



**Seattle**  
Office of Housing

## **Notice of Funding Availability**

### **Rental Housing Program**

**Published:** June 28, 2024 on [Funding Opportunities](#)

**Application Due:** Thursday, September 12, 2024 at 12:00 noon.

**City of Seattle**

Bruce A. Harrell, Mayor

**Office of Housing**

Maiko Winkler-Chin, Director



The Seattle Office of Housing is accepting proposals in Fall 2024 for the preservation and new construction of affordable, rental housing in the city of Seattle. This 2024 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 2024 NOFA seeks to fund projects that will address displacement, create, or preserve access to housing for people experiencing homelessness, and increase access to opportunity. The projects that OH funds will 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.

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". The signature is fluid and cursive, with a prominent loop at the beginning.

**Maiko Winkler-Chin, Director**

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- E. [Housing Development Consortium Racial Equity Toolkit](#)

\*Please note, at the time of publication, the 2024-2026 Housing Funding Policies were under consideration by City Council and the version provided at publication of this NOFA was not yet final. The final version adopted by Council will supersede and be made available on the website.

Current versions of these documents can be found on the following webpages:

- [Funding Announcements and Application](#) (Rental Housing NOFA)
- [Housing Policies](#)

## Attachments to be Included in the Application

1. [Combined Table of Contents/Checklist](#)
2. [Office of Housing Addendum](#)
3. Combined Funders Application (CFA) – Narrative Questions and Required Attachments
4. Combined Funders Application (CFA) – Project Workbook (Budgets and Forms)
5. [Certification of Consistency with the City of Seattle Consolidated Plan](#) (Consistency Letter)
6. [Documentation of Compliance with the Development Siting Policy](#) (Siting Determination)
7. [Neighborhood Notification and Community Relations Plan Materials](#)

Information on how to complete items 5, 6, and 7 can be found on the [Funding Announcements and Application](#) (Rental Housing NOFA) webpage and in the OH Addendum. CFA Narrative and Workbook (3 and 4) must be downloaded from the website.

## I. Introduction: Rental Housing Program Goals

The Seattle Office of Housing (OH) is announcing the availability of approximately \$112 million in Rental Housing Program<sup>1</sup> capital funds for the preservation and production of affordable housing located in the city of Seattle. 10% of funds are intended for preservation of OH portfolio units.

Through its affordable housing investments, the City of Seattle seeks to achieve a number of objectives<sup>2</sup>:

- Provide a mix of affordable rental housing, serving a range of households, family sizes, 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 who are disproportionately impacted by housing instability, including, but not limited to, people with long or repeated periods of homelessness, chronic disabilities, criminal records, who served in the US military, or who have other significant barriers to housing.
- Provide housing that offers service delivery models to support recovery for those with substance use disorders.

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<sup>1</sup> For a complete description of the Rental Housing Program, see Appendix A: Housing Funding Policies, Chapter II – Rental Housing Program. However, at the time of publication, the 2024-2026 Housing Funding Policies were under consideration by City Council and the version provided at publication of this NOFA was not yet final. The final version adopted by Council will supersede and be made available on the website.

<sup>2</sup> Program goals and objectives are established in the Housing Levy Administrative and Financial Plan and Housing Funding Policies. However, both documents were under consideration by City Council at the time of publication and not yet final. See note above.

- 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.
- Acquire and preserve existing affordable housing, including occupied buildings that are subsidized rental housing or affordable private market housing, particularly such occupied buildings where low-income residents may be at risk of displacement.<sup>3</sup>
- Affirmatively further fair housing and advance the City’s equitable development goals, including by prioritizing investments in areas where residents have experienced and/or are at risk of displacement (particularly for communities that have been disproportionately negatively impacted by systemically racist practices such as redlining), that provide high access to opportunity, or that have not received significant public investment for affordable housing previously.
- 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.
- Promote City goals to support project sponsors based in community working to address housing inequities and who have the experience and resources to effectively address the needs of underserved communities including Black, Indigenous, and People of Color communities, and others historically excluded from equitable access to housing.

## II. Funding Availability

This NOFA includes funding from local and 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 \$112 million available for awards. If additional resources become available for this funding round, OH will notify applicants and update information on its website.

All applicants should assume **that the relevant US Department of Housing and Urban Development (HUD) program requirements will be applied to housing applications received under this NOFA.**

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<sup>3</sup> <https://seattlecitygis.maps.arcgis.com/apps/Styler/index.html?appid=d52cfd5580f84fb28d574dfbc1bebd5>

**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, OH will determine appropriate fund sources based on project-specific and programmatic considerations.

