



## SKAGIT COUNTY HOME CONSORTIUM

### 2023 Notice of Funding Availability (NOFA) Housing Development

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Skagit County and the Skagit County HOME Consortium seek applications for the development of affordable housing in Skagit, Island, and Whatcom counties. Projects within the non-member City of Bellingham are generally ineligible for funding.

## **BACKGROUND**

The HOME Investment Partnerships Program is designed to strengthen public-private partnerships and to expand the supply of decent, safe, sanitary, and affordable housing. The national objectives of the program are:

- Provide decent, affordable housing for low-income households
- Develop the capacity of nonprofit housing agencies to address the housing needs of low-income households
- Provide funding for state and local governments to address low-income housing needs
- Leverage private sector participation

The Skagit County HOME Consortium represents a unique HOME collaboration between three counties-- Island, Skagit, and Whatcom-- and 17 municipalities. Skagit County functions as the lead agency for the Consortium, distributing HOME funds within the boundaries of the HOME Consortium area.

## **SKAGIT COUNTY CONSORTIUM: HOME INVESTMENT PARTNERSHIP PROGRAM POLICIES AND PROCEDURES MANUAL**

The Skagit County HOME Consortium has released updated policies and procedures, effective November 8, 2019. Applicants are highly encouraged to follow this [link](#) to the Skagit County Consortium HOME Investments Partnerships Program Policies and Procedures for details regarding current requirements. Applicants should also familiarize themselves with the HOME requirements at 24 CFR Part 92.

It will be assumed that all applicants have reviewed and are knowledgeable in the policies, procedures, and requirements of the HOME Investment Partnerships Program and the Skagit County HOME Consortium. **An application for funds under this NOFA constitutes an agreement that the applicant is prepared to comply with all HOME requirements as specified in HOME regulations and the Consortium policies and procedures, as they apply to the project.**

## **FUND AVAILABILITY**

Skagit County and the Skagit County HOME Consortium will make available approximately \$1,225,115.25 of total HOME funding during this application cycle for the development and acquisition of permanent housing, divided into the following categories. **Please note that 2023 funding is an estimate based on 2022 entitlement funding. 2023 funding is dependent on appropriations by the United States Congress and the United States Department of Housing and Urban Development (HUD) and may increase or decrease accordingly. All awards will be**

**tentative pending final allocations from HUD. Some funds may be allocated to Skagit County’s contracting and/or monitoring fees.**

FISCAL YEAR	GENERAL DEVELOPMENT	CHDO DEVELOPMENT	CHDO OPERATING
2020	\$263,557.00	--	--
2022	\$370,060.95	\$9,972.30	--
2023	\$370,061.00	\$158,598.00	\$52,866.00
Total Funding	\$1,003,678.95	\$168,570.30	\$52,866.00

Please see “Applicant Eligibility” and “Project Eligibility” for a detailed list of eligible applicants and projects under each funding category.

Skagit County will not establish a contract with a HOME-funded organization/business until all other funding has been secured.

Awards may be made as amortized loans, deferred and/or forgivable loans, recoverable grants, grants or a combination of these.

**NOFA TIMELINE**

NOFA Release	January 3, 2023
Applications Due	March 1, 2023
Tentative Awards Announced	March 31, 2023
Final Awards Announced	May 19, 2023
Contracts Begin	Negotiated by Project

**APPLICANT ELIGIBILITY**

Public agencies, nonprofit organizations, and for-profit entities are all eligible to apply for Skagit County HOME Consortium funds.

To be eligible for CHDO Development and CHDO Operating funds, the applicant must be a private nonprofit organization and meet the following CHDO criteria:

- IRS tax exempt status
- Organizational mission/purpose related to housing and service to a low-income community
- Board composition which includes one-third low-income residents or their representatives

Additional requirements for CHDO applicants are detailed on the CHDO Certification attachment, which must be submitted with any project application seeking CHDO Development or Operating Funds.

## PROJECT ELIGIBILITY

Funding is available in the following categories:

- Community Housing Development Organization (CHDO) Development. These funds support the following CHDO projects and activities:
  - Acquisition of affordable rental housing
  - Acquisition and rehabilitation of affordable rental housing
  - New Construction of affordable rental housing
    - Note: all rental activities are subject to income-restriction based on HIGH and LOW HOME rent structure ([link to 2022 HOME Program rents](#))
  - New construction of homeownership housing (income-restricted at 80% AMI or below) ([link to 2022 HOME Program income limits](#))

*Note: the acquisition and/or rehabilitation of affordable homeownership housing is ineligible for funding.*

