



Multifamily Super NOFA (MFSN)
NOFA Date: May 18, 2023
Q&A Date: July 7, 2023

Multifamily Finance Super NOFA (MFSN) 2023 Round 2 Q&A

This Questions and Answers (Q&A) document represents key information and inquiry responses provided to potential applicants for the Multifamily Super NOFA. The questions and answers published below provide clarification and additional detail on the Multifamily Finance Super NOFA Guidelines and application process.

For additional questions and inquiries regarding MFSN, please email the MFSN Team at SuperNOFA@hcd.ca.gov. Every attempt will be made to answer all questions received in the Super NOFA inbox.

*****IMPORTANT INFORMATION ABOUT ERRORS IN THE MFSN EXCEL APPLICATION*****

It has come to the attention of Department staff that the 2023 MFSN Excel application contains the following errors:

- **The IIG grant amount associated with a manager unit is not calculating correctly and is providing a higher amount than permitted.**

The correct grant amount for a manager unit is:

IIG Grant Amount Calculation (Amounts are represented on a per QIP Unit basis)					
Income Level & Tenure	0-Bdrm	1-Bdrm	2-Bdrm	3-Bdrm	4-Bdrm
IIG Unrestricted	\$4,300	\$8,500	\$12,700	\$16,900	\$21,200

If the IIG request in your application(s) equals the maximum amount allowable, please be aware that any amount awarded will be in compliance with NOFA Section II.E.2.a. For applications where the IIG amount requested equals the maximum as calculated by the Unit Mix tab, applicants will need to reduce the requested amount by the difference between the Excel calculation and the applicable amount above,

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and ensure there is no associated financing gap. The Department will not award an amount in excess of the limits stated in the NOFA.

- **The Developer Fee tab does not accurately calculate the maximum developer fee payable from development funding sources for projects assuming 4% low-income housing tax credits.**

The Excel application indicates this limit (cell AA8) is \$2,200,000. MFSN Guidelines (MHP Section 7305(b), FWHG Section 206(b), VHHP Section 205(b)) allow up to \$2,500,000, with a higher amount if Restricted Units are greater than 100 (as further specified in TCAC Regulations Section 10327(c)(2)(B)) but no greater than \$3,500,000.

The aggregate amount of developer fee payable from sources and paid as deferred on a priority basis from available cash flow is limited to \$3,500,000 pursuant to MHP Guidelines Section 7313(a)(1), FWHG Guidelines Section 302(a)(1), and VHHP Section 302(a)(1).

Please note, if the proposed project previously received an award from HCD with lower limits (maximum fee, deferred, payable from development funding sources, or other developer fee limits), the more restrictive developer fee limits remain in effect.

- **Local Approvals and Environmental Review Verification form.**

MHP, FWHG, and VHHP require submission of a completed and signed Local Approvals and Environmental Review Verification form (refer to the threshold requirement found in MHP Guidelines section 7303.1(h), FWHG Guidelines section 204(h), VHHP Guidelines section 202(h)) unless the site is eligible for streamlined, ministerial approval under Government Code section 65913.4. The Document Checklist may not indicate this form is a required document (a green checkmark in column AN) depending on how the Scoring tab is completed; however, it is a required document for all MHP, FWHG, and VHHP applications that are not eligible for streamlined, ministerial approval under Government Code section 65913.4.

Refer to MFSN Guidelines: MHP section 7303.1(h), FWHG section 204(h), VHHP 202(h)) for complete information regarding this threshold requirement.

- **The High Cost Verification tab did not include an update to item K. The correct adjustment should read:**

Projects within a county with an unadjusted 9% threshold basis limit for a 2-bedroom unit equal or less than **\$500,000** and within a census tract, or census block group as

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applicable, designated on the TCAC/HCD Opportunity Map as Highest or High Resource (10%). The corresponding formula in cell F51 is incorrect. A formula correction will be made to submitted applications after July 12 and any corresponding change to cost containment point scoring and tiebreaker will be reflected in HCD's written determination of point scoring and tiebreaker.

Due to the proximate timing of the July 12, 2023 application deadline, an updated Excel application template will not be published. Applicants are advised to account for the above-noticed errors in all application submissions. Department staff will evaluate IIG grant and deferred developer fee amounts in accordance with NOFA and Guidelines requirements and limits.

Questions are organized into the following categories (additional categories may be added in subsequent updates):

Category

Application and Documentation 4

Appraisals 12

Article XXXIV 14

Eligible Sponsor 15

General 17

IIG 20

Scoring and Ranking 23

Site Control 30

VHHP 32

Application and Documentation

- **I am preparing an application, which will be a resubmittal from last year. Last year the reports (Phase I, PNA, Market Study, etc.) were current but now some of them are more than 12 months old. The guidelines are only specific about the Phase having to be current within 12 months, but what about the PNA and mold report, do these need to be updated? What about other letters like article 34 letter and opening, should this be updated too?**

For a market study, the report or update should be prepared no earlier than 12 months prior to the application due date. An updated market study is described in the joint market study guidelines.

For environmental reports such as a Phase 1 ESA/EIR, the report must be prepared or updated no earlier than 12 months prior to the application due date. If the report was prepared more than 12 months prior to July 12, 2023, MFSN will accept an update letter from the preparer indicating the original report remains valid and there have been no changes to the site. The complete, original report must also be submitted in the 2023 MFSN application. Alternatively, if a Phase II environmental report is recommended by the Phase I, and the Phase II is dated within 12 months prior to the application due date, the Department would accept an older Phase I.

Per the MFSN Round 2 Application Document Checklist, there are no date requirements for the PNA, Mold Report, and Article XXXIV Allocation or Legal Opinion Letter.

- **For the “72. Certification of Fiscal Integrity” attachment (row 128 of the application workbook Scoring tab), do we need something from a CPA, or can the Sponsor/Owner certify that the properties listed for points have maintained fiscal integrity? This question came up last round and a certification was previously accepted.**

Yes, consistent with the 2022 Super NOFA, the Sponsor/Owner certifies that the properties listed for experience points have maintained fiscal integrity. The certification should not include copies of financial statements, operating cash flows, or reserve account statements.

- **We will be applying for MHP funding for a senior project. We plan to have 25% of the MHP-assisted units set aside for special needs seniors (not to be**

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confused with MHP special needs project) but have a couple of clarifying questions on what this means for the project.

Opportunity Area - Our proposed site is in an opportunity zone. The language in the application says the following:

MHP Senior Projects do not qualify for High/Highest Resource Area points unless they also qualify as MHP Special Needs Projects with at least 25% Department restricted Special Needs Units. These may also qualify under the MHP Senior set-aside if they meet the eligibility requirements under MHP Guidelines §7302(e)(2).

The last sentence is confusing. The scoring is generating 5 points for our project as proposed (senior) but I just want to make sure that this is accurate. Because our project is senior with 25% SN but not an MHP special needs project, what documentation, if any, will we need at application from the service providers we will be working with?

As you've pointed out, the 2023 Multifamily Finance Super NOFA, Section IV(C)(1), states that, Multifamily Housing Program (MHP) Senior projects do not qualify for the High/Highest Resource Area points unless the proposal also qualifies as a MHP Special Needs Project with at least 25 percent Department restricted to Special Needs units. If your proposal is just a Senior Project that provides supportive services, then it would not be eligible for the five points.

If the proposal does in fact qualify as both a MHP Senior and a Special Needs Project and you would like the application to be considered for these five points, select both Senior and Special Needs project types in the application, complete all required sections of the application, and include all required upload documents for both project types.

