



**CITY OF SPOKANE
SPECIAL MEETING NOTICE
COMMUNITY, HOUSING, AND HUMAN SERVICES BOARD**



Wednesday, November 4, 2020
4:00 P.M. – 6:00 P.M.
Teleconference Meeting

Join by Phone 1-408-418-9388

Access Code: 146-206-0991

The regular scheduled Community, Housing, and Human Services (CHHS) Board will be held via teleconference; not in its normal location of the Council Briefing Center at City Hall. The teleconference meeting is open to the public. We do ask that all teleconference attendees mute their phones until they have a question; this will help eliminate background noise.

AMERICANS WITH DISABILITIES ACT (ADA) INFORMATION: The City of Spokane is committed to providing equal access to its facilities, programs and services for persons with disabilities. The Spokane City Council Chamber in the lower level of Spokane City Hall, 808 W. Spokane Falls Blvd., is wheelchair accessible and also is equipped with an infrared assistive listening system for persons with hearing loss. Headsets may be checked out (upon presentation of picture I.D.) at the City Cable 5 Production Booth located on the First Floor of the Municipal Building, directly above the Chase Gallery or through the meeting organizer. Individuals requesting reasonable accommodations or further information may call, write, or email Human Resources at 509.625.6363, 808 W. Spokane Falls Blvd, Spokane, WA, 99201; or msteinolfson@spokanecity.org. Persons who are deaf or hard of hearing may contact Human Resources through the Washington Relay Service at 7-1-1. Please contact us forty-eight (48) hours before the meeting date.



Community, Housing, & Human Services Board

Vision: To provide opportunities that enhance the quality of life for Spokane's extremely low to moderate income populations.

November 4, 4:00 PM
City Council Briefing Center
Lower Level, City Hall

TIMES GIVEN ARE AN ESTIMATE AND ARE SUBJECT TO CHANGE

4:00 – 4:10 Call to Order - Board Chair

- 1) Approval of Agenda: **ACTION**
- 2) Public Comment - Please restrict comments to items relevant to the CHHS Board
- 3) Approval of the October Meeting Minutes: **ACTION**

4:15 – 4:45 Board Education

- 1) Board Visioning Report out
- 2) New Subcommittee/Process to become a Full Committee

4:45 – 5:20 Discussion

- 1) CAPER presentation and Open Public Comment Period: **ACTION**
- 2) Essential Repair Contract: **ACTION**
- 3) Single Family Rehab & Rental Repair Program Manager Contract: **ACTION**
- 4) HOME Funds: **ACTION**
- 5) Board Nominations

5:20 – 5:35 Director Report – Tim Sigler

5:35 – 5:45 Updates

- 1) City Council
- 2) CoC Board

5:45 – 5:55 Committee Updates

- 3) Affordable Housing Committee
- 4) Evaluation and RFP Committee

5:55 – 6:00 Announcements

6:00 Adjournment - Board Chair

2020 Board Meeting Schedule

All Board meetings are held in City Hall in the City Council Briefing Center from 4:00 – 6:00 pm unless otherwise posted.

February 5, 2020
March 4, 2020
March 27, 2020
April 1, 2020 (cancelled)
May 6, 2020
June 3, 2020
July 8, 2020
August 5, 2020
September 2, 2020
October 7, 2020
November 4, 2020
December 2, 2020

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Username: COS Guest

Password:

	Feb. 5	March 4	March 27	May 6	June 3	July 8	Aug. 5	Sept. 2	Oct. 7	Nov. 4	Dec 2
Gordon Graves	X	X		X		X	X	X	X		
Adriane Leithauser	X	X	X	X	X	X	X	X	X		
Rebecca Sero		X		X	X	X	X	X	X		
Kate Burke – Council Member	X	X	X	X			X	X	X		
Anne Stuyvesant-Whigham	LOA	LOA	X	X	X	X	X	X	X		
Dillon Thorpe	X		X	X	X	X	X	X	X		
Jan Simpson – CoC Rep	X	X		X	X	X	X		X		
Kathleen Torella – County Rep	X	X		X	X	X	X	X	X		
Melody Dunn		X	X	X	X	X	X	X			
Betsy Wilkerson – Council Member		X	X	X	X	X	X	X	X		
Barry Barfield			X	X	X	X		X	X		
Bob Hutchison			X	X		X	X	X	X		
Jason McAllister			X	X	X		X	X	X		
Jeri Rathbun			X	X	X	X	X	X	X		
Ike Okoli											

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STANDING COMMITTEE MEETING INFORMATION

Affordable Housing Committee: Second Tuesday of each month, 11:30 to 1:00.

Arlene Patton, Adriane Leithauser, Phil Altmeyer, Andy Hoyer, Mark Muszynski, Patricia Kienholz, Gordon Graves, Diane Zemke, Barry Barfield, Michone Preston

Evaluation & Review Committee: Schedule TBD

Anne Stuyvesant-Whigham, Rebecca Sero, Dillon Thorpe, Jeri Rathbun, Kim Taylor, Diane Zemke, Arlene Patton, Sara Clements-Sampson, Rowena Pineda

Executive Committee: Third Wednesday of each month, 1:00 to 2:30 P.M. City Hall, 6th floor Conference Room - *Anne Whigham, Adriane Leithauser, Rebecca Sero, Dillon Thorpe, Tim Sigler*

CA/CD: First Tuesday of each month, 5:30 - 7:00 P.M. West Central Community Center, Newton Room

Refer to <https://spokanechhs.org/> for information on Board-related meetings and events

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Community, Housing, & Human Services (CHHS) Board

October 7, 2020
Meeting Minutes

Meeting called to order at 4:02 PM.

Attendance

- **Board Members Present:** Adriane Leithauser (Chair), Anne Stuyvesant-Whigham, Council Member Betsy Wilkerson, Jeri Rathbun, Dillon Thorpe, Jason McAllister, Rebecca Sero, Kathleen Torella, Bob Hutchinson, Council Member Kate Burke, Gordan Graves
- **Staff Present:** George Dahl, Tim Sigler, Kelly Burnett, Paul Trautman, Becky Tuno, Tija Danzig, David Lewis, Margaret Hinson
- **Guests Present:** Jan Simpson, Andy Hoyer, Fawn Schott

Approval of the Agenda:

No changes made to the Agenda.

Motion to approve agenda as is made by Board Member Bob Hutchinson and seconded by Board Member Anne Stuyvesant-Whigham.

➤ AGENDA APPROVED

Public Comments:

Fawn Schott from Volunteers of America presented the board with information regarding the new Crosswalk Shelter. This will be a youth shelter where we can hopefully address all needs. Plan is to have a GED program that is on the ground floor of the building. Hoping to break ground in early 2022 with a completion date of 2023 - this goes along with the CoC's 5 year plan to end homelessness.

Approval of the August Board Minutes:

Before board minutes for September can be approved Barry Barfield needs to be added to the Attendance.

Motion to approve the September Board Minutes with the addition to Barry's name in attendance made by Council Member Betsy Wilkerson and seconded by Board Member Jason McAllister.

➤ BOARD MINUTES APPROVED

Announcements

CHHS Board Member Adriane Leithauser wanted to let the board know the Community Assembly ("CA") Liaison has had to step away from this position and we wanted to thank her for her service. Andy Hoyer a representative from the CA is here listening today and will provide information back to their board. The new CA liaison will need to go through the same process as a regular board member. The CA will identify who they would like, have them fill out the application and send it to the Executive Committee for review. Once the Executive Committee has approved the application it will go in front of the whole board for review and approval, then on to Council and the Mayor's Office.

Council Update

- Still working on the Cares money - this has been extended till the end of October. There is still a need out there.
- New Equity and Conclusion person has been hired - Shauna Harshman

CoC Board Update:

No updates to present to the board at this time.

Committee Updates:

Affordable Housing Committee:

- Rose Apartments have been moved. Construction costs have increased and more funds are needed in order to get the 8 units of Affordable housing back on online.
- \$1.5 Million in Local Home Funds that will be going out to funders.
- \$14M will come to the CHHS Board for funding recommendations at the November meeting.

RFP/Evaluation Committee:

Was hoping to come to the board with recommendations but there are none at this time. Going see how to leverage funds to assist Communities that are not always receiving these funds. Need to look into ways on how we can reach populations that are under served and overlooked as they do not have the resources. Maybe this can be done through partnerships. Need to think outside of the box and find different agencies that can do this kind of work.

Director Report:

Staff Member Tim Sigler provided the Director's Report including the following items:

- One of CHHS staff members is leaving and the department and we will be conducting interviews to fulfill this spot.
- CHHS recently hired a Project Program Manager to work with the COVID funds. We will also be hiring a Program Specialist, CMIS person and an Accountant to help with these funds.
- Healthy Sheltering Program - In phase 2 of construction and should be completed by November 1st. This will open up 102 beds.
- Cannon Site looking to be completed by mid-November, and will be opening up before the warming center time. Depending on how construction goes this could add 40-80 beds.
- Staff Member David Lewis mentioned that reporting tools from CMIS are being updated and should reflect on housing for the year has been.
- City is going though and discussing budgets for next year.
- City is currently conducting interviews for the NHHS Division Director.

CHHS Board Visioning Session:

After the last board meeting, board members were sent the current bylaws, ordinances and governance to look over and bring their thoughts, and ideas to the today's visioning session. During this time the CHHS Board wanted all board members to consider the direction that they would like to take the board. What is it that CHHS board does and what would the CHHS board like to do. CHHS Board member Rebecca Sero created a PowerPoint presentation that was shared through the WebEx meeting. This presentation covered the different areas that were to be discussed and Rebecca entered in the groups comments in the each slide. The following topics were discussed in detail:

- Step One: Goal for the Board
- Let's Set a Date - When should we expect for this goal to be realized.
- Accomplishments - Top 2 were picked
- Action Steps for Accomplishment #1

- Action Steps for Accomplishment #2

These will be reviewed during the CHHS executive meeting and then there will be a report of this session at the November Board meeting.

Meeting Adjourned

Motion to adjourn the meeting mad by Board Member Thorpe and seconded by Board Member Whigham.

➤ APPROVED

Meeting Adjourned at 6:00 PM.

The next CHHS Board Meeting is scheduled for **November 4, 2020 from 4-6 pm.**

Affordable Housing Committee BRIEFING PAPER
Community, Housing & Human Services Board
Award SF Rehab Program Manager RFP & CY2020 Contracts
November 4, 2020

Subject

Affordable Housing Committee recommendations for awarding Housing Repair Programs Manager Calendar Year 2021 contracts.

Background

Each year, CHHS proposes and negotiates with SNAP annual contracts to fund the Essential Repair, Single Family Rehabilitation, and Rental Repair programs. The Affordable Housing Committee reviewed each contract proposal and recommends the following CY2021 contracts.

Essential Repair Program

Essential Repair provides small home repairs as grants to help low-income homeowners safely remain in their home. CHHS offered \$500,000 to this SNAP program that includes \$113,149 program admin/management; \$286,851 for granted repairs benefitting 250 homeowners; and \$100,000 for grants supporting Single Family Rehab loans benefitting 10 borrowers who cannot otherwise afford needed loans.

The Affordable Housing Committee unanimously recommended awarding this Essential Repair contract to SNAP.

Essential Repair	CY2021 Proposal
Forecasted Repair Grants	250
Admin/Mgmt	\$113,149
Const Funds	\$386,851
SF Rehab Grants	<u>\$100,000</u>
Total Contract	\$500,000

Single Family Rehabilitation

Single Family Rehabilitation provides loans to low-income homeowners for necessary and substantial home repairs. Loans are 3% interest for 15 years and typically capped at \$40,000. CHHS offered \$1,399,982 to SNAP for annual program funding that includes \$332,357 admin/management and \$1,067,625 for home repair loans benefitting 30 homeowners. This contract is the 2nd of 5 annually renewable contracts from 2015 through 2020.

The Affordable Housing Committee unanimously recommended awarding this Essential Repair contract to SNAP.

Single Family Rehabilitation	CY2021 Proposal
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Forecasted Rehabilitation Loans	30
Admin/Mgmt	\$332,357
Construction Loans	<u>\$1,067,625</u>
Total Contract	1,399,982

Rental Repair

Rental Repair (a subset of Single Family Rehabilitation) provides loans to owners of small rental properties for necessary repairs and improvements when rents are affordable and predominantly serving low-income renters. Loans are 3% interest for 10 years and typically capped at \$15,000 per rental unit. CHHS offered \$299,952 to SNAP for rental repair funding that included \$75,077 admin/management and \$224,875 for rental repair loans benefitting 10 rental units. The Committee discussed program performance during the last 2 years. Only 2 loans were completed and the administrative costs nearly equal the amount of loaned funds. There is no evidence of improving market acceptance. The Committee did not support this contract given high cost and low return.

