

May 29, 1992

INTRODUCED BY RON SIMS BRIAN DERDOWSKI

PROPOSED NO. 92-417

ORDINANCE NO. **10427**

AN ORDINANCE making a supplemental appropriation of \$1,317,000 to Planning and Community Development Division for HOME Investment Partnerships Program Funds from 1992 HOME Investment Partnerships Program Funds, attaching program policies and project selection guidelines to, and amending, Ordinance 10182, Section 77.

BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

SECTION 1. There is hereby adopted a supplemental appropriation of \$1,317,000 to the Community Development Block Grant Fund for the HOME Investment Partnerships Program, from funds received from the 1992 HOME Investment Partnerships Program of the United States Department of Housing and Urban Development.

SECTION 2. Ordinance 10182, Section 77, as amended, is hereby amended by adding thereto and inserting therein:

PLANNING AND COMMUNITY DEVELOPMENT - CDBG - From the Planning and Community Development - Community Development Block Grant Fund there is hereby appropriated to:

Other Grant Funds	\$1,317,000
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**HOME Investment Partnerships Program:
Proposed Policies and Project Selection Guidelines**

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HOME INVESTMENT PARTNERSHIP PROGRAM:**POLICIES AND PROJECT SELECTION GUIDELINES****I. INTRODUCTION**

The following information describes the new federal HOME Partnership Investment Program (HOME) created under Title II of the National Affordable Housing Act of 1990. The general purposes of HOME include:

- * To expand the supply of decent, affordable housing for low- and very low-income families with emphasis upon rental housing,
- * To strengthen the abilities of State and local governments to design and implement strategies for achieving adequate supplies of decent, affordable housing,
- * To provide both financial and technical assistance to participating jurisdictions, including the development of model programs for affordable low-income housing, and
- * To extend and strengthen partnerships among all levels of government and the private sector, including for-profit and nonprofit organizations, in the production and operation of affordable housing.

In contrast to the earlier categorical housing programs, HOME provides local governments with the flexibility to decide what kind of housing assistance, or mix of housing assistance, is most appropriate to meet their housing needs.

The following sections summarize King County's need for this new funding resource, the purpose and design of the King County Consortium's program including the policy emphasis and project selection process; and the application guidelines for HOME funds and their review standards.

II. NEED FOR THE HOME PROGRAMThe Shortage of Low-Income Housing

King 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. The cost of housing continues to be an issue, particularly for low income households. Average monthly rents increased 81 percent from \$310 in 1980 to \$560 in 1990. The average sales price for new and existing housing increased 102 percent in that same period, rising from \$75,734 to \$153,000.

Countywide, nearly 85,000 households are in need of housing assistance. Over 12,000 housing units occupied by low and moderate income renters and owner households are in need of major repair across the Consortium. Over 49,000 very low income and low income households are in need of assistance within the King County Consortium area. This includes elderly, families, youth, single adults, the homeless and those with special supportive service needs.

Coordination of Housing Resources

There is an extremely wide range of housing funding resources that the King County Consortium and participating nonprofit organizations and housing authorities will access to achieve the affordable and supportive housing goals identified within the Consortium's 1992 Comprehensive Housing Affordability Strategy (CHAS). These resources include:

Community Development Block Grant (CDBG) funds,
Emergency Shelter Grant Program (ESGP),
King County's Housing Opportunity Fund (HOF),
Washington State Housing Assistance Program,
Homeownership Opportunities for People Everywhere (HOPE),
Shelter Plus Care,
Stewart B. McKinney Homeless Assistance Funds,
Supportive Housing for the Elderly (formerly called HUD
Section 202),
Supportive Housing for Persons with Disabilities,
Section 8 Moderate Rehabilitation Assistance,
HUD Homes,
Federal Emergency Management Administration (FEMA),
Emergency Shelter Assistance Program (ESAP),
Federal Home Loan Bank: Affordable Housing Program,
Washington State Housing Finance Commission,
Weatherization/Energy Matchmaker Program,
Seattle-King County Division on Aging,
United Way of Seattle/King County,
Local Initiatives Support Corporation,
Local Foundations/Corporations,
Federal Surplus Property for the Homeless,
Farmers Home Administration Programs,
Suburban Cities Local Bond Funds, and
Private Lenders

The federal HOME program was created to stimulate new kinds of public/private housing partnerships and to maximize the existing resources which are being applied to develop more affordable housing. Combinations of the above resources will be utilized in the affordable housing projects developed under the Consortium's HOME program.