Housing supported by 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 number of bedrooms) 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 use the 2024 OH Rent and Income Limits found in Appendix C.

## A. Housing Levy Rental Preservation and Production Program

Up to \$47.5 million from the Housing Levy will be available in this NOFA: At least 60% of the sum of Levy Rental Housing Program funds and Operating, Maintenance, and Services Program funds shall be used to support homes 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 November of 2023 and provides property tax revenue over seven years from 2024 through 2030 for the production, preservation, and operations of affordable, rental housing for low-income residents in Seattle.

## B. Federal HOME and CDBG

Approximately \$3.5 million in federal funds, including HOME 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.

## C. Incentive Zoning Bonus Program Funds and Mandatory Housing Affordability Programs

Approximately \$5 million in 2024 projected funding from Seattle’s Mandatory Housing Affordability (MHA) and Incentive Zoning (IZ) land use code requirements is available for housing affordable to households with incomes at or below 60% of Median Income. If additional proceeds are available December 1, they will be included in the 2024 NOFA awards.

- MHA funds are from commercial and residential development in areas upzoned to provide additional development capacity (SMC 23.58B and 23.58C, respectively).
- IZ affordable housing bonus funds are from commercial and residential development with bonus floor area (SMC 23.58A.014 and SMC 23.58A.024, respectively).

## D. JumpStart Payroll Expense Tax (PET)

Approximately \$56 million in PET 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 but can be used to support housing serving households with incomes up to 60% of Area Median Income. Funds may be used for construction or acquisition of rental housing as well as operating, maintenance, and service costs for projects.

## III. 2024 NOFA Priorities

Projects meeting the below priorities will be competitive in the evaluation review by OH.

### Location

- Neighborhoods with little or no OH investment.
- Affirmatively further fair housing and advance the City's equitable development goals by creating affordable homes in areas where residents have experienced and/or are at risk of displacement (particularly for communities that have been disproportionately impacted by systemically racist practices such as redlining), and/or that provide high access to opportunity.

### Population

- PSH or projects housing individuals and families experiencing homelessness.
- At least 20% of units serving households at or below 30% AMI.
- At least 20% of units are larger units (2 bedrooms or greater).

### Readiness

- Demonstrate readiness and financial feasibility through an implementable development plan and operating proforma.
- Proposed project within allowable zoning.
- Project able to obtain permits and be fully funded by March 2026.

### Leverage

- Demonstrate the ability to leverage City of Seattle financing with other public and/or private resources.
- Projects that request less than 40% of Total Residential Cost in OH funding.

## IV. Threshold Criteria

The following items will be considered Threshold Items.

- Application submitted on time (no exceptions).
- Complete application, including attachments listed in the table of contents. Incomplete applications will be provided a 15-day cure period.
- All applicants must schedule a pre-application meeting with the OH's Capital Investments team.

- Consistency Letter submitted by at latest August 22, **3 weeks in advance of application deadline** and included in application. Please note that it can take up to 30 days to process requests for a Consistency Letter, please plan accordingly. This letter must be submitted with the application.
- Siting Determination submitted by at latest August 22, **3 weeks in advance of application deadline** and included in application. Please note that it can take up to 30 days to process requests for a Siting Determination, please plan accordingly. This determination must be submitted with the application.
- Neighborhood Notification and Community Relations – **Neighborhood Notification activities must be conducted prior to application submission** and documentation of Neighborhood Notification must be included with the final application. A *draft* Community Relations Plan must be included with the final application but does not need to be finalized or implemented until after award.

Information about Consistency Letters, Siting Determinations, Neighborhood Notification and Community Relations can be found on the OH website. See list of attachments and link in table of contents.

## V. Competitive Criteria

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

- Project Plan
- Development Team and Experience
- Financing and Affordability
- Development Program and Outcomes
- Planning and Design

### 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 the priorities of the Rental Housing Program. 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.

**Schedule:** OH continues to emphasize readiness throughout the competition. Projects that cannot be under construction by March of 2026 will be deemed less competitive and encouraged to apply in a subsequent funding round.

### B. Development Team and Experience

OH 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 also seeks to invest in organizations that have a high probability of providing required guarantees for construction debt, 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 over the long-term.

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 communities. Organizations that have traditionally worked to address race-based housing inequities and that have relationships with communities historically underrepresented in affordable housing development, including BIPOC communities, are expressly encouraged to apply to this NOFA.

