

# Thurston County Public Health and Social Services



## Request for Information (RFI):

## Affordable Housing New Construction and Rehabilitation Funding Schedule 2020, 2022

February 2019

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## Overview

To organize limited funding as effectively as possible to increase affordable housing in our community, Thurston County is requesting information from qualified agencies for consideration in a 36-month, three (3) year affordable housing capital projects funding schedule (Pipeline). Thurston County intends to identify one project for placement in 2020 and two projects for placement in 2022 on the Pipeline.

This Pipeline will provide the County with the ability to see a schedule of planned new and rehab construction projects for affordable housing in the community, and provide agencies facilitating these projects with a greater level of confidence to move forward in securing the necessary resources. The 36-month funding schedule aims to accomplish the following objectives:

### **Objectives:**

- Focus limited resources and prioritize households with income in the range of 0% - 60% of AMI for new construction and rehab projects
- Support a collaborative planning process for agencies developing affordable housing in Thurston County
- Provide agencies with lead time to identify and leverage additional funding for affordable housing capital projects
- Provide Thurston County and jurisdictions with a schedule of planned projects over 36 months
- Organize and prioritize capital projects to allow Thurston County and the service system to better align agency capital projects with affordable housing inventory needs

With input from members of the Housing Action Team, Thurston County has worked to develop Business Rules outlining the purpose of creating the 36-month Affordable Housing Pipeline and process for participation. Agencies submitting a response to this request are encouraged to review these rules for a complete understanding. These rules are available in Appendix B.

Questions regarding this request and the Business Rules should be directed to: Tom Webster, [webstet@co.thurston.wa.us](mailto:webstet@co.thurston.wa.us) no later than March 14, 2019. All submission materials must be received by Friday, April 5, 2019 by 4:00 p.m.. Materials received after this time will not be considered as part of the review. Materials should be delivered to:

Tom Webster  
Public Health and Social Services  
412 Lilly Rd NE  
Olympia, WA 98506

## **Agency Eligibility for Funding Schedule Consideration**

Agencies who wish to be considered as part of the affordable housing pipeline schedule must meet the basic criteria defined by the Washington State Housing Trust Fund Section 105:

### **Section 105 Eligibility Applicant**

Organizations that may receive assistance under this chapter are local governments, local housing authorities, behavioral health organizations established under chapter 71.24, nonprofit community or neighborhood-based organizations, federally recognized Indian tribes in the state of Washington, and regional or state-wide nonprofit housing assistance organizations. Eligibility for assistance under this chapter also requires compliance with the revenue and taxation laws, as applicable to the recipient, at the time the grant is made.

In addition, agencies must meet the following criteria:

1. A minimum of 1 affordable housing project completed in Thurston County since 2011
2. Successful track record of leveraging external funding
3. A planned affordable housing project in Thurston County focusing on the population making between 0% - 60% of AMI
4. Funding must be used to develop/support permanent affordable housing (Permanent housing means either ownership or for rental housing the tenant household must be offered at least a one-year lease.)
5. Demonstration of the future project to be cash-flow positive, covering on-going operations and maintenance expenses without the need for additional Homeless and Affordable Housing Services funding. Operations and maintenance does not include any services that may be provided to residences in addition to housing.

Agencies can submit multiple projects for consideration but will receive only one (1) placement in the schedule. Exceptions will be made if there are not enough projects submitted from multiple agencies to build a complete 36-month schedule. Projects not included in the 36-month capital projects schedule can be submitted for funding consideration during the designated OPEN funding window of the capital projects cycle (see below). In addition, projects initially not placed in the funding schedule can re-submit for funding during the OPEN window of the schedule.

## **Pipeline Priorities**

The Community Investment Partnership (CIP) Steering Committee, after considering input from the Housing Action Team, have established the following priorities and areas of emphasis for scoring applications. The scoring criteria are provided in Appendix A.

### **Priorities**

Projects that have the following characteristics will be scored higher under the category of “Priority Need for Type of Housing/Population Served” and therefore have a higher probability of receiving placement on the Pipeline. A project that meets a priority is NOT guaranteed placement. Conversely, a project that does not meet a priority, may be selected for placement, although it is unlikely.