III. PROGRAM PURPOSE AND DESIGN

Policy Emphasis

The King County Consortium has \$1.317 million in 1992 HOME funds, available for subrecipient projects, and will use these funds to develop permanent affordable housing across the Consortium. HOME funds may be used for a variety of low-income housing activities including rehabilitation, acquisition, new construction, tenant-based rental assistance, first time homebuyer's assistance, and to cover finance costs, relocation costs, and site improvements. In King County, new construction can only be undertaken for persons with disabilities, large families, or to produce single room occupancy (SRO) units. At least 15% or \$317,550 of

the total entitlement must be set aside for particular types of nonprofit housing providers called "Community Development Housing Organizations" (CHDOs).

In addition, the types of activities that HOME funds may be used for must be consistent with the needs and strategies identified in the Consortium's adopted Comprehensive Housing Affordability Strategy (CHAS).

HOME Project Selection Process

King County's Planning and Community Development Division (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.

The RFP document will reflect the policies and requirements of this plan, including the project selection guidelines identified in the following pages. This plan will be reviewed and adopted annually by both the King County Consortium's Joint Policy Committee (JPC) and the King County Council. The RFP process will not begin until after such adoption.

There will be two levels of review/decision-making regarding proposals. First, proposals received will be given a thorough review by the HOME Working Group, comprised of a balance of PCDD staff and city staff representatives from the North and East as well as South regions of the County. Advisory reviews from experts and interested persons in housing and service related fields will also be solicited.

Second, after a thorough review of the proposed projects, the HOME Working Group will develop recommendations for consideration by the Project Selection Committee. This Committee will be convened by the County Director of the Parks, Planning, and Resources Department and will be comprised of the following County administrators: the Manager of PCDD, the Director of the Department of Human Services, the Director of the Seattle-King County Department of Public Health, and the Chief Financial Officer or designee of the Office of Financial Management. In addition, the Project Selection Committee will have two North and East city staff representatives and two South end city staff representatives. These city representatives will be at a Planning Director level or higher, and selected by the Suburban Cities Association.

The Project Selection Committee shall review the recommendations of the HOME Working Group and shall make final recommendations on individual projects which will receive funds in a timely manner consistent with Consortium approved program policies and project selection guidelines. The Project Selection Committee makes final recommendations on projects, and the Director of the Parks, Planning and Resources Department will inform all applicants of the Committee's decisions.

At the time of the Project Selection Committee's final recommendations to the Director on all the HOME project proposals, but before the Director informs the applicants, succinct summaries of the projects, including the rationale for funding or not funding, will be sent to the JPC members. This will allow the JPC an opportunity to evaluate how well the HOME policies are working and/or to consider changes to the policies for the

subsequent year's program. The JPC will not approve or deny specific HOME project applications but will confine itself to a review of the effectiveness of the HOME program policies.

Projects receiving notice of final approval from the Director of the Parks, Planning, and Resources Department shall not incur project 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 Executive.

IV. HOME APPLICATION GUIDELINES

A. GENERAL GUIDELINES

(1) Eligible Applicants

HOME funds may be applied for by housing developers that are

- nonprofit organizations,
- for-profit housing developers,
- public entities, and
- public housing authorities.

The King County Consortium encourages partnerships among public housing authorities, other nonprofit housing developers, for-profit developers, and service providers to produce the greatest number of units for the most reasonable public investment with the longest duration of benefit for low-income people.

The King County Consortium also encourages the participation of Community Development Housing Organizations (CHDOs). Technical assistance will be provided to potential CHDOs to ensure that the set-aside reserved for CHDOs is fully committed toward feasible HOME housing development projects. For 1992, the CHDO setaside is approximately \$317,550. (See Attachment 1 for CHDO requirements.)

