



REQUEST FOR PROPOSALS Yesler Redevelopment Opportunity

The Seattle Housing Authority (SHA) is seeking proposals from highly qualified non-profit housing developers or public development authorities with the capacity and experience to develop between 125 and 150 units of affordable housing. The selected partner will lead the development of a mixed-income project on an approximately 45,000 sq. ft. site in the Yesler and 12th Ave area, located near the intersection of 12th Avenue and East Fir Street. Participation in this Request for Proposals (RFP) is limited to nonprofit corporate entities and public development authorities.

In addition, the Seattle Office of Housing (OH) is making \$6 million in capital funding available through this RFP for the development of affordable housing at this site. OH's contribution is made pursuant to the Yesler Terrace Cooperative Agreement, which sets forth collaborative efforts between SHA and the City of Seattle toward a shared redevelopment vision. OH will jointly review and recommend funding for the selected proposal.

Question and Answer Open House: Those interested in responding to the RFP are encouraged to attend a Question and Answer Open House at 1pm on Thursday, June 14, 2018 at the Epstein Opportunity Center at 120 8th Avenue, Seattle, Washington. Failure to attend the Open House will not relieve the respondents of any responsibility for information provided at that time.

Additional Questions and Updates: In the event there are changes or clarifications to this RFP, SHA will issue an addendum. Addenda will only be sent to those parties who have specifically requested in writing to be notified of addenda. It is the responsibility of respondents to ensure that all addenda issued by SHA have been received. Addenda, as well as all questions and responses will be published to interested developers who send an email request to Lauren Mathisen at lauren.mathisen@seattlehousing.org with the subject line: Yesler RFP Updates. Any questions must be submitted in writing no later than 4:00 p.m. on August 10, 2018. Questions submitted after this date may not receive a response.

Submission Deadline: Proposals (6 copies along with a flash drive containing the proposal), must be received not later than 4:00 p.m. on **Friday, August 24, 2018** at the address below. Faxed or emailed submittals will not be accepted.

Seattle Housing Authority
Development Division
190 Queen Anne Ave N
PO Box 19028
Fifth Floor Reception Desk
Seattle, Washington 98109
Attention: Lauren Mathisen

Evaluation: SHA and OH expect to select a developer whose proposal demonstrates the greatest potential for best achieving the objectives and priorities described in Section B - Scope of Work and best satisfies the evaluation criteria set forth in Section E –Evaluation Criteria of this RFP. Proposals must include all application materials referenced in Section C – Information to be Provided in Proposals. SHA reserves the right to waive as an informality any irregularities in submittals, and/or to reject any and all proposals.

Seattle Housing Authority

Request for Proposals

1215 E Fir Site Development Partner

A. INTRODUCTION

- 1) **Summary:** Seattle Housing Authority (SHA) is soliciting proposals from non-profit housing developers and public development authorities with the organizational and financial capacity to develop at least 125 units of affordable housing on a site controlled by SHA and located within the Yesler Terrace redevelopment area. This project will contribute to SHA's goals in the neighborhood, including the replacement of extremely low income units demolished as part of the Yesler Terrace redevelopment effort. Participation is limited to nonprofit corporate entities and public development authorities.
- 2) **Seattle Housing Authority Background:** SHA's mission is to enhance the Seattle community by creating and sustaining decent, safe and affordable living environments that foster stability and self sufficiency for people with low incomes. Established in 1939, SHA is an independent public corporation that provides affordable housing to over 34,000 low-income people in Seattle. SHA has spent more than a decade revitalizing the city's stock of public housing, including the development of mixed-income communities at High Point, NewHolly, and Rainier Vista, and at present at Yesler Terrace.
- 3) **Yesler Redevelopment Background:** SHA is in the midst of the multi-year, \$1.7 billion redevelopment of Yesler Terrace, a 30-acre community historically owned and operated by the agency. Located on the southern slope of First Hill, it is centrally located and adjacent to downtown, Harborview Medical Center, Little Saigon, the Chinatown-International District, Bailey Gatzert Elementary School and Seattle University. Originally built between 1941 and 1943, Yesler has long been among Seattle's most diverse but economically challenged neighborhoods, and contained aging housing and infrastructure.

