



WASHINGTON STATE HOUSING FINANCE COMMISSION

2012 Multifamily Housing Evaluation Policy

(Revised 10/18/2011)

The 2012 Multifamily Housing Evaluation Policy (Policy) describes the process and criteria that the Washington State Housing Finance Commission uses to evaluate and rank projects for allocation of the Commission's multifamily portion of the Private Activity Bond Issuance Authority (Bond Cap). The Policy specifies the goals set forth in the Commission's Rules (Rules), Washington Administrative Code (WAC) 262-01-140(4). Commission staff is authorized to administer, interpret, and clarify the Policy and to recommend allocations, as set forth in the Rules. Decisions may be appealed only to the Commission's Executive Director.

Total Development Cost Policy: Total Development Cost limits are calculated using cost per unit limits differentiated by number of bedrooms in a unit.

This Total Development Cost Policy includes the following elements:

- Total Development Cost = Total Project Cost excluding the cost of land and capitalized reserves.
- All units (including common area units) are included in the calculation.
- Supportive Housing projects (i.e. 75% Homeless or assisted living units within a senior community) will use the King County limit schedule regardless of location.

The Total Development Cost limit is the sum of the total number of units of each bedroom size multiplied by the respective cost limits. There will not be any escalation factors applied to these limits. The policy differentiates projects in King County from the Balance of State.

Limit Schedule	Studio	One Bedroom	Two Bedroom	Three Bedroom	Four+ Bedroom
King County	\$195,000	\$220,000	\$260,000	\$315,000	\$347,000
Balance of State	\$135,000	\$152,000	\$184,000	\$239,000	\$263,000

Waiver of the Total Development Cost Limit

A waiver of the Total Development Cost Limit must be requested and approved in writing 60 days prior to submission of the Application. Applications submitted that exceed the Total Development Cost limit without an approved waiver will be disqualified and not considered further.

Waiver requests will be evaluated to determine whether additional costs are reasonable and justifiable under the circumstances, attributable to unique development characteristics, and consistent with the housing needs and priorities identified in the Policies.

For Projects that exceed the limit by less than 20%, the waiver is subject to the approval of the Division Director. If any Project exceeds the Limit by more than 20%, the waiver must be approved by the Executive Director prior to the submission of the Application.

PROJECT EVALUATION AND RANKING

Once staff determines that an application meets the Minimum Threshold and Readiness Requirements, projects will be ranked by the number of Optional Points the project has selected. Each project must select a minimum of 30 Optional Points to be considered. Recommendations for allocations of Bond Cap will be made based on the rank order of the projects.

Portfolio projects: Each property must score a minimum of 30 Optional Points to be considered. An average of the Optional Points for each property will be used to rank the project.

MULTIFAMILY HOUSING EVALUATION POLICY: OPTIONAL POINTS

I. Projects with Project-Based Government Rental Subsidies

Projects that create or preserve project-based government rental subsidies covering at least 50% of the units. **8 points**

- To qualify, the applicant must agree to renew the project-based Section 8 contracts or other government rental subsidies for as long as available during the term of the Regulatory Agreement. If the rental subsidy contracts are terminated before the expiration of the Regulatory Agreement, the owner must agree to set aside 30% of the units for households at 50% of local median income for at least 15 years after the termination of the rental subsidies or until the end of the Regulatory Agreement, whichever comes first. Documentation of the rental subsidy contracts and a timeline for the transfer of those contracts by the relevant government agency must be submitted with the application.

Projects applying for Bond Cap that are also working with USDA Rural Development (RD) for either financing and/or transfers must provide a letter from RD indicating that a complete application for each of the properties has been submitted to RD. The application for Bond Cap will not be considered without RD confirmation.

Similarly, RD projects that plan to apply for Low-Income Housing Tax Credits "LIHTC" will be required to submit a fully executed RD Letter of Conditions indicating appraisals are complete with their tax credit application.

OR

For projects with project-based rental subsidies covering less than 50% of the units and will abide by the above requirements.
4 points.

II. Targeted Areas

Projects that meet the need for affordable housing in specific geographic areas. **5 Points.**

Qualifying projects must meet at least one of the following:

- In a HUD-defined Difficult Development Area (DDA), or a HUD-defined Qualified Census Tract (QCT). Appropriate documentation indicating a DDA or QCT is required
- In an area in which RCW 84.14, "New and Rehabilitated Unit Dwelling in Urban Centers," applies

- In an area that is targeted and defined as needing housing by the jurisdiction's Comprehensive Plan and in separate City Council goals or policies
- Part of a Community Revitalization Plan
 - A Community Revitalization Plan must (1) be a published document, approved and adopted by a governing body, by ordinance, resolution or other legal action, and (2) target funds or tax incentives to specific geographic areas for either economic development or commercial/ retail development including infrastructure and community facilities improvement.