(2) Ineligible Applicants

HOME funds may not be provided to primarily religious organizations for any activity including secular activities. In addition, HOME funds may not be used to rehabilitate or construct housing owned by primarily religious organizations or to assist primarily religious organizations in acquiring or developing housing. However, the religious organization may create a wholly secular entity, independent of the religious organization which may participate in the HOME program. The completed housing project must be available to all persons regardless of religion and in particular, there must be no religious or membership criteria for tenants of the property.

(3) Eligible Beneficiaries

HOME funds will be used to provide permanent housing for low (or very low) income families with children and for low (or very low) income individuals, including individuals with special needs. Low income includes families and individuals whose annual incomes do not exceed 80% of the median income for the area as defined by HUD. Very low income families and individuals are those whose incomes do not exceed 50% of median income as defined by HUD. Across the HOME program, 90% of the HOME funds must be expended on units occupied by families and individuals whose incomes do not exceed 60% of the County median.

(4) Eligible Activities

HOME funds may be used to develop and support permanent affordable housing through

- (a) acquisition and rehabilitation of existing units,
- (b) rehabilitation of existing units,
- (c) new construction of special needs housing, and
- (d) provision of assistance to first time homebuyers.

The Consortium will encourage applications for moderate (\$25,000 or less per unit) or substantial (greater than \$25,000 per unit) rehabilitation of housing with suitable amenities, including real property acquisition, site improvement, conversion, demolition, and other expenses including financing costs, relocation expenses of any displaced persons, families, or businesses, or organizations. New construction will also be considered, but for special needs populations only. (Please see section on New Construction for Special Needs Populations below.) Acquisition of newly constructed housing is considered "new construction" and is subject to restrictions.

(5) Project Location

Projects supported by HOME funds may be located either in unincorporated King County or within the city limits of jurisdictions participating in the Consortium. Projects may not be located in the city of Seattle, or within the cities of Auburn, Bellevue, and Federal Way. Projects must also be consistent with housing location criteria specified within the Consortium's CHAS.

Projects will be selected on a competitive basis according to selection criteria set forth in this policy document. The Consortium requires and the Project Selection Committee will ensure equitable geographic distribution of projects and funds across the Consortium. In any given year, the specific geographic distribution of projects and funds may vary depending upon needs, opportunities, project feasibility, and the availability of other funding.

(6) Siting

Projects assisted with HOME funds must meet the site and neighborhood standards described within the HOME regulations, all zoning requirements of King County or the city where they will be sited, and the policies and location criteria contained within the Consortium's CHAS and relevant policies and requirements of a jurisdiction's comprehensive and land use plan. We encourage housing projects which are accessible to services, jobs, and amenities.

B. SPECIAL GUIDELINES

(1) Mixed Income and Mixed Use Projects

Mixed income projects can be eligible for HOME assistance as long as a minimum of 20% of the units are targeted and affordable to very low income households as previously defined.

Mixed use projects are eligible if a minimum of 51% of the project space constitutes residential space. HOME funds will be available for assistance only in proportion to the percent of low income units in the project.

(2) New Construction for Special Housing Needs

Federal regulations state that in the King County Consortium HOME funds may be used for new construction of permanently affordable housing only for special housing needs, and then only if the special housing need cannot be met through the rehabilitation of existing housing stock. The Consortium's CHAS has established that the Consortium has special needs that cannot be met through rehabilitation. Therefore, HOME funds can be used for new construction for:

- (a) housing for families of five or more persons;
- (b) housing for persons with disabilities; and
- (c) single room occupancy housing.

The HOME regulations define **persons with disabilities** as a household composed of one or more persons, at least one of whom is an adult, who has a disability. A person is considered to have a disability if he or she has a physical, mental, or emotional impairment that:

- (a) is expected to be of indefinite duration;
- (b) substantially impedes his or her ability to live independently; and
- (c) his or her ability to live independently could be improved by more suitable housing conditions.

(3) Assistance for First Time Homebuyers

HOME funds may be used to provide first time homebuyer assistance to low income households which must occupy the residence as their principle residence. For the purposes of the

HOME program, a first time homebuyer is defined as a household that has not owned a home within the last three years. In addition, there are three types of households that qualify as "first time homebuyers" even if they have owned a home within the three year period:

- (a) displaced homemakers
- (b) single parents, and
- (c) households owning a mobile home while renting the site on which it is located.