After seven years of community input and planning, in 2013 the revitalization of Yesler began. Redevelopment plans aim to create a healthier and more sustainable Yesler, and enhanced education, employment, and health care services for current and future residents of all income levels. All residents living at Yesler at the time redevelopment began are covered for related relocation and moving costs, and have first priority for apartments in the new housing.

In addition to replacing all 561 original Yesler public housing units on a one for one basis, SHA is developing at minimum an additional 290 other LIHTC units. Through partnerships with SHA, private developers are building another approximately 3,500 units of market rate and workforce housing to further increase the income diversity of the Yesler neighborhood.

The Yesler Redevelopment is in the final phases of building another approximately \$50 million in infrastructure including new roads, utilities, neighborhood pathways, exercise stations, public art, and approximately 3.8 acres of parks and open space. More information on Yesler Redevelopment

can be located in the Yesler Terrace Development Plan and Guiding Principles documents referenced in Attachment A.

- 4) **Seattle Office of Housing Funding:** Pursuant to the Yesler Terrace Cooperative Agreement, OH is making \$6 million in Rental Housing Program funds available for development of the project. OH funds are subject to policies and procedures referenced in Attachment B, which includes an overview of key policies, and links to complete policy documents.

B. SCOPE OF WORK

- 1) **Overview:** The selected development partner will develop housing on an approximately 45,000 sq. ft. site that will be made available via a long-term ground lease from SHA. The site is located at 1215 East Fir Street and is in a Qualified Census Tract (QCT). The site is currently owned by King County and is occupied by the King County records storage facility and associated parking lot. King County is in the process of relocating the records operations from this site and SHA is under contract to purchase the property from the county.

The selected partner will commit to developing and operating an affordable housing project with long term affordability commitments to SHA, OH, and other public funders to help meet the objectives outlined in the Yesler Terrace Cooperative Agreement between SHA and the City of Seattle. These commitments include both specific income and large family set asides as well as priority to Yesler residents who have been relocated and want to return to the neighborhood.

- 2) **Project Goals and Requirements:** The selected developer must agree to deliver the project under the terms and scope described in this RFP, including draft lease substantially in the form that can be accessed via Attachment A.

Housing Program. SHA currently has a test fit design which indicate that at least 125 to 140 housing units can be developed on the site.¹

At a minimum, the project will be required to meet or exceed the minimum unit mix shown below in Table 1.1. Approximately 60% of the units will be replacement housing for the original Yesler Terrace public housing units. These units will carry a 30% AMI restriction² and be supported by project-based Housing Choice Vouchers supplied by SHA, with a value of approximately \$1.2M per year. The project shall also include a minimum of 52 tax credit units serving people earning up to 60% AMI.

Table 1.1 – Minimum Unit Mix

	1 BR	2 BR	3 BR	4 BR	Total
Replacement/30% AMI	23	35	12	3	73
Less than 60% AMI	17	25	8	2	52
Total	40	60	20	5	125

Both SHA and OH also desire projects that deliver additional units of housing in excess of the minimum requirements. Additional units should be maintain the 60/40 ratio of replacement to 60%

¹ SHA does not have an on-going commitment to any design team for this site. The developer selected through this process will need to bring its own design team to this process and must commit to engaging with the Yesler community on the development plans and designs.

² A small number of Replacement/voucher units will allow occupancy by returning Yesler Terrace residents who are now over 30% AMI income. These units should carry a LIHTC restriction at 60% AMI and will likely be selected from larger sized units. SHA estimates these units will include four 1 BR, two 2 BR, two 3 BR, and two 4 BR. OH restricts these units at 30% AMI, but waives restrictions for returning Yesler Terrace residents up to 60% AMI.

AMI units. SHA will provide vouchers for additional replacement units. Replacement units cannot be studios or open 1 BR units.

Returning Resident Priority. Priority for leasing Replacement Housing units will be provided to relocated Yesler residents who want and are eligible to return to the neighborhood and to residents currently residing in legacy Yesler Terrace units who are eligible and desire to transfer to new Replacement Housing. Relocated and transferring residents shall be exempted from the 30% AMI restriction on Replacement Housing units.³ The selected developer will commit to coordinating with SHA relocation staff to ensure the priority process is respected and to provide the best possible experience for transferring and returning residents. SHA will provide the developer with a list of families interested in applying, currently estimated to be thirty households. These families must be given first opportunity to apply.