## Highest Priorities

- Development of affordable rental housing
- New construction of permanent supportive housing

## Medium Priorities

- Development and/or rehabilitation of affordable housing

## Areas of Emphasis

The application scoring criteria reflect new or growing areas of emphasis for Thurston County. Application scores may be increased by projects that have the following characteristics and therefore have a higher probability of receiving placement on the Pipeline funding schedule. A project that scores high in one or more areas of emphasis is NOT guaranteed placement on the Pipeline.

- The higher the number of units a project will produce, the higher the application will score.
- The higher the amount of outside funding a project will leverage, the higher the application will score.
- Projects that score high on feasibility regarding financing, timeline and land.

## Response Components

Thurston County is soliciting responses for project placement on the Affordable Housing Pipeline, including one placement in 2020 and two placements in 2022. For placement consideration on the Pipeline, agencies must submit ALL the following information. Responses with missing or incomplete information will not be considered for placement.

### **I. Agency Information**

- Name of the agency
- Primary contact for agency (Name / Job Title / Email / Phone)

### **II. Agency Qualifications**

If the agency will not serve as the developer, answer each question in this Section (Agency Qualifications) for both the proposed developer and applying agency.

- Statement of agency qualification based on Section 105 of the Washington State Housing Trust Fund.
- Example of at least 1 existing new construction or rehab project in Thurston County since 2006 providing housing to households with income levels at or below 60% of Area Median income
- Example of at least 1 affordable housing project effectively using government funding either independently or as part of a larger funding strategy
- Statement of agency's ability to produce projects that require no additional funding for on-going operations and maintenance. Provide at least one (1) example.

### III. Project Details

Use the following template to provide information for each project being considered. Do not leave any fields blank. Fields which you do not know the information write “to be determined” for the answer.

Project Name	
Provide a brief description of the proposed project	
Desired year for pipeline placement Year 2020 or Year 2022. Indicate if you will accept a placement in either year.	
Provide an estimated timeline for the project, thru project completion/full occupancy.	
Location of Project City (required) Address (if known) Zoning (if available)	
Community Housing Development Organization (CHDO) set aside eligible?	
Status of land U – unknown (describe plan to identify and acquire land) I - identified but not acquired. (estimate timeframe for acquiring land) A - acquired	
Current status of proposed project C - concept D - design/planning P - permitting S - shovel ready O - other (provide details)	
Primary type of project S - SRO P - Permanent Supportive Housing OH - Oxford Housing M - multi-family SFO - single family (Ownership) SFR – single family (Rental) O - other	

Square footage of property	
Square footage of buildings	
Proposed number of units. (Include estimated breakdown by bedroom size, if available).	
Average cost per unit	
Total project budget (note whether Actual or Estimated)	
Do you have Pro Forma Statements? (if so please provide)	
Funding Sources. List planned funding sources and status of securing funds.	
Proposed number of units for target population of 60% or less of AMI	
Target demographic of project (provide approximate for each) Y - youth F - families S - singles V - veterans C - chronically homeless D - disabled	
Intent of funding S - seed B - bridge P - primary O - other (provide details)	
Services to be made available	
List name of organization who will serve as the developer. Describe organizations experience developing affordable housing that is comparable to the proposed project.	
List name of organization who will operate/manage the property after completion. Describe organizations experience managing affordable housing that is comparable to the proposed project.	
Lead and Partner Agencies in this Project	

(briefly describe roles of all).	
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**RFI Schedule**

RFI key dates are the following:

February 25, 2019	RFI made available
April 5, 2019	Deadline for project submission(s) (all material)
May 13, 2019	Project review completion
May, 2019	2020 & 2022 Affordable Housing Capital Projects Funding Schedule announced

**RFI Related Questions / Clarifications / Submission**

All **questions** related to this RFI and **final submission materials** should be directed to:

Tom Webster  
Public Health and Social Services  
412 Lilly Rd NE  
Olympia, WA 98506  
[webstet@co.thurston.wa.us](mailto:webstet@co.thurston.wa.us)

**Liabilities of Thurston County**

This RFI is only a request for information about potential affordable housing projects and no contractual obligation on behalf of Thurston County whatsoever shall arise from the RFI process. Projects selected for placement in the funding schedule are subject to all rules and requirements associated with the funding source, which may include but is not limited to, project eligibility, underwriting and subsidy layering, environmental review, market analysis, cost reasonableness, cost allocation, and agency capacity review as well as affordability periods and recapture provisions.

This RFI does not commit Thurston County to pay any cost incurred in the preparation or submission of any response to the RFI.

