

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF STATE FINANCIAL ASSISTANCE**

2020 W. El Camino Avenue, Suite 670, 95833
P.O. Box 952054
Sacramento, CA 95833
(916) 263-2771
www.hcd.ca.gov



October 29, 2021

MEMORANDUM FOR: All Potential Applicants

FROM: Jennifer Seeger, Acting Deputy Director
Division of Financial Assistance

SUBJECT: **No Place Like Home Program**
Amended Notice of Funding Availability
Noncompetitive Allocation Funds

A handwritten signature in blue ink that reads "Jennifer Seeger".

The California Department of Housing and Community Development (HCD) is pleased to announce the availability of approximately \$19 million remaining in Noncompetitive Allocation (NCA) funds for the No Place Like Home (NPLH) program. **This NOFA will be the final opportunity for eligible applicants to request uncommitted NCA NPLH funds.**

The NPLH program provides deferred payment loans to counties applying independently and to Counties applying with a Development Sponsor for the development of Permanent Supportive Housing for people with a serious mental illness who are Homeless, Chronically Homeless, or At-Risk of Chronic Homelessness. NPLH funds must be used to acquire, design, construct, rehabilitate, or preserve Permanent Supportive Housing, which may include a Capitalized Operating Subsidy Reserve (COSR).

Funding under this NOFA is provided through the sale of general obligation bonds with interest payments on the bonds funded through the Mental Health Services Fund of the Mental Health Services Act (MHSA). All remaining uncommitted Noncompetitive Allocation funds will be awarded in Round 4 through this NOFA or transferred to the Competitive Allocation for award under that Round 4 NOFA.

All amendments are identified in red font. Amendments to this NOFA do the following:

- Provide updated NCA total funds available
- Provide updated individual balances for those Counties that accepted their NCA funds by August 15, 2018
- Provide the new deadline for submitting NCA applications that are not also using NPLH Competitive Allocation funds
- Update per-Unit subsidy limits
- Update HCD's requirements on layering two or more HCD funding sources on the same units ("stacking")
- Update the application submission procedures

- Update the application deadline and anticipated date for receipt of award letters
- Update the appeal submission contact information
- Provide clarification on the eligibility of Native American Tribal organizations as NPLH Development Sponsors and include other provisions implementing AB 1010 (Garcia)

NPLH funds are made available through an NCA and a Competitive Allocation. Eligible applicants wishing to use only NCA funds, and not a combination of NCA and Competitive Allocation funds in their Project, should submit their Project application using the NCA application forms provided with this NOFA. Eligible applicants wishing to use both sources of NPLH funds in their Project must apply using the Competitive Allocation NOFA and Competitive Allocation Application forms available on our website.

For Projects funded under this NOFA, HCD will make individual awards on an over-the-counter (OTC) basis, rather than on a competitive basis. For OTC funding, applications are accepted and evaluated, on a first-come, first-served basis, at any time until the specified closing date or until the available funds are exhausted. Funds are awarded to those applicants that meet the minimum threshold criteria. **Projects must be located within Counties that still have sufficient NCA funds available within their individual allocation, and that have been granted an extension by HCD to submit an application utilizing their NCA funds.**

Eligible Project applications to be submitted to HCD under this NOFA are multifamily rental projects of five or more Units located in Counties other than the Alternative Process Counties (APCs) of Los Angeles, San Diego, Santa Clara, and San Francisco. Except as noted below, Project applications located in the aforementioned Counties must have been submitted directly to the appropriate County in accordance with the County's own application requirements. For a list of these APC County contacts, see the most recent HCD award list to the APCs at [No Place Like Home Program \(ca.gov\)](#).

Note that the Tri-Cities of Pomona, Claremont, and La Verne, and the City of Berkeley, are considered separate Counties under the NPLH statute because they receive a direct allocation of Mental Health Services Act (MHSA) funds. Projects submitted under this NOFA located in these cities must be submitted directly to HCD with these cities as the eligible applicant.

HCD's NPLH application forms, Guidelines, and application training information are available on the [program website](#).

All Application materials submitted to HCD must be submitted electronically via the Financial Assistance Application Submittal Tool (FAAST) system no later than 5:00 p.m. Pacific Standard Time on the application deadline. HCD will no longer accept hardcopy submittals

For applications funded under this NOFA requesting only NCA funds from NPLH, This deadline is February 1, 2022, 5:00 p.m. Pacific Standard Time.

