



COMMUNITY, HOUSING, AND
HUMAN SERVICES
DEPARTMENT
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Affordable Housing 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

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FUNDING ALLOCATION SCHEDULE

(Subject to change without notice)

Activity / Process	Date
Advance Notice sent out via e-mail	Thursday, May 9, 2024
Publish the Public Notice	Wednesday, May 15, 2024
Applications Available	Monday, May 15, 2024
Virtual Workshop	Tuesday, May 28, 2024
Applications Due	Friday, June 28, 2024
Acknowledgement Letter sent out to all applicants	Monday, July 1, 2024
Staff reviews completed and sent to AFH Committee	Friday, July 19, 2024
Special Meeting of AFH Committee Application Review Meeting	Tuesday, July 30, 2024
AFH Recommendations Reviewed by CHHS Board	Wednesday, August 7, 2024
CHHS Board Recommendations Presented to Council Committee	Monday, August 12, 2024
Council Finalizes Funding Recommendations	Monday, August 26, 2024
Notify Applicants of Funding Decisions	Friday, August 30, 2024

FUNDING SOURCES

Source	Amount
*1590 Affordable Housing Development	\$5,849,000
U.S. Department of Housing and Urban Development, HOME Investment Partnership Program (HOME)	\$2,450,000
U.S. Department of Housing and Urban Development, HOME Investment Partnership Program (HOME) **Community Housing Development Organization (CHDO)	\$795,000

*As authorized by RCW 82.14.530, the City of Spokane collects 0.01 sales tax for use in providing affordable housing and housing related programs within the boundaries of the City of Spokane.

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

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 serving extremely low (30% of Area Median Income), low-income households (below 60% of Area Median Income), in the City of Spokane. The City of Spokane's priority goal for this Affordable Housing Program allocation is to increase the affordable housing inventory, serving extremely low and low-income households.

Two funding sources, for an estimated total of \$9,094,000 are included in this request for proposals.

Eligible affordable housing activities for this funding round include:

- Acquisition (with or without rehabilitation) of multi-family housing
- New Construction of affordable multi-family housing
- Rehabilitation of existing affordable multi-family housing
- Single family home ownership

QUALIFYING POPULATIONS

The HOME Program has no additional qualifying populations requirement.

The 1590 funding source requires projects to serve one or more of the following qualifying populations:

- Persons with behavioral health disabilities
- Veterans
- Senior citizens
- Persons who are homeless or at-risk of being homeless, including families with children
- Unaccompanied homeless youth or young adults
- Persons with disabilities
- Domestic violence survivors

FUNDING POLICIES

Financing:

Affordable housing development financing is made available in the form of low interest, potentially deferrable, potentially forgivable loans. Final terms and conditions will be negotiated on a case-by-case basis upon review of the project's development budget, operating pro forma, and debt coverage ratio.

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.

Affordability Requirements:

In exchange for favorable financing from the City of Spokane, the project owner/developer agrees to the imposed Period of Affordability (POA) as defined in the City's Loan 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.

1590 funded projects are required to meet a minimum (mandatory) Affordability Period - 40 years for acquisition, rehabilitation, or new construction of affordable housing.

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

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, maximum rents, and sales price limits for City-assisted units prior to submitting an application. The 2024 maximum rents allowed (including utilities), and income guidelines, are provided in Appendix D. Homeownership sales price limits are provided in Appendix F.

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

*Based on amount of City assistance in the project.

ELIGIBLE APPLICANTS:

Applicants must have prior experience in developing and managing the type of project they undertake or work closely with an experienced affordable housing development partner organization. Applicants must demonstrate that they or their development team have the skills and experience needed to develop and operate the affordable housing property for the imposed affordability period. Applicants should also demonstrate knowledge and/or experience in promoting fair housing, and/or in development of an approved analysis of impediments to fair housing, and in facilitating public input, data collection and statistical analysis.

Organizations must be licensed and have Federal Tax ID number/employer identification number (EIN) and Unique Employer Identification (UEI).

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 LEVERAGING:

The City expects affordable housing development projects to demonstrate that they are leveraging all available funding resources. This leveraging of other funding sources is a consideration in project selection.

Projects are 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 CODES:

New construction projects must be built to meet current City building code to achieve a Certificate of Occupancy, Washington State 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.

Completion of the City of Spokane's pre-development conference is a consideration during application review.

