



**Housing and Homelessness Program  
Kitsap County, Department of Human Services**



**2018  
AFFORDABLE HOUSING  
GRANT PROGRAM**

**POLICY PLAN**

*Released for Public Comment 3/8/17*

# AFFORDABLE HOUSING GRANT PROGRAM – 2018 POLICY PLAN

The 2018 Policy Plan outlines policies used to allocate funding for the 2018 cycle.

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## AFFORDABLE HOUSING FOR ALL ACT

### WHAT IS THE AFFORDABLE HOUSING FOR ALL ACT?

Substitute House Bill 2060 became law in Washington State on June 13, 2002. The law created a document recording fee on certain documents to be utilized for low-income housing.

Administration of the fund is shared between local governments and the State. The local portion of SHB 2060 funds is to be administered pursuant to an inter-local agreement between Kitsap County and the Cities within the County.

The four Kitsap cities (Bainbridge Island, Bremerton, Port Orchard, and Poulsbo) and Kitsap County agreed to implement the legislative requirements through a county-wide program, managed by Kitsap County.

## AFFORDABLE HOUSING GRANT PROGRAM

### WHAT ARE AFFORDABLE HOUSING GRANT PROGRAM FUNDS?

Affordable Housing Grant Program (AHGP) funds are locally collected funds that are used to fulfill the mandates of the Affordable Housing For All legislation (SHB 2060, and subsequent legislation that amends SHB 2060). Grant funds are collected through a surcharge on document recording fees. The grant funds must be used to create and support affordable housing.

### WHO IS AN ELIGIBLE APPLICANT/RECIPIENT?

Eligible applicant/recipients include: public housing authorities, IRS-certified non-profit agencies/providers of affordable housing, Cities, Towns, the County, Tribes, and for-profit developers.

Recipients of Affordable Housing Grant funds are not excluded from receiving Homeless Housing Grant funds, or vice versa.

### WHAT ARE ELIGIBLE ACTIVITIES?

The Affordable Housing Grant Program provides the full flexibility of uses defined in the SHB 2060 legislation, specifically serving those at or below 50% of median income. Eligible activities, as provided under the legislation, include:

- Provide funding for operating and maintaining housing (including transitional housing) that is eligible for WA State Housing Trust Fund grants. [Note that the WA State Housing Trust Fund requires that facilities serve the target population for at least 40 years];
- Provide funding for capital projects serving persons at or below 50% median income for at least 25 years, including:
  - Provide funding to build new single-family housing units, including duplexes, multifamily housing, and single room occupancies.
  - Build emergency or youth shelters;
  - Build group homes or special-needs housing;
  - Provide funding to rehabilitate housing (repair/replace roofs, walls, electrical systems, doors, floors, cabinets, ceilings, bathrooms, etc.);
  - Acquisition of housing;
  - Acquisition of land for future housing;
  - Payment of soft costs (not bricks/mortar) associated with housing development.
- Provide rental assistance consistent with the requirements of the 2060 legislation.
- Provide funding for operating and maintaining emergency shelters.

Applicants may include requests for administrative overhead and indirect costs in their applications; however, they are the lowest funding priority. The goal of the program is to have the maximum amount of funds go to provide direct services.

#### **WHAT CAN OPERATIONS & MAINTENANCE EXPENSES INCLUDE?**

For the purposes of the Affordable Housing Grant Program, operations & maintenance expenses are defined by the Washington State Housing Trust Fund allowable uses for the Housing Trust Fund Operating & Maintenance Fund Program, as outlined in the Program Guidelines, available at this website: <http://www.commerce.wa.gov/site/494/default.aspx>.

#### **WHAT ARE PROGRAM FUNDING PRIORITIES?**

The Grant Recommendation Committee uses funding priorities to help determine which programs/projects should be funded each cycle.

The funding priorities may change for each cycle.

Funding Priorities for each cycle are also available in the Coordinated Grant Program Notice of Funding Availability.

