



HOME Participating Jurisdiction Project Design Proposal - 2014

Applicant: <u>Foundation For the Challenged</u>	Contact Person: <u>Michael Pollowitz</u>
Title: <u>Fran Wesseling, Executive Director</u>	Title: <u>Development Consultant</u>
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Non-Profit Status: NO Yes **IRS Tax Identification Number** 01-0619670

Location: Longview Kelso

Project Title: FFC Homes IX

HOME Funding Requested: \$ \$45,000

Project Description

1. Give a *brief* summary of your project (under 101 words):

The Foundation For the Challenged (FFC) is proposing to purchase a house or duplex with a total of four bedrooms to rent to extremely low-income individuals with a developmental disability. The home will be remodeled to meet or exceed ADA accessibility requirements. The 24/7 support services will be provided by Life Works and funded by the Developmental Disabilities Administration (DDA).

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

The problem that will be addressed by this project is to reduce the burdensome rent that the proposed tenants are currently paying independently for their market-rate housing. The proposed group home setting will lower their rent, which will then provide money for other living expenses.

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: DH-3.4

Consolidated Plan Objective Title: Expand the supply of housing resources for renters earning up to 50% of median income and for special needs populations by preventing the loss of existing subsidized



housing and purchasing affordable, private multi-family housing that becomes income restricted to low income tenants.

Consolidated Plan Objective Proposed Accomplishments & Outcomes: 13 Rental units preserved/acquired

This project will create 1 unit of group home housing.

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.)

FFC needs to be funded by the State Housing Trust Fund (HTF) to proceed forward. Funding for this project was included in the Capital Budget that was signed by the governor in June 2013. FFC still needs to proceed with the HTF application process. A Stage 1 application was submitted on 1/17/14. It is anticipated that the Stage 2 application will be due in September with a decision in December 2014. FFC has been working closely with DDA and this project is one of their highest priorities. The initial tenants have already been identified by Life Works.

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 (mm-dd-yyyy)	as soon as 01/15/2015
Project Completion Date (mm-dd-yyyy)	09/1/2015

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.)

FFC will be purchasing only a vacant or owner-occupied home and will make a 40-year commitment to renting to extremely low-income individuals with a developmental disability whose income is at or below 30% of the area median. Rent will be set according to HOME rules for group home settings.

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.



To the extent necessary, the house will be remodeled to meet the health and safety needs of the tenants. Their need for a level of accessibility and reinforced building materials will address both of these concerns. Given their limited monthly income, the affordable rents will provide the tenants more of an opportunity to personalize their home and enjoy more community outings with their remaining income.

As one of the safety features, FFC intends to install a fire retardant sprinkler system that will be monitored 24/7 and is dialed into the fire department.

DDA has identified the Kelso area and this project in particular as one of their highest priorities for the development of affordable, accessible housing.

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.

Although FFC owns over (90) homes providing affordable, accessible housing to people with developmental disabilities, one home in Longview is currently being developed.

Life Works owns and operates the Kelso Group Home at 922 Cedar Street that serves 9 adults with developmental disabilities who need housing and service supports. This home was originally developed by Cowlitz County in 1980. The initial funding of \$60,390 was from a State Referendum 29 grant. Extensive remodeling was completed using a State Housing Trust Fund grant in 2006 for \$358,106.

Life Works also provides supported living services to four clients in a group home located at 1111 11th Ave in Kelso that is owned by the Lower Columbia Action Program. The home did receive HOME funding from the City of Kelso for an ADA bathroom.

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?

FFC is collaborating with DDA and Life Works in the development of this project. FFC is acting in the capacity of developer, owner, and property manager. Life Works will continue to provide the tenants their 24/7 services and DDA will continue to fund these services.

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

□

FFC will enter into annual individual lease contracts with each tenant, track their income annually, submit rent and utility information for each home, and ensure that the pro-rated rent payment per tenant does not exceed the HOME High Rent as set annually by HUD.



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.)

Fran Wesseling, Executive Director of FFC, 614-389-4501, fwesseling@ffcohoio.org
Fran will have oversight of the entire project and will be executing all project related documents.