Also keep in mind, under the 2023 Multifamily Finance Super NOFA, Section I(2)(b), once all eligible projects have been scored and ranked, and recommended for awards, the points for location in the High/Highest Resource areas will no longer apply when 48 percent of the Super NOFA have been allocated to Projects located in those areas.

- **If a project involves both adaptive reuse and new construction, which should we show on our application excel?**

Since you are applying for the IIG Adaptive Reuse Set-Aside, in the Excel application's Project Overview tab, under Project Development Type, select "Conversion" for Adaptive Reuse.

- **Does the non-profit managing general partner need to be listed in the application as "Co-applicant"? and if so, do we need to provide additional**

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organization documents in the subsequent sections for the non-profit partner?

Yes, the organizational documents for all entities within the borrower structure will need to be provided at the time of application.

If the managing general partner (MGP) is controlled by the Applicant, then you don't need to list it as a Co-Applicant. However, if the Applicant controls the administrative general partner, you will need to list the MGP, or the entity controls the MGP if there is any, as the Co-Applicant.

- **I am applying to the Super NOFA for my project and I wanted to ask some clarifying questions on the Certificate of Fiscal Integrity. Is this required from an auditor? Are the projects we are getting these numbers for the projects that we are listing as sponsor experience? If not, what is it referring to?**

The Sponsor/Owner certifies that the properties listed for points have maintained fiscal integrity, HCD does not need this letter to come from a CPA or Auditor.

The listed projects are the sponsor/applicant development and ownership experience, specifically what the sponsor/applicant has developed, owned, and operated.

- **Is there an expected release date for the 2023 Program Forms? We are concerned about having enough time to have the resolutions completed for submission.**

We do not have an expected release date for the 2023 resolution templates.

The resolutions are not required to be submitted with the application and are optional. You can use the resolutions from 2022 round 1 if you choose to include in the 2023 application.

*This information can be found in the Multifamily Finance Super NOFA, dated May 18, 2023, section VI. Award Announcements and Contracts, under B. Contracts: To facilitate efficient processing of Standard Agreements, **a condition of the award will be the delivery of a duly adopted and legally sufficient authorizing resolution** and any duly filed or adopted organizational documents not included in the application, within sixty (60) calendar days of HCD's issuance of the conditional award letter.*

- **71. Cert of Employment: Certification of Prior Employment Executed by Previous Employer(s), the certification of prior employment must include**

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verification of the projects listed in this section and the corresponding dates of experience.

Are the corresponding dates of experience the dates for which the principal worked at the previous employer?

Attachment 71 – Certification of Prior Employment (Certification) must be executed by the previous employer(s) and must include verification of the Projects submitted for experience, the Project Names and Dates listed on the Certification must correspond to the experience listed in the MFSN Application Scoring Tab (Universal Scoring Criteria (D)(1) Project Sponsor/Applicant and Property Management Experience).

- **I am applying for MHP with a Special Needs project type. The project’s Special Needs population does not include homeless or supportive housing units. Do I need to complete the application tabs labeled supportive housing: MHP Supportive Services Costs, MHP – Supportive Services Plan, Supportive Housing Exp?**

Yes, the above-referenced tabs that are described as being for supportive services are applicable to all Special Needs project types. Note, these tab descriptions will be more accurately labeled in future applications.

- **I’m a local agency in the process of preparing written findings to submit to HCD to qualify a site for surplus land designation and MFSN points under the state policy priority points category. I am looking for guidance on what is considered sufficient documentation to meet this requirement.**

Local agencies are encouraged to review the [Surplus Land Act Guidelines \(ca.gov\)](#) and to notify HCD at publiclands@hcd.ca.gov in order to clarify documentation requirements and in determining whether land should be declared “surplus land” or “exempt surplus land.”

- **(NEW) If the signed local jurisdiction form is filled out without CEQA or entitlements approved, that will meet threshold?**

For land use approvals (entitlements), the threshold requirement (MFSN Guidelines: MHP section 7303.1(h), FWHG section 204(h), VHHP 202(h)) is that all discretionary local land use approvals have been obtained. The signed local jurisdiction form must evidence that approvals have been obtained, approvals under review do not meet the threshold requirement. If the site is eligible for streamlined, ministerial approval under Government Code section 65913.4, the threshold requirement is that any applications have been submitted to the relevant local government.

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- *For CEQA, the approvals may be pending for the threshold requirement but acknowledgement of submission must be documented. HCD has the responsibility to certify the contents, and this cannot be achieved without evidencing the submission. If the site is eligible for streamlined, ministerial approval under Government Code section 65913.4, refer to the Department's [Updated Streamlined Ministerial Approval Process Government Code Section 65913.4 Guidelines](#) for the inapplicability of CEQA.*

- **(NEW) I am trying to apply for the Multifamily Super NOFA application, and I am having trouble finding the necessary identification number. I was wondering if I can find it through the APN number?**

If you follow the link given in the application (Project Overview tab, Line 177), type in the project site address and click on the location, a pop up will appear with the Census Tract ID number.

- **(NEW) If we intend to re-apply in Round 2 for a project that did not receive funding in Round 1, does the Department expect the Unit Mix and Development Budget to remain the same?**

Yes, especially in the scenario that your project received IIG grant only but not any requested funds from MFSN loan programs, the unit mix should remain the same. If there are any changes to the unit mix, Sponsors need to notify MFSN team for evaluation prior to applying for Round 2. The Department understands that cost may change in the Development Budget. Small changes are acceptable. We would not expect to see a budget of \$30M from Round I changes to \$60M for Round II.

- **(NEW) Please explain how Funding Targets are demonstrated on the application, are we required to specify if we are applying for certain Target?**

Following the Instructions tab of the Excel application and complete all relevant sections of the Application, on the Project Overview Tab, Funding Targets and Statutory Set-Asides information begins on row 29. Ensure this section is complete if you are applying for a target or set-aside.

- **(NEW) When relying on the experience of a Sponsor Principal, is a certification of employment that was submitted for a previous round, still acceptable?**

If the certificate satisfies all the requirements for Round II, then it is acceptable. The requirements include but not limited to the certification has to be certified by previous employer and the experience listed on the certification needs to match the experience on the Excel application.

- **(NEW)** Please confirm that if we don't need the full MHP loan limits on all the project units, we only need to count the units receiving loan limits in calculating the percentage of special needs units for points. As an example, if we use loan limits to fund 80% of the project units, then the special needs calculation would be 25% x 80% to get to full points in this category. Is this correct?

The application calculates the “Percentage of Super NOFA funded Units serving Special Needs” based on inputs in the Unit Mix tab. It is true that if “Other Restricted” is not selected for affordable units that do not need the full MHP loan limit, the percent of Super NOFA-funded units serving special needs will be calculated from this smaller denominator (in your scenario, excluding 20% of the affordable units). If IIG funding is requested, all affordable units are automatically included, and so the Super NOFA-funded units denominator will always equal total restricted units.

However, project type percentages are calculated from restricted units, not Super NOFA-funded units. As one example of potential disqualification issues related to proceeding with excluding units from the “Other Restricted” classification, in this scenario if the project type is special needs, the application would fail threshold for not meeting the 25% of restricted units requirement. Not selecting “Other Restricted” for units that are otherwise shown as affordable in the application will result in an inaccurate total restricted count of units in the Unit Mix tab (except in the case of an application requesting IIG funding), which impacts other calculations in the application and may result in inaccurate results throughout the application. (For example, in the above scenario, the large family project type information in the Max Loan and Grant Amounts tab will be inaccurately based on an incorrect amount of total restricted units.) Applicants are encouraged to avoid this by reflecting all affordable units as restricted units in the application.

- **(NEW)** Does HCD require confirmation from the City that they have received the Application Submission Notification?

