



November 29, 2023

MEMORANDUM FOR: All Potential Applicants

FROM: Sasha Hauswald, Deputy Director
Division of Federal Financial Assistance

SUBJECT: **National Housing Trust Fund (NHTF)**
Amended FY2022-FY2023 Notice of Funding
Availability

The California Department of Housing and Community Development (“Department”) is pleased to announce the release of this Notice of Funding Availability (“NOFA”) for approximately \$172 million for the National Housing Trust Fund (“NHTF”) Program.

Changes to the NOFA under this amendment are identified in red font and includes only the following:

- The application deadline for Applicants seeking NHTF funds for Projects located in non-Rural Areas and in Rural Areas Target is extended to January 5, 2024;
- Clarified timeframes for using funds. This NOFA includes two federal allocation years’ of NHTF funding, and this amendment clarifies commitment, expenditure, and construction commencement deadlines for all Projects. This NOFA amendment also clarifies how and when deadline extensions may be requested, and that Projects currently under construction are not eligible to apply;
- Clarified only one application may be submitted per Project (Applicant cannot apply for multiple targets);
- Clarified there is no minimum number of NHTF Assisted Units per Project;
- Increased the total amount of funds a project may receive from multiple Department loans and grants from \$35 million to \$50 million (consistent with the Department’s 2023 Multifamily Finance Super NOFA). The maximum award under this NOFA remains \$20 million;
- Clarified how target funding may “carry-over” to fund other Projects, if undersubscribed;
- Clarified that Applicants receipt of funding from this NOFA or other federal programs does not impact the ability to receive funding from state programs. The Department’s Amendment to the Repeal of Stacking Prohibition of Multiple

Department Funding Sources memorandum dated August 20, 2021, and as amended on September 13, 2023, *does not* apply to federal funding programs (e.g., NHTF, HHC, HOME and HOME-ARP Program funds);

- Clarified the Maintaining or Improving Access to Community-Based Public Services section for rural areas; and
- Clarified the Project Readiness section's environmental, site control, architectural drawings, design review, and entitlement categories.

The NHTF Program is a federal formula grant that provides annual allocations to states to increase and preserve the supply of decent, safe, and sanitary affordable housing specifically for extremely low-income households, defined as having income at or below 30 percent (30%) of the Area Median Income ("AMI") or income less than the federal poverty line (whichever is greater). If the total national allocation for any fiscal year exceeds \$1 billion, the Department may use up to 25 percent (25%) of its annual NHTF allocation to serve very low-income households defined as income at or below 50 percent (50%) of AMI; however, to date, that threshold has not been met. The NHTF Program is also governed by Assembly Bill 816 (Chapter 396, Statutes of 2021) which amended Health and Safety Code Section 50676. In accordance with Assembly Bill 816, the Department shall award NHTF funds to projects serving people experiencing Homelessness, to the extent that a sufficient number of projects exist to receive available funding.

The Department will award NHTF funds for the development of eligible multifamily rental projects in California through a competitive application process. Eligible Applicants for NHTF funds include organizations, agencies, Native American Entities, or other entities such as a Public Housing Authority ("PHA"), or a for-profit or nonprofit entity. This NOFA will detail the eligible activities, such as Acquisition, New Construction, Rehabilitation, and permanent financing.

This NHTF NOFA is subject to Part 93, Title 24 of the Code of Federal Regulations ("C.F.R."). The Department will target at least 20 percent (20%) of the funding for Projects located in rural areas, at least 10 percent (10%) will be targeted for Native American Entities, and at least 20 percent (20%) of the funding for Projects located in federally-declared disaster areas.

To be considered for funding, Applicants must set-up a profile in the Euna Solutions ("Euna") Grants Management System ("GMS") in order to submit a completed electronic application. All required documentation must be submitted via the Euna GMS Portal. It is recommended at least two users from your organization have access to the application. For access to application forms, information about the application submission process, and assistance setting up an Euna profile, please visit the Department's National Housing Trust Fund (NHTF) webpage at <https://www.hcd.ca.gov/grants-and-funding/programs-active/national-housing-trust-fund-program>.

The Department will accept applications using the Euna GMS Portal only. **The application was released on Thursday, November 2, 2023. The application acceptance period began Wednesday, November 8, 2023. The application deadline for Applicants seeking NHTF funds for Projects located in non-Rural Areas and in Rural Areas Target is extended to 5:00 pm Pacific Standard Time (PST) on Friday, January 5, 2024.**

The application deadline is **5:00 pm PST on Thursday, February 1, 2024**, for Applicants seeking NHTF funds from the Native American Entities Target and Federally Declared Disaster Areas Target funds. The Department will not accept applications through personal, postal and/or shipment deliveries, facsimiles, email, walk-in or any other forms of delivery other than the Euna portal.

If the NOFA results in insufficient applications to award all available funds, the Department reserves the right to reopen the application submission period for Over-the-Counter (OTC) applications on a first come, first served basis.

All activities in this NOFA are subject to the availability of funds and continuing U.S. Department of Housing and Urban Development (“HUD”) and legislative authority.

The Department will hold workshop webinars to review the NOFA, Guidelines, and application process, and offer technical assistance appointments. Visit the NHTF website for dates, times, how to register for the workshops, and technical assistance appointments at <https://www.hcd.ca.gov/grants-and-funding/programs-active/national-housing-trust-fund-program>.

To receive information on workshops and other updates, please subscribe to the Department’s listserv at <https://www.hcd.ca.gov/contact-us/email-signup>. Questions about the NHTF, NOFA, Guidelines, application process, and/or technical assistance appointments can be directed to the NHTF inbox at NHTFNOFA@hcd.ca.gov.

**National Housing Trust Fund
Amended 2022-2023 Notice of Funding Availability**



**Gavin Newsom, Governor
State of California**

**Tad Egawa, Acting Secretary
Business, Consumer Services and Housing Agency**

**Gustavo Velasquez, Director
California Department of Housing and Community Development**

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NHTF Program Email: NHTFNOFA@hcd.ca.gov

**October 25, 2023
Amended November 29, 2023**

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NATIONAL HOUSING TRUST FUND 2022-2023 NOTICE OF FUNDING AVAILABILITY

Overview

A. Notice of Funding Availability

The California Department of Housing and Community Development (“Department”) is pleased to announce the availability of approximately \$172 million in federal National Housing Trust Fund (“NHTF”) funding.

The NHTF was established under Title I of the Housing and Economic Recovery Act of 2008 Section 1131 (Public Law 110-289). Unlike HOME and CDBG, NHTF is funded through an assessment on loans backed by Fannie Mae and Freddie Mac, a dedicated source outside the congressional appropriations process. On January 30, 2015, the U.S. Department of Housing and Urban Development (HUD) published the NHTF Interim Rule in the Code of Federal Regulations (C.F.R.), 24 C.F.R. Parts 91 and 93, which outlines the requirements for states to implement the NHTF Program. On June 29, 2022, HUD published in the Federal Register (Docket No. FR–FR–6335–N–01) Notice of Fiscal Year 2022 Funding Awards, and on May 23, 2023, announced the Community Planning and Development Formula Program Allocations for FY 2023.

