



King County

Urban Consortium Joint Recommendations Committee

Meeting Materials for Thursday, April 23rd 2015

Click on a link below or use the Acrobat bookmarks to access documents

Item	Info
Agenda	April 23 rd JRC Agenda
Attachment A	Approved minutes from the March JRC Meeting
Attachment B	CDBG Capital Project Review for Timely Expenditure:
Attachment B.1	CDBG Capital Project List for Timely Expenditure
Attachment B.2	Affordable Housing Project List for Timely Expenditure
Attachment C	Proposed Amendments to Housing Repair Guidelines
Handout C.	Additional Amendments to Housing Repair Guidelines
Attachment D	List of CDBG 2016 Non-housing Capital Project Pre-Applications
Attachment E.	HFP NonHOME Policy Update
Attachment E.1	HFP NonHOME Guidelines for Review
Attachment E.2	2010 HFP JRC- Approved Guidelines

Notes:

1. Some legacy attachments contain original page numbering. Meeting Packet Numbers are at the very bottom right corner.

2. Some documents are tabloid (11x17) landscape oriented. Usually Acrobat Reader should print these as 8.5x11 for regular jobs. If not, check your printer settings for page setup and handling.



King County
JRC Members

Chair
Ken Hearing
Mayor North Bend

Vice Chair
Gerald (Jerry)
Robison
Burien,
Councilmember
Sound Cities
Association

Paul Winterstein
Issaquah,
Councilmember
Sound Cities
Association

Pam Fernald
SeaTac,
Councilmember
Sound Cities
Association

Terry Mark
King County,
DCHS Deputy
Director

Gary Prince
King County,
DOT, TOD
Program
Manager

John Starbard
King County, DPER
Director

Dan Stroh
Bellevue,
Planning Director

Rob Odle
Redmond, Director
Dept. Planning &
Community Dev.

Merina Hanson
Kent, Housing and
Human Services
Manager





Rob Beem
Shoreline,
Community
Services Division
Manager

Steve Walker
Seattle, Director of
Office of Housing

Agenda

JOINT RECOMMENDATIONS COMMITTEE (JRC) MEETING

Thursday, April 23, 2015
9:30 AM - 11:30 AM
King County Airport
Main Terminal Building Meeting Room
7277 Perimeter Road South, Seattle 98108-3844

- I. Welcome and Introductions**
- II. March 26, 2015 Meeting Minutes** 5 Min
Attachment A – Action Item All
- III. Review Prior Year CDBG and HOME Project Status For Timeliness of Expenditure** 30 Min
Attachment B, B.1, CDBG Consortium-Only  B.2 HOME (Info Item)
Kathy Tremper, Community Development Coordinator
John deChadenedes, Housing Finance Program Coordinator
- IV. Housing Repair Program Policies– Review for Adoption** 5 Min
Attachment C – Action Item –    All w/exception of Seattle
Clark Fulmer, HRP Section Staff
- V. List of CDBG 2016 Pre-Applications** 10 Min
Attachment D – Information Item
Kathy Tremper, Community Development Coordinator
- VI. Housing Finance Non-HOME Program Policies– Review for Adoption at May Meeting** 30 Min
Attachment E – Information Item
John deChadenedes, Housing Finance Program Coordinator
- VII. Round Table Discussion / Other Items**
- VIII. Announcements**

ADJOURN

Next Meeting:

Date May 28, 9:30 AM - 11:30 AM

Location: South Renton Treatment Plant, Renton WA

JOINT RECOMMENDATIONS COMMITTEE MEETING

Thursday, March 26, 2015

9:30 am – 11:30 am

South Renton Treatment Center

Members Present:

Ken Hearing - Mayor, City of North Bend, JRC Chair (Sound Cities Association)
Paul Winterstein, Councilmember, City of Issaquah
Gerald (Jerry) Robison - Councilmember, City of Burien, JRC Vice-Chair (Sound Cities Association)
Pam Fernald - Councilmember, City of Seatac (Sound Cities Association)
Rob Beem - Community Services Division Manager, City of Shoreline
Merina Hanson, Housing and Human Services Manager, City of Kent
John Starbard - Director, King County Department of Permitting and Environmental Review
Rob Odle, - Director, Planning and Community Development, City of Redmond
Terry Mark – Deputy Director, King County Department of Community and Human Services
Gary Prince - Transit Oriented Development Program Manager, King County Department of Transportation
Dan Stroh, Planning Director, City of Bellevue

Members Not Present:

Steve Walker – Director of Housing, City of Seattle

King County Staff:

Kathy Tremper - Coordinator, Housing and Community Development, HCD
Valerie Kendall, Planner, Housing and Community Development, HCD
John deChadenedes, Coordinator, Housing Finance Program, King County
Mark Ellerbrook, Regional Housing and Community Development Manager, HCD
Dave Mecklenburg – Project Manager, HCD
Pamela Stearns – Administrative Staff Assistant, Community Services Division, CSD

Guests:

Jeffrey D. Watson - Community Services Manager, City of Federal Way
Alaric Bien, Senior Planner, City of Redmond
Dianne Utecht, Human Services Coordinator, City of Renton
Lori Fleming, Management Analyst, City of Burien
Leslie Miller, Human Services Coordinator, City of Kirkland
Klaas Nijhuis, Senior Planner, A Regional Coalition for Housing

I. Welcome and Introductions

Ken Hearing opened the meeting at 9:35. He welcomed guests and asked for introductions.

**II. Approval of February 26, 2015 Meeting Minutes
Attachment A – Action Item All**

MOTION: Motion was made and seconded to approve the minutes as presented. There was no discussion and the motion was approved unanimously.

**III. Consolidated Housing and Community Development Plan
Attachment B, B.1 – Action Item All**

Valerie Kendall presented an overview of the final draft of the Consolidated Housing and Community Development Plan and walked through the various elements of the Plan. The Plan is required by HUD as a condition of receiving federal formula grants: CDBG, HOME and ESG.

Val explained that the Plan is in a different format from previous years as HUD is essentially dictating how it is to be framed and submitted. A few graphs to present data have been incorporated, but not added specificity in an effort to keep the plan high level because that will give us more flexibility in determining activity. This is a five year plan and the JRC will have the authority to amend it and make changes.

The first section is the **Executive Summary** (top of page 11), lists three overarching goals 1) affordable housing, 2) ending homelessness and 3) community development.

The next section is an **introduction in general about the populations that we serve and our goals** and how the County will administer the funds. This section provides terms or definitions used in the Plan - such as HMIS, the reporting system for our homeless data information. It provides background information on our process, public meetings, community forums, and different plans we consulted during the process.

The next section **Needs Assessment** (page 19) provides summary tables. This section contains HUD data collection from CHAS or ACS census information for determining need. This is not something we have flexibility on. Some of the presentation uses numbers instead of percentages, when people are accustomed to see information presented in relative terms rather than raw numbers.

Following the needs assessment, there is a section called **Market Analysis** (page 48). One of the charts we added because a year ago we received a lot of questions about foreclosures. Val noted that more information was available at the jurisdiction level.

The next section is the **Strategic Plan** (page 91). This all rolls up-- the introduction, the administration, the process, the needs assessment, and the market analysis. This is where it is all synthesized. This part the JRC has had various briefings on in the past. This is how it looks as it is presented in the HUD template.

Val noted three key charts. The first is on Packet page 99, (Con Plan Page 91). This is the **Priority Need**. Emphasis was again made of the effort to keep the Plan at a really high level. The sort order is based on the first three overarching goals noted in the beginning. This is in a sort order, not a priority order, so it's not putting community development ahead of housing. This is important to call your attention to as it caused some confusion during a review process.

The next table noted started on Con Plan page 97 - **Anticipated Resources**. This is essentially a fund map for the money that comes through the Consortium program for those three goals. It starts with the three formula grants, CDBG, Home and ESG based on the way HUD's system sets it up to see what's available in program year one. It includes the formula grant amount and an item called program income. HUD wants to see an estimated amount for year one of the plan, which is 2015, and for each of the four years thereafter. The number to the right is a four year estimate. It lists the three formula grants as well as the Continuum of Care funds (top of the next page), are the funds we refer to as McKinney funds. This is a grant application that King County coordinates with Seattle. When we talk about homeless activities, it's an area where we're talking about Seattle and King County. All other activities in King County are outside of Seattle. HUD also asks for an estimate of other funds the Consortium believes it is likely to have access to. If we expect leveraged funds we provided an estimate. Those might be the long term housing tax credit, the value of projects funded in Section 8. The RAHP funds are listed as are MIDD dollars. Val noted some additional tables listed that are interesting but specific to HUD, and were not included in past Consolidated Plans.

Val drew the JRC member's attention to page 111 of the Plan wherein the specific goals of the Consortium's Plan were set forth. The column on the right side of the page noted annual yearly outcomes, not to be confused as the five year goals. When we do are our annual year report out on our progress activities through the CAPER, these are what we're going to be reporting on. On the left sort order, the numbers - those tie to affordable housing which is one, ending homelessness is two, and community development is three. This is how HUD tracks how we tie back to our overarching goals.

Val then walked through the next steps of the process for completing the Plan and its submission to HUD:

The first threshold of review in terms of approvals is this draft. It's been posted for public comment and we have logged all of comments. Up until now, it's been available for public input. Now it is available for public comments and will be posted for 30 days. It will be sent to DCHS Director's Office in April.

Mark E. commented that all major edits or additions will be brought back to the JRC if it is felt the edits substantially change any of the content of the document as presented to the JRC. We realize we're asking you all to be the first actor on this and so we want to make sure that if there are any changes made through public comment or by County Council, it will be brought back for reconsideration. The intent is to keep everybody in the loop as it proceeds through review.

Mark E.: The process within King County is to transmit it to the council in May. It has internal review and steps along the way. The councilmember may have questions. Any council staff

may go through the sections they are particularly interested in. Mark noted that he didn't think there would be any dramatic changes. If there are, those changes will come back to the JRC for review. The longer it takes to get through the process it will extend how long until we are able to contract with HUD for the 2015 grants funds.

It was requested that there be an update in April on its progress.

MOTION: Rob Odle moved to approve the plan and send it to the Executive as presented. Paul Winterstein seconded.

Discussion ensued.

Q: As it relates to the work currently taking place regarding the Council to End Homelessness (CEH) work. What impact, if any, would this Plan have on the CEH process?

A: Mark E.: Mark noted that CEH sits across the hall from us – we have been trying to incorporate their comments at the same time at the meeting earlier as it relates to the strategic plan, but I'm not sure at the high level that this plan operates that we'll necessarily see those changes affecting ultimately how we commit CDBG dollars. The desire is to keep this document relatively general because we can't anticipate what all the needs will be. So we try to put sections in here and comments and strategies and priorities. If there are big changes that come through the CEH process and it is something that we will have to incorporate-- say we don't have a choice -- we will bring that back to this room.

Rob O.: Some of the cities have substantial questions about implementing strategy for CEH strategic plan. What I don't want to see is approval of this document seen as the impediment adjusting the CEH Plan as that responds to the various cities. Just so we're not locking ourselves into something in that process.

Mark E.: We clearly understand that the CEH process is also ongoing and there are a lot of questions about that and I think we feel like this doesn't really affect to being able to comment and you being able to see the changes you might want to see in the CEH strategic plan. We feel this is a flexible document.

ACTION: The motion passed unanimously.

IV. ARCH Affordable Housing Projects (CDBG)

Attachment C – Action Item – Consortium Cities Only

Klaas Nijhuis, from A Regional Coalition for Housing (ARCH), presented.

Klaas reviewed pertinent ARCH project information presented to the JRC at its February 2015 meeting. He noted that there are additional funds from two entitlement cities, Kirkland and Redmond going to the Parkview Services House XI. Klaas wanted to remind the JRC that King County administers those funds as well. The three ARCH projects are:

- 1) Providence Redmond Senior Housing, 160th Redmond Senior Apts., located on donated city land in Redmond, a tax credit project, 74 units, affordable to seniors living

at 30, 40 and 60 percent of area median income. It predominately targets the 30 percent income level.

2) KCHA Patricia Harris Manor. This project is a portion of the preservation project the JRC considered during its earlier Housing Finance Program funding round. The project presented for funding with the CDBG funds is the building in Redmond called the Patricia Harris Manor. It is a Section 8 subsidized 40 unit low income senior property. Should the Section 8 subsidy go away, in order for the viability to continue, the income level would be at or below 60 percent area median income.

3) Parkview XI House. This project is a supportive living facility with three beds for persons living with developmental disabilities. A site has not yet been identified but it would be located in East King County. The project is sponsored by Parkview Services who has done a number of these homes in the past. This project is also being supported by Kirkland and Redmond CDBG funds.

MOTION: Gary P. moved to recommend up to \$200,549 of the North/East Sub-region 2015 CDBG funds for the Providence SRI Redmond Senior Apartments and \$259,749 of North/East Sub-region 2014 CDBG funds for Patricia Harris Manor. Paul Winterstein seconded.

ACTION: The motion passed unanimously.

Housing Finance Guidelines

John C. updated the JRC on Housing Finance Guidelines.

John deChadenedes updated the JRC on the Housing Financing Program guidelines. The JRC already approved guidelines for federal HOME funds in 2014 and will be asked to approve guidelines that apply to local funds in May. JRC Members were asked to think about how County funding could be used to target specific local needs. John said that they are working on a new development policy fee that is harmonious with other local developers, is fair, and also creates an incentive for developers to save costs. Future guidelines will also cover how to handle requests for additional County funds for existing projects in its portfolio such as very small emergency loans for roof repairs or heating systems for single family homes serving developmentally disabled people. Future guidelines will also cover portfolio preservations loans would be like the request for the Summerwood Apartments in Redmond. Where it's a large project, they're refinancing advantageously getting better interest rates but they also want to complete the rehabilitation that probably should have been done the first time.

V. Review of Housing Repair Program (HRP) Policies - Update Information Item

Clark Fulmer, King County Housing Repair Program presented a chart (page 138 of JRC packet) of proposed changes to the current HRP program guideline to restrict the number of qualifications in order to adapt to reduction of housing repair funds. The proposed updated guidelines would also to ensure that those that have that disability would be exempt from the

asset limit. We refined the definition of what constitutes a disability by following HUD's definition. We also placed stricter qualifications for emergency grants and mobile home grants.

We have operated on a first come, first serve basis which was fine until we started getting reductions in the budget. Now in the last two years, we've run out of funds prior to receiving the next year's allocation. This year we're out of funds except for a \$25,000 dollar reserve held for big emergencies.

HUD asks us to serve the neediest first. To address that we are proposing to prioritize the emergency grants to lower income people. We would serve people or applications with the greatest repair needs as a high priority. Lower priority applications would be assisted if funding levels permit.

We have about \$500,000 of repair projects that are waiting for 2015 funds to come in. If the JRC were to adopt these guidelines, we would provide updates having every six month or three months to see how the program utilization is going.

Gerald Robison suggested adding a six month review of the exemption asset for over 55 policy.

The matter will be brought before the JRC for action at its April 23rd meeting.

VI. Consolidated Annual Performance and Evaluation Report
Information Item – Web Link – CAPER – Kathy Tremper

Kathy Tremper provided an update on the CAPER. King County had \$9.2 million available at the beginning of 2014, spent \$5.2 million, leaving a balance of \$3.9. She noted accomplishments for the County three Consolidated Plan goals: (1) created 316 new units of housing and 524 units of housing repairs; (2) distributed housing stability benefits and health, provided access to permanent housing and rentals, and provided emergency housing, shelter, and transitional housing; and (3) completed one community facility project and three public infrastructure projects.

CAPER is posted on the web site and public comment will be received March 30st. It will then be submitted to HUD on the 31st.

VII. Round Table Discussion

Chairman Ken Hearing called to move to Announcements for the good of the order.

XI. Announcements, Other Items

HCD Request for Fund Switch – Info Item - Kathy Tremper

Kathy T. briefed the JRC on the need to switch year of funds between one project that was funded with 2014 funds but is not ready yet and one that was funded with 2015 and could be ready to go this summer. The 2014 CDBG funded Burien 132nd Street Pedestrian Accessibility Trail project allows children to get safely to school, but it needs to be completed in the summer when children are not in school. The 2015 funded Vashon Senior Center is ready to go now.

Chair noted that it was brought before the members as an Information Item to be acted upon at the next regular meeting but suggested that it be considered at this meeting.

MOTION: Gary Prince moved to approve the funding switch in the amount of \$176,600 between the 2014 funded Burien S 132nd Street Pedestrian Trail and the 2015 funded Vashon Senior Center Rehabilitation. Pam Fernald seconded.

ACTION: The motion passed unanimously.

State Legislative Update

Terry Mark shared updates regarding the Legislative Agenda that was adopted by the JRC.

The Washington legislative session is scheduled to end on April 26th. The Housing Trust Fund will be in the capital budget this year. SHB 1223 supports affordable workforce housing and has passed the House and moved on to the Senate Human Services, Mental Health & Housing Committee. The bill will allow King County to issue revenue bonds for affordable workforce housing within one-half mile of a transit station. The bonds will bring in approximately 7.5 million a year, about \$45 million new funds for workforce housing.

Round Table Discussion:

Participants discussed distribution of the final meeting packet. Staff was asked to send an electronic version via e-mail as soon as it has been prepared – even if at 5:00 p.m. the night before the meeting.

Gary Prince suggested the JRC work with local and regional municipalities that are expanding public transit.

Paul W. expressed he would like to have a better understanding of who ARCH is – what they do – perhaps other housing developers, funders and agencies as well. It would help in understanding the complexities of affordable housing development.

It was suggested that perhaps stickers be placed on the name tents to assist the members in knowing what items they have voting privileges.

Next meeting: April 23, 2015, at 9:30am. The meeting will be at this same location.

Meeting Adjourned at 11:04 am.

All handouts and meeting materials will be provided on line at the following link at HCD web site subsequent to each meeting.

<http://www.kingcounty.gov/socialservices/Housing/Consortium/ConsortiumStructure/RegionalCommittee.aspx>

Action Item: Project Review for Timely Expenditure

Issue: The JRC is asked to review, with HCD staff, the status of projects that are in danger of meeting their timely expenditure requirements. Projects will be reviewed and discussed for potential extension or recapture of funds, as applicable, in order to meet consortium guidelines that have been established to meet timely expenditure requirements for HUD funds.

Background: Federal HUD program regulations require grantees to expend funds in a timely manner.

For CDBG, HUD requires that we have no more than 1.5 times our entitlement left unspent in our letter of credit on November 1st of each year. The current drawdown ratio for the total consortium is .49. Consortium-wide fund drawdown ratio is .58. Current Joint Agreement City drawdown ratios are as follows: Kirkland – 0; Redmond – .45; Renton - .18 and Shoreline - .14.

For HOME, HUD has specific time limits for affordable housing projects to be under contract and for all project HOME funds to be expended. For HOME funds awarded as housing capital in ownership projects, the units must be constructed and sold within very rigid time frames.

The projects on the attached spreadsheet were funded in 2014 and prior years. For CDBG, JRC-adopted guidelines state that CDBG-funded projects have from January 1st of the award year through May 31st of the following year (17 months) to be substantially complete, meaning that the project is at least under contract and that construction has begun.

There are a number of facts which relate to the delay of many of the capital projects brought forward for consideration of an extension: 1) The HUD grant agreements have not been received and processed until very late in the year - August of 2013; July of 2014 2) environmental reviews were problematic for many projects in which archaeology considerations impacted infrastructure projects where digging is involved, and 3) construction delays due to weather and “fish window” considerations.

Each April, HCD staff presents information to the JRC about projects which are either approaching the timeliness deadline, or have exceeded it, and makes recommendations for cancellation/recapture or extension of these projects. If any projects are cancelled, the unexpended funds will be recaptured and reallocated. Any funds expended on a cancelled project would need to be repaid to the program with non-CDBG funds.

JRC Action:

Review and discuss projects on the list and approve staff recommendations for extension or cancellation/recapture.

Staff Contact:

Kathy Tremper, Community Development Coordinator

E-mail: kathy.tremper@kingcounty.gov Phone: (206) 263-9097

John deChadenedes, Housing Finance Program Coordinator

E-mail: john.dechadenedes@kingcounty.gov Phone: (206) 263-9081

Attachment B2 - Project Timeliness Status Report and Recommendations April 23, 2015

Year and Type of Funds	Project Title	Funding Jurisdiction	Project Type	Budget Amount	Balance	Status	Contract End Date	Proposed New Project End Date	Main Reason For Delay	Project Manager's Comments	Staff Recommendation
CD Section Non-Housing Capital Projects											
1. 2012 CDBG	Duvall Taylor Park - Solder Pile Retaining Wall	North/East Sub-region	Public Infrastructure	\$200,000	\$186,839	Design compete - Bid Package being compiled. Construction targeted to be completed this summer.	15-Nov-15	no change	Delay in SEPA Permitting and city staff workload issues.	Satisfactory movement on project progress.	Approve end date of November 15, 2015 to allow for completion and payment.
2. 2013 CDBG	Covington Jenkins Creek Ped ADA Path	South	Public Infrastructure	\$418,000	\$390,537	Design is complete; bid documents under review; construction anticipated to commence June and be complete by October, 2015.	31-May-15	30-Nov-15	Delay due to extensive Environmental Review and elements of design.	Project is being contracted for construction in coordination with the City's Storm Water scope for efficiencies of contract administration. Satisfactory movement on project progress.	Approve extension to end date of November 30, 2015 to allow for completion and payment.
3. 2013 CDBG	SeaTac Valley Ridge Community Center Expansion	South	Community Facility	\$265,000	\$247,132	9/16 A&E Procurement completed; 10/13 design issues due to storm draining revisiting elements; 10/27 city staff secured additional funding for project; 11/3 formal drawings due; 12/1 draft	31-May-15	30-Nov-15	Environmental Review - archaeology considerations on initial scope that was proposed. Clarified abandonment of drainage therefore archaeology became a non-issue.	Satisfactory movement on project progress.	Approve extended end date of November 30, 2015 to allow for completion and payment.
4. 2013 CDBG	Sno-Valley Senior Center Facility Rehab	North/East	Community Facility	\$217,000	\$77,508	Construction 99% completed for main scope; punch list being addressed; sufficient funds remain that allow the Agency to replace two heat pumps per the grant award. Agency still needs to procure and implement that element into the overall contract	1-May-15	31-Aug-15	Change in CEO; new board members	Satisfactory movement on project progress.	Approve extended end date of August 31, 2015 to allow for completion and payment.
5. 2013 CDBG	Burien Dottie Harper Park	South	Park	\$195,000	\$172,704	Design completed late January. Preconstruction conference scheduled; construction to commence by mid April; completion slated for May 31, 2015	15-Nov-14	15-Jul-15	City Staffing work load issues	Construction of project will likely be completed by the time JRC reviews extension request. Request will be asked only if potential labor compliance is an issue.	Approve HCD to make the determination whether or not to extend until July 2015 if appropriate based on outcome of implementation efforts.
6. 2014 CDBG	Black Diamond WaterMain	South	Public Infrastructure	\$225,000	\$225,000	Design firm procured; design underway	15-Nov-15	No Change	Change in ACS Census calculation required the County to submit a Waiver Request from HUD Headquarters in order to be considered eligible.	Satisfactory movement on project progress.	Approve end date of November 15, 2015 to allow for completion and payment.
7. 2014 CDBG	Carnation Spilman Ave WaterMain	North/East	Public Infrastructure	\$280,000	\$280,000	Design firm procured; design underway; project will require archeologic monitoring	15-Nov-15	No Change	Change in ACS Census calculation required the County to submit a Waiver Request from HUD Headquarters in order for the project to be considered eligible.	Satisfactory movement on project progress. Project may have the ability to coordinate implementation with another grant award for safe sidewalks; if so, contact may be extended to capitalize on coordination of contracting for efficiencies.	Approve end date of November 15, 2015 to allow for completion and payment.
8. 2014 CDBG	Tukwila Minor Home Repair Program	South	Housing Rehabilitation	\$125,000	\$110,650	Program is underway and accepting applications.	30-Sep-15	30-Sep-15	Late HUD Grant Agreement has pushed program implementation back over the course of the last two years.	Satisfactory movement on project progress.	Approve end date of November 15, 2015 to allow for completion and payment.
Total					\$1,690,370						
Informational Items											
9. 2014 CDBG	Vashon Senior Center Facility Rehab	South	Community Facility	\$176,600	\$176,600	Fund switch with Burine S. 132nd Street Path; ER underway		Nov 30 2015	JRC approved 'fund switch' with Burien S. 132nd Street path	Environmental Review and Design efforts underway	
10. 2014 CDBG	HCC StartZone Microenterprise Development	South	Economic Development	\$72,000	\$20,298	Program is underway with closeout slated for the end of April then 2015 funds will continue the microenterprise activities	31-Mar-15	NA	Timing of receipt of HUD Grant Agreement	2015 Contract being drafted	
11. 2014 CDBG	Burien S. 132nd Street Path	South	Public Infrastructure	\$195,000	\$195,000	RFQ for design services under way.	15-Nov-15	31-Oct-16	JRC approved 'fund switch' with Burien S. 132nd Street path	Environmental Review is completed and design efforts will continue for Spring 2016 construction procurement	
12. 2014 CDBG	Renton Downtown Commercial Façade Improvement Loan Program	City of Renton	Economic Development	\$78,178	\$78,178	Program ready for implementation; County amending its 2014 contract to add exhibit; loan applications are currently being accepted;	31-May-16	NA	New program	2014 Contract being amended	
13. 2014 CDBG	Shoreline Minor Home Repair	City of Shoreline	Housing Rehabilitation	\$30,000	\$30,000	Program underway while waiting for 2015 grant funds to be realized from HUD.	31-Dec-15	NA	Purposely funded to cover program until 2015 HUD Grant Agreement is in place.	Underway	

Year of Funds	Project Title	Funding Jurisdiction	Project Type	Budget Amount	Balance	Status	Contract End Date	Proposed New Project End Date
CDBG								
2014 CDBG	Providence Redmond Senior Housing	N/E Subregion City of Redmond	Housing	\$20,757	\$20,757	Expecting 2015 LIHTCs. Will go under contract and begin construction in 2015.		31-Oct-16
2014 CDBG	KCHA Patricia Harris Manor Rehabilitation	NE Subregion City of Redmond and Consortium Funds	Housing	\$334,749	\$334,749	Contract in process, rehab work already begun.		31-Dec-16

Year of Funds HOME								
2011	House Key Plus- ARCH	ARCH	Homeownership	\$300,000	\$300,000	Funds to be recaptured due to slow activity in program and use of program income (repaid loans).		
2012	HCLT Advantage	King County	Homeownership	\$200,000	\$0	Recaptured in 2014, funds committed to CHA Ronald Commons		
2013	Compass Housing Alliance - Copmpass at Ronald Commons	King County	Multifamily rental housing	\$675,428		Expected to go under contract and start construction in 2015		30-Mar-17
2014	Compass Housing Alliance - Copmpass at Ronald Commons	King County	Multifamily rental housing	\$763,677		Expected to go under contract and start construction in 2015		30-Mar-17
2014	Valley Cities Phoenix Rising	King County	Multifamily rental housing	\$1,460,000		Expected to go under contract and start construction in 2015		28-Feb-16
2014	Providence Redmond Senior Housing	King County	Multifamily rental housing	\$220,367		Expected to go under contract and start construction in 2015		31-Oct-16

Proposed Amendments to Housing Repair Program Guidelines

Issue: The JRC is asked to review, discuss and approve amendments to the Housing and Community Development Program's Housing Repair Program Guidelines. The amendments are proposed in order to update the guidelines to meet the housing needs of very-low to moderate-income home owners throughout the King County Consortium.

