



Washington State Housing Trust Fund
HOME
National Housing Trust Fund

2017 FUNDING ROUND
Solicitation of Stage 2 Applications
Published: August 8, 2017

Multifamily and homeownership Stage 2 Applications are now being solicited by the Department of Commerce (Commerce) for new affordable housing projects seeking capital funding from the Washington State Housing Trust Fund and the Federal HOME or National Housing Trust Fund programs in the 2017 funding round.

This Solicitation for Stage 2 Applications ("this Solicitation") is primarily intended for applicants seeking to create new affordable housing units, which would result in an increase of the affordable housing stock in Washington State.

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I. STATUS OF FUNDING

Washington State Housing Trust Fund

The Washington State Legislature adjourned on July 20, 2017, without having passed a Capital Budget for the 2017-2019 biennium. At the time of the release of this Solicitation, Commerce has no funds available to award through the Washington State Housing Trust Fund (HFT) program. However, Commerce believes that it is in the interest of all projects currently in active predevelopment to apply in response to this Solicitation and that we maintain the anticipated annual application timeline to the greatest degree possible. Once the Legislature comes to an agreement and passes a 2017-2019 Capital Budget,

Commerce wants to be in a position to make funding decisions to allow projects needing HTF funds to secure commitments from other local and private sources. This is particularly true for projects planning to apply to the Low Income Housing Tax Credit program in early 2018.

With these considerations in mind, and given the fact that the Capital Budget bill passed in the House ([House Passed EHB 1075, 7/1/2017](#)) and the bill awaiting a vote in the Senate ([Senate Bill 5981, 07/20/17](#)) have essentially identical HTF appropriations – differing by a \$1 million direct appropriation – this Solicitation has been prepared on the assumption that an enacted 2017-2019 Capital Budget will be structured in a similar fashion.

Federal HOME Program

Approximately \$2.3 million is expected to be available in Federal HOME funding. Given the uncertain status of State funds, Commerce reserves the right to make HOME awards separately or in combination with state HTF funds. Given that any application for HOME funds will constitute a Federal Application Nexus, U.S. Department of Housing and Urban Development's (HUD) restrictions regarding project activities post-submittal of applications (e.g., the prohibition on Choice Limiting Actions) must be observed. Please review Commerce's [HOME Handbook](#) for specific guidelines regarding the HOME program.

HOME funds can only be awarded to new construction projects.

Projects seeking HOME funds must declare their intent to receive HOME funds in their application by enabling the appropriate checkbox on the HTF Addendum.

National Housing Trust Fund

Approximately \$3.7 million is expected to be available from the National Housing Trust Fund (NHTF). As with HOME funds, Commerce reserves the right to make NHTF awards separately or in combination with state HTF funds. Although NHTF funds are technically not HUD funds (i.e., they are formula-based, and not subject to Congressional appropriation), the regulations adopted to govern NHTF funds are generally very similar to those covering HOME funds. Until HUD's interim rule is finalized, consult Commerce's [HOME Handbook](#) to gain an understanding of what the NHTF guidelines may require. The NHTF interim rule can also be found at [FR-5246-I-03](#) and at [24 CFR Parts 91 and 93](#).

NHTF funds can only be awarded to new construction projects that will serve people/households at or below 30 percent of the Area Median Income. These awards *may* be accompanied by operating and maintenance assistance, if needed and as funds are available. This will be in the form of an upfront reserve to help cover eligible operating and maintenance costs for NHTF-assisted units *only*, to ensure financial feasibility for their entire affordability period, i.e., spreading the operations and maintenance funds over the NHTF minimum 30-year period. More details about how Commerce plans to allocate its NHTF funds in 2017 can be found in the [2017 NHTF Allocation Plan](#).

Projects seeking NHTF funds must declare their intent to receive NHTF funds in their application by enabling the appropriate checkbox on the HTF Addendum.

II. TIMELINE

Stage 2 Applications Solicited (this Solicitation)	August 8, 2017
Stage 2 Clarifying Questions and Assistance	August 9 – September 22, 2017
Deadline for Submittal of Waivers	September 22, 2017
Stage 2 Applications Due to Commerce	October 9, 2017, by 5:00 p.m. (PST) Applications must be actually received, not simply mailed, by this deadline.
List of Stage 2 Applications Received Published on Commerce’s HTF Website	October 23, 2017
Final Funding Decisions and Awards	To be determined after a 2017-2019 Capital Budget is passed by the Legislature and enacted by the Governor

Commerce reserves the right to revise the above timeline at its discretion.

Should a final 2017-2019 Capital Budget be enacted subsequent to the Commerce application deadline and have requirements that are substantially different from the budget bills referred to above ([House Passed EHB 1075, 7/1/2017](#) and [Senate Bill 5981, 07/20/17](#)), Commerce will provide all applicants with an opportunity to update their applications and/or provide additional information, as needed. Commerce reserves the right to determine the length of the update period, based upon the degree to which the final Capital Budget requirements differ from the current bills and the date of the enactment. Should a final Capital Budget be enacted before the application deadline, Commerce will post a Solicitation Addendum on the HTF website at www.commerce.wa.gov/htf and email an announcement to the HTF stakeholders (aka the HTF Global Distribution List).

No final funding decisions or awards will be made for any state HTF funds unless and until a 2017-2019 Capital Budget is passed by the Legislature and enacted by the Governor. If a Capital Budget is passed with sufficient time for decision-making (including the review of any updates resulting from the above-described update period), Commerce will make all reasonable efforts to announce award decisions by the end of December 2017.

III. CONDITIONS OF THIS SOLICITATION

Applicants may submit a Stage 2 application regardless whether they applied in Stage 1 earlier this year or not.

In order to be reviewed and evaluated for funding, all project applications must conform to all of the requirements and conditions listed in this Solicitation, including the specific multifamily or homeownership evaluation criteria identified in Appendices A and B, as applicable to the project type. If some of the requirements in this Solicitation may appear to be in conflict or supersede the requirements or conditions laid out in the [HTF Handbook](#), the requirements in this Solicitation prevail. If

in doubt, applicants should contact HTF staff for clarification prior to the application submittal deadline, September 22, 2017. Contact information can be found below.

Evaluation Process for Multifamily and Homeownership Applications

Commerce will use very similar criteria but different methodologies in reviewing and evaluating the Stage 2 multifamily and homeownership applications:

- Multifamily rental projects will be assessed and priority will be assigned utilizing the framework and evaluation criteria described in **Appendix A of this Solicitation**.
- Single-family homeownership projects will be assessed utilizing the framework described in **Appendix B of this Solicitation**.

Commerce will make all reasonable efforts to review and evaluate the Stage 2 applications using its current evaluation criteria and tools. However, as mentioned above, until a final Capital Budget is passed by the Legislature and enacted by the Governor, some criteria and priorities may not be evaluated and scored. This is primarily the case for population categories or set-asides, such as people with chronic mental illness, veterans, people with disabilities, farmworkers, etc. These population categories will only be evaluated and scored after the Capital Budget is enacted, in order for Commerce to meet any specific proviso requirements for the identified population types. Once a final Capital Budget is enacted, and depending on the degree to which the final requirements differ from the Capital Budget bill passed in the House ([House Passed EHB 1075, 7/1/2017](#)) and the bill awaiting a vote in the Senate ([Senate Bill 5981, 07/20/17](#)), Commerce plans to provide all applicants with an opportunity to update their applications and provide further information or documentation, as needed.

Projects Serving Persons with Chronic Mental Illness

As noted above, Commerce will not evaluate population categories at this time, however, applicants should be aware that projects proposing to serve persons diagnosed with a Chronic Mental Illness (CMI) will be subject to further criteria and requirements.