The Affordable Housing Committee unanimously recommended NOT funding the Rental Repair program contract.

Rental Repair	CY2021 Proposal
Forecasted Rental Units Repaired	10
Admin/Mgmt	\$75,077
Construction Loans	<u>\$224,875</u>
Total Contract	\$299,952

Impact

These two contracts will cumulatively benefit 280 low-income homeowners with repairs necessary for safe home occupancy.

Actions

Recommend a \$500,000 CY2021 Essential Repair program contract with SNAP.

Recommend a \$1,399,982 CY2021 Single Family Rehabilitation program contract with SNAP.

Affordable Housing Committee

Calendar Year 2021 Budget Proposal



COMMUNITY, HOUSING, AND
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808 W. SPOKANE FALLS BLVD.
SPOKANE, WASHINGTON 99201
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Essential Repair Program

Essential Repair Program

Since 2005, CHHS makes a non-competitive subrecipient CDBG allocation to SNAP's Essential Repair program. This program provides small home repairs as **grants** to low-income homeowners. Typical Essential Repairs include repairing leaking plumbing and roofs. SNAP's program provides low-income homeowners up to \$6,000 per lifetime of Essential Repair grant assistance.

The Affordable Housing Committee is asked to review SNAP's admin & management proposal and advise the CHHS Board on a CY2021 contract.

Program Performance: SNAP's Essential Repair Program recent performance is shown below. SNAP is expected to meet or exceed its planned production goal of 270 homeowners assisted. Program administrative, management, and grant funds have been drawn as planned.

Since 2016, CHHS has annually provided \$150,000 additional funds to this contract to be provided as grants up to \$10,000 to support certain Single Family Rehabilitation borrowers. These borrowers need grant assistance because they lack sufficient home equity to borrow all needed rehabilitation funds or they lack sufficient income to make payments on the needed loan amount. CHHS proposes to reduce these additional grant funds to \$100,000 due to lower CDBG program income in PY2020 and staff desire to reduce dependence upon these grants.

CY2021 Budget Proposal (see below): CHHS offered SNAP an 8% decrease in Essential Repair grant funding due to lower CDBG program income received in 2020. SNAP has proposed the following CY2021 administrative/management costs to deliver granted repairs to 250 homeowners. These admin/management costs are a 6% decrease from CY2020.

CHHS recommends a CY2021 SNAP Essential Repair totaling \$500,000, which includes:

- **\$113,149 admin/management and \$286,851 construction funds for granted home repairs benefitting 250 low-income homeowners**
- **\$100,000 home rehabilitation grants benefitting about 10 Single Family Rehab borrowers**

ESSENTIAL REPAIR: SNAP's Past Performance & CY2020 Budget Proposal

Essential Repair	CY2016	CY2017	CY2018	CY2019	CY2020 Jan - Aug	CY2021 Proposal
	Contracted Amounts					
Admin/Mgmt	\$115,201	\$113,574	\$93,200	\$120,776	\$135,600	\$113,149
Repair Funds	\$453,217	\$417,160	\$276,800	\$290,000	\$300,000	\$286,851
SF Rehab Grants	<u>\$102,000</u>	<u>\$200,000</u>	<u>\$150,000</u>	<u>\$150,000</u>	<u>\$150,000</u>	<u>\$100,000</u>
Total Contract	\$670,418	\$730,734	\$520,000	\$560,776	\$585,600	\$500,000
	Expended Amounts (% of line item)					
Admin/Mgmt	\$70,885 (62%)	\$99,100 (87%)	\$103,615 (99%)	\$127,938 (106%)	\$68,956 (51%)	TBD
Const Funds	\$445,571 (98%)	\$303,673 (100%)	\$214,600 (81%)	\$282,808 (98%)	\$203,597 (68%)	TBD
SF Rehab Grants	102,000 (100%)	164,575 (82%)	\$150,000 (100%)	\$148,972 (99%)	\$16,748 (11%)	TBD
Total Expended	\$618,456	\$567,150	\$375,237	\$559,717	\$289,301	TBD
Forecasted Home Repairs	315	250	220	250	270	250
Completed Home Repairs	278	269	283	309	216	TBD
Average Total Cost/Unit	\$2,224	\$2,108	\$1,326	\$918	\$943	TBD
30% AMI Homeowners	153 (55%)	161 (60%)	112 (51%)	149 (48%)	126 (59%)	TBD
50% AMI Homeowners	117 (42%)	101 (37%)	97 (45%)	140 (46%)	87 (40%)	TBD
80% AMI Homeowners	8 (3%)	7 (3%)	9 (4%)	20 (6%)	3 (1%)	TBD
Elderly	161 (58%)	131 (49%)	143 (66%)	200 (65%)	164 (76%)	TBD
Female Head of Household	176 (63%)	161 (60%)	139 (64%)	198 (64%)	129 (60%)	TBD

October 8, 2020

Affordable Housing Committee

Calendar Year 2021 Budget Proposals



COMMUNITY, HOUSING, AND
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Single Family Rehabilitation Program

The Single Family Rehabilitation Program

Since 1977, CHHS has contracted with a program manager to provide **loans** to low-income homeowners for needed and substantial home repairs. Maximum loans are the lesser of 100% loan-to-value or \$40,000 without City written approval. Borrowers receive budget counseling to verify affordable payments.

CHHS must formally procure a Program Manager every 5 years and negotiate Program Manager contract renewals each year. CY2021 is a negotiated contract renewal year. CHHS has proposed an annual total budget amount to SNAP. The Affordable Housing Committee is asked to review SNAP's admin & management cost proposal and advise the CHHS Board on a CY2021 Program Manager contract.

Program Performance (See budget table below): In CY2020 (thru Aug), SNAP has completed 9 rehabilitation projects out of 33 planned for the year. This is consistent with past performance where project completions lag with a surge of fall completions. SNAP has many projects now underway and anticipates completing 24 projects by year end. Recent CHHS program monitoring found no SNAP management or compliance issue.

CY2021 Budget Proposal (see below): SNAP proposes a \$332,357 budget for admin and management costs to deliver \$1,067,625 Single Family Rehabilitation programs construction loans. This budget retains all SNAP program staff that is shared between the Single Family Rehab and Rental Repair programs.

CHHS recommends a CY2020 contract for \$1,399,982 benefiting 30 low-income homeowners.

Single Family Rehab	CY2015 & 2016	CY2017	CY2018	CY2019	CY2020 (thru Aug)	CY2021 Proposal
Contracted Amounts						
Admin/Mgmt	\$442,047	\$326,102	\$313,365	\$332,505	\$312,803	\$332,357
Construction	\$1,310,899	<u>\$801,840</u>	<u>\$975,275</u>	<u>\$966,381</u>	<u>\$1,240,293</u>	\$1,067,625
Total Contract	\$1,752,946	\$1,127,942	\$1,288,640	\$1,298,886	\$1,553,096	\$1,399,982
Expended Amounts (% of contract line item)						
Admin/Mgmt	\$437,015 (99%)	\$255,665 (78%)	\$230,464 (74%)	\$345,093 (104%)	\$152,411 (49%)	TBD
Const Funds	<u>\$1,099,727</u> (84%)	<u>\$524,758</u> (65%)	<u>\$631,046</u> (65%)	<u>\$859,830</u> (89%)	<u>\$324,231</u> (26%)	TBD
Total Expended	1,536,742 (88%)	\$780,423 (69%)	\$861,510 (67%)	1,204,923 (93%)	\$476,642 (31%)	TBD
Forecasted Rehab Loans	49	30	33	36	33	30
Completed Rehab Loans	44 (90%)	24 (80%)	22 (67%)	32 (89%)	9 (27%)	TBD
Average Loan Amt	\$22,710	\$21,865	\$28,684	\$26,870	\$36,026	\$35,600
30% AMI Homeowners	5 (11%)	4 (16%)	3 (14%)	3 (9%)	0	TBD
50% AMI Homeowners	6 (14%)	10 (42%)	8 (36%)	12 (38%)	2 (22%)	TBD
80% AMI Homeowners	33 (75%)	10 (42%)	11 (50%)	17 (53%)	7 (78%)	TBD
Elderly	9 (20%)	5 (21%)	13 (59%)	20 (63%)	5 (56%)	TBD
Female Head of Household	30 (68%)	21 (88%)	10 (45%)	15 (47%)	5 (56%)	TBD

Affordable Housing Committee

Calendar Year 2021 Budget Proposals



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Rental Repair Program

Rental Repair Pilot Program

From 2002 thru 2013, CHHS offered a Rental Rehabilitation Pilot program offering rehab loans to for-profit landlords seeking to improve smaller rental properties. This pilot program was delivered in conjunction with the Single Family Rehab program. Few loans were requested and the pilot was terminated.

In 2018, there was renewed Council and Administration interest in rental housing quality. The CDBG-funded Rental Repair program was reestablished to provide 3% interest loans with a 10 year term to for-profit rental property owners provided 90% loan-to-value. Loans provide non-luxury improvements provided that at least 51% of renters are below 80% AMI and rent is below HUD's Fair Market Rent. Federal relocation, fair housing, handicap accommodation, affirmative marketing, and rent/income restrictions apply for 5 years. Preferred properties have fewer than 8 rental units to prevent federal prevailing wage challenges.

Program Performance (See table below): Program loan activity remains very low. Common issues include rental property owners objecting to mandatory staff analysis of rental property and personal finances. Also, renters object to providing mandatory income documentation and intrusion by staff and contractors. Recent CHHS program monitoring found no SNAP management or compliance issue.

CY2021 Budget Proposal (see table below): SNAP proposes a \$75,077 budget for admin and management costs to deliver \$224,875 of Rental Repair programs construction loan funds. This budget proposes to improve 10 rental units. Staff has received program applications and is optimistic that loans will be completed. This budget retains all SNAP program staff that is shared between the Single Family Rehab and Rental Repair programs.

CHHS recommends a CY2021 contract for \$299,952 benefiting 10 rental units.

Rental Repair	CY2019	CY2020 (thru Aug)	CY2021 Proposal
Contracted Amounts			
Admin/Mgmt	\$82,060	\$78,091	\$75,077
Construction	<u>\$300,223</u>	<u>\$335,966</u>	<u>\$224,875</u>
Total Contract	\$382,283	\$413,966	\$299,952
Expended Amounts			
Admin/Mgmt	\$3,159	\$42,891	TBD
Construction	\$16,908	\$48,744	TBD
Total Expended	\$20,067	\$91,635	TBD
Forecasted Loans	10	10	10
Completed Loans	1	1	TBD
Average Loan Amt	\$16,908	\$48,744	\$22,488
30% AMI Renters	0	1	TBD
50% AMI Renters	0	0	TBD
80% AMI Renters	1	0	TBD
Elderly	0	0	TBD
Female Head of Household	1	1	TBD

Affordable Housing Committee BRIEFING PAPER
Community, Housing & Human Services Board
Allocate HOME Multifamily Housing Program Funds
November 4, 2020

Subject

Affordable Housing Committee recommendation to allocate a total \$1,396,642 to three (3) applicants under the Fall 2020 HOME Multifamily Housing Program (MFHP) RFP for three separate affordable housing projects.

- ECCO Rose Apartments Recommissioning – \$133,642
- Proclaim Liberty – \$523,000
- Spokane Housing Ventures Vets on Lacey – \$740,000

Background

The CHHS Multifamily Housing Program (MFHP) loans HOME funds for development of permanent and affordable rental housing. Under the 2020 HOME MFHP RFP, three applicants applied for program funds.

ECCO Rose Apartments Recommissioning

East Central Community Organization (ECCO) requested \$133,642 from the Fall 2020 MFHP RFP (staff underwrite attached). Their Rose Apartments Recommissioning project will complete final renovations to the recommission of the 8-unit historic Rose Apartments at 1813 E 4th. The Rose apartments consisted of one building operated as 8, 1-bedroom units of affordable rental housing. Each 1-bedroom units is about 430 square feet with 4 units on the 1st floor and 4 units on the 2nd floor. The basement contains storage space and coin-operated resident laundry. ECCO intends that all units continue as housing affordable to renters at 30% and 50% Area Median Income (AMI).