#### **Funding Priorities for the 2018 Cycle**

Eligible activities are those that benefit very-low income households (50% and below AMI) through: (1) operations and maintenance costs of housing projects or units within housing projects eligible to receive housing trust funds, and that require a supplement to rental income

to cover ongoing operating expenses; (2) acquisition, construction or rehabilitation of housing projects; (3) rental assistance; and (4) operating costs for emergency shelters.

Priority is given to projects supporting building operations and maintenance costs and operating costs for emergency shelters.

In addition, Washington State ESSHB 1359 amended the allowable use of funds for this program, mandating that the Affordable Housing Grant Program give grant funding priority to eligible housing activities that serve extremely low-income households with incomes at or below thirty percent (30%) of the area median income.

## ALLOCATION PROCESS

### HOW DO I KNOW WHEN FUNDS ARE AVAILABLE?

On an annual basis, the Kitsap County shall publish a Notice of Funding Availability (NOFA). This notice will set forth the annual program priorities; the duration of funds to be awarded or distributed; the deadline for submission of funding applications; and any other pertinent information related to the process.

### HOW ARE FUNDS ALLOCATED?

Kitsap County shall conduct a competitive funding application process for Affordable Housing Grant Program funds. These funds are part of the Kitsap Coordinated Grant Application Process: a single grant application is made available in May of each year and a public process is used to determine funding allocations. This public process is detailed in the Notice of Funding Availability and in the Citizen Participation Plan (**Appendix A**).

### HOW MUCH MONEY IS AVAILABLE?

The amount of Affordable Housing Grant Program funds available for the annual application cycle are determined by the amount collected through document recording surcharges collected during the prior period. Generally, this period is July of the prior calendar year through June of the current calendar year. In addition, carryover funds from prior cycles and turn-back funds from prior grants that were not expended are also available for distribution.

The projected amount available for distribution is included in the Coordinated Grant Application Program Notice of Funding Availability (NOFA), available at the Kitsap County website.

Applicants should request a minimum of \$10,000 per application. Grant awards will typically not be awarded for less than \$10,000 except at the recommendation of the Grant

Recommendation Committee and approval of the Kitsap County Board of Commissioners for special circumstances.

### **ARE MULTI-YEAR AWARDS AVAILABLE?**

Multi-year grant awards may be allowed, for up to three years.

This can happen in two ways:

- 1) Funds from the current cycle can be committed to be spent over multiple years.
- 2) Funds that are anticipated to be collected for future cycles can be committed for expenditure in future years.

Because the actual amount of document recording fees collected vary annually, the maximum that may be committed for expenditure in future years is expressed as a target percentage in relation to the State of Washington's forecast of annual program revenue. This percentage may be adjusted by the Council Board in consideration of available funds and priorities.

Unless modified by future Kitsap County Board of Commissioners action, up to 60% of the WA state Office of Financial Management's projected funds available for the current cycle may be committed for multi-year awards.

Multi-year awards may not be available during all cycles, if there are administrative or policy reasons to restrict awards to a single year.

Each year, the Coordinated Application Process Notice of Funding Availability will include the projected amount available for multi-year awards, if they are available.

### **ARE FUNDS SET ASIDE FOR SPECIFIC PURPOSES?**

AHGP funds may be designated for certain purposes to further specific program goals, as determined by the program funding priorities and the Kitsap County Board of Commissioners.

Set-asides may be outlined in the Affordable Housing Grant Program Funding Priorities or approved separately by the Kitsap County Board of Commissioners.

### **HOW CAN MY ORGANIZATION APPLY?**

Interested organizations can find the application and all associated information on the Kitsap County website at <http://www.kitsapgoe.com/hs/housing>. The schedule for the annual application cycle, including the due date for applications, is available on the website.

