

# No Place Like Home Program (NPLH) Draft Program Guidelines



California Department of Housing and Community Development

April / May 2017



# Overview

- **Article I**
  - Definitions
  - Formula and Funding Allocations
- **Article II**
  - Noncompetitive and Competitive Program Allocations Administered by the Department
- **Article III**
  - Noncompetitive and Competitive Program Allocations Administered by the Alternative Process Counties
- **Article IV**
  - Noncompetitive Program Allocations Administered by Counties for Shared Housing



# Policy Goals and Considerations

- Promote integration of target population within projects and within community.
- Provide incentives for encouraging integration of NPLH units into existing, higher income affordable housing and the use of 4% low income housing tax credits.
- Build capacity at local level in overall approach to homelessness.
  - Use of coordinated entry systems
  - Creation or updating of local plan for homelessness



# Key Definitions

## Target Population

Persons who are Homeless, Chronically Homeless, or At Risk of Chronic Homelessness who are:

- An adult or older adult with a Serious Mental Disorder or
- Seriously Emotionally Disturbed Children or Adolescents
- Includes persons with co-occurring mental and physical disabilities or co-occurring mental and substance use disorders.



# Key Definitions

## **At-Risk of Chronic Homelessness:**

An adult or older adult with a Serious Mental Disorder or Seriously Emotionally Disturbed Children or Adolescents who meet one or more of the criteria below:

- Persons exiting institutionalized settings who were homeless prior to admission; or
- Transition-aged youth experiencing homelessness or with significant barriers to housing stability, including one or more evictions or episodes of homelessness, and a history of foster care or involvement with the juvenile justice system; or
- Persons, (including transition-aged youth), who were homeless prior to entering an institution, and will be homeless unless they can access the NPLH-assisted housing.



# Key Definitions

## At-Risk of Chronic Homelessness (cont.)

### **Covered Institutions**

- state hospital
- hospital behavioral health unit
- hospital emergency room
- institute for mental disease
- psychiatric health facility
- mental health rehabilitation center
- skilled nursing facility
- developmental center
- residential treatment program
- residential care facility
- community crisis centers
- prison, parole, jail or juvenile detention facility, or
- foster care.



# Key Definitions

## At-Risk of Chronic Homelessness (cont.)

- Length of stay in institution does not matter
- At-Risk of Chronic Homeless includes persons exiting to shelter, transitional housing, interim bridge housing, hotels, motels, as well as places mentioned in HUD Homeless definition



## Key Definitions

### “Homeless” and “Chronically Homeless”

- “Homeless” and “Chronically Homeless” are the same as defined by HUD as of May 1, 2016.
- May 1, 2016 date in NPLH statute
- Updates to HUD definitions since then won’t apply to NPLH
- Definitions as of May 1, 2016 provided in the Guidelines





## Key Definitions “County”

- Includes all localities receiving a direct allocation of MHSA funds under the Bronzan-McCorquodale Act
- All 58 counties and
- Cities of Berkeley, Pomona, Laverne, Glendale



## Key Definitions

“Permanent Supportive Housing” or Supportive Housing means:

- Housing with no limit on length of stay, that is occupied by the Target Population, and linked to onsite or offsite services that assist the supportive housing resident in retaining housing, improving his or her health status, and maximizing his or her ability to live and, when possible, work in the community



## Definitions

### “Permanent Supportive Housing” or “Supportive Housing”

Does not include any:

- “Health facility” (H&S Code Section 1250)
- “Alcoholism or drug abuse recovery or treatment facility” (H&S Code Section 11834.)
- “Community care facilities” (H&S Code Section 1502)
- “Mental health rehabilitation centers” (WIC Section 5675)



# Definitions

## “Shared Housing”

Supportive Housing that is:

- 1-4 unit properties
  - Single-family homes, condominiums, half-plexes, duplexes, triplexes and four-plexes
- Minimum of 2 bedrooms per unit
- Shared by two or more households per unit where at least one member of each household qualifies as a NPLH-eligible tenant.
- Each 1-4 unit property is considered a separate project
- Same exclusions as previous slide



# Definitions

## “Rental Housing Development”

Supportive Housing comprised of:

- One or more multifamily structures collectively containing five or more units
- Common financing, ownership, and management
- e.g. “apartment buildings”
- Includes scattered site housing



# Eligible Uses

- Acquisition
- Design
- Construction
- Rehabilitation or preservation
- Capitalized Operating Subsidy Reserve  
(discussed more later)



# Ineligible Uses

- Development costs of a residential unit reserved for childcare facilities, after-school care and social service facilities;
- Off-site improvements, (e.g. sewers, utilities, streets)  
Utility connections to project are eligible
- Costs for design features not consistent with use of sustainable or durable materials appropriate for similar permanent supportive housing projects



# Loan Terms

- NPLH Projects of 5+ units: underwriting, loan servicing and monitoring by the Department.
- Permanent Financing Only
  - Must find other Construction Period financing
- Initial loan term of 55 years; extensions may be permitted to maintain project affordability.
- Principal and interest deferred until end of loan term
- 0.42% (of 1%) annual monitoring fee on capital (non-Capitalized Operating Subsidy Reserve) portion of loan.