The following types of homeownership projects will be considered provided that HOME funds assist only households at or below 60% of median income, and the project:

- (a) involves limited equity cooperative models of ownership,
- (b) employs a community land trust model, or
- (c) assists the tenants of a mobile home park in danger of conversion to another use to collectively acquire the park and maintain long-term affordability.

(4) Eligible Costs

HOME funds may be used to pay development hard costs for the construction and rehabilitation of houses. HOME funds may be used in rehabilitation projects to meet the applicable rehabilitation standards of the County or to correct substandard conditions, to make essential improvements including energy-related repairs or improvements, improvements necessary to permit the use by handicapped persons, and the abatement of lead-based paint hazards, and to repair or replace major housing systems in danger of failure.

Within both new construction and rehabilitation, HOME funds can pay costs to demolish existing structures for improvements to the project site and costs to make utility connections. Within new construction projects, HOME funds can cover the cost of an initial operating deficit reserve, reserve for replacement payments, and debt service.

HOME funds may cover the cost of acquiring improved or unimproved real property and the following related soft costs: architectural, engineering or related professional services, costs to process and settle the financing for a project, costs for a project audit, costs to provide information services such as affirmative marketing and fair housing information and relocation costs.

CHDOs can utilize up to 10% of their HOME set-aside to cover project specific predevelopment costs and/or to provide project seed money.

(5) Maximum and Minimum HOME Subsidies Per Unit

The amount of HOME funds that the King County Consortium may invest on a per-unit basis in affordable housing may not

exceed 67 percent of the per-unit dollar limits established by HUD that apply to the area in which the housing is located. The maximum amount depends upon the number of bedrooms and will vary each year as it is determined by a HUD formula. For 1992 the maximum limits are as follows:

0 bedroom = \$35,972
1 bedroom = \$41,235
2 bedrooms = \$50,142
3 bedrooms = \$64,866
4 bedrooms = \$71,203

The maximum amount will be reduced if tax credits provided under the Low-Income Housing Tax Credit Program are used.

Since HOME is intended to attract other contributions to permanently affordable housing, the subsidy per unit shall be no more than 50% of the total per-unit cost, regardless of the maximum noted above. (A unit is defined as anything in which a household can reside, ranging from a single-room occupancy hotel unit, to a single family home, to a three bedroom apartment. If multiple households share a single family house, the house is counted as one unit.)

The maximum HOME subsidy that may be provided for each project is established by HUD and updated annually and reduced by the presence of Low Income Housing Tax Credit. The regulations specify this provision to prevent the layering of federal funds beyond the amount required to make a project financially feasible.

The minimum level of HOME funds for rehabilitation projects is an average of \$1,000 per unit.

(6) Duration of Low-Income Benefit

All HOME recipients must be both able and willing to establish a legally binding public interest. The public interest will be secured through a lien on the property recorded as a deed of trust, and a promissory note explaining the sale and change of use provisions. The project will remain affordable secured by deed restrictions for not less than 20 years; and will be ineligible for additional HOME dollars during the specified period. Projects will be monitored annually.

(7) Property Standards

At a minimum, housing units rehabilitated with HOME funds must meet the Section 8 Housing Quality Standards. Substantially rehabilitated projects (greater than average of \$25,000 per unit total development costs) must also meet cost effective energy conservation and effectiveness standards. Newly constructed housing must meet the current edition of the Model Energy Code published by the Council of American Building Officials. Projects, whose operating budgets include adequate maintenance reserves, will be given priority

to ensure that they can continue to meet property standards at least as long as the required period of affordability above.

C. PROJECT REVIEW GUIDELINES

(1) Federal Matching Requirements

Matching requirements are program-wide and not project specific. Pursuant to the regulations, the match must be: (1) a permanent contribution to the program, and (2) from non-federal sources.

Standard of Review for Match

Although the match requirement has been waived for 1992, projects which have match contributions will be given priority.

