



STATE OF WASHINGTON  
DEPARTMENT OF COMMERCE  
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[www.commerce.wa.gov](http://www.commerce.wa.gov)

## Attachment to the Direct Appropriation Letter: 2025 Housing Trust Fund (HTF) Award Conditions

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Washington operates under a biennial (or two-year) budget. Each appropriation in the 2025-2027 Capital Budget must, by law, lapse at the close of the biennium (June 30, 2027).

Since many projects take more than two years to complete, Commerce will automatically request a reappropriation of any unspent funds. However, we cannot guarantee that the Legislature will agree to extend funding, nor can we legally obligate funds from one biennium to another.

Award recipients are advised to discuss pending reappropriations with their legislators prior to the beginning of the legislative session in which the reappropriation is expected to occur. Your project must adhere to the [HTF Handbook](#) policies as applicable to its type. They can be reviewed here: [www.commerce.wa.gov/multifamily-rental-housing/htf/](http://www.commerce.wa.gov/multifamily-rental-housing/htf/). Additionally, Department of Commerce (Commerce) issued a [Loan and Grant Policy](#) for the Housing Trust Fund (HTF) program, which may include applicable policy updates for your project.

You are responsible for informing your Project Manager (PM), in advance, of any issues that may impact your ability to meet any of the following conditions.

Your Project Manager's evaluation of responses to the following criteria may result in a request for additional clarifying materials and/or steps to be taken prior to contract drafting, execution or release of funds.

The typical term of an HTF award is 40 years for projects located outside of King County and 50 years for projects located in King County.

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### **PRIOR TO DRAFTING YOUR CONTRACT DOCUMENTS:**

Following is a list of items needed by Commerce staff to begin drafting your contract. **Note that once you have submitted all required documentation, it can take up to eight (8) weeks to receive draft contract documents from Commerce.** For further information about the contract development process or any of the requirements, see the [HTF Handbook](#). Your Project Manager (PM) must be notified immediately of any issues that could cause a delay to the start of the project, including the anticipated length of the delay and any actions being taken as a result.

1. **HTF POLICIES.** Please make sure to review the HTF Handbook and let your PM know if you have any questions or need any clarifications prior to commencing the contract drafting process.
2. **PROJECT DATA SHEET.** Project details must be confirmed via a Project Data Sheet (PDS), which you will receive soon from your PM. This document will be used to create a draft contract.

Much of it will be pre-filled, based on the details of the project as proposed in your Local Community Project (LCP) Information Form.

If there are material differences to the current design of the project from those proposed in your application, you must notify your PM at the earliest possible opportunity prior to the drafting of the contract. Such changes are subject to review and approval and could potentially result in withdrawal of the award. Material changes include, but are not limited to, changes to target population, project location, number of units, total development cost, ownership entity, project schedule, or the loss of a major source of funds.

3. **AWARD TERMS.** Awards will be in the form of a:

- a. Recoverable grants<sup>1</sup> will be offered for emergency shelters<sup>2</sup>, transitional housing<sup>3</sup>, group homes<sup>4</sup>, and homeownership projects. This means the funds will be a grant so long as the terms of the contract are met for the duration of the commitment period. If the contract's terms are unable to be met, the funds are recovered. Recoverable grants will also be offered when required by the budget appropriation/proviso or funding source (e.g., tax-exempt bonds can only be granted).
- b. Fully deferred payment loans will be offered for all other multifamily rental housing projects (including permanent supportive housing projects) for the duration of their contract terms.
  1. The loans will be payable in full, including accrued 1% simple interest, at loan maturity or at the end of the contract's commitment period (40 or 50 years).
  2. Loan repayment prior to loan maturity or prior to the end of the contract's commitment period, including a shared appreciation payment, will be required in the event of a property's change in use or sale, except when sold to the original project sponsor or when transferred to another eligible entity pre-approved by Commerce, and when the original sponsor or eligible entity will commit to assume the current contract and covenants and fulfill their requirements through the end of the commitment period.
- c. Other loan terms may be offered IF/WHEN the awardee requests loans with hard loan payments. Commerce will not issue loans with soft or cash-flow loan payments.

4. **STATEWIDE VENDOR NUMBER.** The award recipient, as identified in the Award Letter, must have an active Statewide Vendor Number (SWV). Visit the Washington State Office of Financial Management (OFM) website for more information at: <https://ofm.wa.gov/it-systems/statewide-vendorpayee-services>.

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<sup>1</sup> Prevailing wages will likely apply to projects receiving grants from the state (refer to [RCW 39.12](#)).

<sup>2</sup> Shelters provide short-term or temporary accommodation for those experiencing homelessness, which do not require occupancy agreements or leases or charge "rent."

<sup>3</sup> Transitional housing tenants occupy a property subject to a lease, which is not renewable beyond a given time horizon, typically 24 months. Such projects primarily serve tenants experiencing homelessness.

