



COMMUNITY, HOUSING, AND  
HUMAN SERVICES  
DEPARTMENT  
808 W. SPOKANE FALLS BLVD.  
SPOKANE, WASHINGTON 99201  
509.625.6325  
FAX 509.625.6315

## ***HOME Investment Partnership Program***

### ***Request for Proposals***

*2024-2025 Program Year*

The City of Spokane assures that grants will be conducted and administered in compliance with title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d), the Fair Housing Act (42 U.S.C. 3601-3620), the Age Discrimination Act of 1975, Executive Orders 11063, 11625, 12138, 12432 and 12892, Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), the Americans with Disabilities Act (title II) and implementing regulations.



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**STAFF CONTACTS**

Heather Page, HOME Program Administrator	<a href="mailto:hpage@spokanecity.org">hpage@spokanecity.org</a>	509-625-6578
Richard Culton, CHS Operations Manager	<a href="mailto:rculton@spokanecity.org">rculton@spokanecity.org</a>	509-625-6009

## FUNDING ALLOCATION SCHEDULE

(Subject to change without notice)

Activity / Process	Date
Advance Notice sent out via e-mail	Friday, March 15, 2024
Publish the Public Notice	Monday, April 1, 2024
Applications Available	Monday, April 1, 2024
Virtual Workshop	Monday, April 8, 2024
Applications Due	Wednesday, May 1, 2024
Acknowledgement Letter sent out to all applicants	Friday, May 3, 2024
Staff reviews completed and sent to AFH Committee	Monday, May 13, 2024
AFH Committee Application Review Special Meeting	Wednesday, May 29, 2024
AFH Recommendations Reviewed by CHHS Board	Wednesday, June 5, 2024
CHHS Board Recommendations Presented to Council Committee	Monday, June 10, 2024
Council Finalizes Funding Recommendations	Monday, June 24, 2024
Notify Applicants of Funding Decisions	Tuesday, June 25, 2024

## FUNDING SOURCES

Source	Amount
*U.S. Department of Housing and Urban Development, <b>HOME Investment Partnership Program (HOME)</b>	\$2,662,080
*U.S. Department of Housing and Urban Development, <b>HOME Investment Partnership Program (HOME)</b> **Community Housing Development Organization (CHDO)	\$833,125

\*Estimated pending 2024 allocation

\*\*Only certified CHDOs are eligible to receive CHDO set aside funding. See page 6 for more information.

## HOME PROGRAM ACTIVITIES

The City of Spokane, through the Community, Housing, and Human Services Department, is seeking proposals for multi-family housing projects that increase and/or preserve the supply of affordable housing and permanent supportive housing units serving extremely-low (30% of Area Median Income) and very-low-income households (below 50% of Area Median Income) in the City of Spokane. The City of Spokane's priority goal for this HOME allocation is to increase the affordable housing inventory, serving extremely-low and very-low-income household. To accomplish this goal, the City of Spokane is prioritizing proposals for:

- New construction of affordable multi-family Housing.
- Acquisition of multi-family housing projects.

## FUNDING POLICIES

### **Application Fee:**

Applications for affordable housing development will be charged 50 basis points (0.5%) on the amount of affordable housing funding that the applicant is requesting. 24 CFR 92-214 (b)(1)(ii)

Please note that applications fees are not eligible for reimbursement using HOME funds. Payment must be received on or before closing of the RFP.

### **Loan Terms:**

Affordable housing development financing is made available in the form of loans. Final terms and conditions will be negotiated on a case-by-case basis upon review of the projects' development budget and operating pro forma. Under no circumstances will HOME affordable housing development funds be granted or offer long term deferral of debt service of principal and interest.

### **Security Interest:**

The City of Spokane secures its interest in projects funded with loans through a promissory note and loan agreement secured by a recorded deed of trust and covenant agreement restricting use of the property.

Typically, the City's loan is in a secondary lien position to other lenders, including private lenders. The total loan-to-value ratio of all debt, including the City's, should not exceed the lesser of 90% appraised value or 90% of the project's cost.

Affordability covenants are recorded against the property; these should have a lien position superior to monetary liens.

### **Affordability Requirements:**

In exchange for low interest financing from the City of Spokane, the project owner/developer agrees to the imposed Period of Affordability (POA) as defined in the HOME Written Agreement. Affordability provisions are recorded as covenants running with the land and will remain in force even if the property is sold and/or the loan is repaid prior to the expiration of affordability terms.

The HOME program requires a minimum (mandatory) Affordability Period - 5 to 15 years for acquisition or rehabilitation of existing housing and 20 years for new construction or acquisition of newly constructed housing.

Project owners or developers interested in the production of rental units are strongly encouraged to consult with the City of Spokane's Community, Housing, and Human Services Department staff regarding occupancy requirements and maximum rents allowed for HOME assisted units prior to submitting an application. The maximum rents allowed (including utilities), and income guidelines, are provided in Appendix C.

Projects involving multi-family units where less than 100% of the units are HOME assisted, may only allocate costs to HOME assisted units using either a pro-rata cost allocation method or a unit-by-unit cost allocation method.

### ELIGIBLE APPLICANTS:

Applicants must have prior experience in developing and managing the type of project they undertake. Applicants must demonstrate that they or their development team has the skills and experience needed to develop and operate the property for the imposed affordability period.