Per [RCW 43.185.070 \(6\)](#), Commerce “may only approve applications for projects for persons with mental illness that are consistent with a behavioral health organization six-year capital and operating plan.”

In addition, the Capital Budget bill passed in the House ([House Passed EHB 1075, 7/1/2017](#)) and the bill awaiting a vote in the Senate ([Senate Bill 5981, 07/20/17](#)) have additional requirements for any CMI housing funded by the HTF, as follows:

“\$24,370,000 is provided solely for housing projects that provide supportive housing and case-management services to persons with chronic mental illness. The department must prioritize low- income supportive housing unit proposals that provide services or include a partner community behavioral health treatment provider;”

Assuming this proviso would remain unchanged in the final Capital Budget, CMI units funded with HTF moneys will have to include supportive housing and case-management services for residents, and Commerce will need to prioritize low- income supportive housing unit proposals that provide services or include a partner community behavioral health treatment provider.

Upon the enactment of a 2017-2019 Capital Budget and its requirements around units for persons with CMI, Commerce will plan to ask the applicants for CMI projects to provide documentation of the service provision arrangements as follows:

- If the services can and are to be provided by the applicant organization in and of itself, a committed service plan must be provided as an attachment to Section 10 of the application.
- If the services are to be provided by a partnering community behavioral health treatment provider, documentation of the committed partnership must be provided, along with a service plan. Both must be submitted as Attachments to Section 10 of the application.

Direct Appropriations

In both the case of multifamily and homeownership projects, line item allocations to projects in the State Capital Budget (aka, direct appropriations) will not be counted against the HTF funding limit. Such line items will, however, be counted as HTF funds for the purpose of calculating leverage and HTF Cost per Unit *if* they are for affordable housing and/or are included in the HTF appropriation (i.e., are not allocated to the project through another Commerce program).

Predevelopment and Application Preparation Costs

Commerce recognizes that applicants may incur costs for preparing for and submitting their Stage 2 applications. While some capital project predevelopment costs may be eligible for retroactive reimbursement once a project is awarded and under contract (see Section 202.5 in the [HTF Handbook](#)), all Stage 2 applicants should be aware that Commerce cannot be held responsible for predevelopment or application preparation costs in response to this Solicitation (regardless of whether funding is awarded).

Third-Party Studies/Documents Temporary Waiver

In the interest of managing cost for applicants, all third-party studies listed as required attachments for applications to the HTF, which are not also required by another funder (e.g., Seattle Office of Housing, City of Spokane, Washington State Housing Finance Commission, etc.) are hereby waived until a capital budget is passed.

Upon enactment of a Capital Budget, this waiver is to be considered immediately withdrawn, and the requirements reinstated. If the Capital Budget is enacted before the Stage 2 submittal deadline, applicants will be responsible for securing the necessary studies for submittal as close to the application submittal deadline as possible. If a study cannot be secured before the application submittal deadline due to the unavailability of appropriate consultants (i.e., all appropriate consultants are “booked up”), it is the responsibility of the applicant to inform Commerce of the situation as soon as possible, and to provide an estimate of when the study or studies in question can be submitted. If the Capital Budget is enacted after the submittal deadline, Commerce will contact all applicants with further instructions.

NOTE: Several of these studies are necessary for Commerce to complete its review and scoring process (e.g., the third party construction cost estimate). See more details in Appendices A and B.

Waivers

In order for applications to be considered for funding, they must meet all of the thresholds identified in the review criteria identified in Appendices A and B. Commerce will exercise its discretion in issuing threshold waivers only in rare and extraordinary circumstances. Applicants should note that waivers are

the exception, rather than the rule, and consult the [HTF Handbook](#) Sections 207.8 and 301.2.1) prior to requesting a waiver. All waiver approvals will be made public.

IV. GEOGRAPHIC DETERMINATION

The geographic location of a project is important to Commerce, in terms of the HTF statutory requirements for statewide distribution and commitment of 30 percent of funds to rural areas, as well as in terms of which Evergreen Sustainable Development Standard (ESDS) criteria apply to a project. Applicants should consult the definition of “Rural” in the [HTF Handbook](#) Glossary to determine which region a project site is located in. If it is not clear whether a project site would be considered Rural or Urban, please contact Commerce for assistance (contact information is provided below).

V. APPLICATION DOCUMENTS AND INSTRUCTIONS

Stage 2 Application documents for both homeownership and multifamily projects can be downloaded from Commerce’s [Applying to the Housing Trust Fund webpage](#) . The 2017 Stage 2 Application materials have been revised for both homeownership and multifamily projects and may be different from previous years. Applicants should not use earlier versions. All applicants, regardless of the funding sources identified above, must use the 2017 HTF Stage 2 Application forms. **Please read all of the instructions carefully and answer all of the questions in the application forms and materials.**

Submission Format

ONLY electronic submissions of the Application forms and materials will be accepted. Applicants must submit all of the application materials electronically on a USB flash drive, CD, or DVD. To support sustainability in our business practices, hardcopies of the application or materials WILL NOT be accepted by Commerce.

Instructions for file naming and application assembly are provided below. Applications must be submitted per these instructions.

Deliver or mail your completed application to the following address. **All applications must be *actually received, not simply mailed, by the application deadline in order to be considered.***

Department of Commerce
Housing Trust Fund
1011 Plum Street SE
P.O. Box 42525
Olympia, WA 98504-2525

Submittal Deadline

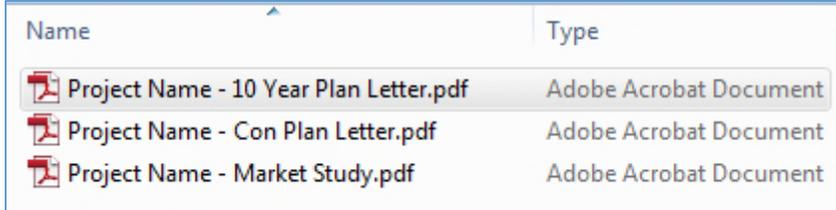
The application and all required supplemental documentation listed in the *Combined Funders Application (CFA) Table of Contents - HTF Version* file **must be actually received, not simply mailed, by 5 p.m. (PST) on October 9, 2017.** Applications found to be substantially incomplete will not be reviewed. Applications found during review to have omitted key documentation may be afforded the opportunity to submit the documentation, per the process delineated in Chapter 3, Section 303.4 of the [HTF Handbook](#).

Applicants will receive an email confirmation of receipt by 5 p.m. on October 10, 2017. If confirmation is not received within this period, **it is the applicant's responsibility to follow up with HTF staff by emailing us at htfapp@commerce.wa.gov**. In the event Commerce is not in actual receipt of an application by the deadline, if the applicant can provide proof of a good faith, commercially reasonable attempt to timely submit the application (e.g., a certified mail receipt three or more days prior to deadline), the Application will be accepted. Otherwise, the Application will be determined not timely and will not be reviewed.

All applications should follow these naming and file conventions:

- Within each folder, name each attachment file with the project name and the name of the document as described on the relevant Table of Contents file.
- All files should be submitted in their original format – do not convert electronic documents to PDF format.
- Scanned copies of paper documents must be legible with reasonably-sized font and, when applicable, clear signatures and dates.
- PDFs should be searchable whenever possible, and should not be submitted “locked.” If this requirement conflicts with the policies of contracted consulting firms (e.g., those engaged to complete Market Studies), please contact Commerce staff directly. Otherwise you may be required to resubmit materials.
- Please create a folder if there are multiple files addressing a single checklist item.
- If an item is not applicable to your project, simply do not include it; do not create placeholder files for “n/a” items.

