

## **Addendum A**

### Requirements for Public Housing Agencies (PHAs) using Non-Commission Bonds with Tax Credits

#### **Background**

The Commission coordinates with PHAs to queue up a potential pipeline of projects needing bond cap each year. The process for requesting and receiving an allocation of bond cap is described separately, on the Commission's website. The thresholds described below must be met when submitting a tax credit application to the Commission.

#### **Requirements**

The following requirements replace the minimum score requirement under the *Bond Cap and Tax Credit Allocation Criteria* in Section 4. The thresholds below supplement regulations and compliance requirements governing both the tax credit and tax-exempt bond financing programs, as described throughout the Policies, QAP, WAC, and Sections 42 and 142 of the Code.

1. 50% Test
  - The Commission intends to target allocations of new-issue Bond Volume Cap to projects at an amount not to exceed 55% on the 50% Test. PHAs will be required to request a waiver from the Commission for requests over 55%.
2. Acquisition/Rehabilitation of Existing Affordable Housing
  - If a PHA is considering a re-syndication of a project that currently has an Extended Use Agreement, the Commission must approve any changes. See Section 3.13 for more information.
3. Additional Low-Income Housing Use Period
  - The Additional Low-Income Housing Use Period will be required for 25 years for all projects and commences upon the close of the compliance period (e.g., after the first 15 years). See Section 3.28 for more detailed information on the terms of the Tax Credit Extended Use Period.
4. Community Revitalization Plan
  - Projects must be located within the boundaries of a Community Revitalization Plan (CRP) per Section 42(m)(1)(B)(ii)(III) (Concerning Concerted Community Revitalization Plans). See Section 3.32 for more information.
5. Cost Efficient Development

- All projects must either be below the Total Development Cost (TDC) limit established by the Commission or submit a TDC Waiver Form documenting costs for projects over the TDC. In addition, PHAs should proactively communicate any cost increases above the TDC limit before closing.
  - See Section 2.4 for more detailed information on the Total Development Cost limit as outlined by WAC 262-01-130 (8)(a).

## 6. Overcoming Historic and Systemic Barriers

- The composition of the boards that govern PHAs are not determined by the PHA. As a result, the PHA does not have control over the composition of the Board or the Executive Director/Chief Executive Officer. To meet this threshold requirement the PHA must meet one of the following;
  - More than 50% of the Board identifies as BIPOC
  - Executive Director or Chief Executive Officer identifies as BIPOC
  - The racial diversity of the staff working at the PHA reflects the racial diversity of the residents that they serve. Staff working with residents have a role in agency decision-making processes.
  - Sponsors can provide additional narrative and supporting documentation to show they are meeting equity goals.

## 7. Evergreen Sustainable Development Standards (ESDS)

- Projects must comply with ESDS criteria that are current at time of application.
  - See Section 3.6 for a more detailed explanation of ESDS mandatory criteria based on project type.

## 8. Development and Unit Type

- Projects must illustrate a minimum unit set-aside of 20% at 50% AMI. They must also show that bedrooms per unit meet community needs as illustrated by the market study.
  - Sponsor can provide narrative and related support from the market study to waive the set-aside requirement.
- Projects must illustrate that development type (rehabilitation or new construction) meets community needs as illustrated by the market study.
  - More detailed market study requirements and guidelines are outlined in Section 3.9 pursuant to WAC 262-01-130 (2)(c).

## 9. Potential Tenant Engagement

PHAs are required under the 1937 Housing Act and successive regulations to engage with the community they serve on an on-going basis and when new housing projects are being contemplated.

- As outlined in Section 4.5, community engagement is a tool to provide projects that are by and for the community.

- By and for the community recognizes the important role affordable housing providers play in addressing the needs of populations who have historically been harmed by systemic and institutional barriers.
- In addition, Washington State Housing Authorities are required to comply with RCW 35.82.040 and 35.82.045 pertaining to their boards of commissioners.
- Many PHAs have structures in place for resident and community input agency wide. The information required by this section can include work the agency is doing to solicit community and resident feedback throughout the agency and over the course of longer redevelopment projects – not just specific to one project. To ensure alignment with WSHFC's Potential Tenant Engagement goals, PHAs must provide narrative which showcases:
  - Project staff understanding of how they are approaching the community they work in (including understanding of implicit and explicit biases, stereotypes, and past experiences)
  - Relationship building with community members, current and/or future residents, and stakeholders. This should discuss current engagement as well as continual relationship building throughout the life of the project.
  - Purposeful engagement with the community and current/future residents that provides meaningful input for agency and project-specific decision making.
  - A plan for implementing community and resident input.
  - For purposes of this section, Community Engagement, the term community shall refer to populations by and for which the proposed housing is intended to serve.

#### 10. Leverage of Public Funds

- Project must document any use of public funds.
  - i. Public funding includes contributing land