

**SKHHP Executive Board
August 27, 2021, 1:00 – 3:00 PM
Virtual – Zoom Meeting**

Video conference:

<https://zoom.us/j/99857398028?pwd=eXFiMmJpQm1abDZmMmRQbHNOYS8ydz09>

OR by phone: 253-215-8782

Meeting ID:	998 5739 8028		Password:	085570
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- I. Call to Order
 - a. Roll Call
 - b. Introductions
 - II. Review Agenda/Agenda Modifications
 - III. Approval of July 23, 2021 Minutes – ATTACHMENT A (*action item*)
 - IV. Education Item (1:00 – 2:00)
 - a. Tim Thomas, Research Director, Urban Displacement Project South King County evictions, BIPOC displacement (past and present), and recent work on [Housing Precarity Risk Model](#).
 - V. Old Business
 - a. SKHHP Housing Capital Fund with Cedar River Group (2:00 – 2:45)
 - i. Timeline – ATTACHMENT B
 - ii. Matrix – ATTACHMENT C

Discussion will focus on:

 - Highlighted rows: eligible applicants, eligible activities, non-eligible activities, type of funding awards, and application content
 - Last column: staff work group recommendations
 - iii. Evaluation Criteria (for introductory purposes only) – ATTACHMENT D
- VI. New Business
 - a. 2021 Quarter 2 Progress Report - ATTACHMENT E (2:45 – 2:55)
- VII. Updates/Announcements
- VIII. Next Meeting – September 24, 2021 – 1:00 pm – 3:00 pm
- IX. Adjourn



I. CALL TO ORDER

Nancy Backus called the virtual meeting to order at 1:02 PM.

a. ROLL CALL/ESTABLISHMENT OF QUORUM

Executive Board members present: Nancy Backus, City of Auburn; Dana Ralph, City of Kent; Brian Wilson, City of Burien; Joseph Cimaomo, City of Covington; Traci Buxton, City of Des Moines; Brian Davis, City of Federal Way; Sunaree Marshall, King County; Sue-Ann Hohimer, City of Normandy Park; Ryan McIrvine, City of Renton; Tom McLeod, City of Tukwila

Other attendees: Angela San Filippo, SKHHP; Trish Abbate, SKHHP; Colleen Brandt-Schluter, City of Burien; Mark Santos-Johnson, City of Renton; John Howell, Cedar River Group; Hannah Bahnmler, City of Renton; Marty Kooistra, Housing Development Consortium; Alanna Peterson, Pacifica Law Group; Nicole Nordholm, City of Des Moines; Merina Hanson, City of Kent; McCaela Daffern, King County; Sarah Bridgeford, City of Federal Way; Amy Arrington, City of Normandy Park

II. REVIEW AGENDA/AGENDA MODIFICATIONS

Angela San Filippo added to new business discussing if/when to return to in person meetings.

III. APPROVAL OF JUNE 25, 2021 MINUTES

Traci Buxton moved to approve the June 25, 2021 minutes as presented; Ryan McIrvine seconded the motion. Motion passed unanimously (10-0).

IV. OLD BUSINESS

a. SKHHP Housing Capital Fund update

John Howell provided a brief progress update:

- 1) After meeting with ARCH staff, we learned that ARCH participates in the public funders group and as opposed to creating their own application, uses the common application, which all the other public funders use. ARCH shared that they work with loans more than grants because loans recirculate the capital funds and also because tax credits can only be used against debt so grant funded projects are less valuable to developers. Grants are used for smaller projects that can't sustain debt or have a social service component. In terms of community support, they do not ask for a formal letter of support but instead have lengthy conversation with city staff about projects to understand the level of support and concern. In terms of schedule, ARCH's process is a one-year process and while there are activities all year long, Q4 is high intensity for staff and board. Advisory Board plays significant role in evaluation and recommendations.
- 2) Work continues on roles within decision making process and schedule.
- 3) Work continues on evaluation criteria along with an added equity component.

b. SKHHP Foundation

- i. **501(c)(3) bylaws**
- ii. **501(c)(3) articles of incorporation**
- iii. **Initial SKHHP Foundation Board of Directors**

San Filippo reviewed the board composition of 3-7 members, with up to three Foundation Board members from SKHHP staff or Executive Board members, and remaining Foundation Board members must be “representatives of community-based or nonprofit organization related to affordable housing development, the provision of homelessness services, or housing related advocacy in South King County”. Foundation Board members serve for two years and up to three consecutive terms

The Foundation Board will coordinate with the SKHHP Executive Board to decide whether and when to apply for private grant funding. All grant funds received by the Foundation will be deposited into the SKHHP Housing Capital Funds Account, to be disbursed as decided through SKHHP’s overarching funding process.