Background: King County Housing and Community Development Program staff began meeting with Consortium city staff over the last few months, regarding current issues within the Housing Repair Program (HRP). Those discussions led to proposals for updating the Consortium's HRP Guidelines, in order to address some of the unfortunate situations regarding the reduction of the HRP budget.

At the March 26th JRC meeting, the proposals were reviewed and discussed with JRC members, and JRC members gave staff some feedback. Staff has taken all of the comments and drafted the attached amendments to the HRP Guidelines.

Action Requested: Review, discuss and adopt updates to the Consortium's Housing Repair Program Guidelines.

Staff Contacts: If you have any questions about the proposed activities and or processes, you may contact Clark Fulmer, Housing Repair Program Coordinator, at Clark.Fulmer@kingcounty.gov or 206- 263-9087; or Mark Ellerbrook, DCHS Program Manager, at Mark.Ellerbrook@kingcounty.gov or 206-263-1117

**King County Consortium
Housing Repair Program Guidelines**

1. Program Objective. The King County Consortium (the Consortium) supports the maintenance of a consortium-wide program to repair and rehabilitate the ownership housing of very-low to moderate-income households that is staffed by the King County Housing and Community Development Program (HCD). The Consortium also supports a program to modify the rental housing units of very low to moderate income tenants with a disability. These programs are administered pursuant to the adopted King County Consortium Consolidated Housing and Community Development Plan (the Consolidated Plan).

The Housing Repair Programs were established by the Consortium in order to provide a public benefit that preserves and improves the safety and security of housing that is affordable to households with incomes equal to or less than 80% of area median income (AMI) as determined by the U.S. Department of Housing and Urban Development (HUD), and the life and safety of the very-low to moderate-income owners of those homes. According to the most recent American Community Survey data, the stock of affordable ownership housing continues to lag behind the needs of the population in King County that are at or below 80% AMI.

An additional public benefit is provided through the provision of access and safety in rental housing stock that is affordable to households with a disability at or below 80% AMI. Securing an accessible rental unit is an ongoing challenge for persons with a disability.

These Housing Repair Programs are not entitlement programs. The determination of whether assistance is provided through these Programs is based upon the discretion of program administrators exercised in accordance with these Guidelines, and is further subject to availability of federal funds set-aside for consortium-wide housing repair activities pursuant to the Consortium's Interlocal Agreement.

2. Eligible applicants.
 - a. Financial assistance may be provided to homeowners with incomes equal to or less than 80% AMI. Homeowners must have an ownership interest in the property, must occupy the property as their principal residence and must have resided in the property for one year prior to the submission of their application to the Housing Repair Program. An eligible ownership interest includes: 1) fee simple title; 2) 99 year leasehold interest in property; and 3) ownership or membership in a cooperative.
 - b. Financial assistance may be provided to homeowners of manufactured home units that reside in mobile home parks or on leased land, with applicant incomes equal to or less than ~~80%~~ 50% AMI. Homeowners must possess a valid manufactured home title reflecting home ownership as the legal owner and or registered owner of the personal property. Manufactured Homeowners must have an ownership interest in the property, must occupy the property as their principal

residence and must have resided in the property for one year prior to the submission of their application to the Housing Repair Program. The applicant must have a formal rental agreement or lease on the land that the unit resides.

- c. Financial assistance may also be provided to disabled renters with incomes equal to or less than 80% of median as determined by HUD. Renters must live in a units specifically designed for residential use and have a formal rental agreement or lease.
 - d. Qualified participants in the Neighborhood Stabilization Program (NSP) or non-profit organizations that have purchased a foreclosed property in order to rehabilitate the home to comply with local housing code standards, provide energy efficiency upgrades, as applicable, and sell the home at an affordable home price for the income level of an eligible low to moderate-income home buyer.
3. Asset limits for individual home owners. Asset limits assure that the neediest households are served by the program. Applicants for loan assistance may not have assets, other than their personal residence, personal retirement accounts and vehicles, greater than \$40,000 net value. Applicants for grant assistance may not have assets with a net value greater than \$20,000. Homeowners for whom the principal applicant and/or the principle applicant's spouse or domestic partner ~~are over the age of 55 or has~~ ve a long-term disability, thus will not be subject to asset limitations due to the substantial savings required for full-time assisted care living environments.

An applicant with a stated disability is defined as "Any person who has a physical or mental impairment that substantially limits one or more major life activities; has a record of such impairment; or is regarded as having as having such impairment. "In general, a physical or mental impairment includes hearing, mobility and visual impairments, chronic alcoholism, chronic mental illness, AIDS, AIDS Related Complex, and Mentally challenged that substantially limit one or more major life activities,. Major life activities include walking, talking, and hearing, seeing, breathing, learning, performing manual tasks, and caring for oneself.

- 4. Eligible properties. Eligible properties are any single-family properties, occupied as a principal residence by the owner, including a one-to-four family property; condominium unit; manufactured home; mobile home; or cooperative unit. Travel trailers, motor homes, and other recreational vehicles designed and manufactured for recreational use are not eligible for assistance.
- 5. Types of Assistance.
 - a. Grant assistance.
 - i. Emergency Grants are available to owner-occupant households with incomes below ~~50% 80%~~ of area median income, to address urgent health and safety repairs. Emergency grants are subject to field inspection and determined by housing repair staff. The lifetime limit for emergency grants per eligible household is \$6,000.

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- ii. Mobile/Manufactured Home Grants are available to owners of mobile or manufactured housing located on leased or rented property. Mobile/Manufactured Home Grants are available to owner-occupant households with incomes below ~~50%~~80%. The lifetime limit for mobile/manufactured home grants per eligible household is \$8,000.

Mobile/Manufactured home grant funds may be used in conjunction with other leveraged funding for the purpose of total replacement and removal of the subject unit when repairing the unit is inappropriate. This activity is subject to the availability of an appropriate manufactured home for replacement, and the following requirements: 1) a replacement may only occur within a manufactured home park for which there is a long-term commitment in place through a contract or covenant/agreement that the park will remain affordable to low-income tenants (“Agreement Parks”); and, 2) legal ownership of the replacement home will be with the Agreement Park, with the manufactured home resident as the registered owner.

- iii. Home Access Modification Grants (HAM) are available to renters with a disability in order to make accessibility modifications to their rental unit, which includes manufactured housing located on leased land. The landlord must give written approval of the proposed work HAM grants are available to renters with incomes below 80%. The lifetime limit for home access modification grants per eligible household is \$8,000.

b. Loan assistance

- i. Deferred Payment Loan (DPL) – Home repair assistance, in the form of non-amortizing, interest-free secured loans, up to a maximum lifetime loan amount of \$25,000, may be provided to eligible homeowners with incomes equal to or less than 80% of AMI. The loans are to be paid back at the time of the homeowner’s sale or transfer of the property, or when the home is no longer the primary residence. The loan shall be secured by a mortgage or other security interest to King County on the homeowner’s property. Payment on the obligation shall be made to the King County HCD, and becomes available for future appropriation pursuant to the King County Consortium’s Consolidated Plan.

A DPL may be utilized to assist in replacing an existing manufactured home with a new or newer manufactured home, subject to the availability of a manufactured home that meets applicable standards. A Housing Repair Program inspector must determine that the existing manufactured home has surpassed its physical life cycle in order to qualify for this program. For the Deferred Payment Loan Program, the activity must take place on owner-occupied fee simple land where the manufactured home is placed on the property in accordance with HUD set-up guidelines. Such guidelines contemplate a concrete ribbon footing/foundation with adequate tie-downs

that secure the home permanently to the property. The subject property is considered fee simple and is taxed as real property.

- ii. Match Loan Program – Eligible home owners may be eligible for additional deferred payment loan funds above the DPL limit of \$25,000, if the homeowner secures a dollar for dollar match of the additional loan funds in the form of private funds. Provided that each dollar is matched by a dollar of private funds, the Housing Repair Program may provide up to an additional lifetime limit of \$25,000 for an additional deferred match loan. Any costs over a maximum combined \$50,000 in loan funds from the Housing Repair Program, plus matched private funds, will be the sole responsibility of the homeowner. The Matching Loan Program can be utilized to assist in replacing an existing manufactured home with a more suitable replacement manufactured home, subject to the availability of an appropriate manufactured home. A Housing Repair Program inspector must determine that the existing manufactured home has surpassed its physical life cycle in order to qualify for this program. This manufactured home activity must take place on owner-occupied fee simple land where the manufactured home is placed on the property in accordance with HUD set-up guidelines. Such guidelines contemplate a concrete ribbon footing/foundation with adequate tie-downs that secure the home permanently to the property. The subject property is considered fee simple and taxed as real property.
- iii. Energy Conservation and Efficiency Loans - The Housing Repair Program may provide energy audits and energy efficiency upgrades for eligible applicants. The program identifies energy conservation measures that will reduce energy costs for the homeowner and reduce the carbon footprint of the housing unit. Major areas of focus will concentrate on infiltration, insulation, efficient heating systems, lighting, and energy star appliance replacement.

The lifetime limit for energy conservation and efficiency loans per eligible household is \$8,000. The loans shall be interest-free secured loans subject to all of the same terms and conditions as the program's regular DPLs, with the exception of loan to value limits per Section 10 of these guidelines. Payment on the loan obligation shall be to King County HCD, and will be available for future energy efficiency loans.

6. Extenuating Circumstances to Exceed DPL and Grant Limits. The Housing and Community Development Program may approve a DPL that exceeds the \$25,000 lifetime limit, and may approve a grant that exceeds the applicable grant limit on a case by case basis, due to extenuating circumstances. The Housing Repair Coordinator will review such requests and make a recommendation to the Housing and Community Development Program Manager, who has the authority to determine

whether extenuating circumstances exist to warrant an increase in the applicable loan or grant assistance limits, and to approve the request.

a. Definitions. Extenuating circumstances are defined as follows:

- i. Circumstances in which additional major mechanical or structural deficiencies are discovered during the course of eligible repair program work performed pursuant to these guidelines, resulting in costs exceeding the amount of the housing repair loan or grant.
- ii. Circumstances in which a former Housing Repair Program client has received the maximum lifetime limit of housing repair assistance, per a DPL or a grant, has a new, life threatening or public health problem, and does not have the financial ability to address it.

b. Threshold review. HCD Management Staff will only review a case for extenuating circumstances if:

- i. The homeowner has agreed that all non-urgent repairs not yet begun will be eliminated, and the cost savings will be redirected to the critical item discovered; and
- ii. The homeowner provides private funds toward the increased costs, or a determination has been made that the homeowner does not have the assets or resources to provide private funds to contribute to the increased costs.

7. Priority of the work. Repairs will be considered in the following order of priority:

- a. Urgent emergency repairs;
- b. Health and safety repairs, including access for persons with disabilities;
- c. Building preservation repairs;
- d. Energy conservation repairs; and
- e. All other eligible repairs.

8. Priority of the applications. Applicants will be screened in priority order, based on HUD's household income guidelines, whereas the lowest of income applicant have priority. Priority of repairs will be, Emergency Repairs, Health and Safety and Major Building Preservation issues, and will be arranged and weighted with consideration to income. Even distribution of Housing Repair service between cities will continue as a priority in the overall approach and outreach of the program. The overall prioritization will be determined by the Housing Repair staff on an individual and case by case basis. ~~Applications with the greatest repair needs will be considered for highest priority.~~

Lower priority applications may be assisted if funding levels permit, and if funding is available.

9. Performance of work. Once approved, repairs to dwellings under this program are generally performed by a licensed and bonded contractor that meets King County risk management criteria. King County maintains a list of such approved contractors through

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which the homeowner may choose to receive competitive bids on the approved repair work. Repairs may be performed by the homeowner personally if the homeowner has the knowledge and skill to do the work, and/or by a contractor or other persons hired by the homeowner. The materials and hired labor costs shall be approved in advance by the county, provided that a homeowner shall not be reimbursed for his or her own labor, or the labor of immediate family members or other members of the household.

10. Loan to value ratio limits.

Loan to Value Ratio Limit for DPL Loans. The combined loan to value ratio (CLTV) for any DPL loans approved under these Housing Repair Program Guidelines shall not exceed 90% of the property value as determined by King County assessed value, MIA appraisal or a reliable real estate market analysis¹.

Loan to Value Ratio Limit for DPL Loans Combined with Energy Conservation/Efficiency Loans. The CLTV ratio for any DPL loans combined with energy conservation/efficiency loans approved under these Housing Repair Program Guidelines shall not exceed 100% of the property value. This is for CDBG Funded projects only.

Loan to Value Ratio Limit Accommodation for Special Circumstances. Applicants with a CLTV ratio exceeding 90% or 100% may request a CLTV limit accommodation for rehabilitation activity as described in Section 7, Subsections a. and b. of these Housing Repair Program Guidelines. Any accommodation approved shall not exceed a CLTV of 125% of the property value. A CLTV limit accommodation will only be available to homeowners that demonstrate that their monthly income is sufficient to service the household's existing housing debt, and other current revolving and long-term debt. Income to debt ratios cannot exceed 45% for housing debt and 62% for housing and long-term debt. The applicant must also be free of adverse liens against the subject property, personal judgments, or unresolved collections. For CDBG funded projects only.

11. Loan, Grant and Loan to Value Limits to be Re-visited. The limits of assistance for loans and grants in these guidelines, and the LTV limits, are updated and effective when passed by the Consortium's Joint Recommendations Committee (JRC) [~~on April 23, 2015~~
~~on November 15, 2012~~]. ~~Periodically Every two to three years~~ the JRC may be asked to review the assistance limits and recommend an increase, if warranted, based upon the Consumer Price Index inflation table or some other index of need for an increase in the limits. The JRC will review the CLTV limit accommodation annually to determine if the increased CLTV is still warranted by the housing market and economic environment along with other potential program details.

¹ Property value shall be determined through one of these methods for all of the limits covered in Section 10.

Proposed Amendments to Housing Repair Program Guidelines

Issue: The JRC is asked to review, discuss and approve amendments to the Housing and Community Development Program's Housing Repair Program Guidelines. The amendments are proposed in order to update the guidelines to meet the housing needs of very-low to moderate-income home owners throughout the King County Consortium.

Background: King County Housing and Community Development Program staff began meeting with Consortium city staff over the last few months, regarding current issues within the Housing Repair Program (HRP). Those discussions led to proposals for updating the Consortium's HRP Guidelines, in order to address some of the unfortunate situations regarding the reduction of the HRP budget.

At the March 26th JRC meeting, the proposals were reviewed and discussed with JRC members, and JRC members gave staff some feedback. Staff has taken all of the comments and drafted the attached amendments to the HRP Guidelines.

Action Requested: Review, discuss and adopt updates to the Consortium's Housing Repair Program Guidelines.

Staff Contacts: If you have any questions about the proposed activities and or processes, you may contact Clark Fulmer, Housing Repair Program Coordinator, at Clark.Fulmer@kingcounty.gov or 206- 263-9087; or Mark Ellerbrook, DCHS Program Manager, at Mark.Ellerbrook@kingcounty.gov or 206-263-1117

King County Consortium Housing Repair Program Guidelines

1. Program Objective. The King County Consortium (the Consortium) supports the maintenance of a consortium-wide program to repair and rehabilitate the ownership housing of very-low to moderate-income households that is staffed by the King County Housing and Community Development Program (HCD). The Consortium also supports a program to modify the rental housing units of very low to moderate income tenants with a disability. These programs are administered pursuant to the adopted King County Consortium Consolidated Housing and Community Development Plan (the Consolidated Plan).

The Housing Repair Programs were established by the Consortium in order to provide a public benefit that preserves and improves the safety and security of housing that is affordable to households with incomes equal to or less than 80% of area median income (AMI) as determined by the U.S. Department of Housing and Urban Development (HUD), and the life and safety of the very-low to moderate-income owners of those homes. According to the most recent American Community Survey data, the stock of affordable ownership housing continues to lag behind the needs of the population in King County that are at or below 80% AMI.

An additional public benefit is provided through the provision of access and safety in rental housing stock that is affordable to households with a disability at or below 80% AMI. Securing an accessible rental unit is an ongoing challenge for persons with a disability.

These Housing Repair Programs are not entitlement programs. The determination of whether assistance is provided through these Programs is based upon the discretion of program administrators exercised in accordance with these Guidelines, and is further subject to availability of federal funds set-aside for consortium-wide housing repair activities pursuant to the Consortium's Interlocal Agreement.

2. Eligible applicants.

- a. Financial assistance may be provided to homeowners with incomes equal to or less than 80% AMI **for Deferred Payment Loans (DPL) only**. Homeowners must have an ownership interest in the property, must occupy the property as their principal residence and must have resided in the property for one year prior to the submission of their application to the Housing Repair Program. An eligible ownership interest includes: 1) fee simple title; 2) 99 year leasehold interest in property; and 3) ownership or membership in a cooperative.
- b. Financial assistance may be provided to homeowners of manufactured home units that reside in mobile home parks or on leased land, with applicant incomes equal to or less than ~~50%~~ ~~80%~~ AMI. Homeowners must possess a valid manufactured home title reflecting home ownership as the legal owner and or registered owner of the personal property. Manufactured Homeowners must have an ownership interest in the property, must occupy the property as their principal

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residence and must have resided in the property for one year prior to the submission of their application to the Housing Repair Program. The applicant must have a formal rental agreement or lease on the land that the unit resides.

- c. Financial assistance may also be provided to disabled renters with incomes equal to or less than 80% of median as determined by HUD. Renters must live in a units specifically designed for residential use and have a formal rental agreement or lease.
 - d. Qualified participants in the Neighborhood Stabilization Program (NSP) or non-profit organizations that have purchased a foreclosed property in order to rehabilitate the home to comply with local housing code standards, provide energy efficiency upgrades, as applicable, and sell the home at an affordable home price for the income level of an eligible low to moderate-income home buyer.
3. Asset limits for individual home owners. Asset limits assure that the neediest households are served by the program. Applicants for loan assistance may not have assets, other than their personal residence, personal retirement accounts and vehicles, greater than \$40,000 net value. Applicants for grant assistance may not have assets with a net value greater than \$20,000. Homeowners for whom the principal applicant and/or the principle applicant's spouse or domestic partner ~~are over the age of 55 or has~~ ve a long-term disability, thus will not be subject to asset limitations due to the substantial savings required for full-time assisted care living environments.

An applicant with a stated disability is defined as "Any person who has a physical or mental impairment that substantially limits one or more major life activities; has a record of such impairment; or is regarded as having as having such impairment. "In general, a physical or mental impairment includes hearing, mobility and visual impairments, chronic alcoholism, chronic mental illness, AIDS, AIDS Related Complex, and Mentally challenged that substantially limit one or more major life activities,. Major life activities include walking, talking, and hearing, seeing, breathing, learning, performing manual tasks, and caring for oneself.

4. Eligible properties. Eligible properties are any single-family properties, occupied as a principal residence by the owner, including a one-to-four family property; condominium unit; manufactured home; mobile home; or cooperative unit. Travel trailers, motor homes, and other recreational vehicles designed and manufactured for recreational use are not eligible for assistance.
5. Types of Assistance.
- a. Grant assistance.
 - i. Emergency Grants are available to owner-occupant households with incomes below ~~50% 80%~~ of area median income, to address urgent health and safety repairs. Emergency grants are subject to field inspection and determined by housing repair staff. The lifetime limit for emergency grants per eligible household is \$6,000.

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- ii. Mobile/Manufactured Home Grants are available to owners of mobile or manufactured housing located on leased or rented property.

Mobile/Manufactured Home Grants are available to owner-occupant households with incomes below ~~50%~~~~80%~~. The lifetime limit for mobile/manufactured home grants per eligible household is \$8,000.

Mobile/Manufactured home grant funds may be used in conjunction with other leveraged funding for the purpose of total replacement and removal of the subject unit when repairing the unit is inappropriate. This activity is subject to the availability of an appropriate manufactured home for replacement, and the following requirements: 1) a replacement may only occur within a manufactured home park for which there is a long-term commitment in place through a contract or covenant/agreement that the park will remain affordable to low-income tenants ("Agreement Parks"); and, 2) legal ownership of the replacement home will be with the Agreement Park, with the manufactured home resident as the registered owner.

- iii. Home Access Modification Grants (HAM) are available to renters with a disability in order to make accessibility modifications to their rental unit, which includes manufactured housing located on leased land. The landlord must give written approval of the proposed work HAM grants are available to renters with incomes below 80%. The lifetime limit for home access modification grants per eligible household is \$8,000.

b. Loan assistance

- i. Deferred Payment Loan (DPL) – Home repair assistance, in the form of non-amortizing, interest-free secured loans, up to a maximum lifetime loan amount of \$25,000, may be provided to eligible homeowners with incomes equal to or less than 80% of AMI. The loans are to be paid back at the time of the homeowner's sale or transfer of the property, or when the home is no longer the primary residence. The loan shall be secured by a mortgage or other security interest to King County on the homeowner's property. Payment on the obligation shall be made to the King County HCD, and becomes available for future appropriation pursuant to the King County Consortium's Consolidated Plan.

A DPL may be utilized to assist in replacing an existing manufactured home with a new or newer manufactured home, subject to the availability of a manufactured home that meets applicable standards. A Housing Repair Program inspector must determine that the existing manufactured home has surpassed its physical life cycle in order to qualify for this program. For the Deferred Payment Loan Program, the activity must take place on owner-occupied fee simple land where the manufactured home is placed on the property in accordance with HUD set-up guidelines. Such guidelines contemplate a concrete ribbon footing/foundation with adequate tie-downs

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that secure the home permanently to the property. The subject property is considered fee simple and is taxed as real property.

- ii. Match Loan Program – Eligible home owners may be eligible for additional deferred payment loan funds above the DPL limit of \$25,000, if the homeowner secures a dollar for dollar match of the additional loan funds in the form of private funds. Provided that each dollar is matched by a dollar of private funds, the Housing Repair Program may provide up to an additional lifetime limit of \$25,000 for an additional deferred match loan. Any costs over a maximum combined \$50,000 in loan funds from the Housing Repair Program, plus matched private funds, will be the sole responsibility of the homeowner. The Matching Loan Program can be utilized to assist in replacing an existing manufactured home with a more suitable replacement manufactured home, subject to the availability of an appropriate manufactured home. A Housing Repair Program inspector must determine that the existing manufactured home has surpassed its physical life cycle in order to qualify for this program. This manufactured home activity must take place on owner-occupied fee simple land where the manufactured home is placed on the property in accordance with HUD set-up guidelines. Such guidelines contemplate a concrete ribbon footing/foundation with adequate tie-downs that secure the home permanently to the property. The subject property is considered fee simple and taxed as real property.
- iii. Energy Conservation and Efficiency Loans - The Housing Repair Program may provide energy audits and energy efficiency upgrades for eligible applicants. The program identifies energy conservation measures that will reduce energy costs for the homeowner and reduce the carbon footprint of the housing unit. Major areas of focus will concentrate on infiltration, insulation, efficient heating systems, lighting, and energy star appliance replacement.

The lifetime limit for energy conservation and efficiency loans per eligible household is \$8,000. The loans shall be interest-free secured loans subject to all of the same terms and conditions as the program's regular DPLs, with the exception of loan to value limits per Section 10 of these guidelines. Payment on the loan obligation shall be to King County HCD, and will be available for future energy efficiency loans.

6. Extenuating Circumstances to Exceed DPL and Grant Limits. The Housing and Community Development Program may approve a DPL that exceeds the \$25,000 lifetime limit, and may approve a grant that exceeds the applicable grant limit on a case by case basis, due to extenuating circumstances. The Housing Repair Coordinator will review such requests and make a recommendation to the Housing and Community Development Program Manager, who has the authority to determine

whether extenuating circumstances exist to warrant an increase in the applicable loan or grant assistance limits, and to approve the request.

a. Definitions. Extenuating circumstances are defined as follows:

- i. Circumstances in which additional major mechanical or structural deficiencies are discovered during the course of eligible repair program work performed pursuant to these guidelines, resulting in costs exceeding the amount of the housing repair loan or grant.
- ii. Circumstances in which a former Housing Repair Program client has received the maximum lifetime limit of housing repair assistance, per a DPL or a grant, has a new, life threatening or public health problem, and does not have the financial ability to address it.

b. Threshold review. HCD Management Staff will only review a case for extenuating circumstances if:

- i. The homeowner has agreed that all non-urgent repairs not yet begun will be eliminated, and the cost savings will be redirected to the critical item discovered; and
- ii. The homeowner provides private funds toward the increased costs, or a determination has been made that the homeowner does not have the assets or resources to provide private funds to contribute to the increased costs.