Please refer to the following visual as a guide:



Name	Type
Project Name - 10 Year Plan Letter.pdf	Adobe Acrobat Document
Project Name - Con Plan Letter.pdf	Adobe Acrobat Document
Project Name - Market Study.pdf	Adobe Acrobat Document

Multifamily Rental Application Components and Assembly

Multifamily rental applications in response to this Solicitation must be made using the Combined Funders Application materials specific for multifamily projects. The multifamily application has five parts, all of which must be submitted for an application to be reviewed by Commerce:

1. **[Combined Funders Application \(CFA\) Table of Contents - HTF Version](#)**
This document contains a comprehensive list of all the narrative sections, Microsoft Excel forms, and attachments required for the Application, as well as affidavits required for Commerce to accept the application.
2. **[CFA Sections \(Microsoft Word\)](#)**
This document contains the narrative questions portion of the application. The narrative questions are divided into “Sections.” For example, Section 1 is “Project Summary.”

3. [CFA Forms \(Microsoft Excel\)](#)

This document contains the non-narrative, numerical data portion of the application. Formulas have been written into the document to calculate necessary values, to reduce the amount of repetitive entry, and to provide consistency checks where hand entry is necessary. To protect these formulas from inadvertent editing, and to maintain a standard layout to facilitate comparative review, the document has been locked.

4. [HTF Addendum to the Combined Funders Application \(Microsoft Word\)](#)

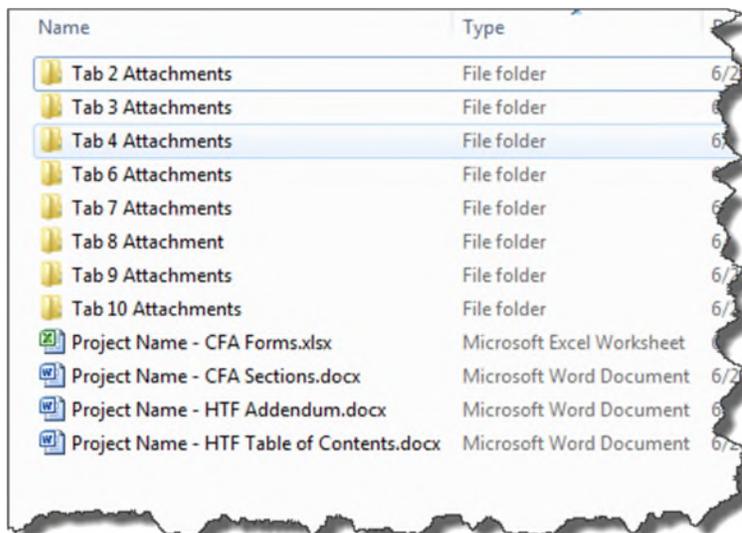
The HTF is subject to requirements established by the Legislature when considering projects which are not necessarily required by the other funders. The HTF also has established program requirements which may differ from those of other public funders. Please consult with any other funders from whom you are requesting funds to establish whether they also require the HTF Addendum.

5. **Attachments**

All supplemental documents listed in the *Combined Funders Application (CFA) Table of Contents - HTF Version* document, as appropriate to the project

Applicants must submit all of the application materials electronically on a USB flash drive, CD, or DVD. No hardcopy (i.e., paper) will be accepted by Commerce for 2017 Applications. Application documents submitted via email or over the internet will not be accepted (the Application files are typically too large to be attached to an email).

When compiling the CD, DVD, or USB flash drive, please order folders according to the *Combined Funders Application (CFA) Table of Contents - HTF Version*. Please refer to the following visual as a guide:



Name	Type	
Tab 2 Attachments	File folder	6/2
Tab 3 Attachments	File folder	
Tab 4 Attachments	File folder	6/
Tab 6 Attachments	File folder	
Tab 7 Attachments	File folder	6/
Tab 8 Attachment	File folder	6/
Tab 9 Attachments	File folder	6/2
Tab 10 Attachments	File folder	6/2
Project Name - CFA Forms.xlsx	Microsoft Excel Worksheet	
Project Name - CFA Sections.docx	Microsoft Word Document	6/2
Project Name - HTF Addendum.docx	Microsoft Word Document	6/
Project Name - HTF Table of Contents.docx	Microsoft Word Document	6/2

Homeownership Application Components and Assembly

Homeownership applications in response to this Solicitation must be made using the Combined Funders Application specific for homeownership materials. The homeownership application has five parts, all of which must be submitted for an application to be reviewed:

1. [Combined Funders Homeownership Application \(CFA-H\) Table of Contents – HTF Version \(Microsoft Word\)](#)

This document contains a comprehensive list of all the narrative sections, Microsoft Excel forms, and attachments required for the Application, as well as affidavits required for Commerce to accept the application.

2. [CFA-H Sections \(Microsoft Word\)](#)

This document contains the narrative questions portion of the application. The narrative questions are divided into “Sections.” For example, Section 1 is “Project Summary.”

3. [CFA-H HTF Addendum \(Microsoft Word\)](#)

The HTF is subject to requirements established by the Legislature when considering projects which are not necessarily required by the other funders. The HTF also has established program requirements which may differ from those of other public funders. Please consult with any other funders from whom you are requesting funds to establish whether they also require the HTF Addendum.

4. [CFA-H Forms \(Microsoft Excel\)](#)

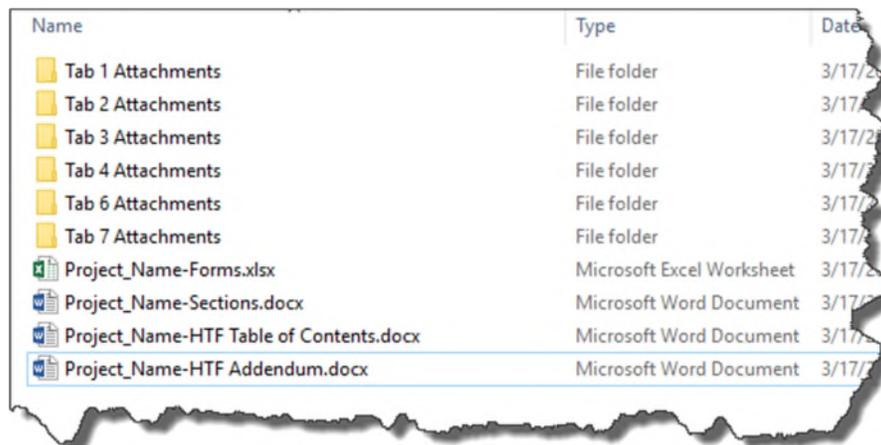
This document contains the non-narrative, numerical data portion of the application. Formulas have been written into the document to calculate necessary values, to reduce the amount of repetitive entry, and to provide consistency checks where hand entry is necessary. To protect these formulas from inadvertent editing, and to maintain a standard layout to facilitate comparative review, the document has been locked.

5. **Attachments**

All supplemental documents listed in the *Combined Funders Homeownership Application (CFA-H) Table of Contents – HTF Version* document, as appropriate to the project.

Applicants must submit all of the application materials electronically on a USB flash drive, CD, or DVD. No hardcopy (i.e., paper) will be accepted by Commerce for 2017 Applications. Application documents submitted via email or over the internet will not be accepted (the Application files are typically too large to be attached to an email).

