



Department of Commerce

Washington State Housing Trust Fund

2016 FUNDING ROUND

Stage 2 Notice of Funding Availability (NOFA)

Stage 2 Applications are solicited by the Department of Commerce (Commerce) for affordable housing projects seeking funding from the Housing Trust Fund (HTF) in the second funding round of the 2015-2017 Biennium.

I. FUNDING AVAILABILITY

HTF Funding

Approximately \$25 million in funding from the [2015-2017 Capital Budget \(2EHB-1115, Laws of 2015\)](#) is available for affordable housing development. Funding awards will be based on the Requirements and Priorities identified in Sections IV and V of this document.

Ultra-High Energy Efficiency Affordable Housing Demonstrations Funding (UHEE)

An additional \$1.9 million in funding is available for projects proposing to construct net-zero efficiency affordable housing. The UHEE application is due with the Stage 2 application; the requirements can be found on the [Applying for Housing Trust Fund Funding](#) webpage and on the UHEE Funding Plan attached at the end of this NOFA. UHEE funds will be awarded in conjunction with and in addition to the HTF funding. Only projects meeting the HTF funding Requirements and Priorities (Sections IV and V of this NOFA) will be considered and reviewed for the additional UHEE funding.

Federal HOME Funding

Approximately \$2.3 million in funding is available in Federal HOME funding. During the application review round, projects meeting the Federal HOME guidelines will be selected by Commerce. All applicants should anticipate that requirements associated with the Federal HOME funds could apply to their project. Federal HOME funds may be awarded separately or in addition to the HTF funding; joint awards will not exceed the funding cap limits identified in Section IV (4) of this NOFA. Only projects meeting the HTF funding Requirements and Priorities (Sections IV and V of this NOFA) will be considered and reviewed for Federal HOME funding. Please review [Commerce's HOME Handbook](#) for specific guidelines regarding the HOME program.

National Housing Trust Fund Funding

Approximately \$2.9 million is available from the National Housing Trust Fund (NHTF). All applicants should anticipate that requirements associated with the NHTF could apply to their project. During the application review round, projects meeting the NHTF guidelines will be

selected by Commerce. NHTF funds may be awarded separately or in addition to the HTF funding; joint awards will not exceed the funding cap limits identified in Section IV (4) of this NOFA. Only projects meeting the state HTF funding Requirements and Priorities (Sections IV and V of this NOFA) will be considered and reviewed for NHTF funding. NHTF can only fund projects serving populations at or below 30 percent Area Median Income. Until [HUD's interim rule](#) is finalized, applicants can use [Commerce's HOME Handbook](#) to gain an understanding of what the NHTF guidelines may require.

II. TIMELINE

Stage 2 Applications Solicited (NOFA)	July 15, 2016
Stage 2 Applications Due to Commerce	September 15, 2016
Stage 2 Clarifying Questions	July 15-August 19, 2016
2016 Awards Announced (all programs and funding sources)	On or around December 15, 2016

Commerce reserves the right to revise this timeline.

III. APPLICATION DOCUMENTS AND INSTRUCTIONS

The Stage 2 Application materials have been revised; please read the instructions carefully. The HTF Stage 2 Application forms can be downloaded from the [Applying for Housing Trust Fund Funding](#) webpage. All applicants, regardless of the funding sources identified above, must use the HTF Stage 2 Application forms.

1. **SUBMISSION DEADLINE:** The application and any required supplemental documentation must be received by Commerce **by 5 p.m. on September 15, 2016.** An incomplete application or an application with missing supplemental documentation will be considered non-responsive and will not be reviewed.
2. **SUBMISSION FORMAT:**
 - ONLY electronic submissions of the Application forms will be accepted. To support sustainability in our business practices, hard copies of the application WILL NO LONGER be accepted.
 - Applications must be submitted in the original format provided by Commerce (i.e., Excel and Word). DO NOT convert your Application to PDF or other file formats.
 - The supplemental documentation should be converted to PDF and sent along with the Application files.
 - Save the Application and the supplemental documentation on CD, DVD, flash-drive, or thumb-drive, and mail it to the address below. They must be received by the application deadline.

Housing Trust Fund
1011 Plum Street SE

P.O. Box 42525
Olympia, WA 98504-2525

- Applicants will receive an email confirmation of receipt by 5 p.m. on September 22, 2016. If confirmation is not received within this period, it is the applicant's responsibility to verify with HTF staff by emailing us at htfapp@commerce.wa.gov. If proof of timely submission can be provided, the Application will be accepted. Otherwise, the Application will be determined to not have been received by the deadline and will be considered non-responsive.

