



Seattle Office of Housing

NOTICE OF FUNDING

AVAILABILITY

Rapid Acquisition Loans

Short-Term and Permanent Financing for Affordable Rental Housing

2022 Update – Applications Accepted on a Rolling Basis Until

All Available Funding is Awarded

City of Seattle
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1. OH Table of Contents
2. Combined Funders Application – Instructions, Narrative Questions and Attachments
3. Housing Trust Fund Addendum
4. Office of Housing Addendum
5. Combined Funders Project Budgets and Forms

*OH reserves the right to periodically make modifications to this offering. The most updated version will be posted at www.seattle.gov/housing.

I. Overview of Rapid Acquisition Loans

In July of 2021, the City of Seattle Office of Housing announced the availability of \$28.5 million in funding under this special Notice of Funding Availability (“Notice”). This Notice is reserved solely to support Rapid Acquisition Loans that quickly create new low-income rental housing. City Council authorized the one-time funding to support this Notice under Ordinance 126371. The first round of funding applications were due July 28, 2021, at noon. **2022 Update:** subsequent applications will be accepted on a rolling basis until all available funding has been awarded.

Activities funded under this Notice must be consistent with federal regulations, to the extent applicable, and the City’s Rental Housing Program, summarized below in section II. Full details of the City’s Rental Housing Program can be found in the [2021-23 Administrative and Financial Plan for the Seattle Housing Levy](#), [the Seattle Office of Housing's Housing Funding Policies](#), and the [2018-2022 City of Seattle Consolidated Plan for Housing and Community Development](#).¹

Purpose of Rapid Acquisition Loans

Rapid Acquisition Loan funds are intended to support rapid acquisition and delivery of rental housing that serves residents experiencing homelessness, at extreme risk of homelessness, or with incomes of no greater than 50 percent of the area median income. Distinct from most other acquisition financing offered by the Office of Housing, the one-time Rapid Acquisition Loan resources can provide both short-term financing that anticipates future permanent take-out financing or, alternatively, permanent financing. In either case, funds are to be used to take advantage of present unique real estate market conditions in order to make a impact on the housing crisis.

Loans can be made for acquisition of land or buildings. The highest priority for financing under this Notice is acquisition of recently completed but unoccupied buildings. In the case of acquisition of a development site, applications should either: 1) demonstrate that rapid development and available for occupancy will be completed within 12 months of financial closing, or 2) be located in a neighborhood with a high risk of displacement and sponsored by a local, community-based, non-profit organization that is culturally relevant and historically rooted.

¹ The Administrative and Financial Plan and the Housing Funding Policies were recently amended under Ordinance 126377. The new documents, linked here, will take effect on July 25, 2021, 30 days after the Mayor’s signature.

Applications for funding under this Notice will be accepted under two phases. Under the first (now complete) phase applications were due on July 25, 2021, at noon. Thereafter, additional applications will be accepted and evaluated on a rolling basis until all funding is awarded. Projects will need to meet a series of threshold requirements, described below under Section III, to be eligible for consideration. Because funding to support Rapid Acquisition Loans comprises both HOME funds and more flexible sources, the Office of Housing may elect to reserve HOME funding for proposals with characteristics that are most suitable for this source.

Fund Sources for Rapid Acquisition Loans

Federal funds approved under the American Rescue Plan Act of 2021 (ARPA) will be the primary source of funding awarded under this Notice. Available funding totals \$28.5 million. Up to \$12.2 million of this total derives from special HOME funding designated for COVID relief purposes and \$16.3 million from other federal COVID relief funds. The Office of Housing may also support Rapid Acquisition Loans with local resources generated from payment proceeds under the City's incentive zoning, Jumpstart Payroll Tax, mandatory housing affordability programs or other designated local sources.

Project sponsors are encouraged to propose financing plans that leverage City of Seattle resources with funding from other sources, potentially including funds availed under the Washington State Department of Commerce's State Rapid Housing Acquisition Program and the traditional State Housing Trust Fund. The Director of Housing is authorized to make awards that cover 100 percent of a project's acquisition costs; however, whenever practicable the Office of Housing will welcome opportunities to advance additional projects that utilize other resources.

