Veterans Housing and Homelessness Prevention
Summary of Comments and Responses

30-DAY PUBLIC COMMENT PERIOD (March 9 through April 9, 2018)

May 9, 2018

Veterans Housing and Homelessness Prevention Program (VHHP) Guidelines

Title 25, California Code of Regulations
Revised Proposed Amendments to Division 1, Chapter 7, Subchapter 19

This document represents the actual comments from stakeholders sent to the Department of Housing and Community Development (Department) and responses to those comments. The Department received comments from nineteen stakeholders during the 30-day public comment period and thanks all stakeholders for their comments, suggestions, and participation. A summary of those comments and responses begins on the next page.

Stakeholder Comments	Department Response
Section 101: Definitions	
PATH Ventures (PATH or PV)–	
“Case Manager” – the added language refers to “services in accordance with HUD-VASH program will be the applicable VA case manager…” Is this implying that the case management provided by the VA is a limit on the case management services to be provided to these tenants? It is not always our experience that VA provides comprehensive case management services at the staffing ratios that best practices recommend for successful long-term, supportive housing retention. Often PV supplements the VA services with additional project specific funding.	The definition does not limit case management. It does specify that when a HUD-VASH voucher is utilized, the case manager shall be VA or VA-designated. In these circumstances, the expectation is that the lead service provider and the VA case manager will coordinate to provide comprehensive case management services. This is consistent with HUD-VASH case manager qualifications and requirements (https://www.hudexchange.info/programs/hud-vash/hud-vash-eligibility-requirements). Therefore, no change was made to the Round 4 VHHP guidelines.
“Coordinated Entry System” – PV recommends deleting the subjective language “is easily accessed” and “is well advertised.” PV does not understand the benefit of these qualifications.	The definition of Coordinated Entry System and its language is consistent with 24 CFR 578, which defines these terms (24 CFR Section 578.7(a)(8)). Therefore, no change was made to the Round 4 VHHP guidelines.

Please add a definition for HUD-VASH Program Requirements and include a reference to specific program regulation that describes these standards.	HUD-VASH program requirements are too extensive to define in the VHHP guidelines, and can be found at the link in the above response. Therefore, no change was made to the Round 4 VHHP guidelines.
Sandra Shields (affiliate entity unknown) Will reservists be included in the definition of who will be eligible for assistance?	Each branch of the military has a Reserve component and the Reserves are under the command of their respective military branch. Reservists may be eligible for assistance from projects funded by the VHHP program if they were called to and released from active duty or active service, for a period of not less than 90 consecutive days, or were discharged from the service due to a service-connected disability within that 90-day period. Therefore, no change was made to the Round 4 VHHP guidelines.
Progress House – <u>101(l) Housing First Concept:</u> Overall a well-intended plan, however, please consider reviewing what this means in the practical sense. For example, I recommend expanding services to include well managed group homes that require sobriety to remain in the home. These are more homelike than institutional dorms and provide fellowship and a new family environment. This “housing first” is awkward in some	Senate Bill (SB) 1380 (2016) requires that all state-funded housing programs in California adopt the Housing First model. This model includes voluntary, individually tailored supportive services, including substance use treatment, when requested by a tenant. More information on Housing First can be found on HCD’s website at

environments where Veterans who have struggled to get clean and sober only to be exposed to “housing first” rules which may conflict. Most homeless are chemically dependent. Privately run Sober living homes provide more treatment and housing for alcoholics/addicts than all detox’s, rehabilitation centers, hospitals, clinics, combined times 2 and yet they are often overlook by most programs as a modality for housing/treatment. For instance, going from homeless to one’s own apartment is a wonderful thing, but some Veterans need a supervised structured environment and incrementally attain stability then acquire their own place. Being left alone with addictions even with a case manager is always the best practice.	http://www.hcd.ca.gov/grants-funding/active-funding/docs/Housing-First-Fact-Sheet.pdf. Therefore, no change was made to the Round 4 VHHP guidelines.
Meta Housing – 101(m): We are opposed to the changes suggested in the Proposed Guideline Changes for 2018. The proposed changes would preclude the Department of Veteran Affairs ("VA") from serving as the Lead Service Provider. The most important supportive service provided to Veterans is comprehensive case management. An effective case manager is the principal in providing the services necessary to ensure a Veteran's success in permanent supportive housing. In a setting in which the VA is providing comprehensive case management, they should be permitted to and even encouraged to serve as	VA is the lead agency on decisions relating to contracting services and case management for HUD-VASH tenants. The guidelines do not preclude the VA from serving as the lead service provider and the language included in the guidelines is consistent with VA directives. Therefore, no change was made to the Round 4 VHHP guidelines.

