant
- T-4 Amount Requested
- T-5 Readiness
- T-6 Evergreen Standard (ESDS)

**NOTE:** All thresholds must be met; they will be clearly described in the Stage 2 NOFA.
Point 1 - Thresholds

• T-1 Timely & Complete Submittal

Applications must be complete, have all required attachments or additional documents at the time of application submittal.

Additional information or corrections will **NOT** be accepted after the deadline, unless specifically requested by HTF staff (such as clarification on an entry, missing attachment, etc.).

(HTF Handbook, Sec 303.1, 303.4.1)
Point 1 - Thresholds

Elements of the Combined Funders Application:

All Funders

- Sections (Word)
- Forms (Excel)

Individual Funders

- Addendum (Word)
- Attachments

(HTF Handbook, Sec 303.1, 303.4.1)
Point 1 - Thresholds

• T-2 Eligible Activities

Activities must be eligible under the HTF legislation and per HTF stated policies (the HTF Handbook). Applicants are responsible for ensuring that their application meets this criterion by becoming familiar with the HTF Handbook and RCW 43.185 and 43.185A.

(HTF Handbook, Sec 202.2)
Point 1 - Thresholds

- T-3 Eligible Applicant
  
a. **Applicant Type**: The applicant must be an eligible applicant per the HTF legislation:

  “Organizations that may receive assistance from the department under this chapter are local governments, local housing authorities, nonprofit community or neighborhood-based organizations, federally recognized Indian tribes in the state of Washington, and regional or statewide nonprofit housing assistance organizations.”

(RCW 43.185A.040, HTF Handbook, Sec 202.1)
Point 1 - Thresholds

• T-3 Eligible Applicant

b. Experience: The applicant must have recent (e.g., last 5-7 years) and relevant (e.g., HTF) housing development experience...

OR partner with a developer that has recent and relevant housing development experience.

(HTF Handbook, Sec 206.2)
Point 1 – Thresholds (applicant example)

APPLICANT A: 10 similar projects in 10 years

APPLICANT B: First HTF Project

Development Consultant C: 10 similar projects in 10 years
Point 1 - Thresholds

- T-3 Eligible Applicant

  c. **Good standing:** The applicant organization must be in good standing with the HTF and Commerce and must be fiscally sound.

  The HTF asset management team will determine based on the applicant’s history with HTF and Commerce (per the HTF Handbook).

  Applicants that do not have a history with HTF or Commerce must provide letters of “good standing” from public local funders (city, county).

  (HTF Handbook, Sec 206.1.1)
• **T-3 Eligible Applicant**

d. **Capacity**: The applicant organization must demonstrate financial capacity to perform the proposed activities—both during the completion of development and ongoing operations of the project.

The HTF asset management team will make this determination based on the applicant’s audited financial statements and proposed sources and uses statement.

*(HTF Handbook, Sec 206.1.2)*
Point 1 - Thresholds

- **T-4 Amount Requested**

  a. **Per project**: The maximum award per project is $3 million for multi-family projects and $600,000 for homeownership projects.

  b. **Per applicant**: The maximum award per applicant is $3 million per year and $6 million per biennium. Commerce views organizations that share common by-laws, board members (more than 50 percent), and service area as the same organization within their common service area.

**NOTE**: HTF will make low-interest (1-3%), 40-year loans whenever feasible. Some projects may qualify for recoverable grants.

*(HTF Handbook, Sec 201.3)*
Point 1 - Thresholds

• T-4 Amount Requested

c. **Funding limit waivers:** Organizations can request a waiver of the per-project and annual per-applicant limit; however, they **cannot** receive a waiver of the biennial per-applicant limit.

(HTF Handbook, Sec 201.3)
Point 1 - Thresholds

- **T-5 Readiness**
  
  a. **Site:** The project site must be under control, or the applicant must provide evidence that it will be before contract closing, should the project receive HTF funding. Site control is required at the time of application for all multi-family projects and single-family subdivision developments, but not required for scattered-site projects.

  b. **Zoning:** Zoning must be appropriate for the proposed project, or the applicant must provide evidence that it will be before contract closing, should the project receive HTF funding.