When compiling the CD or flash drive, please order folders according to the *Combined Funders Homeownership Application (CFA-H) Table of Contents – HTF Version*. Please refer to the following visual as a guide:



Name	Type	Date
Tab 1 Attachments	File folder	3/17/2017
Tab 2 Attachments	File folder	3/17/2017
Tab 3 Attachments	File folder	3/17/2017
Tab 4 Attachments	File folder	3/17/2017
Tab 6 Attachments	File folder	3/17/2017
Tab 7 Attachments	File folder	3/17/2017
Project_Name-Forms.xlsx	Microsoft Excel Worksheet	3/17/2017
Project_Name-Sections.docx	Microsoft Word Document	3/17/2017
Project_Name-HTF Table of Contents.docx	Microsoft Word Document	3/17/2017
Project_Name-HTF Addendum.docx	Microsoft Word Document	3/17/2017

VI. AWARD TERMS

As described in the [HTF Handbook](#) (Section 201.4), [RCW 43.185.010](#) directs that the HTF be established as a continuously renewable resource, that the needs of very low-income citizens be given priority, and that, whenever feasible, HTF assistance be provided in the form of loans. [RCW 43.185.120](#) and [RCW 43.185A.060](#) further direct that the state's interest be protected upon either the sale or change of use of HTF-financed projects. This includes: "(1) requiring a share of the appreciation in the project in proportion to the state's contribution to the project; (2) requiring a lump-sum repayment of the loan or grant upon the sale or change of use of the project; or (3) requiring a deferred payment of principal or principal and interest on loans after a specified time period."

If awarded funds, applicants should be aware that Commerce reserves the right to structure the award as a 1-3% interest amortized or deferred loan, a recoverable grant, or a loan/grant combination. Commerce also may award federal funds, state funds, or a combination of both federal/state funds to projects (provided the project is eligible for the respective funding sources). The typical term of an award will be 40 years.

The financing structure of each project will depend on the project type, population served, and the financial underwriting and structure of the project, which will include a review of the operating pro forma provided with the application and the requirements of other funding sources, such as the federal Low-Income Housing Tax Credit program. In general, projects that demonstrate the financial ability to service debt will receive funding in the form of a 1-3% interest loan.

The State's interest in the property will be secured by appropriate collateral and documentation, such as a Deed of Trust, Low Income Housing Covenant (for a minimum of 40 years), and a Promissory Note.

V. QUESTIONS

For questions and additional information about this Solicitation or the application materials, please contact Sean Harrington by phone at (360) 725-2995 or by email at Sean.Harrington@commerce.wa.gov. As part of the Stage 2 process under this Solicitation, questions must be provided **no later than Friday, September 22, 2017**. **Note that this constitutes the deadline for all requests for waivers of any criteria, including waivers of per project and per year funding caps.** Commerce may publish regularly, or as necessary, a comprehensive list of responses to questions received.



Appendix A: Multifamily Rental Application Evaluation Criteria

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OVERVIEW AND CONCEPT

This 2017 multifamily project evaluation tool was developed by HTF staff in cooperation with representatives from the [Policy Advisory Team](#). Its development was in response to a perceived need for additional clarity, transparency, predictability, and consistency with regard to Commerce’s decision-making process. These criteria will be used by Commerce to evaluate all Stage 2 multifamily rental applications seeking funds from any of the three programs identified in this Solicitation: Washington State Housing Trust Fund, HOME, and National Housing Trust Fund.

The project review process will be broken into three main phases or decision points:

- **Decision Point #1** – Pass Thresholds
- **Decision Point #2** – Set Priorities
- **Decision Point #3** – Assess Project Viability & Coordinate with Funding Partners

Projects fulfilling all thresholds in Decision Point #1, which constitute basic completeness, eligibility and organizational capacity requirements, will be further assessed according to established Priorities in Decision Point #2. The Priorities are scored and the projects are then separated and ranked in three geographic pools depending on their physical locations—King County, Other Urban, and Rural—so that projects only compete against other projects in the same geographic pool. (“Rural” and “Urban” are defined in the Glossary of the [HTF Handbook](#).) The intent of scoring and ranking is to establish in the most objective way currently available which projects most closely align with HTF’s purposes. The projects achieving appropriately high scores will then be subjected to Decision Point #3, wherein Commerce will make final decisions after taking into account input from other public funders involved in each project, and accounting for requirements set out by particular funding sources (e.g., federal funds, including HOME Program and National Housing Trust Fund) or other legislative mandates.

If some of the requirements or criteria below may appear to be in conflict or supersede the requirements or conditions laid out in the [HTF Handbook](#), the requirements in this Solicitation prevail. If in doubt, applicants should contact HTF staff for clarification **no later than Friday, September 22, 2017**.

NOTE: With the recent signing into law of [ESHB 1777](#) on July 6, 2017, the Legislature instructed Commerce to give preference for HTF awards to projects that include an early learning facility, defined as “a facility providing regularly scheduled care for a group of children one month of age through twelve years of age for periods of less than twenty-four hours.” Commerce currently analyzing how to incorporate this new requirement into the three decision-making points.

DECISION POINT #1 – PASS THRESHOLDS

In order for applications to be considered for funding, they must meet ALL of the thresholds identified below and in this Solicitation.

Commerce will exercise its discretion in issuing threshold waivers only in rare and extraordinary circumstances. Applicants should note that waivers are the exception, rather than the rule, and consult the [HTF Handbook](#) (Section 301.2.1) prior to requesting a waiver. All waiver approvals will be made public.

T-1. Timely & Complete Application Submittal

Applications must be submitted by the deadline indicated in this Solicitation and must be complete, i.e., the applicant must fill out all applicable sections and attach any required attachments or additional documents at the time of application submittal. See above in this Solicitation the section about *temporarily* waiving third-party studies. 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.).

Should an application be found to be incomplete during the review process, review of that application will be suspended. Commerce review staff will then engage the Process for Omissions and Corrections described in Chapter 3, Section 303.4.1 of the [HTF Handbook](#). Per that process, projects for which requested documents are not forthcoming will be considered “withdrawn” from the funding round.

T-2. Eligible Activities (Per RCW and HTF Handbook)

The project must only include activities that are 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 Sections 202.2 and 202.5 of Chapter 2 of the [HTF Handbook](#) and [RCW 43.185.050](#) and [RCW 43.185A.030](#).

T-3. Eligible Applicant

- a. **Eligible:** The applicant must be an eligible applicant per [RCW 43.185A.040](#): “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. Eligibility for assistance from the department under this chapter also requires compliance with the revenue and taxation laws, as applicable to the recipient, at the time the grant is made.”
- b. **Experience:** The applicant must have recent and relevant housing development experience, or partner with a developer that has recent and relevant housing development experience. See Chapter 2, Section 206.2 of the [HTF Handbook](#).
- 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 make this determination based on the applicant’s history with HTF and Commerce (per Chapter 2, Section 206.1.1 of the [HTF Handbook](#)). Applicants that do not have a history with HTF or Commerce must provide letters of “good standing” from local public funders (city, county).
- 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. See Chapter 2, Section 206.1.2 of the [HTF Handbook](#).

T-4. Amount Requested Per Project/Applicant/Biennium

- a. **Per project:** Per Chapter 2, Section 201.3 of the [HTF Handbook](#), the maximum award per a project is \$3 million for multifamily rental 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. ([HTF Handbook](#) Chapter 2, Section 201.3)
- 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. Requests must be submitted in writing by the deadline identified in this Solicitation. ([HTF Handbook](#) Chapter 2, Section 201.3)

Note that funds allocated directly to a project by the Legislature are not counted against this limit, but will be otherwise factored in to HTF funding decisions.

