



Seattle
Office of Housing

NOTICE OF FUNDING AVAILABILITY

Rental Housing Program

July 29, 2022

Application Due Date:

Thursday, September 15, 2022 at 12:00 noon.

City of Seattle
Bruce A. Harrell, Mayor

Office of Housing
Maiko Winkler-Chin, Director



To our applicants:

The Seattle Office of Housing is pleased to announce we are accepting proposals in Fall 2022 for the preservation and new construction of affordable, rental housing in the City of Seattle. This 2022 Notice of Funding Availability – NOFA describes the goals for our housing investments, lists resources available, highlights key policies, and outlines the application funding process.

The preservation and production of affordable housing is foundational for thriving and equitable communities. The 2022 NOFA places priority on projects that will address displacement, projects that create or preserve access to housing for people experiencing homelessness, and projects that will increase access to opportunity. The projects that OH funds this year will propose to deliver quality, affordable housing for low-income individuals and families, our elders, and our neighbors who work full-time or multiple jobs and are still struggling to make ends meet.

Seattle OH seeks to fund projects that:

- Combat residential displacement in communities that have experienced and continue to be at greatest risk of displacement.
- Address essential preservation and rehabilitation needs in existing OH-funded properties.
- Deliver new housing in geographic locations that offer access to transit, job centers, and services

We strive to maximize the amount of housing produced and look for cost-effectiveness, as well as public benefit when making funding awards. The investments we make support the production of affordability housing through substantial leverage of other public funding and resources.

Creating affordable housing requires collaboration from many people who share a vision and a commitment for something greater than any of us could do alone. We understand and appreciate the responsibility, the resources, and the risk that you take on when you make a commitment to affordable housing. We hope to be one of your trusted partners in this journey.

We look forward to your proposals.

Sincerely,

A handwritten signature in blue ink, appearing to read "Maiko Winkler-Chin".

Maiko Winkler-Chin, Director



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I. Introduction: Rental Housing Program Goals

The Seattle Office of Housing (OH) is announcing the availability of approximately \$44 million in [Rental Housing Program](#)¹ capital funds for the preservation and production of affordable housing located in the city of Seattle.

Through its affordable housing investments, the City of Seattle seeks to achieve a number of objectives²:

- Provide a mix of affordable rental housing, serving a range of households and income levels consistent with income limits and affordability requirements for each fund source, to promote housing opportunity and choice throughout the City.
- Contribute to countywide efforts to make homelessness rare, brief, and one-time by providing housing that serves individuals and families who are homeless or at risk of homelessness, including those with long or repeated periods of homelessness, chronic disabilities, criminal records, or other significant barriers to housing.
- Provide a stable and healthy living environment where low-income individuals and families can thrive, with culturally relevant and linguistically competent services, and with access to education, employment, affordable transportation, and other opportunities and amenities.
- Contribute to the City's equitable development goals through the development and preservation of affordable housing in low-income neighborhoods where underserved groups have historic ties, including neighborhoods where low income individuals and families are at high risk of displacement³.
- Contribute to the development of sustainable, walkable neighborhoods, particularly near high-capacity transit, giving Low Income residents access to transportation, services, and economic opportunity.⁴
- Working collaboratively with other funders of affordable rental housing to ensure that the greatest number of quality affordable housing units are preserved or produced each funding round.
- Promote cost-effective sustainable design, construction, rehabilitation, and operations of affordable housing.
- Reinvest in low-income housing when necessary to upgrade major building systems, improve operations, energy efficiency, and safety, and extend the life of the building.

¹ For a complete description of the Rental Housing Program, see Appendix A: [Housing Funding Policies – Rental Housing Program](#)

² Rental Housing Program goals and objectives are established in the 2021-2023 Seattle Housing Levy Administrative and Financial Plan as adopted by Seattle City Council, and other associated housing program funding policies.

^{3, 4} The [Growth and Equity Analysis](#) created in 2016 as part of the Seattle 2035 comprehensive plan includes an Access to Opportunity Index and a Displacement Risk Index. The Access to Opportunity Index identifies disparities in access to key determinants of social, economic, and physical well-being. It includes measures related to education, economic opportunity, transit, public services, and public health. The Displacement Risk Index identifies areas of Seattle where displacement of marginalized populations may be more likely. Marginalized populations include people of color, low-income people, English-language learners, and people with disabilities.

II. Funding Availability

This NOFA includes funding from local and from federal sources, each of which has specific affordability restrictions and requirements. OH encourages all applicants to be familiar with the specific requirements of the available funding sources. At the time of the NOFA release, OH has approximately \$44 million available for awards. If additional resources become available for this funding round, OH will notify applicants and update information on its [Funding Announcements & Application](#) webpage.

