

Homes Affordable for the Workforce Program

Guidelines for Requesting the Use of Whatcom County Economic Development Investment (EDI) Funds For Public Facility Costs Related to Construction of Affordable Single-Family Owner-Occupied Homes and Renter-Occupied Homes

The Whatcom County Executive's Office, as the administrative agent for these EDI funds, will accept requests for use of EDI funds for public facility costs related to construction of single-family owner-occupied affordable homes and renter-occupied affordable homes, in both single-family detached and attached housing.

Generally, the public facility costs eligible for EDI include impact fees and utility connection fees. This includes the following:

- Water/Sewer/Storm Drainage utility connection fees
- Traffic impact fees
- Park Impact fees
- School Impact Fees
- Fire Impact Fees

Not eligible for EDI funding are the home's side sewer line, water service line, or water meter – only payments to the local government for utility connection and impact fees are eligible.

Builders who would like to request use of EDI funds for this purpose will need to provide adequate information for Whatcom County to determine the eligibility of the proposed project. The Whatcom County Executive's Office will process the application and generally administer the program, and the final approval for the use of EDI funds rests with Whatcom County.

Generally, two types of construction projects are eligible; long-term affordability and temporary affordability:

- When long-term affordability is the aim of the project:
If the affordable home is in a not-for-profit organization's affordable housing program and there is State and/or Federal investment in the property that restricts its use to affordable housing long-term, the EDI loan shall be due and payable when the property ceases to be used for affordable housing or at the end of the loan term whichever occurs first.
 - a. Loan term for single family owner-occupied homes: 50 years
 - b. Loan term for affordable renter-occupied homes: 20 years

These loans will be secured with a recorded Declaration of Restrictive Covenants or a recorded deed of trust and promissory note. If a property changes ownership during the term of 50 or 20 years, a Loan Transfer application recorded against the deed of trust and promissory note will be required at the time of sale/transfer if the property continues to be affordable for people with incomes at or below 80 percent of the county median income, adjusted for family size. This will allow the County to track the original loan along with the property, the deed of trust, or any other recorded documents.

The County, at some future date, may or may not consider alternatives to the repayment of the deferred interest and principal, including alternatives such as the extension of the loan for another period of affordability or an option to forgive the loan principal and interest if the property remains in a not-for-profit organization's affordable housing program.

- When temporary affordability is the aim of the project:
If the home is other than described above, the loan shall be due and payable when the property is sold or transferred or, if rental housing, when the home is no longer rented at an affordable price to a person with income at or below 80 percent of the county median income, adjusted for family size, whichever comes first. These loans will be secured through a deed of trust and promissory note.

If approved for a particular property, EDI funds shall be paid directly by the County to the permitting agency charging the impact fees or utility fees, and the EDI funds shall be considered a deferred loan (or investment) carrying a simple 1 percent annual interest rate.

Interest shall accrue and be tracked by the County but shall not be required to be repaid unless and until the home(s) come out of the affordable housing inventory and/or is sold at market rate or at the end of the applicable loan term, whichever comes first. Repayment of the loan and deferred interest shall be fully payable to the County at time of closing.

For purposes of this EDI Program, qualifying "affordable" housing shall be defined for renter-occupied and owner-occupied homes as follows:

- (i) Affordability is determined via the participating housing agencies' chosen state or federal rental cost maximums or homeownership cost maximums, updated annually, such as the Washington State Housing Finance Commission guidelines
- (ii) Renter-occupied housing units shall be affordable to, and occupied by, households with an income of eighty percent or less of the county median income, adjusted for family size,
- (iii) Owner occupancy housing units shall be affordable to, and occupied by, at time of purchase, households with an income of eighty percent or less of the county median income, adjusted for family size.

To qualify, the home(s) shall not have been owner-occupied and may be currently under construction. In most cases, the preference is to award these funds for homes during or prior to the permitting stage.

For more information about this funding program, contact Tawni Helms, Administrative Coordinator, Whatcom County Executive Office at (360) 778-5208 or thelms@co.whatcom.wa.us. Completed applications should be mailed to:

Tawni Helms, Administrative Coordinator
Whatcom County Executive Office
311 Grand Avenue, Suite 108
Bellingham, WA 98274

Proposal Format

- A. Applications must be typewritten in black font on standard 8 ½ x 11-inch white paper with one-inch margins and stapled once in the upper left corner. Applications submitted on recycled paper and printed double-sided are encouraged. Applications submitted with binders or covers will be rejected. Page numbers are required.
- B. Applications at this stage will not have a page limit.

- C. Applicants must submit one (1) original and three (3) copies of the application in a sealed envelope, plainly marked on the outside with the applicant's name and address and the words "Application for Use of EDI Funds for Public Facility Costs Related to Affordable Housing Construction."
- D. The original must have original signatures.
- E. All submittals must contain the information requested. Please respond to each section in the same order in which it is asked. Any deviation from these specifications must be clearly addressed in writing.

