

Multifamily Bonds & Tax Credits

*January 2022 Application
Round Workshop*



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Applications due....

Wednesday, March 9, 2022
At Noon



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It's OK to ask for help!

We are here to answer your questions or review your application before submittal



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Application procedures

1. Use our new online application
 - Register by navigating to our developer portal: <https://wshfcportal.force.com/multifamily/s/login/>
 - Sojung Choi or Matt Vickery is your contact for technical assistance with the online application (sojung.choi@wshfc.org; matt.vickery@wshfc.org)
2. Do not apply for more than 25% of available bond cap (\$50 million). If your project is bigger than this, then you must have Division Director approval
3. Pay the application fee for each application – ACH or wire preferred.

TDC Limit Waivers

The image shows a screenshot of an Excel spreadsheet titled "Total Development Cost Limit Waiver Request (2020)". The form is structured as follows:

- 2. Date of Waiver Request:** A date input field.
- 3. Project Name:** A text input field.
- 4. Project City, County:** A text input field.
- 5. Sponsor Organization:** A text input field.
- 6. Project Contact:** A text input field.
- 7. Development Phase:** A dropdown menu with "Select from List" as the current selection.
- 8. 1. Has this project received a TDC Waiver in the past? If so:**
 - Approved Date:** A date input field.
 - Approved TDC:** A text input field.
- 9. 2. Please attach the following forms from the Combined Funder's Application:**
 - Form 2B: Square Footage Details
 - Form 4C: LMRP Budget
 - Form 6B: LMRP Calculation
 - Form 7A: Training Fees
- 10. 3. Description of Project**

Briefly describe the project, the location and population to be served, if project is considered an "Urban Type Project" for purposes of the TDC limit, explain how it qualifies for that determination.

Expanded narrative as needed.

- They were due last week, 60 days in advance
- Contact us if you need one but didn't yet apply
- Use forms from the website
- Submit the TDC waiver as an excel document, not PDF
- If costs change between what was submitted and your final application, you will need to re-submit your waiver.

**What did the
Intents to
Apply show?**



The program is hugely over subscribed

How much we have to allocate

\$200 million total

- Target: \$30 - \$50 million in preservation
- Target: \$80 million for balance of state*
- Target: \$100 - \$120 for publicly-leveraged deals

How much in Intentions

Nearly \$1 billion total

- Over \$100 million in preservation
- Over \$200 million for balance of state*
- Nearly \$600 million in publicly leveraged deals

Evaluation Process

Reminder how this will work

Targets:

We will ensure that a certain percentage of projects we fund are:

