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Bond/Credit Program:

Acquisition/ Rehabilitation Long-Term Strategy

2022 and Beyond:
Reorienting for Values and Outcomes

- Overview of Values/Outcomes and New Allocation (May 26th presentation - brief overview today)
- Threshold Criteria
- Points and Ranking
- Next Steps

Expressing the Values in Outcomes

Targets:

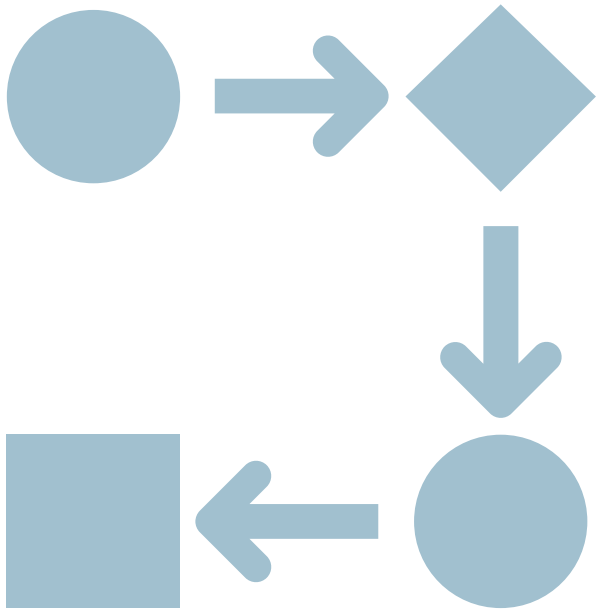
- We will ensure that a certain percentage of projects we fund are:
  - Acquisition/rehab (instead of new production)
  - Financed with public funding
  - Outside King and Snohomish counties

Point Ranking (highest points go to):

- By or for people of color
- Greater cost-efficiency

New Allocation Process:

- One round in 2022
- Intent to Apply required
- Require more up front
- Streamline criteria
- Compare like projects
- Meet floors and ceilings of spending in target areas



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1

Bond Capacity Application Pool

2

New Production

Acquisition/Rehabilitation

3

Public Leverage

No Public Leverage

Public Leverage

No Public Leverage

4

Seattle/King County

Balance of State

King/Snohomish County

Balance of State

Seattle/King County

Balance of State

King/Snohomish County

Balance of State

5

(Ranked by priorities/ outcomes)

List 1

List 2

List 3

List 4

List 5

List 6

List 7

List 8

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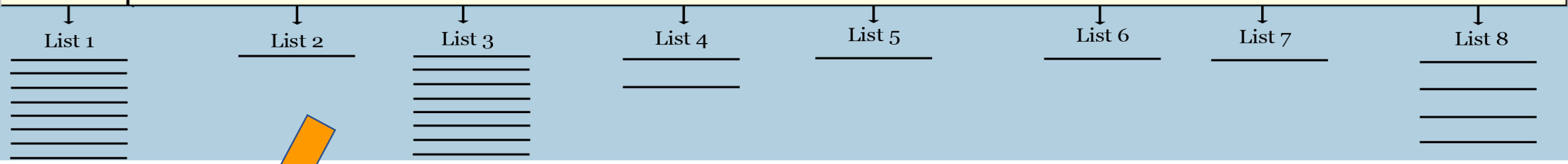
6 Apply Targets and Adjust List



15-25% Acq-Rehab	50-60% Public Leverage	40% Outside Seattle/King/Snohomish
Acquisition/Rehabilitation (Adding vs. Preserving)	**Public Leverage** (Alignment of Resources)	**Balance of State** (Geographic Balance)
Lists 5 - 8	Lists 1, 2, 5, 6	Lists 2, 4, 6, 8

Last: Top projects in List 3 (*new, no public $, King/SnoCo*) **will be funded with remaining funds**