(HTF Handbook, Sec 205.3, 205.11)
Point 1 - Thresholds

• T-5 Readiness

c. **Services**: If applicable to the project, services must be committed to the project. If the applicant does not provide the services, a formal partnership (e.g., MOU) with a qualified and experienced service provider must be evidenced in the application.

d. **Operations & long-term sustainability**: The applicant must demonstrate solid financial operations and long-term sustainability.

Note: The HTF required commitment period is 40 years.

(HTF Handbook, Sec 205.7; 203.2, 206.1.2)
Point 1 - Thresholds

• T-6 Evergreen Standard (ESDS)
  a. **Experience:** The applicant must have prior experience with ESDS or partner with an experienced party as their ESDS coordinator.
  
  b. **Minimum standard:** The project must meet the ESDS minimum score, as applicable to the project type.

(HTF Handbook, Sec 206.2; Evergreen Standard v3.0)
Point 1 - Thresholds

Evergreen Standard (ESDS) point minimums

<table>
<thead>
<tr>
<th>Project Type</th>
<th>Point Threshold</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Construction</td>
<td>50</td>
</tr>
<tr>
<td>“Gut” Rehab</td>
<td>50</td>
</tr>
<tr>
<td>Rehab – Substantial</td>
<td>40</td>
</tr>
<tr>
<td>Rehab - Moderate</td>
<td>40</td>
</tr>
<tr>
<td>Seasonal Farmworker</td>
<td>35</td>
</tr>
</tbody>
</table>

Point 1 - Thresholds

ESDS point minimums - exception for Homeownership projects:

ESDS is required whenever there is new construction or rehabilitation activities involved.

ESDS is *not* required if the project involves homes that are move-in ready *with no renovations*. This must be certified by the applicant.

Exemption applies to:
• down payment assistance (“DPA”)
• community land trusts (“CLT”)
• mobile home parks (“MHP”)

*(to be published in ESDS update)*
Point 1 - Thresholds

All thresholds must be met. Applications that don’t pass one or more of the thresholds will not move forward in the review process.
Point 1 - Thresholds

Threshold Waivers:

- **will be rare:**
  - issued only in rare and exceptional circumstances

- **will require lead time:**
  - requests must be submitted in writing at least 2 weeks in advance of the Stage 2 application due date, OR
  - by the waiver deadline identified in the NOFA

- **will be posted on the HTF website.**

(HTF Handbook, Sec 301.2.1)
Point 1 - Thresholds

Questions?
2017 Funding Decision Making

- Three Decision Points

  - Point 1: Thresholds
  - Point 2: Priorities
  - Point 3: Determinants
Overview of the Scoring Criteria

• Resulted from a 6-month subcommittee work with stakeholders*
• 8 criteria, maximum of 100 base points + 2 ESDS bonus points
• Tested on the 2016 batch of applications
• Projects are ranked and compete within 3 geographical pools (e.g., a rural project doesn’t compete with a King County project)
• “SUM TOTAL” – one scored criterion alone will not determine the likelihood for funding
• May possibly change this year, depending on the final Capital Budget requirements
• Will likely change in future years, as HTF will continue to test and adjust to align with current requirements and changing landscape

* Policy Advisory Team subcommittee
Application Pools

**Overall Pool**
All Stage 2 multifamily applications received in a funding cycle.

**“Geographic” Pools**
Each will be allocated approx. a third of the available funding.
Projects are ranked and compete within each pool.

- King
- Urban
- Rural

**“Cost Containment” Pools**
Used to compare project costs.

- King, Pierce, Snohomish
- Other Metro
- Non-Metro/Rural

(RCW 43.185.050; HTF Handbook Sec 201.2)
Projects will be deemed “rural,” to determine if they contribute to the HTF statutory target of 30% rural projects (see RCW 43.185.050 (1)) and to determine which Evergreen Sustainable Development Standard requirements apply, if they are located in:

1. Counties with a population of less than 90,000, except for those cities within these counties with a population of greater than 25,000. For example, Franklin County except the City of Pasco.