## Appendix A: Scoring Criteria

Thurston County staff will review applications to ensure minimum eligibility requirements are met. This will include a threshold review to ensure applications specify and include the minimum criteria listed under Agency Eligibility for Funding Schedule Consideration. Thurston County will select members of an independent review committee who will review and rate applications and provide recommendations to the Community Investment Partnership (CIP) Steering Committee. The CIP Steering Committee will make a final determination of projects placed on the funding schedule.

<b>Scoring Criteria – Pipeline RFI Responses</b>	<b>Maximum Points</b>
<b>Meets Priority Need for Type of Housing/Population Served.</b> Clearly defined project that will meet stated priority need identified in the RFI for type of housing developed.	30
<b>Number of Units Created or Preserved.</b> Based on total number of units to be developed by the project. 1 unit – 1 point 2 units – 2 points 3 units- 3 points 4 units – 4 points 5-8 units – 6 points 9-14 units – 8 points 15-20 units – 10 points 21-25 units – 12 points 26-35 units – 14 points Over 35 units – 15 points	15
<b>Amount of Leverage.</b> Awarded funds represent X percentage of total project costs. (\$400,000 <sup>^</sup> / total project cost * 100 = Percentage) 1-10% - 15 points 10.1% - 20% - 12 points 20.1% - 30% - 10 points 30.1% - 40% - 8 points 40.1% - 50% - 6 points 50.1% - 75% - 3 points 75.1 – 99.9% - 1 point 100% - 0 points  <sup>^</sup> \$400,000 will be used as a default to represent the estimate of the funding award.	15
<b>Strength of Development Team.</b> Demonstrated experience in developing and operating affordable housing.	15
<b>Project Feasibility –</b> <ul style="list-style-type: none"> <li>- Reasonableness of financing/securing leveraging (0-5 points)</li> <li>- Reasonableness of timeline and expectation to start construction within 12 months of award and to complete project on time – (0-5 points)</li> <li>- Reasonableness of identifying/securing land or property (0-5 points)</li> </ul>	15
<b>Responsiveness of Information:</b> All relevant questions answered and information is complete and responsive to the questions asked and provide a reasonable level of detail.	10
<b>Total Score</b>	<b>100</b>

# Appendix B: Thurston County Affordable Housing New Construction and Rehabilitation Business Rules

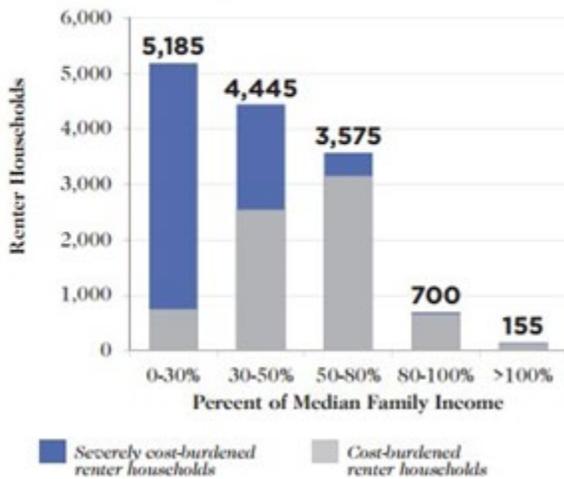
## Overview

A 2015 Washington State Housing Needs Assessment identified that there are over 33,000 households in Thurston County who are considered cost burdened and extremely cost-burdened<sup>1</sup>. About 65% of these households are classified as Low Income, making less than 80% of the Area Median Income (AMI)<sup>2</sup>. The chart below shows the breakdown by MFI thresholds for renter and home owner households: Trudy is asking for updated numbers from Emily at Commerce

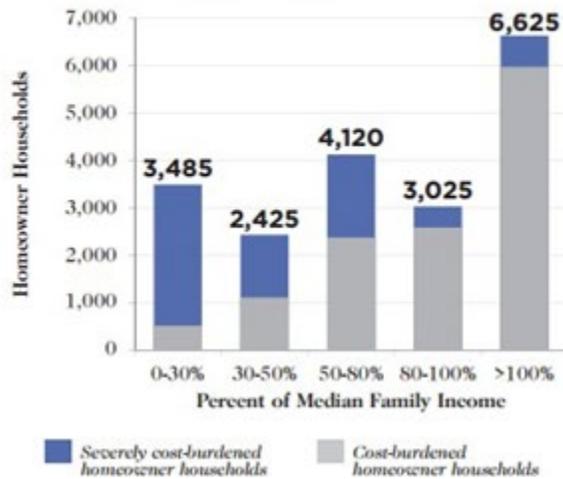
2015 Washington State Housing Needs Assessment: Thurston County