The following types of organizations are eligible to apply for funds:

- Non-profit organizations, including Community Housing Development Organizations (CHDOs) either as an Owner, Developer or Sponsor.
- For-profit entities, including individuals, partnerships, corporations, limited liability companies, and limited liability partnerships.
- Housing Authorities.

### COMMUNITY HOUSING DEVELOPMENT ORGANIZATIONS (CHDOs):

Federal regulations require a minimum of 15% of the annual HOME allocation to the City be set aside for housing projects that are owned, sponsored, or developed by CHDOs. City of Spokane encourages non-profit housing organizations interested in submitting an application for a HOME-eligible affordable multi-family rental housing development, to review the CHDO certification application included in Neighborly. By-and-For agencies are encouraged to apply for HOME funds and CHDO certification if submitting an application for a HOME-eligible affordable multi-family rental housing development. It is anticipated that a By-and-For agency desiring to create affordable housing units will partner with a skilled developer to carry out the project.

### MATCH AND LAYERING:

The HOME program requires that HOME funds be matched with other contributions, such as grant, below-market-rate loans, and volunteer labor. The requirement applies to the program as a whole and is monitored by CHHS staff. Depending on the City's match position, the contribution of individual projects

will be a consideration when awarding funds. Projects must also be evaluated to determine if they are receiving an excessive federal subsidy through an analysis of all the financing available to the project.

All direct or indirect government assistance must be identified in the application, including contributions of federal, state, and local governments and/or agencies. Any federal funds invested in a project through a non-federal funding source are considered to be federal funds. For example, federal funds in a weatherization program administered by the City, non-profit, or those which flow through a state agency are considered to be federal funds when evaluating the project's financing.

### PROJECT CONSISTENCY WITH LOCAL PLANS AND CODES:

All projects assisted by HOME funds must be consistent with the City's 5-Year Consolidated Plan.

New construction projects must be built to meet current City building code (Certificate of Occupancy) Model Energy code and meet Section 504 and Fair Housing Act accessibility requirements.

For rehabilitation projects, multifamily rehabilitation property standards must also be met, which generally describe methods/materials to be used for rehab, health & safety (address life threatening deficiency immediately if occupied), assess major systems (structural, roofing, cladding, windows/doors/siding), plumbing, electrical, and HVAC.

### CONFLICT OF INTEREST:

In allocating HOME program funds, the City of Spokane relies on the substantial expertise available from private and public sector individuals who have agreed to volunteer their time. The City recognizes that these individuals, and the entities with which they are associated, may have an interest in applying for the funding made available through this program. While the City recognizes the need to protect against the exercise of undue influence in obtaining benefits made available through this program, the program should be available to those who have the experience, expertise, and willingness to undertake the development of critically needed housing for low-income, county residents. At the same time, it is necessary to ensure that the City retains its ability to call upon residents to assist in the ongoing development of the program, without requiring them to forego possible benefits from the program. Any conflict of interest must be disclosed, and the appropriate procedures must be followed. A conflict of interest may be classified as one of the following:

**Primary and Material Conflicts of Interests** - A project will not be eligible if any of its sponsors, owners, or members of their households or immediate families are directly involved in the evaluation and funding determinations under the program. These include, but are not limited to: 1) members of the Spokane City Council, the CHHS Affordable Housing Committee, the CHHS Board; 2) staff members of the City of Spokane Community, Housing, and Human Services staff; 3) members of any other state or local government unit that has regulatory involvement in the development, site, or approval of the project; and 4) board members and employees of any organization under contract or retained by the City to manage, advise, or assist in the program for compensation.

**Remote Conflicts of Interest** - A project owner or sponsor must adhere to the following procedures when they or a member of their household or immediate family are directly involved in the management of or serves in a decision or policy making capacity with the program. In addition, these procedures must be adhered to if the sponsor is a corporation or partnership and there is a director, officer, partner, or shareholder who is directly involved in the management of or serves in a decision or policy making capacity with the program. Under such circumstances, the project sponsor or owner must:

- 1) disclose in writing the existence and extent of a conflict of interest and the individual's interest in the project to the program staff and/or Director of the City of Spokane Community, Housing, and Human Services Department;
- 2) the individual with a conflict of interest must remove himself/herself from all involvement in the process of evaluating and determining whether the project is eligible for, and/or approved for, funding;
- 3) the individual with a conflict of interest must refrain from influencing any other person involved in evaluating and/or determining whether the project is eligible for, and/or approved for, funding; and/or
- 4) an individual with a conflict of interest regarding project proposals under consideration will not vote on or rank projects during the funding round in which his/her project is being considered.

The application includes a conflict-of-interest form to be used in disclosing conflicts of interest. All sponsors must review and complete the form. The CHHS Director will consult with City Legal regarding all potential conflicts of interest and will make decisions concerning conflict of interest issues on an individual basis.