2. Counties with a population greater than 90,000 but less than 390,000 when more than an aggregated 25% of that county’s population resides in one substantially contiguous metropolitan area. In this case, the county except such metropolitan area would be considered Rural. For example: Yakima County except the City of Yakima.

(RCW 43.185.050; HTF Handbook Glossary)
## Point 2 - Priorities

<table>
<thead>
<tr>
<th>Priorities</th>
<th>Minimum Score</th>
<th>Maximum Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>P-1. Populations Served</td>
<td>0</td>
<td>40</td>
</tr>
<tr>
<td>P-2. Privately Owned Housing Stock</td>
<td>0</td>
<td>10</td>
</tr>
<tr>
<td>P-3. Need &amp; Local Priority</td>
<td>0</td>
<td>15</td>
</tr>
<tr>
<td>P-4. Development Costs</td>
<td>0</td>
<td>10</td>
</tr>
<tr>
<td>P-5. Level of HTF Investment</td>
<td>0</td>
<td>15</td>
</tr>
<tr>
<td>P-6. Project Scope &amp; Housing Model</td>
<td>0</td>
<td>10</td>
</tr>
<tr>
<td>P-7. Opportunity Rich Communities</td>
<td>-10</td>
<td>0</td>
</tr>
<tr>
<td>P-8. ESDS Bonus</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Total Maximum Score</td>
<td></td>
<td><strong>102</strong></td>
</tr>
</tbody>
</table>
## Point 2 - Priorities

<table>
<thead>
<tr>
<th>Priorities</th>
<th>Minimum Score</th>
<th>Maximum Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>P-1. Populations Served</td>
<td>0</td>
<td>40</td>
</tr>
<tr>
<td>P-2. Privately Owned Housing Stock</td>
<td>0</td>
<td>10</td>
</tr>
<tr>
<td>P-3. Need &amp; Local Priority</td>
<td>0</td>
<td>15</td>
</tr>
<tr>
<td>P-4. Development Costs</td>
<td>0</td>
<td>10</td>
</tr>
<tr>
<td>P-5. Level of HTF Investment</td>
<td>0</td>
<td>15</td>
</tr>
<tr>
<td>P-6. Project Scope &amp; Housing Model</td>
<td>0</td>
<td>10</td>
</tr>
<tr>
<td>P-7. Opportunity Rich Communities</td>
<td>-10</td>
<td>0</td>
</tr>
<tr>
<td>P-8. ESDS Bonus</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total Maximum Score</strong></td>
<td></td>
<td><strong>102</strong></td>
</tr>
</tbody>
</table>
Point 2 – Priorities

P-1 Populations Served

A. Income – 15 Points

B. Legislatively Targeted Populations – 15 Points

C. Prioritization of Targeted Populations – 10 Points

**NOTE:** The Population Served criteria and corresponding scores may be adjusted to fulfill provisos or set-aside requirements in the Capital Budget. Refer to the Notice of Funding Availability (NOFA) for details. All units indicated in the application (e.g., as being targeted for a Legislatively Targeted Population) will be required and incorporated into the contract, should the project receive an award.
Point 2 – Priorities
P-1 Populations Served

Size versus Focus

However...

* Affordable housing units at or below 80% AMI
Point 2 – Priorities

P-1 Populations Served - examples

**Large, higher income spread**

- 100 affordable housing units*:
  - 9 for 30% AMI

- Points
  - Size = 7.5
  - Incomes = 0.68
  
  = 8.18 points (out of 15)

**Small, more focused**

- 10 affordable housing units*:
  - All for 30% AMI

- Points
  - Size = 0.75
  - Incomes = 7.5

  = 8.25 points (out of 15)

* Affordable housing units at or below 80% AMI
## Point 2 – Priorities
### Legislatively Targeted Populations

