

March 14, 1990  
2613H/DE/pb

INTRODUCED BY: CYNTHIA SULLIVAN  
Audrey Gruger

PROPOSED NO.: 90-268

ORDINANCE NO. **9369**

AN ORDINANCE making an appropriation of \$2,759,000 to the Housing Opportunity Acquisition Fund 322, to support CIP Project No. 322100, Fund Administration, \$59,500; and CIP Project No. 322200, Housing Project, \$2,699,500; authorizing one FTE; and amending Ordinance No. 9221, Sections 52 and 92, Attachments 1 and 2, as amended.

BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

SECTION 1. There is hereby approved and adopted an appropriation of \$2,759,000 to the Housing Opportunity Acquisition Fund 322, to support CIP Project No. 322100, Fund Administration, \$59,500; and CIP Project No. 322200, Housing Project, \$2,699,500, from the REET/Housing Opportunity Fund.

SECTION 2. Ordinance No. 9221, Section 92, as amended, is hereby amended by adding thereto and inserting therein the following:

CIP PROJECT APPROPRIATIONS - From the several capital improvement project funds there are hereby appropriated and authorized to be disbursed the following amounts for the specific projects identified in Attachment 1, as adjusted by Attachment 2, of this ordinance.

<u>Fund</u>	<u>Capital Fund</u>	
322	Housing Opportunity Acquisition Fund	\$2,759,000

PROVIDED THAT:

1) Housing projects are selected and funded in accord with the attached Program Policies and Project Selection Guidelines, and

2) The maximum number of FTEs authorized for the Housing Opportunity Acquisition Fund shall be: 1.0

SECTION 3. Ordinance No. 9221, Section 52, as amended, is hereby amended by adding thereto and inserting therein the following:

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REET/HOUSING OPPORTUNITY FUND - From the REET/Housing

Opportunity Fund there is hereby disappropriated from:

REET/Housing Opportunity Fund (\$2,759,000)

INTRODUCED AND READ for the first time this 12<sup>th</sup> day  
of March, 1990.

PASSED this 27<sup>th</sup> day of March, 1990.

KING COUNTY COUNCIL  
KING COUNTY, WASHINGTON

Lois North  
Chair

ATTEST:

Gerald A. Peltier  
Clerk of the Council

APPROVED this 5<sup>th</sup> day of April, 1990.

Jim Hill  
King County Executive

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## HOUSING OPPORTUNITY FUND

### PROGRAM POLICIES AND PROJECT SELECTION GUIDELINES

#### INTRODUCTION

The following information describes the King County Housing Opportunity Fund (HOF): the need for this new funding resource, the purpose and design of the program including the program's policy emphasis and project selection process; and the application guidelines for these funds and their review standards.

#### NEED FOR THE HOUSING OPPORTUNITY FUND

##### The Shortage of Low-income Housing

The King County HOF was created in response to the urgent housing needs of the County's low-income residents. The County is experiencing a decreasing supply of low-cost housing due to pressures of development, increased development costs, lack of livable wages, and declining federal subsidies for housing programs.

Almost 3,000 households are at immediate risk of displacement due to conversion of existing mobile home parks to more profitable uses and expiring low-income use restrictions in privately developed, federally subsidized housing.

Over 11,000 households with special needs and homeless families need community-based housing and support services to stabilize and move toward independence. An additional 17,000 very low-income families are in need of assistance, primarily due to the widening gap between income and housing costs.

##### The Funding Gaps

Identified housing needs in King County span the continuum that includes emergency, transitional, and permanent housing as well as preservation and prevention. While the numbers of households in need of assistance in the County are equal to those of the City of Seattle, resources are not. Seattle, through the \$50 million housing levy and other sources, has provided project support and matching funds to assist hundreds of households. From 1987 to 1989, City levy funds combined with other City and public funds totalling \$13.5 million leveraged nearly the same in McKinney Act funding for transitional and permanent housing projects for the homeless.

