



Washington State Multifamily Housing Unit (MHU) Rapid Capital Housing Acquisition Round II Multifamily Rental Projects NOFA #MHU-2022-06

2022 FUNDING ROUND

Notice of Funding Availability (NOFA) and Solicitation of Project Applications

Published: October 26, 2022

Technical Assistance Period: October 26, 2022 – January 5, 2023

Applications Deadline: By Noon on January 12, 2023

- 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).**

Submitting a complete application by the deadline is a threshold that needs to be met in order for an application to be reviewed and evaluated for funding.

Please review the [2021 Application Training Videos](#) for detailed instructions.

Table of Contents

I. Introduction.....	2
II. Funds Available.....	2
III. Timeline – Subject to revision based on business needs.....	3
IV. Conditions of This NOFA	3
V. Geographic Distribution of Funding	5
VI. Application Documents and Instructions	7
VII. Award Terms	8
VIII. Questions	9
Appendix A: Application Evaluation Criteria	
Appendix B: Definitions	

I. Introduction

The Department of Commerce (Commerce) is soliciting applications for Multifamily Rental affordable housing projects seeking capital funding from the state Rapid Capital Housing Acquisition (RCHA) program.

This Notice of Funding Availability and Solicitation of Applications (NOFA) is intended for applicants seeking funding to **acquire real property for a rapid conversion into enhanced emergency shelters, permanent supportive housing, transitional housing, permanent housing, youth housing, or shelter** for extremely low-income people, as well as individuals, families, unaccompanied youth, and young people experiencing sheltered and unsheltered homelessness.

For the purposes of this NOFA, Multifamily Rental Housing refers to a project intended to provide habitable space to more than one household (including single-person households). This can take any of the following forms:

- A single building consisting of two or more distinct units, each of which is inhabited by an unrelated household. This encompasses a continuum from duplexes to high rise apartment buildings;
- A set of at least two structures, initially constructed as housing for unrelated households, which is managed as a single functional unit. This includes single-residency houses that are owned and managed by a single entity;
- A building, or set of buildings, which by initial design or through adaptive renovations, is used to provide sleeping space to more than one single individual, with shared living, food preparation, and sanitary facilities. This includes shelters, dormitory-style housing (e.g. for seasonal farmworkers), and group home facilities.

II. Funds Available

The total funds awarded will be determined by the readiness of the proposed projects to proceed and the quality of applications.

2022 Rapid Capital Housing Acquisition Budget Appropriation [SSB 5651, Section 1024]

The Washington State Legislature appropriated **\$300,000,000¹** in the 2022 Supplemental to the 2021-2023 Capital Budget for the Department of Commerce (Commerce) to award for acquisition of real property to be converted into housing for extremely low income people and/or people experiencing homelessness. Pursuant to Substitute House Bill 1080, Section 7032 §4, three percent (3%) of the capital bond proceeds used for this funding round will be retained for the administration costs associated with application, distribution, and project development activities. Of the total appropriation, the competitive funds available through this NOFA are **\$84,706,293 including:**

- A **\$20,000,000** set aside for projects specifically located in Rural areas and/or underserved communities was included in the appropriation (SSB 5651, Section 1024(1)(b)). After administration costs retained, **\$19,400,000** is available for this NOFA.

¹ These amounts includes appropriations for special provisos and direct appropriations to legislatively selected projects.

- In Round I, Commerce allocated \$77,893,707 of the \$143,200,000 in competitive funding. The resulting funds available for this NOFA is **\$65,306,293**.

III. Timeline – Subject to revision based on business needs

Project Applications Solicited (this NOFA)	October 26, 2022
Technical Assistance, Application Clarifying Questions and Answers	October 26, 2022 – January 5, 2023
Deadline for Submittal of Waivers (project funding maximum, ESDS, etc.)	January 5, 2023
Project Applications Due to Commerce	January 12, 2023
List of Applications Received Published on HTF Website	February 3, 2023
Final Funding Decisions and Awards	February 28, 2023

Note: Commerce reserves the right to revise the above timeline at its sole discretion.