**CAN MORE THAN ONE ORGANIZATION MAKE A JOINT APPLICATION?**

Collaborative applications are encouraged. Two or more organizations may submit an application proposing a joint project or program. One organization must be identified as the contracting organization, responsible for all contracting, fiscal, and reporting requirements.

**WHEN WILL FUNDS BE AVAILABLE?**

Funds approved in the annual application cycle are available to be expended as of January 1. Annual contracts for public service and operations and maintenance are for a 12 month period, January 1 to December 31. Capital contracts are generally for an 18 month period, January 1 to June 30 of the following year.

**GEOGRAPHIC EQUITY**

Kitsap County is committed to ensuring that funds are distributed in a manner that balances needs that exist throughout the County and program users' access to services. Geographic distribution of funds shall be evaluated as part of the periodic program review. The overall intent is to ensure that, over time, all areas of Kitsap County receive appropriate levels of funding through this grant program.

Grant Recommendation Committees are directed to consider geographic equity as part of their funding recommendations, but are not required to make recommendations for awards based on geographic equity.

**POLICIES & REGULATIONS FOR USE OF FUNDS**

**HOW ARE PROGRAMS/PROJECTS MONITORED?**

Kitsap County, in conjunction with the Continuum of Care Coalition, will monitor all projects for compliance with the funding terms and conditions in the contract(s). Funding recipients must prepare a simple quarterly program report.

On-site monitoring and performance evaluation are generally conducted at least once per year.

**WHAT ARE GRANTEE QUARTERLY AND ANNUAL REPORTING REQUIREMENTS?**

Grantees are required to submit quarterly reports and annual reports on funds expended, program activities, and program outcomes to Kitsap County.

**IN WHAT TIMEFRAME MUST FUNDS BE EXPENDED?**

Grant-funded projects should be ready to proceed during the program year of the awarded of funds. Kitsap County expects and monitors for the timely expenditure of allocated funds to projects. Grant funds must be fully spent by December 31<sup>st</sup> of the award year, or as defined in the grant contract. If the funds are not expended during the contract period, they will be retained for distribution in a future grant cycle.

**ARE THE USE OF FUNDS RESTRICTED FOR LOW-INCOME-USE FOR 25 YEARS?**

Capital projects that receive grant funds must remain in use for low-income households for no less than 25 years from the date of the receipt of grant funds. A Warrant for Low-Income Use for 25 years for capital projects is required for applications that are selected for funding.

**ARE THERE OTHER ELIGIBILITY REQUIREMENTS?**

The SHB 2060 legislation specifies under eligible uses that projects funded for building operations & maintenance costs must be eligible to receive housing trust funds. Applicants selected for funding for these types of funds must submit a Warrant that their project is eligible to receive housing trust funds.

<b>GRANT PROGRAM ADMINISTRATIVE POLICIES</b>
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**PROGRAM ADMINISTRATION**

The Kitsap County Board of Commissioners shall set policy concerning the use of Affordable Housing (HB 2060) funds and distribution of funding to eligible applicants.

The Kitsap Continuum of Care Coalition (KCoCC) assists Kitsap County as a Technical Advisory partner, providing expertise in the following areas:

- Participating in the development of recommendations for annual program funding priorities for adoption by the Kitsap County Board of Commissioners and inclusion in the Notice of Funding Availability (NOFA).
- Working with Kitsap County to gather data and submit required reports to the State, including the Annual Report.

**PROGRAM ADMINISTRATION FUNDING**

Funding for the administration of the program will be provided from the administrative portion of the AHGP surcharge revenues allowable by the legislation.

**PROGRAM MONITORING AND REPORTING**

Kitsap County, in conjunction with the KCoCC, shall prepare and submit all required reports and performance measures to the State, as required by law. Periodically, a report on the Affordable Housing Grant Program shall be made to the Kitsap County Board of Commissioners.

**PROGRAM REVIEW**

The Affordable Housing Grant Program shall be reviewed periodically, with input from non-profit agencies and other interested parties. The next review is planned for 2018.

