

Bond Tax Credit Program Policy – 2024 Proposed Amendments - Updated 9/5/2023

(Updates are noted as redlines)

Existing Policy	Proposed Changes	Rationale
<p>Section 1.1.1.1 Competitive Application Rounds</p> <p>1.1.1.1 Competitive Application Rounds For most of the program’s history, the Commission has been able to allocate to eligible projects on a first-come, first-served basis. In recent years, market factors combined to increase demand for housing cap, resulting in a record-setting low amount of cap available to carry forward into future years. As long as demand continues to exceed supply, the Commission will hold competitive application rounds announced by the end of October of the preceding year. Competitive rounds will implement strict closing deadlines. Projects should only apply for an application round in which they can meet the closing deadline and project readiness criteria as set forth in Section 4, Bond Cap and Tax Credit Allocation Criteria. Sponsors should be confident of permit timing, lender approvals, and investor commitments when they apply. Commission staff may verify key readiness criteria with applicable jurisdictions before Bond Cap awards are made. Projects will be ranked according to point scores, bond cap requested per unit, and cost per unit. Projects not receiving an allocation may be placed on a waiting list for that application round only and will be required to apply in any subsequent application rounds to receive an allocation of bond cap. See the Bond Cap and Tax</p>	<p>Updating language specific for Seattle/King County projects ONLY:</p> <p>1.1.1.1 Application Rounds For most of the program’s history, the Commission has been able to allocate to eligible projects on a first-come, first-served basis. In recent years, market factors combined to increase demand for housing cap, causing the Commission to hold competitive rounds. Even greater competition in King County for this resource has compelled the Commission to allocate bonds differently for projects located there, beginning in 2024.</p> <p>For King County, projects must have at least 10% public support in Seattle and 5% in King County to be considered for an allocation of bond cap. Project will apply to city, county, and/or state funders in their standard rounds of competitive financing. Projects awarded funding are then put on a tiered list. Projects apply for bond financing only when they are on Tier 1 and ready to proceed to closing. Projects with expiring DDAs and QCTs or other expiring funding eligibility may be given priority.</p> <p>1) Tier 1 projects are fully-funded and permit-ready, with the process to secure lender and investor commitments in progress, and ready to hold their initial scoping meeting. They are expected to close within six months of being placed on Tier 1. Projects that fail to close within six months will have their allocation revoked and will be moved to Tier 2. The King County public funders will establish a process to determine further priority in the Tier if necessary.</p> <p>2) Tier 2 projects are fully-funded and expect to receive permits in the calendar year. Projects in this tier may be elevated to Tier 1 depending on bond cap availability and project readiness.</p>	<p><i>Policy Change</i></p> <p>Updating process for Seattle/King County projects where there is extreme demand for bond cap; furthers the Commissions Align Resources value.</p>

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<p>Credit Allocation Criteria in Section 4 for minimum points and point criteria.</p>	<p>3) Tier 3 projects have local funder commitments and expect to receive permits in the next calendar year.</p> <p>Each January and July, the Commission may re-evaluate which projects are on which Tier and reposition projects in accordance with bond cap availability and readiness.</p> <p>In competitive rounds in the balance of state, projects should only apply for an application round in which they can meet the closing deadline and project readiness criteria as set forth in Section 4, Bond Cap and Tax Credit Allocation Criteria. Sponsors should be confident of permit timing, lender approvals, and investor commitments when they apply. Commission staff may verify key readiness criteria with applicable jurisdictions before Bond Cap awards are made. Projects will be ranked according to point scores, bond cap requested per unit, and cost per unit. Projects not receiving an allocation may be placed on a waiting list for that application round only and will be required to apply in any subsequent application rounds to receive an allocation of bond cap. See the Bond Cap and Tax Credit Allocation Criteria in Section 4 for minimum points and point criteria. When competitive rounds are in effect, projects will also be expected to provide a Bond Cap Reservation Fee.</p>	
<p>Section 1.2 Bond Policy Values and Outcomes</p> <p>Our goal is to at least meet the minimums of our targets in Preservation, and public investment and not exceed the amount in balance of state, but we will prioritize New Production. We will not allocate to more acquisition/rehab projects simply to increase the dispersion of potential projects outside of King and Snohomish counties.</p>	<p>Add Language:</p> <p>Targets may be considered over a rolling multi-year period, where some targets may be over or under in any given allocation round, but target prioritization will adjust accordingly over a three-year period to achieve these stated goals.</p>	<p>Language Clean-Up</p> <p>Clarifies intent and provides flexibility to review targets over time to inform policy and/or procedure adjustments.</p>
<p>Section 1.2 Bond Policy Values and Outcomes - Value 3: Meet Affordable Housing Needs Everywhere</p>	<p>Update Language:</p>	<p>Policy Change</p>