Michael Pollowitz, Development Consultant, 206-228-7275, mpollowitz@gmail.com
Michael will have the lead in writing the funding applications, coordinating with funders and Life Works, searching for a property, supporting the bid process for contractors, overseeing the remodeling, and ensuring the project is completed on-time and within budget.

David Scheiber, Property Manager, 206-852-5000, david-scheiber@comcast.net
David will be doing the initial tenant eligibility reviews, putting together the leases, and addressing any initial tenant or house-related problems at rent-up.

Carolyn Anson, Finance Director of FFC, 614-389-4501, canson@ffcohoio.org
Carolyn will be responsible for the fiscal management of the project including vouchering for funding, maintaining records, and the final close-out of grants.

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.

FFC is just acting in the capacity of developer, owner, and property manager. FFC is working with Life Works on this project. They currently are funded for and provide the 24/7 support and training services to the tenants identified for this project. They will maintain this role when the tenants move into the house. A Letter of Support from Life Works is in attachment.

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.)

Fran Wesseling, Executive Director of FFC, 614-923-6020, fwesseling@ffcohoio.org
Fran will have on-going oversight of the house and will execute documents as needed.

Michael Pollowitz, Asset Manager, 206-228-7275, mpollowitz@gmail.com
Michael will be completing all funder related reports, be the liaison between the tenants and FFC, and supervise David, the Property Manager.

David Scheiber, Property Manager, 206-852-5000, david-scheiber@comcast.net
David will be the direct interface with tenants and Life Works around leases, repairs, responding to questions and problems, and overseeing the overall maintenance of the house.

Carolyn Anson, Finance Director of FFC, 614-389-4501, canson@ffcoho.org
Carolyn will be responsible for the fiscal management of the house including budgeting, vouchering for funding, maintaining records, and reconciling the income & expenses.

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

There is no Marketing Plan. One of the HTF contractual requirements is that DDA will be the referral entity for this house. Given the complexity of service funding and the importance of roommate matching, Life Works will work directly with DDA on future tenant referrals. FFC will enter into a Referral Agreement with DDA once this project is fully funded. These Referral Agreements are standard practice and FFC has an existing Agreement with DDA Region 2.

15. Describe your selection process for applicants to participate? How will disabled applicants be able to participate?

DDA and Life Works will refer an eligible tenant(s) as vacancies occur. FFC will review tenants based on their rental application and funder eligibility requirements.

DDA and Life Works both incorporate philosophies that maximize the rights and responsibilities of people with developmental disabilities to participate in and make decisions about events that affect their lives. This housing opportunity will be another extension of this philosophy.

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

This project offers tenants long-term, stable housing that is both affordable and accessible. The specific health and safety needs of the tenants will be addressed in developing the remodeling scope of work. The affordable rents will provide opportunities for the tenants to use their additional income to improve their quality of life.

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.

FFC believes that the problem of affordable, accessible housing will be addressed for the initial tenants once the project is completed and the tenants move in. Longer term, this home will continue to be an affordable housing resource for 40 years.



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 30% of Median Income: 4

At or below 50% of Median Income:

At or below 80% of Median Income:

TOTAL Number of Households: 4

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.

In a discussion about this project with Julie Hourcle' of CDD and Marti Johnson of Life Works, the suggestion was that HOME funding was the most appropriate match for this project.

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

FFC is committing \$3,000 to the project for the Operating Reserves.

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.

With approximately 89% of the budget coming from the HTF, this project cannot move forward without their funding support. The funding is already included in the Capital Budget that was signed by the Governor in June 2013. FFC has already submitted a Stage 1 application to the HTF on 1/17/2014. The anticipated submittal of the Stage 2 application will be in September.

22. Complete and attach the separate HOME Budget Form.

See attached.

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.

- The State Housing Trust Fund is state bond derived funding that is being requested to provide \$350,255. The funding will be used for every aspect of the project's development with the exception of the Operating Reserves.



- The City of Kelso is being requested to provide \$45,000 in federal HOME funding to be used for the partial costs of Acquisition and the Developer Fee.
- FFC will be providing \$3,000 of private funding that will be used for Operating Reserves.

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

The HTF funding is considered proposed even though there is a line item in the Capital Budget that supports this project. The City of Kelso funding is proposed. The FFC funding is committed.