The intent of the NHTF Program is to complement existing federal, state, and local efforts to increase and preserve the supply of decent, safe, and sanitary affordable housing for Extremely Low- and Very Low-Income households. Projects serving people experiencing Homelessness will be funded in accordance with the Department’s authority under Assembly Bill 816 (Chapter 396, Statutes of 2021).

Defined terms can be found within the NHTF program guidelines (Guidelines) and are capitalized in this NOFA, in addition to the definitions incorporated by reference here from 24 C.F.R. Part 93.

All applications will be reviewed for completeness and compliance with state and federal requirements. Only complete, timely, and compliant applications will be eligible for application review, approval, and potential funding.

B. Amendments to this NOFA (shown in red font):

- The application deadline for Applicants seeking NHTF funds for Projects located in non-Rural Areas and in Rural Areas Target is extended to January 5, 2024;
- Clarified timeframes for using funds. This NOFA includes two federal allocation years’ of NHTF funding, and this amendment clarifies commitment, expenditure, and construction commencement deadlines for all Projects. This NOFA amendment also clarifies how and when deadline extensions may be requested, and that Projects currently under construction are not eligible to apply;

- Clarified only one application may be submitted per Project (Applicant cannot apply for multiple targets);
- Clarified there is no minimum number of NHTF Assisted Units per Project;
- Increased the total amount of funds a project may receive from multiple Department loans and grants from \$35 million to \$50 million (consistent with the Department's 2023 Multifamily Finance Super NOFA). The maximum award under this NOFA remains;
- Clarified how target funding may "carry-over" to fund other Projects, if undersubscribed;
- Clarified that Applicants receipt of funding from this NOFA or other federal programs does not impact the ability to receive funding from state programs. The Department's Amendment to the Repeal of Stacking Prohibition of Multiple Department Funding Sources memorandum dated August 20, 2021, and as amended on September 13, 2023, *does not* apply to federal funding programs (e.g., NHTF, HHC, HOME and HOME-ARP Program funds);
- Clarified the Maintaining or Improving Access to Community-Based Public Services section for rural areas; and
- Clarified the Project Readiness section's environmental, site control, architectural drawings, design review, and entitlement categories.

C. Authorizing Legislation and Applicable Law

This NOFA should be read in conjunction with the following regulations, statutes, and planning documents which establish the state and federal requirements:

- National Housing Trust Fund Guidelines, **dated October 25, 2023**.
- 24 C.F.R. Part 93.
- Health and Safety Code § 50676 et seq.
- 12 U.S.C. § 4501 et seq.
- Sections 8300 et seq., Title 25 of the California Code (Uniform Multifamily Regulations or "UMR").
- State of California 2022-2023 Annual Action Plan.

NOTE: NHTF Guidelines and this NOFA document are made pursuant to Health & Safety Code § 50676.1(b). In the event of any conflict between the terms of this NOFA and the NHTF Guidelines, the NHTF Guidelines control. Recipients must abide by

local, state, federal or tribal laws as are applicable to the Project. These may include, but are not limited to, the following: zoning ordinances, building and housing codes; planning; historical preservation, environmental, tenant occupancy, and relocation; and applicable federal requirements.

NOTE: Authority cited: Sections 50406(n), 50676.1(b), and 50676, Health and Safety Code. Reference: 4501 et seq., Title 12 of the United States Code; Part 93, Title 24 of the Code of Federal Regulations.

This NOFA does not include the text of all applicable requirements that may be important to projects. For proper completion of the application, the Department encourages Applicants to consult the Guidelines, regulations, and statutes linked above. Participation in the Department’s pre-consultation application services is also highly encouraged. Questions may be emailed to NHTFNOFA@hcd.ca.gov.

If state or federal statutes, regulations, or Guidelines, or other laws governing the National Housing Trust Fund or its funding are modified by Congress, HUD, the state Legislature, or the Department, prior to completion of work for awards made in connection with this NOFA, the changes may become effective immediately and apply to funded activities. The Department reserves the right, at its sole discretion, to suspend or amend the provisions of this NOFA. If such action occurs, the Department will notify interested parties through the listserv website. To sign up for listserv notifications for the NHTF program, please follow the listserv website at <http://www.hcd.ca.gov/contact-us/email-signup> and select “Federal Programs.”

D. Timeline

The following table summarizes the anticipated NHTF Program timeline. The Department reserves the right to modify the projected timeline at any time.

NHTF NOFA Release Date	Wednesday, October 25, 2023
NHTF NOFA Amended Date	Wednesday, November 29, 2023
Application Release Date	Thursday, November 2, 2023
Group 1: Application Due Date for non-Rural Areas and Projects applying for Rural Areas Target	5:00 pm Pacific Standard Time (PST) on Friday, January 5, 2024
Group 2: Application Due Date for Native American Entities Target and Federally Declared Disaster Areas Target	5:00 pm PST on Thursday, February 1, 2024
Group 1 Award Announcements	Approximately May 2024
Group 2 Award Announcements (This group may include complex Projects from Group 1 Applications that require longer review)	Approximately July 2024

There are two application deadlines associated with the three Targets and general pool of funds. For complex Project applications, the Department's review and clarification discussions with Applicants may take more than four months from application deadline to award. The Department will make every effort to award funds to projects seeking tax credits and/or bonds before the applicable tax credit and/or bond application(s) deadline(s).

It is critical that Applicants submit complete and accurate documentation. Materials required in the NOFA may not be submitted after the deadline and the Department staff cannot communicate with Applicants until the final scores are posted, except for minor clarifications. After final scores are posted, the Department will work with Applicants if necessary to flag potential HUD compliance issues, such as, and not limited to, Environmental Provisions Review, Site & Neighborhood Standards, Developer Financial Capacity Analysis, Cost Allocation Analysis, and Subsidy Layering Reviews to ensure any necessary special conditions are included in the award recommendation.

E. Pre-Application Technical Assistance Appointments

The Department strongly encourages all potential Applicants to request a pre-application technical assistance appointment prior to submitting an application. Pre-application technical assistance appointments are intended to increase familiarity with the federal National Housing Trust Fund regulations and the Department's NHTF Guidelines and NOFA requirements. Pre-application technical assistance appointments will allow potential Applicants to discuss their proposed project with program staff to determine if the project is compatible with the program and provide program clarity.

To request a pre-application technical assistance appointment, please email NHTFNOFA@hcd.ca.gov.

F. NOFA, Guidelines and Application Workshop Webinars

Applicants are strongly encouraged to attend a NHTF workshop webinar. The workshops will cover the NOFA, Guidelines, and the application process, and provide critical information on how to prepare a competitive application. Workshop webinar dates and times are located on the Department's NHTF webpage at <https://www.hcd.ca.gov/grants-and-funding/programs-active/national-housing-trust-fund-program>. To register for a workshop, please sign up through the Zoom link on the Department's NHTF site.

If you have questions regarding any of these workshops, send an email to NHTFNOFA@hcd.ca.gov.

Following the NOFA and Guidelines workshops, the Department will publish Frequently Asked Questions and the recorded NOFA and Guidelines workshops on the NHTF site at <https://www.hcd.ca.gov/grants-and-funding/programs-active/national-housing-trust-fund-program>.