San Filippo reviewed the decision-making process, highlighting the role and position of the Foundation Board to review Advisory Board recommendations within 30 days of receipt to ensure the recommendations further the charitable purposes of the Foundation and are consistent with the requirements, restrictions, or conditions applicable to the grant funds. San Filippo provided an overview of the revisions which include:- Clarification regarding the City of Auburn’s role as the administering agency for SKHHP

- Purpose statement to include supportive services by stating: those charitable purposes include preserving, producing, and promoting affordable housing in South King County, including through providing housing paired with on-site or off-site comprehensive support services to low-income residents and individuals experiencing or who have experienced homelessness

The staff work group provided a recommendation for the initial Foundation Board to include the SKHHP Executive Manager, an Executive Board representative from a small SKHHP partner city and an Executive Board representative from a large SKHHP partner city. Alanna Peterson clarified that future appointments of additional Foundation Board members would originate from the initial Foundation Board itself vs. the Executive Board.

San Filippo asked for volunteers to serve on the Foundation Board. Discussion occurred around expectations, time commitment and experience needed. Brian Davis and Joseph Cimaomo volunteered.

Hohimer moved to appoint Angela San Filippo, SKHHP Executive Manager; Brian Davis, City of Federal Way City Manager; Joseph Cimaomo, City of Covington Councilmember; Dana Ralph seconded the motion. Motion passes unanimously (10-0).

Buxton moved to approve the 501c3 bylaws; seconded by Tom McLeod. Motion passes unanimously (10-0).

Buxton moved to approve the 501c3 articles of incorporation; seconded by Ryan McIrvin. Motion passes unanimously (10-0).

c. 2022 Work plan and budget

i. 2022 Budget scenario memo

ii. Resolution 2021-03: 2022 work plan and budget

San Filippo provided additional details about the budget scenarios including a breakdown of the population tiers and related contribution levels. As a review, the budget priorities for 2022 include a balanced budget that includes two full time positions and develops a compensation structure for Advisory Board members. Discussion occurred around concerns about long term council approval of future budgets along with questions around virtual vs. in person Advisory Board meeting participation and how that could factor into compensation considerations.

Mclrvin moved to approve Resolution 2021-03: 2022 work plan and budget, Option 1 with a stipulation that Advisory Board compensation allocation specifics will be determined at a later date. Motion seconded by Buxton. Resolution passed (9-1, Cimaomo opposed).

V. NEW BUSINESS

August meeting will be held virtually.

VI. UPDATES/ANNOUNCEMENTS

Kelly Rider will cover for Sunaree Marshall while she is on maternity leave.

VII. NEXT MEETING – August 27, 2021 – 1-3pm

VIII. ADJOURN

Backus adjourned the meeting at 3:07pm.

SKHHP Capital Fund Timeline

Version 3 August 11, 2021

	January	February	March	April	May	June	July	August	September	October	November	December	Jan - Apr	
Applicant					Provide intent to apply statements			Pre-application materials and meeting	Conversations with SKHHP staff	Applications due				[Late Dec] Notified of outcome
SKHHP Staff	Confirm available funds from cities	Confirm total other revenues	Meet with potential applicants	Meet with potential applicants	Meet with potential applicants	Issue NOFA	Coordinate pre-application with County	Conversations with developers	Receive applications	Meet with cities				Announce final funding allocations (after City actions)
SKHHP Advisory Board				Receive report on available funds	Review draft and recommend funding guidelines and priorities			Informed about pre-applications		Notified about applicants	Receive & begin reviewing applications	Meetings to make draft recommendations		
SKHHP 501(c)(3) board					Informed about applicants that intend to apply			Informed about pre-applications				Notified about applicants	[Late] Review draft recommendations for alignment	
SKHHP Executive Board				Receive report on available funds	Informed about applicants that intend to apply			Informed about pre-applications				Notified about applicants & any service needs	Announce final recommendations on project funding	
Funders Group	Coordination among funders group members is year-round			Coordination among funders group members is year-round	Coordination among funders group members is year-round			Combined Application released				Meeting about project funding decisions among funders	Funding decisions announced by members of Funders Group	
Member Cities									Informed about pre-applications (for cities where projects located)			Notified about applicants	Meet with SKHHP staff	Contributing city councils approve projects

**DRAFT SKHHP Capital Fund Structure, Policies and Guidelines
August 11, 2021**

August 27, 2021 SKHHP Executive Board meeting discussion will focus on the following areas of the matrix:

- Highlighted rows: Eligible applicants, eligible activities, non-eligible activities, types of funding awards, and application content
- Last column: staff work group recommendations and comments

Stage	ILA Guidance	ARCH Process/Approach	501c3 Requirements	Previous Board Discussion or Member Comments	Staff Work Group Recommendations and Comments										
Application Process – Frequency and timing?	N/A	Competitive application process at least once per year, in coordination with Commerce, County and WSHFC. ARCH may elect to accept applications “out of cycle” for preservation projects or opportunity acquisitions. Applications available online. Staff participates in a statewide work group each year to update the application forms based on evolving funder priorities.	There will be some complexity in getting two rounds of review and approval from the two boards. Not a legal issue; an administrative issue. An agreement could spell out circumstances when there could be off-cycle review and approval for emerging opportunities.	<ul style="list-style-type: none"> • Not more than once per year initially. Wait until capital fund builds before having more than one funding round. 	<ul style="list-style-type: none"> • Initially structure the capital fund to have one funding round per year. That is consistent with most other funders. • In future years, as experience with the fund grows, leave open the possibility that an additional round of funding could be considered – particularly to respond to emerging opportunities. • Sync up timing of SKHHP application process with Funders Group. • Include both a Letter of Intent and Pre-Application Process • See attached timeline for process schedule 										
Funding Priorities and Targets	1.d. affordable housing projects and programs 5.d. (4) Executive Board will have the power to establish policies for the expenditure of SKHHP budgeted items	Use of Trust Fund to meet long term targets <table border="1" data-bbox="677 982 1134 1161"> <thead> <tr> <th><u>Population</u></th> <th><u>Target</u></th> </tr> </thead> <tbody> <tr> <td>Family</td> <td>56%</td> </tr> <tr> <td>Senior</td> <td>19%</td> </tr> <tr> <td>Homeless</td> <td>13%</td> </tr> <tr> <td>Special Needs</td> <td>12%</td> </tr> </tbody> </table> Housing that meets the needs of low-income households earning up to 50% of median income. In special circumstances (for example, to promote affordable homeownership or to leverage another program’s funding such as 4% Low Income Housing Tax Credits), moderate-	<u>Population</u>	<u>Target</u>	Family	56%	Senior	19%	Homeless	13%	Special Needs	12%	The 501c3 will have to spend \$ that is consistent with a “charitable purpose”. Must be consistent with language in c3 bylaws about purpose. Purpose is broad. There is no definition under tax code or what “low-income” means.	<ul style="list-style-type: none"> • There should be flexibility in how funds are used • Base use of funds on most pressing needs, and consider where there are gaps • Use to create and foster relationships with funders, builders, cities • It must be based on outcomes – units created or preserved (several mentions of preservation) • Serve as bridge funds – may be “last money in” 	<ul style="list-style-type: none"> • Make sure SKHHP priorities are consistent with restrictions and requirements of other funding sources that are likely to be used by developers. • The priorities and targets should be based, in part, on a gap analysis. That analysis should be revisited every couple of years to make sure that SKHHP priorities are meeting current needs. <p><u>Comments</u></p> <ul style="list-style-type: none"> • The Advisory Board and Executive Board will need to have discussions about target income levels.
<u>Population</u>	<u>Target</u>														
Family	56%														
Senior	19%														
Homeless	13%														
Special Needs	12%														

Stage	ILA Guidance	ARCH Process/Approach	501c3 Requirements	Previous Board Discussion or Member Comments	Staff Work Group Recommendations and Comments
		<p>income households earning up to 80% of median income may also be assisted.</p> <p>Funding Priorities: Achieve targets for populations; leverage private investment; TOD; homeless shelter and housing capacity; preservation of existing stock; geographic equity; cost-effective development approaches</p>		<ul style="list-style-type: none"> Pick one focus area and add more as organization grows. Narrow the focus initially. Don't have strong feelings about what the focus should be. 	
Eligible Applicants	N/A	<p>Housing developers or sponsors that are:</p> <ul style="list-style-type: none"> Non-profit organizations Private for-profit organizations Public housing authorities Public development authorities Units of local government <p>Partnerships involving combinations of the above groups are encouraged, especially in the case where a private for-profit organization applies for funding.</p>	<p>No inherent problem with giving \$ to private developer, as long as purpose for which \$ is given is consistent with charitable purposes of 501c3. Since there is no legal standard, one approach could be to create parameters around the type of activities or projects SKHHP will fund.</p>		<ul style="list-style-type: none"> The list of ARCH eligible applicants is appropriate. <p><u>Comments</u></p> <ul style="list-style-type: none"> Good to include Housing Authorities – opportunity to partner with KCHA on preservation. The engagement with for-profit developers will depend on what the capital funds will be used for; what the SKHHP priorities are. Leave local governments on the list for now and clarify when funding priorities are established.
Eligible Activities		<p>Funds may be used for the following activities:</p> <ul style="list-style-type: none"> Acquisition and related costs, such as appraisals, financing costs, and transaction costs Predevelopment, including architectural and engineering design, permits and fees Rehabilitation and new construction costs 	<p>No concerns about the ARCH list (as long as consistent with charitable purposes of 501c3)</p>	<ul style="list-style-type: none"> Begin with capital only. Pick focus areas. In long run include more eligible activities. Need to get a tangible project going 	<ul style="list-style-type: none"> The list of ARCH eligible activities is appropriate, with some modifications. <p><u>Comments</u></p> <ul style="list-style-type: none"> Define moderate income as households up to 80% AMI. For mixed income projects, funding for residential units must be consistent with SKHHP funding priorities. Should not include short-term direct tenant assistance or operating expenses as eligible.