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New Program Thresholds

New Program Thresholds

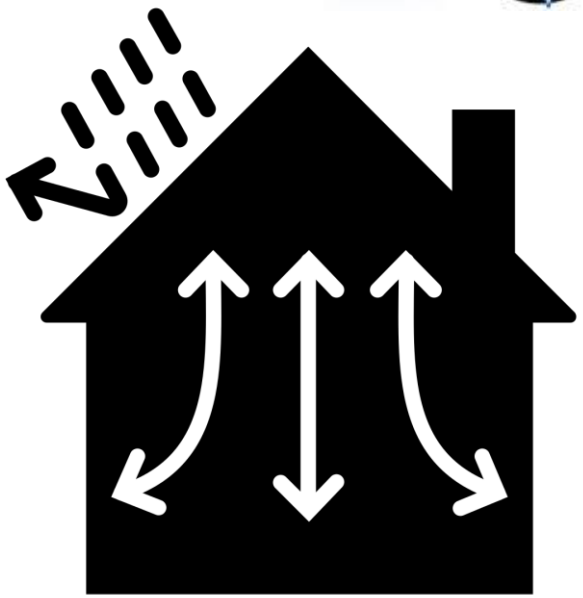
Definition

- Projects with income restriction on them, such as resyndications, or with HAP contracts, RD projects, etc.
  - ✓ Expiring use agreements still count as resyndications; bridge financing for projects "at risk" will be OK
  - ✓ Must have at least 50% at 50% AMI, for developments with rental subsidies
- Acquisition/Rehab of buildings outside of these government programs are "new production"

Weatherization and Ventilation

- Projects complying with the residential provisions of the Washington State Energy Code are required to implement the “Deemed Measures List” from ESDS Section 5.01b

- If the project is not required, or planning to, upgrade the ventilation system to the latest version of the Washington Mechanical Code, at minimum it must achieve ASHRAE 62.2-2019 or 2015 Washington State Mechanical Code



New Program Thresholds

Community Revitalization Plan

Must be in a:

1. **Federal, state, regional, or local community revitalization plan area**
   Submit copy of the plan, show project location in boundaries

OR

2. QCT or DDA

AND

- **High or Very High Opportunity Area**

  OR

- **Area of Low Environmental Health Disparity**

New Program Thresholds

Nonprofit Sponsor

Same as existing policy language

New Program Thresholds

Letter of Intent

Tell us in broad strokes what you have in mind, 60 days in advance

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“Bucket” Requirements

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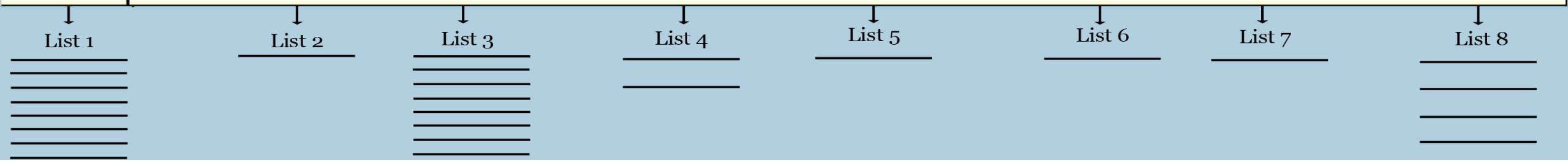
6 Apply Targets and Adjust List



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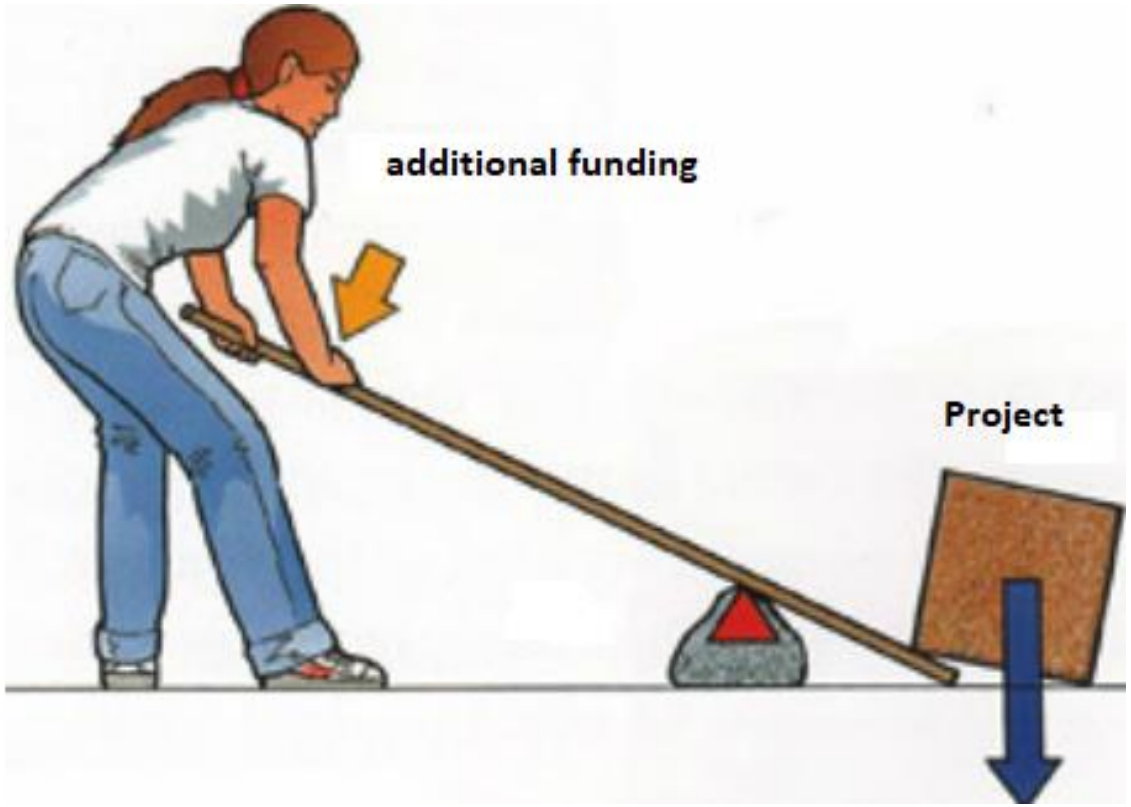
"Bucket" Requirement