G. Competitive Application and Submission Process

The Department will accept the following competitive applications submitted under this NOFA: 1) a new Project or 2) a Project that received a Housing for a Healthy California (HHC)/NHTF Program funding award with a federal Fiscal Year 2021 allocation and has not commenced construction. Competitive application evaluation is subject to the NHTF Guidelines' Application Minimum Requirements and Selection Criteria (Rating, Ranking, and Eligibility for Funding for Competitive Allocations). It is the Applicant's responsibility to ensure that the submitted application is clear, complete, and accurate.

Applicants may submit only one application per Project pursuant to this NOFA.

The application acceptance period began **Wednesday, November 8, 2023**, and **until the deadlines specified in Section I (D) Timeline of this NOFA**. The Department will make its best effort to announce competitive awards approximately by the end of **July 2024**.

Department staff may request clarifying information. If the Department deems the application incomplete, or it fails to provide the minimum requirements, the Applicant may be given an opportunity to appeal the determination following the guidance in Section II (K) Appeals of this NOFA.

1. Electronic Application Submission Process

All Applicants must create a Euna Profile prior to completing an application. Once the profile is created, the Applicant must complete an application via the eCivis Euna's Management System Portal. Application forms are available on the NHTF website at <https://www.hcd.ca.gov/grants-and-funding/programs-active/national-housing-trust-fund-program>.

Competitive applications must be uploaded to the Euna GMS Portal no later than the deadlines specified in Section I (C) Timeline of this NOFA.

The Department will not accept applications through personal, postal, and/or shipment deliveries, facsimiles, email, walk-ins, or any other forms of delivery other than the Euna GMS Portal.

Applications that do not meet the filing deadline requirements will not be eligible for funding. Applications must be on the Department's forms and cannot be altered or modified by the Applicant. Excel forms must be in Excel format, not converted to a PDF document.

After the application deadline, Department staff may request clarifying information and/or inquire as to where in the application specific information is located, provided that such information does not affect the competitive rating of the application. No information, whether written or oral, will be solicited or accepted if this information would result in a competitive advantage to an Applicant or a competitive disadvantage to other Applicants.

2. Disclosure of Application

Information provided in the application will become a public record available for review by the public, pursuant to the California Public Records Act (Chapter 1473, Statutes of 1968) (PRA). As such, any materials provided will be disclosable to any person making a request under this Act. The Department cautions Applicants to use discretion in providing information not specifically requested, including, but not limited to, bank

account numbers, personal phone numbers, and home addresses. By providing this information to the Department, the Applicant is waiving any claim of confidentiality and consents to the disclosure of submitted material upon receipt of a PRA request.

3. Concurrent Applications

- A. The Department understands the unique challenges of the current funding environment. Therefore, the Department will allow NHTF NOFA Applicants to pursue funding from more than one Department funding Program. Separate concurrent application(s) to other HCD Program funding source(s) is permitted under this NHTF NOFA. These Applicants, however, MUST submit within each application a disclosure of all Department applications under review and/or applications anticipated to be submitted. All anticipated applications with NOFAs subsequent to the NHTF NOFA application due date must be disclosed to NHTF NOFA staff no later than the respective NHTF application deadline. In addition, Applicants must notify NHTF Program staff via the NHTF NOFA mailbox at the time the additional application(s) are submitted (NHTFNOFA@hcd.ca.gov). In instances where such Applicants are competitive for an award, the Department will also engage in consultation with Applicants to discern which funding scenario(s) are optimal for Project feasibility while balancing cost containment. If a concurrent application is for Department-administered state program funding and the Project receives a state program award, this may result in a reduction of the NHTF award amount. The Department's approach for NHTF NOFA Applicants may be to reduce the NHTF NOFA award commensurately with any amounts awarded under another Department program NOFA.

Program Requirements

The following is provided as a summary and is not intended to be a complete representation of the entirety of the eligibility, minimum requirements, or other terms and conditions of the NHTF program. See the NHTF Guidelines for complete details.

A. Eligible Recipients (Applicants)

The Department may provide NHTF funds only to Applicant entities which meet the following requirements:

- (a) Meet the definition of a Recipient;
- (b) Have site control of the Project subject to the NHTF funding award as required by 25 C.C.R. § 8303, including but not limited to, demonstrating site control by one of the following:
 - (1) Fee Title evidenced by a current title report (within 90 days of application) showing the Applicant holds fee title;
 - (2) For tribal trust land, a title status report ("TSR") or an attorney's opinion letter regarding chain of title and current title status;
 - (3) A leasehold interest on the Project property with provisions that enable the lessee to make improvements on and encumber the property, provided that the

terms and conditions of any proposed lease must permit, prior to loan closing, compliance with all Program requirements, including compliance with 25 C.C.R. § 8316; or

- (4) A leasehold interest held by a Native American Entity in federal tribal trust or restricted lands where the Project property is to be located that is approved (or will be approved) by the U.S. Department of Interior's Bureau of Indian Affairs ("BIA"), and the terms and conditions of the ground lease authorize the Native American Entity to make improvements on and encumber the property in compliance with the NHTF Guidelines and this NOFA.
- (c) Have resolved any open audit finding(s), for any state or federally funded housing or community development Projects or programs to the satisfaction of the Department or federal agency by which the finding was made;
- (d) Are not debarred or suspended from participation in federal or state housing or community development Projects or programs; and
- (e) Have resolved compliance monitoring issues/findings, and current on compliance monitoring fee payments, and/or current on loan payments for any Department funded housing or community development Projects; and
- (f) Cities, counties, and local public housing authorities must comply with the submittal requirements of cost principles and audit requirements at 2 C.F.R. Part 200.

NOTE: Authority cited: Sections 50406(n), 50676.1(b), and 50676, Health and Safety Code. Reference: 4501 et seq., Title 12 of the United States Code; Sections 93.2 and 93.101(c), Title 24 of the Code of Federal Regulations; Part 200, Title 2 of the Code of Federal Regulations; Section 8303, Title 25 of the California Code of Regulations.

B. Eligible Uses

A Recipient's use of NHTF funds is subject to 24 C.F.R. Part 93, Subpart E for permanent loans disbursed for Acquisition, Rehabilitation and/or New Construction, or solely a permanent loan. Pursuant to 24 C.F.R. § 93.200(a)(1), activities and costs are eligible only if the housing, upon project completion, meets the Property Standards in 24 C.F.R. § 93.301, including compliance with accessibility requirements. Where a Native American Entity Recipient Project is located on Native American Lands, it may be exempt from specific accessibility requirements where otherwise exempted by the Native American Housing and Self Determination Act or other federal or tribal laws as set forth at 24 C.F.R. § 1000.12.

Applicants applying for non-Rural Areas, Rural Areas Target, or Federally Declared Disaster Areas Target funds may select a forgivable loan. An Applicant applying for Native American Entity Target funds may select a forgivable loan, grant, or combination of forgivable loan and grant.

Loans

(1) All Loans must include terms that are consistent with the following:

- a. Loans must not exceed the maximum per Unit subsidy as published in this NOFA under which the Applicant applied for NHTF funding;
- b. The loan will not bear interest unless the Department increases this rate pursuant to Health and Safety Code § 50406.7. Interest must accrue from the date funds are disbursed to, or on behalf of, the borrower. Such modification of the interest rate will be approved by the Department on an individual project basis. The loan will be subject to repayment with residual receipts based on the total percentage of the project funded by all Department grants and loans; and
- c. Loan payment commitment must have an initial term of 55 years or more, in alignment with the state required 55-year affordability period. For Projects on Native American Lands, loan payment commitment must have an affordability term of 50 years or more, in alignment with the Native American Housing Assistance and Self Determination Act 25 U.S.C. § 4101 et seq.