For Projects requesting both NPLH NCA and Competitive Allocation funds the deadline for these applications is listed in the Competitive Allocation NOFA.

To receive information on workshops and other updates, please subscribe to the [NPLH listserv](#). Questions about this NOFA and application process can be directed the NPLH email box at: NPLH@hcd.ca.gov.

NO PLACE LIKE HOME PROGRAM

Amended 2018 Notice of Funding Availability Noncompetitive Allocation Funds



**Gavin Newsom, Governor
State of California**

**Lourdes M. Castro Ramírez
Business, Consumer Services and Housing Agency**

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

2020 West El Camino Avenue, Suite 500, Sacramento, CA 95833 Telephone: (916) 263-2771
Website: <http://www.hcd.ca.gov/grants-funding/active-funding/nplh.shtml>

Program email: NPLH@hcd.ca.gov

**August 15, 2018
Amended October 29, 2021**

TABLE OF CONTENTS

I.	Overview	1
	A. Notice of Funding Availability	1
	B. Amendments to this NOFA	1
	C. NCA amounts	3
	D. Funds administration.....	3
	E. Tentative program timeline	4
	F. Authorizing Legislation, Program Guidelines, and Regulations	4
II.	Program Requirements	4
	A. Project requirements.....	5
	B. NCA Application Review Process	15
	C. Appeals.....	16
	D. Project application submittal	16
	E. Disclosure of application to the public.....	17
	F. Award announcements and contracts.....	18
III.	APPENDIX A.....	19

I. Overview

A. Notice of Funding Availability

The California Department of Housing and Community Development (HCD) is pleased to announce the final availability of approximately \$19 million remaining in Noncompetitive Allocation (NCA) funds for the No Place Like Home (NPLH) program. **All remaining uncommitted Noncompetitive Allocation funds will be awarded in Round 4 through this NOFA or transferred to the Competitive Allocation for award under that Round 4 NOFA.**

The NPLH program provides deferred payment loans to Counties applying independently as a Development Sponsor, as well as to Counties applying jointly with another entity as the Development Sponsor, to finance the development of Permanent Supportive Housing for persons with a serious mental illness who are Homeless, Chronically Homeless, or At-Risk of Chronic Homelessness. NPLH funds must be used to acquire, design, construct, rehabilitate, or preserve Permanent Supportive Housing and may be used to fund capitalized operating subsidy reserves. Funding under this NOFA is provided through the sale of bonds with interest payments on the bonds funded through the Mental Health Services Fund of the Mental Health Services Act (MHSA).

NPLH funds are made available through an NCA and a Competitive Allocation process. This NOFA addresses funds that will be available for eligible Applicants wishing to use only NCA funds, and not a combination of NCA and Competitive Allocation funds, in their Project. Applicants wishing to use both sources of NPLH funds in their Project must apply using the NOFA and Application forms for the Competitive Allocation available on our website.

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

- Provide updated NCA total funds available
- Provide updated individual balances for those Counties that accepted their NCA funds by August 15, 2018
- Provide the new deadline for submitting NCA applications not also using NPLH Competitive Allocation funds
- Update per-Unit subsidy limits
- Update HCD's requirements on layering two or more HCD funding sources on the same units ("stacking")
- Update the application submission procedures
- Update the application deadline and anticipated date for receipt of award letters
- Update the appeal submission contact information
- Provide clarification on the eligibility of Native American Tribal organizations as NPLH Development Sponsors and include other provisions implementing AB 1010 (Garcia)

For Projects funded under this NOFA, HCD will make individual awards on an over-the-counter (OTC) basis, rather than on a competitive basis. For OTC funding, applications are accepted and evaluated, on a first-come, first-served basis, at any time until the specified closing date or until the available funds are exhausted. Funds are awarded to those applicants that meet the minimum threshold criteria. **Projects must be located within Counties that still have sufficient NCA funds available within their individual allocation, and that have been previously granted an extension by HCD to submit an application utilizing their NCA funds. See Appendix A for more information.**

Eligible Project applications to be submitted to HCD under this NOFA are multifamily rental projects of five or more Units located in Counties other than the Alternative Process Counties (APCs) of Los Angeles, San Diego, Santa Clara, and San Francisco. Except as noted below, Project applications located in the aforementioned Counties must **have been** submitted directly to the appropriate County in accordance with the County's own application requirements. For a list of these APC County contacts, see the most recent HCD award list to the APCs at [No Place Like Home Program \(ca.gov\)](#)

Note that the Tri-Cities of Pomona, Claremont, and La Verne, and the City of Berkeley, are considered separate Counties under the NPLH statute because they receive a direct allocation of Mental Health Services Act (MHSA) funds. Projects submitted under this NOFA located in these cities must be submitted directly to HCD with these cities as the eligible applicant.