7. Priority of the work. Repairs will be considered in the following order of priority:

- a. Urgent emergency repairs;
- b. Health and safety repairs, including access for persons with disabilities;
- c. Building preservation repairs;
- d. Energy conservation repairs; and
- e. All other eligible repairs.

8. Priority of the applications. Applicants will be screened in priority order, based on HUD's household income guidelines, whereas the lowest of income applicant have priority. Priority of repairs will be, Emergency Repairs, Health and Safety and Major Building Preservation issues, and will be arranged and weighted with consideration to income. Even distribution of Housing Repair service between cities will continue as a priority in the overall approach and outreach of the program. The overall prioritization will be determined by the Housing Repair staff on an individual and case by case basis. ~~Applications with the greatest repair needs will be considered for highest priority.~~

Lower priority applications may be assisted if funding levels permit, and if funding is available.

9. Performance of work. Once approved, repairs to dwellings under this program are generally performed by a licensed and bonded contractor that meets King County risk management criteria. King County maintains a list of such approved contractors through

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which the homeowner may choose to receive competitive bids on the approved repair work. Repairs may be performed by the homeowner personally if the homeowner has the knowledge and skill to do the work, and/or by a contractor or other persons hired by the homeowner. The materials and hired labor costs shall be approved in advance by the county, provided that a homeowner shall not be reimbursed for his or her own labor, or the labor of immediate family members or other members of the household.

10. Loan to value ratio limits.

Loan to Value Ratio Limit for DPL Loans. The combined loan to value ratio (CLTV) for any DPL loans approved under these Housing Repair Program Guidelines shall not exceed 90% of the property value as determined by King County assessed value, MIA appraisal or a reliable real estate market analysis¹.

Loan to Value Ratio Limit for DPL Loans Combined with Energy Conservation/Efficiency Loans. The CLTV ratio for any DPL loans combined with energy conservation/efficiency loans approved under these Housing Repair Program Guidelines shall not exceed 100% of the property value. This is for CDBG Funded projects only.

Loan to Value Ratio Limit Accommodation for Special Circumstances. Applicants with a CLTV ratio exceeding 90% or 100% may request a CLTV limit accommodation for rehabilitation activity as described in Section 7, Subsections a. and b. of these Housing Repair Program Guidelines. Any accommodation approved shall not exceed a CLTV of 125% of the property value. A CLTV limit accommodation will only be available to homeowners that demonstrate that their monthly income is sufficient to service the household's existing housing debt, and other current revolving and long-term debt. Income to debt ratios cannot exceed 45% for housing debt and 62% for housing and long-term debt. The applicant must also be free of adverse liens against the subject property, personal judgments, or unresolved collections. For CDBG funded projects only.

11. Loan, Grant and Loan to Value Limits to be Re-visited. The limits of assistance for loans and grants in these guidelines, and the LTV limits, are updated and effective when passed by the Consortium's Joint Recommendations Committee (JRC) [~~on April 23, 2015~~~~on November 15, 2012~~]. ~~Periodically Every two to three years~~ the JRC may be asked to review the assistance limits and recommend an increase, if warranted, based upon the Consumer Price Index inflation table or some other index of need for an increase in the limits. The JRC will review the CLTV limit accommodation annually to determine if the increased CLTV is still warranted by the housing market and economic environment along with other potential program details.

¹ Property value shall be determined through one of these methods for all of the limits covered in Section 10.

North/East Sub-Region Projects**Estimated 2016 Funds Available: \$246,867**

Sub-Region	Project Title	Category	Fund Request	Proposed Use of CDBG Funds
North/East	AtWork Issaquah Campus Redevelopment	Community Facility	\$250,000	Funds would be used for design, demolition and renovation costs associated with re-configuring a portion of the building that will be retained by At Work for its programs. Project is in coordination with the Together Center. City of Issaquah owns the property.
North/East	AtWork Issaquah Campus Redevelopment	Community Facility	\$250,000	Existing facility would be redeveloped to create two floors of space for AtWork and possibly other non-profits and up to eight floors of affordable housing. Most CDBG funds would be used for design and demolition costs associated with the remodel of the campus.
North/East	Duvall ADA Ramp Improvement Program	Public Infrastructure	\$ 50,000	Funds would be used for the installation of four ADA ramps and associated improvements at the intersection of Ring and Richardson streets in Duvall. Design for the project was completed by the City during an earlier phase of the project.
North/East	North Bend Way Pedestrian ADA Improvements	Public Infrastructure	\$341,120	Funds would be used for design and construction of ADA compliant and wider concrete sidewalks, curbs, gutters and storm drainage systems where none exist along North Bend Way.
North/East	Sno-Valley Senior Center Rehabilitation	Community Facility	\$ 60,000	Funds would be used to address roof and HVAC needs as well as updating the two entrances for easier ADA accessibility.

Total Request North/East**\$951,120****South Sub-Region Projects****Estimated 2016 Funds Available: \$886,489**

Sub-Region	Project Title	Category	Fund Request	Proposed Use of CDBG Funds
South	Algona Celery Avenue Sidewalks	Public Infrastructure	\$402,695	Funds would be used for design and construction of 1,300 lineal feet of sidewalk, curb and gutter, storm drainage on the west side of Celery from 5 th Avenue North to the City's north boundary.
South	Algona Community Center Construction	Community Facility	\$500,000	Funds would be used for construction of a new 7,000 square foot indoor community center to provide programs that include YMCA, King County Library, Auburn School District afterschool programs, senior lunch, health screenings and youth tutoring programs.
South	Black Diamond ADA Improvements	Public Infrastructure	\$145,000	Funds would be used for design and construction for the extension of 5 foot sidewalks on 1 st Ave NW to Baker St from the King County Senior Housing area. Also sidewalks from Black Diamond Museum on Railroad Avenue and along Commission Ave to provide access to the lower level of the museum. Sidewalks will allow seniors to have walkability to downtown businesses.

Sub-Region	Project Title	Category	Fund Request	Proposed Use of CDBG Funds
South	Burien Hilltop Elementary School Crosswalk Improvements	Public Infrastructure	\$100,000	Funds would be used for design and installation of a Rectangular Rapid Flashing Beacon allowing for flashing lights to be activated by pedestrians to improve safety of pedestrians/students crossing to the elementary school.
South	DAWN Shelter Renovation	Housing Rehabilitation	\$ 83,000	Funds would be used for design and partial implementation of a 5 year master plan for capital improvements addressing the roof, exterior of the buildings, operational systems such as plumbing, heating, security, and a communication system for a communal housing for victims of domestic violence that houses 8 households. The location is confidential but located in South King County.
South	Diocese of Olympia – New Roots Microenterprise	Economic Development	\$ 60,000	Funds would be used for the continuation of the currently funded program used for business training, and general preparation of low income entrepreneurs to receive business loans. Anticipated that classes would be held in Skyway and Burien.
South	Highline College StartZone Microenterprise	Economic Development	\$ 90,000	Funds would be used for the continuation services to low- and moderate-income individuals starting or growing a business in the South Sub-Region Cities by providing no cost training and one-to-one technical assistance focused on referral services, feasibility assessments, business planning, loan packaging, networking, mentoring and peer support.
South	SeaTac Riverton Heights Park	Park	\$325,000	Funds would be used for development of a 3 acre site that would accommodate multiple activities such as a park, fire station and housing. Scope of the CDBG element of the project would include gateways to identify entry points of the park, benches, shelters, interior pathways, irrigation, basketball court and children's play structures.
South	Tukwila Minor Home Repair Program	Minor Home Repair	\$135,000	Funds would be used to fully subsidize the cost of repairs and housing maintenance for income eligible homeowners within the cities of Tukwila, SeaTac, Des Moines, and Covington.
South	Vashon Maury Senior Center Renovation	Community Facility	\$ 75,000	Fund would be used to rehab the Vashon Senior Center with a new roof, automated front door, ceilings and water heater and to install solar panels.
South	KCWLR White Center Pond Disc Golf Facility	Park	\$ 83,600	Funds would be used for the development of a six acre site to promote community recreation and decrease crime by installing a disc golf facility with nighttime lighting. Project is located at 1120 SW 100 th Street in White Center.
South	YMCA Food Innovative Network – Tenant Improvements	Economic Development - Community Facility	\$250,000	Funds would be used for the design and construction of 2,860 square foot undeveloped space in the SeaTac YMCA facility. Scope of the project includes three fully-equipped kitchen work bays, storage lockers for up to 24 businesses, and a separate entrance to the facility. Project would offer a suite of services including training, consulting and support to low-income community partners.

Total Request South

\$ 2,114,295

2015 update of HCD policies with regard to housing

2010 HFP guidelines document	Outline for 2015 updated guidelines document		Section change:	Reason for change	Minor, major, or new
Funding and Project Selection	Funds for affordable housing				
Funding Sources	Fund sources	4	Yes	Adds information on Credit Enhancement Program	Major
Forms of Financial Assistance	Forms of financial assistance	4	No		None (re-org only)
Project Selection Process	Use of funds	5	No		None (re-org only)
Evaluation Criteria	Funding process and awards				
	Application process	6	New	New section outlining basic policies and protocols for funding applications	New
Guidelines Set by Federal, State or Local Law	Eligible applicants	6	No		None
Eligible Applicants	Eligibility of primarily religious organizations	7	No	Adds language about eligibility of primarily religious organizations	None
Primarily Religious Organizations Eligible for Certain Fund S	Eligible project categories	7	No		None
Eligible Beneficiaries and Affordability Requirements	Eligible housing types and uses of funds	7	No		None
Eligible Project Categories	Eligible beneficiaries and affordability	8	No		None
Eligible Housing Types and Uses of Funds	Consistency with local plans	8	Yes	May be updated to reflect priorities of 2015-2019 Con Plan	Minor
Tenant Displacement and Relocation	Where HFP housing funds may be used	9	No		None
Community Housing Development Organization (CHDO)	Affordability	10	No		None
Match Requirements	Developer fees	10	New	New section, HCD policy on developer fees to be aligned with other funders	New
Subsidy Limits	Funding award limits and matching requirements	11	No		None
Project Consistency with the Consolidated Housing	Project selection process	12	Yes		Minor
Allowable Project Locations by Fund Source	Evaluation criteria	12	No	Note: Current HFP evaluation criteria include greater emphasis on sponsor capacity and financial soundness	None
B. Discretionary Guidelines	Funding awards	13	No	Note: Updated to reflect most current HOME Program maximum subsidy limits	None
Funding Award Limts	Contingent awards	13	Yes	Clarifies that project must be evaluated as being worthy of funding.	Minor
Affordability	Contract amendments	14	Yes	Up to five percent of funds may be reserved for amendments.	Minor
Housing for Persons with Special Needs	General project requirements				
Funding Awards	Contracting	16	New	New section outlining basic HCD contracting policies	New
Amendment Policy	Loan terms	17	Yes	Specifies one percent interest as the norm, allows 0-3 percent	Minor
Contingent Awards	Environmental review in rental housing projects	17	New	New section outlining environmental review requirements and processes	New
Major Repair/Rehabilitation Loan Program	Green building and ESDS	18	Yes	2015 on: application of ESDS standards will reflect greater emphasis on Element 1.1, the development plan and the integrative process	Minor
Transfers, Assumptions, and Refinancing of HFP Contract Obl	Housing for persons with special needs	19	Yes	Adds language about HCD preference that owner and service provider be separate entities	Minor
Contractor Selection, Contracting, and Construction Managem	Fair housing, access, and affirmative marketing	20	New	New section that includes policies and requirements related to fair housing and affirmative marketing	New

2015 update of HCD policies with regard to housing

2010 HFP guidelines document	Outline for 2015 updated guidelines document		Section change:	Reason for change	Minor, major, or new
Sustainable Design and Development	Contractor selection, construction contracting	21	Yes	Adds language reflecting federal requirement that agencies awarded funds must provide cost estimates and other documentation.	Major
Management Plan	Management plan	21	No		None
Community and Neighbor Relations	Capital needs assessments	21	New	Sets forth contractual requirements for CNAs on all projects and expresses recommendation for early preparation of CNA.	New
Employment and Training Opportunities	Community and neighbor relations	22	No		None
	Employment and training opportunities	23	Yes	Updated for threshold construction cost for Section 3	Minor
Appendix A - HOME Program	Close-outs and monitoring	23	New	Sets forth requirements for close-out process (from Exhibit), and reporting.	New
Overall Design Policies and Requirements of the HOME Program	Transfers, assumptions, and refinancing	25	Yes	Clarifies limitations on transfers and assumptions	Major
Mixed Income and Mixed Use Projects	Affordable ownership housing		New		New
Homebuyer Assistance	General program requirements	26	New section defining HCD policy with regard to home ownership programs		New
Eligible HOME Costs	Reporting responsibilities for ownership projects	27			New
New Construction or Rehabilitation Costs	Environmental review in ownership projects	28			New
Acquisition and Development Soft Costs	Portfolio preservation loan program				
Homeownership Assistance	General policies and types of loans	29	Yes	Revision of pre-2004 guidelines for portfolio preservation loans in light of current conditions and recent requests.	Minor
Community Housing Development Organization (CHDO) Set-Asides	Application process	29			
Maximum and Minimum HOME Subsidies Per Unit	Priorities for portfolio preservation program	30			
Duration of Low-Income Benefit	Relocation				
Property Standards	Displacement policy	31	No	Relocation guidelines unchanged; minor edits for clarity only. Includes 2012 update of relocation assistance limits.	None
HOME Project Amendments	Relocation guidelines	31			Minor
Recapture and Reallocation of HOME Funds	Notice of project conversion	32			None
Program Income and HOME	Relocation tenant selection and notification	33			None
Federal Matching Requirements	Approval of relocation plan	33			None
Rental Housing	Guidelines for using CDBG funds for relocation	33			None
Homeownership	HOME Program guidelines				
Tenant and Participant Protections Required by HOME Program	Overall program purpose		Yes	Entire section updated in response to 2013 HOME final rule changes. Main changes in clarification of CHDO qualifications, structure of ownership programs, protocol for cost allocation, need to develop property standards, and implement risk	Major
	Eligible HOME Costs				
	Maximum and Minimum HOME Subsidies Per Unit				
Appendix B - Rental Rehabilitation Program Guidelines	Federal Matching Requirements				
Application Process for Rental Rehabilitation Funds	Recapture and Reallocation of HOME Funds				
Rental Rehabilitation Priorities	Rental Housing				
Rental Rehabilitation Loan Terms					
Income and Affordability Requirements	Rental project underwriting and layering review				

2015 update of HCD policies with regard to housing

2010 HFP guidelines document	Outline for 2015 updated guidelines document		Section change:	Reason for change	Minor, major, or new
Rental Rehabilitation Eligible Housing and Activities	Duration of Low-Income Benefit			assessment procedures related to inspection scheduling.	
Use of HOME funds for the Rental Rehabilitation Program	Property standards for rental housing				
Terms	Tenant incomes and rents in rental housing				
	Tenant protections required by HOME Program				
Appendix C - Local Relocation Guidelines	Affirmative marketing				
-	Tenant income verification monitoring		New	Response to audit finding	New
Local Relocation Guidelines	Homeownership assistance		Yes		Major
Notice of Project Conversion	General requirements				Minor
Relocation Tenant Selection	Capital improvements				Minor
Notice to Relocate	Homes purchased with HOME assistance				Minor
Documentation	Recapture provisions			Entire section updated in response to 2013 HOME final rule changes. Main changes in clarification of CHDO qualifications, structure of ownership programs, protocol for cost allocation, need to develop property standards, and implement risk assessment procedures related to inspection scheduling.	Minor
Approval of Relocation Plan	Resale provisions				Minor
Guidelines for Using Federal CDBG Funds for Relocation Only	Homebuyer underwriting standards				Minor
IV. Glossary of Acronyms	Community Housing Development Organizations (CHDO)				Minor
	Mixed income and mixed-use projects				Minor
	Property standards				Minor
	Annual monitoring and risk analysis				Minor
	HOME project physical inspections				Minor



King County

Housing and Community Development: Housing Finance Program

Affordable Housing Finance Guidelines

2015 Update

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Tenant Protections Required by HOME Program.
Affirmative Marketing
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General Requirements
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Homebuyer Underwriting Standards.
Community Housing Development Organization (CHDO) Set-aside
Mixed Income and Mixed-Use Projects.
Property Standards.
Annual Monitoring and Risk Analysis.
HOME Project Physical Inspections

Funds for Affordable Housing

Fund sources

The King County Housing Finance Program (HFP), a section of the Housing and Community Development Program (HCD), administers capital funding for affordable housing projects. These funds are governed by federal, state, and local laws and by a number of plans, updated periodically. Federal funding sources include the HOME Investment Partnership Program (HOME), and the Community Development Block Grant (CDBG) Program. Local funding sources include the Regional Affordable Housing Program (RAHP) and revenue from the Homeless Housing Document Recording Fee Surcharge (2331), both of which derive from state laws authorizing the collection of surcharges on document recording fees. In addition, a portion of the voter-approved Veterans and Human Service Levy funds is administered through HFP as capital for housing.

Each funding source must conform to the policies and requirements in its enabling legislation. The laws do not cover every administrative issue, however, so there is room for some level of local discretion within the statutory directives. Local plans and guidelines are adopted, when appropriate, to assure that this discretion is exercised within the bounds of good public policy. Guidelines related to administration of federal HOME Program funds were updated in 2014. This document represents the 2015 update to the guidelines that pertain to all other fund sources and programs administered by HFP.

Table 1, below, is an overview of the general housing finance program guidelines that apply to each fund source.

Fund source	Population	Affordability
HOME Program	Families and individuals with low incomes (rental housing and home ownership)	Household incomes at or below 60 percent AMI (rental housing), including those with special needs Household incomes at or below 80 percent AMI (home ownership)
Regional Affordable Housing Program (RAHP)	Families and individuals with low incomes	Household incomes at or below 50 percent AMI
Community Development Block Grant	Families and individuals with low incomes, including those with special needs	Household incomes at or below 80 percent AMI
2331 Homeless Housing Funds	Homeless families and individuals, including chronically homeless and households with a history of rental instability or other barriers to housing at risk of homelessness	Household incomes at or below 40 percent AMI
Vets and Human Services Levy	Homeless families and individuals (veterans and others), including chronically homeless and households with a history of rental instability or other barriers to housing	Household incomes at or below 50 percent AMI

Housing Innovations for Persons with Developmental Disabilities (HIPDD)	Individuals with developmental disabilities (DD) or families with a member with DD. For rental housing, these funds are prioritized to support units set aside for persons with DD within a larger multi-family housing project in preference to group homes for persons with DD.	Households incomes at or below 50 percent AMI (rental) Households incomes at or below 80 percent AMI (home ownership)
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Each year capital funding priorities are established by the King County Funders Group, which includes representatives from the City of Seattle, King County, United Way of King County, A Regional Coalition for Housing, the King County and Seattle Housing Authorities, suburban cities, Building Changes, and the Committee to End Homelessness. The priorities are outlined in the Combined Funders Notice of Funding Availability. Capital priorities must also be consistent with the King County Consortium's Consolidated Housing and Community Development Plan which outlines five-year priorities for the use of federal funds.

In addition to direct capital funding for project development, King County also administers a program of loan guarantees known as the Credit Enhancement Program, which can help project sponsors secure advantageous terms for short- and long-term financing. The Credit Enhancement Program operates in accordance with County ordinance and program-specific guidelines and is administered in consultation with a credit committee made up of representatives from the Department of Community and Human Services (DCHS), the Department of Finance, the County Office of Performance, Strategy, and Budget, and outside financial experts.

Forms of financial assistance

For rental housing projects, HFP financial assistance is generally provided in the form of a loan with a term of fifty years, carrying no interest or one percent simple interest, with all payments deferred to the maturity date. Loans are generally payable in full upon sale, change of use, or upon maturity, and repayment will generally include a proportional share of the net appreciated value of the property. In some cases financial assistance may be provided as a low-interest amortizing loan or a loan with payments contingent on available cash flow, if the operating budget of the project can support payments.

For homeownership projects, loan terms will vary depending upon the design of the project. Loans will general have terms of fifty years but may go longer in certain circumstances. Loans to agencies administering down payment assistance loan programs will be deferred payment loans due upon sale or refinance of the home. HFP may require interest or shared appreciation for loans to homeownership programs or projects, depending upon the program design. Programs based on resale will be expected to emphasize long-term affordability.

Use of funds

Most of the funds administered by HFP are subject to laws, regulations, and plans established at the federal, state, or local level, as well as to guidelines developed by county staff in consultation with consortium city staff and stakeholders, which are reviewed and adopted by the inter-jurisdictional Joint Recommendations Committee (JRC). HOME Program guidelines that are

within the discretion of the HOME Consortium and King County are reviewed by staff of the King County HOME Consortium member jurisdictions and recommended for approval by the JRC. Regional Affordable Housing Program (RAHP) guidelines that are within the discretion of the RAHP Consortium members are reviewed with participating city staff and recommended to the JRC for approval.

Specific guidelines for the use of King County funds, such as Mental Health Chemical Abuse and Dependency Services (MHCADS) Division funds, Funds for Housing Innovations for Persons with Developmental Disabilities (HIPDD), and other county funds are reviewed and approved by the Director of the Department of Community and Human Services (DCHS). General guidelines related to the use of Veterans and Human Service Levy funds are reviewed and adopted by the respective levy citizen boards. County funds are used in coordination with other funds administered by HFP and are subject to the discretionary guidelines in this document.

Funding Process and Awards

Application process

All applicants for housing capital fund are required to participate in HFP's pre-application process. Notification regarding the pre-application process will be posted on the HFP website and announced each year via e-mail around the beginning of the second quarter. Scheduling for required meetings will begin in April or May, and will conclude by June 15th. Dates for the issuance of the housing capital RFP, submission of applications, announcement of awards, and other information relevant to the funding process will be posted to the HFP website in July.

The staff of the Housing Finance Program will arrange and conduct pre-application meetings and will provide additional opportunities for technical assistance to prospective applicants up to the date the housing capital RFP is issued. After that date and until final funding decisions are published, all questions must be submitted through the County's Procurement and Contract Services (PCS) Division. Information, relevant links, and contact information related to the RFP process will be posted on the HFP website. Applicants must submit one complete original hardcopy application, an additional copy of the original application in hardcopy, and two CDs or flash drives containing all electronic files required for a complete application. All applications will be received and given preliminary review for timeliness and completeness by PCS staff. In cases where the hardcopy and the electronic files differ, the hardcopy version will be considered authoritative.

Agencies are expected to submit only one project application for capital funding in a funding round. If an agency submits more than one application HFP will ask the agency to prioritize one of the applications.

Announcements of housing capital funding awards will occur as soon as possible following the November meeting of the JRC, and will be issued by Procurement.

Eligible applicants

The following types of organizations are eligible to apply for housing development funds:

- Public housing authorities
- Nonprofit organizations
- Local governments
- Community Housing Development Organizations (CHDOs)
- For-profit developers (limitations apply).

Partnerships are encouraged among local governments, public housing authorities, other nonprofit housing developers, for-profit developers, and service providers in order to produce the greatest number of units for the most reasonable public investment, and to ensure appropriate supportive services for residents with special needs.

Eligibility of primarily religious organizations

Federal funds - HOME or CDBG - may be awarded to primarily religious organizations that consider religious affiliation as a factor in hiring. There are rules and requirements that such organizations must observe in developing and operating the housing, however. For example, staff who manage the housing development process, manage the housing after it is built and in operation, and provide services that are necessary for the tenants of the housing must be hired through a strictly non-discriminatory process that does not consider religious affiliation. A religious organization need not necessarily create a wholly secular entity independent of the religious organization, but must hire all staff who work on the housing project throughout the contract period through a non-discriminatory process. In addition, the completed housing project must be available to all persons regardless of religion, and there must be no religious or membership criteria for tenants of the property.

Local funds administered by HFP - all funds other than HOME and CDBG - are subject to the non-discrimination requirements of the King County Code and may not be awarded to an organization that hires through a process that considers religious affiliation as a factor for hiring any position in any part of the organization.

Eligible project categories

The types of activities that may be supported by funds administered by HFP are established by law or regulation for most fund sources. HFP staff may not expand the range of eligible activities for most fund sources, but may restrict the range in accordance with local priorities. Eligible activities include the following:

- Projects that increase the supply of rental housing affordable to low-income or special needs households.
- Projects that preserve existing affordable housing likely to be lost due to conversion to other uses or because of health and safety concerns.
- Projects that create home-ownership opportunities for income qualified homebuyers.

Eligible housing types and uses of funds

Funding is available for the following housing project types and development activities, which are not listed in order of priority:

- Acquisition of a site for permanent affordable housing
- Construction or preservation of permanent low-income rental housing units
- Acquisition and rehabilitation of existing housing units that will be made permanently affordable
- Construction or preservation of permanent non-time limited rental housing units with supportive services
- Construction or acquisition and rehabilitation for sale of homeownership housing units
- Relocation costs
- Site improvements
- Capitalized replacement reserves
- Capitalized operating reserves
- Community Housing Development Organization (CHDO) capacity-building activities
- Down payment assistance, homeownership education, and counseling

Eligible beneficiaries and affordability requirements

Criteria for eligible beneficiaries are established in federal, state, or local law and regulations for most fund sources administered by HFP. Within the broad range established by these laws and regulations, local administrators may prioritize particular populations and income groups, as long as the income level served does not exceed the income limit imposed by law or regulations. For example, HOME funds for rental housing may serve individuals or families with incomes up to 80 percent of area median income (AMI), but HFP staff may recommend and the JRC may approve projects that target populations with lower incomes. All projects supported by federal funds administered by HFP must provide housing that is affordable to income-eligible households according to income limits set every year by US Department of Housing and Urban Development (HUD). (See Table 1, above, for affordability guidelines.)