IV. APPLICATION REQUIREMENTS

The 2016 Stage 2 Applications must meet ALL of the requirements below in order to be reviewed and evaluated:

1. **SUBMISSION:** Applications must meet the submission requirements identified in Section III of this NOFA.
2. **ACTIVITIES:** Proposed activities must be eligible for HTF funding per [RCW 43.185.050](#) and [RCW 43.185A.030](#).
3. **ELIGIBLE APPLICANTS:**
 - **Eligible Organization:** The applicant must be an eligible organization per [RCW 43.185A.040](#).
 - **Housing Development Experience:** The applicant must have recent prior experience in affordable housing development. If the applicant has not had experience within the past seven years, the applicant must partner with a development consultant experienced in affordable housing development. See [Chapter 2](#), Section 206.2 of the [HTF Handbook](#).
 - **Organizational Capacity:** The applicant must demonstrate the capacity to develop the project, manage and operate the project long-term, and deliver appropriate services, as applicable. If the applicant lacks the sufficient capacity to develop and operate the project and/or provide adequate services, it must identify formal partnerships with experienced entities capable of developing and operating the project and/or delivering adequate services. See [Chapter 2](#), Section 206.1 of the [HTF Handbook](#).
 - **Good Standing:** The applicant's past performance and experience working with Commerce must indicate sound organizational capacity and performance. That is, the applicant must have no significant or recurring HTF compliance issues on previously awarded HTF contracts. See [Chapter 2](#), Section 206.1.1 of the [HTF Handbook](#).

- **Stage 2 Invitation List:** Only applicants/projects that applied in Stage 1 are eligible to apply in Stage 2. The applicant and project combination must be included in the [2016 Stage 2 Invitation List](#) Commerce published on May 12, 2016. Due to the high level of request for funds and the small amount of funds available, the Invitation List has been divided into two groups:
 - Section A. Projects serving one or more unmet legislative target populations – these projects are invited to apply in Stage 2.
 - Section B. Projects not serving a legislative target or serving a target that has been already met – these projects are not encouraged to apply in Stage 2, as they are unlikely to be funded in 2016.
4. **AMOUNT REQUESTED:** The requested HTF amount may not exceed the limits listed below. Commerce may need to prioritize projects based on the HTF amount requested (per project or per unit) or make awards for lower amounts, in an effort to meet the minimum number of 1,900 homes and 500 seasonal beds required in the [2015-2017 Capital Budget](#). A lower award will *not* result in a waiver to any of the readiness requirements. Applicants that share common by-laws, board members (more than 50%), and service areas will be regarded as the same applicant within their common service area.
- \$3 million per multi-family project or \$600,000 per homeownership project.
 - \$3 million per year for multi-family or \$600,000 per year for homeownership (\$3 million per year, if proposing both multi-family and homeownership within the same year). A waiver to the per-year limit can be requested with the Stage 2 Application or in advance (see [Chapter 2](#), Section 201.3 of the [HTF Handbook](#)).
 - \$6 million per applicant in aggregate over the 2015 and 2016 funding rounds. The per-applicant limit cannot be exceeded, even if other waivers are approved.

UHEE awards will be made in *conjunction with and in addition* to the HTF awards and are not included in the limits above.

Federal awards may be made in conjunction with or separately from HTF awards, and the above limits will apply.

5. **READINESS:** Projects must be ready to proceed within specified timeframes. Projects will be deemed ready to proceed if they meet the following conditions:
- a. **Full Funding:** The applicant demonstrates all necessary capital financing will be committed **by September 30, 2017**. Awards will be conditional upon meeting this requirement. Should an awarded project not secure full funding by this date, Commerce may withdraw its award.

- b. **Site Control:** Site control is required at the time of application for all multi-family and single-family subdivision developments. See [Chapter 2](#), Section 205.3 of the [HTF Handbook](#) for more detailed guidelines.
 - c. **Project Costs:** The applicant demonstrates that project costs are reasonable, per the following requirements:
 - Project costs align with HTF Project Financial Guidelines and HTF Project Documentation Guidelines (see [Chapter 2](#), Section 204 and 2015, respectively, of the [HTF Handbook](#)).
 - Project costs are supported by the third party construction cost estimate and the capital needs assessment (if applicable).
 - Project costs are considered reasonable, per the current HTF cost containment policy, (see [Chapter 2](#), Section 201.2 of the [HTF Handbook](#)).
 - d. **Services:** If the project includes services, the applicant demonstrates the ability to secure all necessary service commitments. (See [Chapter 2](#), Section 205.7 [of the HTF Handbook](#)).
 - e. **Financial Operations:** Pro-forma demonstrates sufficient revenues to cover projected operating expenses. If subsidy revenue is included, the applicant must demonstrate the ability to secure the subsidy and provide evidence of support of the project from the subsidy source. The operating pro-forma must follow the project financial guidelines outlined in [Chapter 2](#), Sections 204.4-8 of the [HTF Handbook](#). A pro-forma is not required for homeownership projects.
6. **EVERGREEN SUSTAINABLE DEVELOPMENT STANDARD (ESDS):** HTF projects are required to comply with the affordable housing green building standard, [ESDS](#).