Unless an extension of this deadline has been granted to the County in writing by HCD, any uncommitted NCA funds for which current Project applications have not been submitted to HCD by February 15, 2021, shall be swept into the Competitive Allocation for redistribution through the Competitive Allocation formula in Round 4, or in subsequent NOFAs if Round 4 is undersubscribed.

Funding under this NOFA is provided through the sale of bonds with interest payments on the bonds funded through the Mental Health Services Act (MHSA). The disbursement of funds pursuant to this NOFA is contingent on: (1) the sale of bonds by the California State Treasurer's Office; and (2) the availability of proceeds of any such bond sales made available to HCD for disbursement pursuant to all program requirements.

Defined terms within the NPLH program Guidelines (Guidelines) are capitalized in this NOFA. Definitions of capitalized terms can be found in Section 101 of the Guidelines.

C. NCA amounts

All Counties are eligible to receive at least \$500,000 in NCA funds. Above this amount, the funds are allocated to each County based on the County's proportional share of the state's Homeless population, as measured by the U.S. Department of Housing and Urban Development's (HUD) most recent published unsheltered and sheltered Point-in-Time (PIT) Count.

When the NCA amounts were determined in 2018, this published PIT Count was from 2017. Since that time, some Projects have received an award of NCA funds; consequently, no additional reallocation of NCA funds will occur through this NOFA based on the 2019 published sheltered and unsheltered PIT.

See Appendix A for the allocation remaining for each County as of the date of this NOFA.

D. Fund administration

NCA funds can be administered in two different ways:

- 1) HCD Projects: Funds from a County's NCA can be administered by HCD for Projects of five or more Units not located in Counties designated as Alternative Process Counties (APCs). As the project lender, HCD will select Projects of five or more Units and administer NPLH funds based on the requirements in Articles I and II of the Guidelines.
- 2) APCs Counties with five percent or more of the state's homeless population designated as APCs may use its NCA funds to select Projects of any number of Units based on a method of distribution approved by HCD. APCs will monitor these Projects for the required period of affordability. Articles I and III of the Guidelines address NPLH requirements governing APCs.

The Counties of Los Angeles, San Diego, San Francisco, and Santa Clara are currently eligible to be APCs. Except as noted below, proposed Projects located in these Counties, other than Projects located in the cities of Claremont, La Verne, and Pomona, must **have applied** for NPLH **NCA** funds through the County pursuant to the terms of the County's application process.

HCD will not accept applications for Projects located in APCs under this NOFA, except for proposed Projects of five or more Units located in the cities of Claremont, La Verne, and Pomona. The Tri-Cities of Pomona, Claremont, and La Verne, and the City of Berkeley, are considered separate Counties under the NPLH statute because they receive a direct allocation of Mental Health Services Act (MHSA) funds. Projects submitted under this NOFA located in these cities must be submitted directly to HCD with these cities as the eligible applicant.

No Counties have been designated by HCD to use their NCA funds for Shared Housing Projects. The deadline for requesting this designation has passed.

E. Tentative program timeline

NOFA release	August 15, 2018 Amended October 29, 2021
Application deadline	February 1, 2022, 5:00 p.m. Pacific Standard Time
Award announcements	Within 120 days after receipt of a complete application and all documents required to make an award, or no later than June 30, 2022.

F. Authorizing Legislation, Program Guidelines, and Regulations

The NPLH program furthers the purposes of AB 1618, (Chapter 43, Statutes of 2016), as amended by AB 1628, (Chapter 322, Statutes of 2016, effective September 13, 2016), and the 2018 No Place Like Home Act (AB 1827, Assembly Budget Committee) and Senate Bill (SB) 1030, (Chapter 165, Statutes of 2020, effective September 25, 2020).

Guidelines implement, interpret, and make specific the NPLH statutes. The Guidelines establish terms, conditions, and procedures for the award of funds under the NCA. Except as otherwise provided in the Guidelines, multifamily Rental Housing Projects of five or more Units underwritten by HCD are also subject to HCD’s current Uniform Multifamily Regulations (UMRs). The Guidelines are available on the NPLH program website at [Guidelines](#). The current UMRs are located at [UMRs](#).