Public Leverage Definition

- **Seattle:**
  10% of project
- **King outside of Seattle:**
  5% of project
- **Balance of state:**
  5% of project



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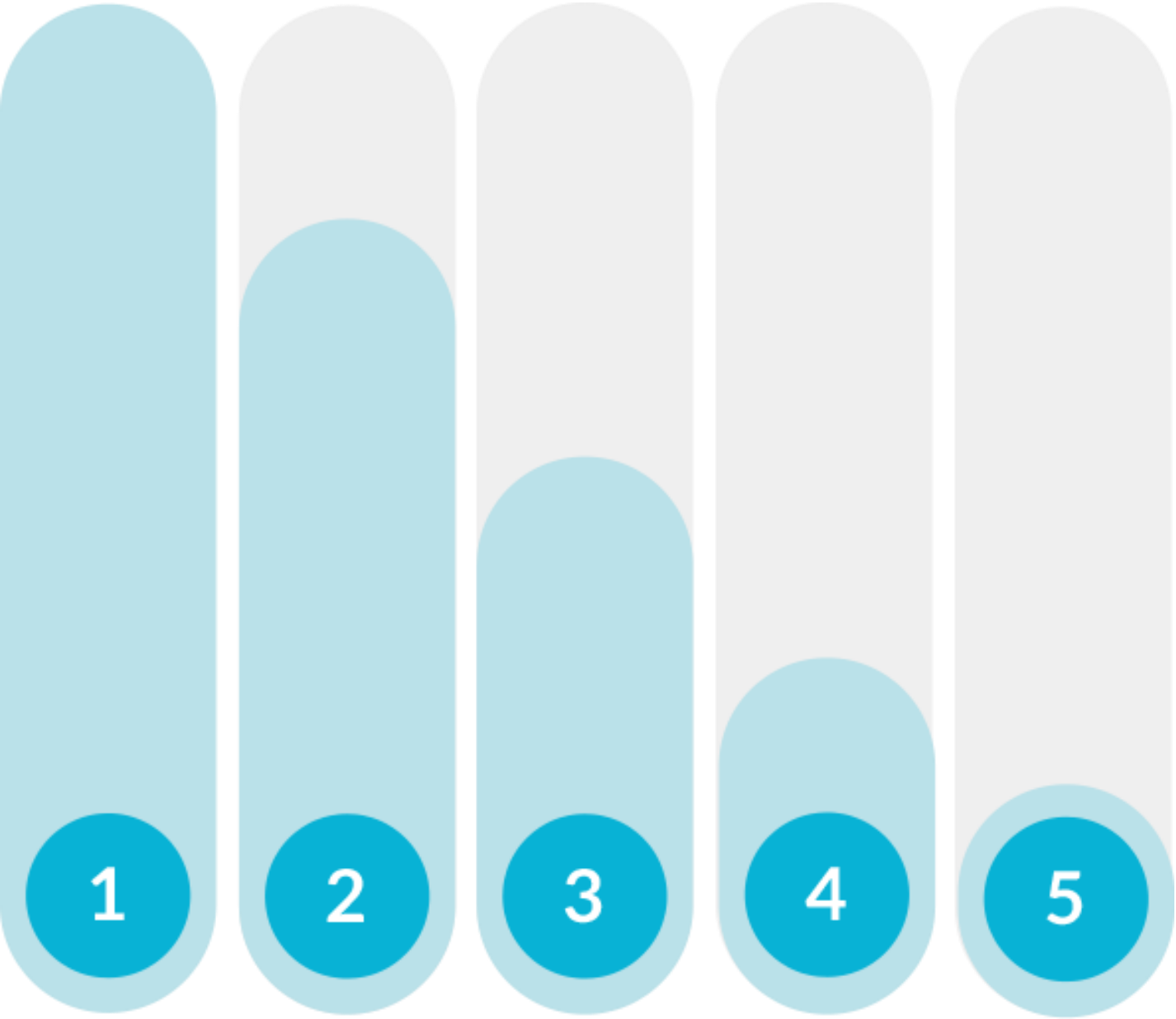
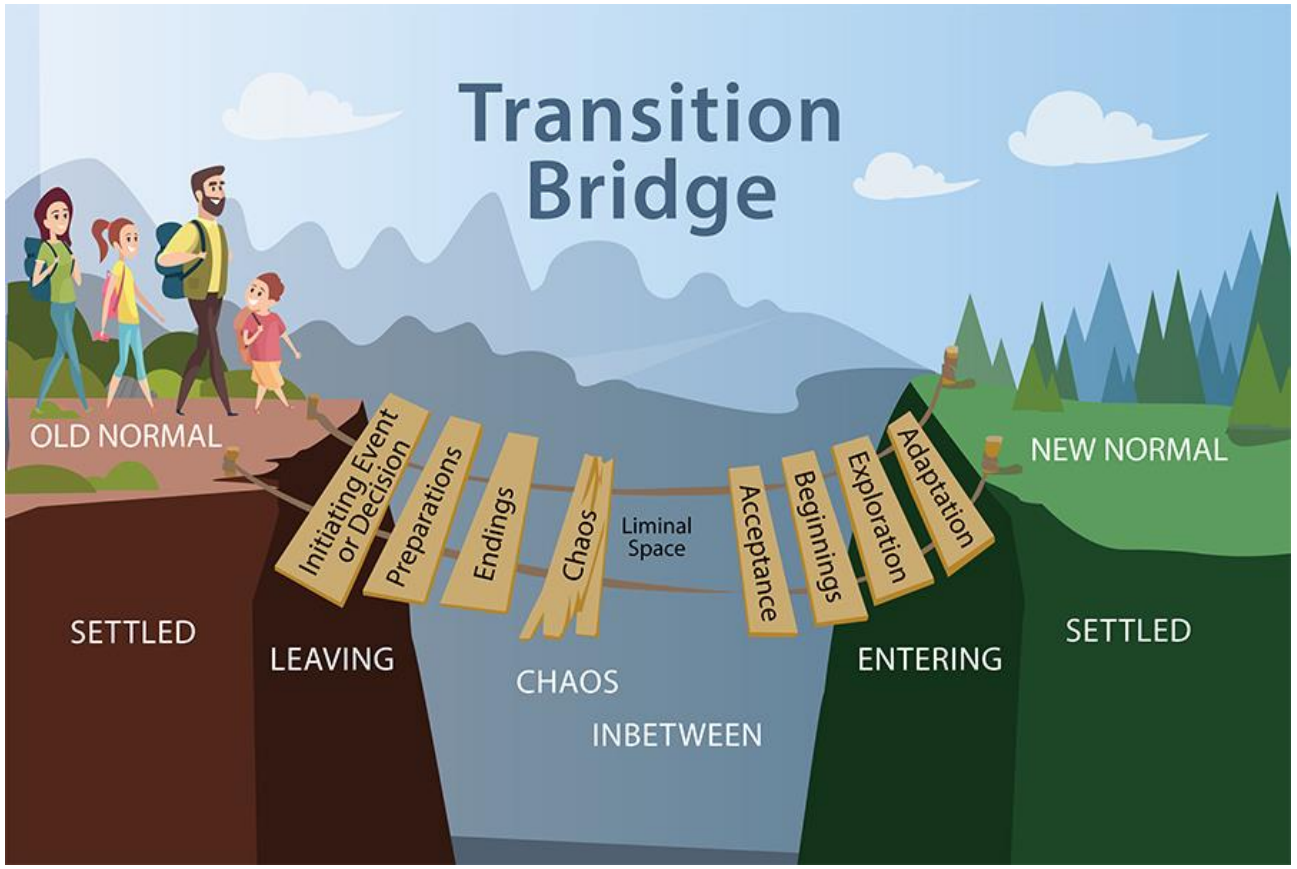