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<p>We will compare similar projects and develop slightly different scoring criteria and minimums. Our target will be up to 40% of bonds and tax credits allocated to projects located outside King and Snohomish counties.</p>	<p>Projects in Snohomish County will compete with other projects in Balance of State. The Commission will allocate bonds to no more than one project or no more than 10% of the available bond cap, whichever is larger, in any one calendar year, unless waived by the Division Director.</p>	<p>As a separate track for King County projects is created, this change preserves a pathway for Snohomish county projects.</p>
<p>Section 1.2: Bond Policy Values and Outcomes</p>	<p>Add Value: Foster Healthy and Sustainable Homes in a Changing Climate</p> <p>Federal and state policies of redlining and disinvestment in communities of color have long contributed to unequal access to healthy, safe housing and thus to unequal health outcomes among communities of color. Additionally, climate change brings more frequent waves of extreme heat and wildfire smoke that exacerbate health issues among vulnerable people in Washington, including those with cardiovascular, respiratory, and mental health conditions. How affordable housing is designed and built can mitigate some of these health impacts of climate change.</p> <p>Furthermore, the built environment is Washington’s second-largest carbon polluter behind transportation. Building emissions come from burning fossil fuels including gas and oil for furnaces, water heaters, and appliances.</p> <p>While climate change brings unequal health outcomes, state agencies have a window of opportunity to reduce those unequal outcomes and slow climate change’s speed. WSHFC envisions affordable housing in which residents live in a healthy environment with a comfortable temperature range, safe from the harmful effects of smoke. As we plan for future building-design criteria, we will incentivize housing that is healthier for residents, as well as energy efficient to minimize carbon emissions.</p>	<p>Policy Change</p> <p>Currently Healthy/Sustainable Housing composes 10 points total (solar, energy efficient buildings, and EVs). Including Healthy/Sustainable housing as a value better reflects our priorities in MHCF.</p>
<p>Section 2.3 Maximizing the Use of Recycled Bond Cap</p>	<p>Update Section to the following language:</p> <p>2.3 Maximizing the Use of Alternatives to the Bond Cap</p>	<p>Policy Change</p> <p>Provides more flexibility for the</p>

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<p>The Housing and Economic Recovery Act of 2008 allows for the recycling of bond volume cap. Recycled bond volume cap (“Recycled Bonds”) is derived from the pay down or pay off of multifamily bond issues if certain conditions are met. Recycled Bonds must be issued for a qualified residential rental project within six months of the repayment of the original bonds, the final maturity of the newly issued Recycled Bonds must be within 34 years of the initial issuance date of the original bonds and TEFRA and approval requirements must be met. Perhaps most significantly, Recycled Bonds are not eligible for 4% tax credits. The Commission intends to allocate Recycled Bonds to projects whenever possible. The use of Recycled Bonds will be discussed with the project sponsor well before the scheduled closing of the bonds. The use of such Recycled Bonds is dependent on availability. By using Recycled Bonds for the portion of the bond issue that exceeds the minimum threshold of the “50% Test” (see Section 3.15) or for projects that do not need to generate 4% tax credits, the Commission will ensure that its current year and carry forward volume cap is prioritized to generate 4% tax credits. The Commission intends to target allocations of new-issue Bond Volume Cap to projects at an amount not to exceed 55% on the 50% Test. Priorities for Recycled Bond Cap, in order:</p> <ol style="list-style-type: none"> 1. Finance the development of additional projects - if there is enough accumulated recycled bond cap to make an entire project feasible, staff reserves the right to first offer it to any projects that plan to structure their project as an 80/20 bond deal, i.e., not using tax credits or using minimal tax credits. If there are no projects considering this structure, then 	<p>When demand for bond cap exceeds supply, the Commission may choose, at its discretion, to not allocate bond cap to a project, but require the use of alternative bond issues. None of these alternatives are eligible for 4% tax credits. By using alternative bonds for the portion of the bond issue that exceeds the minimum threshold of the “50% Test” (see Section 3.15) or for projects that do not need to generate 4% tax credits, the Commission will ensure that its current year and carry forward volume cap is prioritized to generate 4% tax credits. The Commission intends to target allocations of new-issue Bond Volume Cap to projects at an amount not to exceed 55% (5% above on the 50% Test).</p> <p>Commission staff will discuss the use of these alternatives <u>to bond cap</u> with the project sponsor as soon as possible in the process, as to facilitate an efficient development of the financial and legal structure of the bond issue. The alternatives <u>to bond cap include bonds are:</u></p> <p><u>Taxable bonds:</u> The Commission has the authority to issue taxable bonds for housing. It may require <u>not</u> income or rental restrictions on the properties financed to achieve affordability goals.</p> <p><u>Nonprofit bonds:</u> The Commission has the authority to issue tax-exempt nonprofit <u>housing</u> bonds to advance the purposes of qualified 501(c)(3) organizations. Bond issues must conform to federal law and the Commission nonprofit housing program policies.</p> <p><u>Recycled bonds bond cap:</u> The Housing and Economic Recovery Act of 2008 allows for the recycling of bond volume cap. Recycled bond volume cap (“Recycled CapBonds”) is derived from the pay down or pay off of multifamily bond issues if certain conditions are met. Recycled capBonds must be <u>used</u> issued for a qualified residential rental project within six months of the repayment of the original bonds, the final maturity of the newly issued Recycled <u>Cap bonds</u> Bonds must be within 34 years of the initial issuance date of the original bonds and TEFRA and approval requirements must be met. The use of such Recycled <u>Cap Bonds</u> is dependent on availability.</p> <p>Priorities for recycled bonds <u>Recycled Cap</u>, in order:</p> <ol style="list-style-type: none"> 1. Finance the development of additional projects: <ol style="list-style-type: none"> a. If enough recycled bond cap <u>Recycled Cap</u> has accumulated to make an entire project feasible, staff reserves the right to first offer it to any projects that plan to 	<p>Commission to maximize resources beyond Recycled Bonds specifically and aligns with the program’s Use Resources Efficiently Value.</p>

