HOME Participating Jurisdiction
Project Design Proposal – 2014

 Applicant: Longview Housing Authority
 Title: Executive Director
 Address: 820 11th Avenue
 Longview, WA 98632

 Contact Person: Chris Pegg
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 Fax: 360-425-9930
 E-mail: chris.pegg@longviewha.org

 Non-Profit Status: NO Yes XX IRS Tax Identification Number 91-1012000

 Location: XXX Longview ___ Kelso

 Project Title: Blighted Highlands Property Redevelopment II

 HOME Funding Requested: $ 160,000

 Project Description

 1. Give a brief summary of your project (under 101 words): HOME funds will be used to help fund costs associated with construction of two (2) new three bedroom homes in the Highlands neighborhood. Project will include the purchase of two lots from the Highlands Neighborhood Association (HNA). HOME resources will be used to reduce the sales price of each home by $80,000. Experience has demonstrated a subsidy of this amount is needed to cover the gap between the total development costs and the loan amount the home owner is able to secure for a home at this location. Additionally the mortgage must be affordable to households earning 80% or less of area median income (adjusted for family size). The homes will be marketed to the public and current and prospective LHA program clients.

 2. Describe the project noting the problem(s) or opportunity(s) that will be addressed.

 This project provides funds to facilitate development of two new homes in the Highlands neighborhood an area that has experienced disinvestment and experiences a lower than average rate of home ownership (data included in the Highlands Neighborhood Revitalization Plan or Plan). This project capitalizes on redevelopment activity, including a $1,000,000 investment in a neighborhood trail adjacent to the property, and new homes built by LHA and Habitat for Humanity in the neighborhood.
This project will help the Highlands become a neighborhood of choice, an area where families will choose to purchase homes and/or reinvest in their properties. The new homes are likely to increase the value of adjacent properties.

LHA purchased 143 17th Avenue approximately two years ago and redeveloped the property by removing a derelict home and replacing it with a new home. LHA self contracted a substantial amount of the construction work and sold the home to a first time home owner. A year earlier LHA completed the construction of two homes on 20th Avenue. Thus LHA has gained the ability to self contract work. This work not only generates employment opportunities but affords LHA with an opportunity to have tight quality control on the work and market the property to a deserving and credit worthy household.

This grant request, $80,000 per home, will reduce the development costs to LHA and allow for a reduction in the sales price of each house. The subsidy is needed to make the home competitively priced with others in the community. Costs associated with construction and development exceed the amount of funds that can be secured with a conventional loan as appraised values of the homes once completed are approximately 50% of the development costs. Such a disparity in value is common in communities that experience disinvestment. The proposed subsidy makes the conventional mortgage amount such that the household can be income qualified for the home and afford the proposed mortgage payment.

Sale of the home prior to the end of the required 15 year period of affordability required by the HOME program will subject the homebuyer to repayment of the HOME funds. The grant will be recorded as a deed restriction and the subsidy amount will not be included in the home value.

This project is structured similar to two projects recently completed by LHA, a single family home at 143 17th Avenue and a duplex at 207 and 211 20th Avenue. This project will benefit from the experience that LHA has in these types of projects.

3. List the specific HOME objective information from the "5 year Strategic Plan" within the 2009-2013 Longview-Kelso Consolidated Plan. (See website information under Instructions).

Consolidated Plan Objective Code and Number: Objective DH-1.5
Consolidated Plan Objective Title: Expand homeownership opportunities for persons of low and moderate income and promote neighborhood stability.


This project will encourage/retain homeownership to maintain asset wealth for low-to-moderate income households, especially in neighborhoods (e.g., the Highlands) where financing may be more difficult. Development costs clearly exceeds the value of the homes created and thus requires substantial subsidy.
**Project Readiness**

4. Describe what specific steps need to be completed before the project will be ready to proceed? (Projects must be under construction within 12 months of signing your HOME Contract or funding will be deobligated.)