The HOME loan requires that all 8 units remain affordable as 2 units at 30% AMI and 6 units at 50% AMI for 10 years. However, this new HOME loan does not require additional years of affordability because ECCO will fully repay the loan. This is of little consequence since the CHHS HOME and NSP loans continue to require 2 rental units affordable to 30% AMI and 6 rental units affordable to 50% AMI through 2038.

This project has secured \$71,815 of City CDBG funds, \$23,150 of City Urban Utility Install Grant funds, an STCU loan of \$215,000, \$75,000 from the WSDOT Historic Building Move Grant, and \$602,799 in ECCO Owner's Equity. The total project development budget will consist of \$800,276 with the additional HOME MFHP funds.

The Affordable Housing Committee unanimously recommends awarding \$133,642 HOME funds to this project.

Proclaim Liberty

Proclaim Liberty requested \$523,000 from the Fall 2020 MFHP RFP (staff underwrite

attached) for 5 HOME-assisted units at 30% AMI. HOME units must remain affordable for 30 years. These HOME funds will help construct 49 units of mixed-income, family size rental housing units on land it owns immediately east (1527 E Hartson) and west (610-628 S Perry) of its current Liberty Park Terrace campus. Proclaim Liberty proposes to construct 3 3-story buildings focused around the new ECEAP facility and onsite community center. Tenant amenities include BBQ area, bluff overlook, Wi-Fi, bike storage, trail, sport court, and two playgrounds. These new apartment buildings will contain 9 1-bedroom (643 square feet), 22 2-bedroom (886 square feet), and 18 3-bedroom (1,134 square feet) units. 4 units will be fully handicap accessible and 11 ground floor units will be “visitable”. Project affordability will be 10 units at market rate, 34 units affordable at 60% AMI, and 10 units affordable at 30% AMI. The 10 units affordable at 30% AMI are reserved for formerly homeless families and propose project-paid onsite services provided under an agreement with nonprofit Family Promise.

Other project financing includes \$7,303,000 HUD-insured bank loan, \$3,000,000 Commerce Housing Trust Fund loan, and \$3,634,829 4% Low Income Housing Tax Credit equity. The HUD-insured bank loan must be repaid over 35 years and any Housing Trust Fund loan payments will come from available cash flow. CHHS HOME funds are provided as a forgivable loan because all project HOME units serve 30% AMI renters.

The Affordable Housing Committee unanimously recommends awarding \$523,000 HOME funds to this project.

Spokane Housing Ventures Vets on Lacey

Spokane Housing Ventures (SHV) requested \$441,000 from the Fall 2020 MFHP RFP (staff underwrite attached) to construct 10 townhouse apartments at 6208-6212 N Lacey as rental housing for low-income renters at 30% and 50% AMI. Note that SHV also indicates a need for a \$299,000 CDBG grant but SHV has not submitted any application for those funds.

In 2019, SHV used a Housing Finance Commission loan to purchased 2 homes on land zoned Residential Two Family. This land is adjacent to the Jayne Auld Manor Apartment that received City HOME funding in 2018. SHV proposes to increase rental housing density by demolishing both houses, relocating current renters, and constructing 5 townhouse duplexes that will create 10 apartments. All 10 units will be affordable with 5 units at 30% AMI and 5 units at 50% AMI. These 10 apartments include 5 1-bedroom (636 sq ft), 3 2-bedroom (1,140 sq ft), and 2 3-bedroom (1,260 sq ft) apartments. One unit will be handicap accessible.

SHV’s proposed project funding includes a \$400,000 Federal Home Loan Bank (FHLB) grant, \$441,000 City HOME grant, \$299,000 City CDBG grant, and \$1,810,000 Commerce loan (paid from available cash flow). SHV offers 5 City HOME units affordable to 30% AMI renters for 30 years with the remaining 5 Commerce units affordable to 50% AMI for 40 years. The project proposes that all 10 units provide permanent housing for homeless veterans. The project proposes 10 federal project-based VASH vouchers where homeless veterans pay 30% of income as rent and the voucher pays the rent balance up to Fair Market Rent.

The Underwrite Summary presents both the \$441,000 HOME request as proposed by SHV as well as a \$740,000 HOME funding option proposed by CHHS to fully fund this project without proposed CDBG funding that is not available.

This project proposed to commit ½ of project units to 30% AMI renters. However, this project proposes (and CHHS requires) additional rent revenue from federal VASH Project-Based Vouchers.

Therefore, CHHS proposes a funding alternative committing all project units to 30% AMI renters which provides needed additional HOME funds without reducing rent revenues. The CHHS Alternate funding proposal provides \$740,000 HOME funds in exchange for 10 project units to be affordable at 30% AMI. Added HOME funding fills the \$299,000 budget gap of unavailable CDBG funds. CHHS typically does not allow more than ½ of all project units at 30% AMI because rent revenue is usually too low to support project debt. However, this project is required to secure 10 Project-Based Vouchers. That additional Project-Based Voucher rent revenue provides the needed cash flow.

The Affordable Housing Committee unanimously recommends awarding \$740,000 HOME funds to this project.

Impact

These HOME funds will help create 64-units of affordable rental housing serving homeless and low-income renters in the City of Spokane.

Actions

Recommend that City Council commit a total of \$1,396,642 HOME funds to the aforementioned projects: (A) ECCO Rose Apartments Recommissioning – \$133,642; (B) Proclaim Liberty – \$523,000; and (C) Spokane Housing Ventures Vets on Lacey – \$740,000 to increase affordable housing in Spokane.

- A. ECCO Rose Apartments Recommissioning – \$133,642
 - a. Loan Condition: Full repayment of this HOME loan is required to free the project from state prevailing wage expense. CHHS staff will negotiate a loan interest rate and term that preserves adequate cash flow to also repay the STCU bank loan.
- B. Proclaim Liberty – \$523,000
 - a. Loan Condition: Secure full project funding commitments within 6 months of HOME allocation (all HOME Loans)
- C. Spokane Housing Ventures Vets on Lacey – \$740,000
 - a. Loan Conditions: Project must secure 10 federal Project-Based Vouchers necessary for adequate rent revenue.

October 15, 2020 HOME Underwrite Summary



Community, Housing, and Human
Services Department
808 W. Spokane Falls Blvd.
Spokane, Washington 99201
509.625.6325

PROJECT NAME

Borrower Name: Rose Apartments Recommissioning

Project Location: 1813 E 4th

HOME Funds Requested: \$133,642

Affordable Housing Committee Scoring Sheet									
Do Not Fund			Neutral			Yes, Fund This Project			
1	2	3	4	5	6	7	8	9	10
Reviewer's Comments:									

Project Summary

Project Background: In 2011, CHHS purchased the Rose Apartments at foreclosure sale to preserve this historic-eligible building and its high-density housing. In 2012, CHHS provided the building plus HOME and NSP (federal stimulus) funds to ECCO to restore the building as affordable rental housing. In 2013, this project was completed and occupied. HUD's HOME affordability period expired in 2018 although the CHHS Extended Period of Affordability and NSP Period of Affordability require 2 rental units affordable to 30% AMI and 6 rental units affordable to 50% AMI through 2038.

In 2019, Washington Department of Transportation (WSDOT) notified ECCO of its intent to purchase the Rose Apartments to accommodate freeway expansion. In 2020, ECCO sold the building to WSDOT at fair market value and WSDOT relocated all occupants. Shortly thereafter, ECCO repurchased the building for \$10 plus the obligation to move the building to ECCO's nearby vacant land. ECCO used WSDOT sale proceeds plus a CHHS CDBG grant, a City Urban Utilities Improvement grant, and an STCU loan to fully fund the building move, soft costs, and reestablishment repairs. ECCO recently completed the building move and the Rose Apartments now sits on a new foundation ready for final utility connections, landscaping, and interior and exterior repairs.

During this lengthy process, the building incurred significant costs due to vandalism and construction price increases. The project's total development costs now exceed ECCO's secured funds. Therefore, ECCO requests this \$133,642 HOME loan to fill the development cost gap and finish the project.

This HOME Funding Application: The East Central Community Organization (ECCO) requests a \$133,642 HOME loan to complete final renovations to recommission the 8-unit historic Rose Apartments at 1813 E 4th. The Rose Apartments consists of one buildings operated as 8, 1-bedroom units of affordable rental housing. Each 1-bedroom unit is about 430 square feet with 4 units on the 1st floor and 4 units on the 2nd floor. The basement contains storage space and coin-operated resident laundry. ECCO intends that

all units continue as housing affordable to renters at 30% and 50% of Area Median Income (AMI). The Rose is on the local historic register

ECCO proposes to fully repay the HOME loan over 30 years. If any portion of the HOME loan is forgiven then all past and future project construction is subject to state prevailing wages. However, loan repayment frees the project from State Prevailing Wages and avoids this significant project complication and expense.

CHHS and ECCO agree that this project has sufficient revenue to repay both the STCU bank loan and the HOME loan over 30 years. This new HOME loan requires that all 8 units remain affordable as 2 units at 30% AMI and 6 units at 50% AMI for 10 years. However, this new HOME loan does not require additional years of affordability because ECCO will fully repay the loan. This is of little consequence since the CHHS HOME and NSP loans continue to require 2 rental units affordable to 30% AMI and 6 rental units affordable to 50% AMI through 2038.

List City HOME Units Only	City HOME Units (1 Bedroom)	Commerce Units	Tax Credit Units	Project's Total Units
# Units at 30% AMI	2	0	0	2
Proposed Rents	\$387	\$0	\$0	
# Units at 50% AMI	6	0	0	6
Proposed Rents	\$647	\$0	\$0	
# Units at 60% AMI	0	0	0	0
Proposed Rents	\$	\$0	\$0	
Total # HOME Units	8	0	0	8

This project meets the following City HOME funding priority:

City Priority

- ☒ Unit(s) at 30% AMI
- ☐ Unit(s) at 50% AMI in City Target Investment Area or Centers & Corridors
- ☐ 3 or more bedroom unit(s) at 50% AMI

Site & Development Schedule

The project site is located at 1813 E 4th. This land and building are currently owned by ECCO. This property is zoned Residential Single Family although these 8 apartment units are allowed by conditional use to preserve both affordable housing and this historic building. The site is in an established neighborhood and are near services, transit, and grocery.

Proposed Schedule	
Task	Date
Phase 1 Environmental Review	None
Purchase Land/Building	Completed
Permitting	Completed
All Funding Applications Submitted	Completed
All Funding Sources Committed	11/30/2020
Construction Start	Construction Underway
Construction Completed	12/31/2020
100% Leased	1/29/2021

Development Team

- Borrower: East Central Community Organization (ECCO)
- Architect: ZBA Architects
- Consultant: None
- Legal: None
- Contractor: Shawn Cole Construction
- Lender: Spokane Teachers Credit Union (STCU)
- Property Manager: Goodale & Barbieri

The Borrower

Borrower East Central Community Organization (ECCO) is a 501(c)(3) nonprofit corporation. ECCO provides housing programs for the East Central community. ECCO also owns the Friendship Gardens senior housing and 3-bedroom Straw Bale House located in the East Central Neighborhood. Management is subcontracted to professional property managers. ECCO provides no onsite tenant services.

Borrower's Past Projects				
Project Name & Address	Total Units	Year Complete	Location	Funding
Friendship Gardens	24	2009	2201 E 5 th	HOME, Commerce, HUD 202
Straw Bale House	1	1998	2527 E 8 th	HOME

Borrower's Projects Underway: Rose Apartments Move and Recommissioning

Borrower's Financial Statement Summary

CHHS has provided loans and grants to ECCO for many years without notable deficiency. CHHS has reviewed CY2017 and CY2018 organizational tax returns and 2017 audit, all prepared by Schoedel & Schoedel. There were no audit findings.

ECCO shows expenses exceeding revenues for both years reviewed. ECCO was operating as the new manager for the East Central Community Center during these years. The majority of losses were due to

payroll expenses to support ECCO's management of that Community Center. ECCO exited Community Center management in late 2017 which relieves these losses. ECCO also shows losses in their rental property portfolio although the majority of those losses are depreciation.

ECCO's current financial position is not strong. However, the 2017 audit shows ECCO ending that year with \$88,860 of Cash and Cash Equivalents. Also, ECCO has reduced losses and will receive \$30,000 developer fee revenue from this HOME-assisted project. Should ECCO unexpectedly stop operations for any reason, City HOME agreements grant the City right of first refusal to purchase the property to preserve affordable housing.

Key Factors	2018	2017
Total Revenue	60,530	778,629
Total Expenses	183,356	1,036,296
Net Revenue	(122,826)	(257,667)
Total Assets	\$1,204,439	1,333,739
Total Liabilities	\$1,394,059	1,379,635
Net Assets	(189,620)	(45,896)

Project Financing

Total Development Costs

Chris Venne, ECCO President and recently retired affordable housing developer, prepared the development budget using architect and contractor estimates. Construction costs include the balance of planned and contracted construction work.