(2) A Forgivable Loan: The loan may be forgiven by the Department at the end of the loan term. Loan term will align with Subsection C(1)(c) of this NOFA, with no residual receipts or periodic payment requirements during the life of the loan, if the following are all true, as determined by the Department in its sole and absolute discretion:

- a. The Recipient remains in good standing with the California Secretary of State; and
- b. The Project is not in default under the terms of any of the Department's loan documents for that Project.

Grants for Native American Entity Applicants

Grants for Native American Entities must have an affordability period of 50 years or more where the Project is located on Native American Lands. For Projects located outside of Native American Lands, the grants for Native American Entities must have an affordability term of 55 years or more. Residual receipts or periodic payments are not required during the life of the grant, if the following are all true, as determined by the Department in its sole and absolute discretion.

Grants are made specifically for the Project and must go directly to the Project. Grant funds are not provided to the Recipients to make a loan of grant funds to the project.

- a. For Recipients that are an Indian Tribe, as defined at 25 USC 4103 (13) or a Tribally Designated Housing Entity, as defined at 25 USC 4103 (22), thus Federally Recognized Tribe:
 - i. The Project is not in default under the terms of any of the Department's loan documents for that Project.

- b. For a Recipient that is not a federally recognized Tribe and is either: (1) Listed in the Bureau of Indian Affairs Office of Federal Acknowledgment Petitioner List, pursuant to 25 C.F.R. part 83.1, and has formed and controls a special purpose entity in compliance with 25 C.C.R. § 8313.2, or (2) An Indian Tribe located in California that is on the contact list maintained by the Native American Heritage Commission for the purposes of consultation pursuant to GC Section 65352.3, and that has formed and controls a special purpose entity in compliance with 25 C.C.R. § 8313.2:
 - i. The Recipient shall remain in good standing with the California Secretary of State; and
 - ii. The Project is not in default under the terms of any of the Department’s loan documents for that Project.

Capitalized Operating Subsidy Reserve (“COSR”)

A COSR is not being offered at this time.

C. Project Requirements

A Recipient is responsible for its Project’s compliance with Section 5 – Project Requirements of the NHTF Guidelines.

D. Maximum Awards and Per-Unit NHTF Assistance Limits

The maximum NHTF capital loan or grant amount is \$20 million per Project.

In accordance with the Department’s **2023 Multifamily Finance Super NOFA**, the total amount of **combined Department** multifamily loan funds a Project may receive from the Department is capped at **\$50 million** per Project. This loan cap is applicable to all Department loan programs for onsite development and capital improvements both within and outside federal programs administered by the Department.

The maximum per-unit development subsidy amounts are based on the Tax Credit Allocation Committee (TCAC) 2023 Threshold Basis Limits and may be found here: <https://www.treasurer.ca.gov/CTCAC/2022/2023-basis-limits-memo-update.pdf>.

This NOFA does not require a minimum number of NHTF Assisted Units per Project.

E. Targets for NHTF Funds

This NOFA makes funding available to projects in all jurisdictions of California. Pursuant to the Geographic Diversity priority in the Health and Safety Code § 50676(d)(1), there are three target areas in this NOFA.

Rural Areas Target

The Department will target 20 percent (20%) of NHTF funds available through this NOFA for Projects located in Rural Areas.

A Project competing in the Rural Areas Target must demonstrate that the project area is rural under one of the three methodologies listed under Health and Safety Code (HSC) § 50199.21.

1. Non-metropolitan County;
2. Rural Housing Service (RHS) Eligible Area; or
3. Small City Status

A list of Rural Areas, as well as the methodology to determine Rural or non-Rural status, can be found on the Tax Credit Allocation Committee (TCAC) website at <https://statics.teams.cdn.office.net/evergreen-assets/safelinks/1/atp-safelinks.html>.

Native American Entities Target

The Department will target 10 percent (10%) of available funds for projects developed by, or in partnership with, Native American Entity(ies). “Native American Entity(ies)” means an “Indian Tribe” or a “Tribally Designated Housing Entity” that is any of the following:

- a) Applicant meets the definition of Indian Tribe under Section 4103(13)(B) of Title 25 of the United States Code;
- b) Applicant meets the definition of Tribally Designated Housing Entity under 25 USC 4103(22); or
- c) If Applicant is not a federally recognized Tribe as identified above, Applicant is either:
 - (1) Listed in the Bureau of Indian Affairs Office of Federal Acknowledgment Petitioner List, pursuant to 25 C.F.R. part 83.1, and has formed and controls a special purpose entity in compliance with 25 C.C.R. § 8313.2, or
 - (2) An Indian Tribe located in California that is on the contact list maintained by the Native American Heritage Commission for the purposes of consultation pursuant to GC Section 65352.3, and that has formed and controls a special purpose entity in compliance with 25 C.C.R. § 8313.2.

Federally Declared Disaster Areas Target

The Department will target 20 percent (20%) of available funds for Projects located in Federally Declared Disaster Areas pursuant to the HUD memorandum dated May 17, 2023, referencing the federally declared disaster areas under title IV of the Stafford Act,

DR-4699-CA dated April 3, 2023, and DR-4683-CA dated January 27, 2023, as may be amended (<https://www.fema.gov/disaster/4699>) (<https://www.fema.gov/disaster-federal-register-notice/dr-4683-ca-public-notice-001>). The Federally Declared Disaster Areas are the following counties:

DR-4683 & DR-4699 IA-Declared Counties

- a) Alameda (County)
- b) Amador (County)
- c) Butte (County)
- d) Calaveras (County)
- e) Contra Costa (County)
- f) Kern (County)
- g) Madera (County)
- h) Mariposa (County)
- i) Mendocino (County)
- j) Merced (County)
- k) Mono (County)
- l) Monterey (County)
- m) Nevada (County)
- n) Sacramento (County)
- o) San Benito (County)
- p) San Bernardino (County)
- q) San Joaquin (County)
- r) San Luis Obispo (County)
- s) San Mateo (County)
- t) Santa Barbara (County)
- u) Santa Clara (County)
- v) Santa Cruz (County)
- w) Tulare (County)
- x) Tuolumne (County)
- y) Ventura (County)

Sources:

<https://www.fema.gov/disaster/4683/designated-areas>

<https://www.fema.gov/disaster/4699/designated-areas>

Target Areas Percentage of Available Funds and Carry-Over Funds

For calculation purposes, applications for the 10 percent (10%) Native American Entities Target and the 20 percent (20%) Federally Declared Disaster Areas Target will not be counted towards the 20 percent (20%) Rural Areas Target, even if the Project is located in a Rural Area – unless the funds for the Native American Entities Target or

Federally Declared Disaster Areas Target are over-subscribed, in which case Native American Entity or Federally Declared Disaster Areas Projects located in Rural Areas will be counted towards the Rural Areas Target.

If the funds for the Rural Areas Target are not fully **used**, any unused funds will be re-allocated to the Native American Entities Target. If the funds for the Native American Entities Target are not fully used (including any carry-over funds from the Rural Areas Target **and general pool of funds**), unused funds will be re-allocated to the general pool of NHTF Program funds.

