

The Rapid Response Program

Defining the Problem:

Many local cities and towns are facing immense pressure to preserve and rehabilitate affordable rental housing at a time with limited resources available to assist them. Neighborhoods, in communities small and large, are experiencing gentrification at an alarming pace and in some housing types, especially manufactured homes, communities were being sold to the highest bidder causing families to lose the only shelter they could afford.

For-profit developers are able to respond quickly to opportunities to purchase and close on properties before non-profit developers could secure the necessary public financing to close the deal. This uneven playing field has been quickly destroying unique neighborhoods all across Washington State. Enter the Rapid Response Program (RRP)!

Creating the Program:

A coalition of non-profit stakeholders, with the assistance of several legislators, wrote House Bill 3142 in a matter of a few short months, and the legislature approved and appropriated \$10 million to initiate the program. The intent of the RRP program is to position eligible non-profit organizations to quickly respond to those market conditions that threaten affordable rental housing and communities. RRP loans are not intended to pay construction or rehabilitation costs but rather to acquire the property quickly in a competitive market. The Commission, in partnership with the state Department of Commerce (DOC), developed guidelines to administer the RRP and created performance measures to evaluate the program.

Applications were accepted and projects were considered for funding based upon the availability of funds and the urgency of the submitted proposals. Applications were considered by an advisory committee, including a representative of DOC, with final loan approval made by the Executive Director of the Commission. The goal to respond to applications with a decision was 60 days. This timeframe was met in every situation. Staff reports periodically to the Board of the Commission and the state Legislature on the status of the RRP.

All housing developed under the RRP is intended to target populations at or below 80% of the area median income (AMI) with particular emphasis on rental housing under 50% AMI and is subject to a minimum of 30-years of affordability. RRP loans may be outstanding for up to 50 years.

Success of the Program:

Since July 1, 2008 the RRP has allocated \$10,000,000 to fund nine affordable housing projects across the state. These projects have included:

- Preserving two manufactured housing communities saving 183 units,
- Preserving two domestic violence shelters which allowed the organizations to increase capacity by 40 beds. This occurred at a time when two other shelters were closing or changing housing focus due to lack of operational funding.
- Providing funding to purchase two separate vacant parcels in the city of Seattle that will create 168 units of new construction affordable housing in communities that have been experiencing rapid gentrification,
- Providing funding for three projects within the city of Spokane. The city of Spokane lost nearly 300 units of affordable rental housing to redevelopment alone in 2007. The RRP has allowed the city to save and create 117 units in fairly short order. One project is preserving 33 units of affordable housing within the central business district. Another project is preserving and rehabilitating a 51 unit building that previously had housed very low income individuals, had been condemned and was threatened with being torn down and redeveloped. Another project will create 33 units of new construction affordable rental housing for low income seniors in Spokane.

Five funded projects have already Placed-in-Service, three others are currently under construction and one is still in the development stage. The RRP goal is for all projects to PIS within three years of funding.

In each of these instances, if RRP funding had not been available, these affordable housing units, located in burgeoning areas with ready access to public transportation and an abundance of public services, might have been lost to redevelopment and gentrification. All together RRP leveraged an additional \$18+ million dollars in public and private funding to complete these projects and fulfill not only a need for affordable rental housing but economic development and jobs in these communities.

Why the Rapid Response Program should be considered for an award:

The Commission was chosen by the state legislature to manage this new and innovative program in 2008. The legislature appropriated \$10 million to initiate the program. The first task was to quickly develop the program. The next step was to notify non-profit housing developers across the state about this new and innovative program. The last step was to begin making loans to preserve existing affordable rental housing units that were at risk, and where available, develop new construction affordable rental housing units. In less than 90 days from the time the Bill being signed:

- Program guidelines were developed,
- Application and loan process was developed,
- Non-profit development community was notified of the new Rapid Response Program.

The RRP funded an endangered manufactured housing community. This project was home to 108 privately owned manufactured housing units facing an immediate threat of seeing their community sold to a developer and its use change from housing to commercial development.

Not only was the preservation of this project a success, but the developer, in conjunction with the Commission, and the local public housing authority, was able to partner with a local Habitat for Humanity chapter to avail new more energy efficient units to tenants who qualified using their zero interest financing programs. Now tenants earning less than 30% of AMI can afford a brand new manufactured home!

Just as the real estate market took a dive, the Rapid Response Program was poised to assist non-profit housing developers. Well-capacitated non-profits have been able to access the RRP program, and close quickly on the RRP loan, which helps them to be competitive with for-profit developers.

The success of the program can be attributed to aspects other than money. The Commission over the years has been a strong advocate, along with the state Housing Trust Fund and non-profit lender Impact Capital, in developing capacity among the state's non-profit housing developers. This unique partnership has not only increased the number of affordable rental units across the state but more importantly has caused our affordable housing community to get creative in finding solutions to stem the tide of lost opportunities to preserve and create affordable housing throughout all of Washington.