All applicants should assume ***that the relevant U.S. Housing & Urban Development (HUD) program requirements will be applied to housing application received under this NOFA. Applicants should avoid making “Choice Limiting” decisions affecting your project (as defined by HUD) prior to or at the time of submitting your application. Choice limiting decisions make your project less competitive.*** Applicants do not need to specify which NOFA sources they are seeking, as OH will determine appropriate funds based on project-specific and program-wide considerations.

Housing supported by the OH is income- and rent- restricted to ensure that it is occupied by and affordable to eligible households. For each restricted unit, the maximum allowable income (by household size) and housing cost (by unit size) aligns with the affordability level set by covenant or other regulatory agreement. These maximums are expressed as percentages of the area median income. For development budget and underwriting purposes, please follow the 2022 OH Rent and Income Limits found here.

A. Housing Levy Rental Preservation & Production Program

Up to \$26 million from the Housing Levy will be available in this NOFA: At least 60% of the sum of Program funds and Operating & Maintenance Program funds shall be used for housing affordable to households with incomes at or below 30% of Median Income. The balance of Program funds shall be used for housing affordable to households with incomes at or below 60% of Median Income.

The Housing Levy was renewed and approved by Seattle voters in August 2016 and provides property tax revenue over seven years from 2016 through 2023 for the production, preservation, and operations of affordable, rental housing for low-income residents in Seattle. This NOFA includes levy proceeds to OH in 2023 for affordable housing projects that will be awarded in this funding cycle, thereby pre-committing remaining funds under the current Levy.⁴

B. Federal HOME and CDBG

Approximately \$4.3 million in federal funds, including HOME funds and Community Development Block Grant (CDBG) funds, is available for rental housing development. Federal funds are subject to additional requirements and limitations on eligible uses. HOME funds shall be used for housing affordable to households with incomes at or below 60% of Median Income. A portion of units, generally 20%, will be affordable to households at or below 50% of Median Income as required by HOME regulations. CDBG funds shall be used for housing affordable to households with incomes at or below 60% of Median Income, except that CDBG funds used for acquisition of occupied

⁴ The current Seattle Housing Levy will expire in December 2023. Proceeds received in 2023 from the levy are included in this NOFA. The 2023 NOFA will not include levy proceeds from the current 2016-2023 Housing Levy.

residential buildings may follow CDBG regulations which generally require a minimum of 51% of units affordable to households at or below 80% of Median Income.

C. Federal HOME American Rescue Plan Program (ARP)

Up to \$12.2 million will be available from federal ARP. OH's preferred use of these funds is for permanent supportive housing for homeless or at-risk of homelessness persons. However, projects serving all of the HOME-ARP eligible populations qualify for the funding.

HOME-ARP funds must be used to primarily benefit individuals or families from the following qualifying populations: Homeless; At-risk of homelessness; Fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking; Populations where providing supportive services or assistance would prevent the family's homelessness or would serve those with the greatest risk of housing instability; and Veterans and families that include a veteran family member that meet one of the preceding criteria. Information on eligible populations and eligible activities. OH will administer its HOME-ARP funding consistent with HUD [HOME-ARP Program](#) requirements.

D. Additional Funding Allocations

OH may make additional resources available in this funding round for affordable housing projects submitted to OH. Other sources may include, but are not limited to:

JumpStart Fund. Payroll expense tax revenue from the JumpStart Fund is used by the City of Seattle to make investments in affordable housing, equitable development, advancing Seattle's Green New Deal, and to support programs and services funded by Seattle General Fund. The housing allocations from JumpStart prioritize projects serving households at or below 30% of Area Median Income (AMI) but can be used to support housing serving households with incomes up to 60% of AMI. Funds may be used for construction or acquisition of rental housing, operating, maintenance, and service costs for projects.

Incentive Zoning Bonus Program Funds and Mandatory Housing Affordability Programs

Approximately \$1.5 million in funding from Seattle's incentive zoning and mandatory housing affordability programs is eligible to serve all populations and prioritized for housing affordable to households with incomes at or below 60% of Median Income. *If additional proceeds are available December 1st, they will be included in the 2022 NOFA awards.

- Incentive Zoning Bonus Program Funds, comprising proceeds from market-rate developments that access bonus floor area under SMC 23.58A.
- Mandatory Housing Affordability Program Funds, comprising proceeds from both commercial and residential development (SMC 23.58B and 23.58C, respectively) for developers selecting the payment option.

II. Competitive Criteria

In addition to advancing the overall goals of the Rental Housing Program, OH will evaluate proposals in the following areas.