the Lead Service Provider by contract to the project Sponsor. This will ensure VA accountability to the project Sponsor. Alternatively, if the VA will not serve as the Lead Service Provider, they should be obligated to contract with the Lead Service Provider in order to identify their role in project, the scope of their services, and provisions for remedying non-performance.	
Section 102(b)	
Eden Housing – We would like to again raise the issue regarding the compatibility of VHHP and VASH vouchers, which we have raised in past rounds' comments. As part of the HUD regulations, VASH vouchers can be awarded to households earning up to 50% AMI, not 30% AMI. Therefore, placing VASH vouchers on an ELI (30% AMI) unit is not a possibility as sponsors must house veteran households referred by the local VA. The VA's waitlist can include households earning up to 50% AMI, and they are not allowed to skip households on their waiting list to refer only ELI households. This is a major issue since the VHHP program otherwise encourages the layering of VASH vouchers on VHHP-assisted units. VASH units must be regulated at 50% AMI, but this threshold requirement precludes the layering of VASH vouchers on VHHP-assisted units.	The current language in Section 102(b) of the proposed VHHP Program guidelines applies only to 45% of assisted units and does not imply usage of HUD-VASH vouchers. The decision to award vouchers to veteran households earning income up to 50% AMI is reserved to local housing authorities with approval from the U.S. Department of Housing and Urban Development (HUD). The VHHP program is committed to serving those highest-need veterans earning extremely low income by ensuring capacity throughout the state. Sponsors are required to specify the income targeted unit mix at application. Points are awarded based on the depth of targeting to VLI or ELI units. The higher the number of VLI or ELI units, the higher the point total. This is done to ensure deep targeting, which is the explicit goal of the program. Changing the requirement to allow higher affordability levels would be contrary to the program goals.

To address this disconnect, we propose that units that are awarded VHHP funds and have VASH vouchers be scored and otherwise treated by the VHHP program as a 30% AMI unit but allow any VASH units to house veterans earning up to 50% AMI. This would bring the VHHP program into sync with the VASH program on a technical level.	Therefore, no change was made to the Round 4 VHHP guidelines.
Section 102(c): Occupancy Requirements	
Southern California Association of Non Profit Housing (SCANPH) – SCANPH appreciates the increase from 20 to 25 percent of total units for veteran housing; however, we request more information be provided to justify this proposed regulation change.	One of the program goals of the VHHP program, pursuant to AB 639 and Proposition 41, is to provide for the acquisition, construction, rehabilitation, and preservation of affordable multifamily supportive housing, affordable transitional housing, affordable rental housing or related facilities for veterans and their families to allow veterans to access and maintain housing stability (Military and Veterans Code 987.002). To ensure sufficient focus on the particular needs of veterans, the Round 4 VHHP guidelines now require that the greater of 25% of all units in a project or ten units be restricted to veterans, either under VHHP or some other public agency program. Therefore, no change was made to the Round 4 VHHP guidelines.

Skid Row – We recommend that HCD keep the minimum percentage of Veterans in a project at 20% and not change it to 25%. Keeping the requirement at 20% will provide increased flexibility for projects which could allow more projects to utilize VHHP funding.	See the response to SCANPH directly above in this section.
Section 102(d)(1)(C)	
Meta Housing – This section should be clarified to mandate that if the VA does not serve as the Lead Service Provider that they be compelled to contract with the Lead Service Provider as described above in the comment/reason for section 101(m).	The Department cannot compel the VA on decisions relating to contracting. Therefore, no change was made to the Round 4 VHHP guidelines.
Section 102(k): Site Control	
SCANPH – SCANPH opposes the proposed regulation change regarding site control extension. We disagree the extension should be all the way through loan closing. We encourage HCD to change the regulation language so that it mimics TCAC Regulations, which require site control through the application deadline. The extension puts developers in a compromised position that increases the overall costs of development.	The intent of site control through loan closing is to ensure that site control is not lost during the award phase or before construction loan closing. Based on experience, if site control is not maintained through construction loan closing, projects are prevented from closing on their construction loans on time, which also causes delays in meeting the goals of the VHHP program. Additionally, if site control is lost in these phases, it represents a lost

	opportunity to have funded other competitive projects that could retain site control through those phases. Therefore, no change was made to the Round 4 VHHP guidelines.
Section 102(p)(1) and (2): Stacking Subsidies	
Skid Row – We want to thank you for the proposed clarification of this language in the Regulations, as it reads more clearly now. However, for increased clarity, ***we recommend that HCD include the HCD funding sources that are exempt from this rule.*** For example, we know that Infill Infrastructure funds are exempt. We think this final addition will be very helpful for further clarification of this rule.	The Department agrees and has changed the language to read as follows; "Projects may have funding from other HCD programs including programs designed to fund infrastructure such as Infill Infrastructure Grants (IIG) and Affordable Housing Sustainable Communities (AHSC), providing that the funding assistance is to support units other than VHHP-assisted units."
PATH – Please add to the exception, Infill Infrastructure Grants and Affordable Housing Sustainable Communities Housing Related Infrastructure and Sustainable Transportation Infrastructure grants.	See the response to Skid Row directly above in this section.

California Housing Partnership Corporation –	
Clarification on prohibition of stacking of multiple funding sources. Section 102(q)(1) and (2): We want to thank you for the proposed clarification of this language in the Regulations, as it reads more clearly now. However, for increased clarity, we recommend that HCD include the HCD funding sources that are exempt from this rule. For example, we know that Infill Infrastructure funds are exempt. We think this final addition will be very helpful for further clarification of this rule.	See the response to Skid Row directly above in this section.
SCANPH –	
The proposed regulation language on clarification on stacking funding sources is not clear. SCANPH is requesting HCD provide more clarification on the types of funding sources that can be stacked and describe the various circumstances when stacking can occur.	See the response to Skid Row directly above in this section.
Eden Housing –	
We strongly urge removing this change. We recognize the desire to encourage more leveraging of local and federal sources, but in many jurisdictions, local sources are scant, severely oversubscribed, or simply unavailable. On the federal level, few sources are available to finance affordable housing with the sunset of the HUD 811 and 202 programs a few years ago. We believe that the VHHP program already encourages leveraging of local and	The prohibition on stacking refers to each VHHP assisted unit, not the entire project, and does not prohibit sponsors from utilizing funding from a wide range of sources. Therefore, no change was made to the Round 4 VHHP guidelines.