Project Ranking

Ranking – Specific to Ac/Rehab

Pipeline Transition
2022 Round only – 5 points

- Application for project was submitted January 2021
- Evaluated to be "ready"
- Received at least 70 points
- Meets all the 2022 policy and application requirements



Ranking – Specific to Ac/Rehab

Historic Property - 1 point

(No points for brownfields, greyfields, adaptive reuse)

Ranking – Specific to Ac/Rehab

Major Systems

10 points for each major system (using HUD standards), up to 3 systems

- Roofing
- Cladding and weatherproofing - windows, doors, siding, and gutters
- Plumbing
- Electrical
- Heating, ventilation, and air conditioning

Plus: Broadband for 1 point

Submit a third-party capital needs assessment to verify need

Ranking – Specific to Ac/Rehab

Healthy Living, Solar, and EV chargers

- ESDS 7.08C Provide Balanced Ventilation with HRV/ERV and wildfire smoke filters – 5 points
- ESDS 5.09 Heat Pumps – 5 points
- Solar: 0.42 kWh/SF/year or higher – 3 points
- EV charging stations for at least 5% of parking spaces – 2 points

Cost Efficiency

- Maintain current point structure
- Review TDC limits – adjust for higher costs in Seattle

Nonprofit donation

Donation of 10 basis points – 2 points

By and For BIPOC Communities

DEVELOPMENT BY AND FOR THE COMMUNITY 26 POINTS	Four Standards:	# Points
	1. Ownership Entity is more than 50% BIPOC owned or controlled	0-8
	2. Development will be owned long term by a community-based organization	0-8
	3. Development includes a CBO that has a history of supporting the community	0-5
	4. Sponsor entity engages in a meaningful community participation and decision input process	0-5

1. Ownership Entity is more than 50% BIPOC owned or controlled

"BIPOC" means a Black, Indigenous, or other Person of Color identity that reflects the identity of the community to be served. If there is no clear community racial or ethnic identity, "BIPOC" means any Black, Indigenous, or Person of Color.

SOLE ENTITY SPONSORS	# Points
For-profit: More than 50% BIPOC owned	8
Nonprofit: More than 50% BIPOC staff	5
Nonprofit: BIPOC Executive Director	2
Nonprofit: More than 50% BIPOC Board	1

PARTNERSHIPS	# Points
Sponsor partners with a BIPOC organization wherein the BIPOC organization has MORE than 50% ownership in the GP	8
Sponsor partners with a BIPOC organization wherein the BIPOC organization has LESS than 50% ownership in the GP, and BIPOC organization receives more than 40% of the developer fee and significant development decision-making power.	3

2. Development will be owned long term by a community-based organization

CBO = any organization or group of individuals with demonstrated value to the community.

Some examples are:

- **BIPOC developer that reflects the identity of the community**
- **Service provider that provides programming aside from housing**
- **Community Land Trust specific to the community**
- **Business owner(s) in the community**
- **Tenant(s) of a redeveloped building (commercial or residential)**

Points available: 0-8, depending on how favorable the back-end agreement is to the CBO.

Ranking

3. Development includes a CBO that has a history of supporting the community

- No ownership requirement for CBO
- The CBO will determine what benefits it requires in order to lend its community credibility to this category

Points available: 0-5 depending on CBO's documentation about the partnership process and results

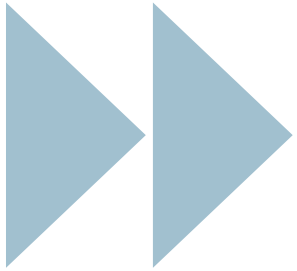
4. Sponsor entity engages in a meaningful community participation and decision input process

"Community" definition depends on location of project
Points are 0 – 5, and will contain at least these two elements:

Elements
Conduct a community engagement process using a Commission-approved toolkit
Demonstrate that significant development decisions were made as a result of community input

Next Steps

- **Stakeholder Meetings**
  - ~~May 26: Values/Outcomes/Process~~
  - ~~June 3: Thresholds & Points~~
  - ~~June 10: New Acq/Rehab Policies~~
- **Public Comment via Email/Survey**
- **July: Back to Commission**



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Thank you!