King County is committed to providing services to low-income households in their own communities. While some housing program funding is available, limited housing and support service resources are increasingly stretched among programs that must respond to short-term emergency situations and programs for longer term, permanent solutions. Most housing subsidy programs, particularly those of the Stewart B. McKinney Homeless Assistance Act and the Washington State Housing Trust Fund, require or favor leveraging of local funds. The HOF was created to fill gaps in County funding and provide agencies and developers with this critical source of leverage for housing assistance in unincorporated King County and the suburban jurisdictions.

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Project Selection Process

PCDD will use a competitive request for proposal (RFP) process to solicit project proposals. Technical assistance will be available from PCDD staff for project development. PCDD will also assist applicants in determining the appropriate linkages for supportive services such as contact with the Department of Human Services and the Department of Public Health.

The RFP document will reflect the policies and requirements of this plan including the project selection guidelines identified in the following pages.

Proposals received will be screened and given a preliminary review by PCDD staff and routed to members of an advisory committee for review and comment. This committee will be formed by the Director of the Parks, Planning and Resources Department. It will include administrators and staff responsible for programs serving the mentally ill, developmentally disabled, the aged, persons with AIDS, alcohol and substance abusers, and experts in housing finance and construction such as staff from the Local Initiatives Support Corporation and the Washington State Housing Finance Commission. After receiving comments from the advisory committee, PCDD staff will complete review of each proposal according to the Council-adopted guidelines, and prepare a recommendation for the HOF project selection committee.

The HOF project selection committee consists of the following:

- o Manager of the PCDD
- o Director of the Department of Human Services
- o Director of the Seattle-King County Department of Public Health
- o Chief Financial Officer or designee, Office of Financial Management.

The project selection committee shall review the PCDD staff evaluation and shall recommend funds to individual projects in a timely manner consistent with Council-approved program policies and project selection guidelines. Committee recommendations shall be made to the Director of the Parks, Planning and Resources Department for approval. The committee will inform all applicants of its recommendations, and the Director may, if requested, review requests for reconsideration. Funds not allocated during this process may be awarded during a subsequent opportunity cycle for new proposals.

Projects receiving notice of final approval from the Director of the Parks, Planning and Resources Department shall not incur HOF expenses unless and until a contract between the applicant and King County has been executed. All contracts are subject to the review and approval of the Office of the Prosecuting Attorney, the Office of Financial Management, and the Executive.

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o Project management costs incurred by nonprofits up to 5% of the total HOF amount awarded. Exceptions may be made for particularly complicated projects like cooperative conversions and major rehabilitation, but in no case can costs exceed 8%. The use of other funds for project management is encouraged. Total project management costs from all sources will be reviewed to contain costs at a reasonable level. Project management costs may include the following:

- Coordinating activities of the development team
- Negotiating site control
- Negotiating and closing private financing
- Executing King County's fee ownership interest, deed of trust, and covenants
- Resolving development issues during the rehabilitation or construction phase
- Managing the construction or rehabilitation process

Information and funding for predevelopment costs is available through the Local Initiatives Support Corporation Community Development Loan Fund. Contact John Berdes at 358-0497.

Maximum Housing Opportunity Fund Subsidy Cost Per Unit

Since the HOF is designed as a leveraging source, the subsidy per unit shall be no more than 50% of the total per-unit cost. (A unit is defined as anything in which a household can reside, ranging from a single-room-occupancy hotel unit to a bedroom in a shared house, to a three-bedroom apartment.)

The maximum allowable subsidy will be:

Multifamily Housing

\$37,500 for new construction  
\$33,000 for acquisition and rehabilitation

Single Family Housing

\$25,000 per bedroom for acquisition and rehabilitation of existing single family housing for shared living for single individuals

Siting

Projects assisted with the HOF must meet all zoning requirements of King County and be consistent with the policies and location criteria contained in the County Housing Assistance Plan. If a project is to be located in an incorporated jurisdiction, then that jurisdiction's applicable requirements will be followed.