CONFLICT OF INTEREST:

In allocating funds for affordable housing development and housing related services, 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 or housing related services for low-income, Spokane 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.

The conflict in a conflict of interest exists when there is a perception of conflict regardless of whether a particular individual is influenced by a secondary interest. If the circumstances are reasonably believed (based on experience and objective evidence) to create a risk that decisions made may be unduly influenced by other interests, then a conflict does exist. 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 or staff, the CHHS Affordable Housing Committee, the CHHS Board; 2) staff members of the City of Spokane Community, Housing, and Human Services; 3) members, staff members, or family members of any developer consultant or developer membership group; 4) members of any other state or local government unit that has regulatory involvement in the development, site, or approval of the project; and 5) 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 membership group, 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, or group'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, or group 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, or group 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, or group 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 owners/developers/sponsors/providers 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/PROVIDER RESPONSIBILITIES:

Project owners/developers/sponsors/providers are responsible for all aspects of their project's development, including, but not limited to, assessing their project's feasibility; cost analysis; budgets; compliance with federal, state, and local regulations and requirements; contractor and employee selection and negotiations; working with their local government departments in addressing their requirements and identifying and securing financing.

MINIMUM ELIGIBILITY STANDARDS

All projects must meet certain minimum standards. These include:

- Project costs must be customary, necessary, and reasonable for the activity funded.
- Completed affordable housing projects, including acquisition, construction, and rehabilitation must have an expected life at least as long as the period of affordability.
- The property management plan must demonstrate the ability and organizational capacity of the applicant to successfully manage the project throughout the project's duration.
- Timelines of the project will be considered, i.e., how soon the project can be underway and completed. All project funding (other funders) must be in place no less than twelve months from the date of the initial funding/award notification date of August 30, 2024. Construction or rehabilitation should be underway within twenty-four months of the initial funding/award notification date of August 30, 2024. Projects securing all funding within 6 months and completed within 18 months of the City's initial funding/award notification may receive additional consideration as per SMC 08.07C.050.D.10. The project must be completed in accordance with the timeline agreed to in the City's Written Loan Agreement and related documents.
- Developer or consultant fees must be reasonable and should reflect the work involved. The justification for developer/consultant fees should outline the services provided and how the fee was calculated. The City may negotiate a lesser fee than proposed by the Applicant.
- Acquisition of existing housing without rehabilitation must meet, at a minimum, state and local housing quality standards and code requirements, and local rental registry. Final step of project completion is City staff site visit.
- 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.
- Acquisition of existing housing with rehabilitation must meet all of the applicable state and local codes, as noted with a Certificate of Occupancy from the City.

- Completed new construction housing projects must meet or exceed state and local codes, demonstrated by a City of Spokane Certificate of Occupancy.
- Affordable housing development project(s) pro forma must reflect a **minimum 1.15 debt coverage ratio** (net operating income divided by the total debt service).

ELIGIBLE COSTS:

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

See application for budget worksheet.

- Development hard costs - Costs to meet applicable new construction standards. 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.
- 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.
- Down payment assistance. Single-family homeownership projects only.

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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 Affordable Housing Program specific requirements, as well as the Affordable Housing Program application process.

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

If any individual or group involved in the project is also involved in the administration of the Affordable Housing Program, including selection of projects for funding, 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 Affordable Housing Program funds.

- Applicant contacts appropriate staff for Affordable Housing Program technical assistance (if needed).
- Staff responds to applicant with recommendations.
- Owner/Developer/Sponsor/Provider submits application and all associated documents electronically.
- 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.
- Conditional 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, Affordable Housing Program funds will be made available to alternate projects.
- Affordable Housing Program agreements, both contracts and legal loan documents, are executed between the project owner and the City.

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 must be received by the CHHS Department by 5:00 p.m., Friday, June 28, 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.**

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 Housing & Community Development Program 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 three weeks from the date of receipt. The purpose of the screening is to determine the completeness of each application, and project eligibility for either funding source.
- The selection committee review and rating period will occur approximately two to three weeks following the threshold review, depending on the number of applications.
- Projects must secure all funding within 12 months and start construction/rehabilitation within 24 months from the date of the initial funding/award notification (August 30, 2024), subject to conditions issued in The City's Commitment Letter and/or Written Loan Agreement. Projects securing all funding within 6 months and completed within 18 months of the City's initial funding/award notification may receive additional consideration as per SMC 08.07C.050.D.10. A project is considered complete when a Certificate of Occupancy, or its equivalent, is issued to an affordable housing development project and the City-assisted 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.