Applicants are responsible for complying with the NPLH program requirements set forth in the Guidelines and UMRs, as applicable. Applicants are advised to carefully review the Guidelines, UMRs, and information contained in this NOFA before submitting applications.

II. Program requirements

The following is provided as a summary and is not to be considered a comprehensive representation of the eligibility, threshold, and other requirements or terms and conditions of the NPLH program. Terms that are defined in the Guidelines are capitalized.

A. Project requirements

Projects are eligible to receive funding through the County's NCA if they meet the requirements of Section 202 of the Guidelines.

1) **Eligible Applicants**

Applications must be submitted by a single County independently as the Development Sponsor, or by a single County jointly with another entity as the Development Sponsor. Two or more Counties may apply together as joint Applicants if there is a commitment to collaborate in the provision or coordination of supportive services or other resources to the Project and if NPLH tenants from each of the Applicant Counties are expected to reside in the Project.

If a County does not want to be the borrower on any NPLH loan documents, then it must apply jointly with a Development Sponsor.

NOTE: the definition of "Development Sponsor" within Section 101 of the NPLH Guidelines includes a duly constituted governing body of an Indian reservation or rancheria, or other legal entity, or any combination thereof, certified by HCD as qualified to own, manage, and rehabilitate a Rental Housing Development.

As part of implementation of AB 1010 (Garcia) to provide greater opportunities to Native American Tribal housing organizations to access available resources through HCD, the following clarifies Development Sponsor as it relates to Native American Tribal Housing organizations:

Federally Recognized and Special Government Entities and Properties:

A Development Sponsor that is any of the following:

- a. It meets the definition of Indian tribe under Section 4103 of Title 25 of the United State Code (USC) (means any Indian tribe, band, nation, or other organized group or community of Indians that is recognized as eligible for the special programs and services provided by the United States to Indians because of their status as Indians pursuant to the Indian Self-Determination and Education Assistance Act (25 USC 450 et seq.). 25 USC 4103(13)(B);
- b. If not a federally recognized tribe, either
 - i. It is listed in the Bureau of Indian Affairs Office of Federal Acknowledgement petitioner list pursuant to Section 82.1 of Title 25 of the Code of Federal Regulations (CFR). ([Office of Federal Acknowledgment | Indian Affairs \(bia.gov\)](#))

- ii. It is 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 Section 65352.3 of the Government Code (GC); and proposes a project on land that satisfies the following:
 - 1. Located in Indian country as defined by 18 USC 1151, or
 - 2. Located on fee land.

Each Applicant shall elect and disclose whether or not the Project will be part of an application to the California Tax Credit Allocation Committee (TCAC) seeking tiebreaker incentives for hybrid 4 percent and 9 percent tax credit projects. A Development Sponsor that will apply to TCAC seeking hybrid tiebreaker incentives must submit applications jointly with a County for NPLH funds for one or both hybrid component Projects, but each component Project must apply independently with a separate application. The hybrid election is irrevocable unless the requirements of Guidelines Section 200 (n) are met.

2) Development Team Experience

The minimum experience requirements set forth in Section 202 (c) of the Guidelines must be met collectively among the members of the Project team consisting of the Applicant (i.e., the County applying independently or the County applying jointly with a separate Development Sponsor), the property manager, and the lead service provider if the lead service provider is not the County. The experience requirements in Section 202 (c) vary based on County population size. Documentation of property manager and lead service provider experience must also be provided as set forth in the NPLH Supplemental Application.

3) Uses and Terms of program assistance

NPLH funds for capital uses will be provided as post-construction permanent loans in Rental Housing Developments of five or more units serving qualifying members of the Target Population. All NPLH funds shall be used for the development costs identified in the California Code of Regulations (CCR), Title 25, Section 7304, Subdivision (b), and to refinance loans used to cover such costs.

NPLH funds may be used to capitalize operating subsidy reserves for NPLH Assisted Units pursuant to the requirements of Section 209 of the Guidelines. (The capitalized reserves permitted under Section 209 are hereafter referred to as COSRs.) NPLH funds may also be used to capitalize the operating reserve required under Section 8308 of the UMRs. Pursuant to 2020 Cal. Legis. Serv. Ch. 147 (S.B.1030), which amended Welfare and Institutions Code (WIC) section 5849.8, COSRs provided by HCD shall be provided in the form of a grant.