federal subsidies through its point scoring system, and this change is unnecessary and alarmingly detrimental to the usability of the VHHIP program. The ability to layer several funding sources in each project is critical to the ability to finance, and ultimately build, affordable housing in the current market environment. Typically, five to ten different funding sources are required for each affordable housing project and but for each source, the project cannot be developed. Restricting the possibility of using multiple state funding sources on a unit will severely inhibit the financial viability of VHHP-financed affordable housing projects. Additionally, it's the extremely low income (ELI) and very low income (VLI) units that require the most subsidies for financial viability as the rent collected for these units are not enough to cover even property operating expenses, much less a mortgage to finance the construction of the building. These are the units that require the most funding layering, and these are also the units that are most encouraged by the VHHP program. As the ELI and VLI units serve the most vulnerable populations, these are also the units typically encouraged by other state funding sources such as AHSC, State HOME and CDBG, and IIG. While we recognize the desire to maximize overall unit production and spread the VHHP funds as much as possible, this change effectively knocks out the availability	

of other state funds to complete the financing needed. We believe the VHHP-assisted projects are subject to possible unintended consequences such as reduced readiness since projects will need more time to collect necessary financing, reduced number ELI and VLI units, reduced construction quality standards, or reduced supportive services as the VHHP funds will make financing a project more difficult.	
Section 103(e)(4): Maximum Loan Limits	
Eden Housing – We urge increasing the loan limits per unit. Due to the intensive service provision needs of serving this population, the loan limits don’t go far enough in covering the cost of the services and the cost of developing the units.	Loan limits are in line with VHHP program goals, which are to balance providing necessary supportive services with reaching the maximum number of veterans. Increasing the limits would serve to decrease the number of those veterans who can be provided with permanent supportive housing, which conflicts with the program goals. Therefore, no change was made to the Round 4 VHHP guidelines.

Section 103(e)(5): Uses and Terms of VHHP Assistance	
UHC LLC – We noticed that under section 103 subsection 5 that the per project maximum was eliminated. Has that been eliminated? Per section 25 CCR 7307, it states the maximum per project loan amount will be provided by the department per the NOFA.	Section 103(e)(4) of the Round 4 draft VHHP guidelines states that the maximum per-unit loan amounts shall be in accordance with 25 CCR 7307 of the Multifamily Housing Program (MHP), which states that the per-project maximum will be provided in the NOFA. Section 103(e)(5) was removed because it was duplicative since the maximum per-project amounts are stated in the NOFA. Therefore, no change was made to the Round 4 VHHP guidelines.
Section 104: Occupancy Requirements	
Progress House – An excellent provision: Section 104 Occupancy Requirements (d)(2) In any case, a minimum of ten 10 percent of Assisted Units shall be prioritized for occupancy by Veterans who are ineligible for VA health care and/or HUDVASH. A great Idea, we have found many vets self-medicating (PTSD) and getting bad discharges in the process…about 75% get an upgrade but it takes often a year or so…	Thank you for your comment.

Section 105(b): Rent Limits	
UHC LLC – The one-year operating reserve was crossed out. I heard at the workshop that this may have been done in error. A two-year reserve would be very difficult to achieve in this climate of raising costs, interest rates and lower tax credit pricing.	Section 105(b) was inadvertently struck out, and has been restored into the Round 4 VHHP guidelines.
Palo Alto Housing – In Section 105(b), the reference to a one-year transition reserve was struck out, forcing a default to the MHP regulations calling for a two-year transition reserve. This sudden change would be quite a burden for many projects. At the workshop, John clarified that this was an error and that it is the intent of the program to only require a one-year reserve.	See the response to UHC LLC directly above in this section.
California Housing Partnership Corporation – We strongly oppose the new reference to the HCD MHP Regulations, Section 7312 for rent limit guidance. We recommend that the VHHP regulations contain the entirety of its rent limit rules within the VHHP guidelines. The MHP program is a different program and will likely go through periodic updates. We do not want to take the risk that changes made in the MHP program could inadvertently or inappropriately impact the VHHP program.	There were no changes proposed to the Section 105 introduction, or Subsection 105(a). The reference to 25 CCR 7312 remains the same as in previous Rounds. Therefore, no change was made to the Round 4 VHHP guidelines.

On a related matter, we strongly recommend that the current transition reserve requirements remain unchanged. We believe that the one-year reserve requirement for renewable project-based rental assistance and the two-year reserve requirement for non-renewable assistance are appropriate. The blanket move to a two-year reserve is wasteful. It requires the unnecessary sequestering of funds that could be used for other development activities and other projects. As you know, development funding sources are in very short supply, and we view two-year reserves to be far too large to be deemed reasonable in renewable contract situations. It is our opinion, as well as the opinion of most public and private lenders and investors, that the current guideline standards address this requirement appropriately.	See the response to UHC LLC in this section.
Finally, we note that the administration of the transition reserve requirements is often inconsistent amongst HCD staff. Therefore, we recommend that that HCD develop a worksheet template that codifies the transition reserve calculation. The worksheet would not only streamline the transition reserve calculation process, but also eliminate the excessive staff and sponsor time spent negotiating this requirement. CHPC would be more than happy to work with HCD on the development of this tool.	Thank you for your recommendations. We will contact you to learn more about your suggestion that HCD develop a worksheet template for the transition reserve calculation.

