



## SKAGIT COUNTY HOME CONSORTIUM

### HOME-ARP Notice of Funding Availability (NOFA) Island County Rental Housing Development

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Skagit County and the Skagit County HOME Consortium seek applications for the development of affordable rental housing in Island County.

## **BACKGROUND**

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

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

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

In addition to traditional HOME entitlement funding the Consortium has received \$3,591,066 in HOME Investment Partnership American Rescue Plan (HOME-ARP) funds from the U.S. Department of Housing and Urban Development. Requirements for HOME-ARP funding and activities have been established in the U.S. Department of Housing and Urban Development (HUD) Community Planning and Development (CPD) [Notice CPD-21-10](#).

## **HOME-ARP PLAN**

The Consortium has developed a HOME-ARP Plan fulfilling the allocation plan requirements detailed in [HUD Notice CPD-21-10](#). The HOME-ARP Plan summarizes the assessment of local housing and services needs; the public participation process included in the development of the HOME-ARP Plan; and outlines the planned uses of the allocated funding for HOME-ARP eligible activities. The [HOME-ARP Plan](#) is available for review.

## **HOME-ARP POLICIES AND PROCEDURES**

The Consortium has released [DRAFT HOME-ARP Rental Housing Policies and Procedures](#) for review. The Consortium anticipates publishing the final policies no later than December 15, 2023.

Applicants are highly encouraged to familiarize themselves with the following materials: 24 CFR Part 92; [HUD Notice CPD-21-10](#); the Skagit County HOME Consortium [HOME-ARP Plan](#); and the Skagit County HOME Consortium [HOME-ARP Rental Housing Policies and Procedures](#). **An application for funds under this NOFA constitutes an agreement that the applicant has reviewed and is prepared to comply with all HOME-ARP requirements as they apply to the project.**

## FUND AVAILABILITY

Approximately **\$710,157.26** of total HOME-ARP funding has been made available in this NOFA for the development and acquisition of eligible rental housing projects located in Island County. HOME-ARP funds will be made available for projects and activities located in Skagit County and Whatcom County (minus Bellingham) under separate funding notices.

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

Skagit County will not establish a contract with a HOME-funded organization/business until all other funding has been secured. Awards may be made as amortized loans, deferred and/or forgivable loans, recoverable grants, grants or a combination of these.

## NOFA TIMELINE

NOFA Release	November 15, 2023
HOME-ARP Rental Housing Info Session via Microsoft Teams	November 30, 2023, 10:30am-12:30pm <a href="#">Click here to join the meeting</a>
First Application Review Deadline	January 16, 2024
Earliest Awards Announced	February 16, 2024
Contracts Begin	Negotiated by Project
HOME-ARP Expenditure Deadline	September 30, 2030

Skagit County and the Consortium plan to maintain an open NOFA status until all HOME-ARP funds have been awarded. Eligible projects applications submitted by 4pm on January 16, 2024 will be reviewed and considered first for an award of HOME-ARP funds. Project applications submitted after the January 16<sup>th</sup> deadline will be subsequently considered on a rolling basis at the time of their submission for any remaining HOME-ARP funds not awarded during the initial review of projects.

The NOFA will close upon award of all HOME-ARP funds detailed in this funding announcement.

## APPLICANT & PROJECT ELIGIBILITY

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

HOME-ARP funds available in this notice can be used to support acquisition, rehabilitation, and new construction of rental housing. Eligible HOME-ARP rental housing includes "housing" as defined at 24 CFR 92.2, including but not limited to manufactured housing, single room occupancy (SRO) units, and permanent supportive housing. Emergency shelters, hotels, and motels (including those currently operating as non-congregate shelter), facilities such as nursing

homes, residential treatment facilities, correctional facilities, halfway houses, and housing for students or dormitories do not constitute housing in the HOME-ARP program. However, HOME-ARP funds may be used to acquire and rehabilitate such structures into HOME-ARP rental housing.

Eligible development costs include, but are not limited to:

- Site preparation or improvement, including demolition if construction begins within 12 months
- Securing buildings
- Construction materials and labor
- Onsite improvements in keeping with surrounding projects, including sidewalks, utility laterals, etc. Offsite infrastructure is not eligible as a HOME expense
- Relocation costs, including moving costs, replacement housing costs, advisory services, staff costs related to relocation assistance
- Financing fees
- Credit report
- Title binders and insurance
- Recording fees and transaction taxes
- Legal and accounting fees, including project audit costs
- Appraisals
- Architectural and engineering fees
- Environmental reviews
- Developer fees (subject to a limit)
- Permit fees
- System development charges
- Affirmative marketing, initial leasing and marketing costs

#### **MINIMUM AND MAXIMUM PER-UNIT SUBSIDY**

Funding requests submitted under this NOFA will be evaluated according to the procedures provided in the [Consortium HOME-ARP Rental Housing Policies and Procedures](#). The minimum HOME-ARP project subsidy is \$1,000 per proposed HOME-ARP rental housing unit. The Consortium may pay up to 100 percent of the eligible and reasonable HOME-ARP costs allocated to a HOME-ARP units. For the purposes of this funding notice, the total development cost of the proposed HOME-ARP units in the project (minus any HOME-ARP ineligible costs) would be considered be maximum per-unit subsidy.

