



Seattle
Office of Housing

NOTICE OF FUNDING AVAILABILITY
Rental Housing Program

July 24, 2019

Application Due Date: September 17, 2019 at 12:00 p.m.

City of Seattle
Jenny Durkan, Mayor

Office of Housing
Steve Walker, Director



To our applicants:

The Seattle Office of Housing is pleased to announce the 2019 Notice of Funding Availability for the production and preservation of affordable rental housing. In addition, the Office of Housing is announcing the availability of Operations and Maintenance subsidies and Levy Project-Based Vouchers for previously funded 2016 Levy projects.

We anticipate allocating approximately \$45 million dollars through a combination of sources including the 2016 Housing Levy, incentive zoning affordable housing contributions, Mandatory Housing Affordability funds, and Federal HOME and CDBG funds. OH has forward committed two 2019 awards totaling \$21 million, reducing the competitive resources available this fall to \$24 million. Given the critical need to invest in affordable homes in Seattle, Mayor Jenny Durkan is currently exploring additional sources to provide funds to create affordable homes as quickly as possible. Mayor Durkan hopes to announce additional resources in time to be included in funding awards made by the end of the year.

The 2019 NOFA places its priority on the following:

- Permanent Supportive Housing for homeless individuals and families;
- Speed of delivery, innovation and cost-effectiveness; and
- Anti-displacement projects, both new construction and preservation of housing, particularly in communities with a high risk of displacement.

We look forward to compelling, competitive proposals that stretch the public's dollars to increase the supply of permanent affordable housing in response to Seattle's housing crisis.

Seattle is proud to be a place where people of various ages, races, ethnicities, and cultural backgrounds and households of all sizes, types, and incomes can call home. The homes that you, our partners, create with awards from this NOFA are essential to helping us achieve this shared vision. We look forward to your proposals.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Walker".

Steve Walker, Director



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I. Introduction, Goals, and Funding Availability

The City of Seattle Office of Housing (OH) is announcing the availability of approximately \$45 million* in capital funds for the Rental Housing Program.¹ *Please note that OH has forward committed two 2019 awards totaling \$21 million which will reduce the competitive resources available this fall to approximately \$24 million.

This funding is intended to support the production and preservation of rental housing that will provide long-term affordability to Seattle residents. This section provides an overview of the range of goals of the Rental Housing Program and the amounts and types of fund sources available. The goals remain consistent with those established by the City Council-(recently revised and approved) 2019-2020 Seattle Housing Levy Administrative and Financial Plan, as shown below. In addition, the Office of Housing is announcing Operating and Maintenance (O&M) funding and Levy Project-Based Section 8 vouchers for previously funded 2016 Levy capital projects. Requests and funding for operating subsidies are made on a rolling basis and not subject to the deadlines associated with the capital announcement. Previously funded projects may only seek operating subsidies 6-12 – months prior to obtaining a building certificate of occupancy.

As in the past, this NOFA places heavy emphasis on housing for our City’s most vulnerable families and individuals, and especially those who are homeless or at risk of becoming homeless. City funding for these projects is typically leveraged with equity from the 9% low-income housing tax credit program as well as funding from other public funders such as King County and the State Housing Trust Fund. OH is encouraging applicants to seek leverage from all jurisdictions as appropriate to allow OH to stretch resources to fund additional projects.

The Office of Housing will also continue to emphasize housing for low income families and individuals, including low-wage workers. These projects typically employ a combination of 4% low-income housing tax credits and tax-exempt debt and serve income levels (typically 50% and 60% of area median income) that can cover debt service. City subsidy for these projects should be as slim as possible, though it is possible that the Office of Housing will elect to structure certain capital awards for projects utilizing 4% tax credit equity and bonds in a manner that enables inclusion of units serving extremely low-income people.