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<p>staff may offer the recycled bond cap to projects on the waiting list, in priority order based on point score. All projects receiving recycled cap under this priority would need to meet the following criteria:</p> <ol style="list-style-type: none"> 1. able to close by a specified date; use a nominal proportional amount of new bond cap; and, able to use most or all the expiring recycled cap 2. Lower the use of the bond cap 3. Finance what otherwise would be financed under taxable bonds. 	<p>structure their project as an 80/20 bond deal, i.e., not using tax credits or using minimal <u>new volume cap and</u> tax credits.</p> <p>b. If no developer has a project planning to use this structure, then staff may require projects that have applied for the bond/tax credit program to use recycled bonds<u>Recycled Cap</u> instead of <u>new</u> bond cap, at its discretion. All projects receiving recycled cap<u>Recycled Cap</u> under this priority would need to meet the following criteria:</p> <ol style="list-style-type: none"> 1. <u>be</u> able to close by a specified date; use a nominal proportional amount of new bond cap; and, <u>be</u> able to use most or all the expiring recycled cap 2. Finance what otherwise would be financed under taxable bonds. 	
<p>Section 3 Minimum Threshold Requirements</p>	<p>Change title to Program Requirements</p>	<p><i>Language Clean-Up</i></p> <p>Technical Fix to accurately reflect list of items in this section.</p>
<p>Section 3 Minimum Threshold Requirements</p>	<p>Add previous missing policy language:</p> <p>3.2 Project Sponsor The Project Sponsor must be in good standing with all Commission programs and policies.</p> <p>3.23 Financial Solvency and Litigation Status As part of the Application and at such other times as required by the Commission, the Applicant must provide a certification with respect to the financial solvency of the Applicant, the project and certain project participants in the form required by the Commission. Bond / Tax Credit Program Policies Page 32 If the certification discloses any financial difficulties, risks, or similar matters that the Commission believes might substantially impair or harm the successful development and operation of the project as a qualified low-income housing project, the Commission may:</p> <ul style="list-style-type: none"> • refuse to allow the Applicant to participate in the Bond/Tax Credit Program; • reject or disqualify an application and cancel any Credit reservation and carryover allocation; or 	<p><i>Language Clean-Up</i></p> <p>Technical fix and clean up from a prior revision error.</p>

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	<ul style="list-style-type: none"> • demand additional assurances that the development, ownership, operation, or management of the project will not be impaired or harmed (such as, performance bonds, pledging unencumbered assets as security, opinions of financial solvency by an independent certified public accountant, or such other assurances as determined by the Commission). <p>The Applicant must also disclose throughout the development and operation of the project if there is a material change in the matters addressed in the certification.</p>	
<p>Section 3.1 Complete Application and Appropriate Fee</p> <p>Please see Bond/Tax Credit Program Fees in Section 9 for details on application fees.</p>	<p>Adds additional language:</p> <p>The application fee is due no later than 10 business days after the application due date. If the fee is not received within 10 business days, the Application may be deemed incomplete, and ineligible for further consideration for financing.</p> <p>Please see Bond/Tax Credit Program Fees in Section 9 for details on application fees.</p>	<p>Language Clean-Up</p> <p>Clarifies when application fees are expected, since invoice and payment instructions are generated upon application submission.</p>
<p>Section 3.15 Project Financing</p> <p>Projects using the tax-exempt bonds issued by the Commission must provide evidence in the Application that the project’s lender(s) and tax credit investor have been engaged. Project projects financed with bonds issued by an issuer other than the Commission are not subject to this requirement.</p> <p>3.15.1 Lenders The lender(s) and/or credit enhancer involved in the financing of the project must be identified and engaged in the project before an application for Bond/Tax Credit financing will be accepted. Applicants must submit a copy of each lender’s</p>	<p>Projects using the tax-exempt bonds issued by the Commission must provide evidence in the Application that the project’s lender(s) and tax credit investor have been engaged. Project projects financed with bonds issued by an issuer other than the Commission are not subject to this requirement.</p> <p>3.15.1 Lenders 3.15.1.a Projects located in King County The lender(s) and/or credit enhancer involved in the financing of the project must be identified and engaged in the project before an application for Bond/Tax Credit financing will be accepted. Applicants must submit a copy of each lender’s signed term sheet that has been accepted by the Applicant.</p> <p>3.15.1.b Projects <u>located</u> in Balance of State The lender(s) and/or credit enhancer involved in the financing of the project must be identified in the project before an application for Bond/Tax Credit financing will</p>	<p>Policy Change</p> <p>Aligns policy with current practice.</p>