If the funds for the Native American Entities Target are not fully **used**, any unused funds will be re-allocated for the Rural Areas Target. If the funds for the Rural Areas Target are not fully **used** (including any carry-over from the Native American Entities Target **and general pool of funds**), unused funds will be re-allocated to the general pool of NHTF Program funds.

If funds for the Federally Declared Disaster Areas Target are not fully **used**, any unused funds will be re-allocated to the general pool of NHTF Program funds.

If funds for the general pool of NHTF Program funds are not fully used, any unused funds will be re-allocated to the Rural Areas Target first, Native American Entities Target second, and Federally Declared Disaster Areas Target third.

F. Transition Reserve Policy

Projects must be in compliance with the Department's Pooled Transition Reserve Policy Administrative Memorandum dated January 3, 2023, (Administrative Notice Number 22-08) and amended on August 8, 2023, (Administrative Notice Number 23-01), that implements statutory changes made under Senate Bill 948 (Chapter 667, Statutes 2022) applicable to Health and Safety Code § 60468, as may be amended from time to time, and any other related Department Transition Reserve Policy administrative memoranda that the Department may adopt, as applicable.

G. Occupancy and Income Requirements

Given the nationwide total amounts available for allocation of NHTF funds for both FY2022 and FY2023 are less than \$1 billion, HUD requires 100 percent (100%) of the NHTF program funds to be used to benefit Extremely Low-Income Families, which are defined as those with incomes at or below 30 percent (30%) of the median income of a geographic area or below the poverty line (whichever is greater) at time of move-in and occupancy of NHTF designated units pursuant to 24 C.F.R. Part 93.250(a).

NHTF Assisted Units will be restricted per the income limits set forth in the project Regulatory Agreement. The income limits are posted at the following link:

<https://www.hcd.ca.gov/grants-and-funding/income-limits/state-and-federal-income-rent-and-loan-value-limits>.

H. Rent Limits

NHTF Assisted Unit rents will be restricted in accordance with 24 C.F.R. § 93.302.

The rent plus tenant-paid utilities of an NHTF designated unit shall not exceed the greater of 30 percent (30%) of the federal poverty line or 30 percent (30%) of the income of a family whose annual income equals 30 percent (30%) of the median income for the area, as determined by HUD, with adjustments for the number of bedrooms in the unit.

If the unit receives federal or state project-based rental subsidy, and the tenant pays as a contribution toward rent not more than 30 percent (30%) of the tenant's adjusted income, the maximum rent is the rent allowable under the federal or state project-based rental subsidy program.

HUD publishes the NHTF rent limits on an annual basis, posted at the following link: https://www.hudexchange.info/programs/htf/htf-rent-limits/?filter_Year=&filter_Scope=State&filter_State=CA&program=HTF&group=RentLimits.

Rents will be further restricted in accordance with rent and income limits submitted in the application for the program loan, approved by the Department, and set forth in the Project Regulatory Agreement.

Application Minimum Requirements (Threshold)

Applications for Projects are required to meet the program application minimum requirements found in the NHTF Guidelines, NOFA and 24 C.F.R. § Part 93.

Applications must meet the following minimum requirements in order to move forward to the Rating and Ranking process:

- (a) An Applicant must electronically submit its application in a format made available by the Department that requests the information required by the Guidelines.
- (b) An Applicant must submit its application by the deadline specified in the NOFA.
- (c) Housing Element. Applicants that meet the definition of a local public entity (cities and counties) are required to be in substantial compliance with state Housing Element Law prior to award date. Newly incorporated cities are exempt from this factor, until which time the city is required to submit the housing element to the Department for approval. It is the responsibility of the cities and counties to know their reporting requirements. If unsure, please send an email inquiry to the NHTF NOFA Unit at NHTFNOFA@hcd.ca.gov. Developers and Projects to be developed on Native American Lands are exempt from this requirement; these entities will receive full points for this scoring factor.
- (d) All applications must clearly contain the required documents listed in the NHTF Guidelines, Section 3 – Eligible Recipients (Applicants).
- (e) Any third-party documents, including but not limited to, market study; appraisal; relocation plan; and environmental, asbestos, mold, and lead-based paint assessments must be prepared by an individual or firm which:

- (1) Has the appropriate license, when deemed necessary by the Department or by regulation, and knowledge and experience necessary to competently prepare the document;
 - (2) Is aware of, understands, and correctly employs those recognized methods and techniques that are necessary to produce a credible and complete document;
 - (3) Communicates each analysis, opinion and conclusion in a manner that is not misleading as to the true market needs for low-income residential property, and the value and condition of the subject property; and
 - (4) Is an independent third-party having no identity of interest with the Applicant, the partners of the Applicant, the intended partners of the Applicant, or with the general contractor.
- (f) The Department must not make an award of NHTF funds to any Applicant unless the application is received by the deadline(s) specified in the NOFA and clearly demonstrates that all the following conditions exist:
- (1) The Applicant and Project are eligible to receive NHTF funds from the Department under Guidelines Section 3 – Eligible Recipients (Applicants) and Section 4 – Eligible Uses, Terms and Limits of NHTF Funds;
 - (2) The Applicant and Project meet the requirements of Guidelines Section 5 – Project Requirements, Section 6 – Underwriting, and Section 7 – Management and Maintenance, before the Department will disburse NHTF funds;
 - (3) The application is complete pursuant to Guidelines Section 9 – Application Minimum Requirements; this includes the affirmatively furthering fair housing requirements (more information is available at <https://www.hud.gov/AFFH>);
 - (4) The total amount of NHTF funds requested by the Applicant does not exceed maximum per Unit subsidy and award limits in the NOFA;
 - (5) There are no pending lawsuits that will prevent implementation of the Project; and
 - (6) The Applicant has provided documentation satisfactory to the Department that it complied with the submittal requirements of 2 C.F.R. § 200.512 Single Audit reporting requirements.
- (g) Applicants can receive two loans and two grants from state funding sources, and also receive funding from this NOFA or other federal funding programs. The Department's *Amendment to the Repeal of Stacking Prohibition of Multiple Department Funding Sources* memorandum dated August 20, 2021, and amended September 13, 2023, **does not apply** to federal funding programs (e.g., NHTF, HHC, HOME, and HOME-ARP Program funds).

Rating and Ranking

After meeting the threshold requirements, applications will be scored as follows. Additionally, applications must achieve the following minimum scores in each scoring section to be eligible for funding.