Rents in funded projects, including utilities, may not exceed 30 percent of the maximum monthly income level established for each assisted housing unit. The maximum allowable rents each year will be based on King County household income guidelines as published annually by HUD. Projects that receive HOME funds may be subject to more restrictive federal rent limits. In projects where housing will be rehabilitated, rents charged after rehabilitation should not exceed prior rent levels.

Consistency with local plans

Projects assisted with HFP funds must be consistent with the affordable housing strategies of the King County Consortium's current Consolidated Housing and Community Development Plan ("Consolidated Plan"). The Consolidated Plan may be accessed at:

http://www.kingcounty.gov/socialservices/Housing/PlansAndReports/HCD_Plans/ConsolidatedPlan.aspx

Projects in unincorporated areas must also comply with the King County Comprehensive Plan, and projects in suburban cities must comply with applicable local comprehensive plan requirements. All projects must meet all applicable local zoning and building code requirements. Sponsors are encouraged to locate housing projects at sites in walkable locations with access to jobs, transportation, exercise, services and other amenities that promote a healthy lifestyle.

The King County Strategic Plan 2010-2014: Working Together for One King County has transformed the County's commitment to equity and social justice from an initiative into an integrated effort to create, through all county activities, equitable opportunities for all people and communities. The DCHS is committed to addressing the root causes of inequities by building the capacity of culturally sensitive community-based organizations to respond to issues, and to develop and implement culturally appropriate solutions. In accordance with this commitment, areas and populations that lack equitable access to housing and services are prioritized; <http://www.kingcounty.gov/exec/equity/vision.aspx>

The most competitive applications for funding will be responsive to the King County Health and Human Services Transformation Plan, particularly around partnerships and shared measurement. As the plan states, "When complementary strategies are agreed upon and a robust system of measurement and continual learning is in place, the ability to make progress toward a given outcome can be far greater than any single organization, funder, or sector could achieve on its own"; <http://www.kingcounty.gov/exec/HHSTransformation/plan.aspx>

Where HFP affordable housing capital funds may be used

Veteran and Human Services Levy (V-HS Levy) funds may support projects located anywhere in King County, including Seattle.

Document Recording Fee Surcharge for Homeless Housing (2331) may support projects located anywhere in King County, including Seattle.

Regional Affordable Housing Program (RAHP) funds may support projects located throughout King County in jurisdictions that have signed the RAHP interlocal agreement, including Seattle. The RAHP guidelines, adopted by the interjurisdictional Joint Recommendations Committee and periodically renewed, contain specific goals for equitable sub-regional geographic distribution of funds over the three-year period covered by each Interlocal Agreement.

HIPDD funds may support projects located anywhere in King County, including in Seattle. The specific geographic distribution of projects and funds will vary depending on need, opportunities, project feasibility, and the availability of funds.

HOME funds may be used only in projects located in unincorporated King County or in jurisdictions outside Seattle that are members of the King County HOME Consortium. HOME funds will be allocated to projects so as to achieve equitable geographic distribution of projects and funds across the Consortium, as required by King County Ordinance 10427. The actual geographic distribution of projects and funds in a given year will vary depending upon needs, opportunities, project feasibility, and the availability of other funding in each year's funding

round. HOME funds may not be spent in jurisdictions that are not members of the King County HOME Consortium.

CDBG funds may be used only in projects located in unincorporated King County and in jurisdictions outside Seattle that are members of the King County CDBG Consortium. CDBG funds may not be spent in jurisdictions that are not members of the King County CDBG Consortium and there are limitations on spending CDBG funds in jurisdictions that receive their own direct CDBG entitlement. Information about jurisdictions that are members of the HOME Consortium and the CDBG Consortium can be found on the HFP website.

Affordability

Rents in housing subsidized by the County must, as a general rule, be below the market rate for the area in which the project is located, so as to provide an affordable housing opportunity not otherwise available in the community. Projects must follow the income and rent limits established for each fund source. Exceptions may be granted if there is a compelling reason, which will be reviewed as part of the project selection process. Information regarding market rents is available from HFP staff.

Housing projects that include units affordable to a wide range of household incomes may be eligible for all fund sources. Funds awarded by the County will be used only for assisted units that meet fund source requirements. Projects serving households with incomes up to 60 percent of median income are specifically encouraged under the HOME guidelines to allow leveraging of federal low-income housing tax credits.

Rent plus monthly utilities may not exceed 30 percent of the maximum monthly income level established for each assisted housing unit. The maximum allowable rents will be based on King County household income guidelines published annually by HUD. In projects where housing will be rehabilitated, rents charged after rehabilitation should not exceed the prior rent levels and must be consistent with current rent guidelines.

In ownership programs maximum sales prices will be established based on household incomes, current interest rates, low or no down payment, and typical lending qualification guidelines. Ownership pricing will typically be based on the assumption that mortgage payments plus taxes and insurance payments should not exceed 35 percent of the maximum monthly income level established for each assisted housing unit. Projects must ensure that housing remains affordable to eligible households throughout the term of the agreement. If it does not, subsidy funds will be recaptured upon resale, to be re-allocated to other affordable housing projects.

Developer fees

It is the policy of HFP to harmonize guidelines and policies for affordable housing programs with other public funders to the extent possible. With regard to developer fees in housing projects, HFP is working to develop a policy that is equivalent to that of the Seattle Office of Housing and consistent with the policies of other public funders. The developer fee is compensation to the developer for the time and risk involved to develop the project. The HFP policy, when it is established, will include guidelines for maximum developer fees and may include incentives for developers to constrain the use of contingency budgets.

As a general guideline, developer fees should not exceed ten percent of the total development cost of the project. Developer fees will be paid out at approximately the same rate as all HFP administered funds committed to the project, and will not be paid out more rapidly. If County funds are committed to acquisition and developer fee only, developer fee will be paid out according to a specified schedule, to be determined in the process of drafting overall guidelines for developer fees. As an example, 30 percent of the developer fee could be paid at acquisition, 30 percent at the start of construction, 30 percent during construction administration in proportion to the percent of construction completed, and 10 percent at project close-out.

Funding award limits and matching requirements

The total HFP funding awarded to a project, including any amendments, may not exceed 50 percent of the total development budget unless there are unusual circumstances that justify a higher percentage. HFP funds are intended to leverage other housing funds to maximize the available resources for housing. Leverage requirements that establish maximum percentages of a project's total costs to be funded from a single source are set by law for some fund sources administered by HFP, and by these guidelines for other sources administered by HFP. Sources of leverage may include public and private grants, loans, equity investments, fund-raised dollars, and in-kind contributions.

Table 3 below summarizes current award limits and leverage requirements. Exceptions to these guidelines may be considered on a case-by-case basis at the discretion of HFP staff.

Table 3 – Funding award limits by fund source											
CDBG, V-HS Levy, RAHP, and 2331 funds	Limit is generally 50% of total development cost per unit (<i>exceptions will be considered on a case by case basis</i>).										
HOME Program funds	<p>Limit is generally 50% of total development cost, up to a maximum amount per unit determined by HUD based on the number of bedrooms. The maximum subsidy per unit is set every year by HUD, with the following chart as an example:</p> <table> <tr> <td>0 bedroom</td><td>= \$132,814</td></tr> <tr> <td>1 bedroom</td><td>= \$152,251</td></tr> <tr> <td>2 bedrooms</td><td>= \$185,136</td></tr> <tr> <td>3 bedrooms</td><td>= \$239,506</td></tr> <tr> <td>4 bedrooms</td><td>= \$262,903</td></tr> </table> <p>Note: If State HOME funds are used in a project together with County HOME funds, the limits will be applied to the combined HOME awards.</p>	0 bedroom	= \$132,814	1 bedroom	= \$152,251	2 bedrooms	= \$185,136	3 bedrooms	= \$239,506	4 bedrooms	= \$262,903
0 bedroom	= \$132,814										
1 bedroom	= \$152,251										
2 bedrooms	= \$185,136										
3 bedrooms	= \$239,506										
4 bedrooms	= \$262,903										
HIPDD	Limit is \$50,000 per unit, with exceptions subject to KC DD discretion.										

Project selection process

All sponsors intending to apply for capital funding for housing projects are required to participate in the HFP pre-application process. This process begins with a scheduled meeting with HFP staff during a period several months in advance of the funding application deadline. At the pre-application stage HFP staff will review project proposals for site-specific risks that may be identifiable prior to a phase one environmental review. Prospective applicants may be required at this stage to provide evidence that the project can secure insurance related to particular risks at a level required by King County Risk Management. If insurance is obtained, the cost will be considered as an element in the cost of development. If evidence of ability to secure insurance cannot be provided when it is required, the project will not be invited to submit a full application.

All applications will receive a thorough review for feasibility and for consistency with Housing and Community Development Program plans, guidelines, and policies. This review is conducted under the direction of the director of the Department of Community and Human Services (DCHS). The first level of review includes the following participants:

- Housing Finance Program staff
- Members of the Inter-Jurisdictional Advisory Group (city staff from local jurisdictions), and oversight boards associated with particular fund sources
- Experts in housing finance and construction
- Experts in housing-related supportive services.

Following this review, HFP staff will prepare recommendations for the Joint Recommendations Committee (JRC). The JRC includes representatives from King County and cities within King County. The full JRC recommends allocations of RAHP, Homeless Housing Funds (2331), HOME and Veterans/Human Services Levy funds, and King County JRC members recommend allocations of HIPDD funds. Projects funded with CDBG are selected by CDBG Consortium JRC representatives.

JRC recommendations are reviewed by the DCHS director for final approval. Applicants selected for funding awards will be notified by letter or email. HOME and CDBG funding awards are then published for a 30-day public comment period in the amended Action Plan for the King County HOME and CDBG Consortia.

Applicants who want to request reconsideration of an award decision must submit a written request to the DCHS director within ten working days of receiving an award letter from King County. The letter must present a well-founded argument that the HFP inappropriately applied the evaluation factors published in the request for proposals in a way that negatively affected the applicant's project. The DCHS director will review valid requests reconsideration and will issue a final written decision.

Evaluation criteria

New project applications will be evaluated based on a threshold review and a full review based on a number of factors related both to the sponsor agency and the project itself. To be funded by

the County, projects must be consistent with the program priorities, funding guidelines, and regulations of the various fund sources. The threshold review will determine if the application has been submitted on time and whether the applicant has participated in the required pre-application process. Applications that are received after the time specified in the RFP or that are later found to be incomplete will not be accepted.

In the full review, an assessment of the sponsor's capacity, financial soundness, and compliance on existing contracts will be made. The capacity assessment will be based on the number and qualifications of staff including development staff in relation to the size of the sponsor agency; the sponsor's project portfolio and its condition; and the sponsor's development pipeline. The examination of the financial soundness of the sponsor agency will involve the most recent consolidated audit, and current and prior year operating budgets. HFP staff will assess the sponsor's compliance on existing contracts, including such factors as whether the sponsor is up to date with HFP reporting requirements and has no outstanding concerns resulting from on-site monitoring. Applicants are also expected to be in full compliance with requirements of all other funders. An assessment will also be made as to the sustainability of the sponsor's project portfolio with respect to all projects under contract with King County based on such factors as cash flow, project reserves in relation to current capital needs assessments, vacancy rates, and others.

The full review will also assess the competitiveness of the project itself, based on such factors as project compatibility with current funder priorities; the need and demand for the proposed housing; the financial feasibility of the project; the proposed structure for long-term affordability; access to transportation; and geographic distribution of projects and funds. Proposals recommended for funding will be those that are most competitive based on the project factors, and that are sponsored by agencies considered to be the strongest based on project sponsor factors.

Funding awards

Applicants are encouraged not to direct their proposals to a specific fund source, as HFP staff and the Joint Recommendations Committee (JRC) will determine the sources of funds awarded to projects. In addition, HFP reserves the right not to recommend the award of all available funds in a given funding round. Funds not allocated during one funding round may be awarded during a subsequent funding round for new proposals. Federal deadlines for commitment of HOME Program funds may require reallocation of funds if implementation of a HOME-funded project is significantly delayed.

Contingent awards

In any funding round, it may happen that there are more capital projects that present strong applications than can be awarded funding. A project evaluated by HFP staff as being worthy of funding that cannot immediately be funded due to limits on available funds may be recommended to the JRC for a contingent award. A project to which a contingent award has been made will only receive a funding award if funds become available during the time up to the next year's funding round, through recapture of funds due to project under-expenditures, or availability of a source of funds not known to be available at the time of the last funding round.

If more than one project is recommended for such an award, the projects may be ranked in order of priority or designated as eligible only for a particular funding source.

If sufficient funds do become available to meet the request of a project placed on the contingent award list by the JRC, the project will be subject to a full updated review by HFP staff based on such current information as may be requested by HFP staff. The JRC will be briefed on the project as soon as feasible following HFP project review. A project given a contingent award that does not receive full funding by the time of the next funding round will be prioritized for funding in that round, provided that an updated application is submitted and the application remains highly rated.

Contract amendments

Contracts may on occasion be amended to increase an award or contracted amount, to change the population served or the affordability of a project, to change the effective dates for a project, or to reflect updated or newly developed guidelines with respect to tenant eligibility. All such requests will be considered on a case-by-case basis. In general, amendments to increase an award will only be granted if total development costs have increased during the period between the award of funds and completion of construction due to unforeseen factors beyond the control of the sponsor. In considering a funding amendment, the basic nature of the project and the qualifications of the residents to be served may not have materially changed, and the total funding award, including any amendment, must still meet HFP requirements. For example, the total HFP award with an amendment generally may not exceed 50 percent of the total project budget or the maximum amount per housing unit permitted for a particular fund source. Exceptions may be considered on a case-by-case basis.

Project funding amendment requests will be subject to the following conditions:

- The applicant must explain the reasons for and magnitude of the budget increase, and must demonstrate that project changes and increased costs will not diminish the ability of the development team to complete the project successfully.
- The applicant must provide an evaluation of all available fund sources, applicant contributions, and budget adjustments that potentially could make up the budget shortfall. The applicant must make every reasonable effort to leverage other public and private funding, reduce costs, or otherwise materially contribute to reducing the newly identified funding gap.
- Applicants requesting additional funds must submit revised development and operating budgets showing the difference between original estimates and current projections. The applicant must explain the impact on the project if additional funds are not made available, and must demonstrate that additional funds are necessary.

Evaluation of amendment requests will take into consideration, among other factors, the urgency of the need for HFP funding, impact of the amendment on the geographic distribution of funds, and effects on competing requests for project amendments. If additional funds are found to be justified, HFP staff may recommend an award, which will depend on the availability of an appropriate fund source and the sources of funds already awarded to the project.

If an amendment request exceeds 50 percent of the original County award, HFP staff will prepare a recommendation for action by the JRC at a regularly scheduled meeting. If the amendment is for less than 50 percent of the original award, the recommendation for additional funding will be prepared for a decision by the DCHS department director, with a status report to the JRC presented at the next scheduled JRC meeting.

Requests for contract amendments to change the population served in a project or to modify the affordability will be based on review and evaluation of a range of relevant information, which will be specified by HFP staff and will depend on the circumstances of the project and the nature of the changes requested.

Up to five percent of the total amount of HFP funds available through the regular funding round may be reserved for project amendments. At the time of the annual funding round, staff will recommend a specific amount of each fund source to be reserved. The amount of funds recommended for reserve may change over time based on such factors as the use of reserve funds from the previous year, status of previously funded projects, and competition for current year funds. At the time of the funding round, reserved funds not needed for previously funded projects may be allocated to projects in the current year's funding round.

General Project Requirements

Contracting

King County's terms for HFP-funded housing projects will be explicitly stated in the most current version of the Housing and Community Development contract as approved by the Office of the King County Prosecuting Attorney. Contracts will comprise a boilerplate document and an exhibit or scope of work. The contract boilerplate describes in detail a standard set of performance guidelines, stipulations, and requirements that are reviewed and updated on an annual basis.

The language in the boilerplate section is generally not subject to negotiation or modification. Exceptions to boilerplate provisions, including those incorporated in the contract exhibit, must be reviewed and approved by the King County Prosecuting Attorney. The exhibit portion of the contract is designed to be flexible enough to capture each project's unique and specific scope of work. It will reflect the terms of any capital funding award made to the project and other conditions negotiated by the county and the project sponsor. These terms and conditions will include but not be limited to how county funds are to be used, specific populations to be served, levels of affordability, maximum rents, number of regulated units, sources and uses for county funds included in the development budget, and timeframes for compliance during the project's construction phase and throughout the remainder of the contract period, which in most cases will be 50 years.

Funds awarded to projects will be available not earlier than January 1st of the year immediately following a capital funding round. In the case of federal funds, the county may not go under contract before receiving the HUD grant agreement, official notice of the availability of federal funds. This agreement depends on Congressional action and may not occur until several months into the calendar year. If additional funds are needed as a result of unforeseen circumstances, a contract amendment may be requested, subject to the conditions explained in the Contract Amendments section, above.

All projects must submit a management plan with specific requirements outlined in the project contract exhibit. Housing sponsors are required to report annually on demographic characteristics and income for all residents served in the project, and on the financial performance of the project in the prior year.

King County will generally secure its interest in projects through execution of a promissory note and the recording of a deed of trust and a covenant restricting the use and resale of the property. In the event of a default, the County contribution to the project will be subject to repayment along with a proportional share of the net appreciated value of the property. The County will retain five percent of the total value of funds provided to a project or \$25,000, whichever is less, which will be released only after all construction activities are completed and standards related to labor and the environment are met.

Loan terms

Loan terms for multifamily rental housing capital awards will be for a minimum of 50 years. Interest rates between zero percent and three percent will apply depending upon the population to be served and the project design, with one percent interest as the norm. Interest on loans will be calculated annually as simple interest and payments, if any, will be applied first to accrued interest and then to principal. Loans will generally be deferred payment loans payable in full on sale, change of use, or at the end of the term. Loan terms may permit borrowers to further defer payment of principal, deferred interest, and contingent interest by extension of the loan term beyond the original contract period. Loan amortization may be required if project operating budgets show sufficient cash flow to support repayment while meeting required rent levels and debt coverage ratios.

Homeownership program loan terms will vary depending upon the design of the program. Down payment assistance loans will be deferred payment loans, due upon sale or refinance, and will have terms up to 30 years. Homeownership programs may require payment of interest or shared appreciation depending upon program design.

Environmental review in rental housing projects

Because of the possibility that a project may be awarded federal funds, environmental restrictions begin at the time an agency applies for capital funds. From that date until environmental review is completed, applicants may not spend any funds on physical or choice-limiting actions, including property acquisition, demolition, movement, rehabilitation, conversion, repair, or construction. Property acquisition may not be considered choice-limiting, however, if it is accomplished using a purchase and sales agreement that includes certain HUD-required stipulations with regard to environmental review. Work completed prior to making application is not affected by this restriction. In addition, contracts entered into prior to making application, including purchase and sale agreements, may not be affected by this restriction. Agencies should contact the environmental review specialist in HFP for clearance on honoring existing contracts and information on HUD requirements for purchase and sale agreements entered into after applying to King County HFP, and must follow the directions of their assigned HFP project manager while environmental review is in process.

Any purchase and sale agreement entered into after application is made to HFP must contain the language and conform to the deposit restrictions found at the following website:

https://www.onecpd.info/resources/documents/NSPPolicyAlert_EnvironmentalReview_091611

Some projects are excluded from the requirement for public notice and HUD approval to release funds. These include one- to four-unit residential projects when the density on a site is not increased beyond four units, the land use is not being changed, and the footprint of a building located in a floodplain or wetland is not being increased.

Also excluded are multifamily residential buildings when the density is not changed more than 20 percent; there are no changes in land use from residential to non-residential; and the estimated cost of rehabilitation is less than 75 percent of the total estimated cost of replacement after rehabilitation. This lower level of review also applies to acquisition, rehabilitation, or new construction of one to four homes on a single site, or of five or more housing units developed on scattered sites, when the sites are more than 2,000 feet apart.

Environmental reviews will typically take four to six weeks to complete. If certain forms of mitigation are required, the need for public notice and HUD clearance will extend the time by an additional four weeks. Examples of projects in which mitigation may be needed include acquisition and rehab of structures more than 45 years old, structures built prior to 1978 or that have been tested for and found to contain lead based paint, and structures assumed or found to contain asbestos.

For all other projects, most of which will involve new construction of housing, HFP will complete an environmental assessment, publish a notice, and request release of funds from HUD. This level of review will take at least two months or more depending on the level of consultation needed and the availability of third parties staff must consult with, including the Department of Ecology, the county archeologist, the State Office of Archeology and Historic Preservation and in some cases the federal Fish and Wildlife Service.

Green building and the evergreen sustainable design standard

Sustainable development can be defined as "...development that meets the need of the present without compromising the ability of future generations to meet their own needs", according to the World Commission on Environment and Development. Out of concern for both present and future generations, all rental housing projects funded by the County must follow the current Washington State requirements for Evergreen Sustainable Development Standards (ESDS). These standards were made applicable by the state legislature to all projects funded by the Washington State Housing Trust Fund by RCW 39.35D.080. Full details on the current Evergreen Standard are available through the Washington State Department of Commerce at this web address - <http://www.commerce.wa.gov/Programs/housing/TrustFund/Pages/EvergreenSustainableDevelopment.aspx>.

The criteria included in the Evergreen Standard have been extensively reviewed by stakeholders and set a minimum standard for affordable housing development funded by King County. The Evergreen Standard is subject to periodic revision by the Department of Commerce, so it is the responsibility of prospective applicants to remain up to date on its requirements. The Evergreen Standard includes several dozen criteria, of which some are mandatory and some optional. Not all criteria will apply to every project, since some are relevant for new construction and others apply only to rehab projects. In version 2.2, which was the standard through the 2014 capital funding round, new construction projects had to earn at least 50 points from the optional criteria, rehabilitation projects had to earn at least 40 points, and all projects had to meet all applicable mandatory criteria. An appropriate number of points is assigned to each criterion to provide numerous ways to accumulate the necessary point total to pass the threshold. The County reserves the right to provide preference in funding to projects that show the greatest creativity and commitment to sustainable design in their application of the Evergreen Standard. Prospective applicants are encouraged to consult with County staff if they have questions about which optional Evergreen Standard criteria are considered to be the most significant for project sustainability from the point of view of a public funder.

The Evergreen Standard as setting a minimum level of green and sustainable design for projects eligible for County funding. Non-profit sponsors may exceed the Evergreen Sustainable Development Standard by using another standard, if they wish to. Projects aspiring to

incorporate higher standards of sustainability - defined primarily in terms of durability, low maintenance, and extreme energy efficiency - are encouraged, and may receive preferential recommendations in the County's annual funding round within priority categories. Projects that can convincingly demonstrate a potential for significantly higher standards of performance at a cost comparable to the existing average per-unit development cost will receive preference within priority categories.

Beginning in 2015, HFP will place increased emphasis on the ESDS criteria related to the process of developing high performance housing. The criteria that refer to the green development plan (criterion 1.1 in ESDS 2.2) will be strengthened in ESDS version 3.0. The updated criteria may require applicants to develop and document an integrative design approach, set performance targets related to such factors as energy efficiency and water use, and submit a written green development plan explaining this approach and illustrating how each member of the development team will be involved in meeting performance targets. This criterion will also recommend that applicants use a number of analytical tools such as life-cycle cost analysis and total cost of ownership when considering alternative materials and products, while continuing to emphasize the use of more durable and less polluting alternatives.

Housing for persons with special needs

Most fund sources administered by HFP may be used to create housing for persons with special needs, including individuals with chronic mental illness or are in recovery from substance abuse issues; households who are chronically homeless; victims of domestic violence; individuals with HIV/AIDS; victims of traumatic brain injuries; individuals with developmental disabilities or who are physically challenged; frail elderly; youth; and veterans.

As a general policy, the County prefers that the agency that owns the property be distinct from the agency providing services to tenants, in projects where services are an essential element of the housing. In practice, this means that in cases where an agency seeks funds for group homes to serve small numbers of tenants who require ongoing services to maintain housing, the owner agency should not be the same entity as the service provider. Exceptions to this policy may be made when the project consists of premises licensed for a particular use.

Agencies using Housing Finance Program funds to provide housing units for persons with developmental disabilities must sign referral agreements with the State Division of Developmental Disabilities (DDD), subject to approval by the County. In addition, HFP requires all providers of housing for tenants with DD to sign an agreement with the on-site service providers in a form approved by HFP and DDD that outlines the responsibilities of the service provider with regard to helping tenants maintain the property in good condition and alerting the property owner about any potential maintenance or repair issues.

- Eligible persons - Households with one or more member who receive services through the Washington State Department of Social and Health Services (DSHS) Region 4 Division of Developmental Disabilities (DDD).
- Median income levels - Households with incomes at or below 30 percent of area median income.
- Maximum subsidy amount - The maximum subsidy amount is \$50,000 per unit.

- Number of set-aside units - The set-aside units should total no less than two units per project, and no more than five units for projects with 50 units or less, or no more than ten units for projects with more than 50 units.
- Size of units - The set-aside units can be studios or 1-, 2-, 3- or 4-bedroom units, with a priority for 2-bedroom and larger units.
- Universal Design - The DD set-aside units shall include universal design features. Applicants must complete and include with their funding application a universal design checklist, identifying the universal design elements that will be included in the project.

Fair housing, access, and affirmative marketing

Fair housing is the right to choose housing free from unlawful discrimination. Fair housing laws at the federal, state and local levels prohibit discriminatory practices in housing based on membership in a protected class. The laws protect identified classes, defined as race, color, national origin, disability, gender, religion, familial status (having children under 18), sexual orientation, age, and veteran or military status. All projects funded by the County are subject to federal and state law and may also be subject to additional class protections prescribed by local laws.

Fair housing laws cover a number of issues related to the design and operation of housing projects, including accessibility requirements, discriminatory conduct toward current and prospective tenants, affirmative marketing of available housing, and providing reasonable accommodations for persons with a disability. Housing providers should be aware that occupancy limits for housing units that are more restrictive than those allowed by local building codes may be in violation of fair housing law if they are applied to families with children. Targeting units for specific sub-populations of a protected class, in the absence of a requirement associated with a particular fund source, may also conflict with fair housing laws.