- CHDO Operating Funds. If an agency is awarded CHDO acquisition and/or new construction funding, the organization is eligible for CHDO Operating Expenses funding. Organizations that are expected to receive a CHDO-development project award within 24 months are also eligible to apply for funding. This funding is designed to build a CHDO organization's capacity to successfully carry out CHDO activities.
- General Housing Development. These funds support the new construction of affordable housing, as eligible under the HOME Investments Partnerships Program. Funds can be used to support rental housing acquisition, acquisition and rehabilitation of rental housing, new construction of rental housing, or new construction homeownership projects. Projects targeting households of lower income categories will receive preference for funding, as detailed in the "Application Review" portion of this NOFA. HOME-funded units are subject to HOME-restricted rents. ([link to 2022 HOME Program rents](#))

*Note: the acquisition of affordable homeownership housing is ineligible for funding; homeownership rehabilitation activities are ineligible for funding.*

Eligible development costs include, but are not limited to:

- Site preparation or improvement, including demolition if construction begins within 12 months
- Securing buildings
- Construction materials and labor
- Onsite improvements in keeping with surrounding projects, including sidewalks, utility laterals, etc. Offsite infrastructure is not eligible as a HOME expense
- Relocation costs, including moving costs, replacement housing costs, advisory services, staff costs related to relocation assistance
- Financing fees

- Credit report
- Title binders and insurance
- Recording fees and transaction taxes
- Legal and accounting fees, including project audit costs
- Appraisals
- Architectural and engineering fees
- Environmental reviews
- Developer fees (subject to a limit)
- Permit fees
- System development charges
- Affirmative marketing, initial leasing and marketing costs
- Initial operating deficit reserve during lease-up: limited to 18 months (new construction projects only)
- Homebuyer counseling to purchasers of HOME-assisted housing units only

Projects previously awarded funds under a Skagit County HOME Consortium NOFA that wish to apply for further investment are eligible to apply under this NOFA. Projects will only be considered for additional investment if project completion has not occurred. Once a project has entered a HOME affordability period, additional HOME funds cannot be invested. Applicants seeking increased investment must submit all required application components and should specify in the application materials any changes in project cost or scope which justify the request for additional funds.

### **APPRAISAL AND REAL PROPERTY ACQUISITION**

HOME funded projects are subject to the property acquisition requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA), as amended. Applicants must follow the procedures for a Voluntary Acquisition under the URA. For more details, please refer to the [Skagit County Consortium HOME Investment Partnership Program Policies and Procedures Manual](#).

### **AFFORDABILITY PERIOD**

At a minimum, all projects awarded funds must comply with the following HOME affordability periods, during which HOME regulations apply:

- New construction of rental housing: 20 years
- New construction of homeownership housing or acquisition of rental housing:
  - HOME investments of less than \$15,000 per unit: 5 years
  - HOME investment of \$15,000-\$40,000 per unit: 10 years
  - HOME investment of more than \$40,000 per unit: 15 years

All homeownership projects will be subject to the Skagit County Resale Policy as adopted in the most recent Annual Action Plan.

## **SITE CONTROL**

Applicants are expected to have site control, and include documentation of site control with the project application materials. Documentation of site control can include the following:

- Deed of trust
- Current option agreement
- Current purchase and sale agreement
- Current title report showing the entity holding fee simple title
- Executed lease agreement for the length of the commitment to serve low-income households
- Executed disposition or development agreement

Applicants who do not have site control when applying for HOME funds should submit documentation supporting the timeline for obtaining site control. The Skagit County HOME Consortium will consider projects that do not have site control at the time of application based on the soundness of the applicant's plan to obtain site control and overall assessment of the project.

## **PHASE I ENVIRONMENTAL SITE ASSESSMENT**

The project application must include a Phase I Environmental Site Assessment, as specified in the [Skagit County Consortium HOME Investment Partnership Program Policies and Procedures Manual](#). If the applicant is unable to provide a Phase I ESA at the time of application, a timeline for obtaining the Phase I ESA must be included in the application. Any award of funds will be conditioned upon the results of the Phase I ESA.

## **ENVIRONMENTAL REVIEW**

**The submission of an application for funding under this NOFA constitutes a Federal Nexus, at which point the project is considered federal and subject to the environmental review requirements of 24 CFR Part 58 and the National Environmental Policy Act.** Prior to entering into a contract with a Project Sponsor, Skagit County, as lead agency for the Consortium, will complete a federal Environmental Review in compliance with the National Environmental Policy Act (NEPA), 24 CFR Part 58, and other related federal and state environmental laws. **No choice-limiting activities, as defined in 24 CFR 58.22, may be undertaken by the applicant (or any other project participant) using federal, state, local, or private funds during the time between submission of an application for funding and completion of the Environmental Review**

(receipt by Skagit County or Authority to Use Grant Funds from the Department of Housing and Urban Development). It is the responsibility of the applicant to ensure that all project partners and participants are aware of these limitations and do not engage in choice-limiting action until the Environmental Review has been completed. Applicants will be expected to assist Skagit County in completing the Environmental Review by submitting Partner Worksheets.

