



Kitsap Regional Coordinating Council



**2012
AFFORDABLE HOUSING
GRANT PROGRAM**

POLICY PLAN

AFFORDABLE HOUSING GRANT PROGRAM ~ 2012 POLICY PLAN

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AFFORDABLE HOUSING FOR ALL ACT

WHAT IS THE AFFORDABLE HOUSING FOR ALL ACT?

Substitute House Bill 2060 became law in Washington State on June 13, 2002. The law created a document recording fee on certain documents to be utilized for low-income housing. Administration of the fund is shared between local governments and the State. The local portion of 2060 funds is to be administered pursuant to an inter-local agreement between Kitsap County and the Cities within the County.

The Kitsap Regional Coordinating Council appointed an ad hoc committee to produce guidelines for the use of the Kitsap County SHB 2060 funds. This committee was made up of representatives from the Cities and the County and worked closely with the Kitsap Continuum of Care Coalition.

As constructed by the committee, this plan provides:

- Flexible funding to address all eligible activities within the law;
- Funding stability and predictability for jurisdictions and programs, with opportunities for both urban and rural communities;
- Operation and maintenance funding for our community's emergency shelter system and affordable housing;
- The opportunity to direct strategic investments through a fiscally conservative approach.

AFFORDABLE HOUSING GRANT PROGRAM

WHAT ARE AFFORDABLE HOUSING GRANT PROGRAM FUNDS?

Affordable Housing Grant Program (AHGP) funds are locally collected funds that are used to fulfill the mandates of the Affordable Housing For All legislation (HB 2060, and subsequent legislation that amends HB 2060). Grant funds are collected through a surcharge on document recording fees. The grant funds must be used to create and support affordable housing.

WHO IS AN ELIGIBLE APPLICANT/RECIPIENT?

Eligible applicant/recipients include: public housing authorities, IRS-certified non-profit agencies/providers of affordable housing, Cities, Towns, the County, Tribes, and for-profit developers.

Recipients of Affordable Housing Grant funds are not excluded from receiving Homeless Housing Grant funds, or vice versa.

WHAT ARE ELIGIBLE ACTIVITIES?

The Affordable Housing Grant Program provides the full flexibility of uses defined in the HB 2060 legislation, specifically serving those at or below 50% of median income. Eligible activities, as provided under the legislation, include:

- Provide funding for operating and maintaining housing (including transitional housing) that is eligible for WA State Housing Trust Fund grants. [Note that the WA State Housing Trust Fund requires that facilities serve the target population for at least 40 years];
- Provide funding for capital projects serving persons at or below 50% median income for at least 25 years, including:
 - Provide funding to build new single-family housing units, including duplexes, multifamily housing, and single room occupancies.
 - Build emergency or youth shelters;
 - Build group homes or special-needs housing;
 - Provide funding to rehabilitate housing (repair/replace roofs, walls, electrical systems, doors, floors, cabinets, ceilings, bathrooms, etc.);
 - Acquisition of housing;
 - Acquisition of land for future housing;
 - Payment of soft costs (not bricks/mortar) associated with housing development.
- Provide rental assistance consistent with the requirements of the 2060 legislation.
- Provide funding for operating and maintaining emergency shelters;

Applicants may include requests for administrative overhead and indirect costs in their applications; however, they are the lowest funding priority. The goal of the program is to have the maximum amount of funds go to provide direct services.

WHAT CAN OPERATIONS & MAINTENANCE EXPENSES INCLUDE?

For the purposes of the Affordable Housing Grant Program, operations & maintenance expenses are defined by the Washington State Housing Trust Fund allowable uses for the Housing Trust Fund Operating & Maintenance Fund Program, as outlined in the Program Guidelines, available at this website: <http://www.commerce.wa.gov/site/494/default.aspx>.

WHAT ARE PROGRAM FUNDING PRIORITIES?