King County uses federal grant funds to support affordable housing, so the County is required to affirmatively further fair housing. This obligation is passed on to the agencies that contract with the County to provide affordable housing. In the context of fair housing, this means engaging in affirmative marketing based on a strategy designed to attract renters of all majority and minority groups, regardless of race, color, national origin, disability, or any of the other protected class qualifiers. Affirmatively furthering fair housing, therefore, means more than merely avoiding discrimination.

Owners also have a positive responsibility to remove barriers that reduce the accessibility of housing for protected classes, and to take actions that serve to overcome the impacts of segregation history in King County. A housing provider may not, for example, refuse to let a tenant make reasonable modifications to a dwelling or common use areas at the tenant's expense, if necessary, for the tenant to use the housing. A housing provider also may not refuse to make reasonable accommodations in rules, policies, practices or services if necessary for a tenant to use the housing.

More information about fair housing, resources for tenants, complaint resolution, and related subjects may be found on the website of the King County Office of Civil Rights (KCOCR) website: <http://www.kingcounty.gov/exec/CivilRights.aspx>. KCOCR is also available to consult with providers regarding fair housing related questions and can be reached at 206-263-2446.

Contractor selection, construction contracting, and construction management

HFP strives to ensure fair contracting methods and competitive pricing in the construction of affordable housing. Agencies awarded affordable housing capital funding must select contractors through an open and competitive process or a competitive bid process open to pre-qualified contractors. Agencies must submit a summary of their proposed competitive selection process, and HFP reserves the right to review and approve the process prior to its implementation, including all bid documents. HFP may publish additional procurement requirements in its annual notice of funding availability (NOFA).

In contracting with firms that will execute a construction project, agencies may use one of a number of contract types, subject to review and approval by HFP. Allowable contract types, depending on the nature of the project, include cost-plus-fee with a guaranteed maximum, fixed-price/stipulated sum, and others as appropriate. The contract with the general (prime) contractor and any amendments to the contract shall be submitted to HFP prior to execution.

Applicants proposing to manage their own projects must demonstrate capacity to the satisfaction of HFP. Such applicants must have prior experience managing projects of a comparable scope and complexity, and must be able to demonstrate that they have staff available for the necessary work at the time required. If applicants do not have sufficient in-house construction management capacity, they will be required to contract for this service.

All applicants awarded funds must provide the County with copies of written cost estimates, construction contracts, and construction documents. These documents must present the scope of work and associated budgets at a level of detail that enables the County to conduct progress and final inspections, to determine that construction is being done in accordance with applicable codes, the construction contract, and construction documents.

Management plan

Consistent, comprehensive and considerate property management is crucial to the success of each affordable housing project funded by the County. Project owners will be required to submit a property management plan specific to each real property location. For acquisition and rehabilitation of an existing building, a management plan will be due by the end date specified in the contract project exhibit. For new construction projects, the due date will be not later than three months after the date of the certificate of occupancy. The management plan must include the following elements:

- A general description of the physical environment, including the type of housing, number and size of units, type of unit, amenities such as common space or playground, accessibility, and other relevant characteristics.
- The proposed tenant population including household composition, demographics, number of households.

- A description of any services offered as part of the project, including supportive services, if needed, and information about how services will be delivered and who will deliver the services.
- A detailed discussion of the Agency's response to the requirement for housing and services to be offered in a culturally competent manner.
- A narrative giving further details on the proposed management and operation of the premises including a description of the management entity, staffing, and key roles; tenant selection and eligibility determination; marketing plan; rules for operation of the premises and enforcement procedures; procedures for dealing with tenant complaints including community involvement; description of security and emergency plans; and maintenance and repair program, with examples of schedules, forms or documentation that will be used.

Capital needs assessment

Within six months after the completion of a project involving new construction, project sponsors must complete and submit to HFP a capital needs assessment (CNA) on all the properties for which funds have been awarded. The capital needs assessment must include a list of all major replacement components of the building; the typical or expected remaining life of each component; the estimated replacement cost of each component factored for inflation; a 20-year schedule for the replacement of each component; and a schedule of replacement reserve deposits, replacement expenditures, and reserve balances. The planned schedule of replacement reserve deposits must be adequate to meet the capital needs of the property over at least a 20-year period and the CNA must include information at a level of detail sufficient to demonstrate the adequacy of annual deposits to reserve accounts as shown on the County-approved operating budget. The methodology for the capital needs assessment is subject to approval by the County, and the assessment shall be conducted by a professional firm having prior experience in this field, except as approved in writing by the County. Project sponsors must update and submit to the County a CNA at least every ten years for each County-funded project, throughout the compliance period.

Project developers are encouraged to use life-cycle cost analysis as often as possible with regard to selection of materials and major project components during the design phase of the project. They will also be encouraged, beginning in 2015, to prepare a CNA for each project during the design phase and to use it to calculate and justify assumptions about annual per-unit reserve contributions. Policies related to the sustainability of County-funded housing projects are in the process of evolution with the strengthening of the Evergreen Standard, and County policies will be aligned with those of other funders as the public funders and development community work together to deliver higher levels of value for the public investment in housing.

Community and neighbor relations

Project sponsors are encouraged to undertake activities to establish and maintain positive relationships with neighbors of assisted housing. HFP staff will offer guidance as needed in designing a positive and pro-active community relations process and will provide referrals as needed. This process will typically include introducing the agency; describing the proposed project; providing information about the client population; inviting input from neighbors; and facilitating community meetings as needed. If requested, HFP staff may also provide names of

other agencies that have developed successful community relationships, and may attend community meetings at the request of the project sponsor. The community relations process is voluntary and funding decisions will not be conditioned upon community response to a proposed project or the agency's decision to pursue or not to pursue a community relations process. The County understands that some agencies may choose to initiate fewer community contacts to protect the privacy and confidentiality of the residents.

Employment and training opportunities

For housing projects where the total project construction costs are \$200,000 or more, apprentice training program requirements will be included in the construction contractor bid package. King County will require awardees to select prime contractors that will hire apprentices enrolled in an approved apprenticeship program and who will procure sub-contractors working under contracts of \$100,000 or more who will also hire apprentices enrolled in an approved apprenticeship program as described in RCW 39.04.300 through 39.04.320.

King County requires that these projects work with the King County Work Training Program to recruit and hire workers whenever there is the need for a contractor to hire additional workers. These workers include adults engaged in pre-apprenticeship and certificated environmental clean-up and green jobs training.

Close-outs and monitoring

All project owners must submit an annual report to the HFP within 30 days of the close of each calendar year, beginning no later than the year of the end date of the contract. Owners must report the total number of units in the project; the number of bedrooms per unit; rents and utility allowances; the income, size, ethnicity, and composition of tenant households; and, if applicable, information regarding the homeless or special needs households served.

If a contract includes HOME funds, additional information is required for each HOME-assisted unit. The report must identify the HOME-assisted units; the number of bedrooms, total rent and utility allowance per unit; and the income, size, race, ethnicity, and type of households.

Annual report forms and access to the Web-Based Annual Reporting System (WBARS) will be provided to owners by HFP. WBARS is shared by all capital funders of rental housing projects in the state. The funders set up new projects in WBARS every year, once construction is complete and lease-up has commenced. Desk monitoring reviews are performed based on the WBARS data, which is downloaded into an HFP database that produces individual project reports. These reports allow County staff to review the project rents, unit affordability, and provide information on actual tenant incomes and rental subsidies within a project. Note that if there are HOME funds in a project, the specific tenant data for HOME-assisted units must be reported using HUD's Integrated Disbursement and Information System (IDIS) in the year in which construction is completed and lease-up has commenced.

During the project close-out process following completion of construction the County will require a copy of the certificate of occupancy, the final development budget, a current operating budget, documentation regarding wages paid for construction signed by the owner and the

construction contractor, documentation of Section 3 compliance if applicable, documentation of ADA accessibility, and other reports the County may need.

Initial site visits will be conducted by County staff to review initial tenant eligibility for occupancy and to verify that the rents conform to the requirements of the County contract. Physical inspections will be conducted to ensure that the property is being well maintained and that the owner is or has conducted a capital needs assessment, and review records related to maintenance repairs and documentation of inspection of major building systems.

If there are HOME funds in a project, source documentation for tenant incomes will be examined and the rent and utility information verified against the data reported in WBARS. Copies of tenant leases will be collected to verify compliance with HOME tenant protections, and copies of the sponsor's affirmative marketing plan, waiting list policy, and on-site management plan will be collected and reviewed.

Project owners must provide HFP with the following information pertaining to their projects and to the owner organization on an annual basis: 1) annual operating statements for each project detailing income, expenses, and cash flow; 2) separate annual account statements for replacement and operating reserves, including year-end balances and withdrawal and deposit activity; 3) an audited financial statement for each year throughout the period of contract compliance; 4) the federal form 990 at the time it is required by the federal government; 5) a report of board meetings and board activities, with names and addresses of current board members and officers; and 6) other reports that the County may request, such as those related to inspections, tenant income monitoring, and property and liability insurance.

County staff will make periodic on-site monitoring visits to housing projects to examine files. Files to be examined will include individual tenant files, source documentation used to verify household income, and demographic information to select. Owners will be required to provide back-up documentation for a sample of units that are reported in WBARS. Records of individual tenant income verifications and project rents must be retained for the most recent five-year period, and for six years after the contract's termination date.

If compliance issues arise during a desk review or on-site record review, questions will be presented to the project owner in writing and the owner asked to respond in writing. Minor reporting issues may generally be resolved by the owner modifying internal procedures or processes so that similar reporting problems are avoided in the future. HFP will verify compliance with the next report submitted by the owner.

If there is a pattern of repeated non-compliance with respect to reporting, HFP may meet with the owner and provide one-on-one technical assistance to address the problem. The owner may be asked to develop a plan to correct the problems within a specific timeframe and the implementation of this plan will be monitored.

If severe compliance issues persist, specific remedies allowed under the contract boilerplate may be applied. Instances of gross negligence, fraud, or discrimination, or persistent conditions that pose an imminent threat to the tenants' health and safety are taken seriously. HFP staff will meet with owners and property managers to identify the specific violations, develop an agreement laying out steps to address the violations, and may impose additional sanctions such as financial

penalties, replacement of staff involved in the violation, or legal action. The County will follow-up closely to determine that the violations are corrected and the owner will be required to report more frequently on progress. More frequent on-site visits will be conducted until all issues have been successfully resolved.

On-site physical inspections for all projects funded by HFP will be conducted at least every five years beginning in the year the project is closed out and continuing throughout the compliance period. HFP will develop a risk assessment process for all projects which will be used to determine which projects should be inspected more often. Projects at highest risk may be inspected as often as every year until it is determined that less frequent inspections are warranted. For information on physical inspections specific to HOME funded projects, see the subsection on HOME project physical inspections in the HOME Program section of these guidelines.

Transfers, assumptions, and refinancing of HFP contract obligations

The DCHS director may permit the transfer and assumption of a HFP contract and loan from one entity to another, with a related transfer of the property that was acquired, constructed, or rehabilitated using County funds. Repayment of principal, interest, or other amounts owing under the loan at the time of the transfer will not be required under the following circumstances:

- The loan is assumed by a tax credit entity and the entity makes a substantial equity investment in the low-income housing;
- The property is transferred by a tax credit entity to a nonprofit corporation, a limited liability corporation or partnership established by a nonprofit corporation, or a public agency approved by the director of DCHS, including with limitations a transfer to the general partner or manager pursuant to the terms of an option agreement made in connection with the formation of the tax credit entity; or
- The property is transferred, with the approval of the director of DCHS, to a qualified nonprofit corporation or public agency without substantial consideration to the transferor other than assumption by the transferee of outstanding obligations.

Prospective new owners must complete a transfer of ownership application.

DCHS may review a request from an agency to refinance private debt with non-federal County funds in cases that will result in a lower interest rate and reduced debt service; or that produce some other long-term project benefit. DCHS will consider each such request on a case-by-case basis and will conduct an in-depth analysis with the agency, including review of the proposed new financing terms, transaction costs, an updated capital needs assessment, status of reserve accounts, and additional information as needed.

Net appreciated value will be calculated according to a formula established by DCHS, which will be included in each project's promissory note. The formula will reflect the amount of departmental funds contributed as permanent financing to a project modified by any additional funds contributed during the loan term, such as capital contributions approved by DCHS or sponsor subsidies contributed to cover operating losses.

Affordable Ownership Housing

General program guidelines

The County provides financial assistance to sponsors who help income-qualified families purchase homes they will occupy as their principal residence. Homeownership programs will target households with incomes between 50 and 80 percent of the area median income (AMI). Programs targeting households with incomes below 50 percent AMI may be considered on a case-by-case basis. Ownership programs may be based on any of a number of models: limited equity cooperatives, community land trusts, self-help “sweat equity” programs, partnerships with for-profit organizations to develop houses for first-time homebuyers, or nonprofit acquisition of a mobile home park in danger of conversion to another use.

The public benefit basis for HFP’s commitment to funding low income ownership programs is based on their providing low income families with opportunities for entry into a challenging housing market, the potential to create wealth-building opportunities for low income families, and their contribution to the stability of families and neighborhoods.

Funds may be used to provide down payment assistance, interest buy-downs to a first mortgage lender, or development subsidies to reduce the price of newly constructed homes. Public funds may also be used to reduce the cost of property for development, with the benefit passed on to buyers. Ownership programs must be based on either a resale or recapture model, and may not combine characteristics of both. In resale programs initial and resale prices must be affordable to a defined range of income-qualified home buyers, the public subsidy remains in the homes, and the program will include a resale formula that provides a fair return to the owner. In recapture programs, the public subsidy helps with the initial purchase and returns to the public funder upon resale. King County fund sources may not be used for program administration.

When County funds are used to help pay development costs for new construction and acquisition-rehabilitation ownership projects, those funds may be used for acquisition, infrastructure, rehabilitation, building construction, and “soft costs” such as design and engineering. Evidence of site control is required at the time of application for funds except in the case of projects that will acquire existing scattered-site single-family homes. Developers must specify the proposed income restrictions and affordability periods in their application and the maximum subsidy per unit may be no more than 50 percent of the total per-unit cost of the project. There are limitations on using HOME funds for some of categories of expenditure and other requirements may apply when federal funds are used in ownership projects.

County funds used as down payment assistance are limited to \$35,000 per unit. Development subsidies will be subject to the per-unit maximums established by federal regulations for the use of HOME funds in rental housing. Ownership programs will be subject to maximum ratios of housing costs to total monthly income, based on the sum of principal, interest, taxes and insurance (PITI), plus homeowner dues, which should not exceed 38 percent of an owner’s gross monthly income. Maximum home prices will be based on current HUD-published guidelines. Requests for County funds for new or existing revolving loan funds will be considered on a case-by-case basis. In general, preference will be given to ownership projects that create long-term affordability through resale provisions and community land trust structures.

The following entities are eligible to manage home ownership programs using funds awarded by the County: public housing authorities; nonprofit organizations; local governments; community housing development organizations (CHDOs); and for-profit housing developers, subject to limitations.

Ownership program sponsors are required to determine income qualification for prospective homebuyers; partner with or provide affordable mortgage programs; provide homeownership education and counseling, and monitor long-term affordability requirements including recapture or resale restrictions. Program sponsors will also be required to track the recapture of County funds, and provide demographic data on homeowners as required by HUD, in programs using federal funds.

In down payment assistance programs based on recapture of the public investment, the affordability period will typically be as long as the term of the first mortgage, with the County loan being forgiven if the owner occupies the home throughout this entire period. In programs using federal funds, the period during which federal rules and reporting apply will be the minimum required by HUD. The down payment assistance provided by the County will as a matter of policy be less than \$40,000 so this period will be ten years or less. Down payment assistance loans will be deferred payment loans, due upon sale or refinance. King County will secure its interest in recapture-type projects by recording a deed of trust, a promissory note, and sometimes a covenant restricting the use and resale of the property. A home ownership program may be structured so that funds subject to recapture are reduced according to a calculation that gives credit to the homeowner for the time that person has owned and occupied the unit. Each subrecipient will determine the way in which the recapture of funds will be reduced, if such a provision is included in the program design. The following is an example of how a subrecipient might do this: divide the number of years the homebuyer occupied the home by the period of affordability and multiply the resulting figure by the total amount of direct subsidy originally provided to the homebuyer.

The affordability period for a project or program using resale provisions, typically a land trust model, is based upon the term of the ground lease. The period during which federal rules and reporting apply will be the minimum required by HUD. A subsidy of less than \$15,000 per unit will require five years of federal requirements; \$15,000 to \$40,000 – ten years; over \$40,000 – 15 years. If the home is sold or transferred during the affordability period, it must be to another income qualified household. If a home is sold or transferred during the period when HUD rules apply, a new such period will begin. King County will secure its interest in resale-type projects by recording a deed of trust, a promissory note, and a covenant restricting the use and resale of the property.

Reporting responsibilities for ownership projects

Each January throughout the affordability period all project owners must send the County an annual report in a format similar to that required by the Department of Commerce Housing Trust Fund staff at the same time it is due to the State. The report will include data for the reporting period of the previous calendar year. Owners will report on the number of home buyers assisted, the number of loans in default and how defaults are being resolved; the number of foreclosures; and a summary of all homes resold through either resale or recapture.

Agencies administering a revolving loan fund must provide annual reports on the balance of all funds available for homeownership activities, how much of the balance consists of HFP dollars, how much has been spent in the past year, and the number of home buyers assisted.

The annual report due by June 30th must also include the most recent annual audit, the annual budget for the owner organization for the current year, and a copy of the current certificate of insurance. A full list of submissions and report instructions can be found at this web address:

<http://www.commerce.wa.gov/Programs/housing/TrustFund/Pages/AnnualReporting.aspx>

All agencies managing County funded homeownership programs are responsible for informing HFP immediately when homes are resold. Such agencies must provide evidence to HFP that the buyer is income qualified and that applicable resale or recapture provisions have been followed. HFP must also be provided copies of the new homebuyer's promissory note, executed HOME Use Agreement if applicable, and demographic data for the home buyer.

Agencies managing HFP-funded homeownership programs are responsible for ensuring that homeowners understand the obligation to occupy an HFP-assisted home as their principal residence for the required period of time, and the obligation to pay back HFP funds pursuant to a formula, if they do not. Agencies must inform the County as to the method they will employ to monitor their portfolio of current loans.

For construction or acquisition projects, HFP will conduct one or more physical inspections of the property and the agency must provide evidence that the housing meets the required housing quality standards.

Environmental review in ownership projects

Recipients of down payment assistance must document compliance with federal Environmental Review requirements by completing a determination of exemption and a determination of categorical exclusion. This includes documentation that the housing is not within a 100-year floodplain, and is not located within 2,500 feet of a civil airport or 15,000 feet of a military airfield. Additional detail and documentation requirements may be found in HFP's Environmental Review Documentation Guide, which will be updated as necessary to reflect current federal regulations and rules.

In programs providing down payment assistance where project activities will include acquisition, rehabilitation, or new construction, recipients must stop all choice-limiting activities upon applying for funds, including acquisition, demolition, rehabilitation, and any ground disturbance until the County completes an environmental review.

Portfolio Preservation Loans

General policies and types of loans

The Housing Finance Program will consider requests for loans to pay for repairs or replacements in projects already in the county's housing portfolio on a case-by-case basis. Small emergency loan requests may be made at any time, but will be subject to availability of funds. Review of such requests will include acquiring and analyzing information on available reserves, if any, as well as other resources that may be available to the requesting agency. "Emergency" is defined in this context as meaning that without immediate repairs, (1) the owner will not be able to maintain all units and common areas in a safe, decent, and sanitary condition; and (2) the financial sustainability of the project is likely to be compromised. A typical example of this kind of request might be a single-family home used as an adult group home for a population with special needs that requires a roof replacement or a new heating system, where the owner lacks the necessary reserves. These loans are expected to be under \$20,000 and agencies requesting them will be required to submit a new or updated capital needs assessment (CNA) showing how the project will be financially sustainable for the balance of the original compliance period. Depending on the size of the loan, the compliance period may be extended, with the new period reflected in an amended covenant and deed. HFP will undertake to reserve funds in each year's capital funding round for this type of loan, with the goal of maintaining an emergency loan reserve of at least \$100,000.

Requests for larger loans to assist projects in the County's portfolio will be considered in the context of each year's annual funding round. Agencies requesting such loans, which may occur as part of a recapitalization or resyndication plan, will be expected to provide detailed information about how the proposed loan fits into a comprehensive portfolio preservation plan. At a minimum, HFP staff will want to review current CNAs for all projects in the agency portfolio and a plan covering at least the next 10 years for meeting the portfolio's anticipated capital needs. The compliance period for new contracts that encompass major portfolio preservation loans will be fifty years, starting at the date of loan issuance. A new covenant and deed will be recorded and the most current contract requirements will apply. A minimum 50 percent match will be required from other public or private sources.

Exceptions to these guidelines will be considered on a case-by-case basis. It is anticipated that HCD will review the portfolio preservation program guidelines annually and propose updates or improvements for JRC approval as needed. Funding priorities for each year's capital round will be determined by the Combined NOFA, usually published in July, and these may affect priorities applied to portfolio preservation loan requests. All requests for portfolio preservation loans will be closely analyzed for the potential to postpone funding for rehab or repair work until a later funding round.

Application process

The application requirements for portfolio preservation loans will be essentially the same as those for capital funding for new housing projects. Portfolio preservation loans will be subject to all terms and conditions of the existing King County contract including affordability and set-asides for particular populations, unless these provisions have been modified as a necessary condition for granting a new loan. If it is necessary to modify the affordability requirements as a

condition of providing additional assistance to a project, any such modifications will be subject to review and approval by other public funders who also have invested in the project. Modifications will be based on detailed analysis of the sustainability of the project over the balance of the existing compliance period and any new compliance period that extends the termination date.

All work except work done to address emergencies shall result in the property meeting at a minimum the current HUD Uniform Physical Condition Standard (UPCS). Section 8 Housing Quality Standards, as amended.

Priorities for portfolio preservation program

The following priorities will apply to use of funds for portfolio preservation:

Housing which has an existing King County investment that is facing a true emergency repair need which could prevent the housing from continued use if not addressed, and for which there are not adequate reserves to cover the entire cost of the rehabilitation work.

1. Housing which has an existing King County investment and may need additional assistance from public funders to fulfill its contractual compliance period.

Relocation

Displacement policy

Where possible, applicants are encouraged to propose projects that avoid or minimize displacement by acquiring only vacant properties, properties being voluntarily sold by an owner-occupant, rehabilitation projects that require only temporary relocation, or new construction projects. If federal HOME or CDBG funds will be used in a project that involves acquisition of a property with residential or commercial tenants, federal Uniform Relocation Act or Section 104(d) requirements must be met. If only local funds will be used, relocation assistance will be provided to tenants according to policies in the King County Consortium's Consolidated H&CD Plan. Applicants whose projects involve acquisition of properties with residential or commercial tenants in place or demolition of any housing should contact Wendy DeRobbio at (206) 263-9070 for assistance with planning and budgeting for potential relocation benefits. Applicants for King County Consortium funding through the Housing Finance Program will be required to submit a realistic relocation plan supported by information about current tenants, comparable housing units, and current market rents.

The King County Consortium publishes its displacement practices and federal relocation requirements in the current Consolidated Housing and Community Development Plan pursuant to federal regulation. Please refer to the Consortium's displacement practices in Appendix G of the current Consolidated Housing and Community Development Plan. The relocation guidelines in this document are supplementary to the federal relocation requirements and primarily address relocation guidelines for projects that do not include federal funds, and the Consortium's use of CDBG funds for relocation only, which does not invoke the federal requirements.

In order to receive an approval of relocation plan from the King County Consortium, a project must submit a plan that is substantially in compliance with current requirements and includes all notices required under the County's relocation policies. The amount of relocation benefits that must be paid to displaced tenants, if any, will depend on the sources of public funding included in a project's development budget. The specific guidelines are presented below.

Relocation guidelines

Projects that include or that will include federal funding (HOME and CDBG), and will acquire, demolish, or rehabilitate property that has residential or commercial tenants in place, must follow the federal relocation requirements of the Uniform Relocation Assistance (URA) and the Real Property Acquisition Regulations for Federal and Federally Assisted Programs, as well as the Barney Frank Amendment, Section 104(d), if applicable. Please see the relevant appendix of the current Consolidated Housing and Community Development Plan for more information.

Projects applying for funds through the Housing Finance Program that also include or will include Washington State Housing Trust Fund (HTF) money, but do not include federal funding, must follow the relocation requirements of the HTF, which are substantially equivalent to the URA. The relocation requirements of the HTF are in RCW 8.26, which be accessed via the web at <http://apps.leg.wa.gov/rcw/default.aspx?cite=8.26>. Applicants should review these

requirements carefully, as they are very similar to the URA for displacement of residential tenants, but are more restrictive for displacement of commercial tenants. King County will require that applicants develop a relocation plan that conforms to the state requirements.

If a project will displace residential or commercial tenants and has both HTF and federal funding, the project must comply with the most restrictive regulations concerning displacement.

Projects that include or will include only local county funds (HOF-CX, RAHP, Mental Health, or HIPDD Developmental Disabilities Funds) for the acquisition, demolition, and or rehabilitation of property that has existing residential tenants that may be displaced, must follow the following local relocation guidelines. Project owners who contract with the King County Housing Finance Program for housing project funding will be required to provide relocation benefits to all displaced households.

Effective October 1, 2012, the benefit amount for each displaced household will be \$2,831 per household. The Joint Recommendations Committee (JRC) of the King County Consortium may review and recommend annual increases to the benefit amount each year based on the consumer price index.

Projects involving displacement of tenants are required to provide notice to all existing tenants that mirror the requirements below. A list of all displaced households, including name, unit number, household size, ethnicity, and monthly gross income must be provided to the King County relocation specialist, along with documentation of all the payments made to displaced tenants. All relocation costs must be included in the project development budget.

