



WASHINGTON STATE HOUSING FINANCE COMMISSION

2009 Multifamily Housing Evaluation Policy

(Revised Draft 10/1/08)

The 2009 Multifamily Housing Evaluation Policy (Policy) describes the process and criteria that the Washington State Housing Finance Commission's Capital Projects Division 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 to the Director of the Capital Projects Division. As set forth in the Rules, the Director of the Capital Projects Division makes decisions regarding allocations. Decisions may be appealed only to the Commission's Executive Director.

PROJECT EVALUATION AND RANKING

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

Portfolio projects: A portfolio project will qualify for a Priority Category if the majority of the units within the portfolio are eligible for that Priority Category. Each property must score a minimum of 30 Optional Points. An average of the Optional Points for each property will be used to rank the project.

PRIORITY CATEGORIES

There are three Priority Categories: ***Government Rental Subsidies, Leveraging and Targeted Areas.***

Projects that meet the requirements for Government Rental Subsidies and score a minimum of 30 Optional Points will be considered first and above all others for a bond cap allocation. If a project qualifies in the Government Rental Subsidies category, qualifying for the Leveraging or the Targeted Area categories has no effect on the ranking.

Projects that meet the requirements for both Leveraging and Targeted Areas will be considered for bond cap second.

Projects that qualify for either Leveraging or Targeted Areas will be considered third.

If a project does not qualify or meet the criteria for any of the Priority Categories, the project will fall into a fourth group and will be eligible for an allocation of Bond Cap after all projects qualifying for Priority Categories have received their allocations.

Once projects have been grouped by the categories for which they qualify, projects will be ranked according to the number of points selected in the Optional Points section below. Projects must score a minimum of 30 points regardless of their Priority Categories.

In cases where Priority Categories and Optional Points are equal, ties will be settled in the following manner:

1. Qualified 501(c)(3) Nonprofits who sponsor and have material participation in a project will have priority over other entities
2. Lesser amount of Bond Cap request

Government Rental Subsidies

Priority will be given to projects that create or preserve project-based government rental subsidies covering at least 50% of the units.

- 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.

Leveraging

Priority will be given to projects that leverage other government and/or third-party resources such as:

- Government grants, government guaranteed loans or loan assistance; e.g., Housing Trust Fund, CDBG funds, USDA Rural Development loans. The guarantee must be on a loan other than the bond-financed mortgage loan.
 - Proof of funding or funder's decision timeline must accompany application
- Contribution of land by a governmental entity
 - 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
 - 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

- Low-Income Housing Tax Credits (LIHTC), Historic Tax Credits, and/or New Market Tax Credits (NMTC)

- New Market Tax Credits and Historic Tax Credits must be received on either the building that contains the housing units or on a property intricately related to the project development. A description of the relationship of the housing to the property receiving the NMTC must be included with the application.

Note: Projects applying for LIHTC that are also using USDA Rural Development (RD) financing will be required to submit a fully executed RD Letter of Conditions indicating appraisals are complete with their tax credit application.

Note: Tax abatement or tax exemption that is given as a matter of general government policy or law, such as a property tax exemption, does not qualify under this category.

Targeted Areas

Priority will be given to projects that meet the need for affordable housing in specific geographic areas. Qualifying projects are

- Developers that are being requested by a governmental entity to replace low-income housing lost due to redevelopment projects
 - Proof of the request and an explanation of the units to be lost must accompany the application.
- Projects that can demonstrate a vacancy rate of less than 5% in subsidized housing units within the project's market area. Projects will also qualify if there are no subsidized units in the market area.
 - Subsidized housing is defined as those properties receiving financial assistance from a government or other public entity to build or operate the development, to help pay rent and utility costs, or for the provision of services. Examples include LIHTC, USDA Rural development, HUD project-based Section 8, etc. Individual Section 8 vouchers are not considered a subsidy under this point criterion.
 - Applicants must provide a description of the market area, a list of the properties with subsidized housing units, the type of subsidy, and a vacancy rate for each property, or a market study proving there are no subsidized units in the area.
- 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 a Planned Action Area as designated by a local jurisdiction described in RCW 43.21C.031 and WAC 197-11-164, 168, 172, and 315
- 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
- In an area included in a Master Plan or a Sub-Area Plan in which the jurisdiction is a participant
- A Main Street Approach™ area

- ❑ 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.

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 community¹, **8 points.**

Or

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

¹An explanation of services to be provided must accompany the application.

QUALITY MANAGEMENT PROGRAM

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

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

OPTIONAL POINTS

Once projects have been grouped by the number of Priority Categories they qualify for, projects will be ranked according to the number of points selected in the Optional Points section. Projects must score a minimum of 30 points regardless of their Priority Categories.

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.

I. 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 15 points for 30%.

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
30% of total bonds taxable	=	15 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.

