

WASHINGTON STATE HOUSING FINANCE COMMISSION



LAND ACQUISITION PROGRAM (LAP)

Program Description and Application Guidelines

Revised February 28, 2011

For additional information or clarification, please email askusLAP@wshfc.org.

PROGRAM DESCRIPTION

The purpose of the Land Acquisition Program (LAP) is to assist eligible nonprofit organizations in Washington to purchase land suited for either multi- or single- family affordable housing development. Nonprofit borrowers must demonstrate sound experience and strong development capacity. LAP is a revolving loan program intended to assist with site acquisition for eventual use as affordable housing; LAP is not a short-term acquisition bridge financing program.

LAP was created in 2007 when the Legislature appropriated \$1,000,000 in state funds to create a land acquisition program targeted for affordable housing development. The Washington State Housing Finance Commission (WSHFC) has developed and administers the program. WSHFC has leveraged this initial appropriation of resources to raise \$11,500,000 of additional program capital. WSHFC has set funding targets for single-family and multifamily lending activities as follows: 40% single family and 60% multifamily.

All housing developed under LAP must target populations at or below 80 percent of the area median income and rental housing will include a 30-year affordability use restriction. The state appropriated funding for LAP may be used to acquire land on which facilities providing supportive services to affordable housing residents and low-income households in the nearby community may be developed. The WSHFC has provided additional program funding that can be used to acquire land as well as existing multifamily housing and commercial property that will be rehabilitated or redeveloped for affordable housing uses.

LAP is a rolling loan program with no application deadline. Applications will be accepted and projects considered for funding based upon the availability of funds. The intent of the program is to respond quickly to the potential needs of applicants to secure sites as they become available in markets where there is an urgent need for affordable housing and there is competition for limited developable land.

There is no maximum loan amount on LAP loans; however, LAP is not intended to cover 100% of site acquisition costs. Strong consideration will be given to applications that propose leveraging LAP funds in a way that maximizes the use of other financing sources.

LAP loans have a 1% interest rate with a 1% loan fee and a maximum term of 8 years. Interest and principal payments deferred for the life of the loan. Affordable housing developed on LAP financed land must be placed in service by the end of the 8th year. For this reason, it is anticipated that most loans will be repaid within four to six years with the proceeds of construction financing in order to recycle the funds into future transactions.

Within five years of receiving a LAP loan, the borrower must present WSHFC with an updated development plan, including a proposed development design, committed and anticipated additional financial resources to be dedicated to the development, and an estimated development schedule, which indicates completion of the development within eight years of loan receipt.

If the borrower does not place affordable housing into service on the property within the eight-year period, or if the borrower fails to use the property in a way consistent with the original

affordable housing development plan, then the borrower will be required to repay WSHFC the principal of the original loan plus compounded interest calculated at the then current market rate. In addition, the land may be transferred to another eligible organization to be developed into affordable housing consistent with the intent of the LAP with WSHFC approval. In the event of a transfer or sale of the land, there will be a cap on appreciation realized by the original LAP borrower.

EVALUATION CRITERIA

Evaluation criteria will include, but not be limited to, the following:

- Suitability of site for affordable housing and facilities that provide supportive services;
 - Suitability analysis will include consideration of site's access to transportation, use of existing infrastructure, proximity to necessary services and amenities, and ability to contribute to healthy neighborhood or community development.
- Evidence of strong organizational and financial capacity of the applicant to develop the project including a demonstrated track record of receiving anticipated construction and permanent takeout financing;
- Urgency to acquire site in order to provide affordable housing;
- Leveraging of other sources of acquisition funding; and
- Balancing need and geographic distribution.

APPLICATION PROCESS

Please submit one copy of your complete application package as outlined on Pages 5 and 6 to:

Bob Peterson, Tax Credit Manager
Tax Credit Division
Washington State Housing Finance Commission
1000 Second Avenue, Suite 2700
Seattle, WA 98104-1046

No facsimile (fax) or electronically transmitted proposals will be accepted.

LAP applications are accepted on a rolling basis with no application deadline. Applications will be accepted and projects considered for funding based upon the availability of funds and urgency of the submitted proposals.

WSHFC staff will review proposals to ensure that they are complete. WSHFC may seek clarification from applicants and may conduct discussions and negotiations with applicants who submit proposals found to be reasonably likely to be selected for an award.

Applications will be considered by an advisory committee with final approval by the Executive Director of WSHFC. The advisory committee will include representation from the Washington State Housing Trust Fund and WSHFC. Staff will report periodically to the Board of WSHFC on the status of LAP.

Disclosure

WSHFC reserves the right to retain all proposals submitted.