Per item 12 on Round 2 NOFA Application: Document Checklist states: (MHP ONLY) The application needs to include a letter “sent” from the Applicant to the relevant local legislative body or tribal governing body that, pursuant to HSC Section 50675.7 (e), notifies the body of the Applicant’s intent to submit a loan application to the Department. Confirmation is not required.

- **(NEW)** Can you please confirm what we should include in attachment “72. Certification of Fiscal Integrity”? Is it simply a signed letter using the projects listed in rows 115-124 of the Scoring tab in the application workbook?

The program will accept a self-certification letter stating that the properties listed for experience points have maintained fiscal integrity since the date of last prepared financial statement. The letter also needs to certify that the properties have maintained a positive operating cash flow from typical residential income alone and have funded all reserves in accordance with the partnership agreement and any applicable loan documents as stated in 2023 MFSN NOFA IV (D)(1)(a).

- **(NEW) Can we skip the self-score? I am trying to start an application but there is a glitch that does not let me move past the initial information intake form.**

<p>* Scoring Criteria Self Score</p> <input type="text" value="110.000"/> <p><i>Invalid number format</i></p>	<p>* Tiebreaker Self Score</p> <input type="text" value="13.019725"/>
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- **Also, we are not certain how much funding we are applying for, so we do not have firm numbers. Can we change these numbers later on?**

Unfortunately, the self-score cannot be skipped. Please refer to the excel application, specifically the Scoring Tab for the Total Universal Project Score, also known as the self-score.

The tiebreaker self-score number format is 6 decimal places. Example: 0.000000.

For your question related to the funding, this information should also be taken from your Excel application. The Department will review the information provided in the application and score the application accordingly. If there is a significant change in the application after submission, the application will be re-evaluated and changes may affect the project's score, the loan or grant amount, and the overall project feasibility determinations. All applications must include a complete application, which means filling out all applicable sections of the excel application and providing the required uploads. A complete application includes providing a development budget and the sources that will finance the development costs.

MHP Section 7303.1(f) is a threshold requirement that the application be financially feasible.

- **(NEW) We are planning to submit a project to the Super NOFA that was recently submitted to the first TCAC 9% round but is not looking like it will win credits this round. For that application, we completed a Market Study with**

2022 TCAC rents. The Application Checklist states that a Market Study completed within 12 months of the application due date is sufficient. Can you please confirm that a Market Study using 2022 rents is acceptable?

As your email alludes to, MHP Guidelines Section 7309(c) require a Market Study report which conforms to TCAC adopted guidelines and must be dated within 12 months of the application date. Any information provided in the Market Study is acceptable for consideration in your application if the document is not expired. Therefore, the market rents contained in said unexpired document would be considered as acceptable information.

Although the Market Study using 2022 rents could be acceptable, MFSN program will utilize the 2023 MTSP Rent Limits for the purpose of underwriting. You can find these limits published to our website at: [2023 MTSP Regular Income Rent & Loan Limits](#).

- **(NEW) I don't see an application form to download so I can fill it out?**

Thank you for reaching out. The application can be found on our website. Under Grants and Funding, you would click on Super NOFA and the application is listed there on that page under Essential Resources. I have provided the link and a snapshot below for reference.

[2023-super-nofa-application.xlsm \(live.com\)](#)

- **(NEW) Do Certificates of Good Standing need to be issued within a certain date or can certificates from previous years be used?**

The Certificate of Good Standing needs to be dated within 30 days of application due date.

- **(NEW) For checklist item 99. Electric Design, can our project architect provide this letter? For item 104. Net Density Verification, how do we know if this is required for our project? I am having trouble finding where this is formulating from.**
 1. *Electric Design item # 99 must be provided by a licensed professional such as an architect.*
 2. *Net Density Verification is a requirement on IIG applications pursuant to MFSN IIG Guidelines Section 200(b)(5). Please provide a minimum density ordinance, recorded binding covenant or date stamped map, and letter certified by a*

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California State-licensed professional such as an engineer, surveyor or architect confirming the Net Density. See also MFSN IIG Guidelines Section 200(b)(3) and Appendix A.

- **(NEW) What are the application document requirements for requesting MHP funding for a large family project type that includes special needs units?**

MHP Guidelines Section 7303.1(l) requires: "Projects with Special Needs Units shall provide services suitable to the needs of the Special Needs Population; and the application shall demonstrate satisfaction of Section 7302(e)(5)(A) – (E), as well as satisfaction of the integration requirement specified at Section 7302(g). Where any Special Needs Unit is additionally restricted by the Department to Homeless or Chronically Homeless, then the application shall also demonstrate satisfaction of Section 7302(f)(1) – (8);"

For applications with Special Needs Units within a different project type (such as Large Family), once the Project Overview and MHP Threshold tabs are completed, as well as the Unit Mix tab completed and "Yes" is selected in the Unit Mix's applicable columns K-N, the required Special Needs tabs will open in the application for completion.

- **(NEW) I am working on the Multifamily Finance Super NOFA (FWHG) and have a question on Application Checklist Item 108. Farmworker Housing Experience: its asks to provide verification experience with occupancy restrictions for agricultural households.**

What are acceptable forms of verifying this experience; are audited financial statements an acceptable form of verification, I need direction for this item.

Some examples of documentation for Checklist Item #108- Farmworker Housing Experience would be a funding commitment letter that shows it is restricted to agricultural households, such as a USDA section 514 loan, or an executed regulatory agreement, or a recorded deed restriction or similar documentation. As a reminder HCD is unable to comment on the sufficiency of documentation that we have not reviewed.

Appraisals

- **We acquired fee simple interest in our property in November 2022. Would an appraisal from 3Q2022 suffice?**

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- **Is it ok for the value of an appraisal to be higher than the value of the land in the development budget since the price of the land was negotiated down after the appraisal was finalized?**

If the application includes land costs or value associated with the project, in the Development Budget, an appraisal is required. For MFSN guidelines appraisal requirements (for example, MHP Guidelines Section 7309), appraisals will be accepted, regardless of date, provided the value supports the costs documented in the Development Budget. It is okay to have the value of an appraisal higher than the cost of the land in the development budget; the land cost as confirmed by the site control document must match what is on the development budget.

*However, if an appraisal is used to support the value of a **land donation** that is included in the MFSN application's development budget, to be considered an enforceable funding commitment for scoring purposes (readiness points and tiebreaker leverage component) the appraisal must be prepared within one year prior to the application deadline. In this scenario, if an appraisal was prepared and submitted in 2022 for a first round MFSN application and the prepared date was no more than 12 months prior to the original June 28, 2022 MFSN application deadline, for this 2023 second round, MFSN will accept a letter update from an appraiser indicating the appraisal amount has not changed. The complete, original appraisal must also be submitted in the 2023 MFSN application.*

- **(NEW) If we have a ½ acre of land donated and the pro-forma includes the value of the land, is an appraisal required?**

Any land cost that is included in the Development Budget requires an appraisal.

- **(NEW) Would a new appraisal be required in the number of units changed?**

If the appraisal was based on the unit count, then yes.

- **(NEW) I have a question on the Appraisal requirements. Section 7309(a)(1) of the MHP Guidelines (Appraisal and Market Study requirements) states that an appraisal must establish a market value for the land to be purchased or leased. Do applicants also need to provide a market value rental rate?**

An Appraisal Market Value Rental Rate is not required.

If the application includes land costs or value associated with the project, in the Development Budget, an appraisal is required. For MFSN guidelines appraisal requirements (for example, MHP Guidelines Section 7309), appraisals will be

accepted, regardless of date, provided the value supports the costs documented in the Development Budget.

However, if an appraisal is used to support the value of a land donation that is included in the MFSN application's development budget, to be considered an enforceable funding commitment for scoring purposes (readiness points and tiebreaker leverage component) the appraisal must be prepared within one year prior to the application deadline.