### **OWNER/DEVELOPER/SPONSOR RESPONSIBILITIES:**

Project owners/developers/sponsors are responsible for all aspects of their project's development, including, but not limited to, assessing their project's feasibility; cost analysis; budgets; contractor selection and negotiations; compliance with federal, state, and local requirements; working with their local governments departments in addressing their requirements and identifying and securing financing. In addition, HOME funds require compliance with payment of prevailing wage under the Davis Bacon Act, if 12 or more HOME assisted units are in the project\*; Section 504 of the Rehabilitation Act of 1973, as amended; The Lead Safe Housing Regulation 24 CFR Part 35 of the U.S. Department of Housing and Urban Development; The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended.



## MINIMUM ELIGIBILITY STANDARDS:

**All projects must meet certain minimum standards. These include:**

- Acquisition of existing housing without rehabilitation must meet, at a minimum, state and local housing quality standards and code requirements. If none exist, the property must meet the Uniform Physical Conditions Standards. (UPCS)
- Acquisition of existing housing with rehabilitation must meet all of the applicable state and local codes in addition to the City's rehabilitation standards.
- An existing building must be basically sound and worthy of repair. An inspection by an independent consultant may be required, at the owner's expense, to assess the building's condition.
- Acquisition projects constructed prior to 1978 must comply with the Lead Safe Housing Regulation, which took effect on January 10, 2002.
- Completed new construction housing projects must meet or exceed state and local codes. If no local codes apply, then one of the following national model codes will apply: ICBO, BOCA, SBCCI or CABO. New construction projects must also meet the Model Energy Code.
- Project costs must be customary, necessary, and reasonable. Per unit cost will be considered in the decision to allocate funds to a project.
- Completed projects must have an expected life at least as long as the period of affordability.
- Management plan must evidence the ability and organizational capacity to successfully manage the project during and after construction or rehabilitation.
- Supportive services plan must identify the needs of the targeted population and how those needs will be met.
- Timelines of the project will be considered, i.e., how soon the project can be underway and completed. Construction or rehabilitation should be underway within twelve months of execution of the HOME Written Agreement and related documents.
- Project(s) pro forma must reflect a **minimum 1.15 debt coverage ratio** (net operating income divided by the total debt service).
- Developer fees must be reasonable and should reflect the work involved. The justification for developer fees should outline the services provided and how the fee was calculated. The City may negotiate a lesser fee than proposed by the Applicant. All project funding must be in place no less than twelve months from the date of The City award.

## ELIGIBLE COSTS:

Program funds may be used to pay the following project costs:

- **Development hard costs** - Costs to meet applicable new construction standards. For new construction, the cost of funding an initial operating deficit reserve to meet any shortfall in project

income during the period of project rent-up (limited to 18 months). For new construction the cost of demolition, utility connections, and site improvements are eligible.

- **Acquisition of property** - Costs of acquiring improved or unimproved real property.
- **Broadband Infrastructure** - Costs to wire the property for broadband internet. HOME funds cannot pay for a computer room located in a separate building from the assisted housing. HOME funds also may not pay for equipment or furniture in the computer room.
- **Related soft costs** - Other reasonable and necessary costs incurred by the owner or the City of Spokane associated with the financing and/or development of new construction or acquisition. Such costs may include architectural and engineering fees, financing fees, project audit costs, funding of an initial operating deficit reserve for new construction, staff and overhead costs directly related to carrying out a project, impact fees, affirmative marketing, and fair housing information services, as long as they are a part of the project.
- **Relocation costs** - Cost of relocation payments and other costs for permanent or temporary relocation, including staff and overhead.
- **Planning/Administrative Costs** – The City of Spokane can use up to 10% of its annual HOME entitlement allocation for administrative/planning purposes. Eligible administrative costs may include general management, monitoring and evaluation, travel, relocation services, the provision of information to residents and citizen groups, fair housing activities, indirect costs, consultation, and publication costs associated with the submission of the Consolidated Plan. Staff and overhead costs may be charged as administration or project costs.

## PROHIBITED ACTIVITIES:

In general, HOME funds cannot be used for the following activities:

- Public Housing Modernization-Comprehensive Improvement Assistance Program (CIAP).
- Tenant subsidies for special mandated purposes under Section 8.
- Tenant subsidies to prevent displacement in rental rehabilitation projects.
- Project-based rental assistance.
- Matching funds for any other federal program (HOME funds only).
- Activities under the Low-Income Housing Preservation Acts of 1987 and 1990 (unless the project is being purchased by a non-profit organization or another entity recognized as a *priority purchaser* under these statutes).
- Payment for the acquisition of property owned by City of Spokane or incorporated entities (cities, towns, special purpose districts or other governmental divisions and subdivisions) within The City.
- Payments to religious organizations (HOME funds can be used by secular organizations to acquire housing from a religious organization).

- Project reserve accounts for replacements and unanticipated increases in operating costs or operating subsidies for rental housing.
- To provide assistance to a project previously assisted with HOME funds before the period of affordability ends. However, additional HOME funds may be committed to a project up to one year after project completion.
- Land banking.
- Refinancing as the primary activity.
- Monitoring, servicing, and origination fees in HOME assisted projects.
- Off-site improvements.

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## APPLICATION AND SELECTION PROCESS

Before you begin preparing the application, we recommend that you review this document thoroughly to understand the City's funding priorities and the HOME program specific requirements, as well as the HOME application process.

We expect an applicant to have real estate/project development experience or to bring in team members who can provide development expertise. The applicant is responsible for securing all funding necessary to finance the project. Formal commitment of HOME funds will not be made until all funding sources are secured.