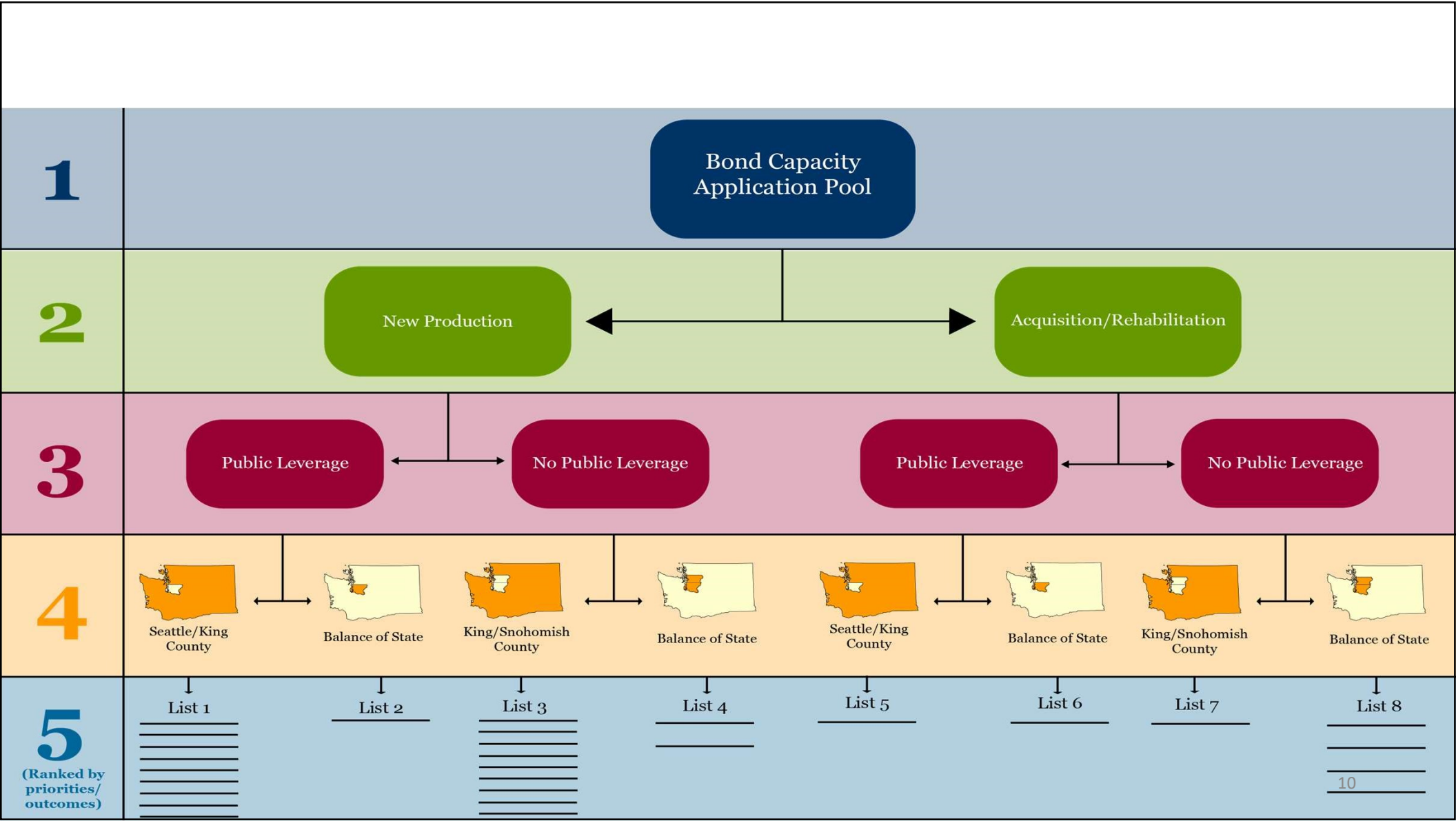
- Preservation (instead of new production)
- Financed with public funding
- Outside King and Snohomish counties

Then Ranked by:

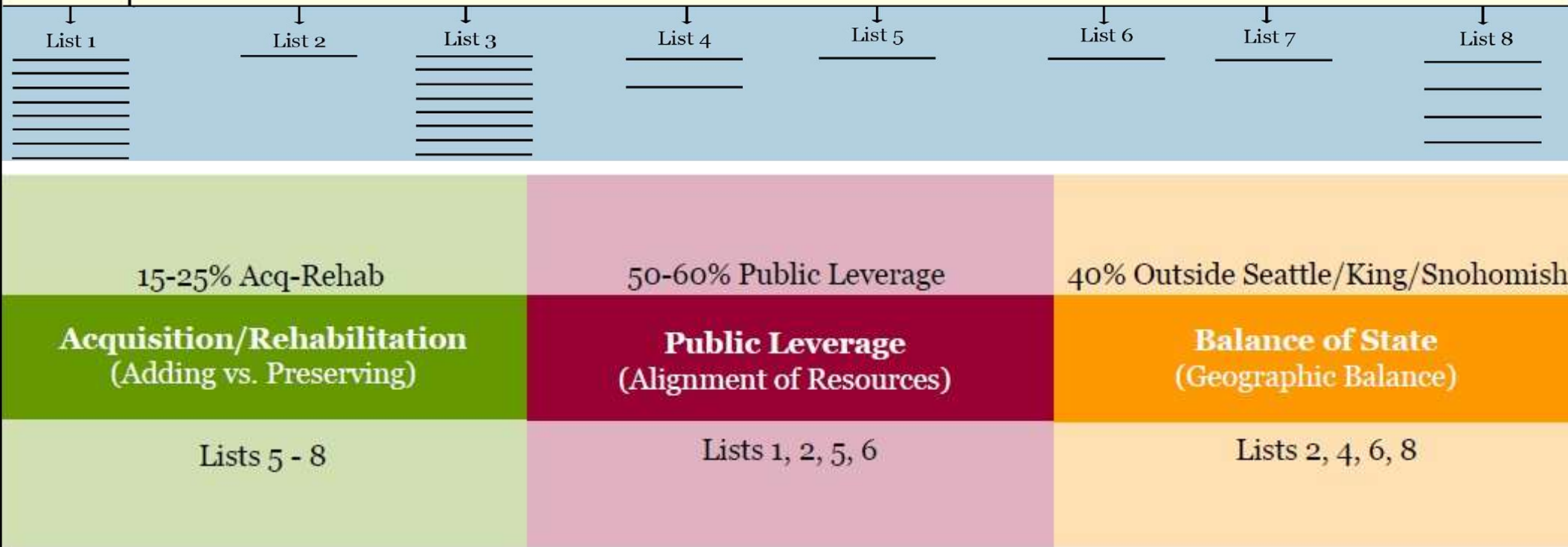
- By and For Community
- Greater cost-efficiency
- Other criteria, including energy efficiency/sustainability