The Washington State Housing Finance Commission (WSHFC) tax-exempt bond financing program and low-income housing tax credit (LIHTC) program require project sponsors to have a relocation plan approved by the local jurisdiction as part of the application process. The King County Consortium cannot require that projects in this category provide relocation benefits to displaced tenants; however, the project owner may elect to provide financial assistance to displaced tenants as a courtesy. Such assistance can minimize the severe impacts of displacement and potential negative fallout from those impacts.

The King County Consortium encourages that, whenever possible, conversion of an apartment community to a low-income housing project be attempted without relocation of any tenants. Tenants who are not income qualified should be replaced through unit “turnover”. When a non-qualified tenant moves out of the project, the vacant unit should be held open until a qualified low income tenant is found.

Relocation should occur only to the extent necessary to allow the project owner to meet the requirements of the project’s “Terms of Compliance”.

Notice of project conversion

Immediately after closing on project loan and not later than 10 days after closing, an open letter from the owner to all residents of the project must be delivered to each household. The letter must explain that the project is being converted to affordable housing units, and also what information is needed for income verification to determine whether current tenants are eligible to live in the new affordable housing. The letter must give the deadline to receive income

verification information and state the possibility that some residents may be asked to relocate. Tenants must be informed that they may be asked to relocate if they do not comply with the income verification request. The letter should also specify the time and location of a meeting to further explain the process of project conversion and to address individual questions.

Relocation tenant selection and notification

A relocation tenant is a tenant who has been requested to cease tenancy of the subject property by the owner of the property for the specific purpose of compliance with an affordable housing program or to rehabilitate the unit.

Tenants who voluntarily decide to move from the project because it is being converted to an affordable housing project, or for any other personal reason, are deemed to do so as their own free will and choice, and therefore are not subject to any further notification requirements.

Relocation tenants will be selected from a list of non-qualified tenants, whose incomes exceed the income limits of the program. A qualified tenant is a tenant whose income meets the income level of the program. Qualified tenants should not be relocated unless it is necessary to accomplish rehabilitation of their unit.

Non-qualified tenants should be selected according to the following criteria:

- Non-responding tenants: tenants who do not respond to repeated request for income verifications, or are unwilling to participate in income verification procedures, should be the first Relocation Tenants.
- Volunteers: tenants who offer to relocate should be selected next.
- Income: tenants with the highest incomes should be the next group asked to relocate.

Households with children, and elderly or handicapped tenants should be last when selecting Relocation Tenants.

All tenants selected for relocation will be given formal notification regarding the need to relocate with a minimum of ninety (90) days notice of the date they must relocate, along with information about why they were selected. Consideration of a longer notice period may be granted if the tenant demonstrates a special circumstance (for instance, health reasons) which would be alleviated by extending the notice period. The owner must provide copies of all notices sent to tenants and a list of all tenants that were displaced by the project to the Housing Finance Commission.

Guidelines for using CDBG funds for relocation only

Federal regulations permit King County Consortium CDBG funds to be used, in specific circumstances, to pay relocation benefits to tenants displaced by otherwise non-federally-assisted projects. Federal URA and Barney Frank Amendment requirements do not apply when CDBG funds are used in this manner.

The following guideline will apply if the King County Consortium elects to provide CDBG funds to a project for relocation assistance only.

The award of relocation must meet a national CDBG objective in that either: (1) relocation payments are made directly to very-low to moderate-income people or (2) the subsequent use of the property benefits very low- to moderate-income people.

- If federal funds are used to pay relocation costs, the project must be located within King County's CDBG or HOME Consortium areas.
- The project sponsor is responsible for screening tenants and must provide documentation to King County to show income eligibility, if income screening is necessary to meet the national objective.
- The project sponsor must provide the grantee with a list of names and addresses of the eligible households along with documentation of payments.
- The household receives relocation payments from any government-sponsored entitlement program, CDBG benefits will be reduced by that amount.
- Nothing in this guideline precludes a project sponsor or a jurisdiction from providing additional relocation assistance using other sources of funds.



HOUSING AND COMMUNITY DEVELOPMENT PROGRAM

Housing Finance Guidelines

Updated and Approved by the Joint Recommendations Committee on
October 28, 2010

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IV. Glossary of Acronyms

HOUSING AND COMMUNITY DEVELOPMENT PROGRAM HOUSING FINANCE GUIDELINES

I. Overview: Funding and Project Selection

Funding Sources

The Housing and Community Development Program(HCD)/Housing Finance Program (HFP) Section administers capital funding sources for affordable housing governed by federal, state and local laws and plans, depending upon the source. Federal funding sources include the HOME Investment Partnership Program (HOME), and Community Development Block Grant (CDBG) Program. Local funding sources include the Regional Affordable Housing Program (RAHP) and the Homeless Housing Document Recording Fee Surcharge Revenue (2331), both of which are derived from state laws authorizing the collection of document recording fee surcharges at the local level. In addition, a portion of the voter-approved Veterans and Human Service Levy funds are administered through HCD/HFP.

Each funding source must conform to policies set forth in its enabling legislation, but these laws do not cover every administrative issue. There is room for some level of local discretion within statutory directives, and local plans and guidelines are adopted, as appropriate.

Forms of Financial Assistance

For rental housing projects, HCD/HFP financial assistance will generally be provided via a non-amortizing loan with a term of fifty years. Loans are generally payable in full upon sale, change of use, or at the end of the term. In some cases financial assistance may be provided as a low-interest amortizing loan, if the project can support it.

For homeownership projects, loan terms will vary depending upon the design of the project and will have terms of up to 30 years. Down payment assistance loans will be deferred payment loans, due upon sale or refinance. HCD may require interest and/or shared appreciation, depending upon program design, for homeownership projects.

King County will secure its interest in funded projects by recording a deed of trust, promissory note, and covenant restricting use and resale of the property, if applicable. In the event of a default, the County contribution to the project is subject to repayment along with a proportionate share of net appreciation accrued to the property.

All HCD/HFP contracts include a “project exhibit” or scope of services defining the population served, supportive services provided, if any, and maximum rents and income levels. All projects that provide supportive services must also submit a management plan. Housing sponsors are required to report annually on housing units, residents served, and supportive services, if applicable, for the term of the contract.

Project Selection Process

Every year the HCD/HFP holds a pre-application process in advance of, and as a pre-requisite to, the submission of a full application that responds to the HCD/HFP Affordable Housing Capital Notice of Funding Availability (NOFA). The NOFA is released once per year in the late summer or early fall.

The HCD Program will review capital pre-applications for any site-specific risks that are identifiable prior to a phase one environmental review. Pre-applications may be required to provide evidence that the project can secure appropriate insurance at the level required by King County Risk Management. If evidence of ability to secure insurance cannot be provided, the project will not be invited to submit a full application. If insurance can be obtained, the cost of insurance will be reviewed as part of the feasibility analysis of the application.

All applications receive careful review for feasibility and consistency with Housing and Community Development Program plans, guidelines and policies. This review is conducted under the direction of the Director of the Department of Community and Human Services. The first level of review includes the following participants:

- Housing and Community Development Program staff
- Members of the Inter-Jurisdictional Advisory Group (city staff), and fund source oversight boards
- Experts in housing finance and construction (advisory committee)
- Experts in housing-related supportive services, as needed.

Following this review, HCD staff prepares recommendations for the *Joint Recommendations Committee* (JRC). The JRC includes representatives from King County and Cities within King County. The full JRC recommends allocations of RAHP, Homeless Housing (2331), HOME and Veterans/Human Services Levy funds, while King County JRC members recommend allocations of HIPDD funds. Projects funded with CDBG are selected by CDBG Consortium JRC representatives.

JRC recommendations are reviewed by the Director of the Department of Community and Human Services for final approval. The Director will inform all applicants of project decisions. HOME and CDBG funding awards are then published for a 30-day public comment period in the amended Action Plan for the King County HOME and CDBG Consortia. The Director may, if requested, review reconsideration requests concerning funding decisions. Applicants wishing to request reconsideration must submit a written request to the Director within ten working days following notification of funding decisions.

Evaluation Criteria

Projects must meet program priorities and funding regulations of the various sources. Projects are evaluated based on the following factors:

- Magnitude of need and compatibility with fund priorities
- Appropriateness of the site, structure, and program design for the proposed residents
- Financial feasibility of the project
- Feasibility of project design and scope of work

- Capability and experience of the sponsor
- Capability and experience of the development team
- Cultural competency.

Applicants are not encouraged to direct their proposals to a specific fund source, as HCD/HFP staff, and the Joint Recommendations Committee (JRC) will determine the source of funds awarded to projects. In addition, HCD/HFP reserves the right not to recommend award of all available funds if submitted proposals do not meet the criteria for evaluation and funding. Funds not allocated during one funding round may be awarded during a subsequent funding round for new proposals. In the case of HOME funds, federal deadlines for commitment of funds may require reallocation of housing development funds if implementation of the project is significantly delayed.

II. Housing Finance Guidelines

Many of the funds administered by the HCD/HFP are subject to laws, regulations and plans established at the federal, state or local level, as well as guidelines developed by HCD staff in consultation with consortium city staff and stakeholders, which are reviewed and adopted by the inter-jurisdictional Joint Recommendations Committee (JRC). HOME Program guidelines that are within the discretion of the HOME Consortium and King County are reviewed by the King County HOME Consortium member staff and recommended for approval by the JRC. Regional Affordable Housing Program (RAHP) guidelines that are within the discretion of the RAHP Consortium members are reviewed with participating city staff and recommended to the JRC for approval.

Specific guidelines for the use of King County funds, such as Mental Health Division funds, Housing Innovations for Persons with Developmental Disabilities and other county funds are reviewed and approved by the Director of the Department of Community and Human Services (DCHS). General guidelines related to the Veterans and Human Service Levy are reviewed and adopted by the respective Levy Citizen Boards. King County funds are used in coordination with all other funds administered by HCD/HFP and are subject to the discretionary guidelines in this document.

A. Guidelines Set by Federal, State or Local Laws and Plans

Eligible Applicants

The following types of organizations are eligible to apply for housing development funds:

- Public housing authorities
- Nonprofit organizations
- Local governments
- Community Housing Development Organizations (CHDOs)
- For-profit developers (limitations apply).

Partnerships are encouraged among local governments, public housing authorities, other nonprofit housing developers, for-profit developers, and service providers in order to produce the greatest number of units for the most reasonable public investment, and to provide appropriate supportive services to residents with special needs.

Primarily Religious Organizations Eligible for Certain Fund Sources

Per a federal Executive Order, federal funds (HOME or CDBG) allocated by HCD/HFP may be awarded to primarily religious organizations that consider religious affiliation as a hiring factor, however, there are rules and requirements that such organizations must observe in developing and operating the housing. For example, staff who manage the housing development process, manage the housing after it is built and in operation, and provide services that are necessary for the tenants of the housing must be hired through a strictly non-discriminatory process that does not consider religious affiliation. A religious organization need not necessarily create a wholly secular entity, independent of the religious organization, but must hire all staff that work on the housing project throughout the contract period through a non-discriminatory process. In addition, the completed housing project must

be available to all persons regardless of religion, and there must be no religious or membership criteria for tenants of the property.

Local funds administered by HCD/HFP (all funds other than HOME and CDBG) are subject to the non-discrimination requirements of the King County Code and may not be awarded to an organization that hires through a process that considers religious affiliation as a factor for any positions hired in any part of the organization.

Eligible Beneficiaries and Affordability Requirements

Criteria for eligible beneficiaries are established in federal, state or local law and regulations for most fund sources administered by HCD/HFP. Within the broad range established by these laws and regulations, local administrators may prioritize distinct populations and income groups, as long as the income level served does not exceed the income limit imposed by law/regulation. For example, HOME funds for rental housing may serve individuals or families with incomes up to 60 percent of area median income (AMI), but HCD/HFP staff may recommend, and the JRC may approve, projects that target populations at or below 40% of area median income. All projects supported by federal funds administered by HCD/HFP must provide housing that is affordable to income-eligible households according to income limits that are set every year by US Department of Housing and Urban Development (HUD). See Table 1 for affordability guidelines.

In addition to the incomes limits established by each fund source, HCD staff will review each proposed project to assure that proposed rents are significantly below the market rate for the area, so that the housing will provide opportunities not otherwise available in the community. Information regarding market rents is available from HCD staff.

Rent, including utilities, may not exceed 30 percent of the maximum monthly income level established for each assisted housing unit. The maximum allowable rents each year will be based on King County household income guidelines published annually by HUD. Rents in projects that receive HOME funds may be subject to more restrictive rents, per information available annually from HUD. In projects where housing will be rehabilitated, rents charged after rehabilitation should not exceed prior rent levels.

Table 1
Affordability Guidelines by Source of Funds

Veterans and Human Services Levy and 2331 Funds for Homeless Housing	Community Development Block Grant (CDBG)	HOME Investments Partnership (HOME)	Regional Affordable Housing Program (RAHP)	Housing Innovations for Persons with Developmental Disabilities (HIPDD)
<p>Renters - households with incomes up to 50% of AMI who are:</p> <ul style="list-style-type: none"> • Chronically homeless veteran households and other chronically homeless households with intensive service needs. • Homeless households (veterans and others) that have a moderate need for services. 	<ul style="list-style-type: none"> • Renters - families and individuals up to 80% of AMI, including those with special needs • Homeownership housing and assistance for homebuyers, primarily first-time buyers, up to 80% of AMI 	<ul style="list-style-type: none"> • Renters - families and individuals up to 60% of AMI, including those with special needs • Homeownership housing and assistance for homebuyers, primarily first-time buyers, up to 80% of AMI 	<ul style="list-style-type: none"> • Renters - families and individuals up to 50% of AMI, including those with special needs • Homeownership housing, primarily for first-time buyers, up to 50% of AMI 	<ul style="list-style-type: none"> • Renters - individuals with developmental disabilities with incomes up to 50% of AMI • Homebuyers, primarily first-time homebuyers, with developmental disabilities that have incomes up to 80% of AMI

Eligible Project Categories

Criteria for eligible activities that can be supported by funds administered in HCD are established by law/regulation for most fund sources. Eligible activities cannot be expanded, but can be restricted in accordance with local priorities. Eligible activities include the following:

- Projects that increase the supply of rental housing affordable to low-income or special needs households.
- Projects that preserve existing affordable housing likely to be lost due to conversion to other uses or because of health and safety hazards. Preservation projects are defined as: 1) projects that will preserve units that will be lost due to conversion to other uses; or 2) projects where health and safety hazards put households at risk of losing their homes.
- Projects that create home-ownership opportunities for income eligible homebuyers, primarily first-time homebuyers.

Eligible Housing Types and Uses of Funds

Eligible projects must: (1) increase the supply of rental housing affordable to low-income or special needs households, (2) preserve existing affordable housing for very low to moderate-income households that would otherwise be lost, or (3) create home ownership opportunities for eligible homebuyers, primarily first-time homebuyers. Preservation projects are defined as projects that will preserve units that would be lost due to conversion to other uses or projects where health or safety hazards put households at risk of losing their homes. Funding is available for the following housing project types and development activities (not listed in order of priority):

- permanent non-time limited rental housing units with supportive services
- permanent low-income rental housing units
- homeownership housing units
- acquisition and rehabilitation of existing housing units that will be made permanently affordable
- new construction of housing units
- relocation costs (not HIPDD)
- site improvements
- capitalized replacement reserves
- capitalized operating reserves (limitations apply)
- CHDO capacity-building activities (HOME only, see below)
- down payment assistance, homeownership education and counseling (HOME and CDBG only).

Tenant Displacement and Relocation

Where possible, applicants are encouraged to propose projects that prevent or minimize displacement, such as acquisition of vacant properties, properties being voluntarily sold by an owner-occupant, rehabilitation projects that require only temporary relocation, or new construction projects. If federal HOME or CDBG funds will be used in a project that involves acquisition of a property with residential or commercial tenants, federal Uniform Relocation Act or Section 104(d) requirements must be met (see Appendix G of the King County Consortium's Consolidated Housing and Community Development Plan for federal requirements.) If only local funds will be used, relocation assistance will be provided to tenants according King County's Local Relocation Guidelines, which can be found in Attachment C of this guidelines document. Applicants whose projects involve acquisition of properties with existing residential or commercial tenants, or demolition of any housing, must work with the HFP Relocation Specialist.

Community Housing Development Organization (CHDO) Capacity-Building Activities

Agencies that are certified CHDOs may apply for up to \$30,000 for operating support. The funds must be used for activities that will enhance the capacity of the organization to develop and/or manage housing. Requests for operating support must be made in conjunction with a capital project application or in support of a previously funded project or projects. CHDOs can use the operating funds to pay for board and staff training, project development costs, staff costs, legal fees, and consultant services eligible under HOME. CHDO agencies are eligible for up to two \$30,000 operating support awards if all requirements are met. See contact persons on the HCD website for more information and additional detail in Appendix A.

Match Requirements

The HOME program requires that the participating jurisdiction (PJ) contribute at least \$0.25 for every \$1.00 of HOME funds expended during the federal fiscal year.

Subsidy Limits

The HOME program caps per unit subsidies by the bedroom size of the units per Section 221(d)(3), and publishes the limits annually. HCD staff will apply the applicable HOME per unit subsidy caps to projects funded with HOME funds.

Project Consistency with the Consolidated Housing and Community Development Plans

Projects assisted with HCD/HFP funds must be consistent with the strategies of the King County Consortium's Consolidated Housing and Community Development Plan ("Consolidated Plan"). In addition, projects in unincorporated areas must comply with the King County Comprehensive Plan or with applicable local comprehensive plans if located within a city, and must meet all local zoning and building code requirements. Site locations accessible to services, jobs, transportation, and amenities are encouraged.

Current priorities of the Consolidated Plan include the following:

1. Priorities for Households Served (not in any particular order):

- Households at or below 50 percent of area median income (AMI)
 - Households with Special Needs
 - Homeless housing - the Consortium will follow the recommendations of the Committee to End Homelessness (CEH), in the CEH “Ten Year Plan to End Homelessness”, incorporated herein by reference, and the Committee to End Homelessness Funder’s Group. The CEH prioritizes permanent supportive housing and housing that allows households to “transition in place”¹ over new transitional housing and new shelters.
2. Acquisition and Rehabilitation of market-rate rental property to improve the quality of existing rental housing stock and preserve it as affordable for very low- to moderate-income households:
- Units serving households at or below 30 percent AMI are the highest priority
 - Units serving households from 31 percent to 50 percent AMI
3. New construction of rental housing that is affordable to very low- to moderate- income households:
- Units serving households at or below 30 percent AMI are the highest priority
 - Permanent supportive housing is a high priority
 - Units serving households from 31 percent to 50 percent AMI
4. Mixed-income and/or mixed-use housing projects that complement local planning efforts and contain some portion of units for very low-income households:
- Mixed Income projects provide a means to generate cash flow from some units to support much-needed very low-income units, which are a priority under this plan; mixed income projects should be socially and economically integrated.

In making housing project funding decisions the Consortium will consider the fact that larger capital awards may be necessary to produce housing units serving the needs of the lowest-income households, as well as the fact that there may be higher costs to acquire property in areas of the County that are less affordable to very low- to moderate-income households. These factors may reduce the number of units funded and/or created annually.

In addition, projects must comply with the King County Comprehensive Plan or applicable local comprehensive plans, and must meet all zoning and building code requirements of the local jurisdiction. Projects accessible to services, jobs, transportation, and amenities are encouraged. Each fund source has restrictions and priorities related to the location of the proposed project:

¹ Transition-in-place” means that a household can stay in their current housing unit when they “graduate” from the need for transitional services; the service provider may then shift the transitional services to another unit in the same housing complex for a newly housed, formerly homeless household.

Allowable Project Locations by Fund Source

Veteran and Human Services Levy (V-HS Levy) – projects may be located anywhere in King County, including the City of Seattle. V-HS Levy funds are prioritized for projects that serve chronically homeless veteran households and other chronically homeless households with intensive service needs, as well as homeless households (veterans and others, including young adults) that have a moderate need for services.

Document Recording Fee Surcharge for Homeless Housing (2331) – projects may be located anywhere in King County, including the City of Seattle. This source prioritizes projects targeting chronically homeless households or households with the greatest barriers to securing and remaining in permanent housing with high service needs; homeless and vulnerable households, and households with a history of rental instability or other barriers with moderate to low service needs.

RAHP - projects may be located throughout King County, within jurisdictions that have signed the RAHP agreement, including the City of Seattle. RAHP Guidelines contain equitable geographic distribution goals for funds over a 5-year period through sub-regional distribution targets.

HIPDD - projects may be located anywhere in King County, including the City of Seattle. The specific geographic distribution of projects and funds will vary depending on need, opportunities, project feasibility and the availability of funds.

HOME - projects must be located in unincorporated King County or in jurisdictions outside Seattle that are members of the King County HOME Consortium. Consortium guidelines require equitable geographic distribution of projects and funds across the Consortium. In any given year, however, the specific geographic distribution of projects and funds will vary depending upon needs, opportunities, project feasibility, and the availability of other funding. HOME funds may not be spent in jurisdictions that are not members of the King County HOME Consortium (see the HCD website for up to date information regarding Consortium members.)

CDBG - projects must be located in unincorporated King County or in jurisdictions outside Seattle that are members of the King County CDBG Consortium. CDBG funds may not be spent in jurisdictions that are not members of the King County CDBG Consortium (see the HCD website for up to date information regarding Consortium members), and there are limitations on spending CDBG funds in jurisdictions that receive their own direct CDBG entitlement.

B. Discretionary Guidelines

Funding Award Limits

HCD/HFP funds are intended to leverage other housing funds in order to maximize the available resources for housing, particularly in areas of King County outside Seattle where assisted housing choices are limited. Sources of leverage include public and private grants, loans, equity investments and in-kind contributions. A total HCD/HFP award generally may not exceed 50 percent of the total development budget, with exceptions considered on a case by case basis. Fund source limits are described in Table 2. HOME restrictions in excess of local policy are required by law/regulation.

Table 2 Funding Award Limits by Fund Source		
CDBG, V-HS Levy, RAHP and 2331	HOME	HIPDD
Limit is generally 50% of total development cost per unit. <i>Exceptions will be considered on a case-by-case basis.</i>	Limit is generally 50% of total development cost, up to a set maximum amount of funding per unit, as determined by HUD, based on the bedroom size of each unit funded. The maximum subsidy per unit is set every year by HUD ² , thus, the following chart is presented only as an example: 0 bedroom = \$142,727 1 bedroom = \$163,612 2 bedrooms = \$198,952 3 bedrooms = \$257,378 4 bedrooms = \$282,523 Note: If State HOME funds are also used in a project, these maximums will be applied to the combined HOME award of the State and County HOME Consortium.	Limit is \$50,000 per unit maximum.

2

Affordability

Below market rate rents - Proposed rents generally must be below the market rate for the area in which the project is located so as to provide an affordable housing opportunity not otherwise available in the community. Exceptions may be granted if there is a compelling reason; an exception will be reviewed as part of the project selection process. Information regarding market rents is available from HFP staff.

Mixed Income Projects - Housing projects that include units affordable to a range of household incomes are eligible for all fund sources. HFP funds will be used exclusively for the assisted units within the project that meet fund source requirements. Mixed income projects (serving households up to 60 percent of median income) are specifically encouraged under the HOME guidelines to allow leveraging of federal low-income housing tax credits.

Rental Housing Affordability Requirements - Rent, including utilities, may not exceed 30 percent of the maximum monthly income level established for each assisted housing unit. The maximum allowable rents each year will be based on King County household income guidelines published annually by HUD. In projects where housing will be rehabilitated, rents charged after rehabilitation should not exceed the prior rent levels.

Ownership Housing Affordability Requirements - Maximum sales prices will be established for housing developed for eligible homebuyers, taking into account household incomes, current interest rates, a low or no down payment, and typical lending qualification guidelines. Ownership pricing is based on mortgage, taxes and insurance payments that do not exceed 30% of the maximum monthly income level established for each assisted housing units. The project must assure that housing will remain affordable to eligible households for the term of the agreement, or that subsidy funds will be recaptured upon resale to allow development of additional affordable housing.

Housing for Persons with Special Needs

Most fund sources administered by HFP may be used to create housing for persons with special needs including individuals with chronic mental illness or in recovery from substance abuse issues, victims of domestic violence, individuals with HIV/AIDS, victims of traumatic brain injuries, individuals with developmental disabilities or who are physically challenged, frail elderly, youth, and veterans.

Agencies using Housing Finance Program funds to provide housing units for persons with developmental disabilities must sign referral agreements with the State Division of Developmental Disabilities (DDD). These agreements must be approved by both HFP and DDD. In addition, HFP requires all providers of housing for tenants with DD to sign an agreement with the on-site service providers in a form approved by HFP and DDD outlining the responsibilities of the service provider with regard to helping tenants maintain the property in good condition and alerting the property owner about any potential maintenance or repair issues.

- Eligible persons - Households with one or more member who receive services through the Washington State Department of Social and Health Services (DSHS) Region 4 Division of Developmental Disabilities (DDD).
- Median income levels - Households with incomes at or below 30 percent of area median income.

- Maximum subsidy amount - The maximum subsidy amount is \$50,000 per unit.
- Number of set aside units - The set-aside units should total no less than two units per project, and no more than five units for projects with 50 units or less, or no more than ten units for projects with more than 50 units.
- Size of units - The set-aside units can be studios or 1, 2, 3 or 4-bedroom units, with a priority for 2-bedroom and larger units.
- Universal Design - The DD set-aside units shall include universal design features. Applicants must complete and include with their funding application a universal design checklist, identifying the universal design elements that will be included in the project.

Funding Awards

King County HCD staff will determine the source of funds awarded to any project. If any conflict arises due to the availability of funds, King County will give precedence to projects according to Consolidated Plan and Combined NOFA priorities in effect at the time of the funding round. HCD/HFP reserves the right not to recommend awards for all available funds if submitted applications do not meet the criteria for receipt of capital funding. In the case of HOME funds, federal deadlines for fund commitment may require recapture of funds if implementation of a project is significantly delayed.