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<p>signed term sheet that has been accepted by the Applicant and proof that an appraisal deposit has been made.</p> <p>3.15.2 Tax Credit Investor The tax credit investor/syndicator must also be engaged at the time of application. Applicants must submit a copy of the Tax Credit Investor’s Letter of Intent (LOI) as an attachment to the Application.</p>	<p>be accepted. The applicant must submit a letter of interest from the bank that includes the following information:</p> <ul style="list-style-type: none"> • Estimated maximum tax-exempt bond amount and interest rate • Estimated maximum taxable bond amount (if applicable) and interest rate • Identification of other sources of financing and estimated amounts • The number of units, low-income set-asides, and any special populations served • History of working with the developer and/or WSHFC <p>3.15.2 Tax Credit Investor The tax credit investor/syndicator must also be engaged at the time of application.</p> <p>3.15.1.a Projects located in King County Applicants must submit a copy of the Tax Credit Investor’s Letter of Intent (LOI) as an attachment to the Application.</p> <p>3.15.1.a Projects located in King County Investors in the financing of the project must be identified in the project before an application for Bond/Tax Credit financing will be accepted. The applicant must submit a letter of interest from the investor that includes the following information:</p> <ul style="list-style-type: none"> • Estimated pricing of the tax credits • Identification of other sources of financing and estimated amounts • The number of units, low-income set-asides, and any special populations served • History of working with the developer and/or WSHFC 	
<p>Section 3.15.1: Lenders</p> <p>The lender(s) and/or credit enhancer involved in the financing of the project must be identified and engaged in the project before an application for Bond/Tax Credit financing will be accepted. Applicants must submit a copy of each lender’s signed term sheet that has been accepted by the Applicant and proof that an appraisal deposit has been made.</p>	<p>Removes the requirement to have made an appraisal deposit.</p> <p>3.15.1 Lenders The lender(s) and/or credit enhancer involved in the financing of the project must be identified and engaged in the project before an application for Bond/Tax Credit financing will be accepted. Applicants must submit a copy of each lender’s signed term sheet that has been accepted by the Applicant.</p>	<p><i>Language Clean-Up</i></p> <p>Technical Fix – to align policy with existing practice</p>
<p>Section 3.18: Rehabilitation Requirements</p>	<p>Move section 4.9.2 Rehab Heat Pump Option to section 3.18 Rehabilitation Requirements. Delete current language and include proposed language below.</p>	<p><i>Policy Change</i></p>

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<p>4.9.2 Rehab Heat Pump Option Five points will be awarded for projects that implement the ductless or ducted heat pump options from ESDS Section 5.09. The project must also implement the Performance Testing Option from ESDS 5.09, which requires using a qualified contractor to test and verify the systems meets the Performance Testing Comfort System (PTCS) requirements during commissioning. During submittal, the ESDS points used to comply with this section must be noted on the ESDS Checklist and Evergreen Owner Certification outlined in Section 3.5. Additionally, a brief narrative must be included that describes how the heat pumps will be implemented into the project’s scope of work. As part of the Placed-in-Service Package, the ESDS points used to comply with this section must be included in the Evergreen Project Implementation Plan and architect’s certification outlined in Section 3.5. The qualified contractor’s PTCS report must also be included in the Placed-in-Service Package.</p>	<p>3.18 Rehabilitation Requirements:</p> <ul style="list-style-type: none"> Projects are required to implement the ductless or ducted heat pump options from ESDS Section 5.09. The project must also implement the Performance Testing Option from ESDS 5.09, which requires using a qualified contractor to test and verify the systems meets the Performance Testing Comfort System (PTCS) requirements during commissioning. Additionally, a brief narrative must be included that describes how the heat pumps will be implemented into the project’s scope of work. If the project is not updating the electrical system in Section 4.11 Rehabilitation of Major Systems, address in the CNA or provide a narrative describing how the existing systems can handle the increased electrical load. The qualified contractor’s PTCS report must be included in the Placed-in-Service Package. If the project is not able to accommodate the ductless or ducted heat pump options from ESDS Section 5.09, provide a narrative on how the project will provide an in-unit cooling solution for all residents to ensure resident comfort. 	<p>Requiring In Unit Cooling on all rehabs to mitigate the effects of climate change and support increasing healthy outcomes for tenants.</p>
<p>3.28 Minimum and Additional Low-Income Housing Commitments and Application Update</p> <p>Or Income Averaging - allows units to serve households earning as much as 80% of the AMI as long as the average income/rent limit in the property is 60% or less of AMI. Criteria for Income Averaging: allowed on a “case by case” basis with the following:</p> <ul style="list-style-type: none"> Submit a plan and unit configuration, using the spreadsheet created by Novogradac, showing that the unit configuration meets the income averaging; all buildings must have the same election; 	<p>Or Income Averaging - allows units to serve households earning as much as 80% of the AMI as long as a range of AMI options below 60% AMI are provided and the average income/rent limit in the property is 60% or less of AMI. Criteria for Income Averaging: allowed on a “case by case” basis with the following:</p> <ul style="list-style-type: none"> Submit a plan and unit configuration, using the spreadsheet created by Novogradac, showing that the unit configuration meets the income averaging; all buildings must have the same election; unit mix is expected to provide for a range of AMI options above and below 60% AMI up to 80%AMI Written agreement from the investor and any other public or private funders; Submit a market study that addresses income mix Commit and agree in writing to the compliance implications, as we understand them at the time of commitment (Complete Average Income Certification Form) 	<p>Language Clean-Up</p> <p>Clarifies the Commissions intent and expectations and the Owners understanding of compliance required for Average Income Election.</p>