Staff compared project costs against program benchmarks. There are no costs above program benchmarks. This unique project may be a poor comparison to these benchmarks.

Total Development Costs		
Project Cost Categories	Project Total	Staff Analysis
Acquisition (land only)	N/A	ECCO already owned the land.
Construction Hard Costs	\$1,008,204	\$260/sq foot. Cost is based on construction contract pricing.
Project Soft Costs	\$5,000	1% of total costs. Benchmark is <26% of total costs.
Developer Fee	\$ 30,000	3% of costs. Benchmark is <10% of costs.
Operating Reserves	\$0	0 months operating costs. Benchmark is <6 months operating costs.
Replacement Reserves	\$2,000	\$250 Per Unit Per Annum. Benchmark is <\$400 PUPA.
Total Dev Costs	\$1,121,406	Total average cost is \$140,176 per unit. CHHS has no average cost for multifamily housing rehabilitation.

Development Budget Sources & Uses

This project requests \$133,642 which is less than the maximum local HOME limit of \$254,000 for 2 30% and 6 50% AMI units.

Development Budget Sources & Uses			
Source	Amount	Application Status	Funding Uses
City of Spokane HOME	\$133,642	This Application.	Building Repairs
City CDBG Grant	\$71,815	Committed	Architect/Engineer Fees
City Urban Utility Install Grant	\$23,150	Committed	Utility Connections
STCU Loan	\$215,000	Committed	Building Repairs
WSDOT Historic Building Move Grant	\$75,000	Committed	Building Repairs
ECCO Owner's Equity	\$602,799	Committed	Building Move, Building Repairs, Project Management
Total Sources	\$800,276		

Project Units

This project commits 2 of 8 HOME units to 30% AMI renters. ECCO proposes charging rents of \$387 and \$647 per unit with tenants paying most utilities.

Project Units				
% AMI Served	# Units	Unit Sizes	Monthly Rent	Tenant-Paid Utilities
0-30% AMI	2	1 Bdrm 430 Sq Ft	Proposed monthly rent is \$387 per unit which is <u>below</u> the \$400 HOME maximum rent.	All electricity aside from central hot water.
31-50% AMI	6	1 Bdrm 430 Sq Ft	Proposed monthly rent is \$647 per unit which is <u>below</u> the \$660 HOME maximum rent.	All electricity aside from central hot water.
51-60% AMI	0			
61-80% AMI	0			
Unrestricted	0			

Operating Pro Forma

ECCO's operating pro forma proposes 5% vacancy rate and project expenses increasing 3.5% per year. The pro forma also proposes repayment of STCU and CITY HOME loans from projected cash flow.

Operating Pro Forma		
Project Cost Categories	Project Total	Analysis
Gross Rent Revenue	\$55,872/year	Gross rent revenue excludes tenant-paid utilities. Revenue is reasonable given the healthy mix of 30% and 50% rents.
Management Expense	\$938 Per-Unit Per-Annum (PUPA)	14% of Effective Gross Rent (EGI). Benchmark is <8% of EGI. However, percentage may be skewed by a small project.
Replacement Reserves	\$250 PUPA	Benchmark is ≤\$400 PUPA for new construction. This newly repaired building should have relatively low maintenance costs.
Services	0	No tenant services are proposed.
Income after Expenses (NOI)	\$21,110	Project generates sufficient revenue to make loan payments.
Debt Service	\$18,404	\$13,194 annual bank debt service. \$5,210 annual HOME debt service with 30 year amortization at 1% interest.
Cash Flow	\$2,869	Project has cash flow and maintains a 1.16 Debt Coverage Ratio.

Strengths, Weaknesses, and Staff Recommendation

Notable Strengths:

- This project is underway with most project funding already committed and much work completed.
- ECCO has long and successful track record delivering HOME funded housing projects, including 7 years of Rose Apartments full occupancy.

Notable Weaknesses:

- ECCO's financial position is not strong but should improve given time.
- ECCO currently relies on volunteer staff to move the Rose Apartments. This HOME proposal will provide a developer fee to the organization.

Conditions on any HOME loan:

1. Full repayment of this HOME loan is required to free the project from state prevailing wage expense. CHHS staff will negotiate a loan interest rate and term that preserves adequate cash flow to also repay the STCU bank loan.

Pro Forma

Project Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Gross Residential Rent	55,872	56,989	58,129	59,292	60,478	61,687	62,921	64,179	65,463	66,772	68,108	69,470	70,859	72,276	73,722
+Other Income <u>- Residential</u>	720	742	764	787	810	835	860	886	912	939	968	997	1,027	1,057	1,089
<u>Vacancy</u> = Residential Income	<u>2,830</u>	<u>2,887</u>	<u>2,945</u>	<u>3,004</u>	<u>3,064</u>	<u>3,126</u>	<u>3,189</u>	<u>3,253</u>	<u>3,319</u>	<u>3,386</u>	<u>3,454</u>	<u>3,523</u>	<u>3,594</u>	<u>3,667</u>	<u>3,741</u>
	53,042	54,103	55,185	56,288	57,413	58,561	59,732	60,926	62,144	63,387	64,654	65,946	67,265	68,610	69,981
Operating Expenses															
Management Fees	7,501	7,726	7,958	8,197	8,442	8,696	8,957	9,225	9,502	9,787	10,081	10,383	10,695	11,015	11,346
Advertise/Market	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Legal/Administrative	3,000	3,090	3,183	3,278	3,377	3,478	3,582	3,690	3,800	3,914	4,032	4,153	4,277	4,406	4,538
Utilities and Trash	11,388	11,730	12,082	12,444	12,817	13,202	13,598	14,006	14,426	14,859	15,305	15,764	16,237	16,724	17,225
Maintenance/Repairs	5,150	5,305	5,464	5,628	5,796	5,970	6,149	6,334	6,524	6,720	6,921	7,129	7,343	7,563	7,790
Property Tax	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Insurance	3,113	3,206	3,303	3,402	3,504	3,609	3,717	3,829	3,943	4,062	4,184	4,309	4,438	4,572	4,709
<u>Other</u> = Total Operating Expense	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	30,152	31,057	31,988	32,948	33,936	34,954	36,003	37,083	38,196	39,342	40,522	41,737	42,990	44,279	45,608
- T'fer to Reserves	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
<u>- Other Expenses</u> = Net Operating Income	<u>500</u>	<u>515</u>	<u>530</u>	<u>546</u>	<u>563</u>	<u>580</u>	<u>597</u>	<u>615</u>	<u>633</u>	<u>652</u>	<u>672</u>	<u>692</u>	<u>713</u>	<u>734</u>	<u>756</u>
	21,110	21,273	21,430	21,580	21,725	21,862	21,992	22,114	22,227	22,332	22,428	22,514	22,589	22,654	22,707
- Bank Debt Service -HOME Debt Service	13,194	13,194	13,194	13,194	13,194	13,194	13,194	13,194	13,194	13,194	13,194	13,194	13,194	13,194	13,194
	<u>0</u>	<u>5,210</u>	<u>5,210</u>	<u>5,210</u>	<u>5,210</u>	<u>5,210</u>	<u>5,210</u>	<u>5,210</u>	<u>5,210</u>	<u>5,210</u>	<u>5,210</u>	<u>5,210</u>	<u>5,210</u>	<u>5,210</u>	<u>5,210</u>
= Cash Flow	7,916	2,869	3,026	3,176	3,320	3,458	3,587	3,709	3,823	3,928	4,024	4,109	4,185	4,249	4,302
Debt Coverage Ratio	1.60	1.16	1.16	1.17	1.18	1.19	1.19	1.20	1.21	1.21	1.22	1.22	1.23	1.23	1.23

October 2020 HOME Underwrite Summary



Community, Housing, and Human
Services Department
808 W. Spokane Falls Blvd.
Spokane, Washington 99201
509.625.6325

PROJECT NAME

Borrower Name: Proclaim Liberty

Project Location: 1527 E Hartson & 610-628 S Perry

HOME Funds Requested: \$523,000

Affordable Housing Committee Scoring Sheet									
Do Not Fund			Neutral			Yes, Fund This Project			
1	2	3	4	5	6	7	8	9	10
Reviewer's Comments:									

Project Summary

Project Background: In 1971, nonprofit Proclaim Liberty constructed the Liberty Park Terrace Apartments, an ECEAP early childhood learning facility, playground, and 48-unit affordable housing project with project-based rent assistance at 1411 E Hartson. In 2016, CHHS provided HOME loan funds to renovate the exterior of the Liberty Park Terrace Apartments. In 2019, Proclaim Liberty refinanced debts to repay that 2016 CHHS HOME loan as well as fund renovation of unit interiors.

In 2018, CHHS provided CDBG grant funds for Proclaim Liberty to purchase vacant land immediately to the east and west of its current location for Liberty Park Terrace campus expansion. In 2019-2020, Proclaim Liberty secured a \$1M Legislature appropriation, \$1,200,000 CHHS CDBG grants, and a \$1,000,000 CHHS loan to construct a new and expanded ECEAP facility and prepare for housing construction at the Hartson property. That work will be complete in April 2021.

This Application: Proclaim Liberty requests \$523,000 HOME Funds and 5 HOME-assisted units at 30% AMI. HOME units must remain affordable for 30 years. These HOME funds will help construct 49 units of mixed-income, family size rental housing units on land it owns immediately east (1527 E Hartson) and west (610-628 S Perry) of its current Liberty Park Terrace campus. Proclaim Liberty proposes to construct 3 3-story buildings focused around the new ECEAP facility and onsite community center. Tenant amenities include BBQ area, bluff overlook, Wi-Fi, bike storage, trail, sport court, and two playgrounds. These new apartment buildings will contain 9 1-bedroom (643 square feet), 22 2-bedroom (886 square feet), and 18 3-bedroom (1,134 square feet) units. 4 units will be fully handicap accessible and 11 ground floor units will be "visitable". Project affordability will be 10 units at market rate, 34 units affordable at 60% AMI, and 10 units affordable at 30% AMI. The 10 units affordable at 30% AMI are reserved for formerly homeless families and propose project-paid onsite services provided under an agreement with nonprofit Family Promise.

Proclaim Liberty requests \$523,000 HOME Funds. Other project financing includes \$7,303,000 HUD-insured bank loan, \$3,000,000 Commerce Housing Trust Fund loan, and \$3,634,829 4% Low Income Housing Tax Credit equity. The HUD-insured bank loan must be repaid over 35 years and any Housing Trust Fund loan payments will come from available cash flow. CHHS HOME funds are provided as a forgivable loan because all project HOME units serve 30% AMI renters.

	Project's Total Units	City HOME Units & Gross Rent	Commerce/Tax Credit Units	Market Rate Units
1 Bedroom	9	1 @ 30% AMI \$436	6 @ 60% AMI	2
2 Bedroom	22	2 @ 30% AMI \$523	15 @ 60% AMI	4
3 Bedroom	18	2 @ 30% AMI \$604	13 @ 60% AMI	4
TOTAL UNITS	49	5	34	10

This project meets the following City HOME funding priority:

City Priority

- ☒ Unit(s) at 30% AMI
- ☐ Unit(s) at 50% AMI in City Target Investment Area or Centers & Corridors
- ☒ 3 or more bedroom unit(s) at 50% AMI

Site & Development Schedule

The project site is located at 1527 E Hartson and 610-628 E Perry. Proclaim Liberty currently owns this land. These lots are appropriately zoned Residential Multifamily. A September 21, 2020 Phase 1 Environmental Site Assessment recognized no environmental condition. The site is in an established neighborhood and are near services, transit, and grocery.

Proposed Schedule	
Task	Date
Phase 1 Environmental Review	Completed
Purchase Land/Building	Completed
Permitting	9/1/2021
All Funding Applications Submitted	10/1/2020
All Funding Sources Committed	2/1/2021
Construction Start	9/1/2021
Construction Completed	9/1/2022
100% Leased	12/31/2022

Development Team

- Borrower: Proclaim Liberty
- Architect: ZBA Architecture

- Consultant: Kiemle & Hagood – Housing Development Division
- Legal: Witherspoon, Brajcich, McPhee PLLC
- Contractor: TBD
- Lender: Centennial Mortgage
- Property Manager: Kiemle & Hagood

The Borrower

Borrower Proclaim Liberty is a 501(c)(3) nonprofit corporation providing affordable housing services and ECEAP programs at Liberty Park Terrace. Proclaim Liberty has partnered with Family Promise to provide referral and services to formerly homeless families.