Skagit County will conduct a threshold review of the environmental risks and feasibility of all project applications. As the Responsible Entity for all environmental review of Skagit HOME Consortium activities, Skagit County reserves the right to deny a project application based upon the environmental risks of the project.

### **PREVAILING WAGE AND LABOR REQUIREMENTS**

Applicants should assume that state prevailing wage rates (Chapter 39.12 RCW) will apply and build the requisite costs into all project development budgets, unless they obtain a determination otherwise from the Washington State Department of Labor and Industries (L&I). Applicants are advised to consult with L&I and/or private legal counsel prior to applying for funding to determine whether prevailing wages must be paid and, if so, whether commercial or residential rates apply. For projects with 12 or more units assisted with HOME funds, Davis-Bacon wage rates will apply.

For further requirements regarding labor and prevailing wage, applicants should refer to the [Skagit County Consortium HOME Investment Partnership Program Policies and Procedures Manual](#).

### **CONTRACTING FEE**

The Consortium may charge an initial contracting fee proportionate to the initial award of funds to cover the costs of application review, underwriting, environmental review, legal review, contract development, and construction/wage rate monitoring. The Consortium may also charge an ongoing monitoring fee. These fees will be negotiated during Skagit County's underwriting review of the project.

### **ADDITIONAL INFORMATION**

Skagit County reserves the right to reject, in whole or in part, any and all applications received. Skagit County reserves the right to negotiate contract terms subsequent to the submission of applications from the selected qualified applicants.

All proposals are public information and subject to public disclosure.

Skagit County is not liable for any costs incurred by proposers prior to entering into a Contract. Costs associated with developing the proposal, preparing for oral presentations, and any other expenses incurred by the applicant in responding to the NOFA are entirely the responsibility of the applicant, and shall not be reimbursed in any manner by the County.

Applicants are encouraged to submit questions to Skagit County for additional information. Responses to questions will be added to the Skagit County Public Health Housing and Homelessness [website](#) during the NOFA period. Questions should be submitted via email to Shelley Kjos, [skjos@co.skagit.wa.us](mailto:skjos@co.skagit.wa.us), with “HOME NOFA Questions” as the subject line.

**APPLICATION COMPONENTS**

Applications must be submitted using the appropriate Washington State Combined Funders Application (CFA), determined by project type. Projects in the earlier stages of planning should complete as much of the CFA as possible, and will be considered for funding depending upon the results of the full application review. Please see the table below for a list of required application components, by project type:

<b>Homeownership New Construction</b>	<b>Rental Housing New Construction/Acquisition</b>
<input type="checkbox"/> NOFA Application Cover Sheet, Including Required Attachments	<input type="checkbox"/> NOFA Application Cover Sheet, Including Required Attachments
<input type="checkbox"/> CFA Homeownership Forms*	<input type="checkbox"/> CFA Multifamily Forms*
*Do Not convert CFA Forms to PDF or another file type; CFA Forms must be submitted as an Excel File	
<input type="checkbox"/> CFA Homeownership Sections	<input type="checkbox"/> CFA Multifamily Sections
<input type="checkbox"/> CHDO Certification (only applicable to applications for CHDO Development or Operating Funds)	<input type="checkbox"/> CHDO Certification (only applicable to applications for CHDO Development or Operating Funds)
<input type="checkbox"/> Projects With a Previous Award of Funds Requesting Additional Investment Must Submit The Supplemental Investment Request Narrative	<input type="checkbox"/> Projects With a Previous Award of Funds Requesting Additional Investment Must Submit The Supplemental Investment Request Narrative

**SUBMISSION INSTRUCTIONS:**

All applications must be received (not postmarked) no later than March 1, 2023 at 4:00PM. Due to the large file size of the required application components and the Washington State Combined Funders Application, applications should be submitted on a CD or thumb drive, to the following:



Skagit County HOME Consortium NOFA Application  
 Attn: Shelley Kjos, Housing Resource Coordinator  
 Skagit County Public Health  
 700 S. 2<sup>nd</sup> St. Room 301  
 Mount Vernon, WA  
 98273

**APPLICATION REVIEW**

The Skagit County HOME Consortium Executive Advisory Committee (H-CEAC), comprised of staff from the three counties, will review all applications. All applications will be scored and ranked using the criteria detailed below, with a maximum of 110 points per project.

**INCOME TARGETING (20 POINTS MAXIMUM)**

Each project will be awarded a maximum of 20 points for income targeting, based on the proportion of units dedicated to 30%; 50%; and/or 80% AMI households. Scoring will be determined according to the table below.