Livability. On average, families in SHA-sponsored housing are larger and have more children than those in the general population or in other Seattle-area affordable housing for families. On-site amenities such as playgrounds, common areas, and open space are essential for ensuring a well-functioning building that is safe and livable for all residents. Respondents should directly address how the project will increase quality of life, livability, and safety for residents in a building with a significant number of children. Proposers are encouraged to include well-considered amenities such as common areas and children's spaces.

SHA and others are making extensive investments in public open space throughout the redevelopment area. Please see the map included in Attachment A for an overview of these amenities.

Pre-K and Childcare. Seattle is experiencing high demand for affordable, high quality childcare, including for younger classrooms serving children birth through age 3, and preschool classrooms serving ages 3-5. Due to its central location and proximity to Bailey Gatzert Elementary School, this site represents a good opportunity to incorporate an early learning facility. Developers are strongly encouraged to evaluate the inclusion of both Childcare and Pre-K programs as a commercial tenant in the project, with space for at least four classrooms to promote sustainable operations. The City of Seattle Department of Education and Early Learning (DEEL) and Human Services Department (HSD) each administer capital funding programs for the development of Pre-K and childcare space, respectively. Both DEEL and HSD anticipate this project would be eligible for future funding in the next year. In addition, developers are encouraged to consider inclusion of first floor units sized and designed for resident day-care businesses.

3) Key Site Requirements. Proposals should consider the following key site requirements and conditions:

Demolition. The site is currently occupied by the King County Records facility, which is to be demolished by the selected developer.

Vacated Mosler Ave. The west property line is the centerline of the former Mosler Ave, vacated by Seattle City Ordinance 82811 on March 1, 1954. Access to this ordinance and associated easement is

³ See footnote #2 on previous page for details.

detailed in Attachment A. By operation of law, ownership of the vacated ROW reverted to the fee owners.

The vacated ROW contains an 18" combined public sewer located approximately 2 to 4 feet east of the centerline. The city has an easement over this public sewer extending ten feet to either side as noted in the attached survey. Any shared use of the vacated ROW would be subject to agreement among the owners of the vacated ROW.

Utility Relocation. The neighboring King County Archives facility currently shares some utility services with the Records facility. SHA has made a commitment to King County to disconnect and realign these utility connection for the Archives facility. The selected developer will be responsible for designing, permitting, and installing new electrical service to the Archives building as well as coordinating with the County to disconnect other utilities. SHA will reimburse the selected developer for utility relocation costs. Work will include coordination with Seattle City Light regarding service requirements, as well as the Seattle Department of Transportation and Department of Construction and Inspections regarding any equipment that needs to be located in the right-of-way and/or the approval of any utility easements. Underground electrical service to the Archives site is preferred by King County, but the selected proposer will need to determine the most cost effective solution in coordination with SHA and King County. Both SHA and King County will review and approve the proposed electrical service plan prior to Master Use Permit (MUP) or building permit submittal. A map showing the current utility connections is included in the documents listed in Attachment A.

Right of Way Dedication. Respondents should anticipate that the City of Seattle will require that the easterly nine feet of the site be dedicated to widen 13th Ave which is currently substandard in width. The Seattle Department of Transportation will very likely also require improvements to 13th Ave.

Possible Contamination. Environmental reports procured by SHA indicate that development of the site may require limited environmental cleanup. For more detail, please consult Attachment A for directions on accessing site environmental reports.

- 4) Financing Assumptions:** As described above, OH is making \$6 million available for development of the project. A portion of OH funds shall be for units restricted to returning residents and households earning up to 30% AMI, consistent with the minimum unit mix.

In addition to contributing the land via a long term ground lease, SHA anticipates providing project-based Section 8 vouchers, with a combined value of approximately \$1.2M per year, to support the 73 Yesler Terrace replacement units detailed above in Table 1.1.

Proposals should also include an assumption of 4% Low Income Housing Tax Credit and Tax-Exempt Bond financing. The site is located in a Qualified Census Tract (QCT) and is eligible for a tax credit basis boost. The location is also in a designated Opportunity Zone, a program created as part of federal tax reform.