Notification

The agency will work in good faith with the surrounding neighborhood to address any perceived problems the community may have with a HOF-funded project. Should neighborhood concerns develop, King County PCDD will work with the agency to develop a jointly acceptable strategy to mitigate neighborhood concerns.

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(3) Rent and Occupancy Requirements

The rent levels on units assisted with HOF monies must be affordable to low-income households in King County. Rents shall not exceed 30% of 50% of median income, including utilities. Applicants may make a case for project rents that do not exceed 35% of 50% of median if crucial to program feasibility. Such exceptions will be reviewed on a case-by-case basis. Projects affordable to very low (40% of median) and extremely low (30% of median) income households are encouraged and will be given priority. The chart below details the maximum rents allowed for households at 30%, 40%, and 50% of median income.

Household Size	Public Assistance** Income/Rent*	30% Area Median Income/Rent*	40% Area Median Income/Rent*	50% Area Median Income/Rent*
1	\$3,769/\$ 94	\$ 8,350/\$209	\$11,150/\$279	\$14,000/\$350
2	\$4,764/\$119	\$ 9,550/\$239	\$12,750/\$319	\$15,900/\$398
3	\$5,905/\$148	\$10,750/\$269	\$14,350/\$359	\$17,900/\$448
4	\$6,936/\$173	\$11,950/\$299	\$15,900/\$398	\$19,900/\$498
5	\$7,992/\$200	\$12,900/\$323	\$17,200/\$430	\$21,500/\$536
6	\$9,072/\$227	\$13,850/\$346	\$18,450/\$461	\$23,100/\$578

\*Rents include utilities and are based on 30% of household's income.

\*\*Public assistance refers to General Assistance-Unemployed (GAU) for individuals, and Aid to Families with Dependent Children (AFDC) for families.

Standard for Review

Projects will be evaluated according to the benefit to low-income people with greatest consideration given to the project that assists the lowest income group. Preference will be given to projects with rents which do not exceed 30% of median income, including utilities, adjusted for family size. This is a national standard for affordability used by HUD and included in the King County Housing Assistance Plan.

The following policies also apply to projects assisted with HOF monies:

- o After-rehabilitation rents for assisted units should generally not exceed before-rehabilitation rents.
- o During the term of the County's fee ownership interest, rents can be increased only to cover increases in project operating costs approved by King County in the project pro forma. Any King County review of requested rent increases will include review of the ongoing operating budget and sufficiency of reserve accounts for capital improvements such as roof and furnace replacements.
- o King County must approve any proposed changes in the targeted low-income population to be served in the project.
- o Exception may apply to at-risk projects (such as mobile home parks and federally assisted housing projects) with residents having a range of incomes. No financial assistance will be provided to households with incomes exceeding 80% of median. Residents with incomes between 50% and 80% will be assisted on a sliding scale of benefit.

- o Description of management philosophy and experience managing the proposed client population.
- o Identification of key staff positions involved in managing the building including a description of responsibilities and program for staff training.
- o Description of process for determining rent increases and for informing tenants.
- o Description of process for dealing with late payment of rent and damage to units.
- o Description of long-term maintenance plan including adequate reserve funds for roof, furnace, and other system repairs.
- o Description of how vacant units will be marketed and filled with the targeted population.
- o Description of procedures for dealing with concerns, complaints, or issues raised by tenants and neighbors about the building or tenants.

(7) Development Budget

Applicants must provide evidence that the development budget is carefully thought out and realistic. Information should indicate competitive and cost-effective acquisition, development, or rehabilitation, the ability of the applicant to secure proposed capital financing costs, and consideration of other factors that may affect project costs.

Standard for Review

Proposals will be evaluated based on completeness of budget, adequacy of resources, and consideration of contingency plans. All other factors being equal, projects with the lowest per-unit cost will be preferred.