Meta Housing –	
We disagree with striking the language within this section. We suggest that a transition reserve be replaced by a Sponsor guaranty in an amount sufficient to prevent rent increases for one year following the loss of rental assistance. The language that is struck from the regulations is replaced by language in the Multifamily Housing Program (MHP) Regulations that mandate transition reserve funding that is more costly to the development than the existing language. As it stands the Sponsor of VHHP program must provide operating guaranties that would ensure project feasibility in the event of the loss of project rental assistance. Requiring a capitalized transition reserve would needlessly tie-up financial resources that would be otherwise could be employed in the development of additional affordable housing.	See the response to UHC LLC directly above in this section.
SCANPH –	
The proposed regulations delete the provision for a one year transition reserve for projects with renewable project-based rental assistance. As a result, all projects would fall under the two year reserve as required under the MHP Regulations. As this change was not described in the Summary of Proposed Major Changes, the purpose of this proposed change is unclear. SCANPH opposes the	See the response to UHC LLC directly above in this section.

proposed regulation change as it would increase project development costs.	
Skid Row – We strongly oppose the new reference to the HCD MHP Regulations, Section 7312 for rent limit guidance. ***We recommend that the VHHP regulations contain the entirety of its rent limit rules within the VHHP guidelines.*** The MHP program is a different program and will likely go through periodic updates. We do not want to take the risk that changes made in the MHP program could inadvertently or inappropriately impact the VHHP program. On a related matter, ***we strongly recommend that the current transition reserve requirements remain unchanged.*** We believe that the one-year reserve requirement for renewable project-based rental assistance and the two-year reserve requirement for non-renewable assistance are appropriate. The blanket move to a two-year reserve is wasteful. It requires the unnecessary sequestering of funds that could be used for other development activities and other projects. As you know, development funding sources are in very short supply, and we view two-year reserves to be far too large to be deemed reasonable in renewable contract situations. It is our opinion, as well as the opinion of most public and private lenders and investors, that the current guideline standards address this requirement appropriately.	There were no changes proposed to the Section 105 introduction, or Subsection 105(a) in the guidelines. The reference to 25 CCR 7312 remains the same as in previous Rounds of the VHHP guidelines. Therefore, no change was made to the Round 4 VHHP guidelines. See the response to UHC LLC directly above in this section.

Finally, we note that the administration of the transition reserve requirements is often inconsistent amongst HCD staff. Therefore, ***we recommend that HCD develop a worksheet template that codifies the transition reserve calculation***. The worksheet would not only streamline the transition reserve calculation process, but also eliminate the excessive staff and sponsor time spent negotiating this requirement.	Thank you for your recommendations. We will contact you to learn more about your suggestion that HCD develop a worksheet template for the transition reserve calculation.
Section 106: Underwriting Standards	
Skid Row – We agree with the new alignment of the underwriting requirements with the 2017 Uniform Multifamily Regulations. Thank you for making that standardization.	 Thank you for your comment.
California Housing Partnership Corporation – We agree with the new alignment of the underwriting requirements with the 2017 Uniform Multifamily Regulations. Thank you for making that standardization.	 Thank you for your comment.

PATH – (a)(1) PV recommends allowing an underwriting vacancy factor up to 10% for the Supportive Housing units. It is our experience that turn-over of Supportive Housing units can take some time and projects experience vacancy rates up to 10%. At a minimum, please allow for a method to request an exception to the 5% vacancy factor.	Section 106(a)(1) allows for the acceptance of higher vacancy rate factors under certain conditions. Therefore, no change was made to the Round 4 VHHP guidelines.
Section 107: Fee Limits	
Skid Row – This recommendation is consistent with the alignment of the other underwriting standards (Section 106) and fee limits (Section 107) that are part of this proposed regulation update. VHHP developments are highly complicated in many respects, often more so than other project types. VHHP Developer Fee rules should be consistent with other HCD programs. Further, consistency among HCD programs on the sizing of developer fees will alleviate administrative burden on staff and program users.	Thank you for your comment. HCD strives to provide consistency in our underwriting standards and fee limits across our multifamily housing programs. Regarding the Developer Fee, the VHHP guidelines refers the developer to the TCAC Regulations as do other multifamily housing programs. The VHHP guidelines limit the developer fee to the rules under the 9 percent tax credit formula, whether or not they apply for 4 percent or 9 percent tax credits. This rule only limits the amount of developer fee taken from eligible basis to the lesser of 15 percent or $1.4 million. Additional developer fees may be taken on a non-priority basis from the sponsor's share of distributions. Therefore, no change was made to the Round 4 VHHP guidelines. We may consider changes in future rounds.

California Housing Partnership Corporation – We strongly recommend that the developer fee provisions in the VHHP guidelines be aligned with the 2017 UMR's. This recommendation is consistent with the alignment of the other underwriting standards (Section 106) and fee limits (Section 107) that are part of this proposed regulation update. VHHP developments are highly complicated in many respects, often more so than other project types. VHHP sponsors deserve fee compensation that is consistent with other HCD program projects. Further, consistency among HCD programs on the sizing of developer fees will alleviate administrative burden on staff and program users.	 See the response to Skid Row directly above in this section.
Meta Housing – We suggest that the VHHP program employ the fee limits permitted for projects utilizing low income housing tax credits as defined in the 25 CCR Section 8312. For the sake of consistency with other HCD loan programs, please employ the developer fee definitions within 25 CCR Section 8312. As it stands VHHP transactions earn less developer fee than projects employing other HCD loan program funds. This doesn't seem equitable, considering the considerable additional challenges of developing and operating permanent supportive housing.	 See the response to Skid Row directly above in this section.