Due to the investment of federal voucher resources, the project will be subject to Davis Bacon wage requirements, as well as section 3 requirements for low-income hiring and subcontracting. Because this site was part of the Yesler Final Environmental Impact Study (FEIS), NEPA is not required. SHA

will provide technical assistance in collecting the limited documentation required to show consistency with the FEIS.

Project closing should occur approximately 18 months after selection. Written requests for extension of this closing date will be considered with cause. SHA and OH prefer projects that can deliver the proposed housing without assumption of additional public subsidy from OH or SHA.

- 5) **Project Goals and Prioritization:** SHA has a number of goals and requirements related to this project. The chart below is intended to help potential developer partners weigh the relative priority of each for consideration in preparation of proposals.

Prioritization of Project Goals	
Required	Minimum unit mix detailed in Table 1.1 met
	Unit priority for former and current Yesler residents eligible for SHA relocation support
Desired	Inclusion of early learning (Pre-K and/or child care) facility
	Project closing to occur no later than 18 months after selection
	Thoughtful and robust engagement of the local community including opportunities to provide meaningful input
	Livability amenities for large families
	Additional low-income units beyond minimum unit mix in Table 1.1
	Delivery of housing without assumption of additional gap financing
Aspirational Goals	Inclusion of first floor units sized and designed for home day-care businesses*
	Provision of public and private amenities that support active transportation, such as bike infrastructure, transit pass partnerships, and/or pedestrian amenities
	Section 3 and/or Women- and Minority-Owned Business Enterprise (WMBE) utilization beyond SHA or City Office of Housing targets
	Sustainability amenities and infrastructure exceeding Seattle City Code and Evergreen requirements

*Several Yesler projects include “daycare eligible” units which have special design features that allow for residents to license and operate home daycare businesses. SHA can provide additional information and/or expertise regarding this item if requested.

- 6) **Contractual Relationship with SHA:** Upon final selection of a developer partner, SHA and the selected organization will enter into a predevelopment agreement. 99-year site control will be

established with a long-term ground lease, a draft of which may be accessed by reviewing Attachment A. Closing on the land via the lease will coincide with the project financial closing.

SHA may require a right of first refusal to acquire the ground leasehold interest if the non-profit developer should ever decide to sell or transfer its rights under the ground lease. If the ownership of the property ultimately resides with a limited partnership or limited liability company, formed by the non-profit entity, SHA may reserve the right to become the general partner or managing member if the general partner is removed.

- 7) **Due Diligence:** SHA has a number of reference documents associated with the 1215 E Fir site. A list of those documents is provided as Attachment A and the documents are available for download at <https://goo.gl/1JfnWJ>

8) **Anticipated Project Schedule (Subject To Change)**

June 1, 2018	RFP released by SHA
June 14, 2018	Q&A Open House
August 10, 2018	Deadline for written questions
August 24, 2018	RFP closes; responses due
Week of September 7, 2018	Developer Interviews, if required
September 21, 2018	SHA selects developer
October 5, 2018	Predevelopment Agreement signed
2 nd Quarter of 2020	Project financial closing and lease execution

C. INFORMATION TO BE PROVIDED IN PROPOSALS

Proposals should be organized in the order of the *adapted* Combined Funder NOFA requirements. Directions for accessing these requirements are included in Attachment A. To be considered responsive to this RFP, **respondents must use the application materials provided** at the listed site: <https://goo.gl/1JfnWJ>

For print applications, please separate each item with tabs or colored paper. To conserve paper, double sided printing is encouraged.

D. PROPOSAL FORMAT AND SUBMITTAL REQUIREMENTS

- 1) **Submittal Instructions:** Six (6) copies and one USB drive containing the proposal in PDF format must be received by SHA on or before **August 24, 2018** at 4pm. The proposal package should be delivered to:

**Attn: Lauren Mathisen, Senior Housing Developer
Seattle Housing Authority Development Department
190 Queen Anne Ave N
Fifth Floor Reception Desk
Seattle, WA 98109**

Please note that USPS does not reliably deliver to this location. Hand or courier delivery will ensure proper receipt.

Proposals must be submitted in a box labeled with the proposer's name and identified as a proposal responding to "RFP for Yesler Redevelopment Opportunity."