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 multifamily projects and single-family subdivision developments, but not required for scattered-site projects. See Chapter 2, Section 205.3 of the [HTF Handbook](#).
- 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. See Chapter 2, Section 205.11 of the [HTF Handbook](#).
- 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 with a qualified and experienced service provider must be evidenced in the application (e.g., per Section 205.7 of Chapter 2 of the [HTF Handbook](#), an MOU between applicant and service provider).
- d. **Operations & long-term sustainability:** The applicant must demonstrate solid financial operations and long-term sustainability. See Sections 206.1.2 and 206.1.3 of the [HTF Handbook](#). Note that the HTF required commitment period is 40 years ([HTF Handbook](#), Chapter 2, Section 203.2).

T-6. Evergreen Sustainable Development Standard (ESDS)

- a. **Experience:** The applicant must have prior experience with ESDS or partner with an experienced party as their ESDS coordinator. In either case, an Evergreen Coordinator must be designated per Chapter 2, Section 207.4 of the [HTF Handbook](#).
- b. **Minimum standard:** The project must meet the ESDS minimum score, as applicable to the project type. ([HTF Handbook](#), Chapter 2, Section 207.2)

DECISION POINT #2 – SET PRIORITIES

Only projects passing all thresholds under Decision Point #1 above will be further evaluated and scored according to the following priorities.

Projects will receive up to 100 points, plus another 1 to 2 bonus points for projects substantially exceeding the ESDS minimums. Projects will be ranked only against other projects in the same Geographic Region category

(King, Other Urba, Rural). Note that HTF is required under [RCW 43.185](#) to strive for a statewide geographic distribution of competitive funds and to allocate 30 percent to rural projects. As such, the highest-scoring (and potentially funded) Rural project may score substantially lower than the lowest-scoring (and potentially not funded) King County project.

Priorities	Score Range	Max Score
1. Populations Served	0 to 40	40
2. Privately Owned Housing Stock	0, 5, or 10	10
3. Need & Local Priority	0 to 15	15
4. Development Costs	0 to 10	10
5. Level of HTF Investment	0 to 15	15
6. Project Scope & Housing Model	0 to 10	10
7. Opportunity Rich Communities	-10 to 0	0
8. ESDS Bonus	0 to 2	2
Total Maximum Score		102

P-1. Populations Served: 0 to 40 Points

As mentioned above in this Solicitation, the population categories or set-asides will only be evaluated and scored after the 2017-2019 Capital Budget is enacted, in order for Commerce to address any specific proviso requirements for each population type. Once a final Capital Budget is enacted, Commerce plans to provide all applicants with an opportunity to update their applications and provide further information or documentation, as needed.

- a. **0 to 15 points: Area Median Income (AMI):** The number of affordable units to be provided by projects will be compared, as well as the degree to which each project proposes to serve the *lowest* income populations (their “Size” and “Focus,” respectively). The purpose of evaluating the two dimensions separately is to provide balance between smaller, more income-restricted projects, and larger, mixed-income projects.

- For SIZE: the total number of affordable units (up to 80% AMI) in a project will be compared to the project with the greatest number of affordable units in the overall application pool (i.e. all of the Stage 2 applications received). Note that beds-only and seasonal farmworker projects are excluded here, and are only compared among themselves.

Example: A project that provides 100 affordable units (up to 80% AMI) will score higher than a project that provides 50.

- For FOCUS: the number of 30% (50% for rural) AMI units in a project will be compared with the total number of affordable units in the same project, i.e., the percent of affordable units specifically targeted to 30% (50% for rural) AMI.

Example: a project serving 30% (50% for rural) AMI *exclusively* will score higher than a mixed-income project, *regardless* of the size of project.

- b. **0 to 15 points: Legislative set-asides:** Projects are evaluated according to their target populations in both their size (number of targeted units) and focus (percentage of units targeted). The same “Size” and “Focus” concept is applied here as described in the AMI criteria above. The number of legislatively targeted units in a project will be compared to the project with the largest number of units for the target populations in the overall pool (except in the case of beds-only projects, as above), as well as the proportion of legislatively targeted units within the project.

- For SIZE: the total number of units for Legislatively Targeted Populations in a project will be compared to the project with the greatest number of Legislatively Targeted Populations in the overall application pool (i.e. all of the Stage 2 applications received). Note that beds-only and seasonal farmworker projects are excluded here, and are only compared among themselves.

Example: A project that provides 100 units for Legislatively Targeted Populations will score higher than a project that provides 50.

- For FOCUS: the number units for Legislatively Targeted Populations in a project will be compared with the total number of affordable units in the same project, i.e., the percent of units for Legislatively Targeted Populations.

Example: a project serving Legislatively Targeted Population “X” *exclusively* will score higher than a project that includes non-targeted populations, regardless of size.

Example: a project serving only Legislatively Targeted Populations “X” and “Y” will score higher than a project that includes non-targeted populations, regardless of size.

- c. **0 to 10 points: Prioritization of target populations:** This will help prioritize the population targets that are more difficult to achieve. These points are awarded based on the difficulty in achieving the legislative target for each population.

Example: If the HTF receives a legislative target of 100 units for Veterans and a target of 50 units for Seniors, each unit targeted to Veterans would be considered “worth” more. Units targeted to populations not identified by the Legislature (e.g., general low-income) will not contribute to a higher project score.

Units for each targeted population will receive a weight reflective of the current difficulty in achieving the Legislature’s goal. The sum of the weighted values will be compared to the sum of the unweighted values, with the results multiplied to produce a point total between 0 and 10

P-2. Privately-Owned Housing Stock: 0, 5, or 10 Points

In accordance with [RCW 43.185.070\(4\)](#), priority will be given first to projects that are creating new affordable units, or projects that will increase the affordable housing stock in Washington state by bringing existing market-rate stock into the affordable market. Second priority will be accorded to projects that utilize or preserve housing stock currently under a regulatory covenant, and third to projects that utilize or preserve housing stock that is already in the HTF portfolio, as follows:

- a. **10 points:** new construction, private property acquisition.
OR
- b. **10 points:** privately-owned housing stock including purchased by a PHA/PDA.
OR
- c. **5 points:** other existing publicly owned housing stock (e.g., preservation of units under a current regulatory agreement/covenant).
OR
- d. **0 points:** HTF property (i.e., preservation of existing HTF units).

Note: If, for example, the legislative appropriation requires that only new units are created, preservation of any affordable housing units (HTF or other) would be ineligible for funding in that biennium.

P-3. Need & Local Priority: 0 to 15 Points

- a. **0 to 12 points:** Points will be awarded to a project based on the Affordable Housing Availability Gap at 30% AMI in its County, as documented in the most current AHAB Needs Assessment. When comparing projects in rural areas the number of units at **50% AMI** will be instead be used, reflecting the reality that in many rural areas of the state, market rents are closer to 50% AMI (and thus are more difficult to achieve for a rent-restricted project).

Any special circumstances, such as evidence of an underserved community, or an urgent situation (e.g., expiring USDA RD project), will be taken into consideration when scoring the need, and may if well substantiated result in an adjustment of the points awarded under this criterion.

- b. **0 to 3 points:** Evidence of local priority and support from the jurisdiction in which the project is located will be evaluated as follows:
- **1 point** if a letter of support from the local public body (i.e., city or county) with jurisdiction over the project's location is provided with the application.
 - **1 point** if the applicant demonstrates the project meets a currently defined local priority (e.g., consistent with the comprehensive plan, local resolution, ordinance, etc.).
 - **1 point** if, at the time of the application, local public funds (capital and/or services) are already committed/allocated to the project.