<sup>4</sup> Group homes are single-family dwelling structures, in which multiple unrelated residents do not constitute a household, but in which each resident shall be considered to be a separate household occupying a separate room.

5. **TITLE REPORT.** You must provide a copy of the project site’s preliminary title report. The property information, including legal description, should match the information included in the relevant section of the completed PDS.
6. **UPDATED FINANCIALS & SCHEDULE.** You must submit an updated development budget, operating pro forma, and project schedule for review and approval by your PM.

Refer to our website for more information: [HTF Handbook](#)

### **PRIOR TO EXECUTING THE CONTRACT:**

1. **CAPITAL FINANCING.** All necessary capital financing to develop the project described in your application must be secured, with all funding conditions satisfied, by March 2027. Projects whose financing includes LIHTCs must receive confirmation of their allocation by March 2026. Projects failing to receive confirmation of an allocation must propose to their PM an alternative viable funding strategy to meet the project deliverables on or before **June 30, 2026**. Extensions of this deadline may be considered but will only be granted based on delays to the confirmation of a project’s allocation.

Failure to arrive at a viable structure acceptable to the HTF will result in a rescission of the HTF award.

2. **OWNERSHIP STRUCTURE.** Projects whose ownership structure includes Limited Partnerships, Limited Liability Corporations, Limited Liability Limited Partnerships, or similar, must submit draft copies of the governing Partnership/Operating Agreement(s) and Priority and Subordination Agreements for review as soon as possible, and no later than *thirty (30) days* prior to the anticipated close date.

### **3. POPULATION TARGET REQUIREMENTS.**

- a. *If your project plans to serve people with chronic mental illnesses*, provide the following two items if you have not already done so:
  - Evidence that your project is proceeding in coordination with the appropriate *Accountable Community of Health (ACH)/Fully Integrated Managed Care Region (FIMCR)*; and
  - Evidence of a commitment to provide, directly or through a formal partnership, necessary treatment and supportive services to the tenants and maintain the beds or housing units for at least a 40-year period (50 in King County).
- b. *If your project plans to serve people with developmental disabilities*, provide the following two items from the appropriate Regional Office of the Department of Social and Health Services (DSHS), Development Disability Administration (DDA). If the project includes multiple sites, the following documents must be submitted for each site:
  - Evidence of a formal DSHS/DDA referral agreement for the specific project and location.

- c. *For projects serving homeless individuals and households, provide a letter from the local Continuum of Care Planning Group confirming the project’s consistency with the Continuum of Care plan.*
4. **EVERGREEN PROJECT PLAN.** An Evergreen Project Plan (EPP) in compliance with the applicable Version of the Evergreen Sustainable Development Standard (ESDS) must be submitted to and approved by your PM, with all required attachments included.
5. **THIRD PARTY CONSTRUCTION REVIEW.** Third-party construction review must be undertaken. This includes:
  - review and approval of the project plans and specifications,
  - approved Evergreen Project Plan,
  - production of a constructability report, also known as a Project Evaluation Report (PER)\* including resolution of any concerns noted, and
  - Establishment of an inspection schedule (refer to Chapter 4, Section 403.3 “Construction Review and Inspection” in the [HTF Handbook](#)).

Commerce currently contracts with Washington Community Reinvestment Association (WCRA) to provide third-party construction review services. You will be contacted directly by the third-party construction reviewer for additional specific documentation requirements.

*NOTE: Production of the PER depends on the workload capacity of the third-party construction reviewer. Commerce has no control over third-party construction reviewer timelines, but production of the PER generally requires 2-3 weeks after receiving all necessary documentation.*

6. **SITE CONTROL.** Demonstrate that the project site is under your legal control and is appropriately zoned for your project as outlined in section 205.3 of the HTF Handbook.
7. **PROJECT BUDGET AND SCHEDULE.** Provide an updated project budget and schedule for approval by your PM reflective of the current status of project funding and timing. Both the budget and schedule submitted to your PM must align with the most current versions submitted to other capital funders in the project.
8. **PRE-CONTRACT REIMBURSEMENT REQUESTS (if applicable).** Prior approval must be obtained from your PM to use HTF funds to reimburse costs incurred prior to execution of the contract. See Chapter 2, Section 202.5.1 of the [HTF Handbook](#) for more detail on prior costs eligible for HTF reimbursement.

*NOTE: Requests for reimbursement of prior costs **must** be made in writing to your PM at least **three (3) weeks** prior to contract execution and must include an itemized list of expenses.*

9. **ENVIRONMENTAL REVIEW.** The project must provide evidence that the requirements of the State Environmental Policy Act (SEPA) have been met by the lead agency responsible for conducting SEPA. WAC 197-11-610. An overview of the Washington State Environmental Policy Act can be found at:  
<https://ecology.wa.gov/Regulations-Permits/SEPA/Environmental-review/SEPA-guidance/Basic-overview>.