Please note that SHA may reject late proposals. SHA also reserves the right to postpone the proposal due date. SHA is not responsible for any costs associated with preparing or submitting a proposal, which become the property of SHA upon submission.

- 2) **Additional Questions and Updates:** In the event there are changes or clarifications to this RFP, SHA will issue an addendum. Addenda will only be sent to those parties who have specifically requested in writing to be notified of addenda. It is the responsibility of respondents to ensure that all addenda issued by SHA have been received. Addenda, as well as all questions and responses will be published to interested developers who send an email request to Lauren Mathisen at lauren.mathisen@seattlehousing.org with the subject line: Yesler RFP Updates. Any questions or requests for further information must be submitted in writing no later than 4:00 p.m. on August 10, 2018.
- 4) **Rights Reserved by SHA:** SHA reserves the right to waive as an informality any irregularities in submittals and/or to reject any or all proposals. SHA will generally not disclose the number of responses received, the names of respondents, or the status of negotiations until SHA's Executive Director has approved the predevelopment agreement with the selected developer.

E. EVALUATION CRITERIA

Developers' submittals will be evaluated based on the criteria listed in this section. In preparing the submittal to SHA, it is important for respondents to clearly demonstrate their expertise in the areas described in this document. Because financial strength and multiple areas of expertise are required for successfully performing this project, the respondent must demonstrate capacity in all or most of the areas evaluated. In-house capacity can be supplemented with expertise from development consultants or other partners.

Developers are encouraged to identify and clearly label in their submittal how each criterion is being fully addressed. Evaluation of responses to this RFP will be based only on the information provided in the submittal package, and if applicable, interviews and reference responses.

SHA reserves the right to request additional information or documentation from respondents regarding submittal documents, personnel, financial viability, or other items in order to complete the selection process. If a respondent chooses to provide additional materials in their proposal beyond those requested, those materials should be included in a separate section of the proposal.

The following criteria will be used in the evaluation of proposals, with a total possible score of 100 points:

- 1) **Project Concept and Financing (40 points)**: The project submittal addresses the requirements and goals stated in Section B, and the assumptions of the proposal are reasonable. The proposal clearly articulates the project vision and plan, budget, funding sources, schedule, conceptual design, and any proposed changes to the draft lease, which may be accessed via instructions in Attachment A. Plans for engaging the diverse Yesler community, addressing safety and livability for large families and children, and the inclusion of a Pre-K facility are addressed in the proposal.
- 2) **Experience, Qualifications, and Abilities of the Organization(s) and Key Personnel (30 points)**: The proposal demonstrates the sufficient experience, technical competence, and financial management capabilities of the developer and the key personnel of the development team, including the successful completion⁴ of relevant projects and no or minimal projects in workout or with credit recapture events. The projects listed are sufficiently detailed and demonstrate the organization's and partners' ability to plan, engage community members, finance, build, and operate mixed-income housing developments, especially those that serve diverse communities.
- 3) **Financial Capacity (30 points)**: Potential developers will be evaluated for financial stability and the capacity of the organization to manage the financial demands of competing development projects and advance pre-development funds.

⁴ SHA defines successful completion as completion within budget and on schedule, with all financing and/or regulatory commitments met with no findings of non-compliance, project audits had no audits or management concerns, etc.

G. SELECTION PROCESS

- 1) All responses to this RFP that are received on or before the stated deadline will be initially screened for eligibility. A selection panel with representatives from SHA and the City of Seattle Office of Housing will rate eligible responses, according to the criteria listed above, and may conduct reference checks as part of the process. At the discretion of the selection panel, follow up interviews may be conducted.
- 2) The selection panel will evaluate the submitted development concepts and will make a recommendation to the SHA Executive Director requesting authority to negotiate an agreement with the selected developer, and to the OH Director recommending award of OH funding. In the event that SHA is unable to negotiate an agreement with the selected developer, the SHA may invite the next highest ranked respondent to submit a development concept.