### Cost Burden

*Cost-Burdened Renter Households*



*Cost-Burdened Homeowner Households*



### Thurston County - Cost Burden Data

Cost Burden Data	Renters	Owners with mortgage	Owners without a mortgage
2008-2012 ACS set	49.9%	37.7%	12.5%
2013-2017 ACS set	50.7%	30.7%	13.8%
Trend	increased 0.8%	decreased 7%	increased 1.3%

Between 2013-2018, an average investment of roughly \$750,000 dollars annually in Federal HOME and County 2060 funding was allocated to new construction and rehab projects in Thurston County to address the need for affordable housing in the community. This represents about 30% of the annual budget for homeless and affordable housing services and programs in the County. With these funds agencies were successful in leveraging additional capital to add and renovate approximately 250 units of publicly funded affordable housing inventory since 2009<sup>3</sup>, but the demand still far outweighs the supply. Local agencies, in collaboration with Thurston County have identified the need to organize capital projects through a 60-month funding schedule to accomplish the following objectives:

### **Objectives**

- Focus limited resources and prioritize households with income in the range of 0% - 60% of AMI for new construction and rehab projects, and up to 80% of AMI for projects leading to homeownership with provisions to continue affordability in the event of resale.
- Support a collaborative planning process for agencies developing affordable housing in Thurston County
- Provide agencies with lead time to identify and leverage additional funding for affordable housing capital projects
- Provide Thurston County and other local jurisdictions with a schedule of planned projects over 36 months.
- Organize and prioritize capital projects to allow communities in Thurston County and their service systems to better align agency capital projects with affordable housing inventory needs

### **Business Rules**

The following business rules have been identified as elements needing to be defined to maintain transparency, fairness, cooperation and organization within the affordable housing service system and funding schedule.

#### Agency Eligibility for Funding Schedule Consideration

Agencies who wish to be considered as part of the affordable housing capital projects schedule in Thurston County must meet the criteria defined by the Washington State Housing Trust Fund Section 105:

#### Section 105 Eligibility Applicant

Organizations that may receive assistance from the Housing Trust Fund (HTF) under this chapter are local governments, local housing authorities, behavioral health organizations established under chapter 71.24, nonprofit community or neighborhood-based organizations, federally recognized Indian tribes in the state of Washington, and regional or state-wide nonprofit housing assistance organizations. Eligibility for assistance from the HTF under this chapter also requires compliance with the revenue and taxation laws, as applicable to the recipient, at the time the grant is made.

In addition, agencies must meet the following criteria:

6. A minimum of 1 affordable housing project completed in Thurston County since 2011
7. Successful track record of leveraging external funding
8. A planned affordable housing project in Thurston County focusing on the population making between 0% - 60% of AMI
9. Demonstration of the future project to be cash-flow positive, covering on-going operations and maintenance expenses without the need for additional Homeless and Affordable Housing Services funding. Operations and Maintenance does not include any services that may be provided to residences in addition to housing.

Agencies can submit multiple projects for consideration but will receive only one (1) placement in the schedule. Exceptions will be made if there are not enough projects submitted from multiple agencies to build a complete 36-month schedule. Projects not included in the 36-month capital projects schedule can be submitted for funding consideration during the designated OPEN funding window of the capital projects cycle (see below). In addition, projects initially not placed in the funding schedule can re-submit for funding during the OPEN window of the schedule.

#### Roll-out

Beginning in January 2019, agencies will have the opportunity to apply for consideration in the Affordable Housing Capital Projects Funding Schedule to fill one (1) slot in the 2020 funding cycle and two slots in the year 2022 funding cycle. Selection priority as established by the Community Investment Partnership (CIP) Steering Committee, will be given to eligible agencies as described above and based on the projected impact to affordable housing inventory for the target population of households earning 0% - 60% of AMI. After the 2019 cycle, the Pipeline RFI will be issued annually to select each succeeding year not already assigned, in the case of 2020, this will be two positions in 2023.