Stage	ILA Guidance	ARCH Process/Approach	501c3 Requirements	Previous Board Discussion or Member Comments	Staff Work Group Recommendations and Comments
		<ul style="list-style-type: none"> • Site development • Off-site development only when necessary to assure utility service to the project site • Short term direct tenant assistance programs aimed at homeless prevention, e.g., rent “buy-downs” or loan programs for payment of security deposits and last-month rent deposits. • Mixed-income projects so long as HTF dollars assist only low- and moderate-income units <p>In limited cases, ARCH may award a portion of their funds to support early technical assistance to priority projects.</p>			<p>SKHHP capital fund will not be large enough initially to support operating expenses.</p>
<p>Non-Eligible Activities</p>	<p>N/A</p>	<p>Funds may not be used for:</p> <ul style="list-style-type: none"> • The development of any non-residential use. HTF funds may be used in a mixed use development only for that portion of the development that is specific to the residential use. This restriction also applies to site development and off-site development costs. • The cost of any program operating expenses • The cost of any political or lobbying activities or materials. • Rehabilitation of single family units in a manner that would 	<p>No concerns about the ARCH list. Could possibly support operating expenses for non-profits providing services, but likely not for for-profits. There is more flexibility in supporting non-profits. Will need to make sure language about lobbying is consistent with legal restrictions.</p>	<ul style="list-style-type: none"> • Keep it simple. Need to learn from experience. 	<ul style="list-style-type: none"> • The list of ARCH non-eligible activities is appropriate. <p><u>Comments</u></p> <ul style="list-style-type: none"> • Clarify that restriction on site development and off-site development refers to non-residential uses.

Stage	ILA Guidance	ARCH Process/Approach	501c3 Requirements	Previous Board Discussion or Member Comments	Staff Work Group Recommendations and Comments
		duplicate a city’s Home Repair Assistance and King County’s Home Repair Programs <ul style="list-style-type: none"> • Uses that are Public Capital Facilities such as correctional facilities or inpatient treatment facilities 			
Types of Funding Awards		Loans and grants. Housing Trust Fund dollars will be made available as either secured grants or loans. Flexible terms offered to accommodate a range of projects. Applicants indicate in application whether they are applying for a grant or loan, and what loan terms are proposed for the project.	Both loans and grants are potential uses; can also buy/sell property.	<ul style="list-style-type: none"> • Begin with grants and then work into loans 	<ul style="list-style-type: none"> • Offer the opportunity for both loans and grants in order to create robust flexibility. <u>Comments</u> <ul style="list-style-type: none"> • Loans are more common practice for developers accessing tax credits. • Utilize grants for smaller projects or projects with community service components.
Application Content			Would like to have a statement that funds will not be used for lobbying (check box)		<ul style="list-style-type: none"> • SKHHP staff should participate in the Public Funders Group. It will help coordinate decisions by the various public funders • SKHHP should use the existing Combined Funders Application (CFA). • Include letter of consistency from the jurisdiction where the project will be located affirming the project is consistent with the Consolidated Plan, local comprehensive plan and its housing element, and any local housing action plans. <u>Comments</u> <ul style="list-style-type: none"> • Leave open the possibility that SKHHP may add supplemental questions if the CFA does not provide all information needed.
Evaluation Criteria	N/A	General <ol style="list-style-type: none"> 1. Feasibility and Cost Effectiveness 2. Relevance to Local Housing Need 	Create criteria that is the same for both the public and private funds. If there are disagreements	<ul style="list-style-type: none"> • Capital funds should be used where projects are proposed and ready, as opposed to being based on 	<ul style="list-style-type: none"> • See attached draft evaluation criteria. • Do not use criteria for scoring purposes. Use it as a guide for conversation about each application. <u>Comments</u>