LHA will proceed with this project once it secures the properties currently owned by HNA. LHA will execute a Purchase and Sale Agreement for the properties and conduct necessary due diligence (for example obtain environmental clearance from the City of Longview and examine the suitability of the sites). An “as is” appraisal of the property will be completed prior to establishing purchase price of the land. If LHA is unable to negotiate a suitable purchase price with HNA or if the property is unsuitable for development LHA will identify alternative properties to purchase in the Highlands.

Specific steps are as follows:

a. Negotiate a purchase and sale agreement for subject properties,
b. Conduct due diligence and purchase property after HOME environmental review process completed and HUD approves
c. Cultivate potential home owners drawing from LHA programs, HNA and the general public,
d. Construct homes and
e. Sell property to two qualified home buyers.

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5. Please list start and completion date by Month, Day and Year:

Complete the “Project Timeline” (included at the end of this application) detailing project tasks and dates. This will be a part of your contract goals should your project be selected.

Project Start Date after Nov. 1st: August 1, 2014

Project Completion Date November 1, 2015

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**Problem Impact and Severity**

6. How will this project increase housing affordability for rentals or home ownership? What reductions in cost of rent or a mortgage would be realized? What rents will you charge for each one, two, and three bedroom when the project is complete? (Please detail from your attached ProForma.)

This proposal will allow construction and ultimate sale of two new homes. The HOME funds will subsidize development costs so the homes will be affordable to households with modest incomes.
Typical mortgage amounts experienced by home buyers benefiting from LHA programs are often substantially less than rents currently charged for inferior quality rentals. The mortgage amounts for these homes, including principal, taxes, interest and insurance (PITI) are less than the monthly expense associated with a rental in the area which according to LHA data would rent for $800-900 a month. The calculation of mortgage amounts is included in the attached budget workbook.

7. How does this housing project create a better living environment for residents? Have local, county, or state authorities noted the severity of the problem? Note building, public health or/and safety issues.

This project promotes infill development of two quality homes on Douglas Street and will promote private investment in the immediate area. Home ownership continues to be an anchor of neighborhood stability and the City of Longview has often noted that home ownership needs to increase in the Highlands Neighborhood if the neighborhood is to become a more desirable place to live. Vacant properties are often targets of vandalism and crime and pose safety concerns for area residents.

8. List similar projects or programs your agency has, and other agencies have, in place to address this problem in the community. List agencies, funding sources and amounts. List the number of families housed under each of these programs.

- LHA purchased a lot with a blighted property on 18th Avenue approximately four years ago and sold the property to Habitat for Humanity. Habitat worked with a family to construct a single family home on the site.
- LHA purchased two lots on 20th Avenue that included a derelict house. Once the house was removed and lot lines adjusted LHA built two a duplex residence using existing construction staff. One home was sold and the other home is currently a rental with the intent that it will be sold at a later time.
- Last year LHA redeveloped a site on 17th Avenue that contained a derelict house. A three bedroom home was built and sold to a homeowner.

Solution

Project Development

9. Did you attempt to collaborate the development of this project with other agencies? Which agencies were contacted and what was the outcome?

LHA has begun to collaborate with the HNA. Without a HOME award LHA will not proceed with the project. This activity is consistent with the goals and strategies included in the city’s revitalization plan for the Highlands. Rationale for development of this site includes the following:

- The city has been investing substantial resources in the Highlands including the development of a trail adjacent to the proposed site.
- The subject site can be obtained relatively easily as it is owned by a LHA partner.
• Zoning is appropriate for the proposed development.
• The project sponsor is able to complete the project in a timely manner (as evidenced by past similar efforts).
• The development will upgrade the immediate area.
• The project will redevelop an underutilized property, not cause displacement and/or relocation and encourage infill development and
• Provide a psychological boost to redevelopment efforts in a neighborhood that suffers disinvestment and limited new investment.