Once agencies have been selected for participation in the funding cycle, positioning in the cycle will be based on known capital projects already in concept along with qualified CHDO organizations for the CHDO set-aside. Years where there are more than two (2) projects planned, placement will be assigned based on community impact and target population served as determined by the CIP priorities. Selected agencies will also be required to reply to the annual Thurston County Housing Request for Proposals for the year they are assigned, in order to finish their qualification for the funding.

#### Annual Funding Availability

Participating agencies will be assigned a position in the project cycle based on their response to the RFI. While this will allow agencies to have confidence to rely on funding for a planned project from the County, there is no guarantee on the amount of funding that will be provided. It is up to each agency to plan their project accordingly. A letter of support detailing the selection and potential availability of funds will be made available to an organization working on an upcoming capital project if necessary and requested.

#### Project Flexibility

Once the initial agency placements have been established, it is the responsibility of each agency to manage timelines appropriately. If a project is postponed or cancelled, an alternative project will be selected as follows:

**1<sup>st</sup> Option.** Agencies can substitute or switch places with another project that has a place on the Pipeline schedule. When changing placement on the schedule, consideration will be given to whether the revised placement order will create potentially unfavorable competition for funding between projects placed on the schedule during the same funding year.

**2<sup>nd</sup> Option.** If no project exists on the schedule that is able or willing to switch places on the schedule, an alternative project may be identified by reviewing the ranking of projects that responded to the most recent RFI, but did not receive a placement on the schedule. Eligible projects will be contacted and given an opportunity to be placed on the schedule, moving from the top-ranked eligible project to the lowest ranked eligible project.

#### Phased projects

Agencies managing projects with implementation phases across multiple years have the flexibility to swap their future positions in the cycle to stack funding in successive years. This allows for larger scale projects to be budgeted across multiple years rather than needing to ask for unrealistic funding requests in a single funding cycle. These requests will be reviewed by the CIP Steering Committee who will be looking for the greatest impact to the affordable housing inventory for Thurston County for the target population served.

For example:

Agency 3 has a planned project to bring 180 units of affordable housing to the market beginning in 2020. The project will be implemented in 2 phases over 36 months. However, Agency 3 will not have another “guaranteed” position in the funding cycle until 2025. Knowing this, Agency 3 can work with agencies who have placement in years 2020 or 2024 to swap their slot in 2025, and Thurston County to assist them with achieving the higher production of housing units. This will position Agency 3 to have successive years of funding and a stronger ability to leverage funds to bring the complete project to fruition.

Additionally, if the funding source allows, the agency can elect to stretch out the allocation awarded in the scheduled year across multiple years to effectively manage a phased project.

For example:

Agency 3 has a planned project to bring 180 units of affordable housing to the market beginning in 2019. The project will be implemented in 2 phases over 36 months. With the funding received in 2019, Agency 3 will be able to draw on those funds over successive years rather than in a single lump sum in the first year. This will position Agency 3 to have a stronger ability to leverage funds during each phase to bring the complete project to fruition.

#### Project Funding for Non Participating Agencies

Agencies that are not assigned a position in the funding schedule have the opportunity to participate in the annual Pipeline Committee meeting to apply for funding for affordable housing capital projects during the upcoming un-assigned the funding cycle.

#### Community Housing Development Organizations (CHDO)

Partner agencies designated as CHDO agencies will also participate in a funding cycle outside of the larger funding schedule and be allocated designated CHDO funding accordingly. The funding cycle for CHDO agencies will operate under the same guidelines as the larger capital projects schedule. CHDO organizations may also submit projects for consideration in larger funding schedule.

#### County Requirements and Funding Guidelines

Projects placed in the funding schedule must meet all Federal HOME and County guidelines for funding as well strategic initiatives outlined in the [Thurston County Regional Consolidated Plan](#) and the County’s 5 Year Plan to address homelessness. Participating agencies will adhere to all requirements for funding eligibility. As the facilitator and fiduciary of Federal, State and County funds, the County has specific time lines under which it must operate. These timelines vary by funding program and it is the responsibility of the agency awarded funds to adhere to these timelines and to have approved and signed contracts in place with Thurston County accordingly. Projects that do not meet these stated timelines may have funding pulled by the County in order to avoid risk of losing Federal and State awards due to exceeding the distribution window. Effective communication between agencies and the Thurston County Department of Housing and Community Renewal will ensure projects meet all time lines for funding allocation.