NPLH funds may be used to rehabilitate existing affordable housing. Projects proposed for rehabilitation will be underwritten based on the number of NPLH tenants the Project will house upon completion of the rehabilitation. The proposed Project can be comprised of vacant Units or Units currently occupied with tenants meeting the occupancy and income requirements under Section 206 of the Guidelines.

Proposed Projects involving new construction and requiring the demolition of existing residential space are eligible only if the number of bedrooms in the new Project is at least equal to the total number of bedrooms in the demolished structures, unless HCD approves an exception to this one-for-one replacement rule in accordance with UMR Section 8302 (b).

For example, it may approve a reduction in the number of single room occupancy (SRO) Units where it is necessary to add private cooking and bathing facilities, or a reduction in the number of bedrooms in public housing necessary to meet federal requirements. Requests for an exception to the one-for-one replacement rule should be submitted to HCD on or before the application deadline to ensure that this issue can be resolved as soon as possible. The new Units may exist on separate parcels if all parcels are part of the same Rental Housing Development and meet the requirements of Scattered Site Housing described in Section 202 (m) of the Guidelines.

Program assistance **provided on land that is not Tribal Trust land** shall have an initial term of 55 years or longer to match the period of affordability restrictions under the Low-Income Housing Tax Credit Program, commencing with the date of recordation of HCD's NPLH regulatory agreement. **For Projects located on Tribal Trust land, program loans shall have an initial term of 50 years to match the period of affordability restrictions under the Low-Income Housing Tax Credit Program, commencing with the date of recordation of HCD's NPLH regulatory agreement.**

Program loans shall be secured by the Project's real property and improvements, subject only to liens, encumbrances, and other matters of record approved by HCD consistent with Section 8315 of the UMRs.

All construction loan closings for the NPLH-funded Project shall occur no later than 36 months from the date of HCD's award letter to the Project. HCD's permanent loan closing shall occur no later than 72 months from the date of HCD's award letter to the Project. HCD may extend these deadlines a total of up to 24 months in the aggregate where it is clear to HCD in its sole discretion that granting an extension will enable the Project to start construction or achieve 90 percent occupancy of the Assisted Units.

Other loan terms are described in Section 200 of the Guidelines. Additional requirements governing supportive services, tenant selection, and income and rent restrictions are discussed in the other sections of the NOFA below.

4) Use of NPLH Competitive Allocation Funds

The application submission deadline for Projects proposing use of NCA funds was February 15, 2021, unless HCD has granted the County an extension of this deadline. Counties for whom HCD has previously granted an extension, can propose Projects utilizing funds from both the NCA and the Competitive Allocation using the current Competitive Allocation NOFA and Application Forms. These Project applications must be submitted by the deadline in the Round 4 Competitive Allocation NOFA. Counties that have been granted an extension have a remaining balance shown in Appendix A.

All uncommitted NCA funds for which current Project applications have not been submitted by the applicable deadline, shall be used to fund Projects submitted under the Round 4 Competitive Allocation NOFA, or subsequent NOFAs if Round 4 is undersubscribed.

5) Site control

The Development Sponsor, or an entity controlled by the Development Sponsor, must have site control of the proposed Rental Housing Development that meets the requirements of the UMR Section 8303. At the time of application, documented site control shall be for a period no shorter than through the anticipated date of the award of NPLH funds by HCD as set forth in Section I.E. of this NOFA.

6) Maximum Award Amounts and Per-Unit Subsidy Limits

The maximum award amount per Project, including all eligible capital and COSR costs, shall be \$20 million, including NCA funds and any Competitive Allocation funds awarded by HCD to the Project. Funds from the County's NCA and the Competitive Allocation may be used on the same multifamily Project as long as HCD's NPLH per-Unit subsidy limits are not exceeded.

7) Capital per-Unit limits

Counties and Project Development Sponsors should consult the NPLH per-Unit subsidy limits table for **9 percent tax credits Projects** and **Projects without 9 percent tax credits** for the current per-Unit subsidy limits based on the Area Median Income (AMI) levels being targeted and number of bedrooms per Unit. NPLH per-Unit subsidy limits are located at: <http://www.hcd.ca.gov/grants-funding/income-limits/state-and-federal-income-limits.shtml>. The NPLH capital per-Unit subsidy limits begin on page 161 of the current year "MTSP Regular Income, Rent and VHHP Loan Limits" document hyperlinked above.