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. Funding Limits

The following funding limits will be observed in this 2022 funding round:

Per Project: The maximum award *per project* is \$10 million or the applicable regional cap discussed at [Section V \(Geographic Distribution of Funding\)](#), whichever is the lesser. Projects in locations considered to be Rural may remain eligible for up to \$10 million.

- Example: a project in North Central may apply for \$3.5 million in regional allocation, and up to \$6.5 million in Rural Set-Aside Funds.

C. Waivers

Applications must meet all of the thresholds identified in the review criteria described in Appendix A in order to be considered for funding. If the thresholds cannot be met, the project may be eligible for a waiver. Commerce *may* issue threshold waivers at its sole discretion. Waiver requests are subject to review and approval by the Managing Director of the Multifamily Housing Unit.

Waiver requests must be on agency letterhead, and clearly state a rationale for the waiving of the relevant threshold(s). Letters should address how the waiver enhances the project’s ability to promote racial equity, and how the investment addresses statewide priorities and improves geographic

distribution of resources. Support letters from at least one local jurisdiction verifying the necessity of the allowance to advance local priorities must be provided.

Factors for consideration include, but are not limited to:

- readiness
- timeline (acquisition timeline or rehab schedule)
- environmental assessments
- target population and occupancy requirements
- access to other funding sources (match)
- scale of project
- long-term financial viability of the project
- Zoning due diligence period

Commerce also considers past performance of the applicant including whether projects were completed on time, within budget, and in accordance with relevant program guidelines. Funding limit waiver requests should clearly document the organization's attempts to secure other resources.

D. Application Review Process

ALL Applications will be reviewed and evaluated for funding.

If threshold items are missing, Commerce will provide notification to applicants at the main contact's email provided in their application and give them an opportunity to correct the issue(s). This "cure" period will be calculated from the point of Commerce sending notification to the individual(s) submitting the application and be given four (4) full business days. This helps to ensure timely reviews are completed, and failure to respond with documentation or explanations may lead to a decline or wait-list of an application.

Applications will be evaluated and ranked based on the criteria detailed in the Appendix A under Decision Point #1 Thresholds and Decision Point #2 Priorities, with final decisions made in reference to criteria detailed under Decision Point #3 Determinants.

Timeline to Contract Execution

Once the pool of applicants is evaluated and awards are announced, awardees will be granted 90 days to complete itemized due diligence requirements necessary to meet Commerce and other funders' requirements to execute contracts. Once satisfied, Commerce will execute contracts and begin disbursing funds to successful contractors.

E. Reporting Requirements

Awards Data

Commerce is 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.

Third Party Certification of Final Development Costs

Commerce is 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 application 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 MHU policies (see [HTF Handbook](#) for details).

V. Geographic Distribution of Funding

For RCHA, the Legislature emphasized that funds must be distributed across the entirety of the state:

*“When selecting projects, the department shall balance the state's interest in quickly approving and financing projects, the degree to which the project will leverage other funds, the extent to which the project promotes racial equity, and the extent to which the project will promote priorities on a statewide basis, including in rural areas **and in geographically diverse parts of the state.**”*

(Section 1024(1)(g), **emphasis added**)

In response to this, MHU is overlaying a more defined regional framework.

A. HCA Regions

This framework utilizes the county-level geographic Regions developed by the state Health Care Authority (HCA), building on this to facilitate the establishment of regional targets. This will supplement the standard regions established by MHU in response to the directive in statute ([RCW 43.185](#)) to target thirty percent (30%) of funds to projects in “rural” areas (as defined by the agency – see Appendix B).