If anyone involved in the project is also involved in the administration of the HOME program, be sure to review the conflict-of-interest information. All conflicts will be reviewed by the CHHS Director and City Legal and must be addressed in a satisfactory manner.

### **Application Process:**

The following outlines the typical process of an application for HOME funds.

- Applicant contacts appropriate staff for HOME technical assistance (if needed).
- Staff responds to applicant with recommendations.
- Owner/Developer/Sponsor submits application and all associated documents via the Neighborly Portal. Neighborly Tutorial, Appendix
- Staff Reviews applications, obtains additional information and clarification, ranks applications, and summarizes information for the Affordable Housing Committee.
- The Affordable Housing Committee reviews and scores the proposals, selects proposals for funding, and identifies amounts of funding for each proposal. The Affordable Housing Committee's recommendations are submitted to the CHHS Board for review.
- The CHHS Board reviews the Affordable Housing Committee's funding recommendations. If in agreement with the Affordable Housing Committee, the CHHS Board sends the recommendations to the City Council for final approval.
- HOME agreements are executed between the borrower and the City. Funding commitments will be effective for up to six months, with the possibility of another six months, based upon the project's progress. If a project does not meet these time frames, HOME funds will be made available to alternate projects.

**Please Note: At closing, borrower will be responsible for paying the outside counsel costs associated with the creation of the City's legal documents.**

## **Application Submission:**

Applications are available at <https://portal.neighborlysoftware.com/SPOKANEWA/Participant>

**Complete applications and application fees must be received by the CHHS Department by 5:00 p.m., May 1, 2024.**

Applicants must complete and sign the application forms. Staff will review applications and applicants will be contacted for additional information and clarification if needed. Instructions for completing the application are attached to the application. **Applications with critical omissions may be determined incomplete and rejected by the CHHS Director.**

Applicants should be well advised that submission triggers a number of federal requirements. These include notification to tenants of occupied buildings that the owner has applied for funding and that the tenants have certain rights under the Uniform Relocation Act. It may be necessary to obtain additional wage classifications from the Department of Labor for projects that are subject to the Davis-Bacon Act. Projects receiving HOME funds are subject to review pursuant to the National Environmental Protection Act before funds can be released by HUD or the City.

## **Project Selection Process:**

All applications will receive careful, multi-level reviews. The staff review is conducted under the direction of the City of Spokane Community, Housing, and Human Services Operations Manager. The manager may require staff to consult with appropriate professionals for opinions concerning aspects of an application. Additionally, applications must meet the following requirements:

- The threshold eligibility screening will be completed within two weeks from the date of receipt. The purpose of the screening is to determine the completeness of each application, and project eligibility for HOME funding criteria.
- The review and rating period will occur approximately two weeks following the threshold review, depending on the number of applications.
- Projects recommended for HOME funding must meet Federal Environmental Review requirements prior to executing any legal documents.
- Projects must be completed within 18 months from the date a contract is executed, subject to conditions issued in The City's Commitment Letter and/or HOME Written Agreement. A project is considered complete when a Certificate of Occupancy, or its equivalent, is issued to the project and the HOME units are leased up.
- Applicants wishing to request reconsideration of awards must submit a request to the director within seven calendar days following notification of funding decisions.

**Disclaimer:** City of Spokane CHHS Department reserves the right to not award all available funds if submitted proposals do not meet the evaluation and funding criteria or do not address the program priorities. Funds not allocated during a funding cycle may be awarded during a subsequent application cycle. Federal deadlines for funds commitment may require reallocation of funds if implementation of a project is significantly delayed.

### **Evaluation Criteria:**

Projects will be evaluated based in part on conceptual soundness, organizational capacity, financial feasibility, and readiness. A brief description concerning each factor is listed below.

- **Conceptual Soundness** - The project design and scope of work are consistent and feasible and respond to an identified housing need. The project addresses RFP and community priorities. The site, structure, location, and program design are appropriate for the proposed residents. Elements of the project concept meet all threshold and eligibility requirements of the funding sources, including target population and affordability.
- **Financial Feasibility** - Budget forms are consistent, accurate, and thorough. Estimates and costs are reasonable and well supported or justified. A rigorous attempt to leverage other funds is documented. Proposed sources of funds are matched to eligible activities. Documentation of conditional and committed funds is included. The operating pro forma indicates sufficient cash flow and reserves to maintain and operate the project in a prudent and responsible manner for the length of commitment. The rents and/or mortgage payments are consistent with affordability requirements.
- **Organizational Capacity** - The skills and experience of the project sponsor and the development team are appropriate to the size and complexity of the project. The sponsor organization is fiscally sound and has reliable systems and personnel to manage and account for public funds. The sponsor has realistically assessed obstacles and challenges, including shortfalls in organizational expertise, and has a reasonable mitigation plan to address them. The project's management plan assures reasonable operation and maintenance of the project or program for the length of commitment.
- **Readiness** - The project schedule and cash flow statement indicates that all proposed and conditional funds will be committed within six months of the City's preliminary award and that the project can be completed within 18 months of the City's agreement. Issues of site control, zoning, special permits, environmental hazards, and licensing are identified and already resolved, or can be resolved in a timely manner. The status of architectural plans, cost estimates, and project financing contribute to the timeliness of the proposed schedule.