8) COSR per-Unit limits

The COSR per-Unit subsidy limit for all Projects is the same. As of the date of this NOFA, for new awards, this per-Unit limit is \$193,991. This amount will be adjusted annually based on increases in the Consumer Price Index, and the new amount will be published annually in the application.

The per-Unit capital and COSR amounts listed above are maximum amounts available. The actual amount that a Project receives is subject to the individual Project underwriting performed prior to the award of funds and at loan closing. The Universal Rental Project Application form contains a COSR calculation worksheet that calculates the amount of each Project's COSR consistent with COSR underwriting requirements in Section 209 of the Guidelines.

9) Stacking of Funds

HCD's "stacking rule" governs when Projects can and cannot layer two or more HCD funding sources to provide rental housing capital on the same Units.

Pursuant to [Administrative Notice Number 21-06](#), a maximum of four HCD Funding Sources comprised of no more than two development loans and two housing-related infrastructure grants may now be used on a single Project. Housing-related infrastructure grants are those grants provided through the Affordable Housing Sustainable Communities program - Housing Related Infrastructure (HRI) grants, Transit Oriented Development program - Infrastructure grants, and Infill Infrastructure Grant program grants.

The funding limits set forth above shall not include HCD funds awarded for purposes other than capital improvements, such as loans or grants for non-housing related infrastructure, transit amenities, programs, or rental and operating subsidies; therefore, for example, putting HCD-funded rental housing capital amounts and HCD-funded rental subsidy or operating subsidy on the same Unit(s) is still permissible. See [Administrative Notice Number 21-06](#) for further information.

10) Financial Feasibility

Projects shall meet the underwriting requirements of HCD's UMRs, as well as the Occupancy, Income, Rent Limits, and Transition Reserve requirements discussed below. Where there is a difference between the UMRs and the Guidelines, the provisions of the Guidelines shall prevail. See Sections 206, 207, and 208 of the Guidelines for more information.

11) Site and Unit Requirements

All Project sites must be free from severe adverse environmental conditions, such as the presence of toxic waste that is economically infeasible to remove and that cannot be mitigated. Documentation of compliance with this requirement must be provided as set forth in the NPLH application forms.

All Project sites must be reasonably accessible to public transportation, shopping, medical services, recreation, schools, and employment in relation to the needs of the Project tenants and what is typically available in that County. Documentation of compliance with this requirement must be provided as set forth in the NPLH application forms.

Upon Project completion, all Assisted Units and other Units of the Project must be on a permanent foundation and must meet all applicable state and local requirements pertaining to rental housing, including, but not limited to, requirements for minimum square footage, and requirements related to maintaining the property in a safe and sanitary condition.

Upon Project completion, all Projects must be accessible to persons with disabilities pursuant to the requirements set forth under Section 213 (b) of the Guidelines.

12) Supportive Services

For a minimum of 20 years, Counties must commit to make mental health services available to the Project's NPLH tenants, and to coordinate the provision or referral to other services, including, but not limited to, substance use services.

As set forth in the HCD application form, the County shall include a Project-specific supportive services plan developed by the County in partnership with the Project Development Sponsor, supportive service providers, and the property manager.

Participation in available supportive services by NPLH tenants shall be voluntary. Access to or continued occupancy in housing cannot be conditioned on participation in services or on sobriety. The supportive services plan must describe the services to be made available to NPLH tenants in a manner that is voluntary, flexible, and individualized, so that NPLH tenants may continue to engage with supportive services providers, even as the intensity of services needed may change. Adaptability in the level of services should support tenant engagement and housing retention.

See Section 203 of the Guidelines regarding supportive services that must be made available, as well as other required information pertaining to supportive services.

13) Tenant selection

At least one person residing in each NPLH Assisted Unit must qualify as having a Serious Mental Disorder or as being a Seriously Emotionally Disturbed Child or Adolescent as defined under WIC section 5600.3. That person must also be Homeless, Chronically Homeless, or At-Risk of Chronic Homelessness as defined under Section 101 of the Guidelines. Pursuant to WIC section 5849.9, Units funded with NCA funds shall prioritize persons with mental health supportive services needs who are Homeless or At-Risk of Chronic Homelessness.