- A. Project Plan:** Project descriptions and other supporting sections of the applicant's proposal should explicitly state how the project's features (e.g., location, design, on-site and off-site amenities) support specific goals of the Rental Housing Program. All proposed projects should offer residents easy access to services and job centers. If an applicant is proposing innovative financial or project delivery strategies, those strategies and their impact on the project's cost-effectiveness should be delineated in the application.
- B. Organizational Capacity:** The Office of Housing seeks to invest in organizations that will deliver sound long-term stewardship of scarce housing resources. Underwriting staff will evaluate applicants' demonstrated capacity to develop and deliver their proposed projects on time and within budget. OH seeks to invest in organizations that have a high probability of attracting LIHTC investors and permanent debt lenders, as 50-60% of the typical leverage in most affordable housing projects. Applicants must also demonstrate the capacity to successfully and sustainably operate affordable housing operations over the long term. Notwithstanding the importance of organizational capacity, OH also seeks to invest in organizations and projects that align with the City's Race and Social Justice Initiative and that advance systemic change to eliminate race-based disparities in our community. Organizations that have traditionally worked to address race-based housing inequities and that have authentic and trusted relationships with communities historically underrepresented in affordable housing development, including BIPOC communities, are expressly encouraged to apply to this NOFA. OH staff will work with applicants to seek ways to bolster organizational capacity or moderate expectations on certain factors, such as the depth of an organization's balance sheet. Specific considerations will include the following:
- OH will evaluate applicants' development pipeline relative to the applicant's organizational capacity and proposed staffing plan for the proposed project. Proposals from applicants that have a prior project funded by OH that has not closed and begun construction will be held to a higher standard to demonstrate capacity. This criterion applies to applicants with bridge loans or permanent loan commitments.
 - OH will evaluate applicants' recent development track record, including whether projects were completed within the planned timeframe and budget. OH will also review the performance of the applicant's current OH portfolio, if any, including the presence of a portfolio preservation plan. (See below for more information on the performance measures for existing properties.)
 - OH will look for applicants to affirm an affordable housing mission in their applications, through a track record of experience developing income- and rent-restricted housing, and in their organizational documents as appropriate
 - Applicants must demonstrate an effective model for decision-making and oversight. For example, organizations governed by a board of directors may be assessed on the basis of the diversity of skills held by the directors and the content of organizational bylaws and meeting minutes. Applicants that do not operate under a board structure should provide articles of

incorporation, partnership agreements, or other documentation to sufficiently evidence the nature and structure of the entity and identify the roles and responsibilities of all officers, directors, or other partners.

- Applicants must submit a full suite of third-party audited financial statements (balance sheet, income statement, cash flow statement, and ratios). Applicants that do not have third-party audited financial statements will be required to provide alternate documentation to demonstrate the financial soundness, with the parent organization and any subsidiaries broken out, in addition to consolidated totals. Audits must comply with consolidation rules under US GAAP. Audits must include any management letters from the auditor, and must reflect an unqualified opinion with no findings or material weaknesses that would be cause for concern about the financial operations of the applicant. In general, OH's review shall apply the following thresholds:
 - i. Current assets should exceed current liabilities by a margin of 1.2:1.
 - ii. Cash ratio: cash + cash equivalents should equal .5 to .75 of current liabilities.
 - iii. Days cash: organization should have 90 days cash at its disposal.
 - iv. Working capital: current assets minus current liabilities should be positive.
 - v. Statements should show a positive trend in net assets.
 - vi. Twelve-month cash flow statements may be requested.
 - vii. YTD Financial Statements may be requested.

Note: Applicants that do not have direct experience in developing, owning and managing affordable housing may demonstrate capacity by partnering with more experienced organizations. OH will evaluate any proposed partnerships to ensure they meet the needs of the proposed project and are sustainable for an appropriate length of time; if necessary, OH reserves the right to request additional materials demonstrating the capacity of partner agencies. If applicants seek to develop and operate housing through partnerships, the above criteria shall apply to the partner assuming primary ownership responsibility and financial risk for the project.