### **Administrative Requirements:**

The CHHS Department often receives inquiries about administrative details that apply during construction and after project completion. The following information addresses questions frequently asked by applicants:

- HOME funds for approved projects will only be disbursed upon presentation of an acceptable request for funds through the Neighborly portal. Requests for payment will require approval from an architect, building inspector, independent construction inspector, documentation of compliance with Davis-Bacon wage requirements (when applicable), copies of approved work inspections, evidence of expenses incurred, and receipt of lien releases.
- Requests for payment are typically paid within 30 days of receipt. To receive payment, the subrecipient must submit all required documentation of expenses as outlined in the contract.
- Retainage of up to 10% is held until work is 100% complete and the City receives a project completion package. At a minimum, the completion package would include a final certificate of

occupancy, HOME Rental Completion form, acceptance of the work by the lenders/owners, and settlement of all claims (if any). The City of Spokane does not accept retainage bonds.

- Upon completion, the owner/sponsor/developer will provide certification of the final project cost and a final sources and uses statement reflecting the project’s actual financial position.
- Income targeting and maximum rents are revised annually by HUD. These amounts may increase or decrease. Tenant income will have to be verified and National Standards for the Physical Inspection of Real Estate (NSPIRE) inspections will be conducted annually (rental property).
- Accounts for replacement/capital reserves and operating reserves may be required upon project completion. Annual statements regarding the status of these accounts may be required. HOME funds cannot be used to capitalize reserves.
- The Affordability Period requirement is recorded as a covenant running with the land and is not removed when the property is sold, the debt repaid, etc.
- The HOME program will adjust the project loan amount to cover payment of City expenses incidental to its loan, including, without limitation, expenses incurred for appraisal and appraisal review, toxic review, construction inspections, and legal services including allocated costs for the services of City counsel.

## TECHNICAL ASSISTANCE

### Virtual Workshop

**3:00-4:00 p.m. on Monday, April 8, 2024.**

Please contact HOME Program Administrator, Heather Page at [hpage@spokanecity.org](mailto:hpage@spokanecity.org) for an invitation.

### Individual Technical Assistance Meetings

Individual technical assistance meetings are available by appointment through Friday, April 26, 2024.

Contact the following staff to schedule an appointment:

Heather Page, HOME Program Administrator	<a href="mailto:hpage@spokanecity.org">hpage@spokanecity.org</a>	509-625-6578
Richard Culton, CHS Operations Manager	<a href="mailto:rculton@spokanecity.org">rculton@spokanecity.org</a>	509-625-6009

## APPENDIX A, DEFINITIONS

**Accessibility** - Depending upon its size or funding, a project may be required to make alterations to, or construct a portion of, units as accessible to persons with disabilities to comply with Section 504 of the Rehabilitation Act of 1973 (24 CFR 8), the Americans with Disabilities Act, Washington State, City of Spokane Code and/or other local requirements.

**Affirmative Marketing** - Direct marketing efforts or outreach to those populations, which may need special consideration in regard to receiving CDBG or HOME funded services, housing, or economic opportunities, without regard to race, color, national origin, sex, religion, familial status or disability. Procurement activities must encourage the use of minority and women-owned businesses consistent with 24 CFR Part 92 §351. Multi-family projects (five or more units) are required to practice affirmative marketing in advertising vacancies per the Fair Housing Act 42 USC 3601.

**Affordability Period** - A stipulated time period under which a project must remain affordable to low-income individuals and households. Under the HOME Program, the Period of Affordability may be from 5 years to 20 years.

**Affordable Housing** - Housing for which monthly costs, including rent or mortgage payments and utilities, do not exceed 30% of a low-income household's monthly income adjusted for family size.

**Amortization** – Payment of a loan in regular installments of principal and interest.

**Appraised Value** – The value the property should sell for in the marketplace, as estimated by a professional appraiser.

**Break Even Point Ratio (BEP)** – The ratio of the sum of total expenses and debt service divided by the gross rent (income). The ratio is an indicator of how much occupancy must occur to ensure that a project's income meets all required cash disbursements.

**By-and-For Agency** – By and For Organizations are operated by and for the community they serve. Their primary mission and history is serving a specific community and they are culturally based, directed, and substantially controlled by individuals from the population they serve.

**Cap Rate** - A measure of the return on investment used by appraisers, property developers and/or lenders. It is the market cash flow rate of return available on an investment into real estate, as a result of owning and operating a property.

**Cash Flow** – Cash available for the property owner after vacancy, expenses, and debt service payment have been deducted from gross income.

**Children and Youth** - Persons less than 18 years of age.

**Commitment** – A commitment means that all project financing is secured; a budget and schedule is established; underwriting and subsidy layering is completed by the PJ; and the project is scheduled to begin within 12 months; and legally binding agreements have been executed and HOME funded projects are set up in the Integrated Disbursement Information System (IDIS).



**Community Housing Development Organization (CHDO)** - A private non-profit 501(c)(3) organization which meets a variety of criteria, including having among its purposes the provision of decent, safe and sanitary housing that is affordable to low-income individuals, as evidenced in its charter, articles of incorporation, resolutions or by-laws. A CHDO must include low-income residents on its board, as well as in an advisory capacity. Other criteria are outlined in the HOME consolidated interim rule 24 CFR Part 92.