Finally, this NOFA specifically invites all proposals to substantially reduce their reliance on City (and other public housing) subsidy through reduced development costs, innovative financial structures, or alternative project delivery structures

Rental Housing Program Goals

Regardless of the method by which projects are delivered, the goals of the Rental Housing Program remain central to the funding made available through this notice, as follows:

¹ For a complete description of the Rental Housing Program, see Appendix A.

- 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. (Please see the King County Homeless Housing Funders' [2019 Combined NOFA](#) for additional details regarding the County-wide priorities for capital funding of homeless 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.
- Promote preservation of affordable housing, and prevent displacement of Low Income residents, through purchase and rehabilitation of existing housing.
- 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 displacement.
- Contribute to the development of sustainable, walkable neighborhoods, particularly near high-capacity transit, giving Low Income residents access to transportation, services, and economic opportunity.
- 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.

Within the frame of these program goals, OH will work in collaboration 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.

Funding Availability and Restrictions

Approximately \$45 million* in funding is available under this NOFA. *Please note that OH has forward committed two 2019 awards totaling \$21 million which will reduce the competitive resources available this fall to \$24 million. The funding available under this NOFA is subject to various affordability restrictions. Applicants are encouraged to be familiar with the specific requirements of all available funds, and to ***assume requirements associated with OH's federal funds will apply. Making "Choice Limiting" decisions as defined by HUD prior to your NOFA application will make your project less competitive.*** Applicants do not need to specify which sources they are seeking, as OH will determine

appropriate funds based on project-specific and program-wide considerations. For development budget and underwriting purposes, please follow the 2019 OH Rent and Income Limits found here:

<https://www.seattle.gov/Documents/Departments/Housing/PropertyManagers/IncomeRentLimits/2019%20RHP%20Income%20Limits.pdf>

2016 Housing Levy Rental Preservation & Production Program Funds

Approximately \$26.7 million in funds from the 2016 Housing Levy is available for rental housing development. Total Levy allocations must meet the following affordability restrictions:

- 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.

Federal HOME and CDBG Funds

Approximately \$3.5 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 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.

Incentive Zoning Bonus Program Funds and Mandatory Housing Affordability Payments

The remainder of the funds advertised through this NOFA funding round derive from two sources:

- 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.

Funding from each of these sources is eligible to serve all populations and prioritized for housing affordable to households with incomes at or below 60% of Median Income. Not all funds available from these sources will be expended under this NOFA, as these sources also support funding awards for affordable housing development opportunities made available through site-specific requests for proposal.

Operating & Maintenance Program

The 2016 Seattle Housing Levy includes the Operating & Maintenance (O&M) program with a 7-year goal to support at least 510 new units for 20 years. Funding is reserved for housing units funded with 2016 Seattle Housing Levy capital funds that serve extremely low-income households. The program provides funding to fill the gap between project income and eligible operating and enhanced property management costs, with a maximum initial subsidy of \$2,500 per unit per year. Lower initial O&M subsidy amounts in a proposal will allow for more O&M units. Subsidy awards have a maximum contract term of 20 years, subject to available funding and annual project reviews. This resource must serve households at 30% AMI and below, with a priority for homeless households. Projects serving other extremely low-income households will be considered. For more information on the O&M Program Policies, please see the Operating & Maintenance Program section of the 2016 Seattle Housing Levy Administrative & Financial Plan – Program Years 2019-2020.

Seattle Housing Authority Project-Based 2016 Levy Vouchers

SHA has made available up to 300 Project-based Vouchers for projects that will make long-term commitments to serve households with incomes below 30 percent of area median, with priority for projects that provide supportive services to residents who need assistance to maintain a stable residence and satisfactory quality of life, especially those who are highly vulnerable. Vouchers are restricted to projects funded with capital funds by the City of Seattle from the 2016 Seattle Housing Levy. This resource must serve households at 30% AMI and below, with a priority for homeless households. Projects serving extremely low-income, yet not homeless households will be considered. Projects seeking this resource must be within 12 months of Certificate of Occupancy.