- C. Race and Social Justice Initiative (RSJI):** The Race and Social Justice Initiative is the City of Seattle's commitment to end institutional racism in City government and to achieve racial equity across our community. The initiative is especially focused on systemic change to eliminate race-based disparities in our community. Applicants must demonstrate how the proposed project advances race and social equity in Seattle. One method applicants can use to demonstrate this would be a race and social justice equity analysis of their project proposal and their internal agency/organization operations. Applicants are strongly encouraged to use the racial equity toolkit such as one developed by the Housing Development Consortium found [here](#) or tools available through the City's Race and Social Justice Initiative found [here](#).
- D. Performance of Existing Properties:** OH also seeks to invest in organizations that successfully operate existing properties. If an applicant has projects in the OH portfolio, OH will ensure that the organization is in good standing as defined in the 2021-2023 Housing Levy Administrative & Financial Plan and associated Housing Funding Policies. Other applicants should submit alternate evidence of successful operations and compliance with regulatory requirements; projects employing low-income housing tax credits, for example, should demonstrate compliance with the requirements of the relevant housing finance agency.

E. Cost-Effectiveness

In order to help ensure OH's proper stewardship of scarce resources, all proposals must demonstrate a cost-effective investment of public funding. **Projects with per-unit development costs that exceed the 2021 Washington State Housing Finance Commission's cost limits will receive significant scrutiny during the underwriting process.** All projects should meet the standards described below, and all proposals, including those employing traditional financing tools, should describe how cost-saving measures are integrated into project design and development.

- To be competitive, applicant projects' development costs should fall below the total per-unit limits established by Washington State Housing Finance Commission for the current year. Projects that are 5% or 10% or below the cost limits will be eligible for an additional cash incentive in their Developer Fee (see [Appendix F](#)).
 - Per-square foot and per-unit construction costs should reflect current market trends. Projects will be compared to average hard costs, and to other projects proposed in a given funding round. OH will seek third-party analysis to ensure costs are aligned with the market. Applicants may be asked to revise their budget. OH has secured a construction consultant that is available, for technical assistance in advance of the NOFA submission for a fee-for-service, please contact Jerome Burns, jerome.burns@seattle.gov or by phone at (206) 684-7237.
 - Applicants should demonstrate negotiation of property acquisition that ensures a competitive purchase price and reflects factors such as site work challenges and zoning limitations (see minimum requirements for purchase agreements below).
 - Design should promote efficient use of space. When possible, developers and designers should draw upon their prior experience with similar projects. Projects that do not maximize the development capacity of the site should explain why this is necessary or advantageous.
 - Design should also demonstrate use of sustainable materials and systems that create long-term operational efficiencies.
 - Parking is no longer required for affordable housing projects, by code. Projects with parking proposed in their development should prepare a justification and cost-analysis for OH review.
 - Applicants should demonstrate that they have secured competitive fees for contractors and professional services.
 - Applicants should explain the inclusion of any project costs that are not included among standard eligible costs for OH projects.
 - Proposals should describe a thoughtful plan to competitively select contractors and minimize change orders.

- Proposals should show a clear delineation of project team functions that avoids redundant design and project management fees.
- Applicants must negotiate purchase (or option) agreements with reasonable terms:
 - i. Agreements must require the purchase price to be supported by current appraised value.
 - ii. Agreements may not include automatic cost escalators that would cause the purchase price to exceed the current appraised value.
 - iii. Agreements must comply with the Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA) – see Policies and Procedures.
 - iv. Extension fees and earnest money deposits should be applicable toward the purchase price (and must be if the purchase price is equal to the appraised value). Applicants are strongly encouraged to consult with OH prior to payment of nonrefundable extension fees.
 - v. Agreements must comply with federal fund source requirements.

F. Capital Leverage

Consistent with housing policies and to achieve OH production goals, it is necessary for OH investment to be leveraged with other public to the maximum extent practicable. OH will consider the following in evaluating funding proposals:

- City funding as a percentage of total development costs.
- Proposed sources of public funding and potential timing and amount of financing award(s) from other City departments, King County and the State of Washington.
- The applicant’s capacity to secure other funding sources. In the case of projects proposing to employ an allocation of low income housing tax credits, OH seeks to invest in applicants with a high likelihood of securing a tax credit investor and negotiating favorable investment terms.
- OH assumes that projects proposing the use of 9% credits from the Washington State Housing Finance Commission (WSHFC) will provide housing for people who are experiencing homeless. If you plan on seeking 9% credits and are not proposing to include units dedicated for households who are homeless, rationale will need to be discussed with OH during the pre-application meeting.

G. Operating and Service Leverage

For projects serving extremely low-income and special needs households that depend on ongoing operating and/or service support, applications must demonstrate a high likelihood of securing needed levels of subsidy. OH’s underwriting of such projects will include a review of the applicant’s track record for securing mainstream resources and the project’s competitiveness for limited service and operating dollars. If proposing a 4% project, applicants should show service expenses “below the line.”

H. Schedule

OH continues to emphasize readiness throughout the competition. Projects that cannot be under construction by March of 2024 will be deemed less competitive and encouraged to apply in a subsequent funding round.