The Grant Review Committee uses funding priorities to help determine which programs/projects should be funded each cycle.

The funding priorities generally change for each cycle.

Funding Priorities for the AHGP are set each year using the following process:

- 1) A special meeting of Kitsap Continuum of Care Coalition members who are stakeholders in the AHGP Program will be held, with a facilitated brainstorming session on the topic of Homeless Housing Plan implementation priorities and funding priorities for the next grant cycle.
- 2) The Housing Funders Leadership Group will use that input from the Kitsap Continuum of Care Coalition, as well as their knowledge and experience, and develop Homeless Housing Plan implementation priorities and grant cycle funding priorities.
- 3) The priorities developed by the Housing Funders Leadership Group will go back to the Kitsap Continuum of Care Coalition for comment and concurrence.
- 4) These recommended funding priorities will be presented to the Kitsap Regional Coordinating Council for approval.

In addition, Washington State ESSHB 1359 amended the allowable use of funds for this program, mandating that the Affordable Housing Grant Program give grant funding priority to eligible housing activities that serve extremely low-income households with incomes at or below thirty percent (30%) of the area median income.

ALLOCATION PROCESS

HOW DO I KNOW WHEN FUNDS ARE AVAILABLE?

On an annual basis, the Kitsap Regional Coordinating Council (KRCC) shall publish a Notice of Funds Availability (NOFA). This notice will set forth the annual program priorities; the duration of funds to be awarded or distributed; the deadline for submission of funding applications; and any other pertinent information related to the process.

HOW ARE FUNDS ALLOCATED?

The KRCC, manager of the Affordable Housing Grant Program and Homeless Housing Grant Program, in conjunction with the City of Bremerton and Kitsap County, conduct a competitive funding application process. A single application is made available in May of each year and a public process is used to determine funding allocations. This public process is detailed in the Citizen Participation Plan (**Appendix A**).

HOW MUCH MONEY IS AVAILABLE?

The amount of Affordable Housing Grant Program funds available for the annual application cycle are determined by the amount collected through document recording surcharges collected during the prior period. Generally, this period is July – June of the prior calendar year. In addition, carryover funds from prior cycles and turn-back funds from prior grants that were not expended are also available for distribution.

The specific amount available for distribution is included in the Coordinated Grant Application Packet.

Applicants should request a minimum of \$10,000 per application. Grant awards will typically not be awarded for less than \$10,000 except at the discretion of the Grant Review Committee for special circumstances.

ARE MULTI-YEAR AWARDS AVAILABLE?

Multi-year grant awards are allowed, for up to three years.

This can happen in two ways:

- 1) Funds from the current cycle can be committed to be spent over multiple years.
- 2) Funds that are anticipated to be collected for future cycles can be committed for expenditure in future years.

Because the actual amount of document recording fees collected vary annually, the maximum that may be committed for expenditure in future years is expressed as a target percentage in relation to the State of Washington's forecast of annual program revenue. This percentage may be adjusted by the Council Board in consideration of available funds and priorities.

Unless modified by future KRCC action, up to 60% of the WA state Office of Financial Management's projected funds available for the current cycle may be committed for multi-year awards.

Multi-year awards may not be available during all cycles, if there are administrative or policy reasons to restrict awards to a single year.

Each year, the Coordinated Application Packet will include the projected amount available for multi-year awards, if they are available.

ARE FUNDS SET ASIDE FOR SPECIFIC PURPOSES?

AHGP funds may be designated for certain purposes to further specific program goals, for instance, to fund a task force to develop possible solutions to new or intransigent problems, as determined by the program funding priorities and the Kitsap Regional Coordinating Council.

Set-asides will be outlined in the Coordinated Application Packet under the Funding Priorities section.

HOW CAN MY ORGANIZATION APPLY?