Here are the existing and available sources of funding for new affordable housing and rehabbed construction in Thurston County as of 2018/2019:

**Community Development Block Grants (CDBG)** – These funds are administered by the County, but are not awarded through the Community Investment Partnership process and therefore are not part of this funding schedule at this time.

**Document Recording Fees (2060 / 2163)** – These funds are collected at the County level. Funding awards from 2060 are explicitly allocated to affordable housing capital construction projects serving households at or below 50% AMI. Funding awards from 2163 can be allocated to affordable housing capital construction projects in accordance with the strategy outlined in the County’s 10 Year Plan to address homelessness.

**HOME Investment Partnership Program** – These funds are awarded by HUD and administered by the County. HOME funds require an eligible contract to be submitted within 24 months of award allocation. Funding can go toward a broad range of eligible activities, including existing home purchases and rehabilitation, new construction and site acquisition, or to provide tenant-based rental assistance contracts of up to 2 years. Eligible activities must be identified in the Thurston County Consolidated Plan and in accordance with local market conditions.

**HOME CHDO** – At least 15 percent of HOME Investment Partnerships Program (HOME) funds must be set aside for specific activities to be undertaken by a special type of nonprofit called a Community Housing Development Organization (CHDO).

Thurston County and HOME Program Compliance Requirements Combined resources will be released in a single Request for Proposals asking the community to respond with programming that reaches the Thurston Thrives goals. Projects placed in the funding schedule must still submit a formal proposal to the County for final review and funding approval. Additionally, projects placed in the pipeline and ultimately funded must comply with the following HOME guidelines:

1. Agency Requirements
  - a. Identify a specific project
  - b. Demonstrate Experience and Developer Capacity
  - c. Provide a Market Assessment showing a demand for the type and # of units
2. At 12 months from the date of grant award by HUD to the County, agency awarded funding must:
  - a. Identify, secure and document all funding sources for all phases of the project
  - b. Develop a 12 month timeline to begin construction
  - c. A four (4) year timeline for completion of all phases of development requirements. The project must be completed within five (5) years from the County Grant Award from HUD.
  - d. Provide a Final budget for all phases (pre-development, acquisition, construction, permanent)
3. After completion of A. (1-3) and B. (1-4) the following must be completed before a written agreement (Contract) committing HOME funds is executed.
  - a. Cost Reasonableness Determination by third party or county.
  - b. Underwriting and Subsidy Layering review completed by County
  - c. Environmental Review completed by County or Consultant

Notes:

- An Agency receiving funding that does not complete steps A. (1-3) and B. (1-4) by the designated 12-month period will have the project replaced by Thurston County. The new project will be identified by the County in accordance with procedures presented in this document.
- Agencies cannot acquire property or make other “choice limiting actions” prior to a grant award from HUD to the County, the completion of a HUD compliant Environmental Review and the completion of a written agreement (contract with the county) **regardless** of funding source used.
- HOME funds not under contract by 24 months from Grant Award Date may be lost to the county and not returned. Grant Awards to the county by HUD are generally issued in September each year.

- Other federal requirements may apply including but not limited to Davis Bacon Act, procurement regulations, Uniform Relocation Act, Affirmatively Furthering Fair Housing Requirements, Consistency with HUD Consolidated Plan and local regulations as required.
- If the project is not completed within 5 years of the Grant Award Date, all HOME funds must be repaid to HUD.

**Current Funding Cycle**

2017	2018	2019	2020	2021	2022
HATC - Golf Club	Homes First - Safe, Healthy, Affordable Rental Housing	LIHI - Olympia Mixed Use	OPEN	PANZA	OPEN
FFC Home XI	SPS Habitat for Humanity - Deyoe Vista V	Family Support Center - Pear Blossom 2	HATC - Sequoia Landing	FFC Home XII	OPEN
CHDO - Homes First	CHDO - Homes First	CHDO	CHDO	CHDO	CHDO

**Footnotes:**

<sup>1</sup> Cost burdened is defined as a household paying more than 30% of gross wages towards housing costs. Extremely cost burdened is defined as households paying more than 50% of gross wages toward housing costs.

<sup>2</sup> Area Median Income generally refers to the annual income earned by a household of 4 that represents the middle income level of all households in the area (Thurston County in this case). Income limits are the benchmarks established by the U.S. Department of Housing and Urban Development (HUD) that set the income thresholds households must not exceed in order to qualify for HUD-assisted housing.

<sup>3</sup> Information gathered from Thurston County HOME annual reports from 2009 - 2013