III. Basic Loan Terms and Conditions

OH financing shall generally be in the form of long-term loans. Loan conditions are meant to promote and encourage long-term use of properties for low-income housing. The basic loan terms and conditions for the Rental Housing Program are highlighted within this NOFA section. Descriptions of these and additional [OH Loan Conditions, page 16](#) are detailed in OH Housing Policies⁵. A project-specific set of terms and conditions will be included in final loan documents, based on the type(s) of funding dedicated to a project.

A. Loan Term

All permanent loans will be for a minimum of 50 years. Any unpaid principal balance and accrued, but unpaid interest on OH loans will be due and payable at the end of the 50-year loan term. Loan documents may provide borrowers with an option of extension, or, in certain circumstances, satisfaction of some or all of the amounts owing through extended provision of affordable housing.

B. Interest Rate

The interest rate for projects not using low-income housing tax credits will generally be 1%. The interest rate for projects using low-income housing tax credits will be a minimum of 1% simple interest and a maximum of the Applicable Federal Rate for the purposes of Section 42 of the Internal Revenue Code, depending on the project's projected capacity for repayment. The actual interest rate for projects using low-income housing tax credits will generally range from 1% to 3% and will be set on a case-by-case basis. The interest rate may exceed 1% where there is a net financial benefit to the project. Interest on program loans will accrue annually as simple interest.

C. Repayment

OH will generally make deferred payment loans that are payable in full on sale, on change of use, or at the end of the loan term. Terms generally will permit borrowers to further defer payment of principal, deferred interest, and contingent interest by extending the loan term. Cash flow payment loans, or loans requiring periodic payment of some or all interest, will generally be required if project proformas indicate that the borrower will be able to make payments and meet expenses consistent with rent limits. Required payments may be set to begin at a future date, such as after a tax credit compliance period. Terms of repayment will be established in the award letter and again at the time the regulatory agreement is executed. OH may agree to an owner's request to modify repayment terms at a future date, such as after a tax credit compliance period, if the Director finds that the change is necessary under certain conditions.

⁵ [Loan Conditions \(Section VI, pp. 16 -21\) of Seattle Housing Funding Policies](#), as adopted by Seattle City Council by Ordinance 125308 and amended by Ordinance 119531 in 2019).

D. Contingent Interest

Contingent interest shall be required for all projects at maturity, except as described in the Administrative and Financial Plan or in the event of a change of use or sale of property before the loan maturity date. Contingent interest shall be calculated according to a formula established by OH.

E. Covenant

A covenant will be recorded against the property that requires continued use of the units funded by the City as low-income housing for the stated term of the loan, and for any period for which the loan is extended or remains outstanding. Unless otherwise agreed by the Director of the Office of Housing, the covenant shall continue in effect if the loan is repaid or discharged before the maturity date.

OH advises applicants to review additional [OH Loan Conditions, page 16](#) which include, but are not limited to: the transfer and assumption of loan/property, refinancing of private debt, supportive housing, prepayment premium, loan term extension, debt satisfaction through extended affordability, and the submittal of a property management plan.

IV. OH Policies and Procedures

OH's Housing Funding Policies contain the majority of policies that govern the use of OH funds for rental housing development. The most relevant sections of these policies are included in NOFA Appendices A through C. This section provides an overview of select policies, as well as additional policy direction that applies to projects submitted in this funding round. Borrowers should be prepared to comply with any policy applicable to federally funded projects.

A. Developer Fee Schedule

Developer fees are an eligible development budget expense and must relate to actual work needed to develop the proposed project. The proposed fees must be consistent with the OH Developer Fee Schedule included in [Appendix F](#).

B. Good Standing on Existing Loans and Subsidy Contracts

The applicant, proposed borrower and all of their affiliated entities (whether or not involved in the proposed project) must be in Good Standing on all existing loans and subsidy contracts administered by OH. Borrowers are notified annually if they are not in Good Standing. See the [Housing Funding Policies, page 47](#) (Project Monitoring: Section C, page 30) for the complete Good Standing policy.

C. Environmental Review and Choice Limiting Actions

Applicants that receive federal funds will have to submit their project for an additional environmental review under the National Environmental Policy Act (NEPA). For most projects, this will entail submission of additional materials such as a noise study, and complete mitigation plans for any environmental concerns discovered. Applicants must also avoid taking any choice limiting actions such as demolition or signing of contracts (other than purchase options or conditional contracts).