The annual application cycle begins in April with the publication of the Draft Application for public comment. Upon approval of the application by the Kitsap Regional Coordinating Council (KRCC) and Bremerton City Council, the application is made available in May. Interested organizations can find the application and all associated information on the Kitsap Regional Coordinating Council website at <http://www.kitsapregionalcouncil.org>, the County website at http://www.kitsapgov.com/hr/block_grant_program/block_grant_program.htm or on the City's website at <http://www.ci.bremerton.wa.us/display.php?id=864>. The schedule for the annual application cycle, including the due date for applications, is also available on these websites. Interested organizations can also request to be placed on the grant program mailing list for notification.

WHEN WILL FUNDS BE AVAILABLE?

Funds approved in the annual application cycle are available to be expended as of January 1. Annual contracts for public service and operations and maintenance contracts are for a 12 month period, January 1 to December 31. Capital contracts are generally for an 18 month period, January 1 to June 30 of the following year.

POLICIES & REGULATIONS FOR USE OF FUNDS

HOW ARE PROGRAMS/PROJECTS MONITORED?

The Council, in conjunction with the Continuum of Care Coalition, will monitor all projects for compliance with the funding terms and conditions in the contract(s). Funding recipients must prepare a simple quarterly program report to the Council.

On-site monitoring may be conducted as well.

TIMELY EXPENDITURE OF FUNDS

Grant-funded projects should be ready to proceed during the program year of the awarded of funds. KRCC expects and monitors for the timely expenditure of allocated funds to projects. Grant funds must be fully spent by December 31st of the award year, or as defined in the grant contract. If the funds are not expended during the contract period, they will be retained for distribution in a future grant cycle.

USE OF FUNDS FOR LOW-INCOME-USE FOR 25 YEARS

Capital projects that receive grant funds must remain in use for low-income households for no less than 25 years from the date of the receipt of grant funds. A warrant for use for 25 years is included as part of the application packet for capital projects.

ELIGIBILITY FOR HOUSING TRUST FUND GRANTS

The HB 2060 legislation specifies under eligible uses that projects funded for building operations & maintenance costs must be eligible to receive housing trust funds.

Applicants for these types of funds must warrant that their project is eligible to receive housing trust funds.

GEOGRAPHIC EQUITY

The Executive Board is responsible for making certain that funds are distributed in a manner that balances needs that exist throughout the County and program users' access to services. Geographic distribution of funds shall be evaluated as part of the periodic program review. The overall intent is to ensure that, over time, all areas of Kitsap County receive appropriate levels of funding through this grant program.

GRANT PROGRAM ADMINISTRATIVE POLICIES**PROGRAM ADMINISTRATION**

The Kitsap Regional Coordinating Council Executive Board includes elected officials from Kitsap County and all of the Kitsap Cities and Tribes, the Port of Bremerton, and Naval Base Kitsap.

The Council Executive Board shall set policy concerning the use of Homeless Housing (ESSHB 2163) funds and distribution of funding to eligible applicants.

The Kitsap Continuum of Care Coalition (CoCC) shall act as the technical advisory body to the Council Executive Board, through a Memorandum of Understanding:

- ❖ The CoCC shall participate in developing and recommending to the Council Board specific annual priorities for the use of that year's Affordable Housing Grant Program funds.

PROGRAM ADMINISTRATION FUNDING

The cost of KRCC's program monitoring and administration will be reviewed annually by the KRCC Board as part of its annual Work Program. Funding for the program will be provided by Kitsap County drawn from the 5% administrative portion of the Affordable Housing Grant Program surcharge revenues.

PROGRAM MONITORING

The Council, in conjunction with the CoCC, shall prepare and submit all required reports and performance measures to the State, as required by law. Annually, a report on the Affordable Housing Grant Program shall be made to the KRCC Executive Board.

PROGRAM REVIEW

The Affordable Housing Grant Program shall be reviewed every three years, to coincide with the Homeless Housing Grant Program review, with input from non-profit agencies and other interested parties. The next review is planned for 2013.