Materials and information submitted are subject to public disclosure unless otherwise exempt from disclosure under the Washington Public Records Disclosure Act (RCW 42.17 et seq.). No assurances can be given that any materials provided can be protected from public review and copying.

WSHFC reserves the right without prejudice to reject any and all proposals and to negotiate acceptable proposals with selected applicants.

Protest Procedures

All protests must be in writing. Such protests must state all facts and arguments on which the protesting party is relying as the basis for its action. Copies of the protest must be mailed or hand-delivered to the office of WSHFC. The protest must be received by WSHFC no later than 5:00 PM Prevailing Pacific Time on the fifth (5th) business day following the applicant's receipt of the notice of rejection, whether oral or written. Only those who are eligible to submit a proposal under the criteria established by WSHFC may protest the rejection of a proposal.

The Executive Director of the Commission will consider the record and all facts available and issue a decision within five (5) business days from receipt of the protest unless additional time is required, in which case the protesting party will be notified by WSHFC. The decision of the Executive Director will be final.

APPLICATION PACKAGE

I. LAP REQUEST FORM

Please fill out the form attached at the end of this document.

II. QUALIFICATIONS/EXPERIENCE

A. History and Mission of the Org/Description of Current Organization

Discuss the History and Mission of the Organization. Provide information on the Management Team and Board of Directors.

B. Development Team

To demonstrate development team qualifications, please identify each person or company involved with the project team and their respective roles, to the best of your ability at this time. Include a detailed resume of your team's work experience and qualifications. Additionally, please include the personal resumes of key team members, if available.

C. Organizational Development Experience

Describe your organization's previous experience in affordable housing development including a comprehensive list of affordable housing projects with which you have been involved. Please include all relevant completed projects as well as projects in your pipeline. The projects listed should illustrate your experience with projects similar in scope and size to what is being proposed and demonstrate your organizations track record with receiving relevant funding.

The list of projects should include, but not be limited to, the following:

- Name and location of project
- Your organization's role in the project
- Description of project including type, size, scope, mix of affordability, special needs set-asides
- Sources of financing
- Date project started and completed construction and current status of the project

D. Financial Capacity

Please attach your organization's past two years of audited financial statements. Please also provide your year-to-date interim financial statements.

III. PROJECT PROPOSAL

The purpose of LAP is to provide a source of financing for the acquisition of land for future development. As such, we understand that the proposed development is in the

concept stage at this point and will change over time. Based upon this premise, your development plan should be preliminary and reflect a concept rather than a final project.

The following should be included in the proposal:

A. Project Narrative

- 1. Site Description:** Identification of a specific parcel of developable land that is suitable for development and being offered at a fair market value for the proposed use.
- 2. Suitability of Site** for affordable housing and/or facilities that provide supportive services. Describe the site's location including, but not limited to, the site's access to transportation, use of existing infrastructure, proximity to necessary services and amenities, and the ability to contribute to a healthy neighborhood or community development plan.
- 3. Site Acquisition Financing:** Please describe how you will leverage LAP funds to purchase the site. Include a site acquisition sources and uses table.
- 4. Proposed Development Plan** reflecting the anticipated size and type of project, including a description of any other facilities being considered, and whether the project will be rental or homeownership. Also identify the mechanism that will be used to maintain the long-term affordability of project.
- 5. Proposed Timeline** for completion of development and repayment of the LAP loan.
- 6. Proposed Financing Plan** for the eventual development of the project into affordable housing, including how and when the LAP loan will be repaid and a timeline for securing all funds.

B. Market Conditions: Evidence that the site is located in a real estate market where competition for land is high and the availability of land is limited and/or diminishing.

C. Site Control: Evidence of site control documented by an option to purchase or purchase and sale agreement.

D. Preliminary Commitment for Title Insurance

E. Third Party Reports (land appraisal, environmental reports, etc.).

F. Additional Information: Any relevant information that would be helpful in evaluating your qualifications and/or the proposed development

NOTE: Satisfactory review of third party reports (current land appraisal, environmental reports, etc.) and title insurance will be conditions of closing.

**LAND ACQUISITION PROGRAM
Request for Land Purchase Assistance**

ORGANIZATION		
Name of Organization:		
Address:		
City, State ZIP		
Contact Person:		
Phone:		
Email:		
PROJECT		
Name of Project:		
Address:		
City, State ZIP		
County:		
Description of Site:		
Snapshot of Proposed Project:		
Single or Multifamily:		
Proposed Number of Units:		
FINANCING		
Total Site Acquisition Cost:		\$
Appraised Value of Site:		\$
Date of appraisal		
LAP Loan Amount:		\$
Equity Contribution:		\$
Additional Funds:		\$
Source:		
Interest Rate (if loan):	%	
Terms (if loan):		