

**Washington State Housing Trust Fund
MODULAR CONSTRUCTION HOUSING
[#HFU-2020-02]**

2020 FUNDING ROUND

**Notice of Funding Availability and
Solicitation of Project Applications**

Published: June 4, 2020
Technical Assistance Period: June 4, 2020 – July 31, 2020
Applications Deadline: September 1, 2020

- 1. Read this Notice of Funding Availability (NOFA), its Appendices, and all of the instructions carefully;**
- 2. Respond to all of the questions in the application forms (all Excel and Word files), and**
- 3. Submit all materials/attachments as instructed.**
 - **Refer to the “Application Requirements Checklist & Affidavits” documents.**

Table of Contents

I. Introduction	2
II. Funds Available	2
III. Timeline – <i>Subject to revision based on business needs</i>	4
IV. Conditions of This NOFA	4
V. Geographic Determination	6
VI. Application Documents and Instructions	6
VIII. Questions	8
Appendix A: Review Criteria	
Appendix B: Reserved	
Appendix C: UHEE Criteria	
Appendix D: Definitions	

I. Introduction

The Department of Commerce (Commerce) is soliciting **MODULAR Housing** Applications to provide capital funding for new affordable housing projects using MODULAR construction that will move people from homelessness into secure housing.

Even though Commerce solicited Stage 1 MODULAR applications in the Fall of 2019, the submittal of a Stage 1 MODULAR Application is NOT a prerequisite to apply for this funding. **All projects that meet the listed thresholds are eligible to apply for funding under this NOFA.** See “Thresholds and Conditions of This NOFA” below.

II. Funds Available

Washington State Housing Trust Fund [ESSB 6248 § 1003(1)(b)]

The Washington State Legislature appropriated **\$10,000,000** in the 2019-2021 Capital Budget (and amended it in the 2020 Supplemental Budget) for the Housing Trust Fund (HTF) to competitively grant awards to projects utilizing MODULAR construction to provide housing for homeless people, as follows:

\$10,000,000 of the appropriation in this section is provided solely for competitive grant awards for MODULAR housing which includes high quality affordable housing projects that will quickly move people from homelessness into secure housing and are significantly less expensive to construct than traditional housing. These funds must be awarded to projects with a total project development cost per housing unit of less than \$200,000, excluding the value of land, off-site infrastructure costs, and any capitalized reserves, compliant with the Americans with disabilities act, and with a commitment by the applicant to maintain the housing units for at least a fifty year period.

The total funds awarded pursuant to this NOFA will be determined by the quality of applications and readiness of projects proposed to serve the targeted populations.

NOTE: Funds uncontracted by June 30, 2021, will be re-assessed by the Legislature for re-appropriation in the 2021-23 biennial budget. Although Commerce will do everything possible, re-appropriation of funds is **NOT** guaranteed.

Other Compatible Funds

Ultra High Energy Efficient Housing [ESSB 6248 SS 1003 (e)]

The Washington State Legislature appropriated \$7,000,000 in the 2019-2021 Capital Budget to support affordable housing projects pursuing Ultra High Energy Efficient Housing (UHEE) with either net zero energy usage or the Passive House standard. Approximately **\$5.2 Million** remains after the 2019 Funding Round awards were made.

UHEE awards are **supplemental** to a project receiving MODULAR, HTF, HOME, or National HTF NHTF) funding. UHEE funds are solely intended for those incremental costs related to net-zero or passive house elements in a project, and not for traditional construction or development costs. Not all projects applying for UHEE will receive a UHEE award. However, those projects *may* still receive a “regular”

award of MODULAR, HTF, HOME, or NHTF funds, as applicable. Therefore, in order to remain competitive, the applicant must demonstrate that **the project can be accomplished without the UHEE elements and supplemental UHEE funding** (i.e., demonstrate that the project can still be developed in case UHEE funds are not awarded).

Funds awarded from the UHEE appropriation are NOT considered subject to the HTF per project/applicant/biennium limits. However, these funds are included in the leverage of other funds and level of state investment evaluations.

See Appendix C to this NOFA for further detail on UHEE, including application criteria and requirements, performance measures, and post-construction reporting elements.

NOTE: The UHEE funds are also offered in the traditional HTF NOFA. Commerce's hope is to award the entire amount of UHEE funds to traditional HTF projects or to MODULAR housing projects.

Public-Private Match [ESSB 6248 § 1003 (c)]

The Washington State Legislature appropriated \$10,000,000 in the 2019-2021 Capital Budget for a state match or matches on private charitable contributions that fund the production and preservation of affordable housing. Approximately **\$5.2 Million** remains after the 2019 Funding Round awards were made.

Funds are to match private entity charitable contributions at a \$1:\$1 ratio. Private contribution funds must be cash and must be secured by the applicant **before** submitting the MODULAR application. Secured cash must be clearly demonstrated by a receipt of funds, executed grant agreement, or other demonstration of committed, non-repayable, granted monies. The following do not qualify under this Match Fund:

- Loans or any contribution that has an expectation of repayment,
- Private equity resulting from the allocation of tax credits, or
- An applicant's own monetary contribution to the project.