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

Not applicable.

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
- \$ _____ E1 Sweat Equity (homeowner only): Number or hours _____ times \$10 per hour
- \$ 350,255 F. Proceeds from Affordable Housing Bonds
- \$ _____ G. Supportive Services – Type _____
- \$ _____ G1 Homebuyer Counseling Services
- \$ _____ Estimated/Unknown at this time. Type : _____

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);
In attachment
 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.
In attachment
 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).
N/A
- **Uses of Funds N/A**
 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
- **In attachment from Life Works**
- Current news articles
- Engineering, soils, or environmental reports



Longview/Kelso Home Consortium

PROJECT BUDGET AND FUNDING SOURCES

	Kelso HOME Source 1	HTF Source 2	FFC Source 3	Source 4	Source 5	Total Cost	How costs determined (bid, est.)
Commitment Dates	2013						
ACQUISITION							
Purchase Price - Land						\$0.00	
Purchase Price - Bldg.	40,500	219,500				\$260,000.00	Market Study
Transaction Taxes						\$0.00	
Closing/Recording Fees		1,300				\$1,300.00	prior projects
Title Insurance/Binder Fees		1,200				\$1,200.00	prior projects
Appraisal		500				\$500.00	prior projects
Other:						\$0.00	
Subtotal	40,500.00	222,500.00	0.00	0.00	0.00	\$263,000.00	
PREDEVELOPMENT							
Architect		6,000				\$6,000.00	prior projects
Engineering						\$0.00	
Legal Fees						\$0.00	
Environmental Review		2,000				\$2,000.00	prior projects
Preconstruction Inspection		600				\$600.00	prior projects
Other:						\$0.00	
Subtotal	0.00	8,600.00	0.00	0.00	0.00	\$8,600.00	
CONSTRUCTION COSTS							
New Construction						\$0.00	
Rehabilitation		55,000				\$55,000.00	prior projects
Infrastructure on site						\$0.00	
Energy Related Improvemts						\$0.00	
Repair/Replace Major Syst.						\$0.00	
Lead Based Paint /Haz Mat						\$0.00	
Access for Disabled						\$0.00	
Securing of Building						\$0.00	
Demolition						\$0.00	
Utility Connections						\$0.00	
Permits & Fees						\$0.00	
Construction Loan Fees						\$0.00	
Construction Inspections						\$0.00	
Sales Tax						\$0.00	
Insurance/Bond/Surety Fees		300				\$300.00	prior projects
Contingency		8,250				\$8,250.00	HTF requirement
Other: Utilities		600				\$600.00	prior projects
Subtotal	0.00	64,150.00	0.00	0.00	0.00	\$64,150.00	
OTHER							
Home Buyer Counseling						\$0.00	
Credit Report Fees						\$0.00	
Operating Deficit Reserves						\$0.00	
Relocation Costs						\$0.00	
Operating Reserves			3,000			\$3,000.00	prior projects
Loan Fees		7,005				\$7,005.00	2% HTF fee
Tenant Rental Assistance						\$0.00	
Affirmative Marketing						\$0.00	
Project Management		10,000				\$10,000.00	prior projects
Developer Fees	4,500	35,000				\$39,500.00	10% of award
Other: Accounting/Audit		1,000				\$1,000.00	prior projects
Other: Real Estate Tax		2,000				\$2,000.00	Market Study
Subtotal	4,500.00	55,005.00	3,000.00	0.00	0.00	\$62,505.00	
HOME TOTAL	\$45,000.00	\$350,255.00	\$3,000.00	\$0.00	\$0.00	\$398,255.00	
Date: 1-26-2014							
Sponsor: Foundation For the Challenged			Project Address: TBD				

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 ore 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.)

Life Works recognizes the critical importance of the DDA in the lives of people with developmental disabilities and their family members. DDA provides the essential funding for and contracts with Life Works to provide the necessary residential support services. Given this partnership, Life Works and DDA will work jointly to implement a Tenant Selection Process that includes:

- identifying potential tenants that have a developmental disability;
- through a tenant application and/or screening process qualify for the housing based on funder eligibility criteria;
- have sufficient service funding to ensure their health and safety; and
- where appropriate, there is a reasonable expectation of house-mate compatibility.