D. Consistency Certifications (Siting Policy, Neighborhood Notification)

All projects must obtain certifications of consistency with the City of Seattle Consolidated Plan, Housing Funding Policies, and as applicable, the Regional Homeless Authority's strategic plan/continuum of care plan(s). Applicants should allow for 30 days processing time, and should note two important policies that must be followed to receive a Consistency Letter:

- *Development Siting Policy:* Projects must not add extremely low-income housing units in excess of the capacity for such housing in the project's Census block group. See Housing Funding Policies [Section 9, page 65](#), for the complete policy.
- *Neighborhood Notification and Community Relations Policy:* Applicants must prepare a draft community relations plan, prior to applying for OH funds. See Housing Funding Policies [Section 9](#), (page 65), and visit the [OH website](#) for the complete set of [guidelines and instructions](#).

E. Bidding and Contracting

Borrowers shall make every reasonable and practicable effort to utilize a competitive public bidding process. OH strongly encourages rigorous competitive selection to capture competitive pricing. Applicants must propose a competitive process for contractor selection in their application (see Attachment 3 - OH Addendum). The following rules apply:

- Price must be a factor in the competition. At minimum, the solicitation must ask for proposed contractor fee, overhead and markup, and must address contract type and construction delivery methods (see paragraph below).
- Borrower must be able to provide to OH an explanation of the subcontractor selection process, and bid breakouts with labor and materials for each subcontract.
- Borrower must ensure transparency in the selection of contractors.
- Borrowers may request a waiver from the OH Director to competitively select the general contractor based on specific project or market conditions. Borrowers seeking a waiver must take steps to ensure competitive pricing and submit all of the information described in the OH Addendum with the waiver request.

OH reserves the right to review and approve the solicitation process, contract type and construction delivery methods prior to implementation. OH approves of the use of Cost Plus a Fee with a Guaranteed Maximum Price and Stipulated Sum Contracts, and strongly encourages the use of "open book" contracts. Applicants seeking to use alternate types of contracts may propose to do so in their NOFA application. Once a general contractor is selected, OH will review the construction contract and any amendments prior to execution. The applicant can request a waiver to competitively select the general contractor under certain conditions. The waiver request should be submitted in writing for OH approval.

F. Utility Allowances

Seattle OH programs primarily use the Seattle Housing Authority's (SHA) utility allowances when determining maximum rent levels (see [Income & Rent Limits](#)). These utility allowances are available on [SHA's website](#). Applicants may be awarded HOME funding, in which an alternative utility allowance methodology is required. OH will inform the applicant at the time of award which utility allowance methodology will be required for the awarded project. Please see the OH website for additional information: [here](#).

G. Fair Contracting, WMBE Utilization, and Section 3

Borrowers must comply with the City's Fair Contracting Practices Ordinance. Borrowers and their general contractors shall be encouraged to take actions, consistent with that ordinance, which would increase opportunities for women and minority business enterprises (WMBEs). A combined WMBE goal of 14% of the total construction and other contracted services contracts shall apply for all affordable rental housing capital projects funded by OH. OH shall encourage additional efforts to increase WMBE participation, including mentoring programs and participation in apprenticeship and other training opportunities.

In addition, projects that are awarded federal funds must comply with Section 3 of the Housing and Urban Development Act of 1968, which requires that all economic opportunities generated by HUD funding be directed, to the greatest extent feasible, to low-income persons residing in the community where the project is located. Borrowers and their contractors must complete a Section 3 plan stating numerical goals for contracting and hiring that meet federal targets as well as a description of the efforts they will make to achieve these goals. OH will provide connections to agencies serving Section 3 businesses and workers to assist in these efforts.

Both WMBE and Section 3 should be addressed in the section of the application where a bidding/contracting process is proposed. Once construction begins, Borrowers will be required to report regularly on progress toward meeting WMBE and Section 3 goals, if applicable. OH will provide further instruction upon fund reservation.

H. Evergreen Sustainable Development Standard (ESDS)

Since 2003, OH has required sustainable building plans as a part of its policy to promote energy conservation, sustainable building practices and operational savings in affordable multifamily housing projects. Upon adoption of a state-wide *Evergreen Sustainable Development Standard* in response to RCW 39.35D.080, OH joined the State in requiring a uniform minimum level of sustainability in projects funded by OH and the State Housing Trust Fund (HTF). Funding applications to OH and the HTF require applicants to use the [Evergreen Checklist](#) to demonstrate how a proposed project will meet the *Evergreen Standard*.

