

PROPOSED CHANGES TO 2016 TOTAL DEVELOPMENT COSTS (TDC) LIMITS PROGRAM

This fall, the Multifamily and Community Facilities Division intends to seek approval from the Washington State Housing Finance Commission to change various aspects of the Total Development Cost (TDC) limits and cost-containment policies started by the Commission in 2013. This includes creating a Seattle/King County cost area to be added to the Metro and Balance of State. The creation of a new classification will result in the Metro area being redefined.

The proposal includes:

- An increase in most TDC limits to better reflect the increased costs demonstrated in the historical data from previous applications as well as documented changes in the current market specifically data sourced from RS Means and ENR.
- A change to the points allocated for “cost-containment” to award points based upon a project’s ability to come in under the TDC limits.
- Adding language regarding extraordinary costs associated with specific adaptive reuse projects.

ADDITIONAL COST-CONTAINMENT AREA

Because the Seattle/King County region has unique cost issues, along with an organized vetting process (which includes other public funders, such as the City of Seattle and King County), the proposal includes a specific Seattle/King County area limit. The method of calculation includes historical data, along with industry cost data¹, resulting in the following proposed TDC limits for 2016:

PROPOSED 2016 TDC LIMITS – SEATTLE/KING					
	Studio	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
Current (Metro)	\$204,750	\$231,000	\$273,000	\$315,000	\$347,000
Proposed	\$237,510	\$274,890	\$292,110	\$327,600	\$360,880
% Increase	16%	19%	7%	4%	4%

REDEFINING THE METRO TDC LIMITS AREA

With the removal of Seattle/King County from the Metro (also known as the “King-Pierce or Snohomish TDC limits”) TDC classification, it is proposed that the metro area be calculated using the counties that saw the greatest increases in costs associated with projects. **NOTE: THIS DOES NOT AMEND THE GEOGRAPHIC CREDIT POOLS.** The counties proposed to be included in the Metro TDC classification are:

- CLARK
- PIERCE (Currently using Metro limits)
- SPOKANE
- SNOHOMISH (Currently using Metro limits)
- THURSTON
- WHATCOM

FOR DISCUSSION PURPOSES ONLY

ADJUSTING THE TDC LIMITS FOR METRO AND BALANCE OF STATE

Using historical data, along with industry cost data, the following increases to the Metro TDC Limits are being proposed.

PROPOSED 2016 TDC LIMITS— METRO					
	Studio	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
Current	\$204,750	\$231,000	\$273,000	\$315,000	\$347,000
Proposed*	\$221,130	\$249,480	\$273,000	\$315,000	\$347,000
% Increase	8%	8%	0%	0%	0%

*Note that only the Studio and 1 Bedroom limits are being increased in the Metro area.

Also using historical data, along with industry cost data, the following increases to the Balance of State Limits are being proposed.

PROPOSED 2016 TDC LIMITS – BALANCE OF STATE					
	Studio	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
Current	\$148,500	\$167,200	\$189,520	\$246,170	\$270,890
Proposed	\$160,380	\$180,576	\$204,682	\$265,864	\$292,561
% Increase	8%	8%	8%	8%	8%

COST-CONTAINMENT POINTS

It is being proposed that the points awarded for cost-containment (currently up to three (3) points awarded at the discretion of the Director of the Multifamily and Community Facilities Division after the application has been submitted) be revised. Points will be provided based on a project's percentage below the stated TDC limit, 1 point for 5% below the stated TDC limit and 2 points for 10% below the stated TDC limit.

ⁱ Cost increases were calculated using internal data from applications and cost certifications from projects. External data was also used and consisted of cost data from RS Means for areas throughout the state of Washington associated with square foot construction costs of an apartment, 1-3 story, brick veneer/wood frame with union labor and historical cost data from ENR (Engineering News Record) for the Seattle region.