SCANPH – SCANPH appreciates the efforts to align aspects of the VHHP Program underwriting requirements with the 2017 UMRs. However, SCANPH believes this alignment should also include the developer fee limits. Aligning the VHHP developer fee with the 2017 Uniform Multifamily Regulations will decrease confusion among Program applicants and HCD staff, and will acknowledge the level of complex work required for developers to build these properties.	 See the response to Skid Row directly above in this section.
PATH – We appreciate the alignment of the VHHP Guidelines with the updated UMR as HCD underwent a long and thoughtful community engagement process for the UMR update. However, the one place where the VHHP Guidelines does not align with the UMR is in relation to the developer fee limit. The UMR allows for the developer fee limit to be tied to the allowed fee under the Tax Credit Allocation Committee Regulations, rather than just the portion of the fee allowed in eligible basis. The TCAC fee is fair and reasonable. Affordable Housing for special needs populations, including veterans experiencing homelessness, continues to be a challenging and worthwhile endeavor, but a $1,400,000 limit on paid fee from development sources does not reflect the organizational time and expense of producing these units.	 See the response to Skid Row directly above in this section.

Most, if not all, other HCD programs rely on the UMR for the fee calculation, so for this program to have a different calculation is hard to understand. A VHHP project has the same, if not more, complexity as an MHP or AHSC funded project and therefore, PV recommends the fees be the same across HCD programs and match the updated UMRs.	
Section 108(d)	
PATH – It is important to recognize that projects that serve Chronically Homeless, Homeless with a Disability, and Extremely Low Income Households, whether they are veterans or the general population, require as much operating support. Please clarify that these case management operating expense maximums also apply to non-assisted units serving a similar population.	Section 108(d) already clarifies that funds can be used for “other” units. Therefore, no change was made to the Round 4 VHHP guidelines.
Section 109: Miscellaneous Requirements	
PATH – (a)(1)(B) Please delete the added word “all” or add “all known.” Including “all” implies that if the method is not listed, it cannot be used in the future. Additional methods should be welcome at any stage.	The language has been changed to read, “all known.” Thank you for your comment.

Monterey Bay Air Resources District - 109(a)(2): The District would like to comment on SECTION 109 MISCELLANEOUS REQUIREMENTS (a)(2), Page 16. The District suggests adding a reporting requirement in this section to assure documentation of hazardous material surveys are conducted, to include asbestos and lead based paint, prior to commencement of construction activities. This includes proper handling, removal, and disposal of asbestos and lead based paint by a certified abatement firm. The United States Environmental Protection Agency, California Occupational Health and Safety Administration, the California Air Resources Board and the District have requirements to thoroughly inspect for asbestos building materials that are to be disturbed with construction projects. The District wants to assure that veterans, contractors, building inspectors, and the public are not exposed unnecessarily to hazardous materials, such as asbestos, during construction activities. This can be achieved by including language in the guidelines to require reporting on the abatement activities associated with construction projects.	Section 111(f)(2) of the Round 4 draft VHHP guidelines discusses Readiness to Proceed requirements for California Environmental Quality Act, National Environmental Policy Act and the Phase I Environmental Site Assessment. The Department requires that these environmental clearances be submitted as part of the application. The Phase I Environmental will indicate if there are lead or asbestos hazards present. The local jurisdiction where the project is located is responsible for enforcing protocols for the removal of any hazards because they provide the necessary CEQA clearances, which are in-turn required at application. The VHHP funding is permanent financing after the construction period is complete and the units are occupied. Therefore, no change was made to the Round 4 VHHP guidelines.

Section 109(b)(2)	
Eden Housing – It would be helpful to know what kind of results the sponsor will be held to in its report.	The standard for the results the sponsor is held to is based on the hiring plan submitted by the sponsor in the application. Therefore, no change was made to the Round 4 VHHP guidelines.
Section 110(d)(3): Readiness Score	
Skid Row – We oppose this regulation change. ***We strongly recommend that the VHHP program continue with the 10-point readiness minimum***. Given that VHHP funding is only available once annually, we believe that increasing the minimum score from 10 to 15 points could significantly delay the submittal of quality applications and the speedy construction of veteran units. As VHHP is often one of the earlier sources that is typically committed, the threshold for applying for VHHP funds shouldn't be hampered by a high minimum readiness score. TCAC-level readiness should not be required at this stage. While we do not oppose the total point increase in the Readiness Points category (Section 111(f)), we do not want to see an increase in the threshold needed to apply. The total point increase in the Readiness category will go a long way toward achieving	The minimum score requirements have been strengthened to ensure that projects that are ready to proceed are more competitive than those projects that are not. Based on experience, readiness is a key factor in determining if projects will successfully move forward to construction and occupancy. HCD recognizes that it is possible for a project to receive points for accomplishing the heaviest weighted, most significant tasks and still not meet the 15-point threshold. Therefore, the minimum readiness to proceed threshold score is reduced to 13 points. This change will ensure more units are available for Veterans at a faster pace.

HCD's goal of having awardees that are ready to fund within the statutory deadlines. Finally, while we understand HCD is worried about languishing developments which were not close to being ready at the time of award, this situation is the exception rather than the rule. With the addition of the Section 120(c)(5) to the guidelines, this concern will be more easily addressed.	
SCANPH – (Also Section 111(f)) The proposed regulation change increases the overall points available for readiness, and doubles to minimum score required for readiness and would change the program from its original conception of one which provided commitments early in the development process to one which would require projects to be further along to apply for funds to meet the readiness requirement. As developers would generally need to apply for VHHP funding after receiving other soft funding commitments, it would lengthen the development process. In doing so it would mimic the 9% TCAC Readiness requirements, and would require that developers take on additional risk in development projects. While we support giving preference to projects that are more "ready", we do not support an increase in the minimum project score for readiness. As such, we recommend the minimum project score for readiness to be 10 points.	 See the response to Skid Row directly above in this section.