Evaluation Criteria

Affordable housing 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. Partnerships between the applicant and organizations that work to promote fair housing and/or the development of an approved analysis of impediments to fair housing. The site, structure, location, and program design of an affordable housing project is appropriate for the proposed residents. Elements of the project concept meet all threshold and eligibility requirements of the funding sources, including the target population, traditionally marginalized populations and communities, 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. Partnerships between the applicant and organizations that work to reduce disparities in housing and who serve marginalized and impacted communities are established. 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 indicate that all proposed and conditional funds will be secure within 12 months and start construction/rehabilitation within 24 months from the date of the initial funding/award notification (August 30, 2024). Projects securing all funding within 6 months and completed within 18 months of the City's initial funding/award notification may receive additional consideration as per SMC 08.07C.050.D.10. 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:

- Affordable Housing Program funds for approved projects will be disbursed on a reimbursement basis, upon presentation of an acceptable request for funds, and all required documentation of expenses as outlined in the contract or other legal documents.
- Requests for payment must be reviewed for eligibility and approved by City staff before they can be paid. Requests for payment are typically paid within 30 days of receipt.
- A 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, 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. These amounts may increase or decrease. Tenant income will have to be verified and units inspected for conditions.
- 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.

TECHNICAL ASSISTANCE

Virtual Workshop

1:00 pm to 2:00 pm on Tuesday, May 28, 2024.

Please contact HCD Program Manager, Heather Page at hpage@spokanecity.org for an invitation.

Individual Technical Assistance Meetings

Individual technical assistance meetings are available by appointment through Wednesday, June 26, 2024. Contact the following staff to schedule an appointment:

Heather Page, HCD Program Manager	hpage@spokanecity.org	509-625-6578
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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 1590, 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.

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.

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.

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 percentage 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) because 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).

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 survivors of domestic violence) 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, stable, affordable housing.

Homeownership - Ownership in fee simple title in a 1- to 4-unit dwelling or in a condominium unit, or equivalent form of ownership approved by HUD. The land may be owned in fee simple, or the homeowner may have a 99-year ground lease. For housing located on a Community Land Trust, the ground lease must be 50 years or more. Right to possession under a contract for deed, installment contract, or land contract (pursuant to which the deed is not given until the final payment is made) is not an equivalent form of ownership. The ownership interest may be subject only to the restrictions on resale; mortgages, deeds of trust, or other liens or instruments securing debt on the property as approved by the participating jurisdiction; or any other restrictions or encumbrances that do not impair the good and marketable nature of title to the ownership interest. If the cooperative or mutual housing project receives Low Income Housing Tax Credits, the ownership or membership does not constitute homeownership.

Lender Loan - A loan provided by a financial institution.

Leverage – The ratio of total project dollars from other sources as compared with City 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.

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). NSPIRE will apply to affordable housing projects in October 2024.

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.

Recapture/Resale - Resale or recapture provisions are triggered when, during the period of affordability, the housing ceases to be the principal residence of the buyer who was assisted with City funds. The resale or recapture provisions are triggered by any transfer of title, either voluntary or involuntary, during the established period of affordability.

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 that must be maintained by properties funded through CHHS. This will change to National Standards for the Physical Inspection of Real Estate (NSPIRE) in October 2024.

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. Individual projects may be subject to additional laws and regulations. By signing an application for financial assistance from the City of Spokane Community, Housing, and Human Services 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;
- (iv) Washington State Landlord/Tenant Act; and
- (v) RCW 82.14.530 Sales and Use Tax for Housing and Related Services

Local:

- (i) City of Spokane Building and Zoning Codes
- (ii) SMC 08.07C Sales and Use Tax for Housing and Housing-Related Supportive Services
- (iii) City of Spokane Consolidated Plan, 2020-2024
- (iv) Spokane County/City of Spokane Continuum of Care Five-Year Plan to End Homelessness 2020-2024

APPENDIX C, RENTS AND INCOME (a)

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 affordable housing and services programs. The City of Spokane's Affordable Housing Program uses the HUD information in determining income and rent limits for City-assisted projects.

HUD typically assumes that a family should not pay more than 30% of its income for rent and utilities. The Affordable Housing 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.