Note: The State Department of Commerce has updated ESDS to address changes in the State's Energy Code and fix inconsistencies in the current standard. Applicants will be required to follow the new ESDS and submit the updated Evergreen Checklist with their application for City funds. More information here: [Evergreen Sustainable Development - Washington State Department of Commerce](#)

I. Residential Prevailing Wage Rate Policy

State Residential Prevailing Wage Rates shall be the minimum rates applicable to all projects funded by the Rental Housing Program, unless a higher minimum rate applies or an exception is made as allowed in this paragraph. When federal funds trigger prevailing wages determined under the Davis Bacon Act in a project, the higher of either the State Residential Prevailing Wage Rates (unless modified as stated below) or Davis-Bacon wage rates will apply to each job classification, unless applicable law requires otherwise. The OH Director may approve a change in these requirements if necessary to achieve compatibility with a state or federal funding source or to promote inclusion of Levy-funded units in mixed income and/or mixed-use buildings.

Visit the OH website (<http://seattle.gov/housing/development/construction.htm>) for the complete OH Wage Rate policy, accompanying procedures, contractor and subcontractor forms, and instructions for looking up wage rates. Borrowers should check published wage rates regularly as they are updated frequently.

J. Relocation, Displacement and Real Property Acquisition

Development of affordable rental housing should be designed to minimize displacement of households and businesses. Any temporary relocation or permanent displacement of households or businesses must comply with all applicable provisions of (a) Seattle Municipal Code 20.84– Relocation Assistance; (b) the City’s Just Cause Eviction Ordinance; and (c) for projects using federal funds, the federal Uniform Relocation Act (URA), section 104(d) of the Housing and Community Development Act of 1974, the City’s [Residential Anti-displacement and Relocation Assistance Plan \(RARAP\)](#), and any other relocation regulations and handbooks applicable to the particular funding program. Federally funded projects involving any acquisition, rehabilitation or demolition must also comply with all applicable URA provisions.

These policies, laws and regulations contain, among other requirements, different timelines under which households must be given various notices and provided financial assistance under certain circumstances. Consultation with OH staff prior to submission of applications for funding is required for any applicant whose project will involve acquisition, demolition, rehabilitation, or temporary or permanent relocation activities. In order to reduce the risk of impairing eligibility for funding, applicants should not take any action regarding these activities prior to consultation with OH staff. Applicants are responsible for assuring and documenting compliance.

Note: Because this NOFA includes federal funds, applicants must assume that federal requirements will apply unless advised otherwise by OH. In order to comply with relocation requirements, any purchase and sale agreement or option agreement should contain provisions that enable the applicant to obtain tenant income and rent information and give notices to both existing and incoming tenants from the time of application through acquisition closing. Whether or not relocation is contemplated, the applicant must ensure that its acquisition will be a “voluntary transaction”. This means that applicants must, prior to making an offer for the property, clearly advise the owner in writing that the transaction is not an eminent domain transaction, and inform the owner of what the applicant believes to be the fair market value of the property. In addition, applicants must not pursue any choice-limiting actions prior to the completion of environmental review under the National Environmental Policy Act (NEPA).

V. Application Information

A. Application Assistance

Prospective applicants should review this document thoroughly to understand City funding priorities, program requirements, and the City's application process. OH staff is available to assist applicants understand City programs and policies and to provide feedback and comments on project concepts in the early stages of pre-development.

OH expects applicants to either have real estate, development, and management experience or to partner with agencies who do. For information on housing development organizations, call the Seattle King County Housing Development Consortium (HDC) at (206) 623-4669.

B. Pre-Application Meetings

Applicants proposing new capital projects (projects that have not previously received a city funding commitment) must schedule a meeting with OH prior to submitting an application for funding. In the meeting, applicants should demonstrate how the proposed project meets the City’s goals and priorities. OH will provide feedback as to how the project aligns with available funding and program policies.

Staff from OH’s Capital Investments Team, asset management, and race and social justice Change Team may be in attendance at the pre-application meetings. OH may also include City staff from other departments, such as the Department of Neighborhoods and the Office of Economic Development, as well as other local and state funding agencies. The purpose of including more partners in the pre-application meeting is to promote a coordinated approach for development and financing with project partners and co-funders.

To arrange a pre-application meeting, please call Laurie Olson at (206) 615-0995 or email laurie.olson@seattle.gov.

C. Information Session

OH will offer one Information Session on Friday, August 5, 2022 from 11:00 a.m. -12:00 noon PDT [via Cisco WebEx](#) (Password: NOFA) online virtual meeting technology. The session will be recorded and the slide deck and a copy of the questions and answers will be made available on OH’s website. Any agency interested in learning more about this NOFA is encouraged to attend the session. Attendance is not required.