Stage	ILA Guidance	ARCH Process/Approach	501c3 Requirements	Previous Board Discussion or Member Comments	Staff Work Group Recommendations and Comments
		<p>3. Experience of Sponsor and Development Team, Adequacy of Management Plan, Duration of Affordability, Adequacy of Support Services, Firmness of Financial Commitments</p> <p><u>Specific</u></p> <ul style="list-style-type: none"> a. Development and Operating Budgets b. Project Readiness c. Development Team Track Record d. Property and Asset Management Capacity e. Displacement and Relocations f. Criteria for Out of Cycle Proposals 	<p>about funding decisions, it will be easier to resolve if everyone uses same criteria. No legal requirement; the suggestion is for ease of administration.</p>	<p>contributions to the capital fund.</p> <ul style="list-style-type: none"> • The SKHHP capital fund should be structured to support the “best value” projects for meeting priority affordable housing needs in South County, regardless of location • Initially focus on “best bang for the buck,” but over time spread capital fund dollars equitably across the region and work to ensure equity in benefits as well (to ensure affordable housing is being distributed across the region) • Periodically board and staff should examine where projects are not being proposed and the reasons for the lack of proposals • Decisions about where to use capital fund dollars are likely to be heavily influenced by project readiness and availability of other housing funds, so should remain flexible • Start with initial criteria and add if necessary. Potential displacement and relocation is very 	<ul style="list-style-type: none"> • Need to be explicit about the need for SKHHP to partner with other funders, developers, jurisdictions. • Need to make sure that SKHHP goals and values are reflected in the criteria. • Need to build equity into criteria – perhaps as a new stand alone criteria and as part of the other criteria.

Stage	ILA Guidance	ARCH Process/Approach	501c3 Requirements	Previous Board Discussion or Member Comments	Staff Work Group Recommendations and Comments
				important. Want to avoid displacement. Could become a challenge with TOD.	
Decision Makers	<p>4.b. Executive Board provides recommendations to the Parties regarding the allocation of public and private funding</p> <p>14.f.(i) Each Party choosing to participate in funding a project or program through the Housing Capital Funds Account will by action of its legislative body authorize the application of a specified amount of its Individual Account monies to such project or program, and will authorize and direct the SKHHP Executive Board, the SKHHP Program Manager, and the Administering Agency to take such actions as necessary to accomplish this.</p> <p>The Executive Board will recommend to the individual legislative bodies various terms to accompany their authorizations, including amount allocated, project</p>		<p>Funding decisions with respect to philanthropic \$ will need to be approved by both the Exec Board and 501c3 funds. Will need to confirm desired timing and coordination here (for example, how much time should be built in for Exec Board review and approval, and when Advisory Board review and recommendation process should be factored in).</p> <p>There will be some overlap between the two boards, but the 501c3 board will be different than Exec board. After non-profit is formed, there could be a separate agreement between 501c3 and Executive board to spell out details. Keep the incorporation documents at a high level.</p>	<ul style="list-style-type: none"> We will want to understand parameters that philanthropists put on funding. 	<ul style="list-style-type: none"> 501c3 board should review private funds applications - only for compliance with mission/purpose and intent of funders. 501c3 board should make decisions about which private funds/grants to pursue, in consultation with the Executive Board. Executive Board should be final decision maker for both private and public funds.

Stage	ILA Guidance	ARCH Process/Approach	501c3 Requirements	Previous Board Discussion or Member Comments	Staff Work Group Recommendations and Comments
	description, affordability requirements, type and term of funding commitment, and security interests.				
Role of the Advisory Board	8. Advisory Board will provide advice and recommendation to the Executive Board on land and/or money resource allocation for affordable housing projects, input on policy needs related to housing stability, program design and development, recommendations for emergency shelter and other immediate affordable housing needs...	Advisory Board does not set priorities or make decisions; they advise on recommendations, including funding conditions. AB discussed the applications and prepares summary matrices that outline the public benefits of the projects, and other basic information. The AB finalizes recommendations and associated funding conditions and presents recommendations to the ARCH Exec Board, with help from staff to prepare presentation materials.	Decisions about role of the Advisory Board and relationship to work of the Exec Board/501c3 Board in the funding approval process should be considered in determining overall timing of funding approval process.	<ul style="list-style-type: none"> Should it be voluntary? Paid? Role? Role for Advisory Board in making recommendations about capital funding. 	<ul style="list-style-type: none"> Recommend annual funding guidelines and priorities to Executive Board Review applications and make recommendations for both private and public funds.
Contract Documents	4.c. Exec Board directs Administering Agency to enter into agreements with third parties for the use and application of public and private funds. 4.d.(v) SKHHP staff develop standard regulatory agreements acceptable to private and public financial institutions to facilitate the availability of funding for private and public projects containing affordable housing.		If there are concerns about the administrative burden of SKHHP needing approval from all member Councils, could consider having contracts be with 501c3 instead (would not require member Council approval).		<ul style="list-style-type: none"> Utilize the ARCH contract template as starting point. ILA requires project approval from any city that contributed to that project. To the extent SKHHP contracts with for-profits, will need to make sure agreements are clear regarding terms, including: affordability requirements, expected engagement with communities, etc. <p><u>Comments</u></p> <ul style="list-style-type: none"> Will do contracting with in-house staff, but will need to contract out some portions of contract review and analysis