**Chronic Homeless** – Any disabled single individual who has been continuously homeless for one year or has had 4 episodes of homelessness in three years.

**Conversion** – A rehabilitation of a structure from a use, which does not provide permanent housing to one which provides permanent housing. For example, the rehabilitation of a hospital, nursing facility, office building, or warehouse to apartments.

**Davis-Bacon and Related Acts** - Federal legislation, which assures that all laborers and mechanics working on federally funded projects are paid the prevailing wage in City of Spokane for various trades. Projects are subject to Davis-Bacon, dependent upon the size of the project (units, stories) and funding source.

**Debt Coverage Ratio (DCR)** - A ratio of the project's Net Operating Income (NOI) divided by the debt service payment. DCR reflects the project's ability to repay its debt. A 1.0 ratio would mean the project could barely make its debt/loan payments. A 1.15 ratio indicates that there is a cushion of 15%, or that operating income exceeds the debt/loan payments by 15%.

**Debt Service Payment** – Payment made to lender for funds borrowed for projects.

**Deed of Trust** – A legal instrument by which the borrower gives the lender an interest in the property.

**Developer Fee** – A fee paid to the developer for services. It is used to offset overhead and is paid through the development process. It is usually based on a percent age of the costs, dollars per buildable square feet, or dollars per unit.

**Disabilities (persons with)** - Individuals with a physical or mental impairment that substantially limits major life activities, has a history of such impairment, or is regarded as having such impairment.

**Displacement** – The permanent relocation of a person (to include families, individuals, businesses, nonprofit organizations, and farms) as a result of a project assisted with federal funds through The City.

**Economic Opportunity** - Part or full-time employment options and related placement or training activities. Economic opportunities also include those business activities, which are essential to providing necessary retail, service, trade, and industrial facilities within a community.

**Equity** - The difference between the value of a property and the loans against the property. Equity can be in the form of cash or appreciation or the owner's work contributed to the project (sweat equity).

**Environmental Review** – National Environmental Policy Act of 1969 (NEPA) 24 CFR 58 – County staff will perform a NEPA assessment of the subject property following receipt of a project application. A 30-day public comment period and HUD Release of Funds may be required. Mitigation of environmental

impacts may be required. This environmental assessment does not supersede state and local environmental review.

**Extremely Low-income Persons** - A member of a household, which has a gross annual income at or below 30% of the area median annual income adjusted by household size.

**Fair Housing** - Under Federal Fair Housing law, it is illegal to deny the opportunity to qualify for housing on the basis of race, religion, color, sex, national origin, family status or disability.

**Fair Market Rent** – Fair Market Rent means the rent that would be required to be paid in a particular housing market area in order to obtain privately owned, decent, safe, and sanitary rental housing of modest (non-luxury) nature with suitable amenities. Rents are established by the Department of Housing and Urban Development for dwelling units of different sizes (number of bedrooms). Fair Market Rent includes utilities, except telephone and cable television.

**501(c)(3) Corporation** - A non-profit corporation which has received a tax-exempt ruling from the Internal Revenue Service under Section 501(c)(3) of the Internal Revenue Code of 1986.

**Group Home** - Single family home converted to a dwelling for multiple households. Often directed at special needs populations (such as disabled veterans or battered women) who do not require constant supervision, but who are not ready, financially and/or physically, for independent living.

**Homeless Persons** - A member of a household, which due to lack of income, eviction, physical or mental disability, family crisis or other event or situation is unable to independently obtain permanent, standard quality affordable housing.

**Housing Quality Standards (HQS)** – Minimum health and safety standards established under the Section 8 Rental Assistance Program and incorporated by the HOME program as minimum standards for assisted rental housing in locally designed housing programs.

**Lender Loan** - A loan provided by a financial institution.

**Leverage** – The ratio of total project dollars from other sources as compared with County HOME funds as compared to total project dollars from other sources. Leverage of public resources is the ratio of resources from government sources or programs to the resources from non-government sources.

**Lien** - A claim against a property filed with The City in which the property is situated. It can be the result of using the property as collateral or security for a loan. Other sources of liens are taxes and liens placed by a contractor or other party who is owed money for work or goods used to improve the property.

**Loan-to-Value (LTV)** - The ratio of the debt on a property to the value of the property. Due to the variation in the real estate market and the potential for deterioration in value (e.g., if a property is neglected), lenders do not like to exceed 75% to 80% LTV on commercial real estate property.

**Low-Income Persons** - A member of a household, which has a gross annual income at or below 80% of the area median annual income adjusted by household size.

**Match** - A requirement of the HOME program whereby certain types of funding (non-Federal, community-based funds) are required to be invested in projects that include HOME funds.

**Median Family Income** - Household income adjusted for family size in an urban area.

**Multi-family Property** - Apartment complexes (five or more units) where each unit is equipped with a bathroom and kitchen.

**National Standards for the Physical Inspection of Real Estate (NSPIRE)** - Minimum health and safety standards established under 24 CFR 92.251(b)(1)(viii).