II. Objectives and Priorities

Rapid Acquisition Loans will be awarded in a manner generally consistent with the Office of Housing's existing Acquisition & Preservation Program and/or the objectives and priorities of the Rental Housing Program, summarized below, depending on the nature of financing. Because of the unique circumstances leading to this funding round, Rapid Acquisition Loans will seek also to meet additional objectives.

Key Objectives of the Rental Housing Program

- **Provide Access to Transit:** Access to transit is a priority for all housing projects, as transportation costs are second only to housing costs for most low-income households and many low-income households do not own a car. In particular, OH will prioritize locations near high-capacity transit and light rail station areas, both existing and planned.
- **Provide Access to Opportunity:** OH will prioritize housing project locations that afford low income residents the greatest access to opportunities such as jobs, quality education, parks and open space, and services. To achieve development throughout the City, including in high-cost markets, OH will accept acquisition costs reflecting neighborhood level market conditions.
- **Advance Equitable Development Goals and Address Displacement:** OH will prioritize housing projects that support community development investments in low-income communities, including neighborhoods where marginalized groups have historic roots or access to culturally relevant business and services, and projects in locations where low-income residents have a high risk of displacement.
- **Serve Needs of Residents:** Proposed projects should demonstrate that the proposed location is appropriate. This will vary depending on the project. OH will prioritize, for example, locations near schools and parks for projects with large units that will serve families and locations near senior centers for senior housing.

Special Considerations Under This Notice

In addition to advancing the standard objectives of the Rental Housing Program, projects funded under this Notice are intended to advance certain strategic objectives as well.

- **Expedite affordable housing production through acquisition.** By prioritizing purchase of newly or partially completed properties at a unique moment in the real estate cycle, OH

seeks to bring a substantial number of new rental housing units online within a matter of months. While new development projects are eligible for consideration under this Notice, in general they should capitalize on the acquisition of fully entitled sites that could be constructed within a 12-month period.

- Support community-based organizations to promote anti-displacement outcomes. Site acquisition to support future development will be eligible and encouraged under this Notice in those cases where the site is located in a neighborhood with a high risk of displacement and the project is sponsored by a local, community-based, non-profit organization that is culturally relevant and historically rooted.
- Provide housing for residents experiencing homelessness. While housing approved under this Notice may serve residents with incomes up to 50 percent of the area median, special consideration will be given to proposals that emphasize people experiencing homelessness or at extreme risk of homelessness.
- Support cost-effective housing investment, particularly where rapid acquisition financing is critical to achieve cost savings.
- Leverage external funding for housing development, operations, services, or project related infrastructure investments.

To achieve the strategic objectives of this funding availability for Rapid Acquisition Loans, applicants may wish to consider acquisition of:

- recently or nearly completed buildings that are unoccupied,
- fully entitled development sites with a demonstrated development trajectory that requires no more than 12 months to completion and occupancy, and
- under certain circumstances, occupied buildings with existing low-income residents who may be at risk of displacement. Relocation requirements should be a consideration if the building is occupied by over-income tenants.

III. Requirements and Competitive Considerations

To be eligible to apply for Rapid Acquisition Loan funding, projects and sponsors must meet the following requirements. Applicants can further strengthen their proposals by meeting or exceeding associated priority considerations.

