

**LAND ACQUISITION PROGRAM
Request for Land Purchase Assistance**

**WASHINGTON STATE HOUSING
FINANCE COMMISSION**



LAND ACQUISITION PROGRAM (LAP)

**Program Description
and
Application Guidelines
Revised June 1, 2018**

For additional information or clarification, please email askusLAP@wshfc.org.

PROGRAM DESCRIPTION

Please note: for projects that will be financed with the all or a portion of the \$1,000,000 of the State's allocated funds to the program, RCW 43.185A.110 "Affordable housing land acquisition revolving loan fund program" will supersede any of the following policy or procedures.

The following program description pertains to projects financed with Program Related Investment (PRI) dollars only.

The purpose of the Land Acquisition Program (LAP) is to assist eligible organizations in Washington to purchase land and improved real property suited for either multi- or single- family affordable housing development or for nonprofit owned community service facilities. Nonprofit borrowers must demonstrate sound experience and strong development capacity. LAP is a revolving loan program intended to assist with site and/or site and building acquisition for ownership and/or development by organizations as described in RCW 43.185A.040, "Eligible organizations" which are "local governments, local housing authorities, nonprofit community or neighborhood-based organizations, federally recognized Indian tribes in the state of Washington, and regional or statewide nonprofit housing assistance organizations..." LAP is not intended to be a short-term acquisition bridge financing program; rather LAP is intended to provide longer term acquisition financing for eligible organizations needing expedited access to property. Ideally, property construction will begin (4-6 years) after acquisition; however, loans will be considered for shorter development periods.

LAP was created in 2007 when the Legislature appropriated \$1,000,000 in state funds to create a land acquisition program targeted for affordable housing development now codified as RCW 43.185A.110 noted earlier. The Washington State Housing Finance Commission (WSHFC) has developed and administers the program. WSHFC has leveraged the State's initial \$1,000,000 investment over the years with \$24.5 million in PRI dollars as of May 2018.

All housing developed under LAP must target populations at or below 80 percent of the area median income and rental housing will include a 30-year affordability use restriction. The State appropriated funding for LAP may be used to acquire land on which facilities providing supportive services to affordable housing residents and low-income households in the nearby community may be developed. The WSHFC has provided additional program funding to help acquire land as well as and commercial property that will be redeveloped for affordable housing uses.

LAP has no application deadlines at this time. Applications are accepted and projects considered for funding based upon the availability of lendable proceeds. The intent of the program is to respond quickly to the potential needs of applicants to secure sites as they become available in markets where there is an urgent need for affordable housing or community facilities and there is competition for limited developable land or modified properties not meeting neighborhood need or capacity.

There is no maximum loan amount on LAP loans; however, LAP is not intended to cover 100% of site acquisition costs. Strong consideration will be given to applications that propose leveraging LAP funds with other financing sources.

LAP loans have a 1% interest rate with a 1% loan fee and a maximum term of 8 years. There are covenants with the loan placed upon the land that will restrict its use to the purposes of the loan. Interest and principal payments may be deferred for the life of the loan. Because LAP is intended to bank property for future development by nonprofit housing and community service organizations priority will be given to acquisitions that will not seek to develop the property until year four. In all cases, the affordable housing units or the community service facility must be placed in service by no later than the end of the 8th year. For this reason, it is anticipated that most loans will be repaid within four to six years thus permitting the recycling of dollars to new acquisition loans. If the property is to be developed and permanently financed before year four, the Commission will consider a LAP loan. Projects may not refinance LAP loans for the intended purpose of avoiding the covenants.

Within five years of receiving a LAP loan, the borrower must present WSHFC with an updated development plan, including committed and anticipated financial resources, and an estimated development schedule indicating completing by year eight.

If the borrower does not meet the use commitment within the eight- year period, or if the borrower fails to use the property in a way consistent with the original affordable housing development plan, then the borrower will be required to repay WSHFC the principal of the original loan plus compounded interest calculated at the then current market rate. In addition, the land may be transferred to another eligible organization to be developed into affordable housing or a community service facility consistent with the intent of the LAP with WSHFC approval. In the event of a transfer or sale of the land, there will be a cap on appreciation realized by the original LAP borrower.

EVALUATION CRITERIA

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

- Suitability of site for affordable housing and facilities that provide supportive services;
 - Suitability analysis will include consideration of site's access to transportation, use of existing infrastructure, proximity to necessary services and amenities, and ability to contribute to healthy neighborhood or community development.
- Evidence of strong organizational and financial capacity of the applicant to develop the project including a demonstrated track record of receiving anticipated construction and permanent takeout financing;

- Urgency to acquire site in order to provide affordable housing;
- Leveraging of other sources of acquisition funding; and
- Balancing need and geographic distribution.
- Development plan beginning in the fifth year of acquisition.