Proposal Contents

- A. Provide a cover letter, limited to one page, on agency letterhead, briefly describing the project and how much EDI funding is being requested for which specific fees. An attached written statement by the permitting agency detailing the connection and/or impact fees payable shall be required.
- B. Provide a signed Application Cover Sheet, using the format at the end of these guidelines. An authorized signatory of the applicant's organization must sign the cover sheet.
- C. Provide a Project Proposal, including the following.
 - 1. Applicant's corporate history, mission, and organizational structure.
 - 2. A description of the construction project, including location, number and type of homes to be built, and the characteristics of the individuals or families that will benefit. A detailed map showing the location of the proposed affordable housing is required.
 - 3. A project capital budget summary, including all sources and uses of funding and the costs per home.
 - 4. A discussion of each funding source in the capital project, including the timing and certainty or uncertainty that those funds are or will be secured.
 - 5. A description of how the home's affordability will be created and monitored.
 - 6. A discussion of the proposed timeline, including dates for applying for and securing other funding, as well as for design, permitting, construction and completion of the project.
 - 7. A discussion of the likelihood that the project will be completed as proposed, including contingencies that may occur, and other factors that will improve the County's confidence that the project will be completed.
 - 8. A discussion of site control, including how long the property has been owned, past investments in the property, current debt if any, etc.
 - 9. A description of how long the homes will remain affordable to households with low income and how funds will be repaid to the County if the home is removed from its affordability program,
 - 10. If any nonresidential improvements, facilities or other amenities are included in the project, please describe.
 - 11. Any other information that helps to describe the project.
- D. Provide as attachments, other pertinent information, including:
 - 1. Excerpts of pages or sections from other applications for funding for this project, such as pertinent sections from the WA Housing Trust Fund application and/or the Low-Income Housing Tax Credit Application, if applicable.
 - 2. Agency board of directors' names and affiliations
 - 3. Project team, including staff, consultants and contractors
 - 4. A capital project budget, based on best available estimates
 - 5. Any other information that helps to describe the project

Homes Affordable for the Workforce Program

Objectives

The objectives of the Housing Affordable for the Workforce Program are to finance public facilities through payment of City impact fees and eligible utility charges that will:

1. Improve and maintain public infrastructure
2. Increase construction sector jobs.
3. Stimulate the Whatcom County economy.
4. Stimulate affordable private homeownership and affordable rental home construction.

Policies

1. Whatcom County will fund the program with EDI loans up to the amount recommended by the EDI Board and approved by the Whatcom County Council. The County will review the effectiveness of the program periodically.
2. EDI Loans are limited to city impact fees and eligible utility charges related to new affordable homes that are constructed as owner-occupied homes and renter-occupied homes.
3. For purposes of this EDI Program, qualifying “affordable” housing shall be defined for renter and owner occupancy program purposes as follows:
 - (i) Affordability is determined via the participating housing agencies’ chosen state or federal rental cost maximums or homeownership cost maximums, updated annually, such as the Washington State Housing Finance Commission guidelines
 - (ii) Renter-occupied housing units shall be affordable to, and occupied by, households with an income of eighty percent or less of the county median income, adjusted for family size,
 - (iii) Owner occupancy housing units shall be affordable to, and occupied by, at time of purchase, households with an income of eighty percent or less of the county median income, adjusted for family size.
4. EDI Loans shall bear 1 percent simple interest payable when loans become due.
5. EDI loans shall be due:
 - i. If the affordable home is in a not for profit organization’s affordable housing program and there is State or Federal investment in the property that restricts its use to affordable housing, the EDI loan shall be due when the property ceases to be used for affordable housing or at the end of the loan terms, whichever comes first.
 - a) Loan term for single family owner-occupied homes: 50 years
 - b) Loan term for affordable rental housing: 20 years

These loans will be secured with a recorded Declaration of Restrictive Covenants or a recorded deed of trust and promissory note. A Loan Transfer application recorded against the deed of trust and promissory note will be required at the time of sale/transfer. This will allow the County to adequately track the original loan against the deed of trust and other recorded title documents.

- ii. If the home is other than as described in 5.i. above, the loan shall be due when the property is sold or transferred or, if rental housing, when the home is no longer rented at an affordable price, whichever comes first. These loans and affordability requirements will be secured through the deed of trust.

6. Payment of impact fees and eligible utility charges:

- i. The county will pay the city directly assessing the impact fees and/or eligible utility charges.
- ii. Payments by the county will be based on an itemized list of impact fees and related charges provide by the city and signed by a city official.
- iii. The program administrator will approve the program loan prior to county payment.
- iv. The program administrator will approve the title documents prior to county payment.
- v. The restrictive covenant or deed of trust will be recorded prior to payment of impact fees and eligible utility charges.
- vi. The program administrator will issue and record the notice of satisfaction when the loan is paid.

7. Whatcom County Executive's Office will be the program administrator for the Housing Affordable for the Work Force Program.

Housing Affordable for the Work Force Program

Application Cover Sheet Requesting the Use of Whatcom County Economic Development Investment (EDI) Funds for Public Facilities Costs Related to Construction of Affordable Homes

Applicant Information

Name and Title of Authorized Representative: _____

Name of Organization: _____

Address: _____ City: _____

State: _____ Zip Code: _____ Phone: _____ Fax: _____

E-mail: _____

Project Information

Location of Proposed Affordable Housing _____

Legal Requirements

Please check the appropriate box below and provide the information requested:

Incorporated as a private non-profit corporation in the State of Washington and has been granted 501(c)(3) tax exempt status by the U.S. Internal Revenue Service.

IRS Employer Identification Number (EIN): _____

A public corporation, commission, or authority established pursuant to applicable Washington State law

IRS Employer Identification Number (EIN): _____

Incorporated as a private for-profit corporation

IRS Employer Identification Number (EIN): _____

Other Information

Please indicate the total amount of funding requested: \$ _____

If rental project, identify State or Federal maximum used to determine affordable rental rates:

I certify that the above-named applicant will comply with all Whatcom County requirements if EDI funding is used by my agency. All information contained in this application is true and accurate to the best of my knowledge.

Authorized Signature and Title

Date