Projects with funding commitments from non-federal sources such as HOF, local general funds, or private funding, shall have priority. In addition, projects with firm financial commitments will have priority over those with pending, tentative, or speculative commitments.

Examples of sources of match include the following:

- (a) local or state general revenues,
- (b) housing trust fund grants or the grant-equivalent of a below-market rate loan,
- (c) foundation grants or donations,
- (d) state appropriations,
- (e) excess reserves from housing finance bond issues,
- (f) general obligation bonds, or
- (g) interest rate subsidy achieved by exemption of state or local taxes.

(2) Qualification as Affordable Housing and Income Targeting

All rental rehabilitation projects have to meet the regulatory definitions of "affordable" to receive HOME funds. According to the HOME regulations, a rental housing project (including the non-owner occupied units in housing purchased with HOME funds) qualifies as affordable housing only if:

- (a) rents will not exceed the lesser of i) the Fair Market Rents (FMR) for an existing area for a comparable project as defined by HUD, or (ii) 30% of the adjusted income of a family whose gross income equals 65% of the median income for the area as determined by HUD adjusted by family size;
- (b) the project has at least 20% of its units either (i) occupied by very low-income families (below 50% of area

median adjusted by family size) which pay as contribution toward rent no more than 30% of their adjusted monthly income, or (ii) occupied by very low-income families and bearing rents not greater than 30% of the gross income of a family whose income equals 50% of the median income for the area, as determined by HUD;

- (c) the project has the balance of its units occupied only by households that qualify as low-income families (whose income is not greater than 80% of the area median); (Note: We realize that this statement appears to conflict with (a) above.)
- (d) the project is not refused for leasing to a holder of a certificate of family participation under the Rental Certificate Program or a rental voucher or to the holder of a comparable document evidencing participating in a HOME tenant-based assistance program; and
- (e) the project will remain affordable, pursuant to deed restrictions, for not less than the appropriate period, beginning after project completion as specified in the table within the following section on duration of low-income benefit.

Standard for Review for Affordability

While all projects are required to meet the minimum requirement of 20% of the units occupied by households whose income does not exceed 50% of the median for the area, priority will be given to projects where the balance of units are occupied by households whose median income does not exceed 60% of the median. This balance is needed to ensure meeting the program-wide objective that 90% of the HOME funds are invested in units occupied by households whose incomes do not exceed 60% of the County median.

For projects involving rehabilitation only, the after-rehabilitation rents for HOME assisted units should generally not exceed before-rehabilitation rents. During the contract term, rents can be increased only to the extent allowed by HUD as determined by increases to the region's Fair Market Rents and incomes. Rents can theoretically decrease in a HOME assisted project if the regional median household incomes or FMRs decline.

(3) Linkage of Support Services in Assisted Projects

Housing support services are those services which go beyond basic financial assistance from the state (or the assistance represented by publicly-subsidized housing) and which represent specific services (for example, ongoing mental health counseling) that are necessary for the proposed project beneficiary households to gain stability and independence and to be successful in the housing. Therefore, depending on the proposed beneficiary households, the feasibility of the

housing project can often be dependent on the availability of support services. If the feasibility of permanent housing for the proposed beneficiary households is clearly dependent upon support services, applicants for HOME funds must demonstrate the necessary linkages to support services.

Standard of Review for Support Services

The 1992 King County CHAS identifies the following populations as requiring services in housing programs:

Persons with mental illness, people with developmental disabilities, people with physical disabilities, runaway and homeless youth, pregnant and parenting teens, young adults (often former foster care children), alcohol and substance abusers, veterans, people with AIDS, single female heads of households and victims of domestic violence, frail elderly, and low-income families who would benefit from self-sufficiency programs.*

(*Note: HOME funding can only support permanent housing for these populations.)

If the proposed project is not targeting households listed above, there is no standard of review.

If the proposed project is targeting households listed above then it is assumed that the feasibility of the project is dependent upon the availability of support services. Projects will be evaluated according to the comprehensiveness of services to be provided, as appropriate, and the ability of the applicant to maintain an adequate level of service over the life of the project. If the project does not include support services for an above identified population the rationale for excluding services must be documented.

