

Veterans Housing and Homelessness Prevention Program

Application Workshop Funding Round 5



Veterans Housing and Homelessness Prevention Program (VHHP)

- Created by Chapter 727, Statutes of 2013 (AB 639, Pérez). Proposition 41, the *Veterans Housing and Homeless Prevention Bond Act of 2014*, approved by California voters on June 3, 2014.
- Partnership between HCD, CalHFA, & CalVet

\$600 Million in state general obligation bonds for the development of affordable rental housing for veterans.

\$ 63 Million allocated in June, 2015 (Round 1).

\$116 Million allocated for the second NOFA (Round 2)

\$ 71 Million allocated for the third NOFA (Round 3)

\$ 76 Million allocated for the fourth NOFA (Round 4)



Cumulative VHHP Results Through Round 4

Geographic Targets	Target %	Actual %	Total Awarded	# of Projects	# of VHHP Units
Bay Area	14%	28.7%	\$87,435,200	14	547
Los Angeles	31%	35.7%	\$108,815,579	26	831
Inland/ Orange	8%	9.9%	\$30,277,454	8	254
San Diego	7%	9.7%	\$29,731,050	5	284
Other	16%	15.8%	\$458,258,126	13	468
Total			\$304,517,409	66	2,384



Program Goals

- Award annually up to \$75 million in funding for the development and preservation of affordable housing and related facilities for veterans and their families to maintain housing stability
- Develop and implement programs that focus on those at-risk for homelessness or experiencing temporary or chronic homelessness
- Ensure 45% of the funding serves ELI veterans



Why host this workshop?

We have conducted these sessions since the inception of the program to:

- Notify stakeholders of important changes which may affect planned applications
- Help applicants create and present the best application to represent their projects



Why does the program change every round?

VHHP has always been a program administered by guidelines rather than regulations.

This allows flexibility to:

- Improve the program and application process
- Encourage better, more complete projects at application
- Ensure the program remains properly focused
- Align the program with other HCD funding sources



Guidelines Changes

Operational Issues



Round 5

- Alignment with 2017 UMRs
 - Consistent across all HCD programs
 - Developer Fee has increased per the 2017 UMRs
 - The formula to calculate the Developer Fee is a tab within the Universal Application



Round 5 Updates

- Per Unit Loan Amounts
 - Increased to \$95,000 from \$45,000 on 9% tax credit projects
 - Increased to \$175,000 from \$125,000 on all other projects



Round 5

- Compatibility with other HCD Programs
 - VHHP funding only on VHHP units (no stacking)
 - IIG is compatible (grant for infrastructure only)



Application Overview



Supplemental Application Overview

- Application Keynotes & Packaging document posted to VHHP website
- Use colored paper to separate attachments to Exhibits
- Adhere to the instructions on Dividers and Labeling
- Use the template to label your binder - front and spine
- CD/Flash Drive must contain:
 - Universal Application and VHHP Supplemental Application in Excel format
 - All attachments - saved as individual .pdf files
 - All attachments - labeled with the Exhibit number and attachment name (e.g. A4 Resident Services Coordination Plan)



VHHP Round 5 NOFA – February 2020

Supplemental Application Keynotes & Packaging

Thank you for your interest in the VHHP program. The following instructions will assist you in preparing exhibits and packaging the application to streamline the review process. For questions regarding the exhibits, required attachments, or packaging, please use the following address: hcdvets@hcd.ca.gov.

Instructions Overview:

- Be sure to read the General Instructions in the VHHP Supplemental Application.
- The VHHP Supplemental Application contains three sections: A, B, & C. There is a table of contents at the beginning of these sections identifying key information in the Exhibits required for each section. Documents that may be inadvertently omitted from the application package will NOT be accepted after the application deadline.
- Project Info & Checklist: Inserting the project name at the top of page will auto-populate the name of the project in the headings of all exhibits. Make sure the Project County and Type of Tax Credits the project is applying for are selected as these are used to auto-populate other fields.
- Complete each exhibit identified on the Application Checklist.
Generally, **YELLOW** fields require input from the applicant. If an Exhibit does not apply to the proposed project, use a plain sheet of colored paper marked with the Exhibit number and state "Not Applicable."



