

RAPID RESPONSE PROGRAM (RRP) PROGRAM DESCRIPTION

RRP is a loan program to assist eligible Washington organizations (as defined under RCW 43.185A.040) purchase real property (including land, building or mobile home parks) for the preservation or development of affordable housing and community facilities. These properties must be located in rapidly gentrifying or redeveloping areas, or in communities with a significant low-income population that is threatened with displacement by such gentrification. The intent of this program is to position eligible organizations to quickly respond to those market conditions that threaten affordable housing and communities. RRP loans are not intended to pay construction or rehabilitation costs.

EHB 3142 (now codified at Chapter 112, Laws of 2008) was passed during the 2008 Legislative Session and \$10,000,000 of state funds were appropriated to create an affordable housing and community facilities rapid response loan program. EHB 3142 directs the Department of Community Trade and Economic Development (CTED) to contract with the Washington State Housing Finance Commission (WSHFC) to establish and administer this program.

The WSHFC, in partnership with CTED, will develop guidelines to administer the RRP and performance measures to evaluate the program. The WSHFC anticipates that the RRP will be a “rolling” loan program with no application deadline. Applications will be accepted and projects will be considered for funding based upon the availability of funds and the urgency of the submitted proposals. Applications will be considered by an advisory committee, including a representative of CTED, with final loan approval made by the Executive Director of the WSHFC. Staff will report periodically to the Board of the WSHFC on the status of the RRP.

All housing developed under the RRP is intended to target populations at or below 80% of the area median income and will be subject to a minimum of 30-years of affordability. RRP loans may be outstanding for up to 50 years. The specific terms and conditions of RRP loans will be set forth in a loan agreement and deed of trust and will be subject to the parameters outlined in EHB 3142.

Eligible applicants must include in their application:

- A description of the property being considered;
- An explanation of why it is urgent to acquire the property to provide and preserve affordable housing or community facilities;
 - If preservation, describe the existing housing and the demographics of current households.
- If land, provide a description of proposed development for the site;
- If existing housing, describe the rehabilitation needs and proposed financing;
- Estimated timeline for completion of the proposed development or rehabilitation;
- Evidence of site control;
- Evidence of organizational and financial capacity of the applicant to develop and operate the project;
- Evidence of other funding sources.

Evaluation criteria will include, but not be limited to, the following.

Highest priority will be given to proposals that:

- Preserve mobile home parks facing closure; objective is to preserve opportunity for existing population to remain.
- Properties in neighborhoods in King County that are facing gentrification or redevelopment; objective is to preserve existing affordable units or to develop new affordable units or community facilities.
- Properties located in the City of Spokane that are facing the threat of displacing low-income tenants due to the loss of affordable housing rental units; objective is to preserve existing affordable units or to develop new affordable units or community facilities.

Additional evaluation criteria:

- Urgency to acquire property in order to provide or preserve affordable housing;
- Organizational and financial capacity of the applicant to develop the project;
- Leveraging of other sources of acquisition funding;
- Balancing need and geographic distribution; and
- Ability to repay RRP loan.

If a loan recipient (a) does not place affordable housing or community facilities into service within three years on a property for which a loan has been received, or (b) fails to use the property for the intended affordable housing purpose consistent with the loan recipient's development plan, then the loan recipient may be required to pay to the WSHFC an amount consisting of the principal of the original loan plus compounded interest calculated at the then current market rate. The land may be transferred to another eligible organization to be developed for affordable housing or community facilities consistent with the intent of the RRP. In the event of a transfer or sale of the land from an RRP borrower, there will be a cap on the appreciation available to the seller.

Compliance and other on-going requirements or considerations will be determined prior to final loan approval.