D. Application Schedule

The following are important dates to remember:

- August 5th Information Session 11:00 a.m. to 12:00 noon
- August 30th Last date to have a pre-application meeting
- **September 15th Applications due to OH no later than 12:00 noon**
- December 8th Award Announcements - *Estimated*

E. Electronic Application Components

The City electronic application is composed of the following parts:

1. **OH Table of Contents/Checklist** is a MS Word document containing a comprehensive list of all the narrative sections, Excel forms and attachments required for the OH application.
2. **Combined Funders Application (CFA) – Narrative Questions** is a MS Word document that contains the narrative questions that the State of Washington, the Washington State Housing Finance Commission, King County and the City of Seattle have agreed to use for the convenience of applicants. The narrative questions are divided into “Sections.” For example, Section 1 is “Project Summary.”

3. The **City of Seattle Office of Housing Addendum** is a MS Word document that includes additional questions regarding race and social justice and provides additional information unique to the City of Seattle funding requirements.
4. **Combined Funders Application (CFA) – Project Workbook** is a MS Excel document that is divided into “Forms.” For example, Form 1 is “Project Summary” and Form 2A is “Building Information.” Form 1 should be filed behind Tab 1 after the narrative Section.

F. Completeness and Assembly

Electronic Applications must contain all above required components to be considered for funding. Incomplete applications may be returned to applicants without further review.

For applications seeking operating subsidies to support previously funded capital projects: applicants only need to update and submit CFA forms 1, 2A, 3, 8A, 8B, 8C, 8D, and 8E. For further information, please contact Dan Foley, dan.foley@seattle.gov or by phone at (206) 684-0585.

G. Application Assembly

All applicants must submit one electronic copy to OH via a “drop box” or similar file sharing or cloud storage application system by the September 15, 2022 at 12:00 noon.

Application - Electronic Copy folder should be organized with files that are appropriately labeled and contain all required documents. The Electronic Application requires 11 tabbed sections.

When creating the electronic folders, please organize documents according to the Application Checklist. Please refer to the following visual as a guide:

Name	Type
Project Name - CFA Forms.xlsx	Microsoft Excel Worksheet
Project Name - CFA Sections.docx	Microsoft Word Document
Project Name - Public Funder Addendum.docx	Microsoft Word Document
Tab 2 - Project Description	File folder
Tab 3 - Need & Populations Served	File folder
Tab 4 - Relocation	File folder
Tab 6 - Development Budgets	File folder
Tab 7 - Project Financing	File folder
Tab 8 - Project Operations	File folder
Tab 9 - Development Team	File folder
Tab 10 - Services	File folder

Naming and File Conventions

- Within each folder, name each attachment file with the project name and the name of the document as described on the Application Checklist.

- The Project Workbook must be in Excel format. Narrative responses must be in Word format. Attachments must be in PDF format.
- Scanned copies of paper documents must be legible with reasonably-sized font and, when applicable, include clear signatures and dates.
- PDFs should be searchable whenever possible, and should not be submitted “locked.”
- Please create a folder if there are multiple files addressing a single checklist item.
- If an item is not applicable to your project, simply do not include it; do not create placeholder files for “n/a” items.

Please refer to the following visual as a guide:

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

H. Where to Submit Applications

Please email applications to: Laurie Olson, Capital Investments Manager: Laurie.Olson@seattle.gov
Hard copy submissions are not required.

I. Disclosure of Documents

All proposals and related materials become the property of the City upon delivery to OH. State law, RCW Ch. 42.17, provides that public records are subject to public inspection and copying unless specifically exempted. RCW Ch. 42.17 enumerates limited exemptions a public agency’s obligation to disclose public records. If the applicant believes that portions of its proposal are exempt from disclosure to third parties, the applicant must clearly label the specific portions sought to be kept confidential and specify an exemption that the applicant is relying on. However, acceptance of an application containing such designations by OH is not an agreement that such material is legally confidential, and OH cannot guarantee that such information will not be disclosed. Marking all or substantially all of an application as confidential may result in the application being rejected.

The applicant recognizes and agrees that the City will not be responsible or liable in any way for any losses that the applicant may suffer from the disclosure of information or materials to third parties, nor for any use of information or materials by third parties. Materials submitted by unsuccessful applicants are subject to disposal unless picked up promptly by the applicant, except that OH will maintain one copy in compliance with public record laws.

J. Interpreter Services

Interpreter services for the deaf and materials in alternative formats are available upon advance request. TTY users please call Washington State Relay Service at 1-800-833-6388 and ask to be connected with the Office of Housing at 684-0721.

K. Questions

Please contact Laurie Olson at (206) 615-0995 or email laurie.olson@seattle.gov with any questions about the application process.