Stage	ILA Guidance	ARCH Process/Approach	501c3 Requirements	Previous Board Discussion or Member Comments	Staff Work Group Recommendations and Comments
	<p>14.f. The Executive Board will develop standard forms of approvals and agreements to be used in the application of funds contributed to the Housing Capital Funds Account (collectively referred to as “project financing documents”)</p>				
<p>Reporting Requirements</p>	<p>4.c. At least annually, report to the Parties on the geographic distribution of all housing capital funds 14.c. The Administering Agency will maintain records to separately track the deposits, withdrawals and interest earnings, within each Individual Account and each project Account, and provide quarterly reports to all Parties as to the status of funds in each Individual Account and Project Account. These responsibilities may be delegated to the SKHHP Program Manager</p>			<ul style="list-style-type: none"> • Annual reports are fine. 	<ul style="list-style-type: none"> • Annual reporting is adequate. Don’t want reporting cycle to be onerous for staff. • Make reporting metrics consistent with County affordable housing dashboard. • Initial list of metrics suggested: <ul style="list-style-type: none"> ➤ Location of funds used and list of projects funded ➤ Type of housing (population served and income levels) ➤ Number of income restricted units created ➤ Amount of other funds leveraged ➤ Number of applications received ➤ Brief description of amount and type of work needed to support projects
<p>Project Monitoring and Compliance</p>	<p>4.d.(viii) Develop and carry out procedures for monitoring of affordable units and to administer direct service housing</p>	<p>Staff provide compliance monitoring for all member cities for projects funded via the capital fund and through local inclusionary zoning projects and/or development</p>	<p>If Board would like the 501c3 involved in project monitoring and compliance, we’ll need to build that into bylaws</p>		<ul style="list-style-type: none"> • Will do monitoring and compliance with in-house staff. Presumption is that most SKHHP funded projects will also be County and/or state-funded

Stage	ILA Guidance	ARCH Process/Approach	501c3 Requirements	Previous Board Discussion or Member Comments	Staff Work Group Recommendations and Comments
	<p>programs on behalf of any Party. Such direct service housing programs may include but are not limited to relocation assistance programs, rent voucher and/or deposit loan programs.</p>	<p>agreements. Compliance is required on both rental and home ownership units.</p>	<p>and/or separate agreement with SKHHP.</p>		<p>and will be monitored for income and affordability requirements.</p> <ul style="list-style-type: none"> Will need to monitor the resources needed to do this work over time. <p><i>Comments</i></p> <ul style="list-style-type: none"> In initial years ARCH did this work in-house. In later years as portfolio grew larger, they had to increase staff capacity to monitor compliance. Outstanding question whether SKHHP member cities want SKHHP staff to monitor compliance of projects/units created by local zoning incentives and/or requirements. Should study the need for that activity and staff capacity.
<p>Sources of Funding</p>	<p>(14) Contributions from parties or (4.d.(xi)) public and private fundraising efforts of public and private entities (including non-profit corporations) to raise funds to carry out the purposes of this Agreement.</p>	<p>Member contributions of cash and land. Projects rely heavily on other funds. For every \$1 in local contributions to HTF \$10 has been contributed to ARCH projects. Have not historically raised philanthropic funds.</p>	<p>As noted above, will need to confirm whether 501c3 will be handling private funds only or both public and private funds.</p>	<ul style="list-style-type: none"> There is some interest in having every city contribute to the capital fund over time (either funding or land) although there is recognition that this may be challenging for some smaller communities (and it's important to be inclusive). 	<ul style="list-style-type: none"> Amount of SKHHP funds will not be sufficient to fully fund projects. SKHHP funds will likely be part of a package of public and/or private funds. Contributions of both land and money should be considered contributions to the capital fund. Next phase of consultant work will be to reach out to potential philanthropic funders to explore level of interest.