Article XXXIV

- **I'm working on a project in the City of XXXXX and the City does not have Article XXXIV Authority. However, they did offer to prepare an exemption letter similar to the attached file from a previous project in the City. Can you please confirm if this letter would satisfy the requirements of attachment "40. Article XXXIV Legal Opinion," or if we would need to have our own attorney opine on the subject?**

A legal opinion that addresses all HCD funding as well as other public funding and whether the project is in compliance with or exempt from Article XXXIV is required. The letter should also address the percentage of the project's affordable units in relation to the 49% limit, as applicable. The letter from the Office of the City Attorney is not intended to be an opinion letter and does not include all of the above-listed items. Yes, provide an opinion from the applicant's legal counsel that addresses the Article XXXIV requirements of the NOFA's Section VII.A.

- **Last year we provided developers with an Article XXXIV compliance letter. We have some additional questions. Can the same developer's use this same letter that the City of XXX provided that was dated from last year to apply to the Super NOFA this year? Or do we need to provide them with another letter and re-date it?**

Current documentation, including the Article XXXIV compliance letter must be submitted with the MFSN Super NOFA Round 2 application. If the Sponsor/Applicant should choose to submit previous Article XXXIV documentation, it is the Sponsor/Applicant's responsibility to determine the documentation submitted will meet the requirements of the Multifamily Super NOFA (MFSN) Round 2. If there have been any updates or changes to the Project since the previous round, new documentation may be required. Please refer to the NOFA, MFSN Program Guidelines and the MFSN Application for specific requirements.

- **(NEW) Please explain how IIG assisted and/or restricted units relate to Article XXXIV?**

IIG program, as a program providing infrastructure fund, will not invoke Article XXXIV restrictions itself. MFSN IIG Guidelines section 300(d) states, “Even if IIG-2019 funding is awarded for infrastructure which does not come within the purview of Article XXXIV, if the Affordable Units used to calculate the award are financed by public sources, including other Department funding sources, governed by Article XXXIV, then IIG-2019 funding shall be conditioned upon compliance with Article XXXIV.” It is a Sponsor’s responsibility to evaluate if other funding sources invoke Article XXXIV restrictions and provide the required documentation.

Eligible Sponsor

- **The definitions for emerging developer appear a bit vague. What definition would be used for “equivalent”? Would a developer who has only done affordable senior development be considered an emerging developer for a family project? Does this definition also preclude a market rate developer who has never done affordable, but has done senior market rate, from being considered an emerging developer?**

An Emerging Developer is an entity that has developed, owned, or operated at least a minimum of one (1) but a maximum of four (4) Rental Housing Developments that are equivalent to the proposed Rental Housing Development size, scale, level of amenities, and occupancy.

Equivalent is defined as being equal size, scale, level of amenities, and occupancy of proposed project and previous experience. If the size, scale, level of amenities, and occupancy from the previously developed affordable Senior development is equivalent to the Large Family project proposed, the Senior development experience is acceptable. As an example of equivalency in size, a prior development of 10 units would not be equivalent in size to a proposed development of 100 units.

An Emerging Developer must satisfy experience based on the Rental Housing Development definition from Appendix A.

- **For a Community-Based Developer, would disability competency services qualify as Culturally Competent Services include disability competency services?**

Yes, Culturally Competent Services as defined in MFSN Guidelines Appendix A include providing disability competency services that address the housing needs of people with disabilities. These services include an understanding of integration requirements, accessibility standards, and equal access to services in accordance

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with the non-discrimination requirements of the ADA, Section 504 of the Rehab Act, the Fair Housing Act, FEHA, the Unruh Civil Rights Act, and Government Code 11135.

- **(NEW)** Will a sponsor have the option to choose which projects can count towards their sponsor cap (i.e., pull an application if it looks like we will be over the cap)?

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For the emerging developer co-sponsor, does it matter how the Emerging Developer is listed in the application (i.e., Project Sponsor #1 or #2) to have it not count against the cap?

Regarding the \$80 million limit (MFSN NOFA Section II.E.3.b.), if upon initial ranking a sponsor/applicant exceeds the limit, the lowest scoring project(s) will be skipped. A lower scoring application cannot benefit competitively by withdrawal of a higher ranked application submitted by the same sponsor/applicant. For an emerging developer co-sponsor, it does not matter how the Emerging Developer is listed in the application (i.e., Project Sponsor #1 or #2) to have it not count against the cap.

- **(NEW)** In situations where a partnership between an experienced developer and Community-Based Developer or Emerging Developer, who would be considered Sponsor 1? If the project will not be funded through target funding, who will be considered Sponsor?

Either developer could be listed as Sponsor 1 if both developers are written in the application applying as Sponsors. Final determination of Sponsor 1 or 2 will be spelled out in the Standard Agreement.

- **(NEW)** For FWHG, is a for-profit general partner acceptable?

No. All the entities within the Borrower structure should be independent from any direction of, or control of a for-profit entity.

- **(NEW)** Would a project which has been constructed out of California count for Sponsor experience?

Yes. However, other requirements may apply as for the Sponsor experience, such as 3-4 projects in service more than 3 years, of which 1 shall be in service more than 5 years and 2 shall be Department-regulated or projects utilizing low-income housing tax credits allocated by TCAC. Sponsor needs to fully review the Program Guidelines and NOFA to ensure the experience satisfies program requirements.

- **(NEW)** I am reaching out for some clarity on the structure of the actual ownership of the Limited Partnership for the Affordable Housing project we are looking to apply for. It is our understanding that the partnership must have a non-profit that has the majority of ownership?

The majority ownership of the limited partnership does not have to be a non-profit organization. We are unable to give answers to project specific questions without completing a full review of the application and documentation submitted. However, the program guidelines below provide the guidelines for the qualifications of which organizations are eligible.

- MHP Section 7303: Eligible Sponsor
- FWHG Section 203: Eligible Sponsor
- VHHP Section 203: Eligible Sponsor
- IIG Section 201: Eligible Applicant

General

- **Our organization is looking into applying under the Multifamily Finance Super NOFA. We create affordable homeownership opportunities for families in XXXXX counties. Since our projects create ownership units only – we do not do rental – would we be eligible for IIG and or MHP, assuming we meet the other eligibility requirements?**

Super NOFA funding provides loans and grants for the development of multifamily rental housing, and does not include homeownership.

IIG that includes homeownership is available outside of the Super NOFA and the program can be contacted about future funding availability. AHSC also finances affordable homeownership projects, and can be contacted about future funding availability.

There are other HCD programs that offer funding for homeownership. The HOME program plans to release a NOFA later this year that will include funding for homeownership. Also planned for the future (2024 and 2025) are two more Homeownership Super NOFAs (HOSNs), which include CalHome and Serna-Homeownership.

For local government funding, PLHA and LHTF provide fairly flexible funding to local governments; both can support homeownership projects. You may want to contact your local jurisdiction(s) about these opportunities, amounts available to jurisdictions do vary.

- **With regards to restricting units to a special needs population, do all members of a household need to meet that population requirements or could the requirement be met by a portion of the household? For instance, could a family caring for a child with disabilities qualify?**

For units restricted to occupancy by Special Needs Populations, not all members of a household must be Special Needs Populations in order for the unit to qualify as a Special Needs designated unit. A family caring for a child with disabilities would qualify for this designation.

- **In a scenario where a project requests IIG + MHP:**
- **The project requests \$2MM in IIG because it has \$2MM in eligible IIG costs.**
- **The project requests \$4MM in MHP.**

The MHP funds have been depleted by the time this project is reached in the ranking order. How would the \$4MM MHP request be augmented if the MHP funds have run out? The project has no other IIG eligible costs beyond the \$2MM, so the additional \$4MM couldn't come from IIG right?