Appendix A

Citizen Participation Plan

KITSAP REGIONAL COORDINATING COUNCIL CITIZEN PARTICIPATION PLAN

INTRODUCTION

Beginning with the application cycle for 2012 funding, the Kitsap Regional Coordinating Council (KRCC), manager of the Homeless Housing Grant Program (HHGP) and the Affordable Housing Grant Program (AHGP), has joined with Kitsap County and the City of Bremerton Block Grant Programs to develop a combined funding & application process. The combined process will include a single application for funds, a single Grant Recommendation Committee (GRC) process and funding recommendation. Funding recommendations will continue to be approved by the KRCC for HHGP, AHGP, County CDBG/HOME funds and by the Bremerton City Council for City CDBG/HOME funds. This Citizen Participation Plan reflects the changes that have been made to the annual application process.

PURPOSE

The purpose of the Citizen Participation Plan and the Grant Recommendation Committee (GRC) is to provide an on-going mechanism to ensure widespread citizen participation whereby all citizens have an opportunity to fully express their needs and wishes for community improvement.

This plan provides opportunities for representation of all of the citizens of Kitsap County and the City of Bremerton by allowing them to have a voice in the decision-making process and giving them greater power and control over activities taking place within their communities.

ANNUAL ALLOCATION PROCESS/ NOTICE OF GRANT AWARDS

The Coordinated Grant Application is a competitive annual process to determine allocation of Affordable Housing Grant Program (AHGP) funds. The public is encouraged to participate in the process and its end product.

A. Notice of Funding Availability & Application

In April of each year a notice will be published in the newspaper of record to announce funding availability and provide details about the Application. This notice will begin a 30-day comment period on the Draft Application and include the date and time of public hearings to take citizen comments. Notifications will also be sent to any agency or organization who requests to be placed on our mailing lists.

Upon approval of the Application by the Kitsap Regional Coordinating Council and Bremerton City Council, the Application will be available from:

Kitsap Regional Coordinating Council
P.O. Box 1934, Kingston, WA 98346
Applications are also available online at
http://www.kitsapregionalcouncil.org/housing_ahfa.php

Applications will be made available in a format accessible to persons with disabilities upon request. Application submittal instructions and due date are included in the Application packet. Applications must be mailed or hand delivered by the due date, electronic submission is not available and postmarks are not accepted.

B. Technical Assistance

At least one mandatory technical assistance session will be held for those interested in applying for funding. During the session, staff will provide information to citizens concerning who can apply for funds, funds expected to be available, the range of activities that may be undertaken, priorities for funding, application submission requirements, the application deadline, and how decisions concerning funding will be made. The date and time of the technical assistance session(s) will be published in the Application, included in the schedule posted on the web site and emailed to all interested parties on the current mailing list.

In addition to the mandatory Technical Assistance described above, Application Pre-Submittal assistance, to have an application reviewed for completeness, is available by appointment with staff. KRCC staff is also available by appointment for one-on-one Technical Assistance to provide guidance to citizens and organizations regarding specific project considerations.

At any time, any citizen may contact the KRCC office for technical assistance or general information in relation to programs described in this Plan. The KRCC staff will help citizens understand HHGP and AHGP funded programs, the procedures for submitting proposals, the Citizen Participation Plan and other program requirements so they can effectively participate in HHGP and AHGP programs and the funding process.

C. Application Review & Grant Recommendation Committee Process

Applications will be reviewed by KRCC Staff and Block Grant Staff to determine compliance with technical requirements including eligibility. Eligible applications will be given a score rating the organizational and financial capacity of the organization submitting the application. Eligible applications will be provided to a Grant Recommendation Committee (GRC) for consideration.

The GRC will review all proposals, interview applicants and develop recommendations for funding based how they address needs & objectives identified in the Consolidated Plan and/or Homeless Housing Plan, organizational and financial capacity of the organization to carry out the program/project, project feasibility, and funding availability.