# Maximum Loan Amounts (Subject to HCD Underwriting)

## Capital Portion

- Initial “Base Amount” at 30% of 30% AMI
  - \$100,000 per unit with 9% tax credits
  - \$175,000 per unit all other projects
- Amount per unit increases based on county Fair Market Rent (FMR), number of bedrooms per unit, and lower income levels targeted.
- Beginning in 2018, base amounts will increase annually with Consumer Price Index increases.



## Maximum Loan Amounts (Subject to HCD Underwriting)

### Capitalized Operating Subsidy Reserve Portion

- 9% tax credit projects – no more than 100% of capital portion of loan
- All other projects – no more than \$175,000 per unit
  - Beginning in 2018, \$175,000 per unit limit may increase annually with CPI increases.
- Capital Portion plus COSR portion cannot exceed \$20 million for the first funding round. Department will increase with CPI increases.



# Critical Timeframes: Non-competitive Allocation

Release of initial NOFA			
Within 12 months	Within 18 months	Within 30 months	Within 60 months
<ul style="list-style-type: none"> <li>• County to submit Resolution committing to submit proposed project application(s) by specified 30-months deadline.</li> <li>• County to submit certification that project(s) will meet program requirements.</li> <li>• County to submit County Homelessness Plan.</li> </ul>	<ul style="list-style-type: none"> <li>• HCD will award funds to Counties.</li> </ul>	<ul style="list-style-type: none"> <li>• County to submit application(s) to HCD meeting Program requirements.</li> </ul>	<ul style="list-style-type: none"> <li>• County to expend Non-Competitive Allocation Funds.</li> </ul>



# Plan to Combat Homelessness

- County plan that specifies goals, strategies and activities both in process or to be initiated to reduce homelessness and make it non-recurring.
- Developed with community input
- Easily accessible to the public
- No older than 5 years from time of County's application.
- Continuum of Care Plans, Mental Health Services Act funds expenditure plans, or other existing plans that meet these requirements are acceptable



# Project Threshold Requirements

- County is the Eligible applicant:
  - Sole applicant if it is the Development Sponsor
  - Jointly with another entity as Development Sponsor
    - County will sign the Standard Agreement
    - Development Sponsor will sign the Loan Docs
  - Two or more Counties may apply together as joint applicants if there is a commitment to collaborate in the provision or coordination of supportive services or other resources to the project, and if NPLH tenants from each of the applicant counties are expected to reside in the project.



# Project Threshold Requirements (cont.)

- **Eligible Use of Funds** (covered earlier)
- **Development Team Experience:**
  - Counties with population of 200,000 or greater:
    - Development, ownership, or operation of Permanent Supportive Housing; or
    - At least 2 affordable rental housing projects in the last 10 years with a minimum of 1 unit housing a tenant who could qualify as a member of the Target Population.
    - Lead Service Provider and Property Manager - minimum 3 years each serving Target Population
      - If Service Provider experience not provided in PSH, it must be related to addressing housing barriers/housing retention



# Project Threshold Requirements

- Experience
  - Counties with population of less than 200,000:
    - Same as previous slide or
    - Minimum experience requirements in previous slide can be documented for another special needs population with barriers similar to the Target Population, such as difficulty retaining housing, and mental health or substance abuse issues



# Project Threshold Requirements (cont.)

- **Applications must contain:**
  - County Resolution to, for a minimum of 20 years, make available mental health supportive services and coordinate the provision or referral to other services including but not limited to, substance use services.
  - Initial plan for providing supportive services based on the anticipated needs of the Target Population.
  - Property management plan meeting Housing First Requirements.
  - If not already submitted, the County's Plan to Combat Homelessness (discussed earlier).





## Supportive Services

- Participation in supportive services is voluntary. Access to or continued occupancy in housing cannot be conditioned on participation in services or on sobriety.
- Each application must include a project-specific supportive services plan developed by the County in partnership with the project developer, supportive service providers, and the property manager.
- Plan must describe the services to be offered/made available to NPLH tenants in a manner that is voluntary, flexible and individualized.