If SHA receives a future award of Veterans Affairs Supportive Housing (VASH) Vouchers, projects applying for rental assistance could be considered for VASH project based vouchers in lieu of other rental subsidy. VASH vouchers are not restricted to projects funded with capital funds by the City of Seattle.

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:** OH seeks to invest in organizations that represent a sound long-term investment of scarce housing resources. OH 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, 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. OH also seeks to invest in organizations and projects that align with the City's Race and Social Justice Initiative. The Race and Social Justice Initiative (RSJI) is the City of Seattle's commitment to realize the vision of racial equity. RSJI is a citywide effort 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. 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 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](#).
- 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. 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 2019-2020 Housing Levy Administrative & Financial Plan. Other applicants should submit alternate evidence of successful operations and compliance with regulatory requirements; projects employing low-income tax credits, for example, should demonstrate compliance with the requirements of the relevant housing finance agency.

D. 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. **OH is emphasizing cost-effectiveness in the 2019 round and this criterion will be weighted heavily during the competition; projects exceeding the 2019 Washington State Housing Finance Commission's cost limits will not be considered as competitive.** For projects that propose new financing or project delivery mechanisms (i.e. scale) to achieve extraordinary cost-effectiveness, applicants must demonstrate how these outcomes are achieved. 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.

- Development costs should (at minimum) not exceed the total development cost per-unit limits established by Washington State Housing Finance Commission for the current year. Projects that exceed such limits will be less competitive for. 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 Elsa Kings at 206-727-3956 or elsa.kings@seattle.gov.

- 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, and build upon previous design work when possible. 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.

E. Capital Leverage: Consistent with OH policies and to achieve OH production goals, it is necessary that every City dollar be leveraged to the maximum extent with other resources. Specific evaluation criteria therefore including the following.

- City funding as a percentage of total development costs.
- The impact of combined public funding requests to the City, 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.
- Projects proposing the use of 9% credits, absent a waiver from the OH Director prior to application, must include at least two special needs set-asides as outlined in the WSHFC policies. Absent pre-approval from the OH Director, OH requires that for one of the two set-asides, at least 20% of the project's low-income units be set-aside for homeless individuals or families.

F. 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".

G. Schedule: OH continues to emphasize readiness throughout the competition. Projects that cannot be under construction by March of 2020 will be deemed less competitive and encouraged to apply in a subsequent year's round.

III. Basic Loan Terms and Conditions

The following section describes basic loan terms and conditions for the Rental Housing Program. The City of Seattle Housing Funding Policies includes more extensive information on loan conditions (see [Section 2](#), pages 18-22). A full set of conditions will be included in OH loan documents.

Loan Term

All loans will be for a minimum term 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.

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 1-3% 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.

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.

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.

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, the covenant shall continue in effect if the loan is repaid or discharged before the maturity date.

IV. OH Policies and Procedures

The large majority of policies that govern the use of OH funds for rental housing development can be found in OH's Housing Funding Policies, the relevant sections of which may be found in Appendices A through C. The following is a select overview of those policies, as well as additional policy direction that applies to projects that apply through this funding round. Borrowers should be prepared to comply with any policy applicable to federally funded projects.

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](#).

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](#) (Project Monitoring: Section C, page 30) for the complete Good Standing policy.

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).

Consistency Certifications (Siting Policy, Neighborhood Notification)

All projects must obtain certifications of consistency with the City of Seattle Consolidated Plan, Housing Funding Policies, and, if applicable, the All Home Strategic Plan. 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 [Section 9](#), Housing Funding Policies, 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 [Section 9](#) (page 69), Housing Funding Policies, and visit the [OH website](#) for the complete set of [guidelines and instructions](#).

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.

Utility Allowances

Seattle Office of Housing 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 our website for additional information: <http://www.seattle.gov/housing/property-managers/utility-allowances>.

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 aspirational 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.

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 at <https://www.commerce.wa.gov/building-infrastructure/housing/housing-trust-fund/housing-trust-fund-evergreen-sustainable-development/>

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.