California Housing Partnership Corporation – We oppose this regulation change. We strongly recommend that the VHHP program continue with the 10-point readiness minimum. Given that VHHP funding is only available once annually, we believe that increasing the minimum score from 10 to 15 points could significantly delay the submittal of quality applications and the speedy construction of veteran units. As VHHP is often one of the earlier sources that is typically committed, the threshold for applying for VHHP funds should not be hampered by a high minimum readiness score. TCAC-level readiness should not be required at this stage. While we do not oppose the total point increase in the Readiness Points category (Section 111(f)), we do not want to see an increase in the threshold needed to apply. The total point increase in the Readiness category will go a long way toward achieving HCD's goal of having awardees that are ready to fund within the statutory deadlines. Finally, while we understand HCD is worried about languishing developments which were not close to being ready at the time of award, this situation is the exception rather than the rule. With the addition of the Section 120(c)(5) to the guidelines, this concern will be more easily addressed.	 See the response to Skid Row directly above in this section.

PATH – PV opposes the increase to the Readiness to Proceed threshold points. While PV understands desire to fund projects that are more ready to move forward, it believes this can and should be accomplished through the competitive process. The annual and irregular timing for NOFA rounds of VHHP makes it challenging to meet the proposed threshold. PV also requests HCD to consider making each category of equal value, and, at a minimum, increasing the points for obtaining all necessary and discretionary public land use approvals to 7, as this is a major hurdle to starting construction. This would allow a project that meets readiness categories 1-3 to meet threshold. PV agrees it’s appropriate that projects that score higher in readiness should be funded first, but eliminating a project from contention for being at an earlier stage in the development process seems like it will have the unintended consequence of delaying production.	 See the response to Skid Row directly above in this section.

Section 110(f)(2): Geographic Distribution	
Peoples' Self-Help Housing - Section 110(f)(2) sets forth VHHP's geographic distribution standards, which creates set asides for the Bay Area, Los Angeles, Southern California, and San Diego, while leaving only 18% of the remaining allocations for the rest of the state. Almost a third of Californians (32%) reside in this area, which includes all of Northern California, the Sacramento area, the Sierras, the Central Valley, and the Central Coast. Furthermore, according to the 2017 Annual Homeless Assessment Report to Congress, three of the eight Continuum of Care (CoC) jurisdictions in California with the highest rates of unsheltered homeless veterans were located in this 18% set aside. The allocation is not proportional to the region's population or needs. Additionally, the development and density of this set aside vary greatly, making it difficult to apply competitive standards across these diverse regions. In particular, this geographic distribution puts rural communities at a disadvantage due to the limited number of local resources (such as HUD VASH or Project Based Vouchers) that make it easier for a developer to finance a VHHP project, especially for units requiring intensive supportive services. VHHP's tiebreakers, which emphasize public funds and service-supported units proportional to project size, still tend to favor more urbanized areas within this set aside.	The approved framework states that the Department will allocate VHHP funds based on the "count of people experiencing homelessness for which statewide data is publically available (2013); and the number of extremely low-income households paying more than 50 percent of income on housing." The geographic distribution of VHHP funding is based specifically on the geographic distribution of homeless veterans, not the general population of a community. The Department utilizes the Point in Time (PIT) count submitted by each local Continuum of Care (CoC) as the basis for these numbers. Currently, the award distribution is consistent with the population of homeless veterans in each community. The Department uses the best available data (PIT counts) to make this determination. The framing document is on our website at www.hcd.ca.gov on the VHHP webpage.

Areas such as Sacramento, Fresno, and Ventura will have a vast competitive advantage against smaller rural towns for very limited resources. In order to properly serve the needs of rural California, we recommend that HCD add a 10% rural set aside to ensure that rural projects can more fairly compete against other developments with similar community conditions. Creating this set aside would not require cutting funding from existing set asides, as Section 110(f) the VHHP guidelines currently leave 25% of the funds to be awarded to areas without regard to project location. Instead of allowing 25% of the funds to allow some regions to double-dip this resource, we hope that HCD can reduce this amount to 15% and create the 10% rural set aside. If this set aside is not fully utilized within the year, the remainder of the funds can simply fold back into the Section 110(f) fund, to be awarded regardless of project location. If HCD creates this set aside, TCAC's rural definition should be applied for greater cohesion between the tax credit program and VHHP.	There has not been a demonstrated demand for additional VHHP funds from sponsors and developers in rural areas. However, there have been awards to competitive projects in these areas in prior rounds. Additionally, modeled on TCAC's provisions, the point scoring for rural communities has been adjusted in this Round of guidelines by expanding the radius for proximity to amenities and keeping the minimum number of VHHP units required in a project lower for rural areas. CalVet and HCD are also in the process of researching the needs of rural or undersubscribed communities to address their needs better in future rounds of funding. Therefore, no change was made to the Round 4 VHHP guidelines.
Eddie Ramirez (affiliate entity unknown) Most of the CalVet funding is going to Southern California, what [why] aren't funds being directed to the Bay Area or Northern California?	See the response to Peoples' Self-Help Housing directly above.