In this scenario would the project still receive the \$2MM in IIG funds if it is competitive for those funds, even if there was a \$4MM "gap" because the MHP funds have run out? Or would the IIG app be knocked out all together?

We are trying to determine if it makes sense for projects to seek MHP funds or try to close gaps using other non-Super NOFA sources (which are equally if not more competitive). Ultimately, we want to apply for IIG for this project, and if we can MHP too, but we don't want to jeopardize the IIG funds by going for MHP as well.

In the scenario described, it is unlikely that the MHP funds would be augmented if the NOFA's MHP funds are depleted prior to the project being reached in ranking order, including if this is the next-ranked project (or next in line if the next ranked is skipped). In this scenario, we do not anticipate funding the IIG portion if there is also an MHP request which would go unfunded due to depletion of the NOFA's available MHP funds.

The NOFA's augmentation provision anticipates a scenario where MHP funds are nearly but not completely depleted, and there is enough MHP remaining to fully fund the next ranked project's MHP request if up to \$5 million additional MHP were to be added to the \$236 million approximate funding available. For example, if \$5 million MHP remained after the preceding ranked application and the next ranked is a \$10 million MHP request, an augmentation would be made to fully fund the project, and then no more MHP would be awarded from this NOFA.

- **Does the non-profit managing general partner need to be listed in the application as “Co-applicant”? and if so, do we need to provide additional organization documents in the subsequent sections for the non-profit partner?**

Yes, the organizational documents for all entities within the borrower structure will need to be provided at the time of application. If the managing general partner (MGP) is controlled by the Applicant, then you don't need to list it as a Co-Applicant. However, if the Applicant controls the administrative general partner, you will need to list the MGP, or the entity controls the MGP if there is any, as the Co-Applicant.

- **Section 3b of the 2023 MFSN states that each sponsor/applicant is limited to no more than \$80M in MFSN grant or loan awards of any type. Can a sponsor still apply for more than the \$80M with the understanding that only a max of \$80M could be awarded?**

Sponsors/Applicants may apply for more than \$80M awards, however the total Loan/Grant awards will be limited to a maximum of \$80M.

- **(NEW) What is the minimum term for rental subsidies?**

An application's feasibility will be reviewed pursuant to UMR Section 8310, which requires: "The Project must demonstrate a positive cash flow for 15 years, using income and expenses increase rate assumptions specified in California Code of Regulations, Title 4, Section 10327. If projected Project income includes rental assistance or operating subsidy payments under a renewable contract, the Department may assume that this contract will be renewed, where the renewal of the rental assistance or operating subsidy is likely." Refer to the MHP Guidelines Section 7312.1 and the Department's Pooled Transition Reserve Policy for additional information and requirements.

- **(NEW) The NOFA states that all applications and attachments become public record, what is the process for obtaining those records?**

This is the link which provides instructions of obtaining public record [Public Records Requests | California Department of Housing and Community Development](#)

- **(NEW) I have a question on the MHP guideline. Under the section 7304(b)(4), it says the eligible costs include construction and rehabilitation work. And under section 7306(a), it says the program fund shall be used for post-construction, permanent financing only. Could you tell me how I should interpret these?**

MHP funds are made available as a permanent funding source and are not available for construction period financing. Eligible use of funds includes construction and rehabilitation work, but the timing of when these funds are disbursed is not during the construction period.

IIG

- **I was hoping HCD might clarify a few items with regards to the upcoming Super NOFA:**

For the IIG Adaptive Reuse Set-Aside, do projects that involve both adaptive reuse and new construction qualify?

Please confirm whether a project requesting IIG alone and not funds from other programs will earn full points in the “Total Percentage of Multifamily Finance Super NOFA-funded Units Serving Special Needs Populations, Agricultural Households” points category without restricting any units for a Special Needs or Agricultural population.

Yes, Projects that involve both adaptive reuse and new construction would qualify for the IIG Adaptive Reuse Set-Aside. For this set-aside, the use of IIG Program funds is limited to expenses related to the Adaptive Reuse portion of the project and site. Refer to IIG Program Guidelines dated May 18, 2023 Section 203 Eligible Use of Funds for a complete list of capital asset-related expenses. If applying for the IIG Adaptive Reuse Set-Aside, in the Excel application’s Project Overview tab, under Project Development Type, select “Conversion” for Adaptive Reuse.

For a project requesting IIG alone and no other program funds, please see Multifamily Finance Super Notice of Funding Availability Dated May 18, 2023, Section IV. Universal Scoring Criteria (2): If an application requests IIG program funds only and no other MFSN Super NOFA funds it will automatically receive 10 points in the “Total percent of Super NOFA” category.

- **The below section of the IIG regulations states that the Recipient/Sponsor must have an easement and encroachment permit for any off site. If any offsite work is done, such as improving the sidewalks adjacent to the site, the Developer (Sponsor/Recipient) typically does not secure the encroachment permit and any necessary easements until shortly before the start of construction, or even after the construction of the housing has commenced in some cases. I want to confirm are the easement and encroachment permit requirements required at time of application or when the construction actually starts?**

Additional Questions? Please email: SuperNOFA@hcd.ca.gov

Pursuant to IIG Guidelines Section 202(m)(2)(A) & (B): “The following shall apply to offsite work proposed for Capital Improvement Projects:

- A. Recipient shall have a right of way or easement, which is either perpetual, or of sufficient duration to meet Program requirements, and which allows the Recipient to access, improve, occupy, use, maintain, repair, and alter the property underlying the right of way or easement; and*
- B. Recipient shall have an executed encroachment permit for construction of any improvements or facilities within the public right of way or on public land.*

Such easement or encroachment shall be fully executed/recorded and enforceable prior to disbursement of funds but are not required at time of application.

You may also want to refer to the Guidelines and UMR Section 8303 that provide the requirements of Site Control. At the time of application due date, a Sponsor must have site control of the proposed Project property (all parcels, sites and land associated with the Project).

- **I am reviewing the Multi-Family Super NOFA 2023 and have a question regarding IIG eligibility. We are considering applying for a mixed-use development that includes both rental and homeownership units. Are we able to request funds for the homeownership units as well as the rental units?**

Super NOFA funding provides loans and grants for the development of multifamily rental housing, and does not include homeownership. Only the rental portion of the development would be eligible.

IIG that includes homeownership is available outside of the Super NOFA and the program can be contacted about future funding availability. AHSC also finances affordable homeownership projects, and can be contacted about future funding availability.

There are also other HCD programs that offer funding for homeownership. The HOME program plans to release a NOFA later this year that will include funding for homeownership. Also planned for the future (2024 and 2025) are two more Homeownership Super NOFAs (HOSNs), which include CalHome and Serna-Homeownership.

For local government funding, PLHA and LHTE provide fairly flexible funding to local governments; both can support homeownership projects. You may want to contact your local jurisdiction(s) about these opportunities. Amounts available to jurisdictions do vary.

- **We're currently applying to the Super NOFA for MHP funds and are wondering if we might also qualify as an applicant for IIG. We qualify as an eligible**

applicant under Section 201 (A nonprofit or for-profit developer of a Qualifying Infill Project), but I'm a little confused by this additional Eligible Applicant qualification: Eligible Applicant means a city, county, city and county, or public housing authority that has jurisdiction over a Catalytic Qualifying Infill Area. A metropolitan planning organization may participate as a co-Applicant." Does this mean that we only qualify if we're in partnerships with a greater authority? If so, would a City Council District meet this requirement?