Existing Policy	Proposed Changes	Rationale
<ul style="list-style-type: none"> • Written agreement from the investor and any other public or private funders; • Submit a market study that addresses income mix • Commit and agree in writing to the compliance implications, as we understand them at the time of commitment <p>Note: Income averaging is not available for re-syndications or mixed income projects (with market rate units)</p>	<p>Note: Income averaging is not available for re-syndications or <u>projects with market rate units, mixed income projects (with market rate units)</u></p>	
<p>3.3 - Additional Bond Cap Requests</p> <p>No exiting policy.</p>	<p>Add New Section Language: Requests for Additional Bond Cap</p> <p>The Commission encourages project sponsors to submit realistic applications with reasonable contingencies to manage potential cost over-runs. At the same time, the Commission recognizes that situations beyond the control of the development team may increase a project’s need for bond cap.</p> <p>3.33.1 Requirements</p> <p>Project sponsors request additional bond cap through a letter to the Division Director. The request for additional bond cap must include:</p> <ul style="list-style-type: none"> • The reason(s) why an additional allocation of bond cap is needed • Any additional steps the project sponsor took to minimize cost increases, if any • Identification of all other potential sources of funding to cover any gaps • Specific uses for the additional bond cap • Acknowledgement from the bond purchaser agreeing to purchase the bonds at the increased amount, and from the investor to purchase the additional tax credits generated • A revised sources/uses spreadsheet <p>Commission staff may request additional information, depending on the project’s circumstances, to evaluate the request.</p> <p>Depending on the size of the request, the additional bond cap allocation may, under the tax code, generate the need to hold a public hearing for the additional amount. Further, the Commission may need to approve a new financing resolution.</p> <p>3.33.2 Timing</p> <p>After an initial allocation, project sponsors are allowed to request an allocation of additional bond cap in two instances:</p>	<p>Procedural Change</p> <p>Documents and clarifies current practices for transparency.</p>

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	<p>The need for additional bond cap is discovered <u>prior to the bond closing</u> through the development of the financing. Under these circumstances, if the request is granted, the Commission would endeavor to approve the request and provide the additional cap in time for project closing.</p> <p>The need for additional bond cap is discovered between closing and when the project is placed in service. Sponsors are responsible for bridging any financial gaps in this interval. The Commission only considers these requests when construction is complete and the project is ready to be placed in service. Because the additional allocation comes when all costs are known, the request for cap should <u>be made</u> come as close as <u>is practical</u>possible to meeting the 50% test.</p>	
<p>Section 4: Bond Cap and Tax Credit Allocation Criteria (Note: linked to Section 4.5 Projects that are By and For the Community change)</p> <p>Bond Cap and Tax Credit Allocation Criteria Projects outside King and Snohomish Counties must select a minimum of 20 points below to apply for the Bond/Tax Credit Program. Projects located in King and Snohomish Counties must select a minimum of 25 points.</p>	<p>Projects outside King County must select a minimum of 25 points below to apply for the Bond/Tax Credit Program (4 of which must be in Section 4.5 Projects that are By and For the Community). Projects located in King County must select a minimum of 30 points (5 of which must be in Section 4.5 Projects that are By and For the Community)</p>	<p>Policy Change</p> <p>Increase threshold points for Seattle/King projects to further align the Commissions values through a new pipelining process.</p>
<p>Section 4 Bond Cap and Tax Credit Allocation Criteria</p> <p>For scattered site or portfolio applications each property must meet the minimum for where the majority of the units are located. The portfolio score will be the weighted average score of the properties.</p>	<p>Updated language for weighing portfolio deals:</p> <p>For scattered site or portfolio applications each property must meet the minimum for where the majority of the units are located. The portfolio score will be the average score of the properties, weighted by the number of units in each project.</p>	<p>Language Clean-Up</p> <p>Technical Fix to clarify how portfolio deals are weighted.</p>
<p>Section 4.5: Projects that are By and For the Community</p> <p>The goal of this policy is to address the needs of Communities Most Impacted (CMI) by housing disparities. This policy encourages applicants to</p>	<p>Updated language:</p> <p>Points will be awarded to projects that can demonstrate that they are by and/or for their community. The goal of this policy is to address the needs of Communities Most Harmed (CMH) by housing disparities. This policy encourages</p>	<p>Language Clean-Up</p> <p>Just changing the terms to help clarify the</p>