10. How do you propose to solve the problem? Please be specific, itemizing the various tasks you will undertake.

LHA seeks to increase home ownership in the neighborhood. Home owners tend to help stabilize a neighborhood and encourage reinvestment by both investors and homeowners because investment is seen as a worthwhile and profitable activity. Specific tasks that must be completed in conjunction with this proposal include and are not limited to the following:

1. Prepare the site to accommodate two new homes. This will require installation of upgraded utilities and other on site improvements.
2. The sponsor will be responsible for securing potential home buyers and qualifying these families for mortgages. HNA will be encouraged to help locate prospective home buyers and the sponsor and public will be invited to help spread the work. The project will be promoted through LHA’s self sufficiency and other programs.
3. This project will leverage relatively scarce government (HOME) resources. Home buyers will be responsible for paying debt on a conventional mortgage that pays for a portion of the development costs. The home owner may or may not contribute down payment funds.
4. The sponsor will manage construction and sale of the homes. LHA will provide financial literacy and/or pre-purchase counseling and will qualify home buyers. LHA will help the prospective home owner secure a mortgage and down payments assistance if necessary. LHA has an in house construction crew with demonstrated capabilities building homes and delivering a finished product on time and within budget.

11. List all persons who would be involved during the development of this project and describe their project responsibilities. (Include names, titles, phone and e-mail.) (Responsibilities should include grant administration, project manager, developing partnerships, acquisition, overseeing construction, maintaining records, client intake and eligibility, etc.)

Project Manager: Katie Wilkie at LHA will coordinate all site preparation and construction work. A four person construction crew reports to Katie. Katie is also the Asset Manager and is responsible for tracking and managing costs associated with development.
Homeownership Coordinator: Lori Parsons and Susie Marion will be response for qualifying home buyers and handling the sales portion of the project. Lori is a licensed real estate agent whose skills allow LHA to handle the sales function internally. Susie will provide the financial literacy component of the project.

Finance Director: Tom Drake, the Chief Financial Officer, manages accounting and finance staff that is responsible for financial reporting associated with this project.

Project Operation
12. Are you partnering with other organizations or businesses in this project? Will you have contracts for supportive services? What roles will each organization or business play after the project is completed? Please submit letters from partnering agencies and/or businesses as supporting documentation.

LHA encourages referrals for home buyers from local organizations that have an interest in the Highland and in particular the HNA. HNA is often aware of families who are interested in purchasing a home in the area but may be in need of the financial assistance offered in this project. Homes will be available to any household that is income qualified and qualifies for the required mortgage.

Supportive services associated with this project revolve around preparing a family to purchase a home, pre-purchase counseling, as well as post-purchase counseling. LHA staff has experience providing these services. The services ensure financial success of the prospective, often first time, homebuyer. Additionally, LHA’s veteran’s services programs provide support to clients who may be interested in and qualify for the project.

13. List all persons involved in the operation of this project when completed and describe their responsibilities. (Include names, titles, phone and e-mail.) (Responsibilities should include case management, day-to-day management, rent schedules for units, annual renter income review, partnerships in serving renters, etc., apartment management, and project owner.)

LHA may be involved in asset management of this property if the homes are not immediately sold to home buyers who can immediately purchase the home. Assistance to the home buyers will be provided by Susie Marion, family self-sufficiency coordinator, and Lori Parson, home owner coordinator. These homes are intended for sale so there will be no day-to-day management or renter services.

14. Complete the Rental or Ownership Proforma and Marketing Plan (provided separately.) Summarize your marketing/public outreach that you will you provide to inform the general community of this project? (Review the Marketing Plan information under the Underwriting Policies)

Attached is the rental proforma.

HOME Program Longview- Kelso HOME Consortium
Questions? Technical Assistance? Contact Julie Hourc’le at 360.442.5081, or by e-mail at: julie.hourcle@mylongview.com
15. Describe your selection process for applicants to participate? How will disabled applicants be able to participate?