**Non-Profit Corporation** – A corporation which has received certification from the Internal Revenue Service as to its non-profit status. Typically, these receive a tax-exempt ruling from the Internal Revenue Service under section 501(c) (3) or (4) of the IRS Code of 1986.

**Permanent Loan** – Long term financing that allows the owner to pay for the cost of the development over the course of its useful life. Also known as a take-out or primary loan.

**Permanent Supportive Housing** - Permanent supportive housing is affordable housing for very low and extremely low-income individuals and families that is linked to a range of support services that enables special needs populations to live as independently as possible without a time limit on residency. The supportive services may be provided directly by the owner, developer, sponsor, or by service providers under a written agreement.

**Relocation** - Individuals and businesses that occupy homes and commercial buildings, which may be acquired and/or rehabilitated with Federal funds, are protected under the Uniform Relocation Act, as amended (49 CFR, part 24). Under this Act, those individuals and businesses affected are entitled to certain rights and benefits and must be adequately notified of each phase of the application and construction process.

**Section 3 of the Housing and Urban Development Act of 1968** - To the greatest extent *feasible*, low-income persons will benefit from training and employment arising from the use of federal funds. In addition, efforts shall be made to obtain contracts from locally owned businesses.

**Security** - Assets pledged to support a loan. In general, a security interest is perfected through Deeds of Trust for real property and ICC filings for personal property. Alternate security instruments may include liens against other property, guarantees, a lender's letter of credit, and account receivables.

**Single Family Property** - Detached or attached homes (one to four units); each home designated for one household.

**Single Room Occupancy (SRO)** - Units with sanitary or food preparation area, or both, if new construction. If rehabilitation, unit may or may not have sanitary and food preparation areas. Units may have common facilities. Does not include student housing.

**Substantial Rehabilitation** - Rehabilitation that exceeds \$25,000 per dwelling unit.

**Transitional Facilities** - Complexes providing living units and services (e.g., counseling, job training, and housing placement) for a certain population, such as the homeless, the mentally ill, or battered women.

**Uniform Physical Condition Standards (UPCS)** - Minimum health and safety standards established under 24 CFR 92.251(b)(1)(viii).

**Very Low-income Persons** - A member of a household, which has a gross annual income at or below 50% of the area median annual income adjusted by household size.

## APPENDIX B, REGULATIONS/REQUIREMENTS

The following is a list of regulations and requirements which typically apply to housing projects financed with federal funds. Individual projects may be subject to additional laws and regulations. By signing an application for financial assistance from the City of Spokane Community Services, Housing, and Community Development Department, project sponsors agree to comply with **all** applicable laws and regulations.

### **Federal Statutes:**

- (i) Americans with Disabilities Act;
- (ii) The Fair Housing Act (42 USC 3601-3620) and The Fair Housing Amendments Act of 1988;
- (iii) Architectural Barriers Act of 1968;
- (iv) Housing and Community Development Act of 1974 and Housing and Community Development Act of 1992, Title X, including the “Barney Frank Amendments” Section 104 (d);
- (v) Civil Rights Act of 1964 (42 USC 2000 d et. Seq.), and Civil Rights Act of 1968;
- (vi) Age Discrimination Act of 1975 (42 USC 6101);
- (vii) Housing and Urban Development Act of 1968;
- (viii) Uniform Relocation and Real Property Acquisition Policies Act of 1970;
- (ix) Rehabilitation Act of 1973;
- (x) Davis-Bacon Act, and related acts;
- (xi) Contract Work Hours and Safety Standards Act;
- (xii) Copeland (Antikick back) Act (40 USC 276 c);
- (xiii) Fair Labor Standards Act of 1938;
- (xiv) Flood Disaster Protection Act of 1973;
- (xv) National Environmental Policies Act of 1969 (42 USC 4321);
- (xvi) Stewart B. McKinney Homeless Assistance Act.
- (xvii) Violence Against Women Act

### **Federal Regulations and Executive Orders:**

- (i) 24 CFR Part 1, 24 CFR Part 5, 24 CFR Part 35, 24 CFR Part 58, 24 CFR Part 75, 24 CFR 85, 24 CFR Part 92, 24 CFR Part 92.350, 24 CFR Part 92.504(c)(3), 24 CFR Part 100-115, 24 CFR Part 146;
- (ii) 29 CFR 1910.1200, 29 CFR Part 1926.62;
- (iii) 49 CFR Part 24;
- (iv) Executive Order 11063 as amended by Executive Order 12259; and
- (v) Executive Order 11246.

**State Statutes:**

- (i) Washington State Environmental Policy Act;
- (ii) Washington State Worker's Compensation Industrial Insurance Act;
- (iii) Washington State Fair Housing Laws; and
- (iv) Washington State Landlord/Tenant Act.

**Local:**

- (i) City of Spokane Building and Zoning Codes
- (ii) City of Spokane Consolidated Plan, 2020-2024

## APPENDIX C, AFFORDABILITY REQUIREMENTS


The US Department of Housing and Urban Development publishes an annual listing of the median income adjusted for family size. These Area Median Income (AMI) figures are used in a number of HUD programs including the HOME Program. HUD typically assumes that a family should not pay more than 30% of its income for rent and utilities. The HOME program establishes maximum rents based upon the number of bedrooms in a unit, by assuming that 1.5 persons occupy each bedroom. With 1.5 people per bedroom, the rent on a two-bedroom unit relates to the income of a three-person household. An efficiency apartment is assumed to have one person. Tenants can use tenant-based Section 8 vouchers in HOME-assisted units, but the amount of the tenant contribution plus assistance payment cannot exceed the maximum HOME rent.