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<p>identify and engage with a CMI to understand and respond to their specific concerns, issues, and requirements. CMI examples could include:</p> <ul style="list-style-type: none"> • Black, Indigenous, or other People of Color • Immigrants • Low-income LGBTQ People • Low-income People with Disabilities • Low-income Large Families • Low-income Seniors <p>This policy recognizes identity-based and geographically based communities. Identity-Based Communities share a common heritage, language, cultural, or other identity-based characteristic such as age, ability, or sexual identity and/or orientation. They also share a common set of community values, goals, and needs. Geographically Based Communities are centered around a specific place, such as a neighborhood.</p>	<p>applicants to identify and engage with a CMH to understand and respond to their specific concerns, issues, and requirements. CMH examples could include:</p> <ul style="list-style-type: none"> • Black, Indigenous, or other People of Color • Immigrants • Low-income LGBTQ People • Low-income People with Disabilities • Low-income Large Families • Low-income Seniors <p>This policy recognizes identity-based and geographically based communities. Identity-Based Communities share a common heritage, language, cultural, or other identity-based characteristic such as age, ability, or sexual identity and/or orientation. They also share a common set of community values, goals, and needs.</p> <p>Geographically Based Communities are centered around a specific place, such as a neighborhood.</p> <p>Community Based Organization (CBO) is any organization or group with demonstrated ability to meaningfully represent one or more Communities Most Harmed (CMH).</p>	<p>Commissions goal to elevate and amplify the voices of people harmed by the housing crisis in our state; further the Commission’s Racial Justice and Equity value.</p>
<p>Section 4.5: CMI Relevance to Project (Note – has connection to the CMI definition change)</p>	<p>The relevance of the Community Most Harmed (CMH) to the project will be addressed in the CBO Interview process and the Community Engagement Response Form instructions but will not be included in the actual policy.</p>	<p><i>Procedural Change</i></p> <p>Update to forms/process to reflect changes in Section 4.5</p>
<p>Section 4.5 Projects that are By and For the Community</p>	<p>Updated language:</p> <p>All applicants must score a minimum of points in Section 4.5 Projects that are By and For the Community to be considered for an allocation.</p> <ul style="list-style-type: none"> • Seattle/King County must score a minimum of 5 points • Balance of State must score a minimum of 4 points 	<p><i>Policy Change</i></p> <p>Furtheres the Commission’s alignment under its Racial Justice and Equity Values. Ensures projects</p>

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		score points in the highest priority area in the allocation process.
<p>Section 4.5 CBO Interview Schedule</p> <p>In 2023, the "CBO Response Form" was replaced by an interview process. CBOs were interviewed prior to application, where they asked to identify the CMI and verify their connection to and support of said CMI. A second interview was set to be scheduled for CBOs attached to projects likely to get an allocation (high self-scoring). Those interviews ended up being follow-ups to questions raised during review, and it was unfeasible for staff to conduct interviews with CBOs that did not have questions raised during review.</p>	<p>Update Process to the following:</p> <p>The team determined that 1) the developer must identify the Community Most Harmed (CMH), as well as the CBO partner, at Intent to Apply; 2) For repeat CBOs (that we've interviewed before), a streamlined interview can be conducted to verify information; 3) second CBO interview is only necessary to verify information/ask questions raised based on the applications received, and will not be required for every applicant, or even for every allocatee.</p>	<p>Procedural Change</p> <p>Update process to more efficiently collect information from CBO's, while limiting unnecessary burden.</p>
<p>Section 4.5.2: CBO Inclusion</p> <p>CBO benefits financially from the partnership, as determined by the CBO. Examples can include – nonprofit donation (under Section 4.6) goes to the CBO, CBO pays below market rent for space in the project.</p>	<p>Removes ability to claim points for nonprofit donation in two point categories.</p> <p>CBO benefits financially from the partnership, as determined by the CBO. <u>As an example, the Examples can include</u>—CBO pays below-market rent for space in the project. Donations made to the CBO under Section 4.6 Donation in Support of Local Nonprofit Programs do not count towards meeting this criterion.</p>	<p>Policy Change</p> <p>Removes ability to “double dip” – getting points for the nonprofit donation as well as points for CBO financial benefit.</p>
<p>Section 4.5.3 Meaningful Community Engagement</p> <p>4.5.3 Meaningful Community Engagement The Commission will award points for meaningfully engaging the community in the development of the project.</p> <p>4.5.3.1 Community Engagement Process</p>	<p>Update Language:</p> <p>4.5.3 Potential Tenant Engagement The Commission will award points for meaningfully engaging potential tenants in the development of the project.</p> <p>4.5.3.1 Potential Tenant Engagement Process</p> <ul style="list-style-type: none"> • Sponsor provides budgeted engagement resources to partner CBO who represents potential tenants, and conducts the Potential Tenant engagement 	<p>Language Clean-Up</p> <p>Just changing the terms to clarify the Commissions intent and focus regarding the engagement</p>