APPLICATION PROCESS

Please submit one copy of your complete application package as outlined on Pages 5 and 6 to:

Bob Peterson, Manager
Multifamily Housing and Community Facilities Division
Washington State Housing Finance Commission
1000 Second Avenue, Suite 2700
Seattle, WA 98104-1046

Application Submission: Electronic copy is preferred.

LAP applications are accepted on a rolling basis with no application deadline. Applications will be accepted and projects considered for funding based upon the availability of funds, site location, community need, population served, and land availability.

WSHFC staff will review proposals to ensure that they are complete. WSHFC may seek clarification from applicants and may conduct discussions and negotiations with applicants who submit proposals found to be reasonably likely to be selected for an award.

Applications will be considered by an advisory committee with final approval by the Executive Director of WSHFC. The advisory committee will include representation from the Washington State Housing Trust Fund and WSHFC. Staff will report periodically to the Board of WSHFC on the status of LAP.

Disclosure

WSHFC reserves the right to retain all proposals submitted.

Materials and information submitted are subject to public disclosure unless otherwise exempt from disclosure under the Washington Public Records Disclosure Act (RCW 42.17 et seq.). No assurances can be given that any materials provided can be protected from public review and copying.

WSHFC reserves the right without prejudice to reject any and all proposals and to negotiate acceptable proposals with selected applicants.

Protest Procedures

All protests must be in writing. Such protests must state all facts and arguments on which the protesting party is relying as the basis for its action. Copies of the protest must be mailed or hand-delivered to the office of WSHFC. The protest must be received by WSHFC no later than 5:00 PM Prevailing Pacific Time on the fifth (5th) business day following the applicant's receipt of the notice of rejection, whether oral or written. Only those who are eligible to submit a proposal under the criteria established by WSHFC may protest the rejection of a proposal.

The Executive Director of the Commission will consider the record and all facts available and issue a decision within five (5) business days from receipt of the protest unless additional time is required, in which case the protesting party will be notified by WSHFC. The decision of the Executive Director will be final.

APPLICATION PACKAGE

I. LAP REQUEST FORM

Please download and complete application from webpage.

II. QUALIFICATIONS/EXPERIENCE

A. History and Mission of the Org/Description of Current Organization

Discuss the History and Mission of the Organization. Provide information on the Management Team and Board of Directors.

B. Development Team

To demonstrate development team qualifications, please identify each person or company involved with the project team and their respective roles, to the best of your ability at this time. Include a detailed resume of your team's work experience and qualifications. Additionally, please include the personal resumes of key team members, if available.

C. Organizational Development Experience

Describe your organization's previous experience in affordable housing development including a comprehensive list of affordable housing projects with which you have been involved. Please include all relevant completed projects as well as projects in your pipeline. The projects listed should illustrate your experience with projects similar in scope and size to what is being proposed and demonstrate your organizations track record with receiving relevant funding.

The list of projects should include, but not be limited to, the following:

- Name and location of project
- Your organization's role in the project
- Description of project including type, size, scope, mix of affordability, special needs set-asides
- Sources of financing
- Date project started and completed construction and current status of the project

D. Financial Capacity

Please attach your organization's past two years of audited financial statements. Please also provide your year-to-date interim financial statements.

III. PROJECT PROPOSAL

The purpose of LAP is to provide a source of financing for the acquisition of land for future development. As such, we understand that the proposed development is in the concept stage at this point and will change over time. Based upon this premise, your development plan should be preliminary and reflect a concept rather than a final project.

The following should be included in the proposal:

A. Project Narrative

1. **Site Description:** Identification of a specific parcel of developable land that is suitable for development and being offered at a fair market value for the proposed use.
2. **Suitability of Site:** for affordable housing and/or facilities that provide supportive services. Describe the site's location including, but not limited to, the site's access to transportation, use of existing infrastructure, proximity to necessary services and amenities, and the ability to contribute to a healthy neighborhood or community development plan.
3. **Population to be served and community need.**
4. **Study of area land costs and market volatility**
5. **Site Acquisition Financing:** Please describe how you will leverage LAP funds to purchase the site. Include a site acquisition sources and uses table.
6. **Proposed Development Plan** reflecting the anticipated size and type of project, including a description of any other facilities being considered, and whether the project will be rental or homeownership. Also identify the mechanism that will be used to maintain the long-term affordability of project.
7. **Proposed Timeline** for completion of development and repayment of the LAP loan.
8. **Proposed Financing Plan** for the eventual development of the project into affordable housing, including how and when the LAP loan will be repaid and a timeline for securing all funds.

B. Market Conditions: Evidence that the site is located in a real estate market where competition for land is high and the availability of land is limited and/or diminishing.

C. Site Control: Evidence of site control documented by an option to purchase or purchase and sale agreement.

D. Preliminary Commitment for Title Insurance

E. Third Party Reports (land appraisal, environmental reports, etc.).

F. Additional Information: Any relevant information that would be helpful in evaluating your qualifications and/or the proposed development

NOTE: Satisfactory review of third party reports (current land appraisal, environmental reports, etc.) and title insurance will be conditions of closing.