<table>
<thead>
<tr>
<th>2017-2019 DRAFT BIENNIAL CAPITAL BUDGETS</th>
<th>GOVERNOR</th>
<th>SENATE</th>
<th>HOUSE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>COMPETITIVE - NEW UNITS</strong></td>
<td>$ 88,800,000</td>
<td>$ 71,800,000</td>
<td>$ 80,272,000</td>
</tr>
<tr>
<td>Homeless people with chronic mental illness with low or no-barrier, case-managed housing/PSH (homeless not specified in the House Budget)</td>
<td>$ 21,312,000</td>
<td>$ 17,232,000</td>
<td>$ 24370,000</td>
</tr>
<tr>
<td>Homeless veterans (homeless not specified in House Budget)</td>
<td>$ 8,880,000</td>
<td>$ 7,180,000</td>
<td>$ 5,590,200</td>
</tr>
<tr>
<td>Homeownership</td>
<td>$ 8,880,000</td>
<td>$ 7,180,000</td>
<td>$ 5,590,200</td>
</tr>
<tr>
<td>People with disabilities (DD in House Budget)</td>
<td>$ 8,880,000</td>
<td>$ 7,180,000</td>
<td>$ 2,795,100</td>
</tr>
<tr>
<td>Non-traditional/innovative housing for homeless people</td>
<td>$ 8,880,000</td>
<td>$ 7,180,000</td>
<td>$ 2,795,100</td>
</tr>
<tr>
<td>Homeless families with children</td>
<td>$ 19,536,000</td>
<td>$ 15,796,000</td>
<td>$ 39,131,400</td>
</tr>
<tr>
<td>Homeless youth</td>
<td>$ 8,880,000</td>
<td>$ 7,180,000</td>
<td>$ 39,131,400</td>
</tr>
<tr>
<td>Seniors</td>
<td>$ 6,216,000</td>
<td>$ 5,026,000</td>
<td>$ 39,131,400</td>
</tr>
<tr>
<td>Farmworkers</td>
<td>$ 6,216,000</td>
<td>$ 5,026,000</td>
<td>$ 39,131,400</td>
</tr>
<tr>
<td>Other low income &amp; special needs</td>
<td></td>
<td></td>
<td>$ 39,131,400</td>
</tr>
</tbody>
</table>

| **COMPETITIVE - PORTFOLIO PRESERVATION**                 |            |            | $ 10,000,000 |
| **COMPETITIVE – Disaster housing for 80% AMI incl. last 2 biennia** |            |            | $ 5,000,000 |

| **DIRECT APPROPRIATIONS**                               |            |            | $ 11,098,000 |
| (incl. 2 non-traditional/innovative projects in the Senate Budget) | $ 2,772,000 | $ 14,772,000 | $ 11,098,000 |

| **TOTAL HTF BIENNIAL APPROPRIATION**                     | $ 101,572,000 | $ 96,572,000 | $ 106,370,000 |
Point 2 – Priorities

P-1 Populations Served

Quantity (e.g., Units, Percentages, Dollars)

Population “A”

Population “B”

500

200
Point 2 – Priorities

P-1 Populations Served

Funded In Year 1

Quantity (e.g., Units, Percentages, Dollars)

Population “A”

Population “B”

30% Left

70% Left

500

200
### Point 2 – Priorities

**P-1 Populations Served**

### What “counts”

<table>
<thead>
<tr>
<th>Population Type</th>
<th>Homeless at Entry</th>
<th>Residency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Households/Families with Children</td>
<td>No</td>
<td>✗</td>
</tr>
<tr>
<td>Households/Families with Children</td>
<td>Yes</td>
<td>✔️</td>
</tr>
</tbody>
</table>
## Point 2 - Priorities