Borrower's Past Projects				
Project Name & Address	Total Units	Year Complete	Location	Funding
Liberty Park Terrace	48	1971	1411 E Hartson	HUD-Insured Mortgage
Liberty Park Terrace Exterior	48	2015	1411 E Hartson	HOME, Bonds, 2060
Liberty Park Terrace Interior	48	2019	1411 E Hartson	FHA 223(f)

Borrower's Projects Underway				
Project Name	Total Units	Construction Completion	Location	Funding
Liberty Park Terrace ECEAP	N/A	2021	1525 E Hartson	CDBG, WA Legislature

Borrower's Financial Statement Summary

CHHS has provided loans and grants to Proclaim Liberty since 2016 without notable deficiency. This includes a full underwrite and borrower's financial statement analysis related to a 2016 HOME loan. CHHS has reviewed CY 2017 and CY2018 organizational tax returns and June 30, 2019 audit, all prepared by Schoedel & Schoedel, as an updated review of borrower's financial standing. There were no audit findings.

For years reviewed, revenues decreased and expenses increased resulting in a loss of net assets. Losses were caused by atypically high unit vacancies and repair expenses due to lengthy periods refreshing interiors and/or eliminating bed bugs in vacated units. In 2019, Proclaim Liberty has negotiated increased HUD voucher payments and secured the interior renovation loan to methodically renovate all unit interiors. Proclaim Liberty expects to return to positive net revenue in 2019.

Key Factors	2018	2017
Total Revenue	\$508,773	\$541,773
Total Expenses	\$556,390	\$650,296
Net Revenue	(\$48,229)	(\$108,523)
Total Assets	\$2,074,823	\$1,586,164
Total Liabilities	\$2,025,108	\$1,488,220
Net Assets	\$49,715	\$97,944

Project Financing

Total Development Costs

Development consultant Kiemle & Hagood prepared the development budget using architect estimates. Construction costs include state prevailing wages and Washington State Evergreen Standards.

- Costs at/below benchmarks:
 - Project Soft Costs, Developer Fee, Total Development Costs
- Costs above benchmarks:
 - Operating Reserves, Replacement Reserves

Total Development Costs		
Project Cost Categories	Project Total	Staff Analysis
Acquisition (land only)	\$0	Proclaim Liberty purchased this land in 2018 using granted funds.
Construction Hard Costs	\$11,626,729	80% of total costs. \$241/sq foot.
Project Soft Costs	\$1,770,100	12% of total costs. Benchmark is <26% of total costs.
Developer Fee	\$1,015,000	7% of costs. Includes all consultant fees. Benchmark is <10% of costs.
Operating Reserves	\$119,000	7 months operating costs. Benchmark is <6 months operating costs.
Replacement Reserves	\$171,500	\$3,500 Per Unit Per Annum to switch this monthly expense to a development cost as a strategy to increase tax credit equity. Benchmark is <\$400 PUPA.
Total Dev Costs	\$14,460,829	Total average cost is \$295,119 per unit. WA State average for new Tax Credit projects is frequently \$330,000/unit.

Development Budget Sources & Uses

This project requests \$523,000 HOME funds which is the maximum allowed under the local Multifamily Housing Program limit.

Development Budget Sources & Uses			
Source	Amount	Application Status	Funding Uses
City of Spokane HOME	\$ 523,000	This Application	Construction
Commerce Housing Trust Fund	\$3,000,000	Apply Oct 2020 Awards Feb 2021	Construction, soft costs, legal, permits costs
4% Housing Tax Credit Equity	\$4,015,022	Apply Oct 2020 Awards Feb 2021	Construction, soft costs, developer fee
HUD-Insured Mortgage	\$5,922,000	Committed	Construction, soft costs, financing, reserves, other development costs
HB1406	\$1,000,807	TBD	Construction
Total Sources	\$14,460,829		

Project Units

This project commits to the HOME program 5 units at 30% AMI including 1 1-bedroom, 2 2-bedroom, and 3 3-bedroom units. Thirty-four units are committed to Washington Commerce and 4% Low Income Housing Tax Credit affordability of 60% AMI. An additional 10 units have no affordability restriction except that Proclaim Liberty plans to make units affordable to 80% AMI. Tenants pay all electric utilities but units are highly energy efficient.

Project Units				
% AMI Served	# Units	Unit Sizes	Monthly Rent	Utilities Paid By
0-30% AMI	5	1 2-bedroom 2 2-bedroom 3 3-bedroom	These HOME units are all restricted to 30% AMI rents and renters. Proposed monthly rents are \$369-512 depending on unit bedroom size. These rents are equal to the applicable HOME rent.	Tenant (electricity)
31-50% AMI	0		N/A	
51-60% AMI	34	6 1-bedroom 15 2-bedroom 13 3-bedroom	These Commerce and Low-Income Housing Tax Credit units are all restricted to 60% AMI rents and renters. Proposed monthly rents are \$765-1,060 depending on unit bedroom size.	Tenant (electricity)
Unrestricted	10	2 1-bedroom 4 2-bedroom 4 3-bedroom	There is no formal income or rent restriction on these units. Proposed monthly rents are \$1,041-\$1,443 depending on unit bedroom size.	Tenant (electricity)

Operating Pro Forma

Proclaim Liberty's operating pro forma proposes rent and laundry revenue less a 5% vacancy rate.

Operating Pro Forma		
Project Cost Categories	Project Total	Analysis
Gross Rent Revenue	\$565,608 /year	Gross rent revenue excludes tenant-paid utilities. Revenue is reduced by offering 30% AMI units without project-based vouchers.
Management Expense	\$1,585 Per-Unit Per-Annum (PUPA)	15% of Effective Gross Rent (EGI). Benchmark is <8% of EGI. Tax Credit compliance requirements may have increased this cost.
Replacement Reserves	\$250 PUPA	Benchmark is ≤\$400 PUPA for new construction. Proclaim Liberty has also pre-funded replacement reserves.
Services	\$22,984/year	Proclaim Liberty will contract with Family Promise for onsite services funded from project cash flow.
Income after Expenses (NOI)	\$283,559	Project produces positive income and can support limited debt service.

Debt Service	\$268,149	This project supports loan payments for both the bank mortgage and cash flow loans. Debt Coverage Ratio is very tight but there is much room for further negotiation with lenders.
Cash Flow	\$15,410	Positive cash flow is sufficient to provide some buffer for unplanned expenses.

Strengths, Weaknesses, and Staff Recommendation

Notable Strengths:

- Proclaim Liberty has provided quality affordable housing at Liberty Park Terrace since 1971
- Proclaim Liberty has aggressive and successful in securing funds to expand the Liberty Park Terrace campus, which is located in the rapidly price appreciating Perry District.

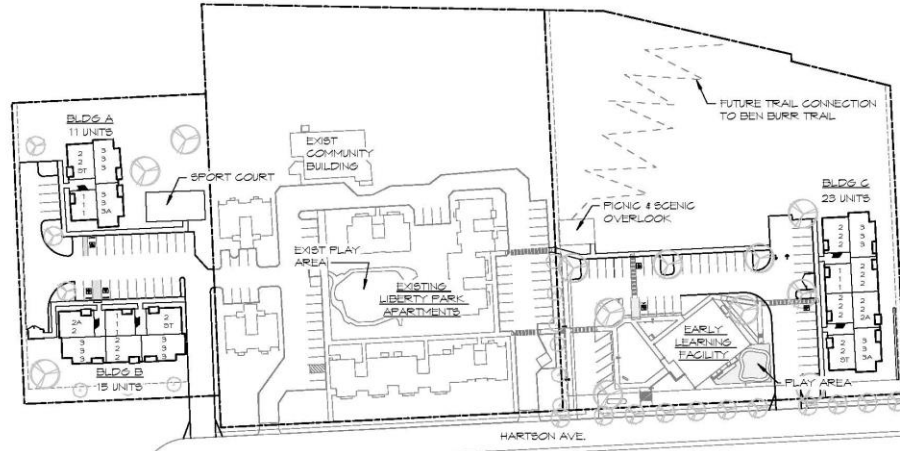
Notable Weaknesses:

- Proclaim Liberty lacks past experience applying for extremely competitive 4% Low-Income Housing Tax Credits.
- Offering most units as 60% AMI as mixed-income rental housing may lack sufficient appeal to attract Commerce Housing Trust Funds.

Conditions on any HOME loan:

1. Secure full project funding commitments within 6 months of HOME allocation.

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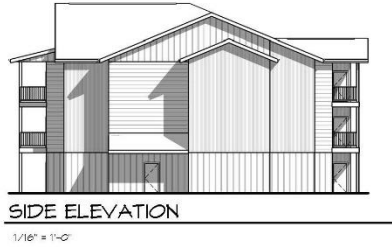
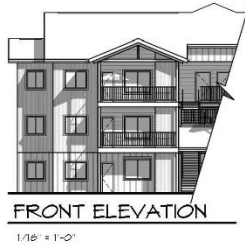


ARCHITECTURAL SITE PLAN

1" = 80'-0"



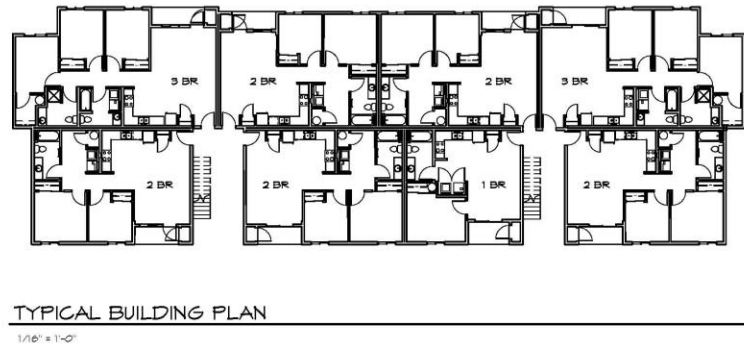
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LIBERTY PARK EXPANSION
Proclaim Liberty
8/26/20
PN: P1326

3

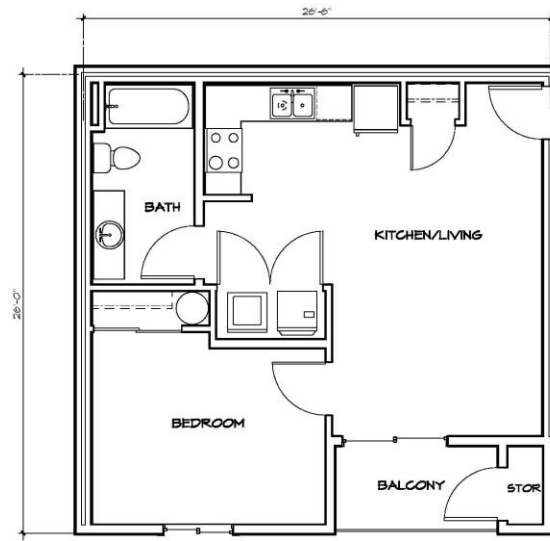
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LIBERTY PARK EXPANSION
Proclaim Liberty
8/26/20
PN: P1326

2

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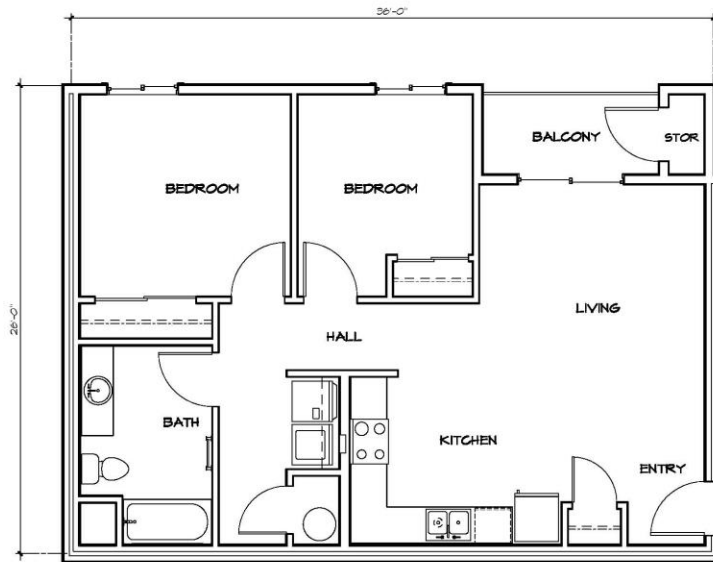