	Minimum Points Required	Maximum Applicable Points
<p>Section A – Increase Housing Affordability by Leveraging Rental/Operating Subsidies</p> <p>Applications will be scored based on the percentage of NHTF Assisted Units that have committed Project-based rental or operating subsidies, substantially similar in terms to Project-based Housing Choice Vouchers to ensure affordability for residents (1 point will be awarded for each 10 percentage of NHTF Assisted Units 10 percent (10%) point increment) (10 points max).</p> <p>For example, if the Project has committed rental/operating subsidies for 80 percent (80%) of the NHTF Assisted Units, the application will receive 8 points out of a possible 10 points.</p> <p>Pursuant to the Health and Safety Code § 50676(d)(2), this NOFA gives priority to Projects based on the extent to which rents are affordable, especially to Extremely Low-Income Families.</p>	0	10

	Minimum Points Required	Maximum Applicable Points
<p>Section B - Merits of the Project in Maintaining or Improving Access to Community-Based Public Services</p> <p>Amenities and services offered within 1.5 miles (two miles for Rural Areas) of the Project (specify current and proposed amenities and services) may be awarded points cumulatively across the categories below.</p> <p>For Native American Entity Applicants, amenities and services must be offered within 15 miles of the Project (specify current and proposed amenities and services).</p> <p>Applicants must provide a map demonstrating proximity for items (1) and (2) to be eligible for the respective points.</p> <p>1) Public Transportation. Projects located where there is a rapid transit station, light rail station, commuter rail station, ferry terminal, bus station, or public bus stop within one-half mile (one mile for Rural Areas) with service at least every 60 minutes (or at least two departures during each peak period for a commuter rail station or ferry terminal; or at least one departure during each peak period for a commuter rail station</p>	1	20

or ferry terminal for Rural Projects) during the hours of 7 am - 9 am and 4 pm – 6 pm, Monday – Friday (4 points).

- a. Projects that are not located within the distance described above in Public Transportation and have other transportation options without any cost to the residents, such as van pools, will receive full points.
- b. Projects that are not located within the distance described above in Public Transportation and have demonstrated that the Project will bring transit or extend transit to the Project area, will receive full points.

2) The Project site is in proximity to essential services:

- a. Grocery store – a full-scale grocery store/supermarket where staples, fresh meat, and fresh produce are sold (2 points). NOTE: If applying for TCAC, it is advisable that the grocery store be at least 25,000 gross interior square feet.
- b. Health Facility – a medical clinic with a physician, physician’s assistance, or nurse practitioner on-site for a minimum of 40 hours each week, or hospital (not merely a private doctor’s office) that accepts Medi-Cal (2 points).

A qualifying medical clinic must accept Medi-Cal payments, or Medicare payments, or Health Care for the Homeless, or have an equally comprehensive subsidy program for low-income patients.

- c. Public elementary, middle, or high school (2 points).
- d. Licensed childcare provider/SETA Head Start for multifamily properties or a senior community center for senior properties (2 points).
- e. Recreational opportunities, such as parks and community centers (2 points).
- f. Job opportunities (3 points).

3) Location Efficiency-Walkability of the Project site as determined by the US EPA Walkability Index using the address of the Project site. If the Project is a corridor and does not have a specific address, use the centermost point of the Project for the calculation. Note: Projects located on Native American Lands or in Rural Target Areas will receive full points for this subsection.

<p>Applicants must provide a printout of the EPA Index Map demonstrating the walkability score for item (3) to be eligible for the respective points.</p> <ul style="list-style-type: none"> - Most Walkable (3 points) - Above Average Walkable (2 points) - Below Average Walkable (1 point) - Least Walkable (0 points) <p>Pursuant to the Health and Safety Code § 50676(d)(3), this NOFA gives priority to merits of a Project.</p>		
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	Minimum Points Required	Maximum Applicable Points
<p>Section C – Project Readiness</p> <p>1) Obtained enforceable funding commitments (EFC) for all construction financing, not including tax-exempt bonds, low-income housing tax credits, and funding to be provided by another Department program. Other Department funds must be awarded prior to the application deadline (5 points).</p> <p>2) For Non-Tribal Projects & Projects on Native American Fee Lands: Completion and submittal of all necessary environmental clearances (HTF Environmental Provisions, NEPA, and CEQA), and completion of a Phase I Environmental Site Assessment and Phase II Environmental study, if necessary, a Corrective Action Plan when applicable, and Local Jurisdiction and NEPA Authority to Use Grant Funds (AUGF) when applicable.</p> <p>For Projects on Native American Lands: Completion and submittal of the HTF Environmental Provisions Checklist(s) and completion of a Phase I Environmental Site Assessment and Phase II Environmental study, if necessary, and a Corrective Action Plan when applicable, and NEPA AUGF when applicable. Note: The Department recognizes that CEQA requirements do not apply on Native American Lands and if CEQA is required, the Department will carry out the CEQA requirements. Native American Entity Projects may utilize Department resources to meet Project environmental requirements on a case-by-case basis.</p> <p>For all Projects: if the Project has other federal funding that requires NEPA, the developer must also comply with the NEPA requirements contained in 42 U.S.C. §§ 4321-4347 and the implementing regulations at 24 C.F.R. Parts 50 and 58. No actions by any party (including Recipient, the developer or owner) shall be undertaken for any activity that would have an adverse environmental impact or limit the</p>	20	35

choice of reasonable alternatives under 24 C.F.R. § 58.22 until HUD or the Department has issued an environmental clearance. (10 points).

Note: A copy of the Project's AUGF must be provided prior to the construction loan closing. It is not necessary to have the AUGF at application stage. Projects with an AUGF will earn applicable points.

- 3) Obtain all necessary and discretionary public land use approvals except building permits and other ministerial approvals or documented to be an eligible Project under AB 2162 of 2018 effective January 1, 2019 (5 points).
- 4) **Site Control (5 points for either a, b, c, or d below). An eligible Project is subject to the requirements of 25 C.C.R. § 8303, including but not limited to, demonstrating site control by one of the following:**
 - a. Applicant has fee title ownership to site or a long-term leasehold securing site meeting the criteria for site control.
 - b. Applicant can demonstrate **Project** drawings certified by the Project architect.
 - c. For tribal trust land, a title status report (TSR) or an attorney's opinion letter regarding chain of title and current title status.
 - d. A leasehold held by a Native American Entity in federal tribal trust lands property.
- 5) Applicant **provides** drawings certified by the Project's **licensed** architect **including the status (i.e., percent complete) of the drawings** (5 points).
- 6) Obtained local **or discretionary** design review **and entitlement** approval to the extent such approval is required. Where a Project is located on Native American Land and Tribal design review is not required, a self-certification submission will receive full points (5 points).
- 7) EFCs for all deferred-payment permanent financing, grants, and subsidies, in accordance with TCAC requirements. Deferred-payment financing, grant funds, and subsidies from other Department programs must be awarded prior to application deadline (5 points).

Pursuant to the Health and Safety Code § 50676(d)(4), this NOFA gives priority to Applicant readiness.

	Minimum Points Required	Maximum Applicable Points
<p>Section D – Project’s Use of Non-Federal Funds (10 points). The application will calculate points based on the extent of non-federal funds contributing to the Project. Points are derived from the amount of requested NHTF funds compared to the non-federal funds. 1 point will be awarded for each 5 percentage point increment above 50 percent (50%) of development funds (10 points max).</p> <p>For example, an application with 70 percent (70%) use of non-federal funds yields 20% above the 50 percent (50%) threshold.</p> <p>To calculate the points, 20 percent (20%) divided by 5 percent (5%) equals 4. 1 point times 4 equals 4 points awarded. The application workbook will automatically calculate the points.</p> <p>Pursuant to the Health and Safety Code § 50676(d)(5), this NOFA gives priority to the extent to which Projects will use non-federal funds.</p>	0	10