Section 111: Application Selection Criteria	
Peoples' Self-Help Housing - In efforts to meet state climate change goals and to encourage greater cohesion between state housing programs, we recommend that VHHP adopt a competitive point-based system that would award projects based on sustainable building methods. As in other state programs, points should be competitively awarded by the tier of sustainable building method, with more points awarded for more sustainable building. Specifically, projects committing to entry-level sustainable building certifications, such as LEED or Green Point Rated, shall receive one point. While project committing to Zero Net Energy or high level sustainable building certifications shall receive three points. Additional points can be awarded for projects committing to the installation of solar PV or greywater systems.	Section (h), Location Efficiency and Access to Destinations, was added to the Round 4 VHHP guidelines to aid the state's climate change goals. While we are not proposing any further changes in Round 4 that speak to sustainable building methods, we may take this into consideration in future rounds. Therefore, no further change was made to the Round 4 VHHP guidelines.
Eden Housing – Since the partnership with a lead services provider is such a critical component of this application, we suggest that the experience of the lead service provider and supportive services plan should have greater weight. In the proposed regulations, they account for 18+22=40 points. We suggest that they account for a total of at least 50 points.	Supportive Services Plan points were increased in this round to ensure greater quality and quantity of services for the veterans. There were no increases to the points for experience in order to avoid a potential loss of providers. Therefore, no further change was made to the VHHP guidelines.

Section 111(a)(3)(C): DVBE	
Peoples' Self-Help Housing – Section 111 (a)(3)(c) states that a developer will be deducted competitive points for each occurrence that a developer fails "to achieve the required 5 percent minimum DVBE contracting." While Peoples' is happy to support disabled veteran businesses in any capacity, we are concerned about our ability to hire 5% DVBE's in the tight Central Coast labor market. The high cost of living generally creates a low supply of skilled workers, as it is often too costly for aspiring subcontractors to get enough experience to make good money. The low supply of experienced laborers are often difficult to hire, due to their high demand. In the midst of this labor shortage, the Thomas fires and Montecito mudslide have even further exacerbated the volatile labor market. Therefore, hiring an even more specific worker population within this distressed labor market may not be possible, even with best intentions and efforts. We recommend that this section be changed to read "failure to achieve the required 5 percent minimum DVBE contracting, or failure to perform due diligence to hire the required 5 percent minimum DVBE contractors, as determined by HCD."	CalVet and HCD are committed to supporting DVBEs. CalVet is actively engaging project sponsors and developers as they work to fulfill this requirement. In the event a sponsor or developer is unable to meet the DVBE requirements, specific language has been added in Section 109(a)(2)(C) and (D) which allows CalVet to grant a waiver for sponsors who make good faith attempts to meet the requirement. This waiver will allow these sponsors to avoid the assessment of the penalty. Therefore, no further change was made to the VHHP guidelines.

Section 111(c): Supportive Services Plan	
Eden Housing – We ask that the supportive services plan requirements be refined to reduce redundancy. In submitting an application in Round 3, we noted that there were several instances of redundancy and overlap among the questions. Additionally, the answer cells had limited space; we suggest the answer cells be made larger.	The supportive services section is now revised in the application, which will be released with the Round 4 NOFA. Thank you for your comment.
Los Angeles Housing and Community Investment Department (HCIDLA) - The HCIDLA proposes that a commitment letter from the Los Angeles County Department of Health Services (LACDHS) be deemed an acceptable document in lieu of a Supportive Services Plan. Consequently, projects with a signed commitment letter from the LACDHS shall be awarded 22 points under this category. In the March 7, 2017 ballot, the Measure H was approved by 69.34 percent of the Los Angeles County (County) voters. It authorized the County to impose a one-quarter percent (0.25%) special transactions and use tax on the gross receipts of any retailer from the sale of all personal property. Proceeds from the tax will be used to generate ongoing funding to prevent and combat homelessness within Los Angeles County, including funding mental health, substance abuse treatment, health care, education, job training, rental and housing subsidies, case management and services, emergency and affordable	Supportive Services Plans are a competitive scoring requirement for each project. While we are not proposing any further changes to the scoring requirements in Round 4, we may take this into consideration in future rounds.

housing, transportation, outreach, prevention, and supportive services for homeless population including veterans, consistent with the strategies developed through the Homeless Initiative that was previously adopted by the Los Angeles County Board of Supervisors. In accordance with Measure H, the LACDH will issue commitment letters to Permanent Supportive Housing (PSH) projects that have satisfied requirements based on a statement of work for Intensive Case Management Services. The commitment letters specify that the County will provide funding for intensive case management services, and will enter into a contract with a specific Intensive Case Management Services Provider that has been approved by the County. These letters also specify that the LACDHS will provide PSH projects the needed rental subsidies through its Flexible Housing Subsidy Pool program, in the event that the projects are unable to secure necessary vouchers from the Housing Authority of the City of Los Angeles. Please see the attached Exhibit A (Statement of Work: Intensive Case Management Services), and a sample commitment letter from LACDHS. Specific services to be provided under the Intensive Case Management Services include outreach and engagement, intake and assessment, temporary housing and move-in assistance, and client support services.	