III. Leveraging

Projects that leverage other government and/or third-party resources such as: **(a project can choose both options)**

- Contribution of land by a governmental entity, **5 Points**
 - A copy of a current appraisal acceptable to the Commission to establish the value of contributed land and a legal description of the land being contributed must be submitted with the application. If the land is provided on a minimal lease basis, the terms of the lease must be provided, and the value of that lease over market rates must be identified.
- Philanthropic assistance from established organizations in an amount equal to at least 5% of project costs, **5 Points**
 - The assisting organization must be unrelated to the applicant. The Commission reserves the right to request a list of principals or officers of both the applying and granting organization.
 - Proof of funding or funder's decision timeline must accompany application

IV. Qualified Nonprofit Participation

- A. For Qualified Nonprofits who sponsor and have material participation in a project, **4 points.**

OR

- B. For Qualified Nonprofits who sponsor and have material participation in a project and will be providing services to the community (*An explanation of services to be provided must accompany the application.*), **8 points.**

OR

- C. For Qualified 501 (c)(3) Nonprofits who will have 100% ownership interest in the project, **15 points.**

V. Quality Management Program

- A. For applicants who have completed the full examination Washington State Quality Award (WSQA) program, or comparable nationally-recognized program similar or equivalent to the Baldrige National Quality Program criteria, within the last three years, **** 5 points.**

OR

- B. For applicants who have completed the WSQA's Lite Assessment within the last three years, **2 points**.

*** Evidence of WSQA award or Lite Assessment must be submitted with the application.*

Objective: Leveraging Tax-Exempt Resources

To ensure the most efficient use of Bond Cap, the Commission staff will give preference to projects that access other sources of funding and/or leverage tax-exempt bonds by issuing taxable bonds.

VI. Taxable Bond Options

For projects that are financed with taxable bonds as a portion of the bond issue.

One-half point will be awarded for each percent of taxable bonds up to a maximum of 10 points for 20%.

Examples:

1% of total bonds taxable	=	0.5 points
5% of total bonds taxable	=	2.5 points
7% of total bonds taxable	=	3.5 points
20% of total bonds taxable	=	10 points

Note: Projects that will be applying for LIHTC and/or that do not have assisted living units may not request more than 15% in taxable bonds.

Objective: Serve Low- and Moderate-Income Residents of Multifamily Housing

To ensure that Bond Cap is used to produce the highest public benefit, the Commission staff will give weight to projects that best serve low- and moderate-income residents by exceeding the minimum Code requirements.

VII. Extended Regulatory Agreement

- A. For projects with an extended Commission bond Regulatory Agreement of at least 20 years, which is five years longer than the minimum requirement. If applying for Tax Credits, the same Additional Low-Income Housing Use Period selection must be made in the Tax Credit application, **4 points**.
- B. For nonprofit sponsored projects which have restrictive use requirements in excess of 20 years due to the conditions of another public funder, **5 points**. **(These points can be claimed in addition to points claimed in A above.)**

Note: Statement of expected funding source and proof of regulatory agreement must be submitted with the application.

VIII. Additional Set-Asides

- A. For projects that have set aside 30% of the units at 50% of local median income, **10 points**.

Note: Projects applying for Tax Credits must select the same 30% at 50% LMI set-aside in the LIHTC application. The Tax Credit set-aside will restrict the rents on these units.

- B. For nonprofit sponsored projects that have set aside requirements greater than 30% of the units at 50% of local median income due to the conditions of another

public funder, **10 points.** *(These points can be claimed in addition to points claimed in A above.)*

Note: Statement of expected funding source and proof of set-aside requirement must be submitted with the application.

IX. Assisted Living Projects with Residents Receiving Medicaid

Projects will receive points for setting aside Medicaid units at the following percentages:

- A. If at least 5% of the units have residents who are/will be Medicaid recipients, **10 points.**
- B. If at least 7.5% of the units have residents who are/will be Medicaid recipients, **15 points.**
- C. If 10% or more of the units have residents who are/will be Medicaid recipients, **20 points.**

If the project is an acquisition and rehabilitation of an existing facility and it currently has Medicaid residents, the developer may select one of the set-aside options above. The developer also agrees to continue to accept payments for current Medicaid residents for as long as those residents reside in the facility. *To qualify for points, the developer must submit a statement from the seller indicating the number of Medicaid recipients.*

The Commission's ongoing annual fee will be reduced to 17.5 basis points for as long as Medicaid payments are accepted.