MSFN Super NOFA dated May 18, 2023, Section 201 (a) (b) defines an Eligible Applicant as required for the IIG program that is included within the Super NOFA round 2. The additional qualification you are questioning "Eligible Applicant means a city, county, city and county, or public housing authority that has jurisdiction over a Catalytic Qualifying Infill Area. A metropolitan planning organization may participate as a co-Applicant." is from the IIGC program that is not included within the Super NOFA. For further information regarding this program can be found by emailing infill@hcd.ca.gov.

- **(NEW)** If a project includes new construction and planned reuse of an existing commercial building applies for the IIG & MHP and receives funding in the Adaptive Reuse set-aside, can the funds still be used for the project.

Yes, as long as the IIG funds received are allocated to Adaptive Reuse portion of the project.

- **(NEW)** For an IIG application only, is a Supportive Services Plan required?

No, a Supportive Services Plan would only be required for MHP Special Needs projects and VHHP Supportive Housing project.

- **(NEW)** I would like to confirm that a city can be a sponsor or applicant in the IIG program?

Per IIG Guidelines Section 201, a city is not an eligible Applicant for IIG funds within MFSN program.

- **(NEW)** We have a project that is only submitting an application for IIG under this Super NOFA, there are no special needs units.

Are IIG-only projects subject to UMR Section 8314(e) supportive service cost limits? I'm not seeing the supportive services costs tab pop up on the Super NOFA workbook.

Do IIG-only projects have to submit attachment 107. Supportive Services Verification? I believe the answer is no because I'm not seeing it appear in the excel workbook for our IIG-only project but want to confirm. Do any sort of service provider contracts need to be provided for IIG-only projects with no special needs units? The requirement to include a contract in the application only appears to fall under 53. LSP Exp Contracts for "Supportive Housing Exp" tab. That tab is not un hiding itself in the application workbook for our IIG-only project.

1. Because IIG is a grant program that funds the infrastructure around the project, UMR Section 8314(e) does not apply. If you were to apply for MHP, VHHP, or FWHG in addition to IIG and the units in the project were Special Needs (SN) or Supportive Housing (SH), then UMR Section 8314(e) would apply.

2. No supportive services verification document (Attachment 107) is required for IIG-only projects unless you are also applying for MHP, VHHP, or FWHG and the units are SN or SH.

3. No service provider contract is required for IIG-only projects unless you are also applying for MHP, VHHP, or FWHG and the units are SN or SH.

Scoring and Ranking

- **NOFA Section IV.C.2 – Points for % of Unit Serving Special Needs – Our special needs units are the 20 VHHP units awarded in 2020. If we stack the MHP assisted units for the current Super NOFA on top of these VHHP units, can we get the 10 points despite footnote 8 which says, 'This does not include any Units funded under a prior NOFA or Super NOFA round'? It would be very counter to HCD's stated goals of funding partially funded projects to exclude projects whose special needs units were part of a prior NOFA from these points. Projects without these points and not falling into a set-aside will not get an award without these points.**

Correct, in the scenario above if MFSN MHP is assisting or restricting units designated as Special Needs (and reflected as such in the Unit Mix tab of the Excel application), the application will be eligible for points according to the percentages in the NOFA's scoring criteria table for this point option.

- **Our project is in a Major Disaster Declaration Area. It is from the flooding this winter, which included many of the counties in the state. However, our project's county was in the area for individual assistance, which only included**

16 counties. Would that qualify for the FEMA Major Disaster Declaration pathway for the 5 points in land use approvals?

For projects requesting land use approvals points that include alternative documentation for FEMA Major Disaster Declaration areas, all FEMA Major Disaster Declaration designated areas and assistance types are included, both Individual Assistance and Public Assistance. The scenario described would not qualify if there are additional Public Assistance counties that in total exceed 20 counties for the declaration.

- **As we work to understand the competitiveness of our applications, I had a question about how the Affirmatively Furthering Fair Housing Soft Cap on points for projects in High/Highest Resource Areas would be implemented. Will it be utilized separately in each set-aside and target similar to how CDLAC has implemented their cap? Or will it just be for the total amount of funds? I worry that if it is just implemented for the total amount of funds, it will concentrate the High/Highest Resource projects in a single region and not fairly spread out funds for lower opportunity areas across the various regions of the state. I am hopeful you will be following the CDLAC methodology but was not sure after reading the NOFA.**

Thank you for your inquiry. Scoring points for locations in High/Highest Resource areas will no longer apply when 48 percent of the Super NOFA funds have been allocated to projects in that area as cited in the 2023 Multifamily Finance Super NOFA, Section I. Scoring and Ranking(2)(b). This calculation will not be done separately within each set-aside and target, it will be made based on total Super NOFA funds.

- **I'd like to request clarification of language in the MHP Guidelines and AB434 Super NOFA as it affects joint ventures and/or partnerships between an Emerging Developer and a more experienced developer. Section 7303(e) of the MHP Guidelines indicates that "Solely for the purpose of applying to the Emerging Developer funding target, an Emerging Developer shall qualify on its own as a Sponsor so long as the Emerging Developer meets the experience requirements set forth in the Defined Terms Appendix A."**
Section 7303(g) describes states that "if an Emerging Developer or Community-Based Developer relies upon the experience of a co-Applicant to qualify for funding outside of the funding target", a number of conditions are required of the co-Applicant and the partnership agreement between the two entities.

- **If an Emerging Developer (per the definition in Appendix A) partners with a more experienced developer in accordance with Sec. 7303(g), is that application eligible to compete for the Emerging Developer funding target as described in the Super NOFA Section I.2.a.? And if that funding target is exhausted, can the experienced developer/Co-Applicant's experience then be considered in scoring the application in the broader overall allocation as described later in that Super NOFA subsection?**

Please refer to the 2023 NOFA Section II.1.2., Ranking Overview, page 17: Experience points will not be considered in the ranking of the Emerging Developer target; however, the experience point category will be applicable if an application is unsuccessful in the Emerging Developer target and is then ranked with the remaining unfunded applications.

- i. Within the Emerging Developer target, priority will be given to Emerging Developers that are not applying jointly for the funds (i.e., with experienced co-Applicants).*

Also please refer to the 2023 NOFA Section II. Program requirements F. Emerging Developers: To the extent possible, approximately 7.5 percent of the total Multifamily Finance Super NOFA funds, or approximately \$43,200,000. Experience points will not be considered in the ranking of this target.

Yes, if an Emerging Developer (per the definition in Appendix A) partners with a more experienced developer in accordance with Sec. 7303(g), that application is eligible to compete for the Emerging Developer funding target as described in the Super NOFA Section I.2.a., but it will be prioritized below Emerging Developers that are not applying with experienced co-Applicants.

Yes, if the Emerging Developer funding target is exhausted, the experienced developer/Co-Applicant's experience can then be considered in scoring the application in the broader overall allocation as described later in that Super NOFA subsection.

- **If a project has a pending AHSC application, and all other permanent/ construction sources are committed, can the project claim the full 5 points for project readiness?**

The Super NOFA states on page 28, E – Project Readiness 1 (a) and (b) EFC is required. An application for other Department funds is not a commitment as defined in Appendix A of the guidelines under Enforceable Funding Commitment (EFC). Item 3 under the EFC in appendix A states - Funds awarded by another Department

program. Proof of award must be issued prior to final rating and ranking of the Program application.

The NOFA further clarifies this is as of 9/30/23: To receive points under paragraphs (a) and (b) above for deferred payment financing, grant funds, or subsidies from other Department programs, these funds must be awarded prior to September 30, 2023. In this scenario, if AHSC is included as a development source and an AHSC award is not received, the application will not be eligible for the five Project Readiness points for permanent financing. If AHSC is not included as a development source and an AHSC award is received (pursuant NOFA III.E, page 19), the MFSN award would be reduced “commensurately with any amounts awarded under another HCD program NOFA.”