H. CONTRACT NEGOTIATIONS

- 1) SHA shall negotiate with the respondent with the highest ranked concept submitted in response to this RFP. Respondents should evaluate the draft lease prior to submitting a development concept. Instructions for accessing the draft lease are provided in Attachment A. While SHA will make a good faith effort to accommodate requests for alterations to the lease, in general the selected developer must agree to deliver the project under the terms and scope described in this RFP, including the draft lease.
- 2) If SHA is unable to reach agreement with the highest ranked respondent, it will negotiate with the second highest ranked respondent, proceeding in turn to each respondent, in order of rank, until a predevelopment agreement is executed.
- 3) The developer will be required to work with the Yesler community in further developing this development concept.

I. ADMINISTRATIVE INFORMATION

The final project lease shall include the below items:

- 1) **Minority-owned and Women-owned Business Enterprises:** SHA strongly encourages minority-owned and women-owned businesses, socially and economically disadvantaged business enterprises, and small businesses to submit proposals, to participate as partners, or to participate in other business activity in response to this RFP. The selected developer shall make a good faith effort to reach and exceed 14% utilization of WMBE firms in the development of this project.
- 2) **Section 3 Requirements:** Section 3 of the Housing and Urban Development Act of 1968 (hereinafter "Section 3") requires SHA to the greatest extent feasible to provide employment opportunities to Section 3 residents. Section 3 residents include residents of SHA communities and other low-income residents of Seattle. The selected developer may be required to submit a plan or other documentation to comply with SHA's Section 3 requirements.

- 3) **Basic Eligibility:** The successful respondent must be licensed to do business in the State of Washington and must have a state Unified Business Identifier (UBI) number. In addition, the successful respondent must not be debarred, suspended, or otherwise ineligible to contract with SHA, and must not be included on the General Services Administration’s “List of Parties Excluded From Federal Procurement and Nonprocurement Programs” or the Department of Housing and Urban Development’s “Limited Denial of Participation” list.

- 4) **Documents Produced:** All construction drawings, reports, specifications, and other documents produced under contract to SHA must be submitted to SHA in both hard copy and a digital format that meets SHA’s requirements, using Microsoft Office or AutoCad products in an IBM-compatible format.

ATTACHMENT A – Application Materials and Due Diligence Documents

The following documents are accessible at <https://goo.gl/1JfnWJ>:

Application Materials:

- 1) *Adapted* Table of Contents
- 2) *Adapted* Combined Funders NOFA Sections
- 3) Combined Funders NOFA Forms
- 4) Draft Predevelopment Agreement
- 5) Draft Lease Agreement

Please apply with the materials provided in order to be considered responsive to this RFP.

Due Diligence Documents

- A. City of Seattle Cooperative Agreement with Amendments One and Two
- B. Yesler Terrace Development Plan
- C. Yesler Terrace Redevelopment Guiding Principles
- D. Yesler Terrace Redevelopment Map
- E. Yesler Terrace Relocation Plan
- F. 2009 Site Survey
- G. Title Report
- H. Environmental Reports
 - a. Phase I
 - b. Phase II
- I. Electrical Connection Map
- J. City Ordinance Vacating Mosler Ave
- K. Site Photos

ATTACHMENT B – Office of Housing Funding Policies

Rental Housing Program Basic Loan Terms and Conditions

The following section describes basic loan terms and conditions for the Rental Housing Program. Pages 16-20 of the City of Seattle [Housing Funding Policies](http://www.seattle.gov/Documents/Departments/Housing/Researchers/HousingFundingPolicies_2017.pdf) (http://www.seattle.gov/Documents/Departments/Housing/Researchers/HousingFundingPolicies_2017.pdf) includes more extensive information on loan conditions, pages 14-18) includes more extensive information on loan conditions. A full set of conditions will be included in OH loan documents.

Loan Term

All loans will be for a minimum term of 50 years. Any unpaid principal balance and accrued, but unpaid interest on OH loans will be due and payable at the end of the 50-year loan term. Loan documents may provide borrowers with an option of extension, or, in certain circumstances, satisfaction of some or all of the amounts owing through extended provision of affordable housing.

Interest Rate

The interest rate for projects not using low-income housing tax credits will generally be 1%. The interest rate for projects using low-income housing tax credits will be a minimum of 1% simple interest and a maximum of the Applicable Federal Rate for the purposes of Section 42 of the Internal Revenue Code, depending on the project's projected capacity for repayment. The actual interest rate for projects using low-income housing tax credits will generally range from 1-3% and will be set on a case-by-case basis. The interest rate will exceed 1% where there is a net financial benefit to the project. Interest on program loans will accrue annually as simple interest.