Packaging the VHHP Application for Submission

- (1) Use a 3 ring binder appropriate for the size of the application.
 - (2) Label the binder **per the template image on page 5**. Use the template COLORS as shown.
 - (3) A template for divider labels is located on page 4.
 - To identify the 5 sections of the application, use LARGE tabs, ALL placed in the UPPER–most position marked: UA, VHHP Supplemental Checklist, A, B, & C.
 - Make tab dividers for each Exhibit number so that the Exhibit can be quickly identified. **Use colored paper to separate any attachments added behind the Exhibit.**
- Note:** The label template includes labels for attachments required with C5.
- (4) Submit:
 - A hard copy of the completed (1) Universal Application and (2) the VHHP supplemental Application with required attachments in a D-ring binder.
 - Two (2) electronic copies in CD/Flash Drive (USB Drive) containing the completed Universal Application and the VHHP Supplemental Application in **EXCEL** format. All application attachments must be saved as *individual files* in pdf. format and labeled with the exhibit number and attachment name, e.g. A4 Market Demand.



Tab Dividers for Hard Copy Binder

Universal Application

U1. General	U2. Contacts	U3. Narrative	U4. Site & Units
U5. Misc.	U6. Rents	U7. Subsidies	U8. Dev. Sources
U9. Dev Budget	U10. Perm S&U	U11. Operating	U12. Cash Flow
U13. Experience	U14. Certifications	U15. Legal Status	

VHHP Supplemental Checklist

Section A – Threshold Requirements

Narrative

A1 Threshold	A2 Occ Req, Unit Mix & Income	A3 Supportive Services Plan	A4 Resident Services Coordination Plan
A5 Environmental	A6 Sponsor Organizational Documents		



VHHP Application - Binder Labeling Instructions

Spine Template:

Leave top 3 inches' blank
< City >
< Project Name >
VHHP Application
February 2020
Submitted by: < Sponsor Name > <date>

Front Cover Template:

< Project Name >
< City >
Veterans Housing & Homeless Prevention
February 2020
Submitted by: < Sponsor Name > <Sponsor Address>



Supplemental Application Overview

- Red text highlights documents that need to be attached or important instructions
- If necessary, attach additional pages with supporting information
- Dropdown lists are added for data entry



Supplemental Application Overview

- Sponsor Org Docs - sample resolutions are available on the web site
- Scoring Section - automated; points indicated by blue shaded cells



Universal Application Overview

- General tab - “Applicant” is the legal name of the intended “Sponsor” entity as that term is defined in Section 101 as registered with the Secretary of State
- Contacts tab - for “Applicant”- “Legal Name” field, enter again the name of the same intended Sponsor. For “Senior Official”, enter name of person as reflected in the organizational docs provided to HCD
- Refer to General Instruction tab of the Supplemental Application for a more thorough explanation regarding entering applicants and contacts
- Select VHHP from the drop down to utilize the correct UA and always “Enable Editing and Enable Content”



Universal Application

Getting Started: When you open this file, you may see a yellow banner at the top with a button that says "Enable Content" or "Enable Editing". It is essential that you click this box so that the macros are enabled. Enabling macros is necessary for full workbook functionality.

THIS APPLICATION REQUESTS FINANCING OR AN ALLOCATION FROM THE FOLLOWING:

<input type="checkbox"/> CTCAC	<input checked="" type="checkbox"/> HCD	<input type="checkbox"/> CDLAC	<input type="checkbox"/> CalHFA
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Check all that apply:

<input type="checkbox"/> Federal 9%	Amount	\$0
<input type="checkbox"/> Federal 4%	Amount	\$0
<input type="checkbox"/> State Credits	Amount	\$0

CTCAC Application Type:

If Reapplication, Previous CTCAC No.:

State Set-a-Side

Federal Minimum Set-a-Side

CTCAC Housing Type

DDA or Qualified Census Tract?