Section 111(f): Readiness to Proceed	
Many Mansions – I have a question regarding the VHHP application regulations. Specifically, under readiness to proceed it indicates that you can receive 3 points for having "Obtained local design review approval to the extent such approval is required." If we are not required to obtain a local design review approval due to the size of our project, are we automatically granted those points? Or will we not be awarded any points at all?	If a design review is not required due to local ordinances, rules or codes, the applicant may claim these points by submitting proof that they meet the requirements of the jurisdiction where the project is proposed. This provides clarity regarding points for this section. Therefore, no change was made to the Round 4 VHHP guidelines.
Los Angeles Housing and Community Investment Department (HCIDLA) In the current VHHP Guidelines, 3 points will be awarded to projects that obtained an approval for a local design review. HCIDLA proposes this subsection be revised to also award equal number of points (3 points) to those projects that do not require a local design review approval at the time of the application deadline, as follows: Section 111(±)(5) - 3 points: obtained local design review approval to the extent such approval is required. If such an approval is not required, a written proof from a local approving agency shall be required to gamer 3 points under this subsection.	See the response to Many Mansions directly above in this section.

Section 111(h): Location Efficiency and Access to Destinations	
SCANPH – The language in subsection 2 of the proposed regulation change regarding application selection criteria should be changed to include a radius of a half mile, which aligns with the AHSC regulations. SCANPH believes there should be consistency among programs for the indicated distance for a radius requirement. Additionally, the language in section 102j should include a threshold requirement to ensure a site is reasonably accessible.	Section 111(h) incentivizes proximity to services using AHSC's Location Efficiency and Access to Destinations criteria, and allows for rural distances consistent with the criteria found in TCAC's regulations. Regarding Section 102(j), the expanded threshold requirements speak directly to development sites having reasonable accessibility to services and amenities as well as employment opportunities, among others. Therefore, no change was made to the Round 4 VHHP guidelines.
PATH – While PV agrees siting projects near amenities and services, the standards proposed in subsections (1) and (2) are not ideal. The Walkability index favors highly dense, urban areas over suburban locations. TCAC and AHSC allow for points for transit within a half-mile, which is a reasonable walkable distance. PV recommends HCD consider utilizing an amenity scoring criteria more aligned with TCAC.	See the response to SCANPH directly above in this section.

Section 120(c)(5): Defaults and Loan Cancellations	
California Housing Partnership Corporation – We strongly oppose the addition of the language providing for loan award cancellation in instances where a TCAC application is not submitted within 12 months. Given that VHHP funds are offered only once annually and are often not timed to match up with the 9% credit schedule, a 12-month window can often be problematic. This 12-month window is also a challenge for 4% projects that need to line up additional funding sources after a VHHP award. We recommend that HCD either: 1) increase this requirement to 18 months; or 2) at a minimum, add language to allow for extensions. We also suggest that future NOFA's better align with the 9% schedule to allow sponsors to move quickly from VHHP award to the 9% application.	 The language in this section was added to improve project readiness. VHHP funding is often one of the earliest in a project. The update has been made to accommodate this concern by extending the application window to 18 months. The Department still has the ability to extend the timeline for good cause as noted in the final sentence of this same section.
SCANPH – SCANPH believes that in order to give applicants from both 4 and 9 % tax credit programs equal treatment, the proposed language would need to be revised to include an 18 month grace period for developers to apply. This will increase the applicant readiness for all programs mentioned.	 See the response to the California Housing Partnership Corporation directly above in this section.

ONE Treasure Island, Treasure Island Development Authority, Swords to Plowshares, Mayor's Office of Housing and Community Development (City and County of San Francisco) [Suggest] an extension of the time period allowed from 12 to 18 months. While we share the State's interest in getting shovel ready developments into the ground as quickly as possible in this time of housing crisis, we find lining up with HCD program NOFAs to be one of the development challenges we encounter. The additional six months to apply for Tax Credits both allows the sponsor time to engage with HCD and also to be flexible in relation to the other funding sources that are required to make projects come to fruition.	See the response to the California Housing Partnership Corporation directly above in this section.
PATH – PV recommends extending this period to at least 18 months. With only annual rounds of VHHP and the readiness requirements of TCAC, it is likely that in some cases, 12 months will be insufficient.	See the response to the California Housing Partnership Corporation directly above in this section.
Skid Row – ***We strongly oppose the addition of the language providing for loan award cancellation in instances where a TCAC application is not submitted within 12 months.*** Given that VHHP funds are offered only once annually and are often not timed to match up with the 9%	See the response to the California Housing Partnership Corporation directly above in this section.

credit schedule, a 12-month window can often be problematic. This 12-month window is also a challenge for 4% projects that need to line up additional funding sources after a VHHP award. ***We recommend that HCD either: 1) increase this requirement to 24 months; or 2) at a minimum, add language to allow for extensions.*** We also suggest that future NOFA's better align with the 9% schedule to allow sponsors to move quickly from VHHP award to the 9% application.	
General Comments and Questions	
Anita Nowocin (affiliate entity unknown) I am with a nonprofit organization that collaborates with other nonprofit organizations that provide services to veterans. One of them offers job training at no cost to veterans, others provide some housing and advocacy. None of the nonprofit organizations currently providing multiple unit housing to veterans using VASH funding. Would these organizations qualify for the VHHP Round 4 funding to provide housing and workforce training to homeless veterans, purchasing or building housing that is only for veterans? Would we need to collaborate with an organization like Mercy Housing California, Skid Row Housing Trust, or PATH Ventures?	Developers/Sponsors may include organizations who do not currently provide VASH services in their service plan as part of their VHHP application, pursuant to Section 115 of the Round 4 Draft VHHP guidelines. Please refer to this section for further requirements. Providing VASH services is not a pre-requisite for the VHHP program. However, each Sponsor/Developer puts together a services application that is based on the requirements in Section 115 of the Round 4 draft VHHP guidelines. If you are interested in contracting as a service provider, you will need to contact the sponsor/developer directly.