Participant selection may occur in a number of ways. LHA comes in contact with potential home owners through its family self-sufficient, housing choice voucher and veterans integration programs. Income eligible families are encouraged to participate in this opportunity.

Many of LHA’s housing choice voucher clients are disabled. The percentage of LHA clients with disabilities is historically significantly greater than the general population. The new homes will be available and designed such that any household regardless of physical limitation or disability can live in the new home. For example single story homes are the norm.

LHA will advertise this project through traditional and electronic media (for example its popular web site) and work with its network of realtors familiar with LHA programs. LHA benefits from having an extensive client and contact base that includes many of the areas property owners. Identifying and cultivating two eligible home buyers should be easy given the demonstrated affordability of the homes.

16. What other short-term and long-term outcomes will result from the project?

This project will encourage additional reinvestment in the immediate area and serve to bolster property values. New construction will encourage others to make improvements in their homes.

17. What activities would still need to be undertaken after the project is completed in order for the problem to be fully addressed? Quantify where possible.

The number of poorly maintained and derelict properties in the Highlands is beyond the limited scope of this project. This project is an outgrowth of work recently completed on 17th and 20th Avenues and is likely to spur additional activity in the Highlands. According to a survey included in the HNA plan there are multiple derelict properties in the Highland including vacant lots suitable for redevelopment.

Reinvestment in the Highlands is a long term ongoing process to make the neighborhood one of choice for more families. The neighborhood is small enough that investment in two homes may have a significant psychological boost to the immediate blocks and help raise local property values, of significance to home buyers and renters alike.

Households Benefiting
18. What is the number of low-income households that will benefit from this project?
Use current year HUD Income Limits for family size.

At or below 80% of Median Income: 2
TOTAL Number of Households: 2
Budget
19. Explain why HOME funds are appropriate for your project. If this application is for a program currently receiving HOME funding, discuss what action you have taken and what other funding sources have been investigated in the last 12 months to reduce your organization’s dependence on City of Longview (or City of Kelso) HOME funds.

The Rationale behind use of HOME funds for this project is as follows:

- This project is similar to a prior project, on 17th Avenue, which used $60,000 in HOME funds for one home. Given the mortgage financing secured for the home on 17th Avenue and development costs LHA is requesting a greater amount of funds, $80,000, for each home.

- Promotion of redevelopment and reinvestment in the Highlands neighborhood is a high community priority. The City has not only supported single family development and rehabilitation efforts but committed over $1,000,000 in CDBG funds for a pedestrian trail near this project. The City has invested resources to improve street lighting and sidewalks.

- The Longview Comprehensive Plan identified a need to add home ownership opportunities for lower income families and increase the amount of home ownership in the Highlands.

- The project will promote economic diversity in the immediate area.

- This project is consistent with goals and objectives included in the Highlands Plan.

- This project supports investments made by other organizations including Community Action Program (single family development), HNA and Habitat for Humanity.

- The proposal will not require ongoing financial resources. HOME funds will leverage private resources directly in that home buyers will obtain private mortgages, properties will produce tax revenue, and home buyers will enjoy tax benefits.

- LHA has not requested funds for this project in the past.

20. What agency funding will you commit to this project? If none, why not? (A 25% match of non-federal funding is desired.)

First mortgage financing from a conventional mortgage lender will be committed to this project. Additionally LHA will invest staff time (at no cost) to recruit, train and qualify two prospective buyers. LHA will also seek down payment assistance that is needed to make the project financially viable. The amount of project management fees charged is modest and does not fully compensate LHA for the effort it historically has experienced in home ownership promotion and development projects.
21. If one or more funding sources listed below is not realized, what impact would this have on your project? Explain what changes would be considered to its scope or design, including the number of families housed, structure(s) constructed, delays in construction start date, etc. and whether your project would exist without HOME funding.