SKHHP CAPITAL FUND EVALUATION CRITERIA

General

Evaluation of applications will focus on the following key areas:

- (1) **Feasibility and cost effectiveness** (i.e., Trust Fund award per unit/SF, total development cost per unit/SF, reasonableness of budgets and proforma, adequacy of resources and ongoing sustainability, and site control).
- (2) **Relevance of the project to local housing needs**, including the extent to which the project is consistent with the local plans (e.g., Consolidated Plan, Housing Element, or area plans), and the extent to which housing need will be met and help to achieve SKHHP's stated priorities.
- (3) **Suitability of the project sponsor and development team**, including any track record and/or structures for success, adequacy of management plans, duration of affordability, ongoing sustainability, adequacy of support services, and firmness of financial commitments or likelihood of receiving those commitments.
- (4) **Advancing the goals of equity**, including the extent that projects are community-driven and/or reduce or undo disproportionate harm to communities most impacted by historic injustice and displacement, including extremely low-income households with incomes at or below 30 percent of area median income and Black, Indigenous, and People of Color (BIPOC) communities

Specific

The following specific information areas will be evaluated for data to support the key focus areas described above.

A. Development and Operating Budgets

Projects will be evaluated for cost effectiveness on a per unit and per square foot basis. Higher up-front development costs may be justified to create long-term operational efficiencies (e.g., through use of high-efficiency building systems), provided that those increased costs have a relatively short payback period. SKHHP may use third party reviewers to evaluate estimated construction costs. Development and operating budget forms should provide detailed explanation to support estimated expenses. If support services are identified as an integral part of the project, a detailed services budget must also be submitted. Proposed financing will be evaluated for feasibility based on expressed interest from lenders and investors, and applicant (or applicant team, including more-experienced consultants and partners) should have experience in obtaining financing, and other competitive criteria (e.g., estimated tax credit score if LIHTC equity is proposed).

B. Project Readiness

Projects will be evaluated for their readiness to proceed. Applicants should demonstrate full site control, and have initiated the intake process with the local permitting authority. Applicants should have a "letter of consistency" from the jurisdiction where the project will be located affirming the project is consistent with the Consolidated Plan, local comprehensive plan and its housing element, and any local housing action plans. Projects that propose significant fundraising should demonstrate steps taken to prepare for and implement a capital campaign plan. Projects that will rely on public funding to cover the costs of ongoing operations or services

should identify and describe the availability of such funding, and report on the project's competitiveness for such funds based on discussions with likely funders.

C. Development Team Track Record

Project review will take into consideration how well experienced development teams have performed on previously funded projects and, in the interest in increasing the diversity of housing and community developers, how less experienced developers (or partners/consultants on their team) demonstrate an understanding of the steps and structures needed for success. When there is an applicable track record (for the applicant or partner/consultants), the application should identify lessons learned from those projects and describe how performance/actions have been modified as a result.

D. Property and Asset Management Capacity

The proposed property and asset management entities will be evaluated on their experience, performance, or developing capacity in managing comparable developments. Successful asset managers will have a detailed understanding of the physical and financial condition of their properties, regularly updated capital needs assessments, and thoughtful policies for balancing the objective of maintaining affordable rents and planning for healthy reserves and operating income to cover current and future expenses. If a project is in its preliminary stages, a boiler plate management plan may be submitted with the application. A final management plan will be required prior to contracting.

A successful management plan will include the following information:

- (i) **Occupancy:** Information in the occupancy management plan must include lease information (length, tenant eligibility and selection standards, standards for termination of lease, eviction, lease renewal) and marketing strategies including local outreach.
- (ii) **Facility:** The facility management plan should include provisions for both routine and long-term building maintenance.
- (iii) **Supportive Services:** If applicable, the applicant must describe how any supportive services identified as an integral part of the project will be provided, either directly or through linkages with an existing network of service agencies and describe how those services will be in accordance with best practices for the intended population.

E. Displacement and Relocation

Any activity which would result in the displacement of existing residents, especially low- and/or moderate-income residents and/or BIPOC residents is discouraged. If displacement may occur, the applicant must submit, as part of the application for capital funds, a plan for providing relocation assistance to the displaced residents. If relocation may occur, the applicant is strongly encouraged to contact the King County Housing Finance Program's Relocation Officer at (206) 263-9105 immediately to discuss project details and determine the relocation plan and process appropriate for your project and funding needs. Relocation costs should be included in the

project budget. Projects funded with federal dollars (e.g., CDBG funds) must meet all applicable federal relocation requirements.