Evidence of appropriate service linkage, if and when necessary to meet the needs of the target population to be housed, must be documented in the application. If the support service program includes services from non-affiliated organizations/agencies or a city or state agency, a letter of intent from the organization/agency director or equivalent is required. All letters must describe the type and duration of service to be provided.

If the proposed project is fulfilling the housing element of an adopted human services or comprehensive plan, or adopted residential guidelines, please attach a copy of the relevant sections of the plan/guidelines. If (1) there are no service linkages, yet the population is clearly dependent upon services, or if (2) the proposed housing project is not consistent with adopted service plans or guidelines, the proposal will be less favorably reviewed.

(4) Operating Budget

Proposals should contain a detailed project operating pro forma which, at a minimum, must include:

- (1) project income,
- (2) on-going project expenses (i.e., utilities, maintenance reserve, insurance, accounting, taxes, etc.),
- (3) anticipated net operating income,
- (4) debt service (if any), and
- (5) project cash flow.

Standard of Review on Operating Budget

Applicants must demonstrate that the project is capable of producing revenue adequate to support the long term operational needs of the project. If the project cannot generate the necessary funds alone, then the project sponsor must document the other funds which can be or are already committed to this project.

Applicants should submit a long-term maintenance plan, which include adequate reserve funds for roof, furnace, and other system repairs. The maintenance plan must ensure compliance with all applicable housing quality standards, energy conservation and effectiveness standards and local code and zoning requirements.

(5) Tenant Displacement and Relocation Plan

Projects resulting in displacement of existing residents are strongly discouraged. The King County Consortium encourages the following practices to minimize displacement of low-income households:

- (a) Acquisition of vacant properties which are being voluntarily sold by an owner-occupant so that relocation is not the direct result of the project.
- (b) Projects which require only temporary relocation of tenants (where only rehabilitation is needed).
- (c) Retention of dwellings currently housing low-income tenants (e.g., if Applicants must acquire and displace tenants, only higher income tenants should be displaced. This may mean acquiring units which are located in moderate to higher income areas and which are in fairly good condition, requiring only minor rehabilitation. Acquisition of new units is considered new construction and is restricted.)
- (d) New construction (for special populations only with HOME funds), if the costs would be similar to or less than the alternative resulting in displacement or relocation.

Where displacement is likely to occur, the project budget must address relocation costs consistent with federal regulations and the Applicant must agree to cooperate fully in the development and implementation of a special relocation plan.

Standard for Review for Relocation

Projects which cause displacement, especially the displacement of low income tenants, will be viewed less favorably. Consistent with federal regulations governing the HOME program, the applicant must demonstrate that it has taken all reasonable steps to minimize the displacement of persons as a result of projects assisted with HOME funds, including consideration of the practices identified above. Where displacement is unavoidable, relocation assistance must be provided consistent with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 or Section 104(d) of the Community Development Block Grant (CDBG) regulations, if there are CDBG funds in the project.

Applicants should contact the King County Relocation Specialist for assistance in determining budget estimates for relocation payments, and should be prepared to cooperate fully in developing and implementing the specific relocation plan.

(6) Development Budget

Applicants must provide evidence that the development budget is realistic and thoroughly researched. The proposal should indicate competitive and cost effective acquisition, development, or rehabilitation activities; and reflect the Applicant's ability to secure the needed project financing as well as other factors germane to project costs. In addition to cost effectiveness, the Applicant must not understate the need for funds in anticipation of applying for future allocations of HOME funds. Federal regulations do not allow subsequent additions of HOME funds to any previously HOME-assisted project.

Standard for Review for Development Budget

Projects that are up and ready to go will be given priority over those that are attempting to leverage additional sources of capital funds. HOME funded projects must begin expending funds within 24 months from April 1992.

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

The development budget must also reflect consistency with the following County and federal contract requirements (where applicable):

- * Disability adaptability requirements
- * Women and Minority Business Enterprise utilization
- * Identification and abatements of hazardous materials
- * Lead-based paint testing and abatement requirements
- * State prevailing wage rates (federal rates, if 12 or more units in the project)
- * Environmental review and permit processing
- * Development fees
- * Historic preservation requirements (affecting structures built before 1940)

(7) Management Plan

Good building and tenant management which is both economically efficient and sensitive to the needs of the residents is critical to the long-term success of the project.