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6 Apply Targets and Adjust List



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

For this year, then:

- One round in 2022
- Intent to Apply required
- Compare like projects
- Meet floors and ceilings of spending in target areas
- Will there be a waiting list?
 - Unlikely to get more bond cap from other issuers
 - May get lowering of the 50% test

By and For the Community

By and For Community (26 points)



- Section 4.4: Overcoming historic and systemic barriers for developers who are Black, Indigenous, or People of Color (BIPOC)
 - Developer Entity Ownership/Control (8 points possible)

Section 4.5: Projects that are By and For the Community

- CBO Ownership (8 points possible)
- CBO Inclusion (5 points possible)
- Meaningful Community Engagement (5 points possible)

Pre Application Feedback

Reminder of the “By and For” policy’s intent

- Generate wealth for BIPOC people and communities
- Diversify the developer pool
- **Amplify and elevate the voice of community in affordable housing development**

We are looking for CHANGE

- Intentionality in adjusting from “business as usual”
- New partnerships and increased involvement from outside CBOs
- Responsiveness to WSHFC’s stated values and outcomes

Further Guidance on CBOs

Amplify and elevate the voice of community in affordable housing development



Diluted



		IDENTITY	
		BROAD	NARROW
GEOGRAPHY	NARROW		
	BROAD		

By and For BIPOC Communities

<u>Four Points Categories:</u>	<u>Supporting Documentation Required:</u>	
<p>1. Ownership Entity is more than 50% BIPOC owned or controlled (0-8 points)</p>	<p>FOR PROFITS: Legal document of organization's ownership structure, plus signed self-identification from the BIPOC individual(s). ORG CHART IS NOT SUFFICIENT.</p>	<p>NONPROFITS: List of all Board Members, plus signed self-identification from over 50%. Self-identification from ED/CEO</p>
<p>2. Development will be owned long term by a community-based organization (0-8 points)</p>	<p>Partnership Agreement showing BIPOC partner having full financial risk/reward and full control of development decisions.</p> <p>Partnership and/or Operating agreement showing :</p> <ul style="list-style-type: none"> • CBO has right to option to purchase at year 15; • CBO is first in waterfall for deferred developer fee; and/or • Documented roles and finances, cash flow, decision making, fees 	
<p>3. Development includes a CBO that has a history of supporting the community (0-5 points)</p>	<ul style="list-style-type: none"> • CERF Sections 1 through 6 • Community Based Organization Response Form • Supporting letters or testimonials from Community-optional but helpful 	
<p>4. Sponsor entity engages in a meaningful community participation and decision input process (0-5 points)</p>	<ul style="list-style-type: none"> • CERF Sections 1 through 5 and 7-10 • Community Based Organization Response Form 	

Community Engagement Response Form (CERF)



(actual photo of Dan Schilling on his recent trip to Hawaii)

CERF's up!

Section 1

Community Based Organization (CBO) Qualifications

Qualifications for BIPOC ownership in the development entity



Qualifications for Community Based Organization



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Community Engagement Response Form (CERF)

When in doubt, spell it out!

Be Specific: What is the CMI you're serving and engaging:

Tell us if it is identity- or geographic-based, and if both, why the CBO is qualified to represent one or the other, **specifically**.

"All people of Washington"

"Low-income people in our state"

"youth, seniors, immigrants, and low-income families"

Rehabs—current tenants are likely your primary community. Does not mean that your management staff is **automatically** a CBO.



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Community Engagement Response Form (CERF)

Terms and Definitions: read 'em and use 'em!

- What are "lived experience," "implicit bias," and "proximity?"
- How can developers identify CMIs?