- **Regarding the Lowest Weighted Average Affordability tiebreaker section, does a COSR qualify as rental assistance when the targeted income restriction is less than 40%?**

*Regarding the Lowest Weighted Average Affordability tiebreaker section:
For purposes of this calculation:*

- *Units with federal project-based rental assistance shall be assigned targeted Rent levels no lower than 30 percent AMI regardless of their actual income targeting;*
- and*
- *If the average affordability of all unadjusted residential Units, exclusive of Units with rental assistance, is less than 40 percent AMI, then the calculation shall assume a targeted Rent level of 40 percent AMI for each residential Unit that does not have rental assistance.*

For the first bullet above, a COSR would not qualify as federal project-based rental assistance. For the tiebreaker component, units with federal project-based rental assistance will be assigned the targeted level in the Unit Mix tab, but no lower than 30% AMI.

For the second bullet above, for the tiebreaker component, units will be assigned the targeted level in the Unit Mix tab unless the average affordability is less than 40% AMI. If the average is less than 40 percent AMI, then the calculation shall assume a targeted Rent level of 40% AMI for each residential unit.

The application’s Scoring tab calculates the above tiebreaker component.

- **Can you confirm what documents projects need to provide to evidence and get all 4 points for 84. Land Use App Submission?**

In order to obtain the 4 points for NOFA Section IV(E)(2)(a)(ii) you must provide the Local Approval and Environmental Review Verification Form (Attachment #89) completed by the local jurisdiction or governing body notating the land use approvals

are Under Review and where the application has been neither approved nor disapproved.

UPDATE: Please note, for land use approvals (entitlements), the threshold requirement for Super NOFA loan programs (MFSN Guidelines: MHP section 7303.1(h), FWHG section 204(h), VHHP 202(h)) is that all discretionary local land use approvals have been obtained. The signed Local Approvals and Environmental Review Verification form must be submitted and must evidence that approvals have been obtained if applying for one of these programs; approvals under review do not meet the threshold requirement.

If the site is eligible for streamlined, ministerial approval under Government Code section 65913.4, the alternate threshold requirement is that any applications have been submitted to the relevant local government (no form required).

- **For threshold and scoring requirements relate to local land use approvals, if the project site is not utilizing the streamlined ministerial process and my project's approvals are complete and signed off by the local jurisdiction using the MFSN application's Local Approvals and Environmental Review Verification form, do I need a legal opinion and certification that the project reasonably meets the eligibility requirements for streamlined, ministerial approval?**

No, the MFSN Guidelines Threshold Requirement of documenting an application to the local jurisdiction for streamlined, ministerial approval and the NOFA Universal Scoring category Project Readiness requirement of a legal opinion and certification are not required when a project site is not utilizing the streamlined ministerial process.

- **In the NOFA's Universal Scoring category Project Readiness point option for Organizational Documents, can you explain what is meant by the requirement to submit a full set of organizational documents for "all constituent tier entities?"**

Points can be awarded if the ultimate borrowing entity as identified in UMR 8301 and 8313.2, along with all affiliated entities (General Partner, Administrative Partner, Managing General Partner) are fully formed, filed with the state, and have all required organizational documents submitted by the application due date (see the Excel application's Document Checklist for a list for additional information). Organizational documents are required for all entities between (and including) the sponsor and the borrowing entity and must establish how all constituent tier entities are controlled by the sponsor.

- **The tiebreaker section of the application indicates that all state credit equity must be removed from the “leverage of other funds” component. Do you intend on discounting 9% projects utilizing state tax credits in the Super NOFA tiebreaker the same as 4% projects utilizing the highly competitive state tax credits?**

As indicated in NOFA Section IV.H.2.c. and the Excel application’s Tiebreaker Score section, all state tax credit equity must be removed from the tiebreaker’s calculation of leverage of other funds. This includes equity associated with both 9% and 4% tax credits. To ensure the self-score calculation is correct, input the state tax credit equity amount from the development sources in the Project Overview tab (row 158).

- **(NEW) In Round 1, projects were partially funded. For example, if a project requested both MHP and IIG, and MHP funds were exhausted but there were still IIG funds available, HCD partially funded this project with IIG. In this Round 2, will you continue to partially fund projects?**

The NOFA Section I indicates that proposed rating and ranking system aims to minimize the number of partially funded projects. Until all applications are received and ranking is complete, it is unknown whether any projects may receive partial funding. However, the ranking process as detailed provides no scenario for partial funding.

- **(NEW) If the next-ranked application is requesting more than half of what remains in the target, the next highest-ranking Projects will be funded until at least 6% of the funds are used for each target or there are no more eligible Projects for the target. Could you explain how this 6% rule would work and provide an example? Why would an application be skipped if it asks for more than 50% of remaining funds but less than 100% of remaining funds in a target?**

If the next-ranked application is requesting more than half of what remains in a funding target such as for emerging developers, the next highest-ranking projects will be funded until at least 6 percent of the funds are used for each target or there are no more eligible projects for the target. If \$10 million remains in the target and the next-ranked applicant is requesting \$20 million, that application will be skipped for the next-ranked application requesting no more than half of what remains in the target until at least 6 percent of the target funds are used.

- **(NEW) If the next ranked application according to the Universal Scoring Criteria is requesting more than half of what remains in program funding, the application will be skipped. Why would an application be skipped if it asks for**

more than 50% of remaining funds but less than 100% of remaining funds in program funding?

As an example, if \$100 million in total NOFA funds are remaining, inclusive of \$10 million in MHP remaining, and the next-ranked application requests \$25 million in MHP, that application will be skipped because it is requesting more than half of the remaining \$10 million in MHP funds.

- **(NEW) Enforceable Funding Commitments are not required for 4% and 9% credits. We're assuming that commitments are not required for state credits since these are also tax credits. Could you please confirm how state credits are treated here given they are now excluded from the tiebreaker?**

For Project Readiness points for financing commitments, a state tax credit equity commitment is excluded from the required Enforceable Funding Commitments.

- **(NEW) I have a question related to points awarded for Public Excess Lands. Are there guidelines for how a local agency should declare something to be declared surplus land? I couldn't find details in the Super NOFA guidelines.**

Please see the following link for the requested guidelines: [Surplus Land Act Guidelines](#). You can also contact publiclands@hcd.ca.gov with questions. Additional information is available here: [Public Lands for Affordable Housing Development | California Department of Housing and Community Development](#)

- **(NEW) Can you point us to an HCD memo or UMR / MHP guidelines section prohibiting the use of residual receipts to pay the ground lease for an HCD MHP funded project? We heard today on the Super NOFA meeting that ground leases paid by residual receipts were prohibited by HCD but are looking for written guidance, requirements or regs to show our City partner. We are working with a City partner that has assessed the fee simple value of the land for \$10 MIL + which it has proposed ground leasing to us for the full capitalized value covered by a note requiring payment by residual receipts of that value over time.**
- **Our related question is that if our City partner agrees to a \$1 per year ground lease for 65 years and essentially donates the \$10 MIL + value, this full donated value can be recognized by HCD for scoring purposes provided the \$10 MIL valued was appraised within 12 months of the execution of the Development & Lease Agreement (which we equate to a purchase & sales agreement). If there is a flaw in this logic regarding valuing the ground lease for application purposes, please let us know.**

Statements made regarding ground lease residual receipts payments were related to specific scoring sections of the NOFA, including the surplus land point option and the tiebreaker leveraging component. In these scoring sections, residual receipts payments are not allowed on ground leases qualifying as land donations.