Tenant and Participant Protections Required by HOME Program

Tenants are to be afforded certain protections in any HOME assisted project. The major tenant protections include the following provisions:

- (a) leases must be for a minimum of one year unless mutually agreed to by the owner and tenant,
- (b) restrictive provisions in the lease requiring the tenants to waive any rights is prohibited,
- (c) an owner may not terminate tenancy or refuse to renew the lease except for violations of the terms of the lease or for violation of applicable federal, state or local law, and
- (d) an owner must have written tenant selection policies and criteria that are consistent with the purpose of providing housing for the very low-income and low-income families.

Standard for Review of Management Plans

Projects must comply with Equal Opportunity, Fair Housing, and Affirmative Marketing requirements. Applicants will be required to submit a management plan with their proposal. Where the management entity has not been identified, the plan should address the points below as the standards by which the management entity will be selected. The plans should briefly address the following:

- (a) a description of the process to ensure that any rent increases on the HOME-assisted units will be consistent with HOME and Consortium requirements, maintaining

affordability of the units for the required affordability period and describe how tenants will be informed of rent increase.

- (b) a description of the process for determining initial income eligibility of renters and for conducting annual re-examination of renter eligibility.
- (c) a description of how vacant units will be marketed and filled with the target low income population.

Thus favorable consideration will be given to written tenant selection policies, which a) are consistent with the purpose of providing housing for very low-income and low-income families, b) are related to program eligibility and the Applicant's ability to perform the obligations of the lease, and c) are reasonable considering the housing needs of targeted families and individuals.

Policies and criteria must also provide for selection of tenants from written waiting list in chronological order of their application, insofar as is practical, and provide for prompt written notification to any rejected applicant of the grounds for rejection.

Additional Standard for Review Required for CHDOs

HOME regulations require CHDOs to submit a Tenant Participation Plan describing fair lease and grievance procedures and a program for ensuring tenant participation in management decisions. PCDD staff will assist the selected CHDO(s) in developing this plan after the project selection process is complete.

(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 on Financial Capability

Applicants with demonstrated financial stability will be given priority. Indicators of stability include:

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

(9) Applicant/Development Team

Permanent low-income housing development and management is a relatively new activity in King County and only a few nonprofit agencies have specific prior experience. The

prospect for success of a project depends, in part, on the ability of the Applicant to undertake a complex project, provide a long-term operation and management commitment and, if necessary, provide service linkages.

Standard of Review on Experience

Organizations with demonstrated development and management experience will be preferred over those with little or no experience. Prior experience need not be specific to low-income housing but may be obtained from unrelated projects with similar development and management requirements. Projects which foster partnerships and joint ventures between private developers and nonprofit project managers are encouraged.

The following criteria will be considered for organizations with limited development and management experience:

- (a) scale and size of proposed project (smaller projects are encouraged)
- (b) use of skilled and experienced consultants, and
- (c) demonstration that organization staff actively participates in work produced by consultant(s).

(10) Project Description & Schedule of HOME Funded Project

A complete scope of work must be submitted detailing all items related to the project, along with a tentative schedule for completion. The scope of work should note which items, if any, can be postponed until a later time, and what funding sources can be applied to the work.

The description should include such things as a description of the property to be acquired and/or rehabilitated (its current overall condition); when the property will be acquired (if applicable); what rehabilitation will be required; when other necessary project funding will be obtained; a schedule for the work to be done and when occupancy will take place.

Standard for Review

The scope of work will be evaluated based upon the completeness of the plan, the consideration of contingency plans, and how accurately it reflects with the other Project Review Guidelines.

H125 (5/4/92)

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PROVIDED THAT:

Housing projects are selected and funded in accordance with the attached HOME Program Policies and Project Selection Guidelines.

INTRODUCED AND READ for the first time this 1st day of

June, 1992

PASSED THIS 15th day of June, 1992

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON

Audrey Linger
Chair

ATTEST:

Gerald A. Adams
Clerk of the Council

APPROVED this 25th day of June, 1992

Sam Hill
King County Executive

M107