There are three funding sources contemplated for this project, 1. HOME funds, 2. conventional mortgage financing and 3. Down payment assistance funds (buyer’s funds, grants etc. to be determined based on individual circumstance). LHA will work with the prospective home buyers to qualify for conventional financing. A conventional construction loan will finance construction of the homes. If a home is not sold LHA will use conventional financing to take out the construction loan.

Without HOME funding the project will not proceed. LHA does not have a source of funding that can fill the gap between the development cost and anticipated first mortgage (conventional) financing available. It is possible that the state may have some funds available for qualified first time home buyers but certainly not enough to fill the gap without HOME funds.

22. Complete and attach the separate HOME Budget Form.
Complete the budget form showing all sources and uses of funds related to your project.

23. Sources and Uses Fund Statement / Budget Form Narrative

a. Please list all funding sources, intended uses, and amounts from your budget form.
Identify each source as Federal, State, Local, or Private.

HOME Subsidy $160,000
First Mortgages $150,000
Soft Second Funds $20,000

These funds are for two units.

b. Identify which sources are proposed and which sources are committed.

There are no permanent funding sources committed to the project. Conventional financing will be sought as the homes near completion. LHA has access to interim sources of financing although interest will be paid on borrowed funds until conventional financing is secured.

c. Supporting Documentation: List and attach “Sources of Funds” supporting documentation noted under Question #25.

Not applicable.

HOME Program Longview- Kelso HOME Consortium
Questions? Technical Assistance? Contact Julie Hourcle' at 360.442.5081, or by e-mail at: julie.hourcle@mylongview.com
d. Supporting Documentation: List and attach “Uses of Funds” supporting documentation noted under Question #25.

Not applicable.

24. Please list the amount of private, local, and State (non-federal) matching funds which will be designated towards the 25% match per HOME categories below:

$________ A. Cash Contributions
$________ B. Forgone, Taxes, Fees and Charge
$________ C. Donated Land or Other Real Property
$________ D. On Site and Off-Site Infrastructure
$________ E 1 Donated Site Preparation
$________ E 2 Donated Construction Material
$________ E 3 Donated Labor (other than homeowner): Number or hours _____ times $10 per hour
$________ E 1 Sweat Equity (homeowner only): Number or hours_____ times $10 per hour
$________ F. Proceeds from Affordable Housing Bonds
$________ G. Supportive Services – Type ________________________________

$2,000 ____ G1 Homebuyer Counseling Services
$20,000____ Estimated/Unknown at this time. Type: ___Down payment assistance

Attachments

25. Required Attachments

☐ Project Timeline (Note: Funding is available in November following project submittal. Please plan accordingly.)
☐ Project Budget (Note: Show all funding sources and note if they are committed or not committed. List date when commitment will be confirmed.)
☐ Detailed Cost Estimates (Specific costs for project itemized to show project cost analysis.)
☐ Project Documentation (See below)
☐ HOME Performa: Rental or Homeowner Affordability
☐ Market Analysis (separate form)
☐ Marketing Plan (as described in the Underwriting Policies and Procedures.)
☐ Developer Development Capacity Certification
☐ Agency Financial Audit by e-mail (Most current independent audit.)

Project Documentation to support your project. (Provide in order listed. Staff may limit the number of documents to the most important for Council to base its decision.)
• **Sources of Funds**
  1. Include commitment letters with all terms and conditions for all mortgages, loans, grants, subordination agreements, private fundraising, bridge (interim) loans and investment tax credits (historical low-income, if applicable);
  2. Provide a formal Certification letter signed by the Agency Director or Owner listing the amounts and type of all governmental assistance (Federal, State, and Local) which will be used in this project.
  3. If you (the applicant) are a partnership, or will enter into a partnership to undertake this project (including services) provide a copy of the partnership agreement, which will indicate the cash contributions by the general partner(s) and/or limited partner(s).