<table>
<thead>
<tr>
<th>Priorities</th>
<th>Minimum Score</th>
<th>Maximum Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>P-1. Populations Served</td>
<td>0</td>
<td>40</td>
</tr>
<tr>
<td><strong>P-2. Privately Owned Housing Stock</strong></td>
<td>0</td>
<td><strong>10</strong></td>
</tr>
<tr>
<td>P-3. Need &amp; Local Priority</td>
<td>0</td>
<td>15</td>
</tr>
<tr>
<td>P-4. Development Costs</td>
<td>0</td>
<td>10</td>
</tr>
<tr>
<td>P-5. Level of HTF Investment</td>
<td>0</td>
<td>15</td>
</tr>
<tr>
<td>P-6. Project Scope &amp; Housing Model</td>
<td>0</td>
<td>10</td>
</tr>
<tr>
<td>P-7. Opportunity Rich Communities</td>
<td>-10</td>
<td>0</td>
</tr>
<tr>
<td>P-8. ESDS Bonus</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total Maximum Score</strong></td>
<td></td>
<td><strong>102</strong></td>
</tr>
</tbody>
</table>
Our objective is to *bring new affordable housing online and increase the affordable housing stock in our state*. 

<table>
<thead>
<tr>
<th>Project Activity</th>
<th>Points Awarded</th>
</tr>
</thead>
<tbody>
<tr>
<td>New construction</td>
<td>10</td>
</tr>
<tr>
<td>Purchase existing housing stock currently held privately</td>
<td>10</td>
</tr>
<tr>
<td>Rehab existing stock currently under a regulatory agreement</td>
<td>5</td>
</tr>
<tr>
<td>Rehab existing stock currently under a HTF contract (see portfolio preservation)</td>
<td>0</td>
</tr>
</tbody>
</table>

*(See RCW 43.185.070 (4))*
## Point 2 – Priorities

<table>
<thead>
<tr>
<th>Priorities</th>
<th>Minimum Score</th>
<th>Maximum Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>P-1. Populations Served</td>
<td>0</td>
<td>40</td>
</tr>
<tr>
<td>P-2. Privately Owned Housing Stock</td>
<td>0</td>
<td>10</td>
</tr>
<tr>
<td>P-3. Need &amp; Local Priority</td>
<td>0</td>
<td>15</td>
</tr>
<tr>
<td>P-4. Development Costs</td>
<td>0</td>
<td>10</td>
</tr>
<tr>
<td>P-5. Level of HTF Investment</td>
<td>0</td>
<td>15</td>
</tr>
<tr>
<td>P-6. Project Scope &amp; Housing Model</td>
<td>0</td>
<td>10</td>
</tr>
<tr>
<td>P-7. Opportunity Rich Communities</td>
<td>-10</td>
<td>0</td>
</tr>
<tr>
<td>P-8. ESDS Bonus</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total Maximum Score</strong></td>
<td></td>
<td><strong>102</strong></td>
</tr>
</tbody>
</table>
Point 2 – Priorities

P-3 Need & Local Priority

A. Need – 12 points

B. Local Priority – 3 points

(RCW 43.185.070 (5)(h,i))
Need = “What is the Affordable Housing Gap in the Project’s County?”

AHAB’s Needs Study: http://www.commerce.wa.gov/housing-needs-assessment/
Point 2 – Priorities
P-3 Need & Local Priority

A. Need – 12 points

Additional Considerations
• Urban projects use the 30% AMI gap
• Rural projects use the 50% AMI gap
• Special circumstances (evidence of underserved community, urgency) may result in an increase or modification of the score
Point 2 – Priorities

P-3 Need & Local Priority

B. Local Priority – 3 points (1 for each)

i. Letter of support from the local jurisdiction

ii. Documentation of meeting a defined local priority

iii. Local public funds committed at time of application to HTF

(HTF Handbook Sec 203.4, 204.1, 205.11)
Point 2 – Priorities

Questions?
### Point 2 – Priorities

<table>
<thead>
<tr>
<th>Priorities</th>
<th>Minimum Score</th>
<th>Maximum Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>P-1. Populations Served</td>
<td>0</td>
<td>40</td>
</tr>
<tr>
<td>P-2. Privately Owned Housing Stock</td>
<td>0</td>
<td>10</td>
</tr>
<tr>
<td>P-3. Need &amp; Local Priority</td>
<td>0</td>
<td>15</td>
</tr>
<tr>
<td>P-4. Development Costs</td>
<td><strong>0</strong></td>
<td><strong>10</strong></td>
</tr>
<tr>
<td>P-5. Level of HTF Investment</td>
<td>0</td>
<td>15</td>
</tr>
<tr>
<td>P-6. Project Scope &amp; Housing Model</td>
<td>0</td>
<td>10</td>
</tr>
<tr>
<td>P-7. Opportunity Rich Communities</td>
<td>-10</td>
<td>0</td>
</tr>
<tr>
<td>P-8. ESDS Bonus</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total Maximum Score</strong></td>
<td></td>
<td><strong>102</strong></td>
</tr>
</tbody>
</table>
Point 2 – Priorities