(8) Financial Capability of Applicant

Applicants must provide information related to the financial stability of the agency including financial statements or agency audits.

Standard for Review

Only applicants with demonstrated financial stability will be considered. Indicators of stability include:

- o Assets compared to outstanding debts
- o Operating resources
- o Program stability by contract
- o Favorable audit reports
- o Organizational capacity

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a budget covering the maximum benefits to displaced and the realistic staff and operating costs associated with helping them relocate. These relocation costs must conform to the King County Relocation Policy which is being developed. It will be similar to the Uniform Act but simpler to administer. Contact PCDD for a copy of the draft policy; it is being reviewed by the King County Prosecuting Attorney and must still be approved by the King County Council.

(12) Timing

The need for transitional and permanent housing for low-income families and special needs groups is urgent, and more units are needed as soon as possible. Hundreds of households are also at potential risk of displacement.

Standard for Review

Projects that are ready to proceed (conceptually and financially) will be preferred over those that are awaiting funding commitments and/or project design. If a funded project is unable to meet the timetable negotiated with County staff, funding may be withdrawn and allocated to a project which can proceed in a timely manner.

(13) Location

King County's housing policies seek to promote the diversity and vitality of neighborhoods, avoid undue concentration of assisted housing, and provide increased housing opportunities Countywide for low-income households.

In addition, projects must be in unincorporated King County unless a suburban city is also contributing funds. It is important that the HOF be used for housing assistance and projects in areas of the County that typically lack access to funding opportunities.

Standard for Review

Priority will be given to projects located outside the City of Seattle in an effort to target this source of leverage to areas of the County that have previously not had this opportunity available. Exceptions may be made on a case-by-case basis for projects located in the City of Seattle that serve a regional purpose, serve King County residents, and can demonstrate that the housing and services provided are not available elsewhere in the County. Such a project must also meet the standards for review in all other HOF criteria for project funding.

The location criteria contained in applicable 1990 Housing Assistance Plans will be used to review applications for HOF funding. Application review will ensure that projects are geographically dispersed throughout the County, and that any projects to be located in suburban cities include funds proportionate to their share of the population served.



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AGENCY: REET/Housing Opportunity Fund

Attachment 1

PROVIDED THAT:

The sum of \$2,759,000 is appropriated from Real Estate Excise Tax receipts to the Housing Opportunity Fund to provide assistance with the acquisition, renovation or construction of housing for low-income families and persons with special housing needs consistent with the following guidelines:

1. Priority for the use of housing opportunity funds shall be given to: a) maintaining existing low-income housing which is threatened by displacement; and b) acquiring or developing permanent or transitional housing for special needs populations and emergency and transitional housing for homeless families;
2. Funding shall be limited to housing located in unincorporated King County or housing developed on a regional basis in cooperation with other local jurisdictions to serve special needs populations or homeless families. Such regional projects shall including appropriate funding from cities proportionate to their share of the population served; and
3. Housing opportunity funds shall be used to the extent possible to leverage other available federal, state, local and private funding.

PROVIDED FURTHER THAT:

The Council's Health, Housing and Human Services Committee shall review needs and available resources, recommend specific funding policies, priorities and procedures for approval by the Council prior to the appropriation of funds to one or more departments for implementation through request-for-proposals or other procedures.

PROVIDED FURTHER THAT:

It is the Council's intent to program 50 percent of future REET net revenues (defined as revenues after payment of existing debt service obligations) to the Housing Opportunity Fund. Current projections of REET net revenues are \$2,570,000 in 1991 and \$2,570,000 in 1992.

PROVIDED FURTHER THAT:

It is the Council's intent to limit total administrative costs, including, county and contractor costs, to no more than 5% of REET Housing Opportunity Fund expenditures.

PROVIDED FURTHER THAT:

Administrative housing opportunity funds shall not be used to supplant funding for existing county staff or programs.