Project Requirements and Priority Considerations

1. Projects must be intended for use as multifamily rental housing. Priority will be given to projects that will serve residents experiencing homelessness, at extreme risk of homelessness, or of very low income, in no case greater than 50 percent of the area median income.
2. Proposals must demonstrate a completion and occupancy date within 12 months of financial closing unless the proposal would address housing affordability in locations at high risk of displacement and is sponsored by a community-based non-profit organization with historic roots and cultural relevance to the neighborhood and proposal. For those properties demonstrating a completion and occupancy date within 12 months of closing, priority will be given to multifamily rental properties that have been recently completed and unoccupied or well under construction. Proposals that contemplate acquisition of an occupied building should demonstrate that existing tenants are low-income and that the acquisition will not lead to displacement and/or significant relocation expense.
3. 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 encouraged to use the racial equity toolkit such as the one developed by the Housing Development Consortium found [here](#) or tools available through the City's Race and Social Justice Initiative found [here](#).
4. Priority will be given to projects working with local, community-based, non-profit organizations that are culturally relevant and historically rooted, and have organizational staff and board composition that seek to reflect the community they serve.
5. Priority will be given to projects that comprise 50 or more units; however, smaller properties may be considered depending on the intended population.

6. Priority will be given to projects located in neighborhoods with access to amenities and transit.
7. The applicant must have site control as evidenced by a purchase and sale agreement or equivalent option. The purchase and sale or option agreement must have reasonable terms that meet current Office of Housing requirements, including:
 - Agreements must require the purchase price to be supported by current appraised value.
 - Agreements may not include automatic cost escalators that would cause the purchase price to exceed the current appraised value.
 - Agreements must comply with the Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA) or local Municipal Code if federal sources are not utilized.
 - If agreements include extension fees, borrower must seek OH approval of such fees and demonstrate the necessity of such fees.
 - Agreements must comply with federal requirements.

Sponsor Criteria

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. Applicants must also demonstrate the capacity to successfully and sustainably manage 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 Notice.

Rapid Acquisition Loans are intended for sponsors with capacity to own and operate low-income housing for at least 50 years under a regulatory agreement. Criteria for evaluating sponsor capacity include:

1. Project sponsors must be in good standing on any OH loans, as determined by the OH Asset Management division. In general for rental housing sponsors, this means:
 - Borrower has submitted up-to-date Capital Needs Assessments (CNAs) for each of its OH-funded properties.
 - Borrower has met annual reserve deposit and minimum balance requirements in all OH-funded properties.
 - Borrower is in compliance with OH regulatory and reporting requirements in all OH-funded properties.
 - All of Borrower's OH-funded properties have passed physical inspections, or Borrower has responded to all inspection notices by correcting cited deficiencies in a timely manner according to instruction provided by OH. *Note: OH may approve a time extension under certain circumstances (e.g., major replacement, weather-dependent repairs, etc.), provided that Borrower has submitted a plan acceptable to OH prior to application. Deferring work to future years in the Capital Needs Assessment or making repairs contingent on OH funding will not be deemed an acceptable plan.*

2. Project sponsor must demonstrate affordable housing as part of their mission, an effective model for decision-making and oversight, the capacity to secure permanent financing for the proposed project within the term of the loan (if short-term), the development capacity to execute the proposed project on time and within budget, and the operational capacity to sustain housing operations for 50 years. The following elements will be evaluated:
 - OH will evaluate the applicant's development pipeline. Evaluation will include a determination of all projects ability to meet their expected development time frames, including projects under construction as well as projects with funding commitments and those still needing funding commitments. Proposals from applicants with projects in their development pipeline having difficulty meeting their development timeframes are generally discouraged from applying. This criterion applies to applicants with outstanding OH bridge loans.
 - OH will evaluate the applicant's recent development track record, including whether projects were completed within the planned timeframe and budget.

- OH will evaluate performance in the applicant's current OH portfolio, if any. For rental housing, the overall occupancy rate should be at least 95% for the prior year as calculated in the Web-Based Annual Reporting System (WBARS).
- Applicants must submit organizational financial audits that demonstrate the financial soundness of the applicant and its subsidiaries. Audits must reflect an unqualified opinion with no findings or material weaknesses that would be cause for concern about the financial operations of the sponsor.

IV. Loan Terms and Conditions

Rapid Acquisition Loans must be used for building or site acquisition, which includes the acquisition of improved and/or unimproved property. If unimproved, the site must have entitlements sufficient to deliver the intended rental housing program with minimal modifications. In most cases Rapid Acquisition Loans will take the form of permanent financing; however, in some cases short-term financing may be more appropriate, and especially in cases where a clear source of permanent project financing has been identified. Such sources of permanent financing may derive from either City or non-City funding sources.