# **Appendix A**

## **Citizen Participation Plan**

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## CITIZEN PARTICIPATION PLAN

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### INTRODUCTION

The Affordable Housing Grant Program (AHGP) is part of the Kitsap Coordinated Grant Application Process, which also includes the Homeless Housing Grant Program (HHGP) and the Kitsap County CDBG and HOME Programs. The Kitsap Coordinated Grant Application Process includes a single application for funds, a single Grant Recommendation Committee (GRC) process and coordinated funding recommendations. Funding recommendations are approved by the Kitsap County Board of Commissioners for HHGP, AHGP, and County CDBG/HOME funds.

This Citizen Participation Plan is consistent with the Citizen Participation Plan for the CDBG and HOME programs.

### PURPOSE

The purpose of the Citizen Participation Plan and the Grant Recommendation Committee (GRC) is to provide an on-going mechanism to ensure widespread citizen participation whereby all citizens have an opportunity to fully express their needs and wishes for community improvement.

This plan provides opportunities for representation of all of the citizens of Kitsap County by allowing them to have a voice in the decision-making process and giving them greater power and control over activities taking place within their communities.

### ANNUAL ALLOCATION PROCESS/ NOTICE OF GRANT AWARDS

Kitsap County conducts a competitive annual process to determine allocation of Affordable Housing Grant Program (AHGP) funds, using the Kitsap Coordinated Grant Application Process. The public is encouraged to participate in the process and its end product – an approved portfolio of AHGP funding awards.

#### A. Notice of Funding Availability

In March or April of each year a notice will be published in the newspaper of record to announce funding availability and provide opportunity for comment on the AHGP Policy Plan. This notice will begin a 30-day comment period and include the date and time of public hearings to take citizen comments. Notifications will also be sent to any agency or organization who signs up on the Kitsap County Coordinated Grant Application website to receive automatic notices. To sign up, go to: <http://www.kitsapgov.com> and at the top of the page click on the link to receive text or email updates. This link will take you to the Kitsap County Electronic Notification System where you can sign up.

Upon approval of the Policy Plan by the Kitsap County Board of Commissioners, information about the application and technical assistance will be available from:

Housing and Homelessness Program  
Kitsap County Department of Human Services  
345 6<sup>th</sup> Street, Suite 400, Bremerton, WA 98337  
<http://www.kitsapgov.com/hs/housing>  
or by contacting staff:  
Kirsten Jewell, [kjewell@co.kitsap.wa.us](mailto:kjewell@co.kitsap.wa.us), 360-337-7286

Applications will be made available in a format accessible to persons with disabilities upon request. Application instructions and due date are included in the Notice of Funding Availability (NOFA) and will be provided at the technical assistance session and on the Kitsap County website.

Applications must be submitted electronically via the internet.

#### **B. Technical Assistance**

At least one technical assistance session will be held for those interested in applying for funding. During the session, staff will provide information to citizens concerning who can apply for funds, funds expected to be available, the range of activities that may be undertaken, priorities for funding, application submission requirements, the application deadline, and how decisions concerning funding will be made. The date and time of the technical assistance session(s) will be published in the NOFA, and included in the schedule posted on the web site.

In addition to the Technical Assistance described above, Kitsap County Housing and Homelessness Program staff is also available by appointment for one-on-one Technical Assistance to provide guidance to citizens and organizations regarding specific project considerations.

At any time, any citizen may contact Kitsap County Housing and Homelessness Program staff for technical assistance or general information in relation to programs described in this Plan. The staff will help citizens understand HHGP and AHGP funded programs, the procedures for submitting proposals, the Citizen Participation Plan and other program requirements so they can effectively participate in HHGP and AHGP programs and the funding process.

#### **C. Application Review and Rating Process**

Applications will go through a multi-stage review process. Stage 1 is a qualification review utilizing specific criteria to determine if the application meets the minimum submission requires to continue forward. Stage 2 is a review and scoring process by citizen reviewers

and staff. Stage 3 is determining funding awards. The review process for each stage is detailed below.