A "private entity" is any non-municipal, non-quasi-municipal organization, other than the applicant, including but not limited to:

- Individuals
- Foundations
- Corporations

Funds awarded from the Match Fund appropriation are NOT subject to the HTF per project/applicant/biennium limits. However, they are included in the leverage of other funds and level of state investment evaluations.

NOTE: The Match funds are also offered in the traditional HTF NOFA. Commerce's hope is to award the entire amount of Match funds to traditional HTF projects or to MODULAR housing projects.

III. Timeline – *Subject to revision based on business needs*

Project Applications Solicited (this NOFA)	June 4, 2020
Technical Assistance Questions & Answers	June 4 – July 31, 2020
Deadline for Submittal of Waivers	July 31, 2020
Project Applications Due to <u>and Received by</u> Commerce	BY NOON on September 2, 2020
List of Applications Received Published on HTF Website	September 16, 2020
Final Funding Decisions and Awards	December 2020
Construction/Development Start	August 31, 2021

The Department of Commerce reserves the right to modify this timeline.

IV. Conditions of This NOFA

A. Pre-development and Application Preparation Costs

Completion of a competitive Application often requires significant time and expense. Commerce recognizes that applicants will incur costs preparing for and submitting their applications. All applicants should be aware that Commerce cannot be held responsible for pre-development or application preparation costs in response to this NOFA, regardless of whether funding is awarded.

B. Rental Projects Only

Due to the fact that “moving people quickly from homelessness” was established as a requirement by the Legislature, Commerce is not considering homeownership projects as eligible for this NOFA.

C. HTF Funding Limits Not Applicable

For the purposes of this MODULAR Construction NOFA, the HTF programmatic funding limits **will not apply**.

Applicants are welcome to request any amount, up to \$10 Million. HTF can fund a project partially or fully.

D. Funds to be Awarded as Grants

Funds awarded under this NOFA will be contracted as **Recoverable Grants** in accordance with the supplemental budget proviso requirement. Projects which cannot utilize funding in the form of a grant should not apply under this NOFA.

- A recoverable grant means that funds are recaptured by Commerce in the event that the recipient is unable or unwilling to meet the requirements of the contract for the duration of the commitment period.

- State Prevailing Wage requirements apply to funds contracted as grants. It is a requirement of this NOFA that these funds are issued in the form of a recoverable grant. Commerce highly recommends that the applicant consults with Department of Labor & Industries for further details on Prevailing Wage requirements.

E. Thresholds

Only **Qualified Applications** will be reviewed and evaluated for funding. “**Qualified Applications**” are defined as those applications that meet ALL of the threshold criteria detailed in Appendix A. These threshold criteria are based on the supplemental budget proviso, Housing Trust Fund (HTF) statute, and HTF policies published in the HTF Handbook.

Applicants **MUST** contact the NOFA Coordinator during the NOFA’s technical assistance period to address any questions or clarification regarding whether or not fields, questions, or materials must be submitted at time of application. Failure to submit all required documentation or answering completely all questions in the application materials will result in the application being deemed incomplete and ineligible for funding consideration.

F. Waivers

Applications must meet all of the thresholds identified in the review criteria described in Appendix A in order to be considered for funding. Commerce **may** issue threshold waivers in rare and extraordinary circumstances at its sole discretion. Applicants should consult the [HTF Handbook](#) Sections 207.8 and 301.2.1) prior to requesting a waiver. Waivers are the exception, rather than the rule. Approved waivers are published on Commerce’s website.

Requests for waivers must be submitted in writing via email by **no later than 5 PM on July 31, 2020** to the NOFA coordinator, via the htfapp@commerce.wa.gov mailbox.

NOTE: The intent of establishing a waiver request deadline one month in advance of the application deadline is to allow appropriate time for the applicant to make any necessary adjustments their project, should their waiver not be granted.

G. Application Review Process

Qualified applications are evaluated based on the criteria detailed in Appendix A.

The applicant is solely responsible for submitting complete and accurate information in and with their application. To preserve the integrity of the competitive funding process, HTF staff will NOT contact applicants to correct or submit missing or conflicting information. Information found to have been omitted or contradictory may result in a project failing the Qualified Application threshold and not moving forward in the review process.

H. Reporting Requirements

1. Awards Data

We are required to report to the legislature, at a minimum, all area median income levels for the awarded funds. As a result, area median income levels, as submitted for funding consideration, may not be changed after a project is awarded funds.

2. Third Party Certification of Final Development Costs

We are required to report to the Legislature certified final project development costs, including data and descriptive statistics such as average and median per unit costs, regional costs variation, and other costs that Commerce may deem necessary to improve cost controls in affordable housing. A separate line item has been included in the CFA forms dedicated to the cost for the applicant to conduct a third party certification (i.e., audit) of their project's final development costs. Applicants are encouraged to use this new line item for their estimated third party cost certification, which is an eligible cost for reimbursement under the HTF policies (see [HTF Handbook](#) for details).