P-4 Development Costs

A. Alignment with Construction Cost Estimate ("CCE") – 5 points

B. HTF Cost Containment Policy – 5 points

NOTE: Contingency, replacement reserves, profit and overhead, and developer and project management fees are reviewed but not scored. Applicants MUST comply with the HTF Handbook requirements—see Section 205.

(HTF Handbook Sec 205.9; 201.2)
Point 2 – Priorities

P-4 Development Costs

A. Alignment with Construction Cost Estimate – 5 points

\[
1 - \left( \frac{|(CCE - Budget)|}{Budget} \right) \times 5 \text{ points}
\]

**NOTE:** If the budget is not in alignment with their CCE, the applicant MUST justify the discrepancy or points may not be awarded under this criterion. Unidentified scattered-site projects are exempt from the CCE requirement.
Point 2 – Priorities
P-4 Development Costs

A. Alignment with CCE (example)

- Construction Cost Estimate
  - Budget Over CCE
    - CCE + 20% = 4 points
    - CCE + 10% = 4.5 points
    - CCE – 10% = 4.5 points
    - CCE – 20% = 4 points
  - Budget = CCE = 5.0 points (MAX)

- Budget Under CCE
Projects are grouped into categories based on

a. Size of Project
   • Small (1-25), Medium (26-100), or Large (>100)

b. Project Type (New Construction or Rehab)

c. Cost Containment Pool
   • King-Pierce-Snohomish, Other Metro, or Non-Metro/Rural

May add projects from up to 3 previous application years, if category is too small to produce a meaningful average

(HTF Handbook Sec 201.2)
Point 2 – Priorities

P-4 Development Costs

**B. HTF Cost Containment Policy – 5 points**

The “cost” statistic compared is “Adjusted Total Development Cost per Unit,” or $T_{DC_{A\,PU}}$

$$T_{DC_{A\,PU}} = \frac{\text{Total Development Cost} - (\text{Land+Reserves})}{\text{Total Units in Project}}$$
P-4 Development Costs (example)

- **Highest TDC_A PU**: Project “E” = 0 points
- **110% of Average**: Project “D” = 0 points
- **Average TDC_A PU**: Project “C” = 1 point
- **Lowest TDC_A PU**: Project “B” = 2.5 points
  Project “A” = 5 points (MAX)
### Point 2 – Priorities

<table>
<thead>
<tr>
<th>Priorities</th>
<th>Minimum Score</th>
<th>Maximum Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>P-1. Populations Served</td>
<td>0</td>
<td>40</td>
</tr>
<tr>
<td>P-2. Privately Owned Housing Stock</td>
<td>0</td>
<td>10</td>
</tr>
<tr>
<td>P-3. Need &amp; Local Priority</td>
<td>0</td>
<td>15</td>
</tr>
<tr>
<td>P-4. Development Costs</td>
<td>0</td>
<td>10</td>
</tr>
<tr>
<td>P-5. Level of HTF Investment</td>
<td>0</td>
<td>15</td>
</tr>
<tr>
<td>P-6. Project Scope &amp; Housing Model</td>
<td>0</td>
<td>10</td>
</tr>
<tr>
<td>P-7. Opportunity Rich Communities</td>
<td>-10</td>
<td>0</td>
</tr>
<tr>
<td>P-8. ESDS Bonus</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total Maximum Score</strong></td>
<td></td>
<td><strong>102</strong></td>
</tr>
</tbody>
</table>
Point 2 – Priorities

P-5 Level of HTF Investment

A. Leveraged Funds – 5 points

B. HTF Investment per Unit – 10 points

NOTE: Legislative line items (“earmarks”) will be included in these calculations as HTF funds.

