



City Council

Approval of the Home Fund Advisory Board's 2019 Capital Funding Recommendations

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Title

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Recommended Action

Committee Recommendation:

The Home Fund Advisory Board recommends approval of issuing the Low Income Housing Institute (LIHI)/Interfaith Works an award letter for \$1.1 million for low barrier single adult shelter and supportive housing for the 2019 funding round. Staff have been directed to include specific conditions in that award letter.

City Manager Recommendation:

Move to approve issuing the Low Income Housing Institute (LIHI)/Interfaith Works an award letter for \$1.1 million for low barrier single adult shelter and supportive housing for the 2019 funding round.

Report

Issue:

Whether to authorize staff to proceed with a conditional award letter for the 2019 Home Fund Capital.

Staff Contact:

Cary Retlin, Home Fund Manager, Community Planning and Development, 360.570.3956

Presenter(s):

Cary Retlin, Staff

Lisa Vatske, Home Fund Advisory Board Chair

Background and Analysis:

Background on application criteria and Request for Proposal Process:

The 2019 Thurston County Affordable Housing Construction Pipeline was used as criteria for Home Fund award eligibility this year. Based on that criteria, a Request for Proposals (RFP) was posted from May 1 to May 15 on the City website, on the Builders Exchange webpage and legal notice was posted in the Olympian May 4. Three qualifying applications were received before the deadline on May 15. Those applications were prescreened to ensure each bidder met minimum qualifications and applications were complete. Home Fund Advisory Board members were sent applications and a scoring spreadsheet on May 16. The May 30 meeting of the Board provided time for discussion of

each application, discussion of Advisory Board member scores and resulted in a funding recommendation for Council.

Scoring criteria was based largely on the criteria outlined in the Home Fund Administrative Plan of 2017. Points were awarded based on application responses. Points were awarded by all 11 advisory board members in the following categories (staff reviewed applications to ensure eligibility, but did not score applications):

- Serve priority populations, 25 points (including below 50 percent of median income and other demographic or disability criteria);
- Readiness to proceed with construction, 25 points (including site control and projected date of occupancy);
- Reduction of homelessness for the most vulnerable, 15 points (including coordinated entry engagement and low-barrier and Housing First principles)
- Provide supportive housing, 10 points (including those trained or evaluated through the federal Substance Abuse and Mental Health Services Administration);
- Cost, 10 points (including cost per unit and cost to Home Fund).

Recommendation Summary: Fund LIHI/Interfaith in this Home Fund Round

The Home Fund advisory felt strongly because of scoring and the completeness of the application that the LIHI/Interfaith project should rank highest and be the highest priority for funding.

The three applications received scores and were ranked after deliberation in this order:

1. LIHI/Interfaith (average score: 73)
2. Family Support Center/Bellwether (average score: 60)
3. Horizon Housing/Inland (average score: 51)

The Board considered funding multiple projects over multiple years, but decided to focus resources on the highest scoring application - and encourage the other applications to return next year. There was robust discussion related to focusing resources on one project to increase the likelihood that one Thurston County project would receive Trust Fund and Tax Credit support. The group felt that funding LIHI/Interfaith was also consistent with the Home Fund's focus on supportive housing and single adults.

Family Support Center will be encouraged to apply again in a future funding round (they are also planning a second phase for their project). Some members felt the high per-unit cost of the Family Support Center project would make completion for Tax Credits challenging.

The Board noted that the Horizon application was not detailed and did not provide full responses for a number of questions. The Horizon application also voluntarily offered to take a position behind Family Support Center for funding - so they will be encouraged to apply in a future funding round.

Home Fund Application Highlights (in ranked order)

| Team | Average Score | Target Population | Type | Home Fund Request | Number of units/ or beds | Per Unit Cost |
|-----------------|---------------|-------------------|----------------------------|-------------------|--------------------------|---------------|
| LIHI/Interfaith | 73 | Single adults | Shelter/Supportive Housing | \$1,100,000 | 60/ 60 | \$153,993 |

| | | | | | | |
|---|-----------|------------------------|--------------------|-------------|----|-----------|
| Family Support Center/Bellwether | 60 | Families with children | Supportive housing | \$1,600,000 | 44 | \$386,603 |
| Horizon Housing/Inland | 51 | Families with children | Low income housing | \$100,000 | 72 | \$239,720 |

Recommended award contingencies for this round:

The Home Fund Advisory recommends that any award include contingencies that will be detailed in a contract scope, including:

- No Home Funds should be made available for expenditure until all funding for the project has been awarded (including state Housing Trust Fund and Housing Finance Commission Tax Credits).
- All funds will be provided through reimbursements and documents supporting expenditures will be required with invoices.
- Reimbursements for development fees will be linked to project milestones (like occupancy or other permits).
- Require a contract term consistent with the application's projected timeline.
- Include a development agreement with the contract for funding.

Neighborhood/Community Interests (if known):

Affordable housing development and homelessness are of high interest to the community. Siting of affordable housing projects are also of high interest to the public and neighborhoods.

Options:

1. Approve 2019 Home Fund Advisory Board award for LIHI/Interfaith Works for \$1.1 million
2. Direct staff to take other action
3. Do not take action related to the Home Fund Advisory Board recommendation

Financial Impact:

The Home Fund (318) would obligate \$1.1 million for this award. After LIHI meets award letter requirements (including securing other funding sources documented in the application budget), staff will negotiate a scope of work and contract. Unallocated funds remaining in the 2019 program year (projected to be \$200,000) will be rolled into the next Home Fund Capital award round in 2020.

Attachments:

LIHI/Interfaith Application

Family Support Center Application

Horizon Application

Thurston County Housing Pipeline Overview

Funding Scenarios Considered