At/Below 30% AMI Units	25% of Project Units	10 Points
	50% of Project Units	15 Points
	100% of Project Units	20 Points
At/Below 50% AMI Units	50% of Project Units	5 Points
	100% of Project Units	10 Points
At/Below 80% AMI Units	50% + Project Units	5 Points

**POPULATION PRIORITIES (30 POINTS MAXIMUM)**

Projects will receive points for targeting high-priority populations, as detailed below.

25% of Units Targeted to Homeless Households (Must be Filled Through Coordinated Entry)	5 Points
50% of Units Targeted to Homeless Households (Must be Filled Through Coordinated Entry)	10 Points
25% + of Units Dedicated to a Target Population Defined/Prioritized by another Planned Capital, Operating, or Services Funding Source	5-10 Points
Target Population Aligns with a Local Priority/Need	0-10 Points

#### DEVELOPER EXPERIENCE AND CAPACITY (10 POINTS MAXIMUM)

Applicants will be scored on a scale of 0-10 based on the capacity of the applicant to carry out the project as detailed in the application, as well as the experience of the applicant in developing projects of similar type and scale. If a project application details a development or consultant partnership, this will be considered in the evaluation of experience and capacity.

#### PROJECT READINESS (10 POINTS MAXIMUM)

Project Readiness will be evaluated as follows:

Site Control Obtained or Anticipated Within One Year of Application	0-2.5 Points
Zoning Appropriate for Project	0-2.5 Points
Phase I ESA Obtained or Anticipated Within 6 Months; Site free of major environmental barriers.	0-2.5 Points
Readiness of Services/Operations Plan	0-2.5 Points

#### LEVERAGE (20 POINTS MAXIMUM)

Projects will be evaluated for the proportion of leverage from other funding sources detailed in the project application. Capital Leverage will be evaluated based on the requested HOME investment compared to the size and scope of the project. Both secured and unsecured leverage will be factored, and the Committee will evaluate the applicant's ability to secure those sources within the proposed time frame. Points will be awarded as detailed below, with a maximum score of 20 points:

Services/Operations Leverage	0-5 Points
Capital Leverage	0-5 Points
Likelihood of receiving planned leverage *Based on the following: LIHTC scoring on CFA; competitiveness of project for HTF funds; Documentation of secured local or private leverage, or historically provided leverage for similar projects	0-10 Points

#### PROJECT DESIGN, SERVICES, AND LOCATION (20 POINTS MAXIMUM)

Projects will be evaluated based on design and location, and how design and location align with the project's targeted population.

Project Located in Proximity to Essential Services, as Determined by Target Population	0-5 Points
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Unit Design/Features Alignment With Target Population	2 Points
On-Site Services Alignment With Target Population	0-5 Points
Efficiency/Sustainability of Design	3 Points
Advances Geographic Distribution of Funding Across the Consortium Region	5 points

Following review and scoring by the HOME Consortium Review Committee, staff will complete underwriting and subsidy layering of the project to ensure financial viability and confirm tentative award amount. Projects will then advance to the Skagit County Loan/Grant Review Board for recommendation to the Board of Skagit County Commissioners. The Board of Skagit County Commissioners make the final decision regarding funding.

### NOTIFICATION OF AWARDS

Any delay in notification of awards will be communicated to all applicants as soon as possible. **All awards will be contingent on availability of funding and approval by the Skagit County Board of Commissioners. No contract will be entered into until successful completion of an environmental review, all other funding has been secured, and all other HOME and Skagit County contract requirements have been met; additional contingencies may apply as needed.**

### PROJECT DEADLINES

HOME funded projects must meet the following deadlines or face loss or required repayment of HOME funds:

Activity	Deadline
Funding Agreement/Project Commitment	Funding Agreement execution within approximately twelve to eighteen months of award letter, as appropriate to project readiness <ul style="list-style-type: none"> <li>Prior to execution of funding agreement, written financial commitment must be obtained from all other funders</li> </ul>
Construction Start Date	Within twelve months of funding agreement execution
Occupancy (Rental Projects)	Occupied by eligible tenants within 6 months of project completion <ul style="list-style-type: none"> <li>If deadline is not met, owner must submit marketing information and marketing plan to the Consortium</li> <li>HOME units must be occupied by eligible tenants within 18 months of project completion or repayment of HOME funds will be required</li> </ul>
Occupancy (Homeownership Projects)	Within 9 months of project completion, all units must be sold to an eligible homebuyer <ul style="list-style-type: none"> <li>Units not sold to an eligible homebuyer by this deadline must be rented to an eligible tenant; project will then be subject to HOME rental project requirements</li> </ul>