The following loan terms and conditions apply:

- For vacant land and improved income producing properties, the loan to value shall generally be up to 95%
 - OH may allow up to 100% LTV with the following conditions:
 - Borrower can demonstrate the need maintain a high liquidity ratio to meet other lender requirements
 - The site acquisition, prioritized by the City, demonstrates an effective tool to provide immediate housing for homeless, low income and people of color communities
- OH will generally expect City funds to be leveraged with other acquisition sources.
- The short-term loan interest rate on Rapid Acquisition Loans will vary between 1% and 3% simple interest.
- The maximum term of a short-term Rapid Acquisition Term Loan shall be 5 years. For Permanent Rapid Acquisition Loans, the term shall be approximately 55 years with 1% deferred interest.
- An OH regulatory agreement must be placed in first lien position at the time of loan closing. For short-term Rapid Acquisition Loans, the regulatory term on the rental housing property will be a minimum of 20 years. For permanent financing, the regulatory agreement will be approximately 55 years.

V. Application Information

Pre-Application Meeting

Prospective applicants must schedule a pre-application meeting with the Office of Housing prior to application. In the meeting, the sponsor should demonstrate how the proposed project meets the City's goals for short-term or permanent lending and provide details regarding the long-term plans for the site. OH will provide feedback regarding the proposed project's alignment with the City's available funding and program policies.

To schedule a multifamily rental pre-application meeting, please contact Laurie Olson, Capital Investments Manager, at 206-615-0995 or laurie.olson@seattle.gov.

Application Timeline

The first (now complete) round of applications were due July 28th 2021 by noon. Subsequent applications will be accepted on a rolling basis. While OH will respond as quickly as possible to project proposals, applicants should allow for a reasonable review time generally not less than two months and proportionate to project complexity.

Rapid Acquisition Loan Application

Rapid Acquisition Loan applications should be similar to standard permanent OH loan applications. The Combined Funders Application and Housing Trust Fund and Office of Housing Addenda will be required for Rapid Acquisition Loan applications (even if not applying to the Housing Trust Fund). See Attachment 2 for the required narrative questions, forms and attachments.

Application Components

The City application is composed of the following parts:

- **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.
- **Combined Funders Application (CFA) – Narrative Questions** is a Microsoft 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.”
- The **State Housing Trust Fund (HTF) Addendum** contains additional questions and attachments required by the above participating funders, with the exception of the Washington State Housing Finance Commission. The addendum will indicate which number tab questions belong to.
- The **City of Seattle Office of Housing Addendum** requests additional information unique to the City of Seattle funding requirements. The addendum will indicate which number tab questions belong to.
- **Combined Funders Application (CFA) – Project Workbook** is a Microsoft Excel document that is divided into “Forms.” For example, Form 1A is “Project Summary” and Form 1B is “Site Information.” Forms 1A and 1B should be filed behind Tab 1 after the narrative questions of Section s.

Note: The HTF Addendum is required as part of the OH application, whether or not projects are applying for HTF funds.

Completeness and Assembly

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

Application Assembly

All applicants must submit one electronic copy via dropbox or other electronic medium to OH by the application deadline.

Electronic Copy

Applicants must submit all of the application materials electronically via dropbox or other acceptable electronic medium.

When compiling the electronic drive, please order folders 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, clear signatures and dates.
- PDF's 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

Where to Submit Applications:

Please email applications to laurie.olson@seattle.gov.

Laurie Olson, Capital Investments Manager
Office of Housing
City of Seattle, Seattle Municipal Tower
PO Box 94725
Seattle, Washington 98124-4725

Our street address is:

City of Seattle, Seattle Municipal Tower
700 Fifth Avenue, Suite 5700
Seattle, Washington 98104

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.

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 them to connect you with the Office of Housing at 684-0721.

Questions

If you have any questions about application requirements, please contact:

Laurie Olson, Capital Investments Manager, 615-0995, laurie.olson@seattle.gov