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 City-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, RENTS AND INCOME (b)

<https://static.spokanecity.org/documents/chhs/programs/homeinvestment/2024-home-rent-and-income-limits.pdf>

CITY of SPOKANE 2024 AHP PROGRAM INCOME AND RENT LIMITS HOME, 1406/1590

SOURCE: HUD
MSA: SPOKANE, WA
EFFECTIVE DATE: JUNE 01, 2024
FY 2024 MEDIAN INCOME: \$97,900



2024 INCOME LIMITS

		1 PERSON	2 PERSON	3 PERSON	4 PERSON	5 PERSON	6 PERSON	7 PERSON	8 PERSON
AREA MEDIAN INCOME	(100% AMI)	68,500	78,300	88,100	97,900	105,800	113,600	121,400	129,200
LOW-INCOME	(80% AMI)	54,800	62,650	70,500	78,300	84,550	90,850	97,100	103,400
PROJECT SPECIFIC	(60% AMI)	41,100	46,980	52,860	58,740	63,480	68,160	72,840	77,520
VERY LOW-INCOME	(50% AMI)	34,250	39,150	44,050	48,950	52,900	56,800	60,700	64,600
PROJECT SPECIFIC	(40% AMI)	27,400	31,320	35,240	39,160	42,320	45,440	48,560	51,680
PROJECT SPECIFIC	(35% AMI)	23,970	27,400	30,830	34,260	37,030	39,760	42,490	45,220
EXTREMELY LOW-INCOME	(30% AMI)	20,550	23,500	26,450	29,350	31,700	34,050	36,400	38,750

2024 RENT LIMITS

	SRO●	EFFICIENCY	1 BEDROOM	2 BEDROOM	3 BEDROOM	4 BEDROOM	5 BEDROOM	6 BEDROOM
FAIR MARKET RENT (FMR)**	667	890	1012	1304	1835	2131	2451	2770
30 OF 65 RENT (HIGH HOME RENT)		*890	*1012	*1304	1470	1621	1770	1919
30 OF 60 RENT		*890	*1012	*1304	1527	1704	1879	2055
30 OF 50 RENT (LOW HOME RENT)		856	917	1101	1273	1420	1566	1713
30 OF 40 RENT		685	734	881	1018	1136	1253	1370
30 OF 35 RENT		599	642	770	891	994	1096	1199
30 OF 30 RENT		513	550	661	763	851	939	1027

●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, 2024 MAXIMUM PER UNIT SUBSIDY LIMITS

Affordable Housing Program projects will adhere to the federal maximum per-unit subsidies associated with the HOME Investment Partnership Program.

Available online at <https://static.spokanecity.org/documents/chhs/programs/homeinvestment/2024-subsidy-limits.pdf>

The following are the 2024 maximum per-unit subsidy limits for all HOME Participating Jurisdictions (PJs) in Washington State:

0 Bedrooms	\$181,488
1 Bedrooms	\$208,049
2 Bedrooms	\$252,994
3 Bedrooms	\$327,293
4+ Bedrooms	\$359,263

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, SINGLE-FAMILY HOMEOWNERSHIP SALES PRICE LIMITS

Affordable Housing Program single-family homeownership projects will adhere to the federal sales price limits up to 4-unit dwellings. HUD has not yet published updated limits for Spokane.

CITY OF SPOKANE 2023 AHP PROGRAM HOMEOWNERSHIP SALES PRICE LIMITS CDBG, HOME, 1406/1590



SOURCE: HUD

MSA: SPOKANE, WA

EFFECTIVE DATE: JULY 01, 2023

UNADJUSTED MEDIAN VALUE: \$368,815 EXISTING HOMES; \$335,680 NEW CONSTRUCTION

Existing Homes Purchase Price Limits

1 UNIT	2 UNITS	3 UNITS	4 UNITS	*5 UNITS	*6 UNITS
\$350,000	\$448,000	\$543,000	\$673,000	\$807,600	\$969,120

New Homes Purchase Price Limits

1 UNIT	2 UNITS	3 UNITS	4 UNITS	*5 UNITS	*6 UNITS
\$350,000	\$448,000	\$543,000	\$673,000	\$807,600	\$969,120

*1590 funding restrictions apply to dwellings with more than 4 units.

** Contact City staff for price limits of dwellings with more than 6 units.