Existing Policy	Proposed Changes	Rationale
<ul style="list-style-type: none"> • Sponsor provides budgeted community engagement resources to partner CBO who conducts the community engagement process 2 points OR • Sponsor conducts a community engagement process using one of the toolkits provided by the Commission 1 point OR • Sponsor provides documentation of a community engagement process that meets or exceeds the standards of the approved toolkits, with pre-approval of the process ... 1 point <p>4.5.3.2 Application of Community Engagement The Commission will award points for projects that can demonstrate that:</p> <ul style="list-style-type: none"> • Results of community input are implemented in the project development 2 points • A service provider partnership results from community input 1 point 	<p>process 2 points</p> <p>OR</p> <ul style="list-style-type: none"> • Sponsor conducts a Potential Tenant engagement process using one of the toolkits provided by the Commission 1 point <p>OR</p> <ul style="list-style-type: none"> • Sponsor provides documentation of a Potential Tenant engagement process that meets or exceeds the standards of the approved toolkits, with pre-approval of the process 1 point <p>4.5.3.2 Application of Potential Tenant Engagement The Commission will award points for projects that can demonstrate that:</p> <ul style="list-style-type: none"> • Results of Potential Tenant input are implemented in the project development 2 points • A service provider partnership results from Potential Tenant input 1 point 	<p>process; distinguishing it from general “community engagement” required as part of design review/siting processes.</p>
<p>Section 4.6 Donation in Support of Local Nonprofit Programs</p> <p>The donation recipient must be approved by the Commission prior to the approval of the Project’s Finance Resolution and the donation must be paid at the time of bond closing.</p>	<p>Update to following process: Nonprofit Donation at Placed in Service (PIS)</p> <p>The Applicant must provide the Commission with a written request to approve a donation to a specific Nonprofit Organization. The Nonprofit Organization Organizaitionnonprofit-program being supported must include in its service area the county in which the Project is located and must provide housing, housing-related services, or nearby community/social services that are available to the residents of the Project. At least 50% of the donation must be made to a CBO as defined in Section 4.5. The program receiving the donation cannot require participants to have a specific religious affiliation. Donations may be split among no more than four recipients. Up to 25% of the total donation may be made to an advocacy organization.</p> <p>The Applicant must provide the Commission with certifications (in a form acceptable to the Commission) from both the Applicant/donor and the recipient</p>	<p>Procedural Change</p> <p>Incorporates timing into part of the PIS process and aligns with 9% program.</p>

Existing Policy	Proposed Changes	Rationale
	<p>confirming that the contribution will be made or received, respectively, without any favor, benefit, gift, or other consideration. The Applicant must provide a letter from the approved Nonprofit Organization acknowledging receipt of the proper contribution amount as well as a copy of the cancelled check from the transaction. The letter must show receipt of the proper contribution amount, identify the low-income housing program, and specify how the funds will be used. The amount of the donation cannot be included in the Project's Total Project Costs.</p>	
<p>Section 4.8 Energy Efficiency, Healthy Living, & Renewable Energy (New Construction Only)</p>	<p>Adding a new subsection under 4.8:</p> <p>Regardless of the date the 2021 Washington State Energy Code (WSEC) goes into effect:</p> <p>1) If the project is building to the 2021 WSEC, the sponsor must show detailed proof from its energy consultant or engineer on how the project meets the 2021 WSEC code for solar, additional efficiency, and EVs, and receive 11 points. (If the project is located in the City of Seattle, the sponsor is not exempt from the solar requirement. To be eligible for the 11 points, the sponsor must submit proof of its plans to comply with the solar requirement of the 2021 WSEC.)</p> <p>2) If the project is building to the 2018 WSEC, the Bond/Tax Credit program existing policies in section 4.8 remain unchanged. Which <u>These policies</u> are:</p> <ul style="list-style-type: none"> • 4.8.1 Solar (3 pts) • 4.8.2 Additional efficiency (5 pts) • 4.8.3 EVs (2 pts) 	<p>Policy Change</p> <p>Creating option to award one additional point to align Section 4.8 with the 2021 WSEC Continue to support increased energy efficiencies.</p>
<p>Section 4.8.2 NC Energy Efficient Building</p> <p>Five points will be awarded for new construction projects that score an additional 10 ESDS points in ESDS section 5.02a. During submittal, the ESDS points used to comply with this section must be noted on the ESDS Checklist and Evergreen Owner Certification outlined in Section 3.5. As part of the Placed-in-Service Package, the ESDS points used to comply with this section must be included in the Evergreen Project Implementation Plan and architect's certification outlined in Section 3.5.</p>	<p>Five points will be awarded for new construction projects that score an additional 10 ESDS points in ESDS section 5.02a. The sponsor must include a letter from the energy efficiency consultant, project architect, or engineer detailing which additional efficiency measures the project plans to integrate to score an additional 10 ESDS points. During submittal, the ESDS points used to comply with this section must be noted on the ESDS Checklist and Evergreen Owner Certification outlined in Section 3.5. As part of the Placed-in-Service Package, the ESDS points used to comply with this section must be included in the Evergreen Project Implementation Plan and architect's certification outlined in Section 3.5.</p>	<p>Language Clean-Up</p> <p>Technical Fix - Clarifies documentation required.</p>