There are two GRCs. The Public Service GRC reviews applications for supportive services or public services. The Capital GRC reviews housing, capital improvements, and operations & maintenance applications. Both GRCs play an integral role in the allocation of HHGP, AHGP, CDBG and HOME federal funds according to the needs of the community.

While all GRC members must be well versed in the needs of the community and be willing to participate in all the activities relevant to the GRCs, each individual GRC requires that members demonstrate specific skills and qualifications:

- The Public Service GRC requires that its members have experience in one or more of the following capacities: background working with non-profit community service providers as an employee, volunteer, board member or consumer; background with

homeless programs; grant experience, project management, compliance monitoring and/or practical experience with HUD regulations.

- The Capital GRC requires that its members have experience in one or more of the following areas: affordable housing; construction or project management; mortgage lending; housing development; economic development; real estate; or architecture.

Each GRC will be comprised of 8 members as follows:

- Two members representing the City of Bremerton and approved by the Bremerton City Council
- Four members representing Kitsap County and approved by the KRCC
- Two members representing the Continuum of Care and approved by the KRCC

Applicant interviews will be conducted with the GRC. Applicants will have the opportunity to present their project and the GRC will have an opportunity to ask questions. At the conclusion of interviews the GRC will formulate a funding recommendation for approval by the KRCC and the Bremerton City Council.

GRC members serve two year terms. These terms are staggered so each year there are at least four returning members. Applications for GRC members are solicited each Spring. Applications are reviewed by staff and individuals who meet the above requirements are recommended to the KRCC and City Council for approval. Citizens interested in serving on either the Public Service or Capital GRC are encouraged to contact:

- KRCC Housing Grant Program Manager, Kirsten Jewell at 360-377-4900 or by email at Kirsten@kitsapregionalcouncil.org; or
- Kitsap County Block Grant Program Manager, Bonnie Tufts at 360-337-4606 or by email at btufts@co.kitsap.wa.us; or
- City of Bremerton Block Grant Program Administrator, Marie Vila at 360-473-5375 or by email at Marie.Vila@ci.bremerton.wa.us

D. Funding Recommendations & Notice of Grant Awards

Applicants submitting proposals will be notified whether or not the GRC has recommended their proposal for funding. The notification will include the date, time, and place of the public hearings, during which the recommendations will be considered by the Kitsap Regional Coordinating Council and the Bremerton City Council.

All projects approved for funding will be included in the Notice of Grant Awards. A summary of each Notice of Grant Awards will be published on the KRCC website. The summaries will describe the contents and purpose of the Notice of Grant Awards, and include a list of locations where copies of the entire Notice of Grant Awards may be examined. Citizens will be provided a period of at least 30 days to review and comment on the plans. Comments or views of citizens will be considered at the public hearings.

PUBLIC HEARINGS

Public hearings are held in order to obtain the public's view and to provide the public with the City and County's responses to public questions and proposals. A public hearing is held in May

for the adoption of the next year's Coordinated Application & Policy Plan. A second hearing is held in November to review the proposed use of funds before the KRCC Executive Board adopts the Grant Awards.

Notification of the public hearings and of 30-day comment periods will be published in the newspaper of record and will afford citizens, public agencies, and other interested parties a reasonable opportunity to examine the proposed plans and to submit comments.

Public hearings will be held during the regular meeting of the Kitsap Regional Coordinating Council in the meeting chambers of the Norm Dicks Government Center. KRCC meeting times and agendas can be obtained at http://www.kitsapregionalcouncil.org/krcc_board.html.