1BR - TYPICAL

1/4" = 1'-0"

AREA: 645 SF

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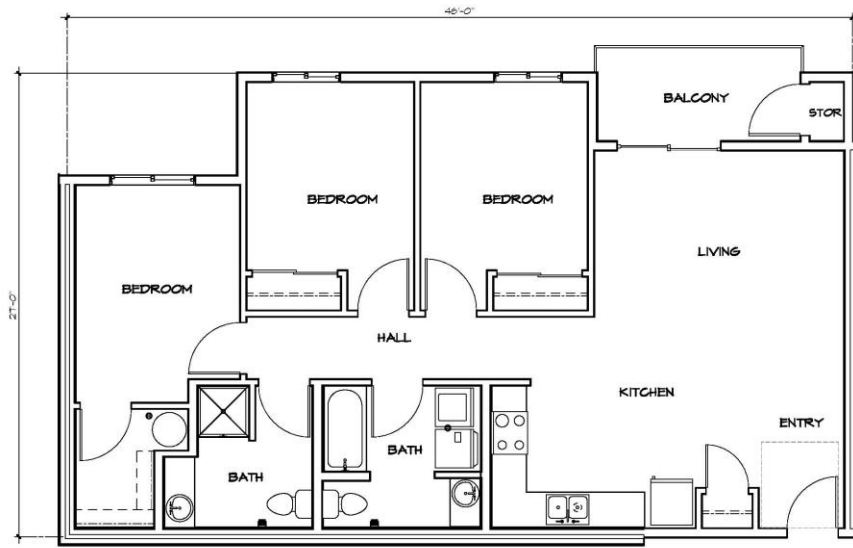


2BR - TYPICAL

1/4" = 1'-0"

AREA: 886 SF

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3BR - TYPICAL

1/4" = 1'-0"

AREA: 1,134 SF



LIBERTY PARK EXPANSION
Proclaim Liberty
8/26/20
PN: P1326

Pro Forma

Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Gross Residential Rent	565,608	576,920	588,459	600,228	612,232	624,477	636,966	649,706	662,700	675,954	689,473	703,262	717,328	731,674	746,300
- Residential Vacancy	<u>28,280</u>	<u>28,846</u>	<u>29,423</u>	<u>30,011</u>	<u>30,612</u>	<u>31,224</u>	<u>31,848</u>	<u>32,485</u>	<u>33,135</u>	<u>33,798</u>	<u>34,474</u>	<u>35,163</u>	<u>35,866</u>	<u>36,584</u>	<u>37,325</u>
= Effective Gross Income	537,328	548,074	559,036	570,216	581,621	593,253	605,118	617,221	629,565	642,156	654,999	668,099	681,461	695,091	708,975
Operating Expenses															
Management Fees	77,650	79,980	82,379	84,850	87,396	90,018	92,718	95,500	98,365	101,316	104,355	107,486	110,710	114,032	117,450
Advertise/Market	500	515	530	546	563	580	597	615	633	652	672	692	713	734	755
Legal/Administrative	20,200	20,806	21,430	22,073	22,735	23,417	24,120	24,843	25,589	26,356	27,147	27,962	28,800	29,664	30,555
Utilities and Trash	59,600	61,388	63,230	65,127	67,080	69,093	71,166	73,300	75,499	77,764	80,097	82,500	84,975	87,525	90,150
Maintenance/Repairs and Grounds	31,275	32,213	33,180	34,175	35,200	36,256	37,344	38,464	39,618	40,807	42,031	43,292	44,591	45,928	47,300
Real Estate Property Tax	4,000	4,120	4,244	4,371	4,502	4,637	4,776	4,919	5,067	5,219	5,376	5,537	5,703	5,874	6,050
Insurance	14,000	14,420	14,853	15,298	15,757	16,230	16,717	17,218	17,735	18,267	18,815	19,379	19,961	20,559	21,170
Other	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
= Total Operating Expenses	207,225	213,442	219,845	226,440	233,234	240,231	247,437	254,861	262,506	270,382	278,493	286,848	295,453	304,317	313,425
- Transfer to Reserves	12,250	12,250	12,250	12,250	12,250	12,250	12,250	12,250	12,250	12,250	12,250	12,250	12,250	12,250	12,250
- Other Expenses	<u>34,294</u>	<u>35,323</u>	<u>36,383</u>	<u>37,474</u>	<u>38,598</u>	<u>39,756</u>	<u>40,949</u>	<u>42,177</u>	<u>43,443</u>	<u>44,746</u>	<u>46,088</u>	<u>47,471</u>	<u>48,895</u>	<u>50,362</u>	<u>51,875</u>
= Net Operating Income	283,559	287,060	290,558	294,052	297,539	301,016	304,482	307,933	311,366	314,779	318,168	321,531	324,863	328,162	331,450
- Debt Service (p+i) bank	257,875	257,875	257,875	257,875	257,875	257,875	257,875	257,875	257,875	257,875	257,875	257,875	257,875	257,875	257,875
- Debt Service -CF Loan	<u>10,273</u>	<u>11,674</u>	<u>13,073</u>	<u>14,471</u>	<u>15,865</u>	<u>17,256</u>	<u>18,643</u>	<u>20,023</u>	<u>21,396</u>	<u>22,761</u>	<u>24,117</u>	<u>25,462</u>	<u>26,795</u>	<u>28,115</u>	<u>29,425</u>
= Cash Flow	15,410	17,511	19,610	21,706	23,798	25,885	27,964	30,034	32,094	34,142	36,176	38,193	40,193	42,172	44,150
Debt Coverage Ratio-Bank Loan	1.10	1.11	1.13	1.14	1.15	1.17	1.18	1.19	1.21	1.22	1.23	1.25	1.26	1.27	1.28
Debt Coverage Ratio-All loans	1.06	1.06	1.07	1.08	1.09	1.09	1.10	1.11	1.11	1.12	1.13	1.13	1.14	1.15	1.16

October 2020 HOME Underwrite Summary

Vets on N Lacey

Borrower Name: Spokane Housing Ventures (SHV)

Project Location: 6208-6212 N Lacey

HOME Funds Requested: \$441,000 [\$740,000 CHHS Alternate Funding Proposal]



Community, Housing, and Human
Services Department
808 W. Spokane Falls Blvd.
Spokane, Washington 99201
509.625.6325

Affordable Housing Committee Scoring Sheet									
Do Not Fund			Neutral			Yes, Fund This Project			
1	2	3	4	5	6	7	8	9	10
Reviewer's Comments:									
Please select a preferred HOME funding proposal (see page 6):									

Project Summary

Nonprofit Spokane Housing Ventures (SHV) requests \$441,000 HOME funds to construct 10 townhouse apartments at 6208-6212 N Lacey as rental housing for low-income renters at 30% and 50% AMI. Note that SHV also indicates a need for a \$299,000 CDBG grant but SHV has received no application.

In 2019, SHV used a Housing Finance Commission loan to purchased 2 homes on land zoned Residential Two Family. This land is adjacent to the Jayne Auld Manor Apartment that received City HOME funding in 2018. SHV proposes to increase rental housing density by demolishing both houses, relocating current renters, and constructing 5 townhouse duplexes that will create 10 apartments. All 10 units will be affordable with 5 units at 30% AMI and 5 units at 50% AMI. These 10 apartments include 5 1-bedroom (636 sq ft), 3 2-bedroom (1,140 sq ft), and 2 3-bedroom (1,260 sq ft) apartments. One unit will be handicap accessible.

SHV proposed funding includes a \$400,000 Federal Home Loan Bank (FHLB) grant, \$441,000 City HOME grant, \$299,000 City CDBG grant, and \$1,810,000 Commerce loan (paid from available cash flow). SHV offers 5 City HOME units affordable to 30% AMI renters for 30 years with the remaining 5 Commerce units affordable to 50% AMI for 40 years. The project proposes that all 10 units provide permanent housing for homeless veterans. The project proposes 10 federal project-based VASH vouchers where homeless veterans pay 30% of income as rent and the voucher pays the rent balance up to Fair Market Rent.

This Underwrite Summary presents both the \$441,000 HOME request as proposed by SHV as well as a \$740,000 HOME funding option proposed by CHHS to fully fund this project without proposed CDBG funding that is not currently available.

	Project's Total Units	City HOME Units	Commerce Units	Market Rate Units
1 Bedroom	5	2 @ 30% AMI	3 @ 50% AMI	0
2 Bedroom	3	2 @ 30% AMI	1 @ 50% AMI	0
3 Bedroom	2	1 @ 30% AMI	1 @ 50% AMI	0
Total Units	10	5	5	0

Listing of City HOME Units Only	1 BR	2 BR	3 BR	Total Units
# Units at 30% AMI	2	2	1	5
Proposed Rents	\$436	\$523	\$604	

This project meets the following City HOME funding priority:

City Priority

- ☒ Unit(s) at 30% AMI
- ☐ Unit(s) at 50% AMI in City Target Investment Area or Centers & Corridors
- ☒ 3 or more bedroom unit(s) at 50% AMI

Site & Development Schedule

The project site is two adjacent parcels with a house on each parcel located at 6208 & 6212 N Lacey. SHV purchased both homes in 2019 with the intention of demolishing the homes (moving the homes is not feasible) to subdivide and construct higher density housing on these parcels zoned for duplex housing. Together, these parcels have adequate size to be subdivided into 5 parcels which allows for construction of 5 duplexes (10 housing units). A September 2020 Phase 1 Environmental Site Assessment found no environmental condition. The site is in an established neighborhood and are near services, transit, and grocery.

Proposed Schedule	
Task	Date
Phase 1 Environmental Review	9/20/2020
Purchase Land/Building	3/1/2019
Permitting	5/25/2021
All Funding Applications Submitted	10/1/2020
All Funding Sources Committed	2/28/2021
Construction Start	7/1/2021
Construction Completed	11/30/2021
100% Leased	2/28/2022

Development Team

- Borrower: Spokane Housing Ventures
- Architect: ZBA Architects
- Consultant: None
- Legal: BJB Law Group (Brad Britzmann)

- Contractor: TBD
- Lender: N/A
- Property Manager: Spokane Housing Ventures

The Borrower

Borrower Spokane Housing Ventures is a 501(c)(3) nonprofit corporation. SHV has developed, owned, and managed affordable housing since 1992. FFC has partnered with _____. This project will facilitate but not provide onsite tenant services. See also www.spokanehousingventures.org.

Borrower's Recent Projects				
Project Name & Address	Total Units	Year Complete	Location	Funding
Hearthstone Apts	48	2016	Medical Lake	USDA, HOME, FHLB, HTF
Green Gables Triplexes	27	2014	Spokane	CDDBG
55 th Ave Apartments	120	2012	Spokane	4% LIHTC, Bonds, HOME

Borrower's Projects Underway				
Project Name	Total Units	Construction Completion	Location	Funding
Jayne Auld Manor	47	October 2020	Spokane	9% LIHTC, HOME, HTF

Borrower's Financial Statement Summary

CHHS has provided loans and grants to Spokane Housing Ventures for many years without notable deficiency. CHHS has reviewed CY2017 and CY2018 organizational tax returns and 2017 audit, all prepared by CPA firm WSRP, LLC. There were no audit findings.

SHV shows expenses exceeding revenues since 2016. In 2018, SHV merged with nonprofit NAHA which increased short-term expenses. SHV expenses (primarily employee expenses) have increased but SHV reports a federal PPP loan is supported current staff costs. A significant portion of losses are depreciation. The 2018 tax return shows \$194,681 positive ending cash balance.

<i>Key Factors</i>	<i>2018</i>	<i>2017</i>	<i>2016</i>
<i>Total Revenue</i>	<i>\$2,517,792</i>	<i>\$2,831,387</i>	<i>\$3,043,265</i>
<i>Total Expenses</i>	<i>\$3,241,946</i>	<i>\$3,145,284</i>	<i>\$2,928,391</i>
<i>Net Revenue</i>	<i>(\$724,154)</i>	<i>(\$313,897)</i>	<i>\$114,874</i>
<i>Total Assets</i>	<i>\$18,511,658</i>	<i>\$19,528,288</i>	<i>\$19,507,619</i>
<i>Total Liabilities</i>	<i>\$18,609,694</i>	<i>\$18,902,170</i>	<i>\$18,567,604</i>
<i>Net Assets</i>	<i>(\$98,036)</i>	<i>\$626,118</i>	<i>\$940,015</i>

Project Financing

Total Development Costs

SHV prepared the development budget using architect's cost estimates. Construction costs include a 5% construction cost escalator and Washington State's required Evergreen Standards. Demolition costs for the two houses (some asbestos identified) was estimated separately.