### **Stage 1: Qualification Review**

Applications are reviewed for potential disqualification using the following process:

1. Applications are reviewed for completeness, soundness, and eligibility against the following criteria. Applications meeting one or more will be disqualified. At least two different staff members must agree that an application should be disqualified.
  - a. Amount requested is not consistent among narrative questions, Sources of Financing form, Budget form, and/or Applicant Information.
  - b. Missing or blank attachments or forms or using old versions of forms;
  - c. Project or applicant organization is not eligible for any of the funding sources;
  - d. Project does not meet a priority identified in the Kitsap County and City of Bremerton Consolidated Plan 2016 – 2020 (for CDBG and HOME funds) or does not fall under a strategy identified in the Kitsap Homeless Housing Plan: 2016 Update or is not an existing program (for HHGP and AHGP funds)
  - e. Project is not an eligible activity under legislation;
  - f. Does not meet a required match (CDBG/HOME Capital applications only, does not apply to homeownership housing programs); or
  - g. Wrong application type is submitted for project.
2. Applicants will be notified of the results of the Stage 1 Review via email, either:
  - a. Application is moving to Stage 2 and the applicant will be contacted to schedule an interview; or
  - b. Application is disqualified and the basis for disqualification is provided.

### **Stage 2: Review and Scoring**

Applications are reviewed and scored for organizational capacity, financial soundness, and project priority.

1. Staff members review and score all areas of the application utilizing scoring criteria specific to each application type.
2. Grant Recommendation Committee (GRC) members make funding recommendations using the following process:
  - a. Review, evaluate, and score each application using review and scoring guides specific to each application type; and
  - b. Conduct interview with each applicant and score applicant interviews.

### **Homeless and CDBG Services Application Interviews**

- Includes application types: CDBG Services, Homelessness, Economic Development Microenterprise, and CHDO Operating
- 20 minutes in length which includes 10 minute agency presentation and 10 minute question/answer.

#### **Affordable Housing and Economic Development Application Interviews**

- Includes application types: Housing (including CHDO Projects), Capital Economic Development Applications, Affordable Housing, and Operations and Maintenance
- 35 minutes in length which includes 15 minute agency presentation and 20 minute question/answer. O&M interviews are 20 minutes.

- c. Assign a priority ranking and recommend funding awards to projects.

#### **Stage 3: Funding Awards**

The funding recommendations go through a multi-step process, prior to finalizing the award amount.

1. **Grant Recommendation Committee (GRC)** - All Stage 2 applications will have a final score comprised of the staff application review score, GRC application review score, and GRC interview score. The GRC will use the finalized score of projects to assist in making funding recommendations and contingencies.
2. **Kitsap County Board of Commissioners** – The BoCC receives the recommendations from the Grant Recommendation Committees, holds a public comment period and a public hearing, and makes awards and contingencies.
3. **Final Awards** – Funding recommendations were made based on estimated funds. Once the actual amounts are known for each fund type (CDBG, HOME, HHGP, AHGP), project awards will be adjusted based on the contingency set by the GRCs and approved by the Board of Commissioners.

#### **D. Grant Recommendation Committee**

There are two Grant Recommendation Committees (GRCs):

- The Homeless and CDBG Services GRC reviews applications for public services, rental assistance and all homeless projects.
- The Affordable Housing and Economic Development GRC reviews housing, capital improvements, economic development, CHDO operating, and operations and maintenance.

Both GRCs play an integral role in the allocation of CDBG and HOME federal funds and HHGP and AHGP funds according to the needs of the community. While all GRC members must be well-versed in the needs of the community and be willing to participate in all the activities relevant to the GRCs, each individual GRC seeks members who demonstrate specific skills and experience.