Regarding your related question, if your city partners agree to a \$1 per year ground lease for 65 years and donates the amount supported by the appraisal (appraised within 12 months of the execution of the Development & Lease Agreement), this would receive points under the Universal Scoring Criteria.

Site Control

- **Our organization intends to apply for funding to the upcoming Super NOFA round. We have a question regarding site control: We have an Exclusive Negotiation Agreement along with an addendum with lease terms signed with the City of XXXXX for the land, which is currently owned by the City. Will this meet site control criteria for application purposes, in lieu of a DDA?**

Thank you for your question regarding site control. The Department is unable to provide complete and comprehensive guidance in response to project-specific questions. The response provided below is general information not to be relied upon for project-specific site control scenarios. The 2017 Uniform Multifamily Regulations (UMR), Section 8303 Site Control Requirements and Scattered Site Projects, Section (a) (1-6), provides a comprehensive list of documents acceptable to satisfy site control requirements, and includes “an agreement with a public agency that gives the Sponsor exclusive rights to negotiate with that agency for acquisition of the site, provided that the major terms of the acquisition have been agreed to by both parties.” A fully executed Exclusive Negotiation Agreement (including all exhibits and addendums) that complies with UMR site control requirements and the site control requirements of the applicable MFSN program guidelines (for MHP, see section 7303.1(o)) is acceptable documentation of site control.

- **Will a low-cost ground lease from a public entity count as a land donation, similar to the TCAC guidelines?**

A ground lease can be represented as a land donation in a Super NOFA application if the ground lease comes from a public entity and complies with the leasehold security requirements of UMR Section 8316, the threshold site control requirements of the applicable Super NOFA Designated Program(s) Guidelines, has no lease payments in addition to \$1 per year (there must not be any additional lease payments based on project cash flow/residual receipts), and is supported by an appraisal dated within 12 month of the application due date.

- **Can you confirm what dates you will look for specifically for site control? Is through the end of 2023 enough?**

Site Control documentation will need to be valid through the Program Award as specified in the 2023 Multifamily Finance Super NOFA, Section II(D), page 5. The Round 2 awards are anticipated to occur any time between December 2023 or January/February 2024.

“If an Applicant’s site control documentation (e.g., option) will or may expire prior to the anticipated date of the Program Award as specified in the NOFA, the Applicant will satisfy the threshold site control requirement so long as evidence of a valid extension is submitted during the application review period.”

Please visit the Multifamily Finance Super NOFA website at [Super NOFA | California Department of Housing and Community Development](#) and review the following Guidelines for further information on Site Control:

*Multifamily Housing Program Guidelines Section 7303.1(o)
Joe Serna, Jr., Farmworker Housing Program Section 204(p)
Veterans Housing and Homelessness Prevention Program, Section 202(o)
Infill Infrastructure Grant Program, Section 202(l)*

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VHHP

- **What satisfies the transportation requirement established in VHHP Guidelines, Section 214(b)(4)?**

The VHHP Program does not dictate how this requirement is met, but successful applications that meet this requirement have described use of acquired or provided bus passes/tokens or various locally available public transportation services available at no charge to particular target populations. Others have met this requirement by partnering with organizations that receive funding to provide transportation. Meeting Section 214(b)(4) also requires establishing a cost (cash or in-kind) appearing in the Supportive Services Budget and described consistently in the required formal agreement between owner/Sponsor and Lead Services Provider (LSP).

- **How are VHHP projects designed? Do developers design the project and then find a Lead Services Provider, or the other way around?**

The VHHP Program establishes no design standard for except for disability accessibility and safety and security and others that may be proposed in pursuit of competitive scoring. Project proposals that include Supportive Housing are generally better positioned to support veterans experiencing homelessness if the LSP is enabled to provide design input regarding the elements that facilitate evidence-based case management practices and maximal opportunities for veteran tenant services engagement, confidentiality, and community building.

- **How are Disabled Veteran Business Enterprises (DVBEs) located and how is evidence of working with them reported?**

DVBEs are certified through the California Department of General Services (DGS). The DGS webpage located at <https://caleprocure.ca.gov/> [caleprocure.ca.gov] offers a directory tool to assist in locating DVBEs by clicking "Quick Links" near the top of the screen. To satisfy completed application requirements, the information needed is

identification of the DVBE Plan Administrator (single point of contact) responsible for facilitating the requirement established in VHHP Guidelines Section 217(a) and a DVBE Utilization Plan referenced in Section 217(a)(1)(B). A list of DVBE subcontractors (or use of DVBE as general/prime contractor) will not be expected until after applications are successfully awarded and prior to the commencement of construction activities.

- **What commitments must be included in letters requirement established in VHHP Guidelines Section 214(b)(8) & (9)?**

Commitment letters are not the same as letters of support. Letters of support, typically submitted with applications, are affirmative statements corroborating need, or demand, for the development. Commitment letters establish awareness that the project will be operating and the number of VHHP Assisted Units, that the particular service(s) will be available in a manner featuring veteran cultural competency, and will be performed by the provider at no cost to the Veteran tenants. Only commitment letters for Minimum Services are required at application, but commitments for physical health, mental health, and substance use treatment will likely be planned with the VA (via the USDVA Support Form), but also must be planned with community-based providers to account for Veterans choice and service made available to Veterans who do not qualify for or cannot access VA healthcare. Services performed directly by the LSP do not require commitment letters, but a description of how those services will be delivered (specific staff/division and other resource commitments) must be clear and specific in the formal agreement. The source and expense of services directly performed by the LSP should appear in the Supportive Services Budget as in-kind.

- **If the Sponsor and LSP are the same, can public agency contracts showing that the organization is the project Sponsor be used as qualifying LSP experience if the Sponsor has relied upon the VA for case management?**

In these cases, situationally specific details must be understood. If attempting to establish experience in this way, additional agreements establishing roles and responsibilities between the project and the VA must be included. If the claimed experience includes only a relationship of property operations oversight and VA as provider, and not a relationship similar to what is required of VHHP owner/sponsor and LSP (enabling the VA to perform case management and establishing prime responsibility of maintaining housing stability and accommodations to tenants versus prime responsibility of operating and maintaining the property), then the experience will not be counted. Public contracts verifying experience qualifications must refer to the combined Sponsor/LSP organization is a supportive services provider in the homelessness space, and not solely a project sponsor. If the contract does not clarify the service provider qualification, then other agreements establishing roles and responsibilities must be included or program application materials preceding the

public contract must be included to show clear primary responsibility for performing and/or overseeing and reporting on supportive services that include Homeless Management Information System (HMIS) reporting and comprehensive case management.

- **If the Sponsor and LSP are the same, is a formal agreement still required?**

Yes. The purpose of the formal agreement is shared understanding of commitments, roles and responsibilities established in the Supportive Services Plan. If the Sponsor and LSP are the same, then the agreement must be signed by the chief executive or designee and the leader of the organization's extension that is defined and qualified as LSP.

- **Would the VA qualify as the LSP for the VASH units?**

No. Lead Service Provider (LSP) is responsible for implementation of the Supportive Services Plan, not just the services provided through HUD-VASH. The VASH vouchers should not apply to all VHHP assisted units. VASH only serves veterans with disabilities; therefore, it may not comply to VHHP Guidelines Section 201(h). Additionally, VHHP Guidelines Section 210(d)(2) requires a minimum of 10 percent of Supportive Housing Assisted Units shall be prioritized for occupancy by Veterans who are ineligible for VA health care and/or HUD-VASH. As VA cannot provide services to all VHHP Supportive Housing Assisted Units, it would not qualify to be the LSP. However, Sponsor can contract another LSP who partner with VA to provide services for VASH units.