Note: This support measure is different from the level of public funding evaluation; full project funding, including local funding commitment, is evaluated under Decision Point #3 below.

P-4. Development Costs: 0 to 10 Points

- a. **No points:** Contingency, replacement reserves, profit and overhead, and developer and project management fees are reviewed but not scored. Applicants are responsible for ensuring that their application meets the requirements in the [HTF Handbook](#), or must clearly explain in their application any exceptions or special circumstances.
- b. **0 to 5 points:** The construction elements of a project's Development Budget (i.e., Form 6A) should align with the third-party construction cost estimate (CCE). Points are assigned based on the budget's *absolute* distance from the CCE.

Example: A project with a budget that is \$50k *above* the CCE will receive the same score as a project with a budget that is \$50k *below* the CCE.

Any divergence from the CCE must be satisfactorily explained. If not, or if no explanation is offered, zero points may be awarded under this criterion.

Note: In certain cases, the requirement to submit a CCE at application may be waived. These are likely projects where an as-yet unidentified property will be purchased and rehabilitated/adapted to provide group housing for developmentally disabled individuals. In such cases, the 5 points will be given as an effective waiver.

- c. **0 to 5 points:** Cost reasonableness will be evaluated by comparing similar projects, according to the HTF Cost Containment policy described in Chapter 2, Section 2.1.1 of the [HTF Handbook](#). Projects will be assigned a category constructed out of the following elements:
- a. Activity Type:
 - i. New Construction (NC) or

ii. Rehabilitation (R)

Acquisition-only projects will be considered part of the Rehabilitation activity category. An Adaptive Reuse project may be categorized as New Construction or Rehab, depending its scope. Projects involving both New Construction *and* Rehab will be categorized according to the percentage of the scope devoted to either. Projects with a scope that is 51% New Construction, for example, will be assigned to the New Construction type.

b. Size:

- i. Small (1-25 units),
- ii. Medium (26-100 units),
- iii. Large (more than 100 units)

Projects consisting of beds (e.g. shelters, seasonal farm workers) will be compared among themselves

c. Geographic/Market location:

- i. King/Pierce/Snohomish (K|P|S),
- ii. Other Metro (OM),
- iii. Non-Metro (NM).

Note that this is different from the geographic category structure otherwise used by HTF, with the intent of reflecting the more similar cost structures found in the Greater Seattle/Puget Sound area.

Projects will then be compared within their Cost Category via their Adjusted Total Development Cost per Unit (TDC_APU, defined as the total development cost less the sum of land cost and capitalized reserves, divided by the number of units in the project).

$$TDC_{APU} = \frac{(Total\ Development\ Cost - (Cost\ of\ Land + Capitalized\ Reserves))}{Total\ Units\ in\ Project}$$

The project with the lowest TDC_APU in its category will receive 5 points. Projects will receive proportionally fewer points as they approach 110% of the category average. Projects with a TDC_APU greater than 110% of the average for their category will receive no points.

Example: If the average TDC_APU for a category is \$100k, then projects would be compared to \$110k (110%). Any project with a TDC_APU above \$110k would receive no points. If the lowest TDC_APU for the category was \$80k, that project would receive the full 5 points. A project with a TDC_APU of \$90k would receive 3.3 points, as \$90k is 2/3 of the distance from \$110k to the minimum \$80k.

Per HTF current policy, in the event that an insufficient number of projects in a category are applied for in the Funding Round to allow for the construction of a reasonable average, data from up to three previous Funding Rounds will be added.

P-5. Level of HTF Investment: 0 to 15 Points

- a. **0 to 5 points:** Other funding leveraged by the project is evaluated by comparing it to projects in the same activity, size, and geographic categories (King, Other Urban, Rural). Note that the geographic categories are different from the Cost Containment categories. This is intended to reflect the fact that projects in *any* urban area are more likely to secure other funds due to increased access to federal and municipal funds, as well as Low Income Housing Tax Credits, regardless of the actual cost to build in the area. The simple leverage of a project (i.e., HTF compared to all non-HTF funds in a project) will be divided by the maximum leverage in its geographic category, with the results multiplied by 5 points.

$$\text{"Simple" Leverage} = \frac{(TDC_A - \text{HTF Funds})}{\text{HTF Funds}}$$

$$\text{Leverage Score} = 5 * \left[\frac{\text{Leverage (Current Project)}}{\text{Leverage (Max in Category)}} \right]$$

The project with the highest leverage will receive 5 points and the project with the lowest leverage will receive 0 points. The other projects will fall in between.

Example: in a category where the maximum leverage is 4, a project with a leverage of 2 would receive 2.5 points (as $(2/4) \times 5$ points = 2.5 points), and a project with a leverage of 3 would receive 3.75 points.

- b. **0 to 10 points:** HTF investment per unit is evaluated by comparing it to *similar* projects in the application pool, using the Cost Containment categories (see #4.c. above). The project with the lowest HTF Cost Per Unit (CPU-HTF) in its category will receive 10 points. The project with the highest CPU-HTF in its category will receive 0 points. The rest of the projects in that category will fall in between, proportionally based on their closeness to the minimum CPU-HTF.

Example: if the minimum is \$20k and the maximum is \$60k, a project whose CPU-HTF is \$40k will receive 5 points, and a project whose CPU-HTF is \$30k will receive 7.5 points.

Note: For both P-5 criteria, the quantity "HTF Funds" will include any line item allocations in a Capital Budget (aka direct appropriations) *if* they are for affordable housing and/or are included in the HTF appropriation (i.e., are not allocated to the project through another Commerce program).

P-6. Project Scope & Housing Model: 0 to 10 Points

0 to 10 points: HTF staff will use their best professional judgement to score this criterion. The evaluation will include:

- whether the project is sustainable for the long-term (*i.e.*, for the 40-year minimum commitment period);
- whether it is appropriately-designed to support the population it proposes to serve (e.g., homeless populations, homeless youth, people with disabilities, people with a chronic mental illness, *etc.*);

- whether any proposed services and service plans are feasible, sustainable, and aligned with state and federally recognized best practices.

For projects that propose to serve homeless populations, including homeless youth, the HTF will seek feedback from the Homeless Assistance Unit and the Office of the Homeless Youth, both of which are housed at Commerce. While the policy of the state generally is to encourage the development of Low- or No-Barrier housing, if a project with a more restrictive residency policy is proposed (e.g., “clean and sober” housing), it may still receive a favorable score *if* it can be substantiated as a necessary part of a *continuum* of units for persons homeless at entry.

P-7. Opportunity Rich Communities: -10 to 0 Points

Commerce expects that projects be developed in “Opportunity Rich Communities” to the extent these measures apply to a project (e.g., youth employment and training would not be applicable to a senior project). If projects meet these measures (which is Commerce’s expectation) or if the measures are not applicable, their scores will not be affected (i.e., they receive 0 points). However, if a measure is applicable to a project but is not evidenced (e.g., serving families with children but the applicant does not show evidence of partnering with the school district), the project will lose 2.5 points. When a measure is not applicable, the applicant must be able to clearly demonstrate in their application why it does not apply to their project.