Community Engagement Toolkits: not just for engagement!

- Links to other resources
- Lots of content beyond just instructions

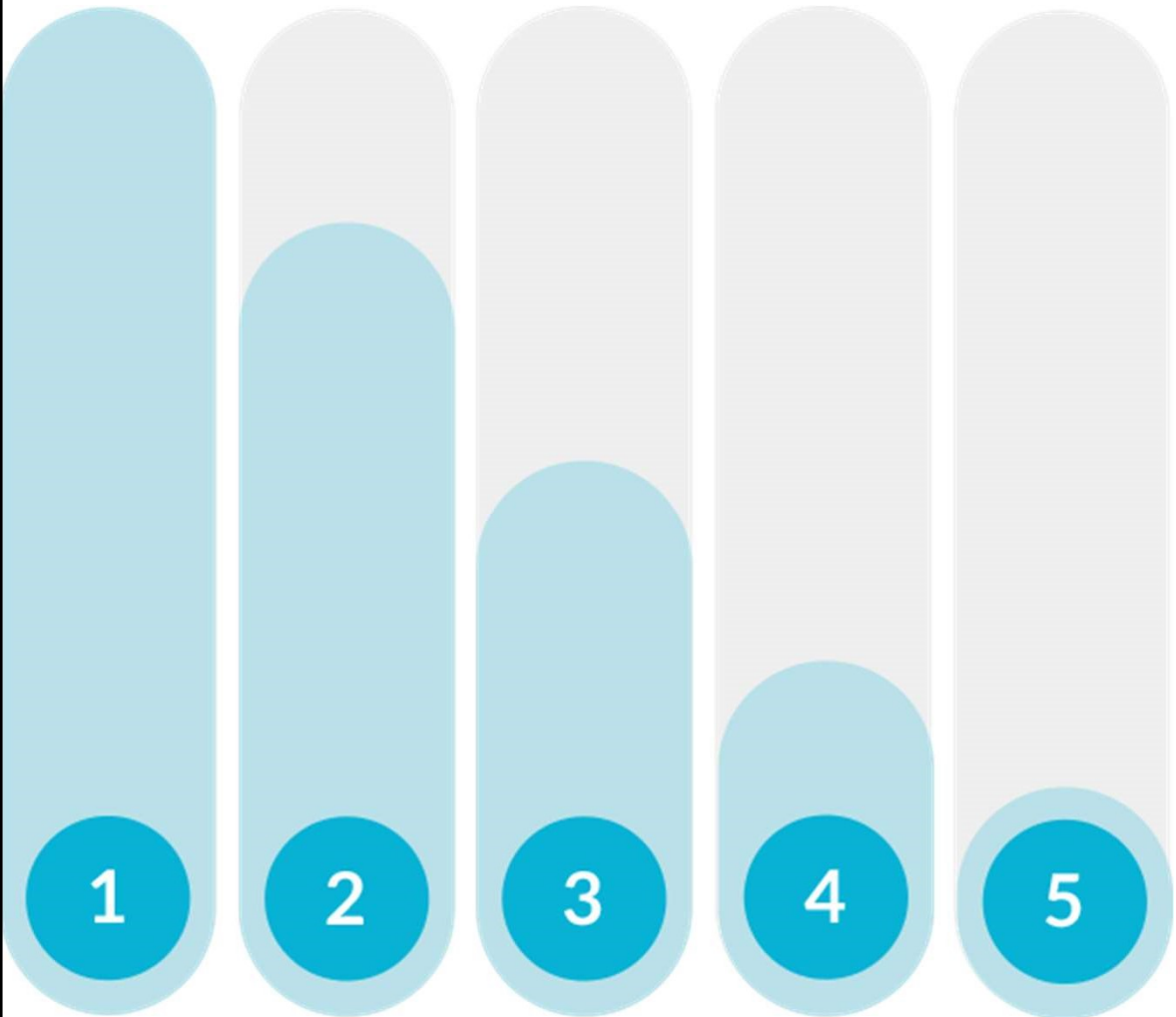
Call me!