Amendment Policy

An amendment request to increase the contract amount for a project or to change the effective dates for a project will be considered on a case-by-case basis. In considering an amendment, the basic nature of the project and the qualifications for the residents to be served may not have materially changed, and the total funding award, including any amendment, must still meet HFP program requirements. For example, the total HFP award with an amendment generally may not exceed 50 percent of the total project budget or the maximum amount per housing unit permitted for a particular fund source. Exceptions may be granted on a case-by-case basis.

Project amendment requests will be evaluated based on the following criteria:

- Applicants requesting additional funds must submit revised development and operating budgets showing the difference between original estimates and current projections. The applicant must explain the impact on the project if additional funds are not made available, and must demonstrate that additional funds are necessary.
- The applicant must provide an evaluation of all available fund sources, applicant contributions, and budget adjustments that potentially could make up the budget shortfall. The applicant must make every reasonable effort to leverage other public and private funding, reduce costs, or otherwise materially contribute to reducing the newly identified funding gap.
- The applicant must explain the extent and reasons for the budget increase, and must demonstrate that any project changes and increased costs do not diminish the ability of the development team to complete the project successfully.

- The amendment recommendation will take into consideration, among other things, the urgency of the need for HFP funding, impact of the amendment on the geographic distribution of funds, and any effects on other competing requests for project amendments.

Applicants for project amendments will be directed to submit project information sufficient to evaluate the request based on the above criteria. If additional funds are justified, HFP staff will recommend an award, depending on fund source availability, eligibility of the project for the fund source or sources, and previous source(s) of funds awarded to the project.

For a proposed amendment request that exceeds 50 percent of the original award, HFP staff will prepare a recommendation for action by the JRC at a regularly scheduled meeting. If the amendment request is for less than the above amount, the recommendation for additional funding will be prepared for a decision by the DCHS Department Director, and a status report to the JRC will be provided at the next scheduled JRC meeting.

Five percent of the total amount of HFP funds available through the regular funding round will generally be reserved for project amendments, if feasible. At the time of the funding round each year, staff will recommend a specific amount of each fund source to be reserved to the JRC. The amount of funds recommended for reserve may change over time based on such factors as the utilization of reserve funds the previous year, status of previously funded projects, and competition for current year funds. At the time of the funding round, reserved funds not needed for project amendments in the previous year may be allocated to projects in that year's funding round.

Contingent Awards

In any given funding round, it may happen that there are more capital projects that present very strong applications than can receive funding awards. A project that ranked very high but cannot be funded in a given round due to the limitation in funds available may be recommended to the JRC as a contingency project. If more than one project is recommended as a contingency project, the projects shall be ranked in order of priority.

A contingency project will only receive a funding award if funds become available during the ensuing year through recapture of funds, including project under-expenditures, through supplemental budget authority, or through a source of funds not known to be available at the time of the funding round.

If sufficient funds do become available to meet the request of a project placed on the contingent award list by the JRC, the project will be subject to a full updated review by HCD staff. The JRC will be briefed on the project as soon as feasible following HCD project review.

A project that received a contingent award and does not receive full funding by the time of the next funding round will be prioritized for funding in that round, provided that an updated application is submitted and the application remains highly rated.

Major Repair/Rehabilitation Loan Program for Existing Affordable Housing Projects

The Housing Finance Program maintains a loan program to support the occasional need for major repairs and rehabilitation of existing affordable housing projects (see Rental Rehabilitation Guidelines in Appendix B). This program is intended to provide low-cost loans to owners of projects in need of

repair or maintenance, where project reserves are not adequate to cover the need and/or where to project owner lacks access to affordable capital. In many cases, needed repairs are identified based on annual inspections performed by the HCD/HFP Asset Manager. In other cases, an agency may identify major capital repairs or replacements perceived as necessary and report them to HCD staff.

The Major Repair/Rehabilitation Loan Program is subject to the availability of funds. Depending on what is known regarding project need, HCD staff may recommend a reservation of funds for this program out of the funds available in any annual funding round, or the program may be chosen as a contingency project to receive recaptured funds. Due to the fact that some fund sources managed by HCD/HFP carry restrictions on their eligible uses, recaptured funds will be assessed for suitability by the major repair project manager and the asset manager.

Transfers, Assumptions, and Refinancing of HFP Contract Obligations

The DCHS Director may permit the transfer and assumption of a HCD/HFP loan from one entity to another, with a related transfer of the property acquired, constructed or rehabilitated with the proceeds of a HCD/HFP loan, without requiring repayment of principal, interest or other amounts owing under the loan at the time of the transfer, under the following circumstances:

1. The loan is assumed by a tax credit entity and the entity makes a substantial equity investment in the low-income housing.
2. The property is transferred by a tax credit entity to a nonprofit corporation or public agency, including a transfer to the general partner or manager pursuant to the terms of an option agreement made in connection with the formation of the tax credit entity.
3. The property is transferred to a qualified nonprofit corporation or public agency without substantial consideration to the transferor other than assumption by the transferee of outstanding obligations.

Prospective new owners must complete a transfer of ownership application.

DCHS participation in project equity (contingent interest) shall be required for all rental development and preservation projects in the event of change of use or transfer/sale of property before the loan maturity date. Upon transfer/sale, change of use, acceleration or prepayment of the loan, loan principal plus the greater of either deferred interest or contingent interest shall be due. Contingent interest shall be calculated according to a formula established by DCHS³.

Contractor Selection, Contracting, and Construction Management

Contractor Selection – HCD/HFP strives to ensure fair contracting methods and competitive pricing in the construction of affordable housing. Agencies awarded affordable housing capital funding shall select contractors through an open competitive process or a competitive bid process open to pre-

³ Contingent interest will reflect the amount of departmental funds contributed as permanent financing to a project and will be modified by any additional funds contributed during the loan term, such as capital contributions approved by DCHS or borrower subsidy necessary to cover operating losses. For example, if a loan is paid or becomes payable prior to the maturity date, DCHS should receive a proportionate share (the amount of the DCHS loan divided by total debt in the project) of the proceeds remaining after repayment of the loan principal in addition to the repayment of the principal.

qualified contractors. Agencies shall submit a summary of their proposed competitive selection process, and HCD reserves the right to review and approve the process prior to its implementation, including all bid documents. HCD/HFP may publish additional procurement requirements in its NOFA.

Contracting - In contracting with firms involved in executing a construction project, agencies may propose to use one of a number of contract types, subject to review and approval by HCD. Contract types that may be appropriate, depending on the nature of the project, include Cost Plus Fee with a Guaranteed Maximum, Fixed Price/Stipulated Sum, or other. The contract with the general (prime) contractor and any amendments to the contract shall be submitted to HCD prior to execution.

Construction Management - Applicants proposing to manage their own projects must demonstrate capacity to HCD. Such applicants must have prior experience managing projects of a comparable scope and complexity, and must be able to demonstrate that they have staff available for the necessary work and the time required. If applicants do not have sufficient in-house construction management capacity, they will be required to contract for this service.

Sustainable Design and Development

Sustainable development can be defined as "...Development that meets the need of the present without compromising the ability of future generations to meet their own needs", according to the World Commission on Environment and Development. Out of concern for both present and future generations, all rental housing projects funded by the County must follow the Washington State requirements for Evergreen Sustainable Development Standards as a minimum. These standards were made applicable by the state legislature to all projects funded by the Washington State Housing Trust Fund by RCW 39.35D.080. Full details on the Evergreen Standard are available through the Washington State Department of Commerce at this web address - <http://www.commerce.wa.gov/site/1027/default.aspx>.

The criteria that comprise the Evergreen Standard were extensively reviewed by stakeholders, and applied as a first step in setting a standard for affordable housing development funded by King County. The Evergreen Standard is subject to periodic updating by the Department of Commerce, so it is the responsibility of prospective applicants to remain up to date on its requirements. Within the Evergreen Standard, there are 70 criteria, of which 33 are mandatory, (not all apply to every project) and 37 are optional. An appropriate number of points is assigned to each criterion to provide numerous ways to accumulate the necessary point total to pass the threshold. New construction projects must earn at least 50 points, rehabilitation projects must earn at least 40 points, and all projects must meet the applicable mandatory criteria. The County reserves the right to provide preference in funding to projects that show the greatest creativity and commitment to sustainable design in their application of the Evergreen Standard. Prospective applicants are encouraged to consult with County staff if they have questions about which optional Evergreen Standard criteria are considered to be the most significant.

Prospective applicants should consider the Evergreen Standard as the minimum level of sustainable design that qualifies a project for funding. HCD encourages non-profit agencies to go beyond the Evergreen Sustainable Development Standards to achieve Built Green four-star rating, Leadership in Energy and Environmental Design Silver Rating, or the equivalent. Projects aspiring to incorporate higher standards of sustainability - defined primarily in terms of durability, low maintenance, and extreme energy efficiency - are encouraged, and they may receive preferential recommendations in the County's annual funding rounds. Projects that can convincingly demonstrate a potential for

significantly higher standards of performance at a cost comparable to the existing average per-unit development cost may receive preference, depending on consistency with other priorities of the funding round.

Management Plan

Consistent, comprehensive and considerate property management is crucial to the success of each affordable housing project funded by the Consortium/County. Project owners will be required to submit a property management plan specific to each real property location. For acquisition and rehabilitation of an existing building, a management plan will be due by the “End Date” as specified in the contract project exhibit. For new construction projects, the due date will be not later than three months from the certificate of occupancy date. The management plan must include the following elements at a minimum.

- A general description of the physical environment, including the type of housing, number and size of units, type of unit, amenities such as common space, playground, etc., accessibility, and other important characteristics.
- The proposed tenant population including household composition, demographics, number of households.
- A description of any housing program services offered as part of the project, including supportive services, if needed, and information about how services will be delivered who will deliver the services.
- A detailed discussion of the Agency’s response to the requirement for housing and services to be offered in a culturally competent manner.
- A narrative giving further details on the proposed management and operation of the premises including a description of the management entity, staffing, and key roles; tenant selection and eligibility determination; marketing plan; rules for operation of the premises and enforcement procedures; procedures for dealing with tenant complaints including community involvement (community relations – connect to section below) ; description of security and emergency plans; and maintenance and repair program, with examples of schedules, forms or documentation that will be used.

Community and Neighbor Relations

Project sponsors are encouraged to undertake activities to establish and maintain positive relationships with neighbors of assisted housing. HCD/HFP staff will offer guidance in designing a community relations process and will provide referrals as needed. This process typically includes introducing the agency; describing the proposed project; providing information about the client population; inviting input from neighbors; and facilitating community meetings as needed. If requested, HCD/HFP staff may also provide names of other agencies that have developed successful community relationships, and may attend community meetings at the request of the project sponsor. This process is voluntary and funding decisions will not be conditioned upon community response or the choice to pursue a community relations process. In addition, some agencies may choose to initiate fewer community contacts to protect the privacy and confidentiality of the residents.

Employment and Training Opportunities

For housing projects where the total project construction costs are 250,000 dollars (\$ 250,000.00) HCD/HFP encourages agencies to engage the use of apprenticeship training programs. HCD/HFP will require agency awardees to report progress in attempting to select prime contractors who will hire apprentices enrolled in an approved apprenticeship program and who will procure sub-contractors who will hire apprentices enrolled in an approved apprenticeship program as described in RCW 39.04.300 through 39.04.320.

HCD will require agency awardees to make contact with the King County Work Training Program (WTP) to discuss whether it is feasible to hire WTP participants who are engaged in pre-apprenticeship and certificated environmental cleanup and green jobs training for any piece of the project, as some pieces of the project may be more suitable for WTP participants than others.

APPENDIX A
HOME Investment Partnerships Program (HOME) Guidelines and Requirements
(Revised by JRC as of 9/15/2004)

The federal HOME Program was created to stimulate new kinds of public/private housing partnerships and to maximize the effectiveness of existing resources which are being applied to develop affordable housing. HOME provides local governments with the flexibility to decide what kind of housing assistance, or mix of housing assistance, is most appropriate to meet local housing needs. The following local guidelines were approved by the Joint Recommendations Committee for use of HOME funds in the King County HOME Consortium. The Joint Recommendations Committee periodically updates these policies pursuant to the HOME Consortium Interlocal Cooperation Agreement.

Overall Design Policies and Requirements of the HOME Program

The statutory focus of the HOME Program is to create affordable permanent housing for low and very-low income residents. Of the total annual allocation received by King County, up to 10 percent can be used to cover administrative costs. ~~A 2003 federal amendment to the HOME Program established a new downpayment assistance component for first-time homebuyers called the American Dream Downpayment Initiative (ADDI).~~ A portion of the HOME funds are also used for homeowner and investor-owner housing repair.

The balance of the funds (~~including the ADDI funds~~) is available through a competitive process for development of permanent affordable housing, either rental or homeownership across the King County. At least 15 percent of the annual allocation must be set aside for particular types of nonprofit housing providers called "Community Housing Development Organizations" (CHDOs). HOME funds may be used to develop affordable rental housing and promote homeownership opportunities through acquisition (real property acquisition as well as purchase assistance to homebuyers), site improvements, new construction, and rehabilitation. These funds may also be used to pay for development soft costs including finance costs, predevelopment costs, and relocation costs.

Mixed Income and Mixed Use Projects

Mixed income projects may be eligible for HOME assistance as long as a minimum of 20 percent of the units are targeted and affordable to extremely low-income households with incomes at or below 50 percent of median. While the HOME Consortium encourages mixed income projects, applicants are cautioned that relocation may be an issue. Applicants are advised to consult with King County staff on mixed income projects.

For purposes of meeting the HOME affordable housing requirements for a project, the particular units counted for purposes of HOME may change over the period of affordability so long as the total number of affordable units remains the same, and the substituted units are comparable in size, features, and number of bedrooms to the originally designated HOME units.

Mixed-use projects are eligible if a minimum of 51 percent of the project space constitutes residential space. HOME funds will be available for assistance only in proportion to the percent of low-income units in the project.

Homebuyer Assistance

HOME funds may be used to provide homebuyer assistance, primarily for first-time homebuyers, to households whose income is at or below 80 percent of the King County area median income as defined annually by HUD, who will occupy the housing as their principle residence. Participation by nonprofit, for-profit or public entities to provide homeownership assistance is encouraged. Participants will be expected to:

- Income qualify potential homebuyers
- Provide needed homeownership education and counseling
- Partner with or provide affordable mortgage programs
- Monitor long-term affordability requirements including recapture or resale restrictions depending upon the design of the homebuyer assistance program
- Track the recapture of HOME funds
- Provide demographic data on homeowners assisted with HOME funds as required by HUD.

Homeownership activities supported with HOME funds must:

- Ensure that potential homebuyers are screened for income eligibility and potential success as a homeowner
- Preserve long-term affordability (minimum of 15 years for existing units or 20 years for new units)
- Include resale restrictions which recapture HOME contribution when homes are sold during period of affordability for use in another HOME-eligible activity or by another eligible homebuyer.

In addition, homebuyers should have a household income of at least 50 percent of median income unless the homeownership program can demonstrate that the homebuyers will be successful homeowners through the provision of intensive one-on-one training and/or counseling on the responsibilities and rights of homeowners. This will ensure that assisted buyers will be more likely to maintain their homes, keep up with monthly payments, and be prepared to budget successfully for increases in property taxes and insurance. Homeownership assistance programs using HOME funds must conduct targeted outreach to residents and tenants of public and manufactured housing, and to families assisted by public housing agencies to ensure that HOME funds are used to the greatest extent possible to assist these households.

Education and counseling activities will only be funded in conjunction with a homeownership program or project (e.g., down payment assistance, new construction). Funding for homeownership education and counseling activities will not exceed \$25,000 per program or project, and the total funds available for these activities annually will not exceed 5 percent of the funds available in the competitive pot.

Opportunities for homeownership can be developed or preserved through:

- use of limited equity cooperative model or community land trust model
- use of a sweat equity model
- a nonprofit organization partnering with for-profit organizations to develop a first-time homebuyer program serving a neighborhood or community
- revolving loan funds to be used for down payment assistance or mortgage subsidy through a second or third mortgage
- nonprofit acquisition of a mobile home park in danger of conversion to another use in order to maintain its long-term affordability.

Proceeds from repayments of loans to assisted homebuyers will be used for another HOME-eligible activity (pursuant to the Multifamily Housing Property Disposition Reform Act of 1994) or to assist another eligible homebuyer. The monitoring of the recapture of HOME funds or subsequent re-sales and long-term affordability must be addressed in each project.

Eligible HOME Costs

HOME funds may be used to pay development hard costs for the construction and rehabilitation of houses. HOME funds may be used in rehabilitation projects to meet the applicable rehabilitation standards of the County and other Consortium jurisdictions or to correct substandard conditions, to make essential improvements including energy-related repairs or improvements, improvements necessary to permit the use by handicapped persons, and the abatement of lead-based paint hazards, and to repair or replace major housing systems in danger of failure.

New Construction or Rehabilitation Costs

Within both new construction and rehabilitation, HOME funds can pay costs to demolish existing structures for improvements to the project site and costs to make utility connections. Within new construction projects, HOME funds can cover the cost of an initial operating deficit reserve, reserve for replacement payments, and debt service. Projects, which are awarded HOME funds for new construction, must begin construction within 12 months of executing a contract with King County.

Acquisition and Development Soft Costs

HOME funds may cover the cost of acquiring improved or unimproved real property and the following related soft costs: architectural, engineering or related professional services, impact fees, costs to process and settle the financing for a project, costs for a project audit, costs to provide information services such as affirmative marketing and fair housing information and relocation costs.

Homeownership Assistance

Under homeownership activities, HOME funds may be used to a) provide down payment assistance which either reduces the amount of down payment and/or closing costs; b) reduce the monthly carrying cost through a direct mortgage loan to the homebuyer; c) provides an interest subsidy buy-down to the first mortgage lender; d) provides gap financing (covering the difference between the amount payable

by the homebuyer and the amount of permanent lender financing; or e) provide donated or discounted land or property for development. The choice of strategy depends upon the geographic area and number of households to be served. (See Assistance for First-Time Homebuyers above)

Community Housing Development Organization (CHDO) Set-aside

The federal regulations require that 15 percent of the HOME allocation be set aside for capital projects by Community Housing Development Organizations (CHDOs). The King County Consortium has also chosen to use a portion of its HOME funds for operating support of CHDOs to support capacity development. This entails an initial allocation to a designated CHDO, not to exceed \$30,000, which must be spent over two years and used specifically to develop operational capacity for the development and successful implementation of a capital housing project. A subsequent request for up to an additional \$30,000 may be awarded on a case by case basis if the CHDO adequately demonstrates an additional need for operating support to develop and manage housing in King County. Requests for CHDO operating support must be associated with a capital project application or in support of a previously funded project or projects. Funds can be used to cover staff costs, board and/or staff training, limited use of consultants; and operating expenses. CHDOs wishing to apply for capacity building support will need to submit a detailed plan of how these funds will enable them to achieve self-sufficiency and/or greater productivity and enhance their ability implement an affordable housing project.

A CHDO is defined as a private nonprofit organization that:

- Is organized under State or local laws.
- Has no part of its net earnings inuring to the benefit of any member, founder, contributor, or individual.
- Is neither controlled by, or under the direction of, individuals or entities seeking to derive profit or gain from the organization. A community housing development organization may be sponsored or created by a for-profit entity, but:
 - i. The for-profit entity may not be an entity whose primary purpose is the development or management of housing, such as a builder, developer, or real estate management firm.
 - ii. The for-profit entity may not have the right to appoint more than one-third of the membership of the organization's governing body. Board members appointed by the for-profit entity may not appoint the remaining two-thirds of the board members.
 - iii. The community housing development organization must be free to contract for goods and services from vendors of its own choosing.
- Has a tax exempt ruling from the Internal Revenue Service under section 501(c) of the Internal Revenue Code of 1986.
- Does not include a public body (including the participating jurisdiction) or an instrumentality of a public body. An organization that is State or locally chartered may qualify as a CHDO; however, the State or local government may not have the right to appoint more than one-third of the membership of the organization's governing body and no more than one-third of the board members can be public officials.

- Has standards of financial accountability that conform to Attachment F of OMB Circular A-110 (rev.) “Standards for Financial Management Systems”.
- Has among its purposes the provision of decent housing that is affordable to low-income and moderate-income persons, as evidenced in its charter, articles of incorporation, resolutions, or by-laws.
- Maintain accountability to low-income community residents by:
 - i. Maintaining at least one-third of its governing board’s membership for residents of low-income neighborhoods, other low-income community residents, or elected representatives of low-income neighborhood organizations. For urban areas, “community” may be a neighborhood or neighborhoods, city, county, or metropolitan area; for rural areas, it may be a neighborhood or neighborhoods, town, village, county, or multi-county area (but not the entire state), provided the governing board contains low-income residents from each county of the multi-county area.
 - ii. Providing a formal process for low-income program beneficiaries to advise the organization in its decisions regarding the design, siting, development, and management of affordable housing.
- Has a demonstrated capacity for carrying out activities assisted with HOME funds. An organization may satisfy this requirement by hiring experienced accomplished key staff members who have successfully completed similar projects, or a consultant with the same type of experience and a plan to train appropriate key staff members of the organization.
- Has a history of serving the community within which housing to be assisted with HOME funds is to be located. In general, an organization must be able to show one year of serving the community before the date the participating jurisdiction provides HOME funds to the organization. However, a newly created organization formed by local churches, service organizations, or neighborhood organizations may meet this requirement by demonstrating that its parent organization has at least a year of serving the community.

Maximum and Minimum HOME Subsidies Per Unit

The per-unit cost limits have been set at the limits established under 221(d)(3)(ii) of the National Housing Act (12 U.S.C. 17151(d)(3)) that apply to the area in which the housing is located. These limits are provided by the Department of Housing and Urban Development and may be adjusted in high cost areas.

Since HOME funds are intended to attract other contributions to permanently affordable housing, the Consortium’s subsidy per unit will generally not exceed 50 percent of the total per-unit cost, regardless of the maximum noted above. A unit is defined as anything in which a household can reside, ranging from a single-room occupancy hotel unit, to a single-family home, or a three-bedroom apartment. If multiple households share a single-family house, the house is counted as one unit.

The maximum HOME subsidy that may be provided for each project is established by HUD, updated annually, and is not reduced by the presence of Low Income Housing Tax Credits. The regulations specify this provision to prevent the layering of federal funds beyond the amount required to make a

project financially feasible. The request for proposal will list the current maximum HOME subsidy by bedroom size.

The minimum level of HOME funds for rehabilitation projects is an average of \$1,000 per unit.

Duration of Low-Income Benefit

All HOME recipients must be both able and willing to establish a legally binding public interest. The public interest will be secured through a lien on the property recorded as a mortgage, and a promissory note explaining the sale and change of use provisions. The project will remain affordable secured by deed restrictions for not less than 20 years after completion (referred to as the compliance period); and will be ineligible for additional HOME dollars during the compliance period. Monitoring will occur at intervals determined by the project size.

Property Standards

At a minimum, housing units assisted with HOME funds must meet the Uniform Housing Code. Rental housing rehabilitated with HOME funds must meet the Section 8 Housing Quality Standards. Projects involving substantial rehabilitation (greater than average of \$25,000 per unit total development costs) must also meet cost effective energy conservation and effectiveness standards. Newly constructed housing must meet the current edition of the Model Energy Code published by the Council of American Building Officials. Projects with operating budgets that include adequate maintenance reserves will be given priority to ensure that they can continue to meet property standards at least as long as the required period of affordability.

HOME Project Amendments

Housing projects receiving HOME funds may request an additional award of HOME funds to address unanticipated increased costs during development of the project. Applicants requesting a project amendment must show that the project has not substantially changed in scope. The nature of the project and the proposed residents to be served cannot have materially changed. In addition, the total fund award (including any amendment) must continue to meet fund sources requirements, including limits on the total award of HFP funds and the maximum amount of HOME funds per housing unit.

The project amendment will be evaluated based on the following criteria:

- Applicants requesting additional funds must submit revised development and operating budgets showing the difference between original estimates and current projections. The applicant must explain the impact on the project if additional funds are not made available, demonstrating that additional funds are necessary.
- The applicant must provide an evaluation of all available fund sources, applicant contributions and budget adjustments that potentially could make up the budget shortfall. The applicant must make every effort to leverage other public and private funding, reduce costs, or otherwise materially contribute to reducing the newly identified funding gap.
- The applicant must explain the extent and cause of the budget increase, and demonstrate that any project changes and increased costs do not diminish the ability of the development team to successfully complete the project.

- The amendment recommendation will take into consideration, among other things, the urgency of the need for HOME funding, impact of the amendment on the geographic distribution of HOME funds, and other competing requests for project amendments.

If the additional HOME award exceeds 50 percent of the original HOME award, the JRC must approve the amendment. If the HOME amendment is less than this amount, the Director of the Department of Community and Human Services must approve the amendment award.

Any reserved HOME funds, which are not needed for project amendments within a given year, will be allocated to projects in the following year's application round.

Recapture and Reallocation of HOME Funds

Federal regulations require that each program year's HOME allocation be committed to projects and start spending within 24 months. When necessary to commit unused funds or when funds must be recaptured from a project which is unable to use them within 18 months, the money will be recaptured and recommitted to other HOME-eligible activities. Funds recaptured from a CHDO must be reallocated to another CHDO.

Program Income and HOME

Any program income approved for inclusion with the HOME program or generated by HOME-assisted projects must be reported to King County and committed to eligible HOME activities.

Federal Matching Requirements

Matching requirements are program-wide and not project specific. Pursuant to the regulations, the match must be (1) a permanent contribution to the program, and (2) from non-federal sources. The match requirement is tied to the type of HOME activity. All acquisition, rehabilitation, new construction and first-time homebuyer activities will generate a 25 percent match obligation.

Projects with funding commitments from non-federal sources such as HOF, local general funds, or private funding, shall have **priority** for HOME funds.