<b>Minimum Requirements</b>	
<b>Approval to Participate</b>	<ul style="list-style-type: none"> <li>A signed Board of Directors or other Corporate resolution authorizing requested amount to OH and their approval of the application submittal.</li> <li>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. Roles and responsibilities of all officers, directors, or other partners are listed.</li> <li>Description of decision-making and oversight model used by the sponsor(s)</li> </ul>
<b>Organization Financials</b>	<p>Most recent three (3) years of audited financials for organizations participating in project. 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. OH’s review shall apply the following thresholds:</p> <ol style="list-style-type: none"> <li>1. Current assets should exceed current liabilities by a margin of 1.2:1.</li> <li>2. Cash ratio: cash + cash equivalents should equal .5 to .75 of current liabilities.</li> <li>3. Days cash: organizations should have 90 days cash at its disposal.</li> <li>4. Working capital: current assets minus current liabilities should be positive.</li> <li>5. Statements should show a positive trend in net assets.</li> <li>6. Twelve-month cash flow statements may be requested.</li> <li>7. YTD Financial Statements may be requested.</li> </ol> <p>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.</p>

Development Team Composition	<p>As needed, Memorandum Of Understanding (MOU) between development partners describing responsibilities and roles between development partners.</p> <p>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.</p>
<b>Competitive Criteria</b>	
Commitment to Race and Social Justice (RSJ) Principles	<ul style="list-style-type: none"> <li>• Race and social justice contribute to the project vision, mission and composition of the applicant and partnerships.</li> <li>• Organizations demonstrate an RSJ commitment through strategic planning, trainings, etc. to address equity and anti-racist practices.</li> </ul>
Project Portfolio	<ul style="list-style-type: none"> <li>• Organizations have experience developing multi-family, mixed-use projects serving vulnerable populations.</li> <li>• Developed multi-family projects using public and private financing.</li> <li>• As needed, partnerships with BIPOC and community-based organizations on previous projects that have improved housing access and outcomes for BIPOC and other marginalized communities.</li> <li>• In compliance with OH for previously funded projects, with minimal projects returning for additional funding after award.</li> <li>• OH will evaluate applicants' recent development track record, including whether projects were completed within regulatory requirements, sound fiscal compliance, within the planned timeframe and budget.</li> <li>• Review the performance of the applicant's current OH portfolio, if any, including the presence of a portfolio preservation plan.</li> <li>• Applicant is in Good Standing as defined in the 2024-2026 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.</li> </ul>
Team Composition	<p><b>Relationship with secondary developer (if applicable)</b></p> <ul style="list-style-type: none"> <li>• Strong partnership between primary and secondary developer to</li> </ul>

	<p>build organizational and staffing capacity, knowledge, and experience.</p> <p><b>Construction management</b></p> <ul style="list-style-type: none"> <li>• Demonstrated experience in construction and construction management of multi-family, mixed-use residential projects that are completed within budget and on schedule.</li> <li>• Demonstrated experience complying Residential wage rate standards</li> </ul> <p><b>Environmental</b></p> <ul style="list-style-type: none"> <li>• Experience with platting actions, permitting, environmental review and approval, and design review on comparable development projects in the city of Seattle.</li> <li>• Experience in environmental engineering, sustainable design, and development, and/or green stormwater infrastructure best management practices.</li> </ul> <p><b>Legal</b></p> <ul style="list-style-type: none"> <li>• Experience in affordable housing development and public/private development.</li> <li>• Experience in Seattle land use and zoning.</li> </ul>
Comparable Financing Experience	If applicable, experience with applying for, and securing, LIHTC, and placing LIHTC-funded buildings in service.
Comparable Management Experience	<ul style="list-style-type: none"> <li>• Proposed property manager, or lead developer’s management entity, has experience managing at least 60 residential units in the city of Seattle within the past seven (7) years.</li> <li>• If applicable, experience with LIHTC compliance.</li> <li>• Property manager’s experience and approach increase or improve housing access to BIPOC and/or marginalized communities.</li> </ul>

### C. Financing and Affordability

To help ensure OH’s proper stewardship of scarce resources, all proposals must demonstrate a cost-effective investment of public funding. 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, project development costs should match the per-unit limits established by Washington State Housing Finance Commission (WSHFC) for the current year. **Projects with per-unit development costs that exceed the 2024 WSHFC’s cost limits will be scrutinized during the underwriting process.** 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 B).