## Supportive Services (cont.)

### Services Required to be Made Available:

- Available services shall be provided directly by the County, or the County shall coordinate the provision of or linkage to these services as needed.
- All services may be provided on or off-site at a location easily accessible to tenants:
  - Case management;
  - Peer support services;
  - Mental health care, such as assessment, crisis counseling, individual and group therapy, and peer support groups;



## Supportive Services (cont.)

- Substance use services, such as treatment, relapse prevention, and peer support groups;
- Support in accessing physical health care, routine and preventive health and dental care, medication management, wellness services; Benefits counseling and advocacy, including assistance in accessing SSI/SSP, enrolling in Medi-Cal, and obtaining other needed services;
- Housing retention skills (such as unit maintenance and upkeep, cooking, laundry, and money management);



## Supportive Services (cont.)

### **Services Encouraged to be Made Available**

- Services for persons with co-occurring mental and physical disabilities or co-occurring mental and substance use disorders not listed above
- Recreational and social activities
- Transportation planning and assistance to off-site services
- Educational services
- Employment services



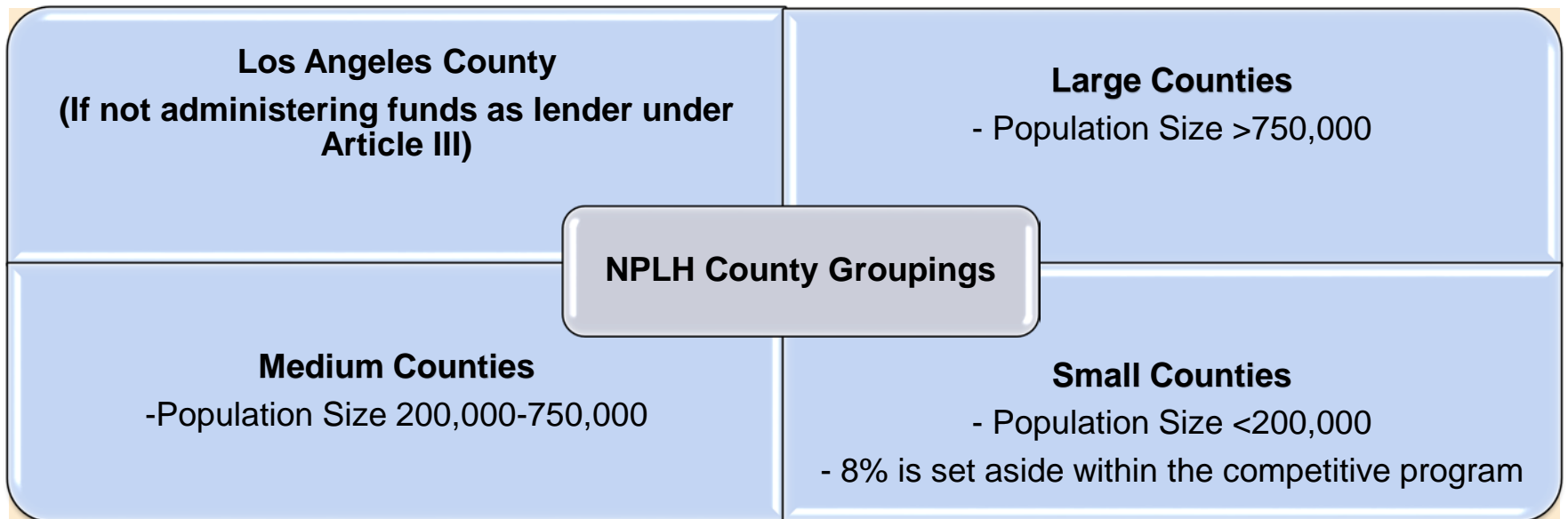
## Supportive Services (cont.)

### **Service Plan Requirements must include a description of:**

- Target Population to be served, and any additional subpopulation targeting.
- Tenant outreach, engagement, and retention strategies to be used.
- Services offered; anticipated frequency; service providers.
- Means for addressing communication barriers, cultural competency.
- Coordination with property manager around eviction prevention, harm reduction practices and reasonable accommodations.