HOME Proforma

Assumptions:

Cost: (total investment)		<u>\$398,255.00</u>
Less: First Loan (amount)		<u>\$350,255.00</u>
Less: Second Loan (amount)		<u>\$</u>
Cash (equity) required		<u>\$3,000.00</u>
HOME Request		<u>\$45,000.00</u>

Step 1: Determine the Net Operating Income

Gross Rental Income (Complete Rent Schedule below)		<u>\$12,672.00</u>
Less: Vacancy (5%)		<u>\$637.00</u>
Effective Gross Income (EGI)		<u>\$12,035.00</u>
Less Operating Expenses		<u>\$10,500.00</u>
Maintenance	<u>\$2,000.00</u>	
Property Taxes	<u>\$0.00</u>	
Insurance	<u>\$700.00</u>	
Utility Service: (Paid by Owner)	<u>\$4,200.00</u>	
Electricity	<u>\$1,800.00</u>	
Natural Gas	<u>\$0.00</u>	
Water	<u>\$600.00</u>	
Sewer	<u>\$360.00</u>	
Solid Waste	<u>\$600.00</u>	
Stormwater Utility	<u>\$240.00</u>	
Groundskeeping	<u>\$600.00</u>	
Property Management Fees at _____ (Insert %)	<u>\$3,600.00</u>	
Social Service Administrative Fees at _____ (Insert %)	<u>\$0.00</u>	
Net Operating Income (NOI)		<u>\$1,535.00</u>

Step 2: Compute the Cash on Return

Net Operating Income (NOI)		<u>\$1,535.00</u>
Debt Service (First Loan)	<u>\$0.00</u>	
Debt Service (Second Loan)	<u>\$</u>	
Total Debt Service	<u>0</u>	
Cash Flow		<u>\$1,535.00</u>

$$\frac{\text{Cash Flow}}{\text{Equity}} = \frac{\text{N/A}}{\text{N/A}} = \text{Cash on Cash Return} = \text{N/A \%}$$

Rental Schedule

Size	No. of Units	Monthly Rent/Unit	Total Rent	List Utilities to be paid by Tenant (Electricity, Gas, etc)
1 -Bed				
1- Bed				
2- Bed				
3- Bed				
4- Bed	1	\$1,056	12,672	all except telephone & cable
Gross Rental Income			12,672	



January 31, 2014

The Foundation For the Challenged certifies their intent to apply for and use \$350,255 from the State Housing Trust Fund to support the development of FFC Homes IX in Kelso.

Sincerely,

A handwritten signature in cursive script that reads "Fran Wesseling".

Fran Wesseling
Executive Director



Helping people make life work.

February 5, 2014

Kelso Home Program
Kelso, WA 98626

Re: Home Application for low income housing

Dear Council Members,

Life Works has been serving people with developmental and intellectual disabilities in our community for thirty four years. These individuals are typically in the very low income category and are renting places to live in our community at market rates. They often have to live with unrelated people in order to share living expenses and in order to receive the supported living services that the state is contracting with us to provide. With this arrangement, most individuals have very little money left for food, clothing, and an occasional recreational activity.

With this project, the people we support will only pay one third of their income for their rent and utilities which will significantly improve their lives. While many of them struggle to find jobs to make ends meet, this project will reduce their costs and provide them with safe, affordable housing.

Life Works will continue to provide the twenty four hours per day, seven days per week support for the individuals who will move into this housing. We have identified current clients who are most in need of the configuration of housing being proposed in this grant request. History tells us that once these individuals make this their home; they will live there for many years.

In addition to providing supported services, life Works will take on a role of collecting and paying rents, notifying the rental agency of maintenance needs, assisting tenants to keep the property presentable, and assisting tenants to keep the home clean and safe.

Thank you for considering this very important project. With this grant, you will be making an important contribution to the community's low income housing stock and to the lives of individuals who will have the opportunity to live here.

Sincerely,

A handwritten signature in black ink, appearing to read "Marti Johnson", written over a faint circular stamp or watermark.

Marti Johnson, CEO