- Costs at/below benchmarks:
 - Project Soft Costs, Developer Fee, Operating Reserves and Total Development Costs per Unit
- Costs above benchmarks:
 - None

Total Development Costs		
Project Cost Categories	Project Total	Staff Analysis
Acquisition (land/houses)	\$300,000	SHV purchased this land with a Housing Finance Commission Land Acquisition Program (LAP) bridge loan. These funds will make the bridge loan permanent financing.
Construction Hard Costs	\$2,118,000	\$232/sq foot. Cost is based on architect estimated costs. Costs include paying state prevailing wages.
Project Soft Costs	\$258,500	9% of total costs. Benchmark is <26% of total costs.
Developer Fee	\$285,000	9.5% of costs. Benchmark is <10% of costs.
Operating Reserves	\$35,500	9 months operating costs. Benchmark is <6 months operating costs.
Replacement Reserves	\$3,000	\$300 Per Unit Per Annum. Benchmark is <\$400 PUPA.
Total Dev Costs	\$3,000,000	Total average cost is \$300,000 per unit. WA State average for Tax Credit new construction is frequently \$330,000/unit.

Development Budget Sources & Uses

This project requests \$441,000 HOME funds for 5 HOME units at 30% AMI supplemented by a \$299,000 CHHS grant of CDBG funds. However, CDBG funds are not available and not eligible for the proposed uses. Alternately, CHHS proposes to increase HOME units to 10 at 30% AMI and increase HOME funding to \$740,000.

Development Budget Sources & Uses			
Source	Amount	Application Status	Funding Uses
City of Spokane HOME	\$441,000	This Application	Construction
City of Spokane CDBG	299,000	Fund not available. CHHS proposes increasing HOME funding	Land
Commerce Housing Trust Fund	\$1,810,000	Applied: Oct 2020 Awards: Feb 2021	Land, Construction & Soft Costs

Federal Home Loan Bank	\$400,000	Applied: 2018 Awarded: 2018	Construction, Soft Costs
Deferred Developer Fee	\$50,000	Committed	Soft Costs
Total Sources	\$3,000,000		

Project Units

This project proposed to commit ½ of project units to 30% AMI renters. However, this project proposes (and CHHS requires) additional rent revenue from federal VASH Project-Based Vouchers to create adequate cash flow to meet project expenses. Therefore, CHHS proposes a funding alternative committing all project units to 30% AMI renters which provides needed additional HOME funds without reducing rent revenues.

SHV plans that these new units will be filled by homeless veterans referred by Goodwill, VOA, and/or SSVF. Renters will pay 30% of their income toward rent with the VASH Project-Based Vouchers paying the remainder up to HUD's Fair Market Rent.

Project Units – As Initially Proposed (HOME Funding Option #1)				
% AMI Served	# Units	Unit Sizes	Monthly Rent	Utilities Paid By
0-30% AMI	5	1, 2 & 3 Bdrm	Proposed monthly rent: \$436-726 (Project Based Voucher rent).	Tenant
31-50% AMI	5	1, 2 & 3 Bdrm	Propose monthly rent: \$726-1,006 (Project Based Voucher rent).	Tenant
51-60% AMI	0			
61-80% AMI	0			
Unrestricted	0			

Operating Pro Forma

SHV's pro forma proposes 10 units receiving federal VASH Project-Based Vouchers reserved for homeless veterans. These vouchers provide additional rent revenue necessary to meet project expenses including interest-only payments to Washington Commerce and a deferred developer fee, both for 15 years.

Operating Pro Forma		
Project Cost Categories	Project Total	Analysis
Gross Rent Revenue	\$78,924 /year	Gross rent revenue excludes tenant-paid utilities. These rents reflect additional revenue from federal VASH Project-Based Vouchers.
Management Expense	\$2,270 Per-Unit Per-Annum (PUPA)	30% of Effective Gross Rent (EGI) as quoted by SHV's in-house management. Benchmark is <8% of EGI but may be skewed by small project size.
Replacement Reserves	\$300 PUPA	Benchmark is ≤\$400 PUPA if new construction.

Services	\$0	Tenant services are provided but not subsidized from project rents.
Income after Expenses (NOI)	\$24,966	NOI is available to pay limited debts.
Debt Service	\$21,433	Sufficient income is available to pay a Commerce interest-only loan and a \$50,000 deferred developer fee.
Cash Flow	\$3,532	Positive project cash flow showing a 1.16 Debt Coverage Ratio.

Application Strengths & Weaknesses

Notable Strengths:

- SHV currently owns the land and participated in completing similar construction at the adjacent Jayne Auld Manor project.
- SHV has established a relationship with VASH Voucher funding which increases likelihood of securing these needed federal project-based vouchers.

Notable Weaknesses:

- It is unclear if this project will incur substantial relocation costs for current tenants. This cost could be incurred if current residents are unwilling or ineligible to occupy VASH Voucher units.

Staff Recommendation

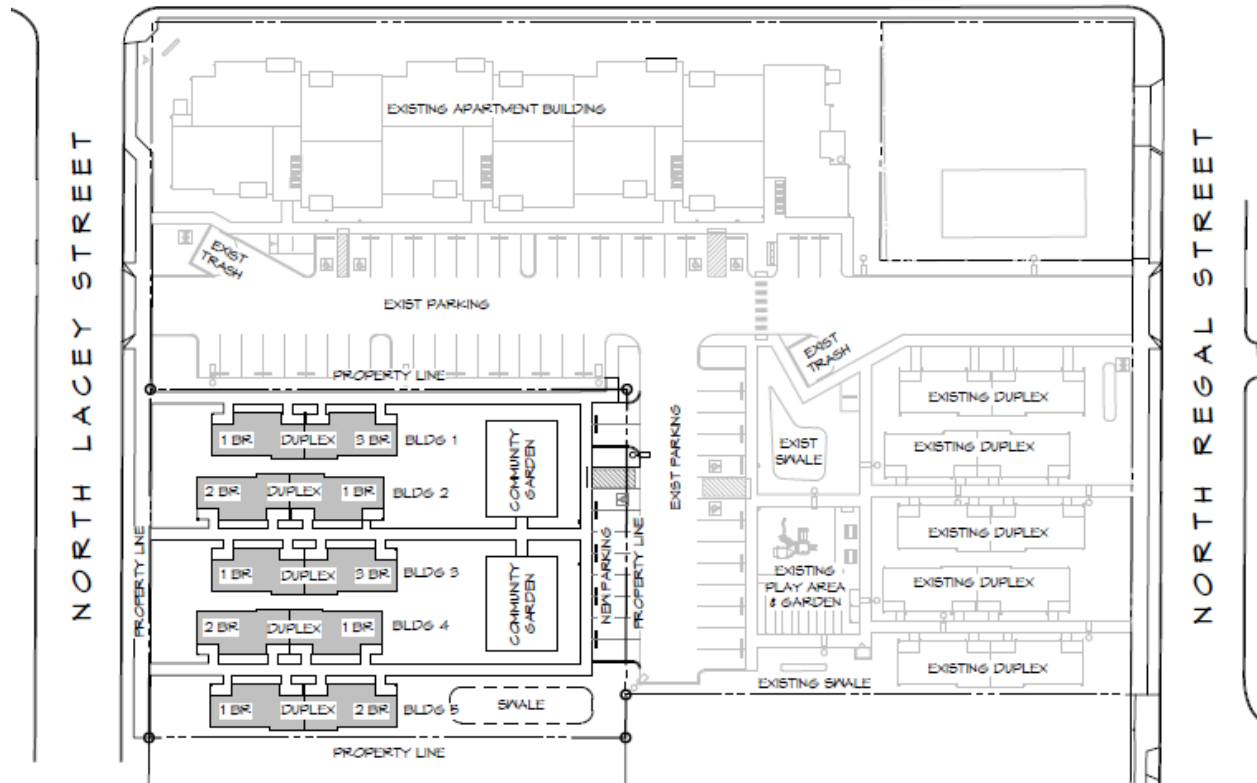
Conditions on **any** HOME loan:

- Project must secure 10 federal Project-Based Vouchers necessary for adequate rent revenue.

Please select your preferred HOME funding proposal:

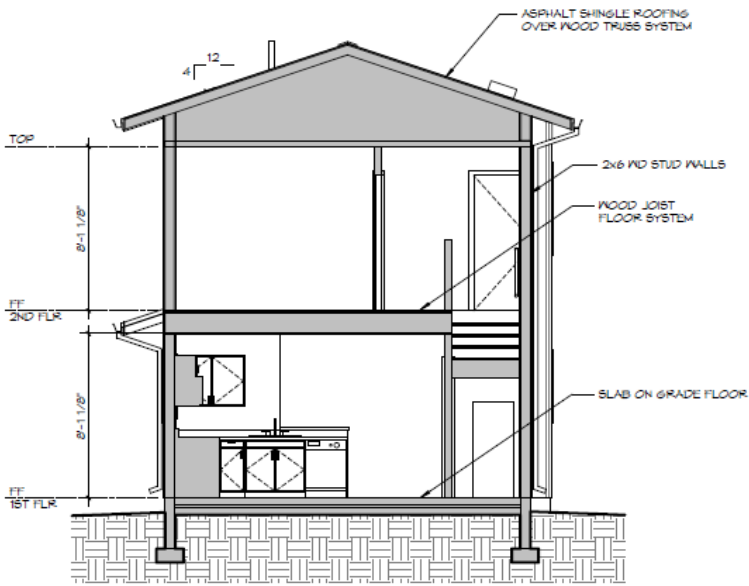
- HOME Funding as Requested in SHV's Application
Provide **\$441,000 HOME** funds in exchange for **5 30% AMI HOME units**. Condition this award on SHV securing \$299,000 from CDBG or some other funding source within 6 months.
- CHHS Alternate Funding Proposal
Provide **\$740,000 HOME** funds in exchange for **10 project units to be affordable at 30% AMI**. Added HOME funding fills the \$299,000 budget gap of unavailable CDBG funds. CHHS typically does not allow more than ½ of all project units at 30% AMI because rent revenue is usually too low to support project debt. However, this project is required to secure 10 Project-Based Vouchers. That additional Project-Based Voucher rent revenue provides the needed cash flow.

EAST FRANCIS AVENUE



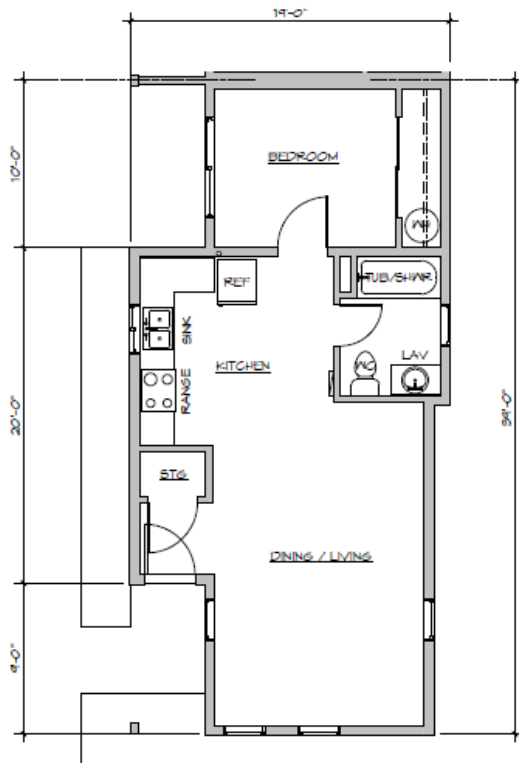
DUPLEX BUILDING - SIDE ELEVATION

1/8" = 1'-0"



BUILDING SECTION

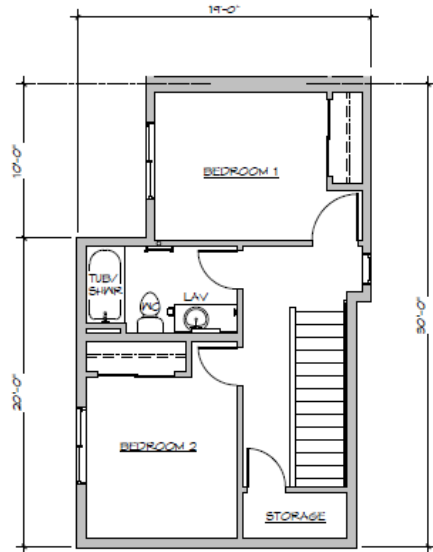
1/4" = 1'-0"