- The Homeless and CDBG Services GRC seeks members who have experience in one or more of the following capacities: background working with non-profit community service providers as an employee, volunteer, board member or consumer; background with homeless programs; grant experience, project management, compliance monitoring and/or practical experience with HUD regulations.
- The Affordable Housing and Economic Development GRC seeks members who have experience in one or more of the following areas: affordable housing; construction or project management; mortgage lending; housing development; economic development; real estate; or architecture.

Each GRC will be comprised of 7 members as follows:

- Three members appointed by Kitsap County Commissioners.
- Four members, one each appointed by the cities of Bremerton, Bainbridge Island, Port Orchard, and Poulsbo.

GRC members are appointed to serve a two year term, and can be re-appointed to serve successive terms and/or additional terms.

#### **E. Conflict of Interest**

1. No member of the GRC shall be beneficially interested, directly or indirectly, in any grant applications which may be made by, through, or under the recommendation of the GRC, in whole or in part, or which may be made for the benefit of his or her office, or accept, directly or indirectly, any compensation, gratuity or reward in connection with such contract from any other person beneficially interested therein (from RCW 42.23.030)
2. No member of the GRC shall engage in any activity, including participation in the selection, award, or administration of a grant award or contract if a conflict of interest, real or apparent, exists.
3. Additional information on Remote Interest and Potential Bias by Prior Association can be found in the full Conflict of Interest Policy under Appendix C.

**F. Funding Recommendations & Notice of Grant Awards**

Organizations submitting applications will be notified whether or not the GRC has recommended their application for funding. The notification will include the date, time, and place of the public hearings, during which the recommendations will be considered by the Kitsap County Board of Commissioners.

All projects approved for funding will be included in the Notice of Grant Awards. A summary of each Notice of Grant Awards will be published on the KRCC website. The summaries will describe the contents and purpose of the Notice of Grant Awards, and include a list of locations where copies of the entire Notice of Grant Awards may be examined. Citizens will be provided a period of at least 30 days to review and comment on the plans. Comments or views of citizens will be considered at the public hearings.

**PUBLIC HEARINGS**

Public hearings are held in order to obtain the public's view and to provide the public with the City and County's responses to public questions and proposals. A public hearing is held in May for the adoption of the next Policy Plans. A second hearing is held in October or November to review the proposed use of funds before the Kitsap County Board of Commissioners makes the grant awards.

Notification of the public hearings and of 30-day comment periods will be published in the newspaper of record and will afford citizens, public agencies, and other interested parties a reasonable opportunity to examine the proposed plans and to submit comments.

Public hearings will be held during the regular meeting of the Kitsap County Board of Commissioners in the Commissioners Chambers of the Kitsap County Administrative Building in Port Orchard. These meeting times and agendas can be obtained at <http://www.kitsapgov.com>

**PUBLIC COMMENTS**

Interested persons may submit comments in writing during the public comment periods, or orally at the public hearings. Written comments should be directed to:

Housing and Homelessness Program  
Kitsap County, Department of Human Services  
345 6<sup>th</sup> Street, Suite 400  
Bremerton, WA 98342  
kjewell@co.kitsap.wa.us

**COMPLAINTS**

All written citizen complaints will be referred to the appropriate person(s) or agencies for action. Under normal circumstances Housing and Homelessness Program staff will respond to the person making the complaint within 15 days. All complaints and responses will be kept on file.

**RESOURCES**

**Newspaper of Record:** Notification will be placed in the following newspaper under Legal Notices at least ten days before a public meeting is held concerning a program described in this plan:

**The Kitsap Sun or Kitsap Newspaper Group**  
*(Kitsap County selects the Newspaper of Record each June)*

Notices may also be published on the Kitsap County website:

<http://www.kitsapgov.com/hs/housing>

The notice will indicate when and where the public meeting will be held. Meetings are generally held at the following location:

Kitsap County Administrative Building, Commissioners Chambers  
614 Division Street  
Port Orchard, WA 98366

The Kitsap County Housing and Homelessness Program utilizes Kitsap County's electronic notification system. Interested parties may sign up to receive email and text message updates on Kitsap Coordinated Grant Application activities. Go to [www.kitsapgov.com](http://www.kitsapgov.com) and click on the button on the right that says **Sign up for electronic notifications**.