V. APPLICATION PRIORITIES

The 2016 Stage 2 Applications that meet all the Requirements above (Section IV) will be prioritized and evaluated based on the following legislative criteria:

1. **POPULATIONS SERVED:** Priority will be given to projects that provide housing for persons and families with the lowest incomes. Moreover, projects serving priority populations listed in the [2015-2017 Capital Budget](#) appropriation will be prioritized as identified in **categories A through G** below. Each unit must be targeted to a single category. A unit will not receive additional credit for serving more than one category (no unit double-counting). It is important to note that the populations identified by the applicant in their application will be written into the contractual requirements for the awarded projects.

- A. **People with chronic mental illness¹ (182 units still needed);**
 - B. **Homeless families with children² (451 units still needed);**
 - C. **People with disabilities (165 units still needed);**
 - D. **Veterans (14 units still needed);**
 - E. **Homeless youth (139 units still needed);**
 - F. **Farmworker homes (176 units still needed);**
 - G. **Farmworker seasonal beds (380 units still needed);**
 - H. Seniors (target met);
 - I. Homeownership (target met);
 - J. Other low-income and special needs populations (no target).
2. **PRIVATELY OWNED HOUSING STOCK:** Priority will be given to projects proposing to use privately-owned housing stock. Second priority will be given to projects utilizing existing publically owned housing stock (per [RCW 43.185.070\(4\)](#)).
 3. **LEVERAGE:** Priority will be given to projects leveraging HTF dollars with other resources (e.g., private and public funding, applicant contributions, and federal funds) (per [RCW 43.185.070\(5\)\(a\)](#)).
 4. **NEED:** Priority will be given to projects that demonstrate both financial and community need for the project (per [RCW 43.185.070\(5\)\(h\)](#)).
 5. **RURAL/GEOGRAPHIC DISTRIBUTION:** Commerce is required to provide for a statewide geographic distribution (per [RCW 43.185.070\(2\)\(a\)](#)). Also, rural projects may receive priority, depending on the overall application pool. Commerce is required to use at least 30 percent of the HTF moneys in any given funding cycle for the benefit of projects located in rural areas, unless it has not received an adequate number of suitable applications for rural projects (per [RCW 43.185.050](#)).
 6. **HOMELESS AND SPECIAL NEED SERVICES:** Priority will be given to applications demonstrating that their service plans are financially feasible, sustainable, and aligned with State and Federal recognized best practices (i.e., are consistent with State and Federal requirements, are evidence-based, and follow statewide established models) (per [RCW 43.185.070\(5\)\(b\)](#)).
 7. **OPPORTUNITY RICH COMMUNITIES:** Priority will be given to projects that provide access to opportunities that improve people’s life outcomes. Opportunities are measured by access to employment, transportation, youth employment, and partnerships with school districts (for projects with children) (per [RCW 43.185.070\(5\)](#)).

¹ The department may only approve applications for projects for persons with mental illness that are consistent with a behavioral health organization six-year capital and operating plan (per [RCW 43.185.070 \(6\)](#))

² In the “homeless families with children” category, preference will be given to applications based on some or all of the criteria in [RCW 43.185.070\(5\)](#), especially to projects involving collaborative partnerships between local school districts and either public housing authorities or nonprofit housing providers that help children of low-income families succeed in school (per the [2015-2017 Capital Budget](#)).

Stage 2 Applications may be subject to additional Priorities, as determined by Commerce.

VI. QUESTIONS

For questions and additional information please contact Nathan Peppin by phone at (360) 725-2983 or by email at Nathan.Peppin@commerce.wa.gov. As part of the Stage 2 process, questions must be provided no later than August 19, 2016. Commerce will publish regularly, or as necessary, a comprehensive list of responses to questions received.