Minimum Requirements	
Affordability	All rental units are affordable to households at, or below, 60% AMI.
Ability to Finance	<p>Asset statements and letters of credit must demonstrate the capacity to secure pre-development, construction financing, and permanent financing for the proposed project.</p> <ul style="list-style-type: none"> <li>• 4% deals <ul style="list-style-type: none"> <li>○ Standard liquidity requirements</li> <li>○ Standard guarantor requirements</li> </ul> </li> <li>• Non-4% deals <ul style="list-style-type: none"> <li>○ Standard construction loan guarantor requirements</li> </ul> </li> </ul>
Competitive Criteria	
Acquisition	<p>Applicants should demonstrate negotiation of property acquisition that ensures a competitive purchase price and reflects factors such as site work challenges and zoning limitations.</p> <p>Applicants must negotiate purchase (or option) agreements with reasonable terms:</p> <ol style="list-style-type: none"> <li>1. Agreements must require the purchase price to be supported by current appraised value.</li> <li>2. Agreements may not include automatic cost escalators that would cause the purchase price to exceed the current appraised value.</li> <li>3. Agreements must comply with the Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA) – see Policies and Procedures.</li> <li>4. Agreements must comply with federal environmental assessment requirements and may not include “choice limiting” activity language</li> <li>5. 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.</li> <li>6. Agreements must comply with federal fund source requirements.</li> </ol>
Project Financing	<ul style="list-style-type: none"> <li>• The financing proposal, with sources and uses, support the proposed project and is in accordance with current industry underwriting standards.</li> <li>• Proposed total development costs and operating budgets are within current industry parameters. Project financing proposal will be evaluated based on the feasibility of the underwriting, including,</li> </ul>

	<p>the reasonableness of estimated development and operating costs, proposed rents and other income, the feasibility and terms of the financing sources, and the ability to support operating expenses, capital costs, and debt service to complete and operate the proposed project.</p> <ul style="list-style-type: none"> <li>• Applicants should explain the inclusion of any project costs that are not included among standard eligible costs for OH projects.</li> </ul>
<p>Capital Leverage</p>	<p>Application is consistent with housing policies and goals; it is necessary for OH investment to be leveraged with other public investments to the maximum extent practicable.</p> <ul style="list-style-type: none"> <li>• City funding as a percentage of total development costs.</li> <li>• 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.</li> <li>• Allocation of Low-Income Housing Tax Credits with favorable investment terms.</li> <li>• Projects proposing the use of 9% credits from the Washington State Housing Finance Commission (WSHFC) will likely provide housing for people who are experiencing homelessness.</li> <li>• Rationale for applications seeking 9% credits that do not intend to dedicate housing for people experiencing homelessness</li> </ul>
<p>Rents and Market Comparables</p>	<ul style="list-style-type: none"> <li>• Rents of residential units should be below the market rate for the local geographic neighborhood.</li> <li>• 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.</li> <li>• Priority will be given to projects that propose at least 20% of units that are 2 bedrooms or more.</li> <li>• Priority will be given to projects that propose at least 20% of units serving households at or below 30% AMI.</li> <li>• Strong consideration will be given to projects that propose a majority of units serving households at or below 50% AMI.</li> </ul>
<p>Operating and Service</p>	<p>Applications serving extremely low-income and households with special needs that are seeking ongoing operating and/or service support, must demonstrate a high likelihood of securing needed levels of subsidy.</p> <p>Services and operations will be balanced with levels of subsidy and resident</p>

	quality of life.
Community/Commercial Spaces	If community or commercial spaces are included, they must generate enough rental income, or equity must be provided, to support all associated development costs, including hard and soft costs.  Non-residential income and equity assumptions must be described in detail and include information about funding sources and/or rent comparables.
Financing Capacity	Financing capacity will be evaluated based on the strength of the Applicant's assets, bank, investor, or other lender references, and current and historical commitments that demonstrate the respondent's ability to secure financing, meet lender's equity and other lending requirements, provide necessary guarantees, absorb cost overruns, and start and complete construction of the proposed project according to the proposed development schedule.

## D. Development Program Outcomes

Competitive Criteria	
Housing Outcomes for BIPOC Communities	The application will be evaluated within the context of the City's commitment to eliminate racial disparities and achieve racial equity in Seattle. Given the history of institutionalized racism, historic, and current racism experienced by BIPOC communities, the application will be evaluated as to whether it will improve housing access and outcomes for these and other marginalized communities.
Anti-Displacement Strategies	Demonstrates commitment to anti-displacement strategies and tools, which may include a Community Preference policy.
Commercial and/or Community Uses	Demonstrates the uses and configuration of the site contribute to the economic health of the neighborhood, addresses the needs community has identified and enhances the commercial and community uses in the neighborhood.