HOUSING OPPORTUNITY FUND

PROGRAM POLICIES AND PROJECT SELECTION GUIDELINES

INTRODUCTION

The following information describes the King County Housing Opportunity Fund (HOF): the need for this new funding resource, the purpose and design of the program including the program's policy emphasis and project selection process; and the application guidelines for these funds and their review standards.

NEED FOR THE HOUSING OPPORTUNITY FUND

The Shortage of Low-income Housing

The King County HOF was created in response to the urgent housing needs of the County's low-income residents. The County is experiencing a decreasing supply of low-cost housing due to pressures of development, increased development costs, lack of livable wages, and declining federal subsidies for housing programs.

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The Funding Gaps

Identified housing needs in King County span the continuum that includes emergency, transitional, and permanent housing as well as preservation and prevention. While the numbers of households in need of assistance in the County are equal to those of the City of Seattle, resources are not. Seattle, through the \$50 million housing levy and other sources, has provided project support and matching funds to assist hundreds of households. From 1987 to 1989, City levy funds combined with other City and public funds totalling \$13.5 million leveraged nearly the same in McKinney Act funding for transitional and permanent housing projects for the homeless.

King County is committed to providing services to low-income households in their own communities. While some housing program funding is available, limited housing and support service resources are increasingly stretched among programs that must respond to short-term emergency situations and programs for longer term, permanent solutions. Most housing subsidy programs, particularly those of the Stewart B. McKinney Homeless Assistance Act and the Washington State Housing Trust Fund, require or favor leveraging of local funds. The HOF was created to fill gaps in County funding and provide agencies and developers with this critical source of leverage for housing assistance in unincorporated King County and the suburban jurisdictions.

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Notification

The agency will work in good faith with the surrounding neighborhood to address any perceived problems the community may have with a HOF-funded project. Should neighborhood concerns develop, King County PCDD will work with the agency to develop a jointly acceptable strategy to mitigate neighborhood concerns.

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\*Rents include utilities and are based on 30% of household's income.

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Standard for Review

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- o King County must approve any proposed changes in the targeted low-income population to be served in the project.
- o Exception may apply to at-risk projects (such as mobile home parks and federally assisted housing projects) with residents having a range of incomes. No financial assistance will be provided to households with incomes exceeding 80% of median. Residents with incomes between 50% and 80% will be assisted on a sliding scale of benefit.

- o Description of management philosophy and experience managing the proposed client population.
- o Identification of key staff positions involved in managing the building including a description of responsibilities and program for staff training.
- o Description of process for determining rent increases and for informing tenants.
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- o Description of how vacant units will be marketed and filled with the targeted population.
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Applicants must provide evidence that the development budget is carefully thought out and realistic. Information should indicate competitive and cost-effective acquisition, development, or rehabilitation, the ability of the applicant to secure proposed capital financing costs, and consideration of other factors that may affect project costs.

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- o Operating resources
- o Program stability by contract
- o Favorable audit reports
- o Organizational capacity

a budget covering the maximum benefits to displacees and the realistic staff and operating costs associated with helping them relocate. These relocation costs must conform to the King County Relocation Policy which is being developed. It will be similar to the Uniform Act but simpler to administer. Contact PCDD for a copy of the draft policy; it is being reviewed by the King County Prosecuting Attorney and must still be approved by the King County Council.

(12) Timing

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Standard for Review

Projects that are ready to proceed (conceptually and financially) will be preferred over those that are awaiting funding commitments and/or project design. If a funded project is unable to meet the timetable negotiated with County staff, funding may be withdrawn and allocated to a project which can proceed in a timely manner.

(13) Location

King County's housing policies seek to promote the diversity and vitality of neighborhoods, avoid undue concentration of assisted housing, and provide increased housing opportunities Countywide for low-income households.

In addition, projects must be in unincorporated King County unless a suburban city is also contributing funds. It is important that the HOF be used for housing assistance and projects in areas of the County that typically lack access to funding opportunities.