In addition, projects with firm financial commitments will have priority over those with pending, tentative, or speculative commitments.

Examples of eligible forms of match include the following:

- Local or state general revenues
- Housing trust fund grants or the grant-equivalent of a below-market rate loan
- Foundation grants or donations
- State appropriations
- Excess reserves from housing finance bond issues
- General obligation bonds
- Interest rate subsidy achieved by exemption of state or local taxes

- Up to 50 percent of the proceeds from bond financing that is repayable with revenues from a multifamily affordable housing project financed, and up to 25 percent of the proceeds from bond financing that is repayable with revenues from a single-family project financed, provided that no more than 25 percent of the HOME Consortium match liability is funded with proceeds from bond financing
- The value of site preparation, construction materials, and donated/voluntary labor in connection with the site preparation and construction or rehabilitation of affordable housing
- Waived impact fees
- The value of donated land

Rental Housing

All rental projects have to meet the regulatory definitions of "affordable" to receive HOME funds. According to the HOME regulations, a rental housing project (including the non-owner occupied units in housing purchased with HOME funds) qualifies as affordable housing if:

- HOME rents will not exceed the lesser of 1) the Fair Market Rents (FMR) for an existing area for comparable project; as defined by HUD, or (2) 30 percent of the adjusted income of a family whose gross income equals 65 percent of the median income for the area as determined by HUD adjusted for the number of bedrooms in the unit.
- In the case of projects with five or more units, 20 percent of the HOME assisted units are either (1) occupied by extremely low-income families (below 50 percent of area median income adjusted for family size) which pay as contribution toward rent no more than 30 percent of their adjusted monthly income; or (2) occupied by extremely low-income families where rent for the units is not greater than 30 percent of the gross income of a family whose income equals 50 percent of the median income for the area, as determined by HUD.
- The balance of units in the HOME-assisted portion of the project are occupied only by households that qualify as low-income families with incomes not greater than 80 percent of the area median; the balance of the entire building units may have rents that are market rate.
- The HOME-assisted units can be leased to a holder of a certificate of family participation under the Rental Certificate Program or a rental voucher or to the holder of a comparable document evidencing participating in a HOME tenant-based assistance program.
- The HOME-assisted units will remain affordable pursuant to deed restrictions, for not less than 20 years beginning after project completion.

All rental projects are required to meet the minimum requirement of 20 percent of the units occupied by households whose income does not exceed 50 percent of the median for the area.

For projects involving rehabilitation only, the after-rehabilitation rents for HOME assisted units should generally not exceed before-rehabilitation rents. During the contract term, rents can be increased only to the extent allowed by HUD as determined by increases to the region's Fair Market Rents and incomes. Rents can theoretically decrease in a HOME assisted project if the regional median household incomes or Fair Market Rents decline.

Homeownership

Housing that is for acquisition by a family must be modest single-family housing (1 to 4 unit family residence, condominium unit, cooperative unit, combination of manufactured home and lot, or manufactured home lot). The housing must:

- have a purchase price that does not exceed 95 percent of the median purchase price for the area if newly constructed.
- have an after-rehabilitation value that does not exceed 95 percent of the median purchase price for the area if rehabilitated.
- have a mortgage limit which falls under Section 203(b) of the National Housing Act.
- be acquired by a homebuyer who qualifies as low-income.
- must be the homebuyer's principal residence throughout the period of affordability.

HOME funds will be subject to recapture provisions if the housing does not continue to be the principal residence of the family for the duration of the period of affordability. The amount subject to recapture is based upon the amount of HOME assistance that enabled the homebuyer to purchase the home. The recaptured HOME funds will be used for other HOME-eligible activities or to assist subsequent homebuyers, depending upon the design of the homeownership program.

Tenant and Participant Protections Required by HOME Program

Tenants are to be afforded certain protections in any HOME assisted project. The major tenant protections include the following provisions:

- Leases must be for a minimum of one year unless mutually agreed to by the owner and tenant.
- Restrictive provisions in the lease requiring the tenants to waive any rights is prohibited.
- An owner may not terminate tenancy or refuse to renew the lease except for violations of the terms of the lease or for violation of applicable federal, state or local law.
- An owner must have written tenant selection policies and criteria that are consistent with the purpose of providing housing for the extremely low-income and low-income families, are reasonably related to program eligibility and the applicants' ability to perform the obligations of the lease, give reasonable consideration to the housing needs of families that would have a Federal preference under section 6(c)(4)(A) of the 1937 Act, provide for selection of tenants from a written waiting list, and give prompt notification to any rejected applicant of the grounds for any rejection.

HOME regulations require CHDOs to submit a Tenant Participation Plan describing fair lease and grievance procedures and a program for ensuring tenant participation in management decisions. HCD staff will provide guidance to the selected CHDO(s) on the components of this plan after the project selection process is complete.

APPENDIX B

Rental Rehabilitation Program Guidelines

The Rental Rehabilitation Program is intended to provide low-cost loans to existing housing projects in need of repair or maintenance that lack access to affordable capital. The program is designed to serve two types of applicants: owners of larger multi-unit projects funded in part with public funds; and owners of smaller housing projects serving low-income tenants that do not already have public funds invested. The table below summarizes the basic characteristics of each sub-program.

Major Rehabilitation Loan Program	Minor Rehabilitation Loan Program
Eligible applicants <ul style="list-style-type: none"> • Non-profit and for-profit housing owners, projects with 12 or more units • Application through regular annual funding round 	Eligible applicants <ul style="list-style-type: none"> • For-profit housing owners, projects rehabilitating a maximum of 11 units • Open year-round application cycle
Maximum loan amounts <ul style="list-style-type: none"> • Non-profits - \$100,000 per agency/year (Loans greater than \$100,000 will be considered on a case-by-case basis) • For-profits - \$35,000 per agency/year 	Maximum loan amounts <ul style="list-style-type: none"> • \$10,000 per unit up to \$30,000 per agency per year (Loans greater than \$10,000 per unit will be considered on a case-by-case basis. Loans greater than \$25,000 using HOME funds are considered “major” with additional requirements as to environmental review and lead-based paint.)
Limits on project unit size <ul style="list-style-type: none"> • Non-profits – Max. 50 units or 50 beds (group homes) • For-profits – minimum 12 units, maximum 50 units 	Limits on project unit size <ul style="list-style-type: none"> • Maximum 11 units
Loan terms <ul style="list-style-type: none"> • Zero percent interest deferred payment loan, 5-year loan agreement if less than \$15K, other periods per HOME guideline • Borrower must leverage 50% of rehab costs (except for emergency repairs) • Rehabbing 4 units or fewer, must rent to tenants at or below 60% of AMI • Rehabbing 5 or more units, must rent to tenants at or below 50% of AMI • Exceptional loans (over \$100,000) will be subject to negotiated loan terms • Annual report required on tenant income and rent levels 	Loan terms <ul style="list-style-type: none"> • Zero percent interest deferred payment loan, 5-year loan agreement if less than \$15K, 10-year if over \$15K • No leverage requirement • Borrower must rent at least 50% of rehabbed units to tenants at or below 60% of AMI • Annual report required on tenant income and rent levels

Notes: These program guidelines are subject to amendments of the King County Code by the end of 2005. HOME funds cannot be awarded for rental rehabilitation loans to a project that is already funded with HOME funds.

Application Process for Rental Rehabilitation Funds

Applicants for major rental rehab loans will apply through the annual HFP funding round process. Applicants for minor rental rehab loans may apply at any time throughout the year. Applicants must provide the following items, with some applicable to for-profit owners (FP) and some to non-profit owners (NP):

A rental rehabilitation application signed by an authorized official or owner; authorization to verify credit information (FP only); a copy of the applicant's most recent audit (NP only); most recent federal income tax return with all schedules (FP only); board resolution to submit application with a list of board members (NP and corporations); 501(c)(3) tax letter (NP only); funding commitment letters (if applicable); any relevant project information, such as architectural drawings, bids or construction specifications (optional at discretion of HFP staff).

Rental Rehabilitation Priorities

Funds will be available on a “first-come, first-served” basis to non-profit as well as for-profit entities. The County has established a priority of uses for these funds:

1. Housing which has an existing King County, state or city investment and which is under a current long-term use restriction with a lien or other security
2. Any non-profit or King County Housing Authority-owned housing with an emergency repair need regardless of whether there is an existing King County, state or city investment in the housing
3. Any non-profit or for-profit owned housing with a repair need.

Rental Rehabilitation Loan Terms

Rental rehabilitation assistance will be available in the form of zero-interest; deferred-payment loans of up to \$30,000 per unit (major loans) with maximums of \$100,000 per agency per year (non-profits) or \$35,000 per agency per year (for-profits); or \$10,000 per unit (minor loans), with a maximum of \$30,000 per owner per year.¹

In the case of major loans and except for emergency repairs, the borrower must provide at least 50 percent of the cost of the rehabilitation. There is no matching requirement for loans made under the minor loan program.

Borrowers must meet income guidelines for the type of project and loan. Under the major loan program where four or fewer units are being rehabbed, these units must be rented to tenants with incomes at or below 60 percent of area median income (AMI). If five or more units are being rehabbed, units must be rented to tenants with incomes at or below 50 percent of AMI. Under the minor loan program, at least half of the rehabbed units must be rented to tenants with incomes at or below 50 percent of AMI.

Borrowers under the major loan program must agree to set up and maintain operating and replacement reserve accounts agreeable to the County.

¹ A group home is considered one unit. Until the County Code is updated, for-profits will be limited to \$14,999 per unit.

Borrowers must execute loan agreements secured by a lien, covenant, and promissory note agreeing to provide affordable rents and to maintain the housing in a decent, safe and sanitary condition for 25 years in the case of major loans and five years in the case of minor loans.

Loans will be due upon change of use (for example if the rents charged are no longer affordable to tenants at the prescribed income level); refinance; sale; or other change of ownership. Loans are assumable with County approval during the first 25 years.

If the use restriction is violated before the end of the 25-year period, the loan is due in full immediately with an added penalty of 1 percent of the principal per year of affordability left outstanding.

Income and Affordability Requirements

Rental rehabilitation projects must provide rental housing affordable to tenants with incomes that do not exceed the guidelines detailed above. Rent, including utilities, may not exceed the HOME program limits for tenants at 50 percent of median income, where applicable, or 60 percent of median, where applicable. The maximum allowable rents each year will be based on King County household income guidelines published annually by the US Department of Housing and Urban Development. In projects where housing will be rehabilitated, rents charged after rehabilitation cannot exceed the prior rent levels.

Rental Rehabilitation Eligible Housing and Activities

The following types of housing are eligible for rental rehabilitation loans: permanent housing, transitional housing, single-room occupancy housing, and group homes. Eligible housing **does not** include facilities such as nursing homes, convalescent homes, hospitals, residential treatment facilities, correctional facilities, or student dormitories. Eligible housing projects must preserve existing affordable housing or address health or safety hazards for households at risk of losing their homes, or both. Funding is available to remedy the following issues:

- Emergencies which render the unit uninhabitable, are life threatening, or are a health concern, including indoor environmental emergencies such as mold and lead paint remediation
- Major structural or mechanical system repairs
- Access for persons with disabilities
- Building preservation repairs
- Energy conservation repairs.
- All work (except emergencies) shall result in the property meeting at a minimum the HUD Section 8 Housing Quality Standards as amended.

Use of HOME funds for the Rental Rehabilitation Program

HOME funds can be used to construct an Accessory Dwelling Unit (ADU). An ADU is a separate housing unit, either inside, attached or detached from the primary home on the property. The ADU (or mother-in-law unit) contains separate eating, bathing and sleeping facilities.

Terms

- Borrower must contribute at least 50 percent of the cost of rehabilitation. This requirement may be waived for emergencies, ADU construction or small requests (under \$100,000 total) where owner shows an inability to leverage other funds or gain conventional financing.
- Borrower must agree to rent to tenants at or below 50 percent of median income.
- Borrower must agree that rents will not exceed the HOME program limits for tenants at 50 percent of median income.
- Borrower must agree to set up and maintain an operating and replacement reserve account agreeable to the County.
- Borrower must execute a loan agreement (secured by a lien, covenant and promissory note) agreeing to provide affordable rents and to maintain the housing in decent safe and sanitary condition for 25 years.
- ADU's only - Borrower must execute a loan agreement (secured by a lien and promissory note) agreeing to provide affordable rents and to maintain the housing in decent safe and sanitary condition for 5 years (amounts below \$14,999), 10 years (amounts between \$15,000 to \$30,000) or as long as the loan balance is outstanding whichever is greater.
- Funding will be provided in the form of zero-interest, deferred payment loans in amounts of up to \$30,000/unit.

The loan is due upon sale, transfer of title, conveyance (including devise or decent) change of use (e.g., if rents are no longer affordable), refinance, sale or other change of ownership. Except for ADU's the loan is assumable with County approval (along with the restrictions noted above) during the first 25 years.

If the use restriction is violated before the end of the 25 year period, the loan is due in full immediately, with an added penalty of 10 percent of the principal amount per year of affordability left outstanding.

Additional ADU terms:

- One of the units must be owner occupied.
- Staff determination of acceptable loan-to-value and debt-to-income ratios.
- Family members may occupy the ADU if they are not claimed as dependents and can document separate household income.
- No Section 8 Project Based assistance.

APPENDIX C

LOCAL RELOCATION GUIDELINES

The King County Consortium publishes its displacement practices and federal relocation requirements in our current Consolidated Housing and Community Development Plan pursuant to federal regulation. The relocation guidelines in this document are supplementary to the federal relocation requirements and primarily address relocation guidelines for projects that do not include federal funds, and the Consortium's use of CDBG funds for relocation only, which does not invoke the federal requirements.

Any agency considering a project involving property occupied by residential or commercial tenants is strongly encouraged to consult with King County's Relocation Specialist prior to submitting a funding application. Early consultation will assist the applicant in developing a budget and planning for implementation. Applicants for King County Consortium funding through the Housing Finance Program will be required to submit a realistic relocation plan supported by information about current tenants, comparable housing units, and current market rents.

The amount of relocation benefits that must be paid to displaced tenants, if any, will depend on the sources of public funding included in a project's development budget. The specific guidelines are presented below.

Displacement Practices

It is the King County Consortium's policy to fund projects that minimize displacement. Please refer to the Consortium's displacement practices in Appendix G of the current Consolidated Housing and Community Development Plan.

Local Relocation Guidelines

All projects that receive funding through the King County Housing Finance Program and will potentially displace residential and/or commercial tenants will be required to work with the King County Relocation Specialist.

a. Projects that Include Federal Funds

Projects that include or will include federal funding (HOME and CDBG), and will acquire, demolish, or rehabilitate property that has existing residential or commercial tenants, must follow the federal relocation requirements of the Uniform Relocation Assistance (URA) and the Real Property Acquisition Regulations for Federal and Federally Assisted Programs, as well as the Barney Frank Amendment, Section 104(d), if applicable. Please see Appendix G of the current Consolidated Housing and Community Development Plan for more information.

b. Projects that Include Washington State Housing Trust Fund Dollars

Projects that apply for funds through the Housing Finance Program and include or will include Washington State Housing Trust Fund (HTF) dollars, but do not include federal funding, must follow the relocation requirements of the HTF, which are substantially equivalent to the URA.

The relocation requirements of the HTF are in RCW 8.26, and can also be accessed via the web at <http://wsl.leg.wa.gov/pub/rcw>. Applicants should review these requirements carefully, as they are

very similar to the URA for displacement of residential tenants, but are more restrictive for displacement of commercial tenants. King County will require that applicants develop a relocation plan that conforms with the state requirements.

Note: If a project anticipates displacement of residential or commercial tenants and has both HTF and federal funding, the project must comply with the most restrictive regulations concerning displacement.

c. Projects that Include Local Funds Only – Local Relocation Guidelines

Projects that include or will include only local county funds (RAHP, Veterans and Human Services Levy, Mental Health, HIPDD Developmental Disabilities Funds, Homeless Housing Act Document Recording Fee or any other local funds used for housing capital) for the acquisition, demolition, and or rehabilitation of property that has existing residential tenants that may be displaced must follow the following local relocation guidelines.

Projects that voluntarily contract with the King County Housing Finance Program for housing project funding will be required to provide relocation benefits to all displaced households.

Effective November 1, 2010, the benefit amount for each displaced household will be \$2,700 per household, and will be adjusted annually based on the consumer price index.

Projects in this category will be required to provide notice to all existing tenants that mirror the requirements of section “d” below. A list of all displaced households, including name, unit number, household size, ethnicity, and monthly gross income must be provided to the King County Relocation Specialist along with documentation of all the payments made to displaced tenants. All relocation costs will be required to be included in the project development budget.

d. Projects that will not include funds from the Housing Finance Program and are applying for Tax Exempt Bond Financing or Low-Income Housing Tax Credits

The Washington State Housing Finance Commission (WSHFC) tax-exempt bond financing program and low-income housing tax credit (LIHTC) program require project sponsors to have a relocation plan approved by the local jurisdiction as part of the application process. The King County Consortium cannot require that projects in this category provide relocation benefits to displaced tenants, however, the project owner may elect to provide financial assistance to displaced tenants as a courtesy. Such assistance can minimize the severe impacts of displacement and potential negative fallout from those impacts.

The King County Consortium encourages that, whenever possible, conversion of an apartment community to a low-income housing project be attempted without relocation of any tenants, through naturally occurring unit “turnover” (i.e., when a non-qualified tenant moves out of the project, the vacant unit is held open until a qualified low income tenant is found to reside in the unit).

Relocation should occur only to the extent necessary to allow the project owner to meet the requirements of the project’s “Terms of Compliance”.

The King County Consortium requires that projects in this category provide the following notices and procedures for tenants:

Notice of Project Conversion

Immediately after closing on the project, and no later than 10 days after closing, an open letter from the owner to all residents of the project will be delivered to each household. The letter will explain that the project is being converted to affordable housing units, and will explain what information is needed for income verification to verify if tenants will be eligible for the new affordable housing. The letter will give the deadline to receive income verification information, and will state the possibility that some residents may be asked to relocate. Further, tenants will be informed that they may be asked to relocate if they do not comply with the income verification request. The letter should also specify the time and location of a meeting to further explain the process of project conversion and to address individual questions.

Relocation Tenant Selection

A relocation tenant is a tenant who has been requested to cease tenancy of the subject property by the owner of the property for the specific purpose of compliance with an affordable housing program or to rehabilitate the unit.

Tenants who voluntarily decide to move from the project because it is being converted to an affordable housing project, or for any other personal reason, are deemed to do so as their own free will and choice, and therefore are not subject to any further notification requirements.

Relocation tenants will be selected from a list of non-qualified tenants, whose incomes exceed the income limits of the program. A qualified tenant is a tenant whose income meets the income level of the program. Qualified tenants should not be relocated unless it is necessary to accomplish rehabilitation of their unit.

Non-qualified tenants should be selected on the following basis:

- Non-responding tenants: tenants who do not respond to repeated request for income verifications, or are unwilling to participate in income verification procedures, should be the first Relocation Tenants.
- Volunteers: tenants who offer to relocate should be selected next.
- Income: tenants with the highest incomes should be the next group asked to relocate.

Households with children, elderly or handicapped tenants should be last when selecting Relocation Tenants.

Notice to Relocate

All tenants selected for relocation will be given formal notification regarding the need to relocate with a minimum of ninety (90) days notice of the date they must relocate, along with information about why they were selected. Consideration of a longer notice period may be granted if the tenant demonstrates a special circumstance (for instance, health reasons) which would be alleviated by extending the notice period.

Documentation

The owner must provide copies of all notices sent to tenants and a list of all tenants that were displaced by the project to the Housing Finance Commission.

Approval of Relocation Plan

In order to receive an approval of relocation plan from the King County Consortium, a project must submit a plan that is substantially in compliance with this section (d) and includes all notices required by this section.

Guidelines for Using Federal CDBG Funds for Relocation Only

Federal regulations permit King County Consortium CDBG funds to be used, in specific circumstances, to pay relocation benefits to tenants displaced by otherwise non-federally-assisted projects. Federal URA and Barney Frank Amendment requirements do not apply when CDBG funds are used in this manner.

The following guideline will apply if the King County Consortium elects to provide CDBG funds to a project for relocation assistance only.

The award of relocation must meet a national CDBG objective in that either: (1) relocation payments are made directly to very-low to moderate-income people or (2) the subsequent use of the property benefits very low- to moderate-income people.

- If federal funds are used to pay relocation costs, the project must be located within King County's CDBG or HOME Consortium areas.
- The project sponsor is responsible for screening tenants and must provide documentation to King County to show income eligibility, if income screening is necessary to meet the national objective.
- The project sponsor must provide the grantee with a list of names and addresses of the eligible households along with documentation of payments.
- The relocation assistance benefit is set at \$2,462 per household⁴ effective October 1, 2005. Each household has the option of declining this assistance. If the household receives relocation payments from any government-sponsored entitlement program, CDBG benefits will be reduced by that amount.
- Nothing in this guideline precludes a project sponsor or a jurisdiction from providing additional relocation assistance using other sources of funds.

⁴ The JRC may review and recommend annual increases to the benefit amount each year based on the consumer price index.

IV. GLOSSARY OF ACRONYMS

Acronym	Meaning
10YP	Ten Year Plan to End Homelessness in King County
2060	“2060 funds” are RAHP (Regional Affordable Housing Program) funds derived from a document recording fee surcharge
2331	“2331 funds” are funds dedicated to homeless housing and services, derived from a different document recording fee surcharge, specifically for counties to use to implement ten year plans to end homelessness
ADA	Americans with Disabilities Act (Federal)
ADATSA	Alcoholism and Drug Addiction Treatment and Support Act
ADC	Adult Day Care
AMI	Area Median Income (set by the federal Department of Housing and Urban Development or HUD)
APR	Annual Performance Report
CDA	Community Development Agency
CDBG	Community Development Block Grant, a federal funding program that provides communities with resources to address a wide range of unique community development needs
CDC	Centers for Disease Control and Prevention
CEH (KC)	Committee to End Homelessness in King County
CHDO	Community Housing Development Organization (Pronounced “chodo”), a HUD designation for certain non-profit organizations serving low-income communities and having low-income board members
CM	Case management
CNA	Capital needs assessment
CMI	Chronic mental illness
CoC	Continuum of Care
Commerce	Washington State Department of Commerce (Housing Trust Fund)
DD	Developmental Disability
DCHS	Department of Community and Human Services
DOC	Washington State Department of Corrections

DOE	Department of Energy (source for federal energy efficiency grants)
DOL	United State Department of Labor
DSHS	Washington State Dept of Social and Health Services
DV	Domestic violence
ESG	Emergency Shelter Grant (federal program that provides homeless persons with basic shelter and essential supportive services)
FACT	Forensic Assertive Community Treatment, a King County program to provide high intensity services in the community to prevent future incarcerations, adapted to criminal justice populations
FISH	Forensic Intensive Supportive Housing, a King County program to provide the supportive housing options needed by homeless ex-offenders and re-entering the community from jails
FPL	Federal poverty level
GA-U (or GAU)	General Assistance – Unemployable
HCD	King County Housing and Community Development Program
HFP	King County Housing Finance Program
HIPDD	Housing Innovations for Persons with Developmental Disabilities
HMIS	Homeless Management Information System
HPRP	Homelessness Prevention and Rapid Re-housing Program
HSP	Housing Stability Program
HTF	The Washington State Housing Trust Fund, administered within the state's Department of Commerce (the state's affordable housing funding program will often be referred to as "Commerce")
HUD	The US Department of Housing and Urban Development
IAG	Inter-jurisdictional Advisory Group
Impact	Impact Capital (source for short-term loans to non-profit community development organizations, including affordable housing providers)

IRS	Internal Revenue Service
KCDDD	King County Developmental Disabilities Division (part of King County DCHS - Department of Community and Human Services)
LIHTC	Low Income Housing Tax Credits
McKinney	Federal program that provides competitive and formula funding for housing and some services for homeless persons, including Emergency Shelter Grants, Supportive Housing Program, Shelter Plus Care, and Section 8 Single-Room Occupancy; McKinney covers a range of programs including emergency food and shelter, transitional and permanent housing, education, job training, mental health care, primary health care services, substance abuse treatment, and veterans' assistance services.
MHCADS	King County Mental Health, Chemical Abuse and Dependency Services Division
NAMI	National Association for Mental Illness
NOI	Net operating income
O&M	Operations and maintenance
ONC	One Night Count of the Homeless (also referred to as the PIC or Point In time Count)
PACT	Program for Assertive Community Treatment, an individualized treatment approach that offers intensive services in the community to help participants in their recovery from mental illness
PATH	Project to Assist in Transition from Homelessness
Pro forma	A multi-year operating budget for an affordable housing project
RAHP	Regional Affordable Housing Program (see “2060”)
RCW	Revised Code of Washington
RRH	Rapid Re-Housing (King County program for homeless families with children)
SHP	Supportive Housing Program, part of the McKinney program which helps develop housing and related supportive services for people moving from homelessness to independent living
SKCHS	South King Council of Human Services
SPC	Shelter Plus Care, added to HUD's programs in 1990, competitively awards funds for rental assistance for homeless persons living on the streets or in emergency shelters with severe mental illness, chronic substance abuse problems, or AIDs.

SSA	Social Security Administration
SSDI	Social Security Disability Insurance
SSI	Supplemental Security Income (Social Security)
TANF	Temporary Assistance for Needy Families
THOR	Transitional Housing Operating and Rent, a program administered through the Washington State Department of Commerce to support transitional housing with supportive services for homeless families with children
UWKC	United Way of King County, local affiliate of a national campaign organization, originally known as the Seattle Community Fund, formed to combine 43 separate fund-raising efforts among Seattle's charitable health and welfare agencies
VA	United States Department of Veterans Administration
V-HS Levy	Veterans and Human Services Levy (King County fund source for homeless housing and services)
WAC	Washington Administrative Code (pronounced "whack")
WSDDD	Washington State Division of Developmental Disabilities (part of Washington State DSHS - Department of Social and Health Services)