# **Appendix B**

## **Acronyms & Glossary**

**ACRONYMS**

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**AHGP.** Affordable Housing Grant Program

**BoCC.** Kitsap County Board of Commissioners

**CDBG.** Community Development Block Grant

**GRC.** Grant Recommendation Committee

**HB.** House Bill (of the Washington State legislature)

**HHGP.** Homeless Housing Grant Program

**HMIS.** Homeless Management Information System

**HOME.** Although capitalized, this is not an acronym.

**HUD.** U.S. Department of Housing and Urban Development

**IRS.** U.S. Internal Revenue Service

**KCoCC.** Kitsap Continuum of Care Coalition

**NOFA.** Notice of Funds Available

**WA.** State of Washington

**WA Commerce.** Washington State Department of Commerce.

**DEFINITIONS**

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**Administrative Expenses.** Those expenses directly associated with the recipient's administration of a project or program, such as salaries, supplies, equipment, accounting, phones, audits, benefits, travel, and indirect costs.

**Affordability.** Affordability is achieved when a household's rent or mortgage payment, plus utilities, does not exceed 30% of the monthly income for the targeted income group as adjusted for household size.

**Cash Flow.** Gross income minus vacancy rate, operating expenses, reserves, debt service and taxes.

**Grant Recommendation Committee (GRC).** A group of eight citizens meeting specific qualifications, who develop funding recommendations for approval by the Kitsap Regional Coordinating Council (KRCC) and Bremerton City Council.

**Citizen Participation Plan.** This plan is prepared to facilitate and encourage public participation and involvement in the Affordable Housing Grant Program.

**Committed Funds.** Funds committed to a project by a project funding source. The award amount, terms and uses of the committed funds are documented in a letter to the applicant. A copy of this award letter is included with the application.

**Conditional Funds.** Funds committed, with conditions, to a project by a project funding source. The conditions of the commitment, amount, terms, and uses are documented in a letter to the applicant. A copy of the letter is included with the application.

**Consultant Fees.** Fees paid to a third party developer consultant for costs associated with implementation of a project.

**Interlocal Agreement.** Agreements made to ensure the cooperation of units of local government which form consortiums for the purpose of obtaining funding.

**Low- and Moderate-Income Households (LMI):** These are households earning less than 80% of the area median income (AMI). They are broken down into the following income designations:

- **Extremely Low-Income:** households with incomes less than 30% of the area median family income adjusted for household size.
- **Low-Income:** households with incomes between 31% and 50% of the area median income, adjusted for household size.
- **Moderate-Income:** households with incomes between 51% and 80% of the area median income, adjusted for household size.

**Low- and Moderate-Income Area Neighborhood (LMA):** In general, this is defined as census tracts or block groups where a minimum of 51% of the residents have low or moderate incomes (i.e. not exceeding 80% of the area median income).

**Median Family Income:** HUD releases income limits annually for its programs. Income limits are calculated using American Community Survey and Census data. Data for Kitsap County is based on the Bremerton-Silverdale Metropolitan Statistical Area (MSA). Incomes are indexed by household size.

**Operating Support.** Financial assistance used to supplement the day-to-day operations of a project.

**Program:** An ongoing set of services that are provided to clients in order to achieve specific results. A program may also include the provision of housing.

**Program Year:** The program year for the HHGP and AHGP programs is January 1 through December 31, which is the same as the County and City's fiscal year.

**Project:** A specific time-limited set of tasks to be executed within certain cost constraints and other defined parameters.

**Project Management.** Costs directly related to managing the project to the point of completion normally paid to a third party.