# Competitive County Grouping





# Application Process

- **Competitive Allocation**

- Will score applications within each County population group if demand within that group exceeds the amount made available to that group in the particular funding round.
- Within each population group, the applications with the highest number of points shall be selected for funding if all threshold requirements are met.
- Tie-breaker:
  - 1) Greatest number of NPLH units restricted to Chronically Homeless
  - 2) Readiness score (if needed)



# Competitive Rating Criteria

**. Total available points – 200**

- 1. Percentage of Total Project Units Restricted to the Target Population (70 pts max)**
- 2. Leverage of Development Funding (30 pts max)**
- 3. Leverage of Rental, Operating Subsidies (35 pts max)**
- 4. Readiness to Proceed (40 pts max)**
- 5. Extent of On-Site and Off-Site Supportive Services (20 pts max)**
- 6. Past History of Evidence Based Practices (5 pts max)**
- 7. Bronzan-McCorquodale (5 pts max)**





## Rent Limits

- All NPLH units shall be restricted at 30% AMI or below.
- Tenant incomes may increase over time. If household income increases above 30% AMI, another unit must be designated as an NPLH unit.



## Capitalized Operating Subsidy Reserves (COSR)

- Intended to defray project operating deficits attributable to the NPLH-assisted units for a minimum of 20 years.
- The Department shall hold all project COSRs for its loans and disburse from each COSR annually for as long as it lasts based on a bifurcated project audit for the previous fiscal year that distinguishes actual annual income and expenses of the NPLH Assisted Units and the other project units.



## Capitalized Operating Subsidy Reserves (COSR)

- In the first year, the Department may base the amount of the COSR payment on the Department's most recent underwriting of the project.
- In general, payments from the COSR shall not exceed 5% per year (5% x 20 years = 100%) except that the Department has discretion to disburse up to 10% in a given year.



## Tenant Selection

- Tenants shall be selected through use of a Coordinated Entry System (CES) or other similar system for those At-Risk of Chronic Homelessness and in compliance with Housing First requirements.



## Other State Requirements: Accessibility and Prevailing Wage

- Multifamily projects of 5+ units must meet Tax Credit Allocation Committee (TCAC) accessibility requirements, and any other applicable federal, state, or local accessibility requirements.
- Applicants shall be responsible for determining applicability of State prevailing wage
  - If applicable, prior to loan closing, the Development Sponsor shall provide a certification that prevailing wages have been paid or will be paid, with required record-keeping



# Reporting Requirements

County shall submit annual outcome measurement data required under Section 218 (e) for each of its NPLH Assisted Units.

- Work with property manager and lead service provider to collect
- Use of HMIS suggested, but not required
- Submit electronically no later than September 30th of each year for the previous state fiscal year of activity (July 1-June 30).
- Reporting form designed to provide drop-down menu of answer options consistent with HMIS data standards, or require numerical answer only.
- Data on health outcomes requiring coordination with County health system or Corrections not required. Submit only if readily available.



# Non-Competitive Shared Housing Requirements

- “Shared Housing” means a 1-4-unit structure providing Supportive Housing shared by two or more households per unit where at least one member of each household qualifies as a NPLH-eligible tenant.
- Single-family homes, condominiums, half-plexes, duplexes, tri-plexes and four-plexes will qualify as a Shared Housing development provided that they have a minimum of two bedrooms per unit.
- Open to all counties.
- Shared Housing shall not be funded out of the Competitive Allocation.



# Non-Competitive Shared Housing Requirements

## County Responsibilities

- Project underwriting using County's own underwriting standards
- Monitoring of all construction/rehabilitation work performed
- Loan Servicing
- Supportive service provision and/or coordination as discussed previously
- Long-term monitoring for minimum of 20 years
  - Compliance with rent and income restrictions, physical inspections, compliance with other NPLH projects





# Alternative Program: Los Angeles, San Diego, San Francisco, and Santa Clara Counties

For Alternative Program counties to administer their own funds they must:

- Have a minimum of 5% of the State's homeless population as measured through HUD Point In Time Count data.
- Demonstrate the capacity to directly administer loan funds for permanent supportive housing serving the Target Population.
- Have the ability to prioritize those with mental health needs who fit the Target Population criteria consistent with program requirements.

Counties participating in the Alternative Program shall not be eligible for funds available through the Competitive Program funding pool.



# Alternative Program

- County or its subcontractor (e.g. a city within the county) must have demonstrated ability to finance permanent supportive housing and monitor properties for required period of affordability.
- Must commit to implementing measures that promote integration of the Target Population into the community.
- Must have a plan to address homelessness.

**Submit Public Comments on  
Draft Guidelines by  
May 30, 2017  
to  
[NPLH@hcd.ca.gov](mailto:NPLH@hcd.ca.gov)**



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