	Minimum Points Required	Maximum Applicable Points
<p>Section E – Development Team’s Experience (40 points).</p> <p>1) <u>Developer Experience</u> (15 points max)</p> <ul style="list-style-type: none"> - Applicant Ownership and Operations Experience – Experience (under a long-term master lease or similar arrangement) owning or operating supportive and/or affordable rental housing developments (15 points max) <p>2) <u>Property Manager Experience</u> – (5 points max)</p> <ul style="list-style-type: none"> - Number of affordable housing developments managed by the designated property management agent at the time of application (5 points max) <p>3) <u>Resident Service Provider Experience</u> – (5 points max)</p> <ul style="list-style-type: none"> - Years of experience in Resident Services (3 points max) - Number of projects or contracts (2 points max) <p>4) <u>Lead Supportive Service Provider (LSP) Experience</u> – (15 points max)</p> <ul style="list-style-type: none"> - Years of experience in permanent Supportive Housing (3 points max) - Number of projects or contracts in permanent Supportive Housing (3 points max) - Years of experience serving the Target Population (3 points max) - Experience providing comprehensive case management, where members of the Target Population were at least 20 percent (20%) of the LSP’s clients during the years for which points are sought in any of the following. To receive points under this subsection, the LSP must have current staff expertise AND organizational experience: <ul style="list-style-type: none"> i. Coordination and connection with system service providers including county services, such as primary care services and behavioral health care, community service providers, and the Continuum of Care when serving the Target Population and/or Homeless Individuals; and ii. Staff expertise and experience must be documented through resumes, job descriptions, contracts, staff training 	20	40

<p>descriptions, and letters from Continuums of Care or other Supportive Services organizations (2 points max)</p> <ul style="list-style-type: none"> - Experience with a partner agency with an executed agreement between the two agencies that meet the requirements of Section 9 of the NHTF Guidelines. (2 points) - Success in meeting or exceeding specified outcome measures for housing stability under a government contract for at least two years as a LSP in permanent Supportive Housing serving persons experiencing Homelessness (2 points) <p>Pursuant to the Health and Safety Code § 50676(d)(3), this NOFA gives priority to merits of a Project.</p>		
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	Minimum Points Required	Maximum Applicable Points
<p>Section F – Confirmation of Local Need (15 points max).</p> <ol style="list-style-type: none"> 1) Demonstrated need based on the county’s percentage of renters that are both Extremely Low Income and severely cost burdened. Data will be pulled from 2015-2019 CHAS (Comprehensive Housing Affordability Strategy) data as follows: <ul style="list-style-type: none"> - 10 percent – 14.9 percent (5 points); - 15 percent – 19.9 percent (10 points); - 20 percent or more (15 points); or 2) Needs Letter from the city and/or county demonstrating overall need (5 points); or 3) Native American Entity Applicants to select “Native American Entity” on the NHTF application to receive full points for Section F (15 points). <p>Pursuant to the Health and Safety Code § 50676(d)(3), this NOFA gives priority to merits of a Project.</p>	5	15

	Minimum Points Required	Maximum Applicable Points
TOTAL APPLICABLE POINTS	80	130
Priority Points: Applications will be given priority points based on the following: <ol style="list-style-type: none"> Addressing and Preventing Homelessness. Project provides Permanent Supportive Housing (PSH) for Homeless and/or Chronically Homeless that meets the Supportive Services Provider Plan requirements in the NHTF Guidelines (1 point will be awarded for each 10 percentage of total units (10%) point increment) (10 points max). For example, if the Project has 80 percent (80%) of the total units serving people experiencing Homelessness, the application will receive 8 points out of a possible 10 points. Readiness Plan. Applicants meeting all categories of Section C – Project Readiness will receive (20 points) 	0	30
TOTAL APPLICABLE POINTS AND PRIORITY POINTS	80	160

Minimum Total Score

In addition to the minimum points required under each scoring section, applications must meet a minimum total score of 80 points to be eligible to receive an award.

Tie Breaker

In the event of a tie amongst applications, the Department must assign a higher rank to applications with a greater readiness to proceed with their Project’s milestones. If any tied applications have equal readiness to proceed with their Project’s milestones, then the Department must assign a higher rank to the applications that have secured all written financial commitments for its Project’s funding. If any tied applications have equal readiness to proceed with their Project’s milestones and have secured an equal amount of firm written financial commitments for their Projects’ funding, then the Department must assign a higher rank to any of the applications with Projects providing greater percentage of units targeting households at or below 30 percent (30%) of AMI.

Appeals

1. Basis of Appeals

- Applicants may appeal the Department’s written determination that an application is incomplete, has failed threshold review, or has otherwise been

determined to provide an insufficient basis for an award (including point scoring and tie breaker).

- b. At the sole discretion of the Department, the Department's written determination may include a request for clarifying and/or corrective information. For purposes of this section, "clarifying information" includes information and/or documentation that resolves ambiguities in any application materials that will inform the Department's threshold, scoring and feasibility determinations.
- c. No Applicant shall have the right to appeal a decision of the Department relating to another Applicant's application (e.g., eligibility, award).
- d. Any request to appeal the Department's decision regarding an application shall be reviewed for compliance with the NHTF Guidelines and this NOFA. All decisions rendered shall be made by the Program Manager or his/her designee. The decision shall be final, binding, and conclusive, and shall constitute the final action of the Department.
- e. The appeal process provided herein applies solely to decisions of the Department made pursuant to this NOFA.

2. Appeal Process and Deadlines

- a. Process: To file an appeal, Applicants must submit to the Department, by the deadline set forth below, a written appeal which states all relevant facts, arguments, and evidence upon which the appeal is based. Furthermore, the Applicant must provide a detailed reference to the area or areas of the application that provide clarification and substantiation for the basis of the appeal. No new or additional information will be considered if this information would result in a competitive advantage to an Applicant. Once the written appeal is submitted to the Department, no further information and/or materials will be accepted or considered thereafter. Appeals are to be submitted to the Department at NHTFNOFA@hcd.ca.gov according to the deadline set forth in the Department review letters.
- b. Filing Deadline: Appeals must be received by the Department no later than five (5) business days from the date of the Department's threshold review, or initial score letters, as applicable, representing the Department's decision made in response to the application.

3. Decision

- a. Any request to appeal the Department's decision regarding an application shall be reviewed for compliance with the NHTF Guidelines and this NOFA. All decisions rendered shall be final, binding, and conclusive, and shall constitute the final action of the Department.

Disbursement of Funds

1. Timing of Disbursements

- a. In order to assist the Department with meeting the federal NHTF 5-year expenditure requirements, NHTF funds for eligible costs may be disbursed at

construction closing and during the construction period. To be eligible for funds disbursement at construction closing:

- i. Disbursements of funds for the reimbursement of eligible pre-development soft costs per 24 C.F.R. § 93.201(d) may be made at the time of construction closing.
- ii. Disbursements for Acquisition costs may be made at the time of construction closing.
- iii. During the construction period, disbursements for construction costs shall be made on a reimbursement basis, based on percentage complete, with 10 percent (10%) retained until construction completion, as evidenced by completion of all Project Completion and Loan Closing Requirements as set forth in the Standard Agreement, construction loan agreement (also known as disbursement agreement), and the NHTF Guidelines.

Note: Loan Retention. 10 percent (10%) of the development hard costs will be retained and released after the Department approves the Project Completion and Loan Closing Requirements in the Standard Agreement, such as, but not limited to the following: the final audited cost certification completed by an independent certified public accountant, project completion report with the final sources and uses and tenant demographics, recorded notice of completion, and final certificate of occupancy. The Department reserves the right to release the Loan Retention after approving the conversion to permanent financing and closing on permanent loan.