CTCAC Geographical Area

For CTCAC Use Only

HOME Funds

HOME Activity Amount: \$0

HOME Admin. Amount: \$0

HOME Activity Delivery: \$0

VHHP

Amount

Name of HCD Funding

Amount

Name of HCD Funding

Amount

Name of HCD Funding

Amount

Tax-Exempt Bonds

Allocation Amount: \$0

Pool

Amount of Taxable Tail (if any): \$0

Amount of any prior CDLAC Allocations for this Project: \$0

Prior Application #

Is tax-exempt financing needed for construction?

If yes, amount needed: \$0

Application Type:

Multifamily Financing Programs:

	Amount	Rate	Term
Predevelopment	\$0		
Acquisition	\$0		
Rehabilitation	\$0		
Construction	\$0		
Permanent	\$0		
Bridge Loan	\$0		
Second Mortgage	\$0		
	\$0		

Special Needs?

Local Government SNHP Funds

Loan Type	Amount	Term
Construction	\$0	
Permanent	\$0	

Capitalized Operating Subsidy Reserve (COSR)

	Amount
From County	\$0
From Borrower	\$0

PROPOSED DEVELOPMENT

Proposed Name	Street Address or Location(s)	City	Zip Code	County

Development Type: ... **General** Narrative Site & Units Misc. Rents Subsidies Dev Sources Dev Budget Perm S&U TBL and



Universal Application Overview

- Subsidies tab - if there are more than two rent subsidy contracts, open another UA and complete the information for the additional rent subsidy contracts. The same applies to other tabs as well
 - Rents
 - Subsidies
 - Operating
 - Cash Flow



Universal Application Overview

- Dev Sources tab - attach financing commitments here
Must contain:
 - Sponsor or ultimate owner is named as borrower
 - Project Name
 - Project site address, assessor parcel # or legal description
 - Amount, interest rate and terms of financing
 - Commitment must be fully executed
 - Must state “committed”



Housing Types and Occupancy Requirements



Housing Types

- Affordable Rental Housing without Supportive Housing or Transitional Housing (AH)
- Supportive Housing (SH)
- Transitional Housing (TH)



Occupancy Restrictions

- **VHHP Assisted Units** - restricted to households including one or more Veterans with incomes not exceeding 60% AMI
- **Projects** - 10 units or 25% of total units restricted by VHHP and must contain at least 45% of VHHP Assisted Units restricted to Veterans at 30% AMI or less
- **SH and TH VHHP Assisted Units** - restricted to households including veterans who are Homeless, Homeless with a Disability or Chronically Homeless
- **Projects** - occupancy restrictions apply for the full term of the Program Regulatory Agreement



Occupancy Restrictions

Occupancy restrictions based on conditions of separation from military service are subject to HCD approval:

- Projects may only restrict occupancy to Veterans separated from military service under certain conditions or who qualify for VA health care when required by public agency funding (HUD-VASH)
- A minimum of 10% of VHHP Assisted Units must be prioritized for occupancy by Veterans who are ineligible for VA health care and/or HUD-VASH
- Section 113 Tenant Selection applies to Supportive Housing and Transition Housing



Fair Housing Compliance for Age or Gender Restrictions

Include a Project-specific legal opinion with supporting materials on how it satisfies fair housing laws.

- Same Sex Segregated Projects: follow instructions in the NOFA - Section VI
- Senior Projects: document that units are lawfully restricted to senior households in compliance with state and federal fair housing laws (Section 109(e))



Compliance Certifications

- Tenant Selection Section 113
 - SH and TH Projects - tenants shall be selected using the local coordinated access system
 - All Other Projects - comply with UMR Section 8305 and VHHP Guidelines
- Housing First Practices
 - All SH and TH Projects - complete Supplemental Compliance Certification in Threshold Section