PUBLIC HEARINGS

Interested persons may submit comments in writing during the public comment periods, or orally at the public hearings. Written comments should be directed to:

Kitsap Regional Coordinating Council
P.O. Box 1934
Kingston, WA 98346
Kirsten@kitsapregionalcouncil.org

RESOURCES

Newspaper of Record: Notification will be placed in the following newspaper under Legal Notices at least ten days before a public meeting is held concerning a program described in this plan:

The Kitsap Sun

Notices may also be published on the KRCC website, as follows:

http://www.kitsapregionalcouncil.org/housing_hhaa.php

The notice will indicate when and where the public meeting will be held. Meetings are generally held at the following location:

Norm Dicks Government Center
345 6th Street
Bremerton, WA 98337

Appendix B

Acronyms & Glossary

ACRONYMS

- AHGP.** Affordable Housing Grant Program
- CDBG.** Community Development Block Grant
- CoCC.** Continuum of Care Coalition
- GRC.** Grant Review Committee
- HB.** House Bill (of the Washington State legislature)
- HHGP.** Homeless Housing Grant Program
- HMIS.** Homeless Management Information System
- HOME.** Although capitalized, this is not an acronym.
- HUD.** U.S. Department of Housing and Urban Development
- IRS.** U.S. Internal Revenue Service
- KRCC.** Kitsap Regional Coordinating Council
- NOFA.** Notice of Funds Available
- WA.** State of Washington
- WA Commerce.** Washington State Department of Commerce.

DEFINITIONS

Administrative Expenses. Those expenses directly associated with the recipient's administration of a project or program, such as salaries, supplies, equipment, accounting, phones, audits, benefits, travel, and indirect costs.

Affordability. Affordability is achieved when a household's rent or mortgage payment, plus utilities, does not exceed 30% of the monthly income for the targeted income group as adjusted for household size.

Cash Flow. Gross income minus vacancy rate, operating expenses, reserves, debt service and taxes.

Grant Recommendation Committee (GRC). A group of eight citizens meeting specific qualifications, who develop funding recommendations for approval by the Kitsap Regional Coordinating Council (KRCC) and Bremerton City Council.

Citizen Participation Plan: This plan is prepared to facilitate and encourage public participation and involvement in the Affordable Housing Grant Program.

Committed Funds. Funds committed to a project by a project funding source. The award amount, terms and uses of the committed funds are documented in a letter to the applicant. A copy of this award letter is included with the application.

Conditional Funds. Funds committed, with conditions, to a project by a project funding source. The conditions of the commitment, amount, terms, and uses are documented in a letter to the applicant. A copy of the letter is included with the application.

Consultant Fees. Fees paid to a third party developer consultant for costs associated with implementation of a project.

Interlocal Agreement. Agreements made to ensure the cooperation of units of local government which form consortiums for the purpose of obtaining funding.

Low- and Moderate-Income Households (LMI): These are households earning less than 80% of the area median income (AMI). They are broken down into the following income designations:

- **Extremely Low-Income:** households with incomes less than 30% of the area median family income adjusted for household size.
- **Low-Income:** households with incomes between 31% and 50% of the area median income, adjusted for household size.
- **Moderate-Income:** households with incomes between 51% and 80% of the area median income, adjusted for household size.

Low- and Moderate-Income Area Neighborhood (LMA): In general, this is defined as census tracts or block groups where a minimum of 51% of the residents have low or moderate incomes (i.e. not exceeding 80% of the area median income).

Median Family Income: HUD releases income limits annually for its programs. Income limits are calculated using American Community Survey and Census data. Data for Kitsap County is based on the Bremerton-Silverdale Metropolitan Statistical Area (MSA). Incomes are indexed by household size.

Operating Support. Financial assistance used to supplement the day-to-day operations of a project.

Program Year: The program year for the HHGP and AHGP programs is January 1 through December 31, which is the same as the County and City's fiscal year.

Project Management. Costs directly related to managing the project to the point of completion normally paid to a third party.

Project Soundness. The feasibility, sensibility, and effectiveness of the project to meet a defined community need and the organizational strength and capacity to bring the project to completion.

Proposed Funds. Funds which have been or will be requested from a potential project funding source.