II. Projects with Project-Based Government Rental Subsidies

For projects with project-based rental subsidies covering less than 50% of the units, **5 points.**

Projects with greater than 50% of their units covered by project-based rental subsidies qualify under the Government Rental Subsidies Priority Category and **may not** select these 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.

Note: Projects applying for LIHTC that are also using USDA Rural Development (RD) financing will be required to submit a fully executed RD Letter of Conditions indicating appraisals are complete with their tax credit application.

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.

III. 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.

IV. 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.

V. 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.

VI. 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, **2.5 points.**
- B. For projects in which 20% of the units have three bedrooms or more reserved for large households of four or more persons, **5 points.**

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

VII. 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, **2.5 points.**
- B. For projects in which 20% of the units are reserved for persons with disabilities, **5 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.

VIII. Housing with Services

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

- Onsite food service via a commercial kitchen, housekeeping and/or linen services
- 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: 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*

IX. 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 use¹
- Onsite computer business/learning center with high speed internet access²
- 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.²)
- 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 year³.)

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. *Must provide proof of contact/partnership with a local community garden association*

2. *Plans must be submitted indicating number of computers, access to printer(s)*
3. *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.

X. 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.

XI. 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**.

XII. 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.

XIII. 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
- At least three existing sidewalks or pathways that link the residential development to public spaces, open spaces, and the surrounding neighborhood

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.

2-13 *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.*

XIV. 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

XV. 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. Greyfields 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 plan.

- 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.

Sustainable Building Criteria

Evergreen Sustainable Development Standard Criteria

- All projects are encouraged to conform to the [Evergreen Sustainable Development Standard Criteria](#) and submit the [Evergreen Sustainable Development Standard Checklist & Certification](#) with the application.

Note: this is a requirement for those projects seeking Housing Trust Fund dollars or seeking equity dollars through LIHTC.

- A. For projects that will neither be receiving trust fund dollars nor tax credit equity and cannot conform to [Evergreen Sustainable Development Standard Criteria](#), you must choose one of the options below:
- Projects must earn at least 150 points on the **Built Green™** Multi-Family Self-Certification Checklist. The Built Green™ checklist must be submitted with the application. Upon project completion, these points must be verified by a certificate from the Master Builder's Association. [Link to Built Green Certification Checklist](#)
 - Projects applying for **LEED** (Leadership in Energy and Environmental Design) Green Building Rating System™ certification must submit proof of project registration with an affiliate of the USGBC (United States Green Building Council). LEED certification will be required from the USGBC. [Link to LEED Certification](#)
 - Projects select **8 of the sixteen criteria** below.

A certification from the project architect of record or general contractor, stating that the chosen criteria will be included in the plans and specs, must be submitted with the application. The architect of record or general contractor will also be required to sign a certificate upon completion of construction certifying that the sustainable components were included in the building.

- Recycle at least 50% of site construction waste materials. Note: *A contract with a recycling company will be required upon closing the bonds.*
- Seal concrete slabs with low-VOC sealer before laying carpet. Use low-VOC (below 100 g/liter) paints and primers.
- Rehab projects: Install cellulose insulation with 95% recycled content; and/or Fiberglass with -20% recycled content; and/or Mineral Wool with 75% recycled content.
- Install urea-formaldehyde-free underlayment, cabinets, and storage units
- For air sealing, use an air infiltration barrier or the Airtight Drywall Approach (ADA)
- Use of pervious materials for at least one-third of total area for driveways, walkways, and patios.
- Install Energy Star ® lighting fixtures, lighting systems, heating and cooling equipment, and appliances inside the residential units.

- Use concrete mix with a minimum of 25% fly ash or other recycled aggregate materials.
- Install low flow fixtures with the following specifications: Toilets 1.6 GPF (gallons per flush) or less; Showerheads 2.0 GPM (gallons per minute) or less; Kitchen faucets 2.0 GPM or less; Bathroom faucets 1.5 GPM or less.
- Install gas / propane / oil on demand waters heaters with an energy factor greater than 0.80.
- Install energy-efficient windows with a U-factor of 0.35 or less.
- Use polyethylene piping for plumbing
- Install Energy Star Reflective roofing (go to the [Energy Star Roofing Calculator](#) to determine if an Energy Star roof will work for your project)
- Use Energy Star or high-efficiency commercial grade fixtures in all common areas and outdoors. Install daylight sensors or timers on all outdoor lighting.
- Capture the first ½ inch of rainfall that falls in a 24 hour period, and label storm drains in the area to indicate where the drain or inlet leads.
- Provide a landscape plan showing the selection of native plants, which need little to no irrigation. Do not install an irrigation system.

XVI. 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 with the following specifications: Toilets 1.3 GPF (gallons per flush) or less; Showerheads 1.75 GPM (gallons per minute) or less; Kitchen faucets 1.5 GPM or less; Bathroom faucets 1.0 GPM or less, **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**.