CBO Evaluation Rubric

	YES	MAYBE	NO
A specific and qualified Community Most Impacted is identified			
Sources for demographics are sound			
Lived Experience (must have at least 2):			
-Paid Leadership			
-Board Member			
-Paid Staff			
-Advisory Role			
-Significant Volunteer Role			
Descriptive list of Activities related to CMI is adequate			
Proximity of decision makers (top leadership and board) to on-the-ground work is close			
Provides services other than to their own residents			
If 20 random community members were surveyed, would they know what the org does?			
Grew from within the community			

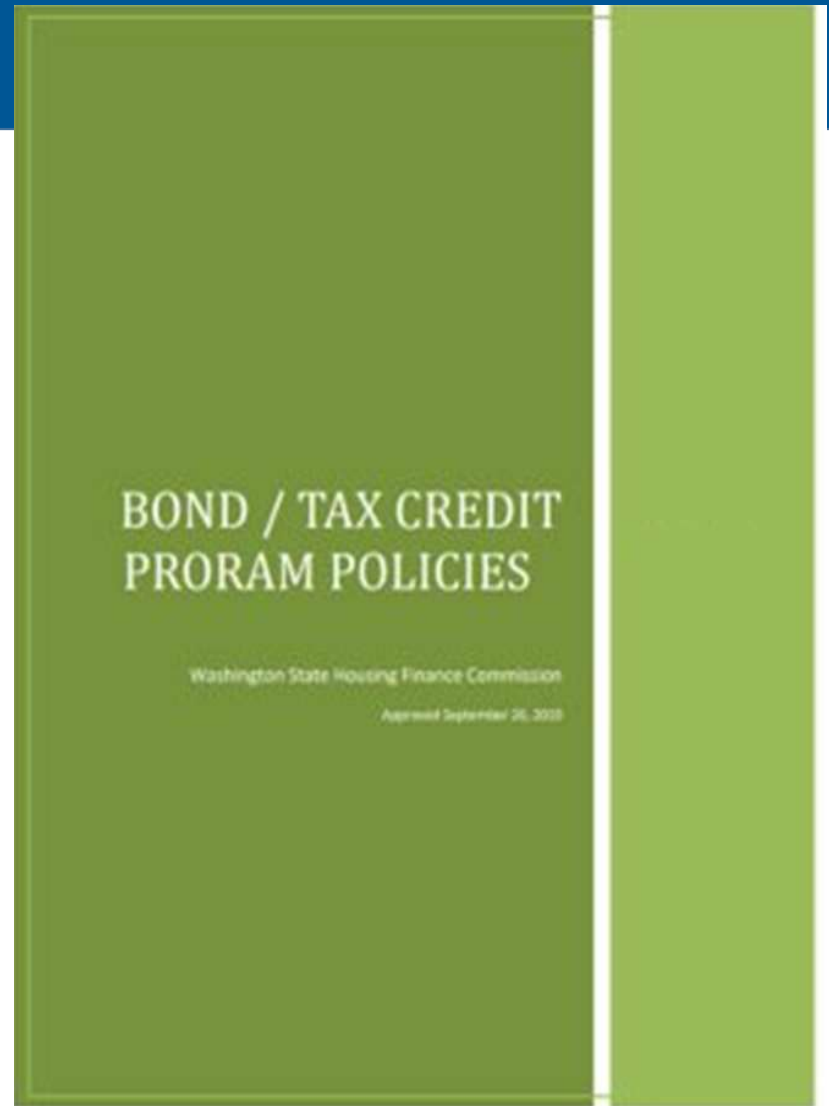




List Ranking Highlights

General “Pointers”