Final project underwriting, subsidy layering, and cost allocation according to the HOME-ARP Rental Housing Policies and Procedures will occur at the time of funding commitment.

## HOME-ARP QUALIFYING POPULATIONS

Projects requesting HOME-ARP rental housing funds must primarily benefit households for occupancy of rental units based upon an individual or family meeting the criteria of “Qualifying Populations (QPs) as defined in [HUD CPD Notice 21-10](#). The following four categories of QPs are further detailed in the notice:

1. Qualifying Population One: **Homeless** as defined in the McKinney-Vento Homeless Assistance Act, [24 CFR 91.5](#) “*Homeless*” paragraphs (1), (2), and (3) which includes: (1) an individual or family who lacks a fixed, regular, and adequate nighttime residence, (2) an individual or family who will imminently lose their primary nighttime residence, (3) unaccompanied youth under 25 years of age, or families with children and youth who do not otherwise qualify as homeless but who meet specific criteria in [24 CFR 91.5 Homeless paragraph \(3\)](#).
2. Qualifying Population Two: **At risk of homelessness** as defined in the McKinney-Vento Homeless Assistance Act, [24 CFR 91.5](#) “*At risk of homelessness*” which includes but is not limited to an individual or family who has an annual income below 30 percent of median family income for the area, AND, does not have sufficient resources or support networks immediately available to prevent them from moving to an emergency shelter or another place not meant for human habitation, AND meets one of the conditions outlined in [24 CFR 91.5 At Risk of Homelessness paragraph \(iii\)](#).
3. Qualifying Population Three: **Fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, stalking** (defined by the Violence Against Women Act, [24 CFR 5.2033](#)), **and/or or human trafficking** (defined by Trafficking Victims Protection Act of 2000) which includes any individual or family who is fleeing, or is attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking. It includes cases where an individual or family reasonably believes that there is a threat of imminent harm from further violence due to dangerous or live-threatening conditions that relate to violence against the household that has either taken place within the household’s primary nighttime residence or has made the household afraid to return or remain within the same residence.
4. Qualifying Population Four: **Other Populations** as defined by [Section IV.A.4 of Notice CPD-21-10](#). This definition is unique to the HOME-ARP program and means other families requiring services or housing assistance to prevent homelessness: where assistance would prevent the individuals or family’s homelessness, such as household who were previously met the definition of “Homeless” as defined by 24 CFR 91.5, are currently housed due to temporary or emergency assistance, and who need additional housing assistance or supportive services to avoid a return to homelessness or serve those with the greatest risk of housing instability.

OR

At Greatest Risk of Housing Instability: where a household has an annual income less than or equal to 30% of the area median income and is experiencing severe cost burden (paying more than 50% of the monthly household income towards housing costs, OR where a household has an annual income less than or equal to 50% of the area median income and meets one of the conditions in paragraph (iii) of “At risk of homelessness” definition at [24 CFR 91.5](#). Each QP is defined fully in the [Section IV](#) of Notice CPD-21-10.

Note: Veterans and Families that include a Veteran Family Member that meet the criteria for one of the qualifying populations described above are eligible to receive HOME-ARP assistance.

To improve the feasibility and maintain the long-term viability of projects with HOME-ARP rental units for qualifying households, the Consortium may invest HOME-ARP funds in units that are not restricted for occupancy solely for qualifying populations. The investment of HOME-ARP funds must comply with the following requirements:

- Not less than 70 percent of the total number of rental units assisted with HOME ARP funds by the Consortium must be restricted for occupancy by households that are qualifying households at the time of the household’s initial occupancy; and,
- Not more than 30 percent of the total number of rental units assisted with HOME ARP funds by the Consortium may be restricted to low-income households. These rental units do not have to be restricted for occupancy by qualifying households, however rental units restricted to low-income households are only permitted in projects that include HOME-ARP units for qualifying households.

## **APPRAISAL AND REAL PROPERTY ACQUISITION**

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

## **AFFORDABILITY PERIOD**

All rental housing projects awarded HOME-ARP funds must comply with a HOME-ARP affordability period of 15 years. This 15-year affordability period applies regardless of the amount of HOME-ARP funding provided to the project, and is applicable whether the project is new construction, acquisition, or acquisition and rehabilitation.