• **Uses of Funds**
  1. Earnest money agreement, option or closing statement for land and/or building(s);
  2. Construction cost estimate
  3. Construction contract or preliminary (bids)
  4. Agreements governing the various reserves which are capitalized at closing (to verify that the reserves cannot be withdrawn later as fees or distributions.)
  5. Appraisal (to substantiate the value of the land and the value of the property after rehabilitation or the structure being built)
  6. If low-income tax credits are utilized, provide documentation on the syndication costs (legal, accounting, tax opinion, etc.) from the organization/individuals who will syndicate and sell the offering to ensure that the project can support the fees necessary to syndicate/fund the project. All assumptions should be verified in the supporting documentation.

• Maps, architectural renderings and elevations, floor plans
• Surveys and other professional reports
• Letters from local, state, or federal agencies directing the repair or creation of a specific housing project
• Letters attesting to the subject problem
• Letters of support
• Current news articles
# Project Timeline

<table>
<thead>
<tr>
<th>Detail Tasks for Project</th>
<th>Start Date</th>
<th>Completion Date</th>
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<tbody>
<tr>
<td>Site acquisition (upon award and availability of resources)</td>
<td>August 1, 2014</td>
<td>November 1, 2014</td>
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<tr>
<td>Recruit homeowners</td>
<td>November 1, 2014</td>
<td>February 1, 2015</td>
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<tr>
<td>Secure Building Permits</td>
<td>December 1, 2015</td>
<td>February 1, 2015</td>
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<tr>
<td>Homes completed</td>
<td>February 1, 2015</td>
<td>November 1, 2015</td>
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This timeline assumes availability of funds in November of 2014.
## Longview/Kelso Home Consortium
### PROJECT BUDGET AND FUNDING SOURCES (2 Homes)

<table>
<thead>
<tr>
<th>Commitment Dates</th>
<th>2014</th>
<th>2014/15</th>
<th>How costs determined (bid, est.)</th>
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<tr>
<td><strong>ACQUISITION</strong></td>
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<td>Estimate based on prior project</td>
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<td>Appraisal</td>
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<td>Actual costs on prior projects</td>
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<td>Preconstruction Inspection</td>
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<td>Other:</td>
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<td><strong>Subtotal</strong></td>
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<td>Securing of Building</td>
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<td>Demolition</td>
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<tr>
<td>Affirmative Marketing</td>
<td>9,000</td>
<td>$9,000</td>
<td>Estimate</td>
</tr>
<tr>
<td>Project Management</td>
<td>0</td>
<td>$0</td>
<td></td>
</tr>
<tr>
<td>Developer Fees</td>
<td>0</td>
<td>$0</td>
<td></td>
</tr>
<tr>
<td>Other: Buyer appraisals</td>
<td>1,000</td>
<td>$1,000</td>
<td></td>
</tr>
<tr>
<td>Other: Real Estate Fees</td>
<td>8,650</td>
<td>950</td>
<td>$9,600</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>$0</td>
<td>13,794</td>
<td>10,000</td>
</tr>
<tr>
<td><strong>HOME TOTAL</strong></td>
<td>$160,000</td>
<td>$150,000</td>
<td>$20,000</td>
</tr>
</tbody>
</table>

**Date:** 03.02.14

**Sponsor:** Longview Housing Authority  
**Project Address:** Douglas Street, Longview, WA
Marketing Plan: A marketing plan shall be completed to show how the project will be marketed publically to Longview and/or Kelso residents through the public media, professional realtor or/and real estate marketing staff for at least 90 days or until the unit(s) are fully sold/rented. The advertising methods used to reach buyers/renters, both paid and free, and direct promotion through local organizations, stakeholders and social media can be used. The message to buyers should note that the value/sales or rental price is competitive and the home’s features fit the target buyer or renter. The agency must follow its marketing plan and provide documentation of its public marketing effort prior to selecting its recipient(s.).
Immediately adjacent to
PROPOSED DIVIDED STREET SITE