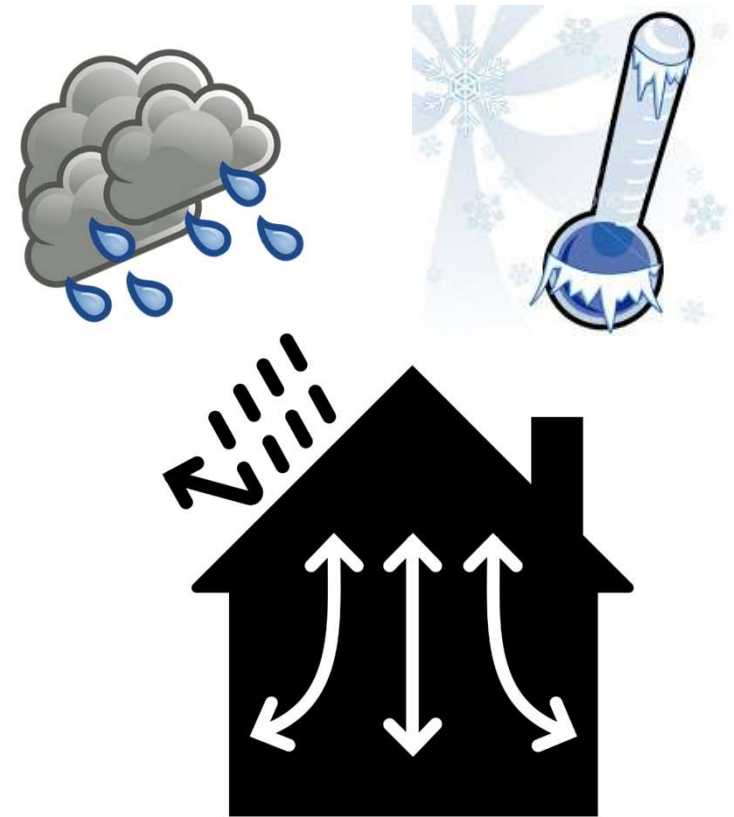
- When documenting each point category, hold open the policy and make sure you can draw a line between the policy specifications and your documentation
- Don’t leave points on the table. Take all points that you qualify for and can afford to accomplish – and then document them.



Weatherization and Ventilation Requirement for Rehabs

New Section- 3.18.2

- 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



Solar Options

Section 4.8.1 or 4.9.1 Requires:

- Amount of solar needed is calculated off all conditioned floor area i.e., including communal spaces
- An architect's certification attesting the building can support the system
- Solar contractor's assessment
 - *A general contractor's assurance will not qualify*



Electric Vehicle Charging Stations

Section 4.8.3 or Section 4.9.4:

- Site plan must note the location of all the chargers
- If the chargers are included in basis, then you cannot charge the tenants for their use
- 10% of spots for new construction and 5% for rehab. Minimum one accessible stall.



New Construction Energy Efficient Buildings

Section 4.20: new construction only, acquisition/rehab projects are not eligible. Projects must:

- Submit with their application a compliance narrative. E.g. narrative of all C406 measures.
- Make sure points are included in ESDS Checklist
- If you are ever in doubt, email eli.lieberman@wshfc.org



Rehab Energy Efficiency and Healthy Living

Section 4.9.2- Rehab Heat Pump Option

- Submit with application a compliance narrative.
- Make sure points are included in ESDS Checklist

Section 4.9.3- Rehab Balanced Ventilation with Wildfire Smoke Filters

- Submit with application a compliance narrative.
- Make sure points are included in ESDS Checklist
- These points will satisfy the ventilation standard outlined in Section 3.17



If you are ever in doubt, email eli.lieberman@wshfc.org

Additional Set-Asides



King and Snohomish projects only

- **70% of the housing units at 60% AMI, 30% at 50% AMI 2 points**
- **50% of the housing units at 60% AMI, 50% at 50% AMI 4 points**
- **30% of the housing units at 60% AMI, 70% at 50% AMI 6 points**



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Major systems – specific to Preservation

Major Systems – Preservation projects only

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

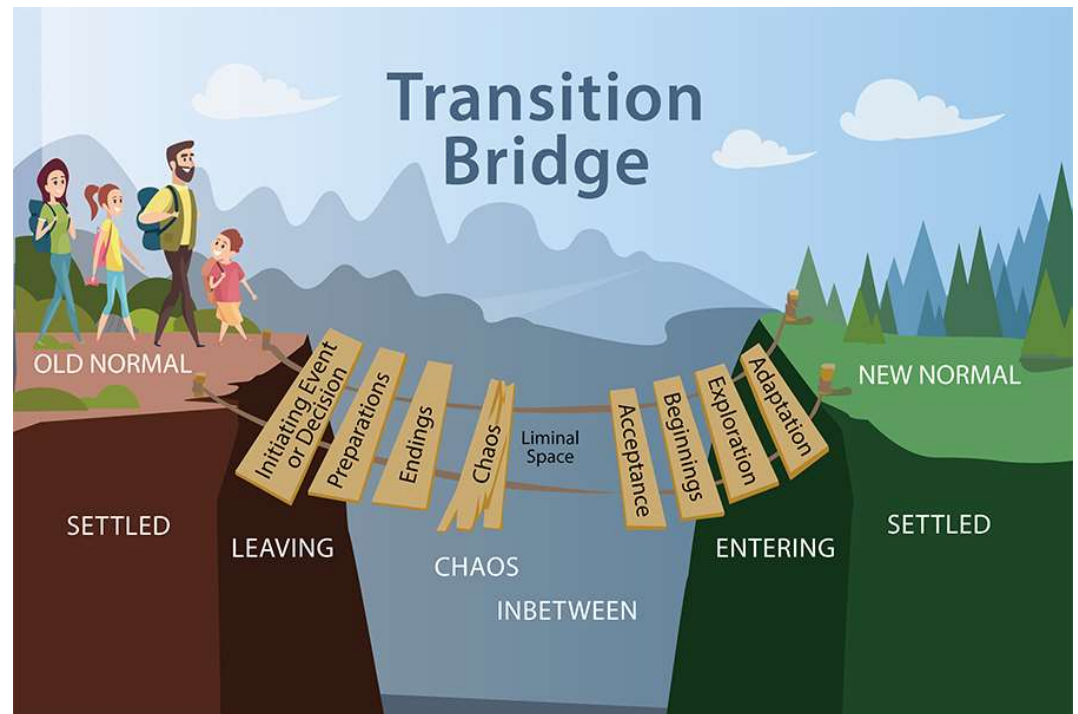
- Roofing
- Cladding and weatherproofing - windows, doors, siding, and gutters
- Plumbing
- Electrical
- Heating, ventilation, and air conditioning