## SITE CONTROL

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

- Deed of trust
- Current option agreement
- Current purchase and sale agreement
- Current title report showing the entity holding fee simple title
- Executed lease agreement for the length of the affordability period
- Executed disposition or development agreement

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

## PHASE I ENVIRONMENTAL SITE ASSESSMENT

The project application must include a Phase I Environmental Site Assessment, as specified in the HOME-ARP Policies and Procedures. If the applicant is unable to provide a Phase I ESA at the time of application, a timeline for obtaining the Phase I ESA must be included in the application. Any award of funds will be conditioned upon the results of the Phase I ESA.

## ENVIRONMENTAL REVIEW

**The submission of an application for funding under this NOFA constitutes a Federal Nexus, at which point the project is considered federal and subject to the environmental review requirements of 24 CFR Part 58 and the National Environmental Policy Act.** Prior to entering into a contract with a Project Sponsor, Skagit County, as lead agency for the Consortium, will complete a federal Environmental Review in compliance with the National Environmental Policy Act (NEPA), 24 CFR Part 58, and other related federal and state environmental laws. **No choice-limiting activities, as defined in 24 CFR 58.22, may be undertaken by the applicant (or any other project participant) using federal, state, local, or private funds during the time between submission of an application for funding and completion of the Environmental Review** (receipt by Skagit County or Authority to Use Grant Funds from the Department of Housing and Urban Development). It is the responsibility of the applicant to ensure that all project partners and participants are aware of these limitations and do not engage in choice-limiting action until the Environmental Review has been completed. Applicants will be expected to assist Skagit County in completing the Environmental Review by submitting Partner Worksheets.

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

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

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

For further requirements regarding labor and prevailing wage, applicants should refer to the HOME-ARP Rental Housing Policies and Procedures.

### **CONTRACTING FEE**

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

### **ADDITIONAL INFORMATION**

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

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

Applicants are encouraged to submit questions to Skagit County for additional information. Questions should be submitted via email to Shelley Kjos, [skjos@co.skagit.wa.us](mailto:skjos@co.skagit.wa.us), with "HOME-ARP NOFA Questions" as the subject line.



**APPLICATION COMPONENTS**

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

<input type="checkbox"/> NOFA Application Cover Sheet, Including Required Attachments
<input type="checkbox"/> CFA Multifamily Forms*
<input type="checkbox"/> CFA Multifamily Sections
<input type="checkbox"/> Supplemental HOME-ARP Project Narrative

\*Do Not convert CFA Forms to PDF or another file type; CFA Forms must be submitted as an Excel File

**SUBMISSION INSTRUCTIONS:**

Due to the large file size of the required application components applications should be submitted on a CD or thumb drive, to the following:

Skagit County HOME-ARP NOFA Application  
 Attn: Shelley Kjos, Housing Resource Coordinator  
 Skagit County Public Health  
 301 Valley Mall Way  
 Mount Vernon, WA  
 98273

**APPLICATION REVIEW**

The Skagit County HOME Consortium Executive Advisory Committee (H-CEAC), comprised of staff from the three counties, will review all applications. All applications will be scored and ranked using the criteria detailed below, with a maximum of 100 points per project.

**INCOME TARGETING (20 POINTS MAXIMUM)**

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

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

At/Below 50% AMI Units	50% of Project Units	5 Points
	100% of Project Units	10 Points

**POPULATION PRIORITIES (30 POINTS MAXIMUM)**

Projects will receive points for targeting high-priority populations including HOME-ARP Qualifying Populations as detailed below.

Number of Units Targeted to HOME ARP Qualifying Population Households	0-10 Points
25% of Units Targeted to Homeless Households	5 Points
50% of Units Targeted to Homeless Households	10 Points
Target Population Aligns with a Local Priority/Need	0-10 Points

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

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

**PROJECT READINESS (10 POINTS MAXIMUM)**

Project Readiness will be evaluated as follows:

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

**LEVERAGE (20 POINTS MAXIMUM)**

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

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

**PROJECT DESIGN, SERVICES, AND LOCATION (10 POINTS MAXIMUM)**

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

Project Located in Proximity to Essential Services, as Determined by Target Population	0-5 Points
Project Design and On-Site Services Alignment With Target Population	0-5 Points

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

**NOTIFICATION OF AWARDS**

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

**PROJECT DEADLINES**

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

<b>Activity</b>	<b>Deadline</b>
Funding Agreement/Project Commitment	Funding Agreement execution within approximately twelve to eighteen months of award letter, as appropriate to project readiness

	<ul style="list-style-type: none"> <li>• Prior to execution of funding agreement, written financial commitment must be obtained from all other funders</li> </ul>
Construction Start Date	Within twelve months of funding agreement execution
Occupancy (Rental Projects)	<p>Occupied by eligible tenants within 6 months of project completion</p> <ul style="list-style-type: none"> <li>• If deadline is not met, owner must submit marketing information and marketing plan to the Consortium</li> <li>• HOME-ARP units must be occupied by eligible tenants within 18 months of project completion or repayment of HOME funds will be required</li> </ul>