Existing Policy	Proposed Changes	Rationale
<p>Section 4.8.3 NC Electric Vehicle Charging Stations</p> <p>Two points will be awarded to projects that install electric vehicle charging stations in no less than 10% of parking spaces, with a minimum requirement of 1 in non-accessible parking and 1 in accessible stalls. 10%+ requirement applies to both accessible and non-accessible parking stalls.</p>	<p>Two points will be awarded to projects that install electric vehicle charging stations in no less than 10% of RESIDENTIAL parking spaces, with a minimum requirement of 1 in non-accessible parking and 1 in accessible stalls.</p> <p>10%+ requirement applies to both accessible and non-accessible parking stalls.</p>	<p>Language Clean-Up</p> <p>Technical Fix – clarifies intent to increase access for residential use not commercial.</p>
<p>Section 9.1.2 Official Intent Declaration (OID) Request Fee and Section 1.1.1 Projects Financed with Commission Issued Bonds</p> <p>Section 9.1.2 A project requesting an Official Intent Declaration (OID) in advance of submitting an application must pay a nonrefundable OID Request fee of \$750. The OID Request Fee is \$750 regardless of the number of sites in the project. The OID request fee is nonrefundable but may be applied toward the project’s Application fee.</p>	<p>Add and update to new language:</p> <p>1.1.1 Projects Financed with Commission-Issued Bonds Commission-issued bonds for Qualified Residential Rental Projects, hereafter referred to as Multifamily Housing Bonds, are issued by a public entity to provide low-cost financing for private projects that serve a public purpose. In addition, Multifamily Housing Bonds may be used to reimburse a Borrower for costs incurred before bonds are issued, including certain preliminary “soft costs” and other capital expenditures if they are paid after or not more than 60 days before the Commission issues an Official Intent Declaration (OID). An OID is created at the time of project application, however, an applicant may request an OID in advance of submitting an application (see related Section 9.1.2 Official Intent Declaration (OID) Request Fee). The Commission recommends consulting with legal counsel early in the financing to determine eligibility for tax-exempt financing and design-of conditions for such a financing including tax rules regarding reimbursements.</p> <p>Multifamily Housing Bonds, (with the limited exception of certain bonds, see Section 2.3), also allow for the generation of 4% Low-Income Housing Tax Credits (“LIHTCs”). LIHTCs are equity dollars. An allocation of 4% credits yield tax credits over a 10 year period...</p> <p>9.1.2 Official Intent Declaration (OID) Request Fee If the applicant intends to use bond proceeds to reimburse itself for project expenditures incurred prior to the issuance of bonds, the applicant should request an Official Intent Declaration (OID) in advance of submitting their application and pay a nonrefundable OID Request fee of \$750. The OID Request Fee is \$750</p>	<p>Language Clean-Up</p> <p>Clarifies what an OID is, why and when it is recommended or appropriate to request and/or issue one.</p>

Existing Policy	Proposed Changes	Rationale
	regardless of the number of sites in the project. The OID request fee may be applied once toward the project's Application fee. The Commission recommends consulting with legal counsel for guidance on tax rules regarding reimbursable expenses.	
Utility Incentive Form	Update Form as follows: Rename form from "Utility Incentive Contact" to "Utility & Energy Incentives." Also include: <ul style="list-style-type: none"> - Date form was completed - Names of utilities - Names of contact person at the utilities - Description of available energy incentives beyond those offered by utilities, including solar. Specifically mention WSU Community Solar fund. 	Language Clean-Up Technical Fix – clarifies energy incentives and questions on utilities.
Form Update: Contact List	Add CBO Legal Representation to contacts list in application materials.	Procedural Change Captures missing applicant information.
Application Update: Service Budget Tabs	Update Application Workbook to include two services budget tabs that are currently in the Public Funder Combined Application form.	Procedural Change More detail is needed on any planned services.
<u>NEW! Application Update: Project Schedule</u>	<u>Add to the Application Checklist a requirement to include the Architect's Permitting Schedule as an attachment.</u>	<u>Procedural Change</u> <u>More detail is needed to determine project readiness</u>