F. Supporting Equity

The proposed project will be evaluated based on whether the development will advance the goals of equity, including preserving existing communities at risk of displacement (including manufactured housing communities); increasing opportunities for extremely low-income households (households with incomes at or below 30 percent of area median income); creating meaningful project partnerships (including with BIPOC-lead organizations) that give voice and ownership to residents and communities of color; affirmatively marketing new housing opportunities to communities less likely to access opportunities in South King County; providing affordable housing as a public investment – and potential catalyst – in areas that have traditionally received less services and/or public investments; and addressing historic inequities in access to homeownership.

G. Nature of location

As part of the decision process, reviewers will want to understand how the proposed development fits into the neighborhood and would help further any number of public policy goals. Examples of furthering public policy goals could include:

- Locating in a “high opportunity” location, with proximity to or easy access to jobs, grocery stores, pharmacies, schools/childcare, transportation, and community or cultural centers;
- Providing affordable housing in areas at high-risk of displacement or experiencing a loss of naturally occurring affordable housing; and
- Investing public dollars in areas traditionally/historically underserved or as a catalyst for further investments and development.



2021 Second Quarter Progress Report

WHO WE ARE

Partnership formed by an interlocal agreement between 10 jurisdictions in South King County supporting collaboration and sharing of resources to effectively address housing and homelessness in the region.

PURPOSE

Increase the available options for South King County residents to access affordable housing and to preserve the existing housing stock.

CONTACT

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The following is a SKHHP progress report for the second quarter of 2021. This quarter included eight SKHHP partner cities adopting the Interlocal Agreement to pool Substitute House Bill 1406 sales tax credit revenue funds, recruitment and outreach for inaugural SKHHP Advisory Board, development of the 2022 work plan and budget, process and planning for SKHHP's Housing Capital Fund, and development of the SKHHP Foundation 501(c)(3) bylaws and articles of incorporation.

GOVERNANCE AND ADMINISTRATION

- Advisory Board outreach and recruitment
- Development of 2022 Work Plan and Budget
- Development of SKHHP Foundation 501(c)(3) bylaws and articles of incorporation

POLICY AND PLANNING

- Eight SKHHP partner cities adopt interlocal agreement to pool Substitute House Bill 1406 sales tax credit revenue funds
- Support for South King County City Housing Action Plans
- SKHHP Housing Capital Funding process and planning

OUTREACH AND EDUCATION

Represent SKHHP at local and regional meetings and forums

- Housing Interjurisdictional Team (HIJT) for Affordable Housing Committee (AHC)
- King County public funders group
- Sound Cities Association (SCA) Caucus to the AHC
- SKC Forum on Homelessness
- SKC Homelessness Advisory Committee (HAC)
- SKC Human Service Planners group

SKHHP Executive Board educational topics

- Eastside Legal Assistance Program and Housing Justice Project – tenant protections and eviction prevention
- Washington State Legislative Session review

Strengthen regional stakeholders' understanding of housing needs in SKC

- Participation in HDC's Affordable Housing Week in the following webinars:
 - Get to know your regional affordable housing partners with ARCH, HDC, KCHA, SCA, and SKHHP
 - Housing is Healthcare: Solving Homelessness with Permanent Supportive Housing
- Permanent Supportive Housing education webinar with HDC, Catholic Charities Services, and The Corporation for Supportive Housing
- Annual update and progress report to non-SKHHP south King County cities

**South King Housing and Homelessness Partners
Fund Status As of June 2021**

SKHHP Fund	BUDGET	ACTUAL
OPERATING REVENUES		
Auburn	26,000	-
Burien	15,000	-
Covington	7,500	-
Des Moines	7,500	-
Federal Way	26,000	-
Kent	34,000	-
Normandy Park	4,000	-
Renton	34,000	-
Tukwila	7,500	-
Unincorporated KC	34,000	-
King County additional contribution	41,000	-
Contributions/Donations	15,000	-
INTEREST EARNINGS	1,600	87
Total	253,100	87
EXPENDITURES		
SKHHP Cost Reimbursement	279,860	122,421
Administration Fee	28,000	14,000
Total	307,860	136,421
Beginning Fund Balance – January 1, 2021	241,645	
Estimated Net Change In Fund Balance	(54,760)	
Estimated Ending Fund Balance – December 31, 2021	186,885	

SKHHP Cost Reimbursement Detail	Actual
EXPENDITURES	
Wages	79,445
Benefits	28,992
Supplies	-
Professional Services	1,434
Interfund Allocations	12,550
Total	122,421