I. Prevailing Wage Law

Recipients of state grants must comply with Washington State prevailing wage requirements. Commerce highly recommends that the applicant consults with Department of Labor & Industries.

V. Geographic Determination

Applicants should consult the definition of "Rural" in [Appendix D](#) to determine which region a project site is located.

If it remains unclear whether a project site would be considered Rural or Urban, please submit a request for clarification to the NOFA coordinator, via the htfapp@commerce.wa.gov mailbox during the Technical Assistance period.

VI. Application Documents and Instructions

Project Application documents can be downloaded from Commerce's [Applying to the Housing Trust Fund webpage](#).

A. Application Components

Applications in response to this NOFA must be submitted using the correct materials and instructions specific for MODULAR Construction projects. Applications submitted using forms other than the HTF MODULAR Addendum, HTF MODULAR Checklist, and 2020 editions of the CFA Forms and Sections will not be accepted.

Please download the application documents from the [Application Documents folder](#):

1. Application Requirements Checklist & Affidavits (Microsoft Word)

Name this file as follows: “[PROJECT NAME] – Checklist”. Do not PDF the file.

2. 2020 CFA - Sections (Microsoft Word)

Name this file as follows: “[PROJECT NAME] – Sections”. Do not PDF the file.

3. 2020 CFA - Forms (Microsoft Excel)

Name this file as follows: “[PROJECT NAME] – Forms”. Do not PDF the file.

4. HTF MODULAR Construction Addendum to the Combined Funders Application (Microsoft Word)

The HTF is subject to requirements established by the Legislature when considering projects which are not necessarily required by the other funders. The HTF also has established unique program requirements which may differ from those of other public funders. Please consult with any other funders from whom funds are being requested to establish whether they also require the HTF Addendum.

5. Attachments

All supplemental documents listed in the **Combined Funders Application (CFA) Application Requirements Checklist & Affidavits - HTF Version** document, as appropriate to the project.

Please use the following naming and file conventions for attachments:

- All files should be submitted in their original format – do not convert electronic documents to PDF format.
- Scanned copies of paper documents must be legible with reasonably-sized font and, when applicable, clear signatures and dates.
- PDFs should be searchable whenever possible, and **should not be submitted “locked.”** If this requirement conflicts with the policies of contracted consulting firms (e.g., those engaged to complete Market Studies), please contact Commerce staff directly. Otherwise the materials will need to be resubmitted

6. UHEE Application

Applicants pursuing UHEE funds will also need to submit UHEE-specific application materials (refer to Appendix C for details).

B. Submittal Requirements

ONLY electronic submissions of the Application forms and supporting materials will be accepted. Hardcopies of the application or materials WILL NOT be accepted by Commerce.

Applicants must submit all of the application materials electronically via a file sharing site (e.g. GoogleDocs, Dropbox). Do NOT attempt to submit application materials via email. Application materials are too large to be received via email by Commerce.

Links to Application document locations must be submitted via email to the HTF Applications inbox: htfapplications@commerce.wa.gov

Please indicate in the subject line that the submitted materials pertain to the **MODULAR NOFA #HFU-2020-02**.

NOTE: If Commerce cannot access the files uploaded to the site by the submittal deadline, the project will be considered to have NOT been submitted. It is therefore strongly encouraged that applicants establish a “test” link to ensure that Commerce can access their submittal folders.

C. Submittal Deadline

Complete applications must be received by Commerce by NOON (PST) on September 2, 2020.

Commerce strongly recommends applicants submit their application materials 1-2 days prior to this date to allow time to resolve any technical difficulties.

- Applications found to be substantially incomplete will not be reviewed.
- Only documents time stamped as having been uploaded prior to the application deadline will be downloaded and reviewed.

Once an application is submitted, applicants will receive an email confirmation of receipt by noon the business day following the submittal date. If confirmation is not received within this period, **it is the applicant’s responsibility to follow up by submitting an enquiry to htfapp@commerce.wa.gov**

In the event Commerce is not in actual receipt of an application by the deadline, if the applicant can provide proof of a good faith attempt to timely submit the application (e.g., a screen cap of their “sent” box that clearly indicates the date), the application may be accepted. Otherwise, the application will be determined ineligible for funding consideration for failing to meet the first Threshold: A Complete and Timely Application...

Please note: This “application received” receipt should not be construed as definitive confirmation that all materials have been received.

VIII. Questions

Questions or requests for additional information about this NOFA or the application materials should be submitted to Sean Harrington, Funding Round Coordinator, via the HTF Application inbox:

htfapp@commerce.wa.gov

Please indicate in the email subject line that the request pertains to the MODULAR NOFA # HFU-2020-02.

As part of the application process under this NOFA, questions must be submitted **no later than July 31, 2020**. Commerce may publish, and update as necessary, a questions and answers document on the [Applying to the Housing Trust Fund webpage](#), under the 2019 and 2020 Funding Cycle Announcement.