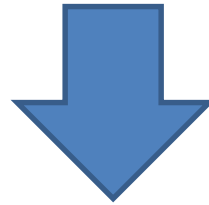


Application Evaluation



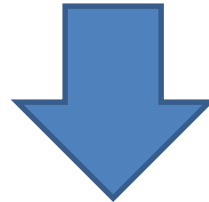
Underwriting Process

Applications reviewed for **Threshold & Eligibility Requirements**



Applications ranked by total **point score** within each **targeted geographic region** which will determine awards

- Tie-breaker rules are specified in the NOFA



Feasibility review



Threshold & Eligibility Requirements

- Minimum point scores
 - Overall
 - Supportive Service Plan
 - Readiness to Proceed
 - Leverage of Rental or Operating Subsidies
- Development Team Experience
- 25% of total units must serve Veterans
- 45% of the total VHHP assisted units must be restricted to no greater than 30% AMI
- DVBE requirements (5% of total construction costs)



Threshold & Eligibility Requirements

Minimum Point Scores:

	With Supportive Housing (No Transitional Housing)		Without Supportive or Transitional Housing		With Transitional Housing (No Supportive Housing)	
	Min.	Max.	Min.	Max.	Min.	Max.
Overall Points (total)	110	145	75	90	90	145
Supportive Services Plan	15	22	7	10	15	22
Readiness to Proceed	10	20	10	20	10	20
Leverage of Subsidies	4	20	4	20	4	20



Application Selection Criteria

Maximum Point Scores:

	With Supportive or Transitional Housing	Without Supportive or Transitional Housing
Development Team Experience	33	15
Supportive Housing Units	25	-
Supportive Services Plan	22	10
Leverage of Development \$	15	15
Leverage of Rent/Op Subsidies	20	20
Readiness to Proceed	20	20
Local Need	5	5
Location Efficiency and Access to Destinations	5	5
Overall Points (total)	145	90



Application Scoring



Development Team Experience

Maximum 33 points (SH/TH) or 15 points (AH)

- Developer Experience - 5 points max (1 point per project)
- Sponsor Ownership or Operations Experience - 5 points max (2 points per project)
- Property Management Experience - 5 points max (1/2 point for each development)
- Lead Service Provider Experience (SH or TH only) - 18 points max



Readiness to Proceed

Maximum 20 points

- Construction Source EFCs - 3 points
- Environmental clearances – 5 points
- Land Use Approvals – 4 points
- Local Design Review Approval – 3 Points
- Permanent Source EFCs – 5 points



Location Efficiency & Access to Services

Maximum 5 points

- US EPA Walkability Index - 3 points
- Access to Transportation - 2 points
- Access to Services – 2 points (1 point per designated service located within ½ mile)



Underwriting: Feasibility

Underwriting Assumptions and Criteria are consistent with UMR's with the following VHHP specific exceptions:

- If the VHHP loan does not exceed \$1.5 million or 15% of TDC, HCD may modify the Section 106 Underwriting Standards to conform to requirements of other funding sources
- Supportive Service Coordination and Case Management costs paid from project operations outlined in Section 108(c)
- Balloon payments are allowed under specific situations outlined in UMR Section 8310(f) and 8310(g)
- Asset Management fee increased to align with 2017 UMRs (UMR Section 8314)



Underwriting: Feasibility

Transition Reserve Requirements:

- For Projects with renewable project-based rental assistance the transition reserve shall be sized to prevent rent increases for 1 year following the loss of the rental assistance instead of 2 years
- For Projects with non-renewable project-based rental assistance or operating subsidies the transition reserve shall be sized to prevent rent increases for 2 years following the loss of the rental subsidy



Fee Limits

Developer Fee:

- For Tax Credit Projects:
 - Developer Fee is calculated using the 9% Tax Credit program rules for both 9% and 4% VHHP projects. Complete Universal Application Item B2 - Developer Fee Worksheet. Amounts and calculations will be verified against the Sponsor's final approved TCAC Project application
- For All Other Projects:
 - Net Developer Fee shall not exceed the amount allowed in UMR Section 8312



Use of Operating Cash Flow

Use of Operating Cash Flow is subject to the UMRs, with the following VHHP exception: Supportive services coordination costs may be paid as a Project operating expense and shall not exceed the following 2019 per unit per year amounts:

- \$4,330 for SH units restricted to veterans who are Chronically Homeless and other units restricted to Chronically Homeless
- \$3,248 SH units restricted to veterans who are Homeless with a Disability and other units restricted to Homeless with a Disability
- \$1,480 for units restricted to ELI Households, but not to veterans who are Chronically Homeless or Homeless with a Disability
- \$812 for other units
- These limits shall be increased at a rate of 3.5% per year



Good Practices: Underwriting

Additional documentation cannot be introduced after the Application Deadline:

- **Site Control:** Make sure complete Organizational Docs are provided for all entities ultimately leading to the entity showing development experience having managing control over the site.
 - If LP controls site, provide LP Org Docs, Managing General Partner Org Docs, and managing entity that provides development experience
- **Site Control:** If multiple parcels make up the proposed project, ensure site control is clearly demonstrated for all parcels (APNs)
- **Subsidy Commitment Letter:** If a project applies with a subsidy , it must have a commitment letter. This is a minimum point score threshold
- HCD may cancel Award if Tax Credits are not applied for within 18 months of VHHP Award as proposed in the submitted application



Supportive Services Plan Requirements



Supportive Services Plan

Categories that will be considered in determining the score for SH, TH and ES: (Exhibit A6)

- Quality and Quantity of Services Provided - 14 points maximum
- Resident Involvement - 2 points maximum
- Adequacy of the Services Budget and Reliability of Services Funding - 6 points maximum



Supportive Services Plan

Quality & Quantity of Services

Points will be awarded based upon:

- Services provided are veteran centric and appropriate for the target population
- Staff experience, credentials, and job duties include appropriate requirements in veteran cultural competency
- Service delivery model practices
- Accessibility of VA and other services
- Adherence to Housing First Practices
- Physical building space/security
- Linkages with local systems for ending homelessness and serving veterans



Supportive Services Plan

Resident Engagement

Points will be awarded based upon:

- Engaging residents in building community and operations
- Engaging residents in services planning and delivery
- Tenant satisfaction survey mechanism



Supportive Services Plan

Adequacy of Services Budget

Points will be awarded based upon:

- Adequacy of budgeted amounts
- Consistency of the amounts with other sections of the plan
- Completeness, accuracy and clarity of the budget document
- Extent to which the major services funding sources have been accessed in the past
- Track record of the Sponsor and providers in filling gaps in services funding
- Percentage of the total services budget that is committed at the time of application



Supportive Services Plan Required Supporting Documentation

Supporting items required at application:

- Formal agreement between Sponsor and Lead Service Provider
- Commitment letters from providers of Minimum Services
- Job description of staff positions
- Signed USDVA Support Form
- Executed public agency contracts for Lead Service Provider eligibility (Exhibit C1)
 - Documentation showing relevant reporting to public contracting agency.



Disabled Veteran Business Enterprise (DVBE)

Veteran Hiring Plan Requirements



Disabled Veterans Business Enterprises

Entities certified as Disabled Veterans Business Enterprises (DVBE) shall receive an amount at least equal to 5% of total construction costs for work performed or supplies provided

- DVBE Utilization Plan description
- Bid Solicitation, working with CalVet
- DVBE Pre-Construction Report is due prior to construction loan closing
- DVBE Post-Construction Report is due before permanent loan closing



Veterans Hiring Plan Requirements

Sponsors shall make good faith efforts to hire veterans for development, construction and related jobs associated with the Project.

- Hiring Plan description
- Employer Resource Guide (under development)



Wrapping Up



The program's primary goal is to assist in increasing the numbers of affordable units available to Veterans.



Round 5 Guidelines

Summary of Changes

- UMR changes
- MHP Regulations/Guidelines changes
- Per unit loan amount limits
- Compatibility with other HCD programs
- Supportive Services
- DVBE requirements



Questions?



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For Additional Information & Program Updates:

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Email Subscription List:

http://www.hcd.ca.gov/fa/DFA_Subscriber.html