For questions *specifically* related to technical matters with the application materials, including the need for additional space (i.e., for projects with more than 1 site, 14 buildings, and/or 6 permanent funding sources), please contact Sean Harrington at Sean.Harrington@commerce.wa.gov. Please allow at least two business days for resolution of any issues.

Washington State Housing Trust Fund (HTF)
Ultra-High Energy Efficient Affordable Housing Demonstration Program

Funding Availability:

As part of the 2015-2017 Capital Budget (2EHB-1115, Laws of 2015) and modified by the 2016 Supplemental Capital Budget (ESHB-2380, Laws of 2016), \$1.9 million in funding is available for the purpose of designing and constructing ultra-high energy efficient affordable housing projects including single and multifamily units. The funds can be used solely for loans or grants to low-income housing developers.

Applicant Eligibility:

- Applicant must meet the Application Requirements identified in the HTF 2016 NOFA.
- Applicant must demonstrate energy-saving and renewable energy systems designed to reach Net-Zero Energy use after housing is fully occupied. The successful applicants will be required to provide a series of life-cycle cost analysis reports to Commerce (see more details below).

Funding Priorities:

- a) Whether the project is being awarded HTF funds in the 2016 application round.
- b) Whether the proposed design has demonstrated that the project will achieve Net-Zero Energy use when fully occupied;
- c) The life-cycle cost of the project; life-cycle costs will be compared among similar projects and priority given to projects projecting lower life-cycle costs;
- d) Whether the project demonstrates a design, use of materials, and construction process that can be replicated by the Washington building industry;
- e) The extent to which the project leverages non-state funds;
- f) The extent to which the project is ready to proceed to construction;
- g) Whether the project promotes sustainable use of resources and environmental quality;
- h) Whether the project is being well-managed to fund maintenance and capital depreciation;
- i) Whether the project demonstrates reduction of housing and utilities carbon footprint;
- j) The extent to which the project is planning for anticipated and unexpected occupant behaviors in operations in order to encourage behaviors that optimize performance;
- k) Other criteria that Commerce considers necessary to achieve the purpose of this program, such as, narrative discussion of key concepts including but not limited to: integrated design, local economy benefits, resiliency planning, post-occupancy commissioning, and additional feedback loops to the affordable housing community.

Funding Limits:

The Ultra-High Energy Efficient funding will be awarded in addition to the HTF award. Commerce aims to fund a few projects across Washington State to demonstrate Net-Zero Energy performance. Given the total amount of funds available, applicants are encouraged to consider the following guidelines when building their budgets:

- \$100,000-\$250,000 per project may be awarded for homeownership projects.
- \$500,000-\$1,000,000 per project may be awarded for multifamily projects.

Application Requirements:

Applications must meet the HTF 2016 NOFA requirements identified in Section III Application Documents and Instructions. In addition, applicants are required to submit the Ultra-High Energy Efficient Application, which is available on the [HTF Applying to the Housing Trust Fund](#) website. The application requires:

- Energy model comparing the base case, provided by Commerce, to the project’s model
- Life-Cycle Cost Tool comparing the base case, provided by Commerce, to the project proposal
- Applicable narrative sections

Estimated Timeline:

The timeline of the UHEE application is the same as the Stage 2 application timeline identified in Section II of the 2016 HTF NOFA.

Housing Trust Fund Reporting requirements (post-construction):

Requirements due:	Requirements:
At Construction Completion	<ol style="list-style-type: none">1. Narrative to Commerce: Lessons learned during the design and construction phases. Examples of what would be expected are: (a) how the design, use of materials, and construction process could be replicated by the Washington building industry, including the affordable housing industry; (b) how project costs compare to the costs of traditional design and construction.2. Public Webinar: Lessons learned during the design and construction phases. Examples of what would be expected are: (a) how the design, use of materials, and construction process could be replicated by the Washington building industry, including the affordable housing industry; (b) how project costs compare to the costs of traditional design and construction.

	<p>3. Life-cycle Cost Analysis (as built): Provide to Commerce an update to the initial Life Cycle Cost Tool with as-built costs and any design changes.</p>
<p>Annually, for the first three years after housing is fully occupied</p>	<p>1. Life-cycle Cost Analysis (update): Verify Net-Zero Energy performance by providing to Commerce an update to the as-built Life Cycle Cost Tool with actual project utility data.</p> <p>2. Narrative to Commerce: Lessons learned through occupancy and operations.</p>

Process Changes:

Commerce reserves the right to revise this process as needed.

Questions:

Dena Harris, Dena.Harris@commerce.wa.gov

Chuck Murray, Chuck.Murray@commerce.wa.gov