State and Federal Requirements

1. Timeframes for Using Funds

This NOFA includes two federal allocation years of NHTF funding, FY2022 and FY2023. More than two-thirds of the total funds in this NOFA are from FY2022 and subject to a HUD statutory commitment deadline of October 2024 and an expenditure deadline of October 2027. The remaining portion has a commitment deadline of August 2025 and expenditure deadline of August 2028.

Recognizing that HUD's deadlines for commitment and expenditure are inflexible, Recipients are subject to the following deadlines:

- Commitment deadline (Standard Agreement execution): **October 1, 2024**
- Commencement of Construction deadline: **No later than one year from the time of commitment.**
- Expenditure deadline: **October 1, 2027**

To meet the commitment deadline in accordance with NHTF regulations and HUD guidance, all construction and permanent sources must be secured prior to executing the Standard Agreement.

If a Recipient anticipates the commitment deadline cannot be met, the Recipient must provide the Department with a written request for an extension as soon as

possible, but not later than August 1, 2024. It is in the Department's sole and absolute discretion to approve or deny the extension in order to meet the HUD commitment and expenditure deadlines.

Pursuant to 24 C.F.R. § 93.2, commencement of construction of the Project must be within one year following the Start Date (effective date) of the Department's fully executed STD 213 Standard Agreement. For purposes of this definition, "commencement of construction" means the first land-disturbing activity associated with a Project, including land preparation such as clearing, grading, and filling, or the first alteration of any wall, ceiling, floor, or other structural part of a building, whether or not that alteration affects the external dimensions of the building.

NOTE: Projects that are currently under construction are not eligible to apply, and construction may not begin on NHTF funded Projects until NHTF Standard Agreements are executed and the Project has met all construction closing conditions.

If a Project fails to meet one or more of the deadlines outlined in this NOFA, the Recipient will be subject to the default provisions and remedies outlined in the NHTF Guidelines, and the funds must be returned to HUD and will be lost to the State of California.

2. Monitoring Fees for Loans and Grants

Monitoring Fees Schedule

Pursuant to 24 C.F.R. § 93.204(b)(1) the Department will charge fees to cover the cost of ongoing monitoring and physical inspection of all NHTF Projects (both loans and grants) during the 55-year affordability period. The monitoring fee is collected after conversion to permanent financing.

The Department charges an annual monitoring fee, as follows:

Estimated 2023 Monitoring Fees*	
Number of NHTF Assisted Units	Annual Fee
12 or fewer	\$6,077
13 to 24	\$9,888
25 to 36	\$12,051
37-48	\$12,360
49-60	\$14,781
61 or more	\$17,304

* To cover inflation, this annual monitoring fee is projected to increase annually at 3 percent (3%) following the Department's analysis of actual costs for monitoring. Financial assumptions in the application shall be based on the rate that will be effective at the time of initial occupancy.

Annual monitoring fees are mandatory debt service payments. The first payment shall be prorated based upon the total number of days from permanent loan closing to the last day of the first fiscal year. Payments made must be pursuant to the Regulatory Agreement.

3. Reporting Requirements

The Recipient must collect and report data to the Department as described in NHTF Guidelines § 13 for projects under construction upon execution of the Regulatory Agreement as required by 24 C.F.R. § 93.401; upon execution of the Regulatory Agreement until the final Project completion report is accepted in the federal disbursement and information system; and annual performance reports during the entire affordability period pertaining to the outcomes of the program and pursuant to the Regulatory Agreement provisions.

If a Recipient is a local government, they must comply with 2 C.F.R. Part 200.512 Single Audit Report Submission requirements. The Department will make the determination on the status of the Single Audit reporting compliance as of the date of application submission by consultation with the California State Controller's Office (SCO). Jurisdictions that are exempt from filing must submit a copy of the exemption letter notifying the SCO of their exempt status with their application.

Recipient(s) are responsible for disclosing all changes to the project since submitting the application. Such changes could include, but are not limited to, development team member changes, increased or decreased costs, intent to apply for additional funds, changed project description, environmental issues, and project timeline changes. Failure to report accurately may result in a loss of points in future funding rounds.

Program Overlays

A. Federal Overlays

Activities funded with NHTF funds are required to comply with 24 C.F.R. § 93.350 and 24 C.F.R. § 93.301. Compliance with these requirements include, but are not limited to, Environmental Provisions, Relocation, Equal Opportunity and Fair Housing, Fair Housing Amendments Act, Affirmative Marketing, Rehabilitation Act § 504 HUD's Lead Safe Housing Rule ("LSHR") 24 Part 35, and its implementing regulations, the Americans with Disabilities Act and its implementing regulations, Section 3 (employment of low-income persons), Violence Against Women Act ("VAWA"), and Single Audit report 2 C.F.R. Part 200.512 as detailed in the NHTF Guidelines. Failure to comply with federal overlays could result in significant project cost increases and/or rejection of the NHTF application.

NHTF Environmental Provisions

The NHTF regulations establish specific property standards for projects that receive NHTF funds. These standards include Environmental Provisions for projects involving New Construction, Rehabilitation, and Acquisition. The NHTF Environmental Provisions for New Construction and Rehabilitation are under the Property Standards

at 24 C.F.R. § 93.301(f)(1) and (2). See HUD [Notice: CPD-16-14](#) and the Department's [Environmental Provisions Checklists](#) for more information.

The Applicant must provide a completed NHTF Environmental Checklist using the Department's template, with all supporting documentation, at time of application submission. It must be determined prior to award if a project will meet the NHTF Environmental Provisions at completion. If a project cannot meet the NHTF Environmental Provisions, the project cannot be funded by NHTF. If the Applicant is a Native American Entity and the Project is on Native American Lands, the Native American Applicant will not be subject to CEQA. The Department will be responsible for compliance with the CEQA requirements, and such Department action shall not negatively impact the Native American Entity Applicants or the Project.

When combining NHTF funds with other HUD Funding Sources, an Environmental Review under 24 C.F.R. Parts 50 and 58 must be done and must meet the NHTF Environmental Provisions. Other HUD funding sources include, but are not limited to, HOME Investment Partnerships Program (HOME), Rental Assistance Demonstration (RAD), or Public Housing Capital Funds.

Other Terms and Conditions

A. Right to Modify or Suspend

The Department reserves the right, at its sole discretion, to suspend, amend, or modify the provisions of this NOFA at any time, including, without limitation, the amount of funds available hereunder. This includes, but is not limited to, authorizing an increase in funding to any Applicant after the Department makes an award under this NOFA. If such an action occurs, the Department will notify all interested parties via the Listserv at <https://www.hcd.ca.gov/contact-us/email-signup> and will post the revisions to the Department's NHTF website at <https://www.hcd.ca.gov/grants-and-funding/programs-active/national-housing-trust-fund-program>.

This NOFA is not a commitment of funds to any activity or Applicant.

B. Conflicts

In the event of any conflict between the terms of this NOFA and the NHTF Guidelines, the NHTF Guidelines control.

C. False, Fictitious, or Fraudulent Claims

Anyone who knowingly makes a false claim or statement to HUD or the Department may be subject to civil or criminal penalties under 18 U.S.C. § 287, 1001 and 31 U.S.C. § 3729 and may be ineligible for an award under this NOFA.