(RCW 43.185.070(5)(a); HTF Handbook Sec 102)
A. Leveraged Funds – 5 points

“Simple” leverage = \[
\frac{TDC_A - HTF\ Funds}{HTF\ Funds} \times 5\ points
\]

\[
\frac{\text{Leverage (Current Project)}}{\text{Leverage (Max in Category*)}}\)
\]

*Uses Geographic Pool
Point 2 – Priorities

P-5 Level of HTF Investment

B. HTF Investment per Unit – 10 points

- **Cost** measure, compared using **Cost Containment Pools**
- Legislative line items (“earmarks”) included
  - Example: $1M HTF plus $4M earmark = $5M
Point 2 – Priorities

P-5 Level of HTF Investment

Project “A” = 10 points (MAX)

Project “B” = 0 points

Points Awarded

HTF Investment Per Unit

$0

$1,000,000
## Point 2 – Priorities

<table>
<thead>
<tr>
<th>Priorities</th>
<th>Minimum Score</th>
<th>Maximum Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>P-1. Populations Served</td>
<td>0</td>
<td>40</td>
</tr>
<tr>
<td>P-2. Privately Owned Housing Stock</td>
<td>0</td>
<td>10</td>
</tr>
<tr>
<td>P-3. Need &amp; Local Priority</td>
<td>0</td>
<td>15</td>
</tr>
<tr>
<td>P-4. Development Costs</td>
<td>0</td>
<td>10</td>
</tr>
<tr>
<td>P-5. Level of HTF Investment</td>
<td>0</td>
<td>15</td>
</tr>
<tr>
<td><strong>P-6. Project Scope &amp; Housing Model</strong></td>
<td><strong>0</strong></td>
<td><strong>10</strong></td>
</tr>
<tr>
<td>P-7. Opportunity Rich Communities</td>
<td>-10</td>
<td>0</td>
</tr>
<tr>
<td>P-8. ESDS Bonus</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total Maximum Score</strong></td>
<td></td>
<td><strong>102</strong></td>
</tr>
</tbody>
</table>
“The Subjective Points” – 10 points

- Up to 10 points are awarded based on Commerce Staff’s best professional judgement (BPJ) of the merits of a project.
- Staff will individually and collectively evaluate a project’s scope (via alignment meetings):
  - Is the project appropriate for its intended population?
  - Beyond basic shelter, how will it serve the needs of the intended population and improve their housing experience?
- Housing Assistance Unit & Office of Youth Homelessness consultation for homeless projects

(HTF Handbook Sec 301.2)
Homeless Projects

- Alignment with the [Washington State Homeless Housing Strategic Plan](http://www.commerce.wa.gov/serving-communities/homelessness/)
- Alignment with the Consolidated Homeless Grant policies
- Alignment with the new Office of Homeless Youth policies
- Coordinated Entry is **REQUIRED** for all homeless projects
- Low-barrier housing is highly preferred, unless the applicant justifies the need for other homeless housing models in their community

More information can be found here:

## Point 2 – Priorities

<table>
<thead>
<tr>
<th>Priorities</th>
<th>Minimum Score</th>
<th>Maximum Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>P-1. Populations Served</td>
<td>0</td>
<td>40</td>
</tr>
<tr>
<td>P-2. Privately Owned Housing Stock</td>
<td>0</td>
<td>10</td>
</tr>
<tr>
<td>P-3. Need &amp; Local Priority</td>
<td>0</td>
<td>15</td>
</tr>
<tr>
<td>P-4. Development Costs</td>
<td>0</td>
<td>10</td>
</tr>
<tr>
<td>P-5. Level of HTF Investment</td>
<td>0</td>
<td>15</td>
</tr>
<tr>
<td>P-6. Project Scope &amp; Housing Model</td>
<td>0</td>
<td>10</td>
</tr>
<tr>
<td><strong>P-7. Opportunity Rich Communities</strong></td>
<td><strong>-10</strong></td>
<td><strong>0</strong></td>
</tr>
<tr>
<td>P-8. ESDS Bonus</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total Maximum Score</strong></td>
<td></td>
<td><strong>102</strong></td>
</tr>
</tbody>
</table>
Point 2 – Priorities