## E. Planning and Design

Minimum Requirements	
Licensure	Plans and drawings are to be a concept design – preliminary schematic design phase.  Preliminary design must illustrate a clear understanding of the

	development teams approach and vision.
Site Plan and Design	<ul style="list-style-type: none"> <li>• Considerations for any Environmentally Critical Areas</li> <li>• Considerations for slope and liquefaction</li> </ul>
<b>Competitive Criteria</b>	
Building Design and Construction	<p><i>Design and construction</i></p> <ul style="list-style-type: none"> <li>• Describe proposed construction schedule.</li> <li>• Building design is consistent with the proposed construction budget, schedule, and development program.</li> <li>• Design and construction methods reduce or contain costs, create high-quality site and building designs.</li> <li>• 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.</li> </ul>

## VI. 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. However, the following terms and descriptions are not exhaustive and complete descriptions of these and additional Loan Conditions detailed are contained in Chapter II Section 2.D of OH’s Housing Funding Policies. Applicants are strongly encouraged to review the Loan Conditions in their entirety in the Housing Funding Policies. 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's development financing. Interest on program loans will accrue annually as simple interest.

### C. Developer Fee

The cash portion of the developer fee is determined according to a schedule document, last updated in 2024 (see Appendix B).

### D. Undisbursed Funds After Closing

In general, all funds committed by OH to a project shall be disbursed, expended, and accounted for by the last day of the month 18 months after the calendar month in which the project received its final certificate of occupancy (or its equivalent). Any remaining funds not yet disbursed at that point may be retained by OH and reallocated to other purposes.

### E. Upward Adjusters

Unless otherwise set forth in an agreement between OH and a borrower, the following policy applies to projects that have received equity financing through Low-Income Housing Tax Credits. If a project receives an increase in the capital contribution from the low-income housing tax credit investor, the additional capital contribution will be distributed in the following manner:

#### Eligible costs to be approved by OH

- Payment on the outstanding OH loan.
- Eligible project costs.
- Additional deposit to the project's replacement reserve account.
- Other project or sponsor costs that support the residents living in the project.

#### Cost sharing

Assuming project and sponsor costs can be justified, OH generally supports a majority of funds returning to the project. As an example, OH approved the following distribution for the upward adjuster received for a project in 2023:

- 33% to the project
- 33% to the sponsor
- 34% to OH

The distribution amount will be negotiated on a project-by-project basis, including review of the eligible costs and percentage distribution.

Factors that will be considered with the final distribution amount include whether the upward adjuster is a result of increased development costs, the long-term capital needs of the project as supported by the capital needs assessment, the proposed other project or sponsor costs that support residents, and the financial needs of the sponsor. Additional consideration will be given to project sponsors working to address housing inequities and who have the experience and resources to effectively address the needs of underserved communities, including without limitation, Black,



Indigenous, and People of Color communities, and others historically excluded from equitable access to housing.

## F. 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 subject to revision 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 in order to obtain favorable refinancing terms for senior debt, or that the owner is unable to make scheduled payments without an undue adverse effect on operations or necessary reserves, or that an alternative use of building income will benefit Low-Income residents or will enhance or protect the City's investment in the Property.

## G. Covenant (Regulatory Agreement)

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.

## H. Supportive Housing

Loan terms may include requirements specific to dedicating units for people who have experienced homelessness or who live with disabling conditions such as those that result from physical and/or behavioral health conditions, as well as substance use disorder. Borrowers whose projects have units restricted to persons with these types of conditions may propose to change the population group being served in a project sometime during the loan term. If an event occurs requiring a change in population group served, borrowers will first be required to serve another similar population group. If OH determines that it is not feasible or appropriate, OH may allow for any households within incomes at or below a specified income level to be served.

## I. Contingent Interest

Contingent interest shall be required for all projects at maturity, except as described in the Housing Funding Policies, or in the event of change of use or sale of property before the loan maturity date. Upon maturity, sale, change of use, or acceleration or prepayment of the loan, loan principal plus the greater of either deferred interest or contingent interest shall be due. Contingent interest shall be calculated according to a formula established by OH.

OH advises applicants to review the complete versions of these and additional Loan Conditions in the Housing Funding Policies, Chapter II Section 2.D, which include, but are not limited to: the transfer and assumption of loan/property, refinancing of private debt, prepayment premium, loan term extension, debt satisfaction through extended affordability, and the submittal of a property management plan.