Counties by Geographic Region

King County	North Sound	Spokane	North Central	Greater Columbia
	Island	Adams	Chelan	Asotin
Pierce County	San Juan	Ferry	Douglas	Benton
	Skagit	Lincoln	Grant	Columbia
Thurston-Mason	Snohomish	Pend Oreille	Okanogan	Franklin
Mason	Whatcom	Spokane		Garfield
Thurston		Stevens		Kittitas
				Walla Walla
Great Rivers	Salish	Southwest	North Central	Whitman
Cowlitz	Clallam	Clark	Chelan	Yakima
Grays Harbor	Jefferson	Klickitat	Douglas	
Lewis	Kitsap	Skamania	Grant	
Pacific			Okanogan	
Wahkiakum				

Target funding amounts have been developed for each Region, based on data from July of 2021 provided by Commerce’s Housing Assistance Unit (see table 4, **Homeless only (Emergency Shelter or**

Unsheltered), New and Continuing Persons, of the [Snapshot of Homelessness in Washington for July 2021](#) document).

Award Limits by Geographic Region

Regions	Proportional Share of Homeless (Emergency Shelter or Unsheltered), New and Continuing Persons		RHCA Maximum Amount
Great Rivers	2,948	6%	\$7,900,000
Greater Columbia	4,155	8%	\$6,554,319
King	16,588	31%	\$776,675
North Central	1,290	2%	\$3,500,000
North Sound	7,058	13%	\$18,375,299
Pierce	7,926	15%	-
Salish	2,330	4%	\$6,300,000
Southwest	2,802	5%	-
Spokane	5,203	10%	\$14,000,000
Thurston-Mason	2,945	6%	\$7,900,000
Rural Set- Aside*			\$19,400,000
*Required by the 2021-23 Capital Budget			\$84,706,293

B. HFU Regions

As noted in [Section II](#), a net total of \$19,400,000 was appropriated to fund projects in Rural areas, see definition in the [HTF Handbook](#). These funds will be made available to projects in any of the HCA regions except King County, and may serve to supplement project funding above the RCHA Award Limits listed in [Section IV](#).

- E.g., a project in the Salish region, provided it is not located in the Bremerton metro area, would be eligible for *up to* \$10 million, comprised of a maximum of \$6.3 million in RCHA funds plus at least \$3.7 million in Rural Set-Aside Funds.

If MHU is unable to make awards in the designated amounts to each region after two competitive rounds, Commerce will evaluate with the Policy Advisory Team and public stakeholders the appropriate method for reallocating the funds.

If after consulting Appendix B 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*.

C. Requests Exceeding Regional Limits

The Policy Advisory Team strongly supported retention of these Regional targets, so Commerce aims to honor these limits through Round II. Commerce does not encourage applicants to submit projects in regions with no allocated funding due to the time and expenses to the applicant. Once applications

under this NOFA and reviewed and evaluated, Commerce will specifically evaluate whether under-used resources in a specific region should be made available to (a) a third round of Rapid Capital Applications; or (b) to applications in the traditional Housing Trust Fund. Public comments concerning individual and organizational preferences are being received and monitored via this email address:

HTFStakeholderCommunications@commerce.wa.gov.

VI. Application Documents and Instructions

A. 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.

All application materials must be submitted electronically via a file sharing site (e.g. GoogleDocs, Dropbox). Application documents are typically too large to be attached to an email; applicants should NOT attempt to submit their application materials via email.

Links to application document locations on the file sharing sites must be submitted via email to the HTF Applications inbox:

htfapp@commerce.wa.gov

Please indicate in the subject line that the materials are submitted for the **Rapid Capital Housing Acquisition NOFA Round II #MHU-2022-06**.

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.

B. Submittal Deadline

Complete applications must be received by Commerce by **NOON (PST) on January 12, 2023**. Commerce strongly recommends applicants submit their application materials 1-2 days prior to this date to allow time to mitigate any technical difficulties.