Repayment

OH will generally make deferred payment loans that are payable in full on sale, on change of use, or at the end of the loan term. Terms generally will permit borrowers to further defer payment of principal, deferred interest, and contingent interest by extending the loan term. Cash flow payment loans, or loans requiring periodic payment of some or all interest, will generally be required if project proformas indicate that the borrower will be able to make payments and meet expenses consistent with rent limits. Required payments may be set to begin at a future date, such as after a tax credit compliance period. Terms of repayment will be established in the award letter and again at the time the regulatory agreement is executed, and OH may agree to an owner's request to modify repayment terms at a future date, such as after a tax credit compliance period, if the Director finds that the change is necessary under certain conditions. Loans involving leases must be structured to provide for repayment over the life of the lease, unless the lessor agrees to accept all City loan terms and conditions.

Contingent Interest

Contingent interest shall be required for all projects at maturity, except as described in the Administrative and Financial Plan, or in the event of a change of use or sale of property before the loan maturity date. Contingent interest shall be calculated according to a formula established by OH.

Covenant

A covenant will be recorded against the property that requires continued use of the units funded by the City as low-income housing for the stated term of the loan, and for any period for which the loan is extended or remains outstanding. Unless otherwise agreed by the Director, the covenant shall continue in effect if the loan is repaid or discharged before the maturity date.

Office of Housing Policies and Procedures

The large majority of policies that govern the use of OH funds for rental housing development can be found in OH's [Housing Funding Policies](http://www.seattle.gov/Documents/Departments/Housing/Researchers/HousingFundingPolicies_2017.pdf) (http://www.seattle.gov/Documents/Departments/Housing/Researchers/HousingFundingPolicies_2017.pdf). The following is a select overview of those policies, as well as additional policy direction that applies to projects that apply through this funding round. Borrowers should be prepared to comply with any policy applicable to federally funded projects.

Developer Fee Schedule

Developer fees are an eligible development budget expense and must relate to actual work needed to develop the proposed project. The proposed fees must be consistent with the [OH Developer Fee Schedule](http://www.seattle.gov/Documents/Departments/Housing/HousingDevelopers/ProjectFunding/F_OH_Developer-Fee-Schedule_July-2015.pdf) (http://www.seattle.gov/Documents/Departments/Housing/HousingDevelopers/ProjectFunding/F_OH_Developer-Fee-Schedule_July-2015.pdf).

Good Standing on Existing Loans and Subsidy Contracts

The applicant, proposed borrower and all of their affiliated entities (whether or not involved in the proposed project) must be in Good Standing on all existing loans and subsidy contracts administered by OH. Borrowers are notified annually if they are not in Good Standing. See the [OH Housing Funding Policies](#), page 27 for the complete Good Standing policy.

Bidding and Contracting

Borrowers shall make every reasonable and practicable effort to utilize a competitive public bidding process. OH strongly encourages rigorous competitive selection to capture competitive pricing. Applicants must propose a competitive process for contractor selection in their application. The following rules apply:

- Price must be a factor in the competition. At minimum, the solicitation must ask for proposed contractor fee, overhead and markup, and must address contract type and construction delivery methods (see paragraph below).
- Borrower must be able to provide to OH an explanation of the subcontractor selection process, and bid breakouts with labor and materials for each subcontract.
- Borrower must ensure transparency in the selection of contractors.
- Borrowers may request a waiver from the OH Director to competitively select the general contractor based on specific project or market conditions. Borrowers seeking a waiver must take steps to ensure competitive pricing and submit all of the information described in the OH Addendum with the waiver request.

OH reserves the right to review and approve the solicitation process, contract type and construction delivery methods prior to implementation. OH approves of the use of Cost Plus a Fee with a Guaranteed Maximum Price and Stipulated Sum Contracts, and strongly encourages the use of "open book" contracts. Applicants seeking to use alternate types of contracts may propose to do so in their NOFA application. Once a general contractor is selected, OH will review the construction contract and any amendments prior to execution. The applicant can request a waiver to competitively select the general contractor under certain conditions. The waiver request should be submitted in writing for OH approval.