X. Serving Large Households

- A. For projects in which 10% of the units have three bedrooms or more reserved for large households of four or more persons, **3 points.**
- B. For projects in which 20% of the units have three bedrooms or more reserved for large households of four or more persons, **6 points.**

Note: Projects applying for LIHTC must select the same Large Household set-aside in the Tax Credit application.

XI. Serving Persons with Disabilities

Disabilities means a physical or mental impairment that substantially limits one or more of the major life activities of an individual, such as not being able to care for oneself, performing manual tasks, walking, seeing, hearing, speaking, breathing, or learning.

- A. For projects in which 10% of the units are reserved for persons with disabilities, **3 points.**
- B. For projects in which 20% of the units are reserved for persons with disabilities, **6 points.**

Projects must be in compliance with the Fair Housing Act, as amended; the Architectural Barriers Act of 1968; the Americans with Disabilities Act; and any other local, state, and federal nondiscrimination or accessibility laws, regulations, or requirements.

Applicants must demonstrate that they have identified and will provide (either directly itself or indirectly by another appropriate entity) appropriate support/social services for persons with disabilities. A referral agreement with a federal, state, or local government or with a nonprofit agency that provides services to the disabled population in-house must be submitted with the application.

Note: Projects applying for LIHTC must select the same Disabled set-aside in the Tax Credit application.

XII. Housing with Services

Option A: Senior Projects, **10 points**

- Onsite food service, housekeeping and/or linen services: and
- Assistance with Activities of Daily Living (ADL)

Please list at least 5 ADL services that will be provided:

Please address the following questions in the project application: the scope of services to be provided; the type of staff providing the assistance; the percentage of residents able to use the services and any additional fees for services if applicable.

Option B: Senior Projects, (3 required) **5 points**

- Onsite food service
- Housekeeping and linen services
- Transportation services
- Social Coordinator and activities
- Other, Please describe: _____

Please address the following questions in the project application: the scope of services to be provided; the type of staff providing the assistance; the percentage of residents able to use the services and any additional fees for services if applicable.

Option C: General Low-Income Projects, **5 points**

- Provide housing that follows a service enriched model. By the time of the Financing Resolution, you must have an agreement with a local service provider to provide services to the residents. Please list these services that will be provided:

Service Enriched Housing refers to permanent affordable housing that incorporates various levels of services with housing, with services provided, by trained staff for whom service delivery, not property management, is their primary responsibility. As a condition, an agreement with a service provider will be required by the Financing Resolution and is subject to Commission staff approval. This agreement should identify the services that will be provided. Such as:

- *Life skills and stabilization*
- *Crisis intervention*
- *Job training*
- *On-site programs and activities for the residents*
- *Focus on health, mental health, and/or recovery from addictions*
- *Parenting classes*
- *Assistance in accessing resources and services in the community*
- *Resident participation in decision-making process*
- *Credit counseling*

XIII. Development Amenities

For projects providing any of the following currently non-existent amenities for its residents, **2 points each**.

- Create at least three sidewalks or pathways that link the residential development to public spaces, open spaces, and/or the surrounding neighborhood
- Providing an onsite community garden or P-patch for resident use
- Onsite computer business/learning center with high speed internet access¹
- Onsite playground or senior fitness trail
- Installation of a broadband port in every unit providing free access to the internet (Free wifi in every unit is acceptable; however there must be computers available for community use.¹)
- Fitness Center
- Develop or participate in a program that will provide access to fresh local food for residents and/or a local food bank for at least 1 year².)

A site or floor plan demonstrating the location of the amenity within the project is required as part of the application. If an amenity does exist, to obtain points the developer must submit a plan that significantly improves/expands the amenity.

1. *Plans must be submitted indicating number of computers, access to printer(s)*
2. *Must develop a program in partnership with a nonprofit whose mission includes support of local food networks. The nonprofit donation may be used to fund this. Projects with on-site kitchens and food service may qualify for these points if they contract with local food producers. A detailed plan must accompany the application.*

Objective: Integrate Projects with the Surrounding Community

In order to ensure that Bond Cap is used to produce the highest public benefit, the Commission staff will give weight to projects that support, and are supported by, the community.

XIV. Nonprofit Housing Support

For projects that donate to a nonprofit agency that provides housing or housing services in the area in which the project is located. The donation recipient **must** be approved by the Commission. In locations where an appropriate nonprofit housing agency does not exist, contributions to the local housing authority may be considered.