Once an application is submitted, applicants will receive an email confirmation of receipt by 5 PM on 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 inquiry to htfapp@commerce.wa.gov.**

In the event Commerce is not in 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 to not have arrived on time and will not be reviewed.

C. Application Components

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

Applications in response to this NOFA must be submitted using the correct materials and instructions. All applicants must use the **2022** Rapid Capital Housing Acquisition application documents. **Applicants must not use other versions.**

Application Documents

Download the documents from the Application Documents folder [here](#).

- **Cover Letter**
Name this file as follows: “[PROJECT NAME] – Cover Letter”.
- **2022 Commerce Affidavits and Assurances (Microsoft Word)**
Name this file as follows: “[PROJECT NAME] – Affidavits”.
- **2022 RCHA Application Requirements Checklist (Microsoft Word)**
Name this file as follows: “[PROJECT NAME] – Checklist”. Do not convert the file to PDF.
- **2022 RCHA Forms (Microsoft Excel)**
Name this file as follows: “[PROJECT NAME] – CFA Forms”. Do not convert the file to PDF.
- **2022 RCHA Sections (Microsoft Word)**
Name this file as follows: “[PROJECT NAME] – CFA Sections”. Do not convert the file to PDF.

Attachments

All supplemental documents listed in the **2022 RCHA Application Requirements Checklist** document, as appropriate to the project.

Use the following naming and file conventions for attachments:

- Number documents as per the Checklist.
- 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.

VII. Award Terms

A. Administration and Monitoring Fees

Per the change in HTF’s operating statute included in the 2021-2023 Capital Budget (SHB 1080, Section 7032(4)), MHU will not charge successful applicants the one percent (1%) administration and one percent (1%) monitoring fees noted in the [HTF Handbook](#) at Section 402.4.6.

B. Retainage

All projects, regardless of MHU administered funding uses, will have a minimum of five percent (5%) of their MHU administered funds retained until the project is completed, including receipt by Commerce of materials related to the Placed In Service process. This ensures that projects will meet all requirements of MHU administered funds, including the provision of materials needed for long term monitoring and legislative reporting. The retainage percentage aligns with other public funders' requirements.

C. Type of Award

The financing structure of each project will depend on the project type, population served, and the financial underwriting and structure of the project. The following terms will be applied to all new contracts awarded under this NOFA.

- A. **For shelters and projects serving homeless youth:** HTF will offer the award in the form of a recoverable grant. This means the funds will be a grant so long as the terms of the contract are met for the duration of the commitment period. If the contract's terms are unable to be met, the funds are recovered. Recoverable grants will also be offered when required by the budget appropriation/proviso or funding source (e.g., tax-exempt bonds can *only* be granted).
- B. **For projects dedicating at least half of the units/beds to *extremely* low-income people (up to 30% AMI in urban areas or up to 50% AMI in rural areas), to homeless-at-entry people, or to permanent supportive housing:** HTF will provide loans with fully deferred payment terms, payable in full, including accrued 1% simple interest, at the end of the commitment period (40 or 50 years) unless otherwise negotiated at maturity, or upon change of use or sale (except when sold to the original project sponsor).

Underwriting will include a review of the operating pro-forma provided with the application and any subsequent updates. At least one update will be required prior to executing the contract, and any significant discrepancies between the application pro-forma and later pro-formas will need to be explained. The requirements of other funding sources may need to be taken into account as well.

The State's interest in a property will be secured by appropriate collateral and documentation, including a Contract, Deeds of Trust, Low Income Housing Covenants (with a minimum of 40 years for Multifamily Rental), and Promissory Notes.

VIII. Questions

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

htfapp@commerce.wa.gov

Indicate in the subject line that the question is related to the Rapid Capital Housing Acquisition Round II NOFA #MHU-2022-06.

As part of the application process under this NOFA, questions must be submitted **no later than January 5, 2023**. Commerce may publish, and update as necessary, a questions and answers document with the NOFA on the [Applying to the Housing Trust Fund](#) webpage.