Utility Allowances

Seattle Office of Housing programs primarily use the Seattle Housing Authority's (SHA) utility allowances when determining maximum rent levels. (See [Income & Rent Limits](http://www.seattle.gov/housing/property-) <http://www.seattle.gov/housing/property->

managers/income-and-rent-limits). See the OH website for additional information: <http://www.seattle.gov/housing/property-managers/utility-allowances>.

Fair Contracting and WMBE Utilization

Borrowers must comply with the City's Fair Contracting Practices Ordinance. Borrowers and their general contractors shall be encouraged to take actions, consistent with that ordinance, which would increase opportunities for women and minority business enterprises (WMBEs). A combined WMBE aspirational goal of 14% of the total construction and other contracted services contracts shall apply for all affordable rental housing capital projects funded by OH. OH shall encourage additional efforts to increase WMBE participation, including mentoring programs and participation in apprenticeship and other training opportunities.

WMBE inclusion should be addressed in the section of the application where a bidding/contracting process is proposed. Once construction begins, Borrowers will be required to report regularly on progress toward meeting WMBE goals, if applicable. OH will provide further instruction upon fund reservation.

Evergreen Sustainable Development Standard (ESDS)

Since 2003, OH has required sustainable building plans as a part of its policy to promote energy conservation, sustainable building practices and operational savings in affordable multifamily housing projects. Upon adoption of a state-wide *Evergreen Sustainable Development Standard* in response to RCW 39.35D.080, OH joined the State in requiring a uniform minimum level of sustainability in projects funded by OH and the State Housing Trust Fund (HTF). Funding applications to OH and the HTF require applicants to use the *Evergreen Checklist* to demonstrate how a proposed project will meet the *Evergreen Standard*. OH has published [procedures](http://www.seattle.gov/Documents/Departments/Housing/HousingDevelopers/ProjectFunding/evergreen-procedures.pdf) (<http://www.seattle.gov/Documents/Departments/Housing/HousingDevelopers/ProjectFunding/evergreen-procedures.pdf>) for projects where the State does not monitor for compliance with the *Evergreen Standard*.

Note: The State Department of Commerce has updated ESDS to address changes in the State's Energy Code and fix inconsistencies in the current standard. Applicants will be required to follow the new ESDS and submit the updated Evergreen Checklist with their application for City funds. More information at www.commerce.wa.gov/Programs/housing/TrustFund/Pages/EvergreenSustainableDevelopment.aspx

Please contact Cheryl Collins, Sustainability Specialist at OH, at (206) 684-0366 with any questions on implementation of the current Evergreen Standard.

Residential Prevailing Wage Rate Policy

State Residential Prevailing Wage Rates shall be the minimum rates applicable to all projects funded by the Rental Housing Program, unless a higher minimum rate applies or an exception is made as allowed in this paragraph. When federal funds trigger prevailing wages determined under the Davis Bacon Act in a project, the higher of either the State Residential Prevailing Wage Rates (unless modified as stated below) or Davis-Bacon wage rates will apply to each job classification, unless applicable law requires otherwise. The OH Director may approve a change in these requirements if necessary to achieve compatibility with a state or federal funding source or to promote inclusion of Levy-funded units in mixed income and/or mixed-use buildings.

Visit the OH website (<http://seattle.gov/housing/development/construction.htm>) for the complete [OH Wage Rate policy](#), accompanying procedures, contractor and subcontractor forms, and instructions for looking up wage rates. Borrowers should check published wage rates regularly as they are updated frequently.

Neighborhood Notification and Community Relations

In addition to preparing applications that meet SHA's minimum requirements for outreach and engagement, the selected developer must also comply with the OH Community Relations Policy, including neighborhood

notification, following award of OH funding. In addition, applicants must obtain certifications of consistency with the City of Seattle Consolidated Plan, Housing Funding Policies, and, if applicable, the [All Home Strategic Plan](http://allhomekc.org/wp-content/uploads/2015/09/All-Home-Strategic-Plan.pdf) (<http://allhomekc.org/wp-content/uploads/2015/09/All-Home-Strategic-Plan.pdf>), following award of OH funding.

These items will be required post-selection and only by the selected developer.