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

Application Assistance

Prospective applicants should review this document thoroughly to understand City funding priorities, program requirements, and the City's application process. OH expects applicants to either have real estate, development, and management experience or to partner with agencies who do. However, 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. For information on housing development organizations, call the Seattle King County Housing Development Consortium (HDC) at (206) 623-4669. **Previous 2016 Levy Capital awardees applying for operating subsidies only need to update forms 1, 2A, 3, 8A, 8B, 8C, 8D, and 8E.** Please contact Dan Foley at the Office of Housing for further information, 206-684-0585.

Pre-Application Meetings

Applicants proposing new capital projects 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. As in the past, pre-application meetings between project sponsors and OH staff may include a broader range of city departments and partner funder jurisdictions. The purpose of this expansion is to create an integrated approach with partners and co-funders, City departments could include the Department of Neighborhoods and the Office of Economic Development. .

Staff of the Office of Housing's multifamily lending team, asset management team, and race and social justice change team may also be in attendance. To arrange a pre-application meeting, please call Laurie Olson at (206) 615-0995 or email laurie.olson@seattle.gov.

The following dates and times are available for pre-application meetings:

July 24 th 1pm	July 25 th 10am
July 25 th 1pm	July 25 th 2pm
July 30 th , 10am	July 30 th 11am
July 30 th 1pm	July 30 th 2pm
August 1 st 10am	August 1 st 11am
August 1 st 2pm	August 5 th 11am
August 7 th 11am	August 7 th 10am
August 8 th 11amAugust 7 th 11am	August 8 th 10 am
August 13 th 10amAugust 8 th 11am	August 8 th 1pm
August 15 th 1pmAugust 13 th 10am	August 13 th 1pm
August 15 th 1pm	August 19 th 11am

Application Schedule

The following are important dates to remember:

- August 30th Last date to have a pre-application meeting
- September 17 **Applications due to OH no later than 12:00 noon**
- December 7th Award Announcements - *Estimated*

Application Components

The City 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 for Section 9 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.

Completeness and Assembly

Applications must contain all above required components to be considered for funding. Incomplete applications may be returned to applicants without further review. Applications must be assembled in a 3-ring binder and tabbed according to instructions below. OH has recycled 3-ring binders and tabs available upon request.

Application Assembly

All applicants must submit one original hard copy and one electronic copy on CD or flash drive to OH by the application deadline. **OH is working on a SharePoint drive which serve as a portal for due diligence documents at time of application, or post award.*

Application Binder












One original hard copy of the entire application, tabbed, with all required attachments, must be submitted in a 3-ring binder. Large third-party reports and sponsors may be submitted electronically so long as this is noted in the hard copy version. The Application requires 11 tabbed sections.

- **Inside Front Cover of 3-ring Binder:** Affix the CD or flash drive to the inside front cover of the application binder. See below for instructions on the electronic copy.
- **First Pages of Binder:** The OH Table of Contents/Checklist should be placed as the first pages in the application binder, in front of the tabbed sections.
- **11 Tabbed Sections:** For each tab,
 1. Insert the responses to the narrative questions of that **CFA Section**.
 2. Insert that tab's relevant **OH Supplemental Questions**.
 3. Insert that tab's relevant **CFA Forms**. There is no need to add separator sheets between the various forms within a tab.
 4. Insert that tab's **CFA and Addendum attachments** from the OH Table of Contents/Checklist, separated by a colored separator sheet labeled with the name of the Attachment in front of each attachment. Do not add colored sheets for items that are not applicable to your application.

Electronic Copy

Applicants must submit all of the application materials electronically on a USB flash drive or CD. Application documents submitted via email or over the internet will not be accepted. The CD or flash drive must be clearly labeled with the applicant and project name

When compiling the CD or flash 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 mail applications to:

Laurie Olson, Lending 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 to be connected with the Office of Housing at 684-0721.

Questions

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