2023 ARCH Housing Trust Fund Addendum

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| **Instructions**  The ARCH Housing Trust Fund Addendum requests additional clarification questions to be included in the 2023 ARCH Housing Trust Fund application and provides underwriting criteria to determine a proposal’s cost effectiveness.  Please see the 2023 ARCH Housing Trust Fund Guidelines for detailed application assembly instructions. |

**Timely Delivery of Housing**

1. Will this project begin construction with 24 months of application?

**Yes**

**No**

1. If not, when would this project commence construction?
2. Please identify potential issues that could prevent this project from meeting the timeline identified in Form 5.

**Proposed Rents and Rental Increases**

1. Please clarify which rent schedule has been utilized in Form 8A. If you are choosing not to maximize rents, please explain why.
2. Please provide information regarding the significance of the rental increases to your portfolio, if any. How is your organization implementing rental increases and what protections have you put into practice to prevent displacement due to rental increases?

**Race Equity and Social Justice**

1. Will your proposal help address housing inequities in East King County, particularly among historically underserved, vulnerable, or marginalized communities, and/or for individuals with disabilities or for whom English is not a primary language? If so, how will you engage the communities most directly impacted about the opportunities provided by this project?
2. Describe how your project might impact the surrounding community. What are the demographics of the neighborhood of your proposed project, including race and income, and how does it compare to the population you intend to serve? In what ways will the impact of your project in this location further equity and social justice? What challenges do you anticipate for how this project will be received by the surrounding community?
3. Describe your organization’s experience prioritizing housing for groups most impacted by housing affordability and inequity in East King County.
4. Does your organization have a process for reviewing structures, policies, and programs with an equity and social justice lens to improve outcomes for the populations you serve? How do you obtain input from diverse client and non-client populations? Give examples, if possible, of instances where community input has driven changes in your organization’s policies, program implementation, staffing/hiring practices, or service delivery.
5. Describe the racial, ethnic, and gender diversity of your board members and senior leadership how does this composition help or hinder your organization’s capacity to understand and address the diverse needs of underserved communities?

**Higher Energy Standards**

1. Does this project intend to meet higher energy standards (Net-Zero, Passive House, etc.) or include energy efficient systems (solar panels, water systems, etc.)?

**Cost-Effective Development**

1. Please explain how your proposal is consistent with the cost-effective development approaches identified in the guidelines.
2. Cost effectiveness (e.g., HTF award per unit/SF, total development cost per unit/SF, reasonableness of budgets and proforma assumptions) will be evaluated based on the following standards:
   1. Proposals should note pricing if available from investor. If none, please use $.95 when pricing LIHTC credit.
   2. For projects utilizing the 4% LIHTC/Bond program, please use a 30 to 35 year amortization schedule with 5% to 5.25% for the permanent debt interest rate.
   3. Please use 1.15 for year one on the Debt Coverage Ratio.
   4. Please use 4.25% for your construction loan interest and only charge for the period the loan is anticipated to be used. i.e. if the project starts to draw down on the construction loan at 60% completion, the timing and interest of the loan should be calculated in the budgets accordingly. Proposals should use lower interest rate if available from lender.
   5. Replacement reserves should be capitalized at no more than $350 per unit in the development budget and for annual capitalization, please use no more than $350 per unit in the operating budget.
   6. Operating reserves should be no more than 6 months of operating expenses (excluding service expenses) and hard debt, capitalized in the development budget.