- A. The greater of 0.10% (1/10th of 1%) of the total bond issue or \$5,000, **4 points**.

OR

- B. The greater of 0.20% (2/10th of 1%) of the total bond issue or \$10,000, **8 points**.

An acceptance letter from the recipient is required before the finance resolution is passed, and the donation must be made by the time of bond closing. If the recipient is known at the time of application, please include the name and contact information.

If a project elects points under Section IX Development Amenities to participate in a program to provide access to fresh local food for residents and/or food banks, the donation may be used to fund this participation.

Please Note: If the project chooses to select the “Donation in Support of Local Housing Needs” point criterion on the tax credit application, the Bond Donation may not be used to satisfy the Tax Credit Donation. They are mutually exclusive.

XV. Number of Units

- A. For projects that have less than 50 units, **10 points**.
- B. For projects that have 50 to 75 units, **5 points**.

XVI. Mixed-Use Projects

For projects that combine retail/commercial, services or office use with residential use in the same building or on the same site. Projects that build housing above existing commercial uses also qualify, **10 points**.

The commercial space must be accessible to the general public and must be at least 20% of the ground floor square footage. Note: This does not include office space used directly by the building owner or the property manager.

A letter from the project architect certifying the total square footage of the various types of usage within the building or site is required.

XVII. Community Amenities

For projects located within ½ mile walkable distance of the following amenities, **2 points each**:

- A park or public recreational facility
- A public library or community center / senior center
- A grocery store that provides fresh produce and meat
- A public (K-12) school or licensed day care
- An urgent care or emergency medical facility

The name and address of each amenity and a map indicating locations must be provided with the application. Each selection must be satisfied by a different business or amenity. Walkable means: that the amenity can be reached by walking a half-mile or less on existing paths and sidewalks without crossing natural or artificial barriers or private property.

XVIII. Transportation Choices

- A. For projects located within ½ mile walking distance of public transit service, **2 points**.
- B. For projects located within ½ mile walking distance of two or more public transit lines or a fixed rail station or ferry terminal, **4 points**.

Adequate transportation means service at least hourly during peak periods.

A context map demonstrating the location of the project in relationship to the transit service is required as part of the application.

Objective: Encourage Sustainable Development Practices

XIX. Site Location: Grayfield, Brownfield, Adaptive Reuse

For projects located on a grayfield, brownfield, adaptive reuse site as defined below. Projects may select only one of the three options:

- A. Grayfields are previously developed abandoned sites where the buildings have been vacant for longer than 1 year. Grayfields can also be sites previously developed for non-residential use with pavement covering at least 50% of the surface area, **15 points**.
Please submit a description of the current land use and recent history of the property.
- B. Brownfields are real property where the expansion, redevelopment, or reuse may be complicated by the presence of a hazardous substance, pollutant, or contaminant including petroleum, **20 points**.
These sites require a Phase II Environmental Site Assessment and a remediation Fplan.
- C. An Adaptive Reuse Site is one that was previously developed for non-residential purposes, in which at least 25 percent of the proposed development will reuse existing non-residential structures, **15 points**.
A letter from the project architect describing the reuse of the structure is required.

XX. Sustainable Building Criteria

- All Projects funded with the 4% tax credit and tax-exempt bonds must comply with ESDS unless approved by the Commission to use an alternative standard. Tax Credit/ Bond Projects requesting to use an alternative standard must do so in advance of submitting an application.

Additional Sustainable Building Options

- A. Install Photovoltaic Panels: Install PV panels to provide approximately 10 percent of the project's estimated electricity demand, **10 points**.
- B. Photovoltaic Ready: Site, design, engineer, and wire the development to accommodate installation of PV panels in the future, **3 points**.
- C. Water conservation: Install low flow fixtures as described in the "Advanced Water-Conserving Fixtures" section of the ESDS, **2 points**.
- D. Water-permeable walkways: Use water-permeable materials in 50 percent or more of walkways, **2 points**.
- E. Water-Permeable Parking Areas: Use water-permeable materials in 50 percent or more of the parking areas, **2 points**.
- F. Green Vegetated Roof: Provide a Green Vegetated Roof with at least 50% coverage. Design the roof in accordance with ASTM standards: E2396-05, E2397-05, E2398-05, E2399-05, E2400-06, **4 points**.
- G. Integrate bioretention and open bioretention swale systems into the landscaping to store, infiltrate, slowly convey, and/or disperse stormwater on the lot, **5 points**.