Plus: Broadband for 1 point



Pipeline Transition

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



Cost
Efficiency
Boosts



How Boosts Work

- Cost drivers are eligible for a **boost** up to an aggregate of 10% of the project's total development cost (minus the cost of land, the costs associated with offsite infrastructure improvements and the capitalized reserves)
- Required Documentation
 - Cover letter explaining how the cost submitted for each 'boost' was derived
 - Form of construction cost estimate from General Contractor, delineating the costs described in the cover letter

Wage Rate Boost

- **Commercial Wage Rates:** the additional cost of labor for federal, state, or local commercial wage rates (for projects that trigger a commercial wage rate). The amount is the difference between total commercial wages paid and the alternative residential wage rate.



Structured Parking Boost

- **Structured Parking:** costs related to construction of structured parking in an above- or below-ground garage.



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Sustainable Building Features Boost

The sustainable building features boost

- Heat pump hot water heating
- Ductless/or ducted heat pumps for HVAC
- Balanced ventilation with energy recovery and MERV 17 or greater filtration (rehab only)



New Program Thresholds

Community Revitalization Plan

1. **Urban Growth Boundary** (should be easiest to do – check this first!)

OR

2. **QCT**

AND

- High or Very High Opportunity Area

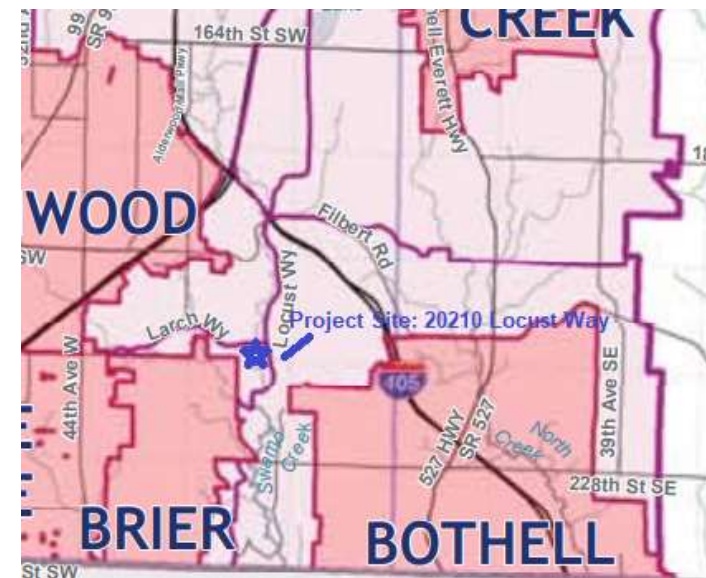
OR

- Area of Low Environmental Health Disparity

OR

3. **Federal, state, regional, or local community revitalization plan area**

For all of these: please show project location in the relevant map(s)!



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Income and special populations set-asides

- Additional low-income set aside – 20% @ 50% Balance of State – state election
- Target population – 20% set-aside – disabled, large household, or mix



Nonprofit Sponsor

Same as previous policy, just now threshold



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Questions?