## **VII. 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 B.

### **B. Good Standing on Existing Loans and Subsidy Contracts**

The applicant, proposed borrower, and all of their affiliated entities (whether 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, Chapter II, Section 2.I.iii (Project Monitoring, Good Standing) 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 Certification (Consistency Letter)**

All projects must obtain certifications of consistency with the City of Seattle Consolidated Plan. Information about how to request a Consistency letter can be found on the OH website. Applicants should allow for 30 days processing time.

### **E. Development Siting Policy (Siting Determination)**

Projects must not add extremely low-income housing units in excess of the capacity for such housing in the project's Census Block Group as defined in the Housing Funding Policies, Chapter X Section 1.

Information about how to request a Consistency letter can be found on the OH website. Applicants should allow for 30 days processing time.

## F. Neighborhood Notification and Community Relations

Applicants must provide documentation of Neighborhood Notification and prepare a draft Community Relations Plan prior to applying for OH funds. See Housing Funding Policies, Chapter X Section 2. Guidance for completing neighborhood notification and drafting a community relations plan can be found on the OH website.

## G. 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.

## H. Utility Allowances

Seattle OH programs primarily use the Seattle Housing Authority's (SHA) utility allowances when determining maximum rent levels (see Appendix C). These utility allowances are available on SHA's [Utility Estimates](#) webpage. 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 [Utility Allowances](#) webpage for additional information.

## I. 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 is intended to ensure that all economic opportunities generated by HUD funding shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly those who are recipients of government assistance for housing, and to business concerns that provide opportunities to low-income persons in the community where the project is located. Borrowers and their contractors on projects covered under Section 3 regulations must develop 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 Utilization 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.

## J. Evergreen Sustainable Development Standards (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 statewide 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](#)

## K. 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 [Projects in Construction](#) webpage 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.

## L. 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 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).

## VIII. 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, contact the Housing Development Consortium of Seattle-King County (HDC):

<https://www.housingconsortium.org/>

## 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 Team, and Race and Social Justice Change Team may attend 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 Sheila Viswanathan at 206.684.8642 or email [sheila.viswanathan@seattle.gov](mailto:sheila.viswanathan@seattle.gov).

## C. Information Session

OH will have one virtual [NOFA Information Session](#) on Thursday, August 1, 2024 from 10:00 a.m. to 11:00 a.m. PST [via Cisco WebEx](#) (Password: NOFA). 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 1 Information Session 10:00 a.m. to 11:00 a.m.
- August 22 Consistency Letter  
Siting Determination
- September 9 Last date to have a pre-application meeting.
- **September 12 Applications due to OH no later than 12:00 noon.**
- December 11 Award Announcements (Estimated).

## E. Electronic Application Components

The electronic application is composed of the following parts:

1. [Combined Table of Contents/Checklist](#) is a PDF document containing a comprehensive list of all the narrative sections, Excel forms and attachments required for the OH application.
2. [Office of Housing Addendum](#) is a PDF document that provides additional information unique to the City of Seattle funding requirements.
3. **Combined Funders Application (CFA) – Narrative Questions and Required Attachments** is an 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.”
4. **Combined Funders Application (CFA) – Project Workbook** is an 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.
5. [Certification of Consistency with the City of Seattle Consolidated Plan \(Consistency Letter\)](#) comprises both the application for Certification of Consistency and the letter issued in response.
6. **Documentation of Compliance with the Development Siting Policy (Siting Determination)** typically comes in the form of an email exchange which may be converted into PDF format for attachment.
7. [Neighborhood Notification and Community Relations Plan Materials](#) consist of both documentation of Neighborhood Notification and a draft Community Relations Plan.

Information on how to complete items 5, 6, and 7 can be found on the [Funding Announcements and Application](#) (Rental Housing NOFA) webpage and in the OH Addendum. You can download the Combined Funders Application materials [directly from the website at this link](#).

## 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 Chris Jowell at [chris.jowell@seattle.gov](mailto:chris.jowell@seattle.gov) or at 206-615-0999.

## 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 due date of September 12, 2024 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 Director at [laurie.olson@seattle.gov](mailto:laurie.olson@seattle.gov) and CC: Sam Sauer at [sam.sauer@seattle.gov](mailto:sam.sauer@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 to 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 [laurie.olson@seattle.gov](mailto:laurie.olson@seattle.gov) with any questions about the application process.