- 0 or -2.5 points** (0 points if condition met OR if this does not apply to the project): Project location provides access to employment centers. The condition is met if employment centers are located close enough that commute times are less than 30 minutes travel by car or one hour by public transit.
- 0 or -2.5 points** (0 points if condition met OR if this does not apply to the project): Project provides employment and training opportunities for disadvantaged youth under a youthbuild or youthbuild-type program, as defined in [RCW 50.72.020](#). The condition is met if the project provides these opportunities for their youth population.
- 0 or -2.5 points** (0 points if condition met OR if this does not apply to the project): Project location provides reasonable access to public transportation For an *urban* project this entails availability of bus, rail and/or ferry services within a walkable distance of the project. For a *rural* and/or *tribal* project the following transit options may also apply: vehicle share program, dial-a-ride program, employer vanpool, and public-private regional transportation.
- 0 or -2.5 points** (0 points if condition met OR if this does not apply to the project): Applicant demonstrates partnerships with school districts. The condition is met if the process described in RCW 43.185.070(5)(n) is evidenced: “... To receive this preference, the local school district must provide an opportunity for community members to offer input on the proposed project at the first scheduled school board meeting following submission of the grant application to the department.”

P-8. Evergreen Sustainable Development Standard: 0 to 2 Bonus Points

0 to 2 bonus points: Bonus points will be assigned when the proposed ESDS score exceeds the minimum ESDS required score. Commerce generally expects that an additional “buffer” of 10 ESDS points be built into the project’s ESDS score, to guard against the project’s falling below the minimum threshold if it is found prior to or during construction to be ineligible for one or more optional points. As such, no bonus points will be awarded for the first 10 ESDS points above the minimum threshold. Commerce also recognizes that costs escalate

rapidly as higher ESDS point totals are pursued. However, for ESDS scores above the 10-point buffer, bonus points may be given to a project as follows:

- **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

Given the importance that the state places on evergreen and sustainable development, projects will generally be held to the ESDS *point total* identified in their HTF application.

Example: the developer of an awarded new construction project with 65 ESDS points finds they cannot achieve the 65 points with the options originally selected, they may choose another set of options to get to 65 at no penalty.

Note: In future funding rounds, Commerce may penalize an applicant with “negative” points for not having achieved the approved ESDS scores in their *previous* HTF projects.

DECISION POINT #3 – ASSESS PROJECT VIABILITY & COORDINATE WITH FUNDING PARTNERS

This final step will act as a final threshold and help determine which projects are viable and can be funded. As described above, projects in a given category may be awarded funding even if they have lower scores than projects in another category.

Moreover, it is possible for the project with the highest score in the entire application round not to be funded, if it is determined at this decision point that the project has a substantial funding gap. Full funding is a last threshold applied at the end of the evaluation process.

E-1. Full Funding Threshold

- a. If the project has public local (city, county) or other state (e.g., CDBG) funding, Commerce coordinates with the other public funders to assess local priority for the project and to ensure that only fully funded projects move forward. Funds must be committed, awarded, or in-hand at the time of the HTF award.
- b. If a tax credit project, an HTF award will be conditional on an LIHTC allocation in the current round sufficient to complete the project; otherwise, HTF funds may be withdrawn after the LIHTC awards are announced. Commerce coordinates with the Washington State Housing Finance Commission in determining the likelihood for tax credit projects to receive allocations within their respective LIHTC pools.
- c. If the project has no local or other funding (i.e., HTF is the only source), the full funding threshold may not apply. **Note:** Evidence of local support should be provided in the application and is evaluated in Priority #3 above.

E-2. Other Special Requirements or Priorities

Commerce must allow some flexibility for special requirements or priorities that cannot be scored in the priorities above. Examples may include but are not limited to:

- A project may receive additional priority because the project is a pilot/demonstration project that satisfies a legislative or Capital Budget requirement (e.g., the Ultra-High Energy Efficient demonstration program, which was paired with the Housing Trust Fund awards in 2016) or other appropriation requirements.
- When several projects are in close proximity (same community, city, etc.), Commerce may communicate with the local jurisdiction regarding project prioritization, as the HTF may not be able to fund all projects due to limited funding and the statewide distribution requirement.
- A project may receive additional priority to fulfill a federal HOME or NHTF requirement.



Appendix B: Homeownership Application Evaluation Criteria

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OVERVIEW

All 2017 applications for homeownership projects will be reviewed with reference to project scope, identified funding sources, readiness of the project to proceed, completeness and reasonableness of development budgets, and organizational strength and capacity. Similarly to the process established for multifamily rental, project review will be broken into three phases or decision points:

- **Thresholds** are items that must be addressed for a project to move further in the review and evaluation process. This includes such elements as complete and on-time application submittal and organizational capacity and good standing.
- **Priorities** are items that will underlie Commerce’s decisions to recommend one project over another for funding. Unlike the 2017 process for multifamily projects, a numerical scoring mechanism has not been established for homeownership projects. Rather, the methods by which projects address the Priorities will receive ratings of High, Medium, or Low based on staff’s best professional judgement and comparison with the other applications in the funding round.
- **Project viability and coordination with funding partners** include considerations outside of Commerce’s internal review process, such as the prioritization of projects by other public funders identified as being sources and special requirements included by the Legislature.

Note that HTF is required under [RCW 43.185](#) to strive for a statewide geographic distribution of competitive funds and to allocate 30 percent to rural projects. See the Glossary of the [HTF Handbook](#) for the definition of “Rural.”

Homeownership projects will only be reviewed for state HTF funding, as they are currently not eligible for funding under Commerce’s HOME and National Housing Trust Fund programs.

If some of the requirements or criteria below may appear to be in conflict or supersede the requirements or conditions laid out in the [HTF Handbook](#), the requirements in this Solicitation prevail. If in doubt, applicants should contact HTF staff for clarification **no later than Friday, September 22, 2017**.

DECISION POINT #1 – PASS THRESHOLDS

In order for applications to be considered for funding, they must meet ALL of the thresholds identified below and in this Solicitation.

Commerce will exercise its discretion in issuing threshold waivers only in rare and extraordinary circumstances. Applicants should note that waivers are the exception, rather than the rule, and consult the [HTF Handbook](#) (Section 301.2.1) prior to requesting a waiver. All waiver approvals will be made public.

Timely & Complete Application Submittal

Applications must be submitted by the deadline indicated in this Solicitation and must be complete, i.e., the applicant must fill out all applicable sections and attach any required attachments or additional documents at the time of application submittal. See above in this Solicitation the section about *temporarily* waiving third-

party studies. 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.).

Should an application be found to be incomplete during the review process, review of that application will be suspended. Commerce review staff will then engage the Process for Omissions and Corrections described in Chapter 3, Section 303.4.1 of the [HTF Handbook](#). Per that process, projects for which requested documents are not forthcoming will be considered “withdrawn” from the funding round.

Eligible Activities (Per RCW and HTF Handbook)

The project must only include activities that are 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 Sections 202.2 and 202.5 of Chapter 2 of the [HTF Handbook](#) and [RCW 43.185.050](#) and [RCW 43.185A.030](#). Homeownership projects are *intended* for first time homebuyers.

Eligible Applicant

- a. **Eligible:** The applicant must be an eligible applicant per [RCW 43.185A.040](#): “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. Eligibility for assistance from the department under this chapter also requires compliance with the revenue and taxation laws, as applicable to the recipient, at the time the grant is made.”
- b. **Experience:** The applicant must have recent and relevant housing development experience, or partner with a developer that has recent and relevant housing development experience. See Chapter 2, Section 206.2 of the [HTF Handbook](#).
- 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 make this determination based on the applicant’s history with HTF and Commerce (per Chapter 2, Section 206.1.1 of the [HTF Handbook](#)). Applicants that do not have a history with HTF or Commerce must provide letters of “good standing” from other public local funders (city, county).
- 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. See Chapter 2, Section 206.1.2 of the [HTF Handbook](#).