ONE BEDROOM UNIT

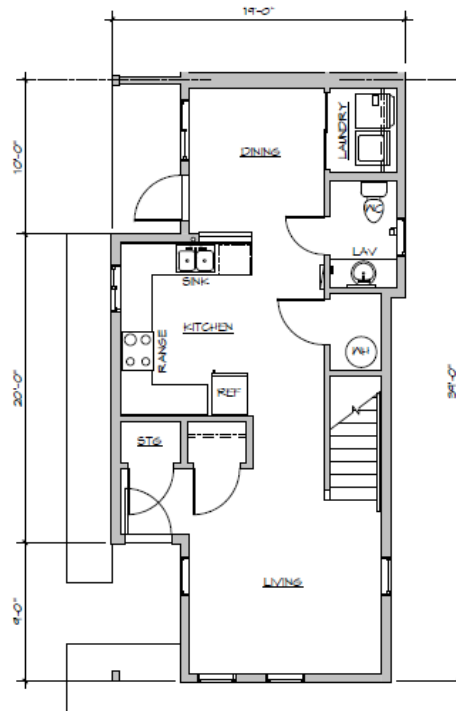
3/16" = 1'-0"

606 SF



TWO BEDROOM - SECOND FLOOR

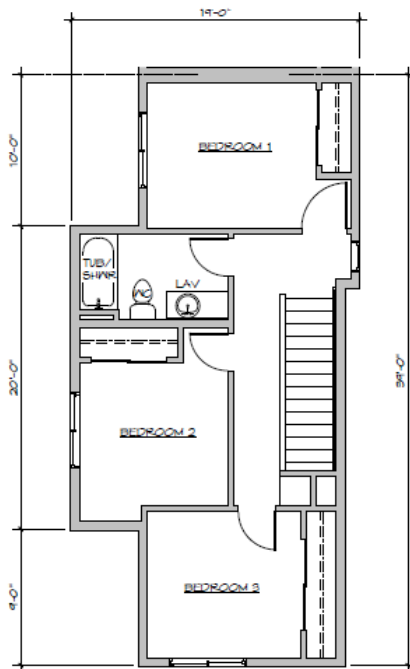
3/16" = 1'-0"



TWO BEDROOM - FIRST FLOOR

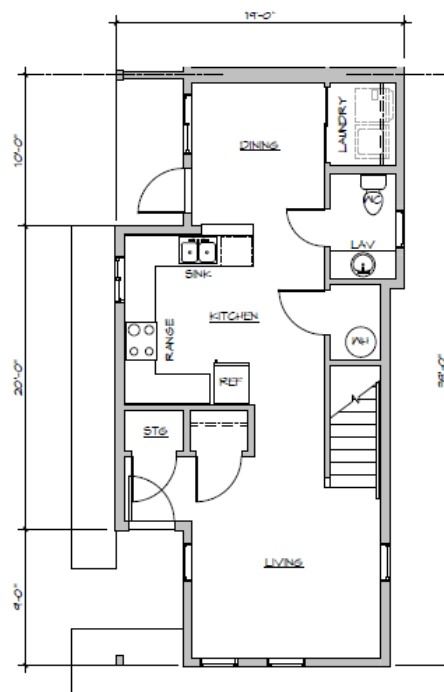
3/16" = 1'-0"

1,140 SF



THREE BEDROOM - SECOND FLOOR

3/16" = 1'-0"



THREE BEDROOM - FIRST FLOOR

3/16" = 1'-0"

1,260 SF

Pro Forma

Project Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Gross Residential Rent	78,924	80,502	82,113	83,755	85,430	87,138	88,881	90,659	92,472	94,321	96,208	98,132	100,095	102,097	104,113
- Residential Vacancy	<u>3,946</u>	<u>4,025</u>	<u>4,106</u>	<u>4,188</u>	<u>4,271</u>	<u>4,357</u>	<u>4,444</u>	<u>4,533</u>	<u>4,624</u>	<u>4,716</u>	<u>4,810</u>	<u>4,907</u>	<u>5,005</u>	<u>5,105</u>	<u>5,206</u>
= Residential Income = Effective Gross Income	74,978	76,477	78,007	79,567	81,158	82,782	84,437	86,126	87,848	89,605	91,398	93,225	95,090	96,992	98,907
Operating Expenses															
Management Fees	22,712	23,393	24,095	24,818	25,563	26,329	27,119	27,933	28,771	29,634	30,523	31,439	32,382	33,353	34,346
Legal/Administrative	3,300	3,399	3,501	3,606	3,714	3,826	3,940	4,059	4,180	4,306	4,435	4,568	4,705	4,846	4,991
Utilities and Trash Maintenance/Repairs and Grounds	9,000	9,270	9,548	9,835	10,130	10,433	10,746	11,069	11,401	11,743	12,095	12,458	12,832	13,217	13,612
Insurance	6,600	6,798	7,002	7,212	7,428	7,651	7,881	8,117	8,361	8,612	8,870	9,136	9,410	9,692	9,981
Other = Total Operating Expenses	<u>4,200</u>	<u>4,326</u>	<u>4,456</u>	<u>4,589</u>	<u>4,727</u>	<u>4,869</u>	<u>5,015</u>	<u>5,165</u>	<u>5,320</u>	<u>5,480</u>	<u>5,644</u>	<u>5,814</u>	<u>5,988</u>	<u>6,168</u>	<u>6,353</u>
- Transfer to Reserves	<u>1,200</u>	<u>1,236</u>	<u>1,273</u>	<u>1,311</u>	<u>1,351</u>	<u>1,391</u>	<u>1,433</u>	<u>1,476</u>	<u>1,520</u>	<u>1,566</u>	<u>1,613</u>	<u>1,661</u>	<u>1,711</u>	<u>1,762</u>	<u>1,814</u>
- Other Expenses = Net Operating Income	47,012	48,422	49,875	51,371	52,912	54,500	56,135	57,819	59,553	61,340	63,180	65,076	67,028	69,039	71,100
- Transfer to Reserves	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
- Other Expenses = Net Operating Income	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
- Interest Only Loan Payments	24,966	25,055	25,132	25,196	25,246	25,282	25,302	25,307	25,295	25,265	25,217	25,150	25,062	24,953	24,831
- Debt Service (p+i) Developer	18,100	18,100	18,100	18,100	18,100	18,100	18,100	18,100	18,100	18,100	18,100	18,100	18,100	18,100	18,100
- Debt Service -CF Loan	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333
= Cash Flow = Cash Flow Available for	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Distribution	3,532	3,622	3,699	3,762	3,813	3,848	3,869	3,874	3,862	3,832	3,784	3,717	3,629	3,520	3,396
Debt Coverage Ratio	3,532	3,622	3,699	3,762	3,813	3,848	3,869	3,874	3,862	3,832	3,784	3,717	3,629	3,520	3,396



City of Spokane
Community, Housing and Human Services Board – Board
Committee Report

COMMITTEE: Affordable Housing **Chair:** Adriane Leithauser
Meeting Date: October 15 & 21, 2020 **Date of Next Meeting:** TBD

Members: Adrienne Leithauser (Chair), Phil Altmeyer, Barry Barfield, Gordon Graves, Andy Hoyer, Patricia Kienholz, Mark Muszynski, Arlene Patton, Michone Preston, Diane Zemke

Staff Present: Paul Trautman, Becky Tuno, Tija Danzig, George Dahl

Discussion

The Committee held two meetings in October. On October 15, the Committee discussed calendar year 2021 SNAP contract proposals for the Essential Repair, Single Family Rehabilitation, and Rental Repair programs as well as the Rose Apartments HOME funding application. On October 21, the Committee discussed Proclaim Liberty and Spokane Housing Ventures (SHV) HOME funding applications.

Action Items Completed:

Housing Repair Programs CY2021 Contracts:

SNAP submitted calendar year 2021 Essential Repair contract proposal of \$500,000 (\$113,149 admin/management, \$286,851 construction, and \$100,000 SF Rehab grants) benefitting 250 homeowners with grants and a 2021 Single Family Rehabilitation contract proposal of \$1,399,982 (\$332,357 admin/management and \$1,067,625 construction) benefitting 30 homeowners with loans. This contract is the 2nd of 5 annually renewable contracts (2015 – 2020) which must be followed by another Program Manager RFP. The Committee supported these two annual contract proposals.

SNAP also submitted a 2021 Rental Repair contract proposal of \$299,952 (\$75,077 admin/management and \$224,875 construction) to deliver 10 units of rental rehabilitation. CHHS added this program in 2019 due to City interest in improving rental housing quality. The Committee observed extremely few loans completed compared to the relatively high program management expense. This program costs nearly \$1 in admin costs for each \$1 of loans completed. There is no evidence of improving market acceptance of this loan program burdened by federal regulation. The Committee did not support this addition to the Single Family Rehabilitation contract. Staff explained potential for Single Family Rehab program management cost increase due to SNAP's inability to allocate staff costs to the Rental Repair program.

Recommendations: The Committee unanimously recommends the Essential Repair and Single Family Rehabilitation contracts. The Committee unanimously rejects the addition of Rental Repair program funding. The Committee recommended authorizing staff to negotiate any needed Single Family Rehabilitation management cost increase up to 10% (\$33,236) of that line item.

HOME Multifamily Housing Program Funding Applications:

The Committee reviewed staff underwriting of Fall 2020 HOME Multifamily Housing Program (MFHP) RFP funding applications. HOME funding request total \$1,097,642 for \$2,358,000 available HOME funds.

East Central Community Organization (ECCO) Rose Apartments Recommission

ECCO requested \$133,642 HOME funds to complete their construction budget to recommission the recently moved Rose Apartments. This property will provide 2 units affordable to 30% AMI renters plus 6 units affordable to 50% AMI renters. This new loan will include 10 years of housing affordability that overlaps with 18 years (thru 2038) of existing City housing affordability requirements. This project is underway primarily utilizing ECCO funds and a bank loan. ECCO proposes to fully repay this HOME loan to prevent costly imposition of state prevailing wages upon past and future project construction. The Committee discussed proposed housing affordability and this property's significance.

Recommendation: The Committee unanimously recommends that the CHHS Board approve a \$133,642 HOME allocation for 8 HOME-assisted units in this project.

Spokane Housing Ventures (SHV) Vets on N Lacey

SHV requested \$441,000 HOME funds plus \$299,000 CDBG funds that are not currently available to the project. CHHS recommended increasing the HOME grant to \$740,000 to fully fund the project without CDBG funds. The project consists of demolishing 2 existing single-family homes followed by construction of 10 rental units designated for homeless veterans. These HOME funds are offered as a grant with 30 years of HOME affordability because all HOME units serve 30% AMI renters. The project will contain one fully handicap accessible units. This project is adjacent to the recently completed Jayne Auld Manor affordable housing project. This project has a committed Federal Home Loan Bank grant and seeks funding from Commerce Housing Trust fund.

The Committee preferred the CHHS proposal of \$740,000 HOME funds in exchange for 10 HOME assisted units at 30% AMI. SHV proposes that all units will receive federal VASH Project-Based Vouchers where homeless veterans pay 30% of income toward rent and the voucher pays the balance of rent up to an agreed contract rent. This added rent revenue is necessary to support project operating costs. The Committee discussed this projects association with Jayne Auld Manor and veteran housing needs.

Recommendation: The Committee unanimously recommends that the CHHS Board approve a \$740,000 HOME allocation for 10 HOME-assisted units affordable at 30% AMI in this project.

Proclaim Liberty (Proclaim) Liberty Park Terrace Campus Expansion

Proclaim requested \$523,000 HOME funds to construction 49 apartments adjacent to their existing Liberty Park Terrace campus. Proclaim proposes to repay the full HOME loan to prevent loss of tax credit equity that results from granted funding. This project also seeks funding from Commerce' Housing Trust Fund, 4% Low Income Housing Tax Credits, and a HUD-insured bank loan. This expansion project is focus around their new ECEAP facility, onsite community center, two playgrounds, and various tenant amenities. This project will provide

5 HOME-assisted units affordable to 30% AMI renters plus 34 units affordable to 60% AMI renters and 10 market rate units. Four units will be fully handicap accessible and 11 ground floor units will be handicap “visitable”. The Committee discussed Proclaim’s past performance, project location, and housing needs.

Recommendation: The Committee unanimously recommends that the CHHS Board approve a \$523,000 HOME allocation for 5 HOME-assisted units affordable at 30% AMI in this project.

Action Items Pending:

None

Announcements:

None

Actions Needed by the Board:

Review and approve recommendations for SNAP programs management contracts and HOME MFHP funding allocations.