**Project Soundness.** The feasibility, sensibility, and effectiveness of the project to meet a defined community need and the organizational strength and capacity to bring the project to completion.

**Proposed Funds.** Funds which have been or will be requested from a potential project funding source.

# **Appendix C**

## **Conflict of Interest Policy**

## **Conflict of Interest Policy Kitsap Coordinated Grant Application Process**

From time to time, community volunteers who are appointed to the Grant Recommendation Committees (GRC) have prior experience with one of the applicants or programs requesting grant funding. The following guidelines are intended to clarify what should happen in these cases to avoid real or perceived conflict of interest.

1) Conflict of Interest:

- a. No member of the GRC shall be beneficially interested, directly or indirectly, in any grant applications which may be made by, through, or under the recommendation of the GRC, in whole or in part, or which may be made for the benefit of his or her office, or accept, directly or indirectly, any compensation, gratuity or reward in connection with such contract from any other person beneficially interested therein (from RCW 42.23.030)
- b. No member of the GRC shall engage in any activity, including participation in the selection, award, or administration of a grant award or contract if a conflict of interest, real or apparent, exists.

2) Remote Interest:

- a. A GRC member is not interested in a contract, within the meaning of 1.a. above, if the member only has a “remote interest” in the contract and the extent of the interest is disclosed to the GRC and staff at the beginning of the review process and is noted in the official minutes prior to the recommendation of the contract. (from RCW 42.23.040)
  - i. As used in this section “remote interest” means:
    1. That of a non-salaried officer of a non-profit corporation;
    2. That of an employee or agent of a contracting party where the compensation of such employee or agent consists entirely of fixed wages or salary;
    3. That of a landlord or tenant of a contracting party;
    4. That of a holder of less than one percent of the shares of a corporation or cooperative which is a contracting party.
  - ii. Even if the GRC member’s interest is only remote, the member cannot influence or attempt to influence any other GRC member in the award of

a contract they are remotely interested in. For purposes of this provision, influence or attempt to influence includes any of the following:

1. Scoring the grant application;
2. Discussing the grant application with other GRC members;
3. Joining the audience, acting on behalf of the applicant, or interacting in any manner with members of the GRC;
4. GRC members should physically leave the room when the remaining GRC members discuss the matter. This removes any potential claim that the GRC member has attempted to exert undue influence over the other GRC members.

3) Potential Bias by Prior Association:

- a. A GRC member may have a “potential bias by prior association” if they have had an interest or remote interest in the past, but do not meet these definitions during the time they are serving on the GRC, or who have personal prior experience with an applicant including serving as a board member in the past, being employed in the past, or being a current or past volunteer. In the event of a potential bias by prior association:
  - i. The GRC member should disclose to the GRC and staff the nature of their prior association at the beginning of the application review process.
  - ii. They should not score that grant application.
  - iii. The GRC member may be present for the interview and discussion of the grant application, but should not attempt to influence any other GRC member in the recommendation or award of a contract. If a GRC member does not feel that they can be objective for the interview and/or the discussion, they may choose to physically remove themselves.

4) Conflicts Disclosed. The staff should advise GRC members before the process begins that members need to disclose, in advance, any remote interest, potential bias by prior association that they have, or relatives serving as staff to any applicants. It is recommended that the disclosures be done in writing.

5) Voting and Recommendations.

- a. The GRC member should recuse themselves from voting on any recommendation that would include applications in which they have a remote interest in or with whom they have a potential bias by prior association.
- b. If the final recommendations of the GRC are consolidated into a single motion, then the GRC member may participate in the vote so long as their participation in the discussion does not influence or attempt to influence the outcome with respect to the applicant in which they have a remote interest in or with whom they have a potential bias by prior association.

- 6) Alternate GRC. If there are two or more GRCs in a funding cycle or process, and a member has a conflict of interest, remote interest, or potential bias by prior association with an application that one of the GRCs is reviewing, that member may serve on a different GRC without reservation or restriction.