For the 2017 funding round, HTF is reactivating its Organizational Capacity Assessment (OCA) process. See Chapter 7, Section 702.1.1 of the [HTF Handbook](#) for more detail than is provided here. **ALL** homeownership providing organizations are subject to the OCA requirement. For organizations having previously received homeownership awards from the HTF, the OCA forms must be completed and an approval to apply received from HTF. For organizations new to the HTF homeownership program, an onsite assessment will need to be scheduled.

Amount Requested Per Project/Applicant/Biennium

- a. **Per project:** Per Chapter 2, Section 201.3 of the [HTF Handbook](#), the maximum annual award per homeownership project is \$600,000.
- 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. ([HTF Handbook](#) Chapter 2, Section 201.3)
- 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. Requests must be submitted in writing by the deadline identified in this Solicitation. ([HTF Handbook](#), Chapter 2, Section 201.3)

Note that funds allocated directly to a project by the Legislature are not counted against this limit, but will be otherwise factored in to HTF funding decisions.

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 single-family subdivision developments, but not required for scattered-site projects (including Downpayment Assistance and owner-occupied rehab). See Chapter 2, Section 205.3 of the [HTF Handbook](#).
- 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. See Chapter 2, Section 205.11 of the [HTF Handbook](#).

Evergreen Sustainable Development Standard (ESDS)

- a. **Experience:** The applicant must have prior experience with ESDS or partner with an experienced party as their ESDS coordinator. In either case, an Evergreen Coordinator must be designated per Chapter 2, Section 207.4 of the [HTF Handbook](#).
- b. **Minimum standard:** The project must meet the ESDS minimum score, as applicable to the project type. ([HTF Handbook](#), Chapter 2, Section 207.2)

DECISION POINT #2 – SET PRIORITIES

Similarly to the 2017 process for evaluation of multifamily rental projects, only homeownership projects passing all thresholds under Decision Point #1 above will be further evaluated according to a set of priorities derived from HTF policy. Unlike the 2017 process for multifamily rental projects, the evaluation of these priorities will not involve the calculation of numerical *scores*. Rather, it will be based on a system of assigning a value of High, Medium, or Low to each project element, based on staff's best professional judgement, followed by the assigning of an overall rating of High, Medium, or Low.

Populations Served

The HTF has an in-statute requirement to give preference to projects serving “very low income” persons ([RCW 43.185.010](#)), which is interpreted as “at or below 30% of Area Median Income.” As a result, projects serving greater numbers of households earning at or below 30% of Area Median Income (AMI) will be viewed more favorably.

The language of the Capital Budget bill passed in the House ([House Passed EHB 1075, 7/1/2017](#)) and the bill awaiting a vote in the Senate ([Senate Bill 5981, 07/20/17](#)) both designate a distinct category for Homeownership, establishing funds set aside for Homeownership as separate from the various special needs categories prioritized by the Legislature (e.g., Chronically Mentally Ill, Homeless Families with Children). HTF will therefore not subject Homeownership projects to the same preference structure when evaluating a project based on whom it is proposing to serve. However, projects proposing to serve households with special needs will be viewed more favorably than projects serving general low-income households.

Development Costs

Project Costs will be compared per the HTF Cost Containment Policy (see Chapter 2, Section 201.2 of the [HTF Handbook](#)). Projects approaching or exceeding 110% of the average adjusted Total Development Cost Per Unit (TDCAPU, calculated as total development cost less the cost of land, divided by the total units in the project) will receive a Low rating.

Level of HTF Investment

Commerce has historically limited the HTF per-unit award for Homeownership projects to approximately \$50,000, up to a cap of \$600,000 per project. While HTF reserves the right to award waivers of this limit, we anticipate such waivers to be rare. In the interest of spreading the limited amount of funds as far as possible, HTF may reduce the size of its award based on a pro rata calculation for projects not fundamentally committed to particular unit counts. This is primarily intended to apply to projects not involving new construction (i.e., Downpayment Assistance, Owner-Occupied Rehab), but where the possibility exists it may be applied to new construction projects as well. If, for example, a new construction project can be safely reduced from 10 to 8 units, HTF may size its award appropriately.

Note: Should a project receive a line item allocation in the Capital Budget (aka direct appropriation), when assessing both Leverage (the ratio of HTF funds to all non-HTF funds in a project) and HTF investment per unit, “HTF Funds” will include any line item allocations in a Capital Budget (aka direct appropriations) *if* they are for affordable housing and/or are included in the HTF appropriation (i.e., are not allocated to the project through another Commerce program).

Project Scope & Housing Model

The evaluation of Project Scope will include an assessment of:

- Whether the project concept is clear, rational and well thought-out.
- Whether the need for the type of housing in the identified project location(s) is well-established.
- If new construction, whether the project is appropriately-designed to support the population it proposes to serve (people with disabilities, families with children, *etc.*).

- Whether the particular model of funding delivery (Downpayment Assistance, Revolving Loan Fund) is appropriate for the identified project location(s).
- Whether the applicant has a proven track record on providing the proposed model.

Opportunity Rich Communities

Commerce expects that projects be developed in “Opportunity Rich Communities” to the extent these measures apply to a project (e.g., partnerships with school districts would not be applicable to a senior project). If the measures are not applicable, the project will not be negatively affected in its review. When a measure is seen to be not applicable, the applicant must clearly demonstrate in their application why it does not apply to their project.

- a. Project location provides access to employment centers.
- b. Project provides employment and training opportunities for disadvantaged youth under a youthbuild or youthbuild-type program, as defined in [RCW 50.72.020](#).
- c. Project location provides reasonable access to public transportation.
- d. Applicant demonstrates partnerships with school districts.

Evergreen Sustainable Development Standard (ESDS)

Commerce generally expects that an additional “buffer” of 10 ESDS points be built into the project’s ESDS score, to guard against the project’s falling below the minimum threshold if it is found prior to or during construction to be ineligible for one or more optional points. As Commerce wants to promote “greener” housing whenever practicable, projects pursuing significantly higher ESDS point totals will be viewed more favorably, but only inasmuch as the point total is seen as being reasonable. Projects will generally be held to the ESDS *point total* identified in their HTF application, and not necessarily the measures originally identified to achieve the point total.

Example: the developer of an awarded new construction project with 65 ESDS points finds they cannot achieve the 65 points with the originally selected options A, B and C, they may choose another set of options – D and E - to get to 65 at no penalty.

NOTE: In future funding rounds, Commerce may penalize an applicant for not having achieved the approved ESDS scores in their *previous* HTF projects.

DECISION POINT #3 – ASSESS PROJECT VIABILITY & COORDINATE WITH FUNDING PARTNERS

This step will determine which projects are viable and can be funded. Full project funding is a last threshold applied at the end of the evaluation process.

Full Funding Threshold

- a. If the project has public local (city, county) or other state (e.g., CDBG) funding, Commerce coordinates with the other public funders to assess local priority for the project and to ensure that only fully funded projects move forward. Funds must be committed, awarded, or in-hand at the time of the HTF award.
- b. If the project has no local or other funding (i.e., HTF is the only source), the full funding threshold may not apply.

Other Special Requirements or Priorities

Commerce must allow some flexibility for special requirements or priorities that cannot be scored in the priorities above. Examples may include but are not limited to:

- A project may receive additional priority because the project is a pilot/demonstration project that satisfies a legislative or Capital Budget requirement (e.g., the Ultra-High Energy Efficient demonstration program, which was paired with the Housing Trust Fund awards in 2016) or other appropriation requirements.
- When several projects are in close proximity (same community, city, etc.), Commerce may communicate with the local jurisdiction regarding project prioritization, as the HTF may not be able to fund all projects due to limited funding and the statewide distribution requirement.