P-7 Opportunity Rich Communities

Each of the following are worth: -2.5 or 0 points

A. Access to Employment
B. Access to Public Transportation
C. Youthbuild or Similar Programs
D. Coordination with School Districts

(RCW 43.185.070(5)(k,l,m,n); HTF Handbook Sec 102)
Point 2 – Priorities

P-7 Opportunity Rich Communities

Example:

Senior project “Grosvenor Apartments”:

A. Access to Employment: ? points (depends on scope)
B. Access to Public Transportation: Expected
   • if not sufficiently addressed, -2.5 points
C. Youthbuild: n/a (= 0 points)
D. Coordination with School Districts: n/a (= 0 points)
## Point 2 – Priorities

<table>
<thead>
<tr>
<th>Priorities</th>
<th>Minimum Score</th>
<th>Maximum Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>P-1. Populations Served</td>
<td>0</td>
<td>40</td>
</tr>
<tr>
<td>P-2. Privately Owned Housing Stock</td>
<td>0</td>
<td>10</td>
</tr>
<tr>
<td>P-3. Need &amp; Local Priority</td>
<td>0</td>
<td>15</td>
</tr>
<tr>
<td>P-4. Development Costs</td>
<td>0</td>
<td>10</td>
</tr>
<tr>
<td>P-5. Level of HTF Investment</td>
<td>0</td>
<td>15</td>
</tr>
<tr>
<td>P-6. Project Scope &amp; Housing Model</td>
<td>0</td>
<td>10</td>
</tr>
<tr>
<td>P-7. Opportunity Rich Communities</td>
<td>-10</td>
<td>0</td>
</tr>
<tr>
<td><strong>P-8. ESDS Bonus</strong></td>
<td><strong>0</strong></td>
<td><strong>2</strong></td>
</tr>
<tr>
<td><strong>Total Maximum Score</strong></td>
<td></td>
<td><strong>102</strong></td>
</tr>
</tbody>
</table>
Incentivizing Green

- **Bonus** points – in addition to the minimum ESDS required in Thresholds
- **ESDS Scores significantly above the required minimums will earn up to 2 points**

  - No bonus points: Min. ESDS score + 10 additional ESDS points
  - 1 bonus point: Min. ESDS score + 11-20 additional ESDS points
  - 2 bonus points: Min. ESDS score + 21 or more additional ESDS points

**Note:** In future funding rounds an applicant may be penalized with negative points for not having achieved the approved ESDS scores in their previous projects.
Point 2 – Priorities

Questions?
2017 Funding Decision Making

- **Three Decision Points**
  - Point 1: **Thresholds**
  - Point 2: **Priorities**
  - Point 3: **Determinants**
Point 3 – Determinants

- **D-1 Viability/Full Funding**
  - Coordination with Local Public Funders
  - Coordination with the Housing Finance Commission (re: Tax Credit Allocations)
  - HTF-only projects

- **D-2 Special Circumstances**
  - Pilot Projects, Demo Programs
  - Local Prioritization – Proximity to Other Projects
  - Other Legislative Mandates
  - Federal Program Requirements
Additional Resources

The HTF staff is available to help you submit a responsive and complete application! Please call or email us with any questions or feedback PRIOR to the Stage 2 application deadline.

Important resources include:
• HTF Handbook - https://deptofcommerce.app.box.com/s/f89ytcoqtime7dl6wpgke5h2zl1jwzlm
• HOME website - http://www.commerce.wa.gov/building-infrastructure/housing/housing-trust-fund/home-program/
Thank you for your time!

Questions?

CONTACT:
Nathan Peppin
360-725-2983
nathan.peppin@commerce.wa.gov

Sean Harrington
360-725-2995
sean.harrington@commerce.wa.gov

www.commerce.wa.gov