10. **PROOF OF LEGAL ORGANIZATION.** Provide proof of current organizational filings with the Washington Secretary of State and insurance certificates, as determined applicable by your HTF PM, for your organization and/or project.
- a. If the contracting entity is a “foreign corporation” to Washington State, that entity must be registered with the Washington Secretary of State and the filing must be active.
  - b. In projects using LIHTC, the for-profit ownership entity must be registered with the Washington Secretary of State and the filing must be active. *NOTE: For-profit entities cannot be direct funding recipients of HTF funds.*
11. **COMPLIANCE REQUIREMENT.** *The project award recipient must be in good standing with Commerce (e.g., outstanding compliance issues are being addressed, workouts are progressing toward resolution, contractually required loan payments are being made, etc.).*

### **PRIOR TO RELEASING FUNDS:**

1. **REIMBURSEMENT REQUESTS TRAINING.** Obtain training on how to submit requests for reimbursement through our online system. Training tools and technical assistance can be found on the Commerce Contract Management System Portal at: <http://www.commerce.wa.gov/about-us/contract-management-system-portal/>.
2. **HISTORICAL, CULTURAL, AND TRIBAL REVIEW.** Demonstrate compliance with Executive Order 21-02, which establishes the requirements for historical, cultural, DAPH (Department of Archaeology and Historic Preservation) and tribal consultation and review processes, including any recommended survey work. Refer to Chapter 2, Section 201.7 of the [HTF Handbook](#) for more information.
  - Effective January 1, 2024 the Commerce PM will conduct the Executive Order process with collaboration and coordination with owner/developers.
3. **HOMELESS HOUSING SERVICE MODEL.** For projects serving homeless individuals and households, your PM may follow up with questions as we move through contracting to review alignment with the State’s [Homeless Housing Crisis Response System Strategic Plan for 2024-2029](#).

### **GENERAL CONDITIONS:**

1. **FEE RESTRICTIONS.** Not more than ten percent (10%) of Commerce’s award may be used for developer and/or project management fees, combined (including Evergreen Sustainable Development Standard (ESDS) coordination).
  - If HTF-awarded funds are used to pay for developer and/or project management fees, ten percent (10%) of the combined funds allocated will be retained until project completion.
  - HTF funds may be reallocated from developer/project management fees to support other project costs, but may not be reallocated *to* developer/project management fees without written approval from your PM.
2. **ACCESSIBILITY REQUIREMENTS.** All HTF-funded projects have an accessibility requirement for common areas and units. Multiple accessibility requirements and standards can

apply to a project simultaneously. It is the recipient’s responsibility to understand what requirements apply to their project and ensure the project is built to the correct standard(s) and with the correct accessible features and number of units. See Appendix A of the [HTF Handbook](#).

3. **SEASONAL FARMWORKER WORKER LICENSING.** *All HTF-funded seasonal farmworker housing projects* must obtain a Temporary Worker Housing License and comply with all applicable state and federal regulations pertaining to the construction, licensing, and operation of temporary worker housing. Visit the Washington State Department of Health (DOH) Temporary Worker Housing website for more information at: <https://www.doh.wa.gov/LicensesPermitsandCertificates/FacilitiesNewReneworUpdate/TemporaryWorkerHousing>.

Also, HTF policies require that 25% of the HTF-funded beds remain available for walk-in farmworkers.

4. **RELOCATION ASSISTANCE (if applicable).** Relocation assistance must be provided to tenants who are permanently or temporarily displaced. Relocation costs are an eligible use of HTF funds. Projects must follow the relocation requirements of the Washington State Department of Transportation (DOT) as well as any applicable federal requirements. Visit the DOT website for more information at: [Real estate services | WSDOT \(wa.gov\)](#) and [Residential Relocation Brochure June 2024](#).
5. **PREVAILING WAGE.** Applicability of Prevailing Wage, and whether Residential or Commercial provisions apply, needs to be determined, and appropriate wages need to be paid. *The Department of Commerce cannot make such a determination – only the Washington Department of Labor and Industries (L&I) can do so.* It is recommended that L&I be consulted as early as feasible to determine the status of the project. Refer to Chapter 2, Section 201.5 of the [HTF Handbook](#) for our prevailing wage policies and also visit the L&I Prevailing Wage website at <https://lni.wa.gov/licensing-permits/public-works-projects/prevailing-wage-policies>, or call (360) 902-5335, for more information.
6. **APPRENTICESHIP REQUIREMENT.** *For projects with construction costs of at least \$1,000,000,* apprentice training program requirements must be met. It is recommended you consult with the Washington State Department of Labor and Industries (L&I) to comply with these requirements. Visit the L&I Apprenticeship website for more information at: <https://lni.wa.gov/licensing-permits/apprenticeship/wsac>.
7. **Hold Back of Funds.** Five percent (5%) of the HTF administered funds will be retained until the project has been completed, including receipt by Commerce of materials related to the Placed In Service (PIS) process. Refer to Chapter 4, Section 406 in the [HTF Handbook](#) for detail on the PIS process.