Standard for Review

Priority will be given to projects located outside the City of Seattle in an effort to target this source of leverage to areas of the County that have previously not had this opportunity available. Exceptions may be made on a case-by-case basis for projects located in the City of Seattle that serve a regional purpose, serve King County residents, and can demonstrate that the housing and services provided are not available elsewhere in the County. Such a project must also meet the standards for review in all other HOF criteria for project funding.

The location criteria contained in applicable 1990 Housing Assistance Plans will be used to review applications for HOF funding. Application review will ensure that projects are geographically dispersed throughout the County, and that any projects to be located in suburban cities include funds proportionate to their share of the population served.

PROVIDED THAT:

The sum of \$2,759,000 is appropriated from Real Estate Excise Tax receipts to the Housing Opportunity Fund to provide assistance with the acquisition, renovation or construction of housing for low-income families and persons with special housing needs consistent with the following guidelines:

- 1. Priority for the use of housing opportunity funds shall be given to: a) maintaining existing low-income housing which is threatened by displacement; and b) acquiring or developing permanent or transitional housing for special needs populations and emergency and transitional housing for homeless families;
- 2. Funding shall be limited to housing located in unincorporated King County or housing developed on a regional basis in cooperation with other local jurisdictions to serve special needs populations or homeless families. Such regional projects shall including appropriate funding from cities proportionate to their share of the population served; and
- 3. Housing opportunity funds shall be used to the extent possible to leverage other available federal, state, local and private funding.

PROVIDED FURTHER THAT:

The Council's Health, Housing and Human Services Committee shall review needs and available resources, recommend specific funding policies, priorities and procedures for approval by the Council prior to the appropriation of funds to one or more departments for implementation through request-for-proposals or other procedures.

PROVIDED FURTHER THAT:

It is the Council's intent to program 50 percent of future REET net revenues (defined as revenues after payment of existing debt service obligations) to the Housing Opportunity Fund. Current projections of REET net revenues are \$2,570,000 in 1991 and \$2,570,000 in 1992.

PROVIDED FURTHER THAT:

It is the Council's intent to limit total administrative costs, including county and contractor costs, to no more than 5% of REET Housing Opportunity Fund expenditures.

PROVIDED FURTHER THAT:

Administrative housing opportunity funds shall not be used to supplant funding for existing county staff or programs.



HOUSING OPPORTUNITY FUND  
KING COUNTY RESOURCE LIST

Linkage with service and operating programs must be demonstrated for each housing project proposal, as appropriate. Coordination with King County administered programs is critical, and their review must be shown through a letter of support included in the project application.

The following resource list provides the necessary contacts and their phone numbers.

Mental Health Projects

Linkage for operating support must be made through the mental health program lead agencies.

Helen Schwedenberg, Director  
Community Psychiatric Clinic  
4319 Stone Way North  
Seattle, WA 98103  
461-3614

Clifford Barda, Director  
Highline-West Seattle Mental  
Health Center  
Post Office Box 69080  
Seattle, WA 98168  
241-0990

Mark Brandow, President  
Northwest Mental Health Center  
514 Auburn Way North  
Auburn, WA 98002  
931-0116

Project sponsors must also contact the following King County programs for coordination and support, as appropriate.

Sereta Williams  
Acting Community Support Coordinator  
Mental Health Division  
296-5213

Jerry DeGriek  
Employment/Work Training/  
Veterans Programs  
296-7656

Earl Long  
Developmental Disabilities Program  
296-5214

Joan Haynes  
Health Care for the Homeless  
296-5088

Sadikifu Akina-James  
Childcare  
296-5240

Steve Freng  
Alcoholism and Substance  
Abuse Services Division  
296-7623

Jim Henning  
Youth Services Bureau  
296-5229

Denise Klein  
Area Agency of Aging  
(frail elderly)  
684-0660

Gene Brooks  
Aging Program  
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