HUD adjusts the AMI and maximum rents annually. Consequently, maximum rents can rise or fall; however, the allowable rent will not fall below the maximum rent allowed at the time of application.

HUD has special considerations for rents of Single Resident Occupancy units (SROs) and group homes. For example, if a HOME-assisted SRO unit has neither food preparation nor sanitary facilities, or only one or the other, the rent may not exceed 75% of the Fair Market Rents for a zero-bedroom unit. (Fair Market Rents are a different index of affordability than Median Family Income). Group homes are viewed as a single unit project with rents set to the Fair Market Rents for that unit size. Each family's rent is its proportionate share of the total unit rent and all tenants must be low-income. Rent includes utilities but does not include food or cost of any supportive services provided.

## APPENDIX D, RENT AND INCOME LIMITS

Available online at <https://static.spokanecity.org/documents/chhs/programs/homeinvestment/2023-subsidy-limits.pdf>

<b>CITY of SPOKANE 2023 AHP PROGRAM INCOME AND RENT LIMITS</b>										
<b>HOME, 1406/1590</b>										
SOURCE: HUD										
MSA: SPOKANE, WA										
EFFECTIVE DATE: JUNE 15, 2023										
FY 2023 MEDIAN INCOME: \$89,000										
<b>2023 INCOME LIMITS</b>										
		1 PERSON	2 PERSON	3 PERSON	4 PERSON	5 PERSON	6 PERSON	7 PERSON	8 PERSON	
AREA MEDIAN INCOME	(100% AMI)	62,300	71,200	80,100	89,000	96,200	103,300	110,400	117,500	
LOW-INCOME	(80% AMI)	49,850	57,000	64,100	71,200	76,900	82,600	88,300	94,000	
PROJECT SPECIFIC	(60% AMI)	37,380	42,720	48,060	53,400	57,720	61,980	66,240	70,500	
VERY LOW-INCOME	(50% AMI)	31,150	35,600	40,050	44,500	48,100	51,650	55,200	58,750	
PROJECT SPECIFIC	(40% AMI)	24,920	28,480	32,040	35,600	38,480	41,320	44,160	47,000	
PROJECT SPECIFIC	(35% AMI)	21,800	24,920	28,030	31,150	33,670	36,150	38,640	41,120	
EXTREMELY LOW-INCOME	(30% AMI)	18,700	21,400	24,050	26,700	28,850	31,000	33,150	35,250	
<b>2023 RENT LIMITS</b>										
	SRO●	EFFICIENCY	1 BEDROOM	2 BEDROOM	3 BEDROOM	4 BEDROOM	5 BEDROOM	6 BEDROOM		
FAIR MARKET RENT (FMR)**	609	812	926	1198	1703	1987	2285	2583		
30 OF 65 RENT (HIGH HOME RENT)		*812	*926	*1198	1470	1621	1770	1919		
30 OF 60 RENT		*812	*926	*1198	1389	1549	1709	1869		
30 OF 50 RENT (LOW HOME RENT)		778	834	1001	1157	1291	1424	1557		
30 OF 40 RENT		623	667	801	926	1033	1139	1246		
30 OF 35 RENT		545	584	700	810	903	997	1090		
30 OF 30 RENT		467	501	601	694	775	855	934		
●HOME rent for an SRO is 75% of the Efficiency Fair Market Rent.										
*Calculate AMI for a more than 9-person household by adding 8% for each member over 4-person AMI (e.g., 9person is 140% of 4-person AMI).										
**Although HUD's rent calculation exceeds FMR for this unit, HOME regulations do not allow rents to exceed FMR. Consequently, this rent is capped at FMR.										
***Calculate FMR for more than 4 Br by adding 15% to the 4 Br FMR for each additional Br size (e.g., 6 Br FMR is 130% of 4 Br FMR).										



## APPENDIX E, MAXIMUM PER UNIT SUBSIDY LIMITS

Available online at <https://static.spokanecity.org/documents/chhs/programs/homeinvestment/2023-subsidy-limits.pdf>

The following are the 2023 maximum per-unit subsidy limits for all HOME Participating Jurisdictions (PJs) in Washington State:

0 Bedrooms	\$173,011
1 Bedrooms	\$198,331
2 Bedrooms	\$241,176
3 Bedrooms	\$312,004
4+ Bedrooms	\$342,482

These are the limits on the amount of HOME funds PJs in Washington State may invest on a per-unit basis in HOME-assisted projects, per 92.250(a) of the HOME Program Final Rule. You may use these limits for your HOME project, subject to compliance with the underwriting and subsidy layering requirement at 92.250(b ). These limits remain in effect until updated by the HUD, Seattle CPD office or replaced through a new final rule amending the existing provisions of 92.2-5(a) of the HOME regulations. The City of Spokane may NOT exceed these subsidy limits.

## APPENDIX F, NEIGHORLY TUTORIAL

Access the Application at <https://portal.neighborlysoftware.com/SPOKANEWA/Participant>