Tenant eligibility criteria must be satisfied prior to being referred to an NPLH Project. Referrals to NPLH Assisted Units shall be made through the local Coordinated Entry System (CES) for persons who are Chronically Homeless or Homeless. For persons At-Risk of Chronic Homelessness, CES or another comparable prioritization system based on greatest need shall be used. All referral protocols for NPLH Assisted Units must be developed in collaboration with the local Continuum of Care and implemented consistent with program requirements.

Projects shall accept tenants regardless of sobriety, participation in services or treatment, history of incarceration, credit history, or history of eviction in accordance with practices permitted pursuant to Housing First practices set forth in WIC section 8255, or other federal or state Project funding sources.

In addition, pursuant to 24 CFR 578.93 (c), recipients of Continuum of Care program funds are also required to follow HUD Affirmative Marketing requirements. HUD has provided additional mention of this requirement as it relates to implementation of a Coordinated Entry System in CPD Notice 17-01. This Notice provides that recipients of CoC Program funds must affirmatively market their housing and supportive services to eligible persons regardless of race, color, national origin, religion, sex, age, familial status, or disability who are least likely to apply in the absence of special outreach and maintain records of those marketing activities. Housing assisted by HUD and made available through the CoC must also be made available to individuals and families without regard to actual or perceived sexual orientation, gender identity, or marital status in accordance with 24 CFR 5.105 (a)(2).

See Section 211 of the Guidelines for more information regarding tenant selection requirements.

14) Occupancy and Income Requirements

Total household income at time of move-in shall not exceed 30 percent of the County AMI. HCD has published the current income limits at 30 percent of the County AMI and below. The NPLH income limits begin on page one of the current years “MTSP Regular Income, Rent and VHHP Loan Limits” hyperlinked in Item 7 above. Documentation requirements for income and tenant eligibility are referenced in Section 206 of the Guidelines.

Household income may increase above 30 percent of the County AMI over time, and households above 30 percent of the County AMI can continue to reside in their Units. Counties can also choose to continue offering supportive services to tenants residing in these Units. However, Units with household income above 30 percent of the County AMI shall no longer be designated by HCD as NPLH Assisted Units, unless the reason for the increase in income was due to changes in the Supplemental Security Income/State Supplementary Payment (SSI/SSP) rate or cost of living adjustment. See Section 207 of the Guidelines for more information concerning changes in tenant income more information concerning changes in tenant income.

15) Rent Limits

At initial occupancy, tenant-paid Rents for NPLH Assisted Units shall be restricted to no more than 30 percent of the County AMI or below, as specified in the Project regulatory agreement. HCD has published the current Rent limits at 30 percent of the County AMI and below based on the County and the number of bedrooms per Unit. **The NPLH 30 percent of the County AMI and below Rent limits begin on page 21 of the current year “MTSP Regular Income, Rent and VHHP Loan Limits” hyperlinked in Item 7 above.**

Projects shall have a transition reserve in the event that any Project-based rental assistance is not renewed, or in the event that the Project COSR is exhausted, and the Project cannot secure other sufficient rental or operating subsidies to continue without immediately raising Rents on the NPLH Assisted Units. The minimum amount of the transition reserve shall be the amount sufficient to prevent Rent increases for one year following the loss of the rental assistance or exhaustion of the COSR.

If Rent increases on the Assisted Units are necessary due to loss of rental or operating assistance, and after exhausting all transition reserve funds, rent increases will only be permitted to the minimum extent required for Fiscal Integrity, as determined by HCD. For projects funded after August 2019, in no event shall Rents on Assisted Units be increased above the Rent limit for 60 percent of the County AMI following the exhaustion of the transition reserve in the absence of other rental or operating subsidies to the Project.

See Section 207 of the Guidelines for more information on requirements related to the NPLH transition reserve.

16) Integration

All Projects must demonstrate integration in accordance with the requirements of Section 202 (e) of the Guidelines. To promote integration of NPLH tenants with other Project tenants, in Projects of greater than 20 Units, HCD will fund no more than 49 percent of a Project's Units as NPLH Units. This limitation shall not be interpreted to preclude occupancy of any Project Units by persons with disabilities, or restrictions by other funding sources, including, but not limited to, restrictions imposed by the TCAC, that result in more than 49 percent of the total Project Units being restricted to persons with disabilities.

In addition, NPLH Assisted Units shall not be segregated in any manner from other units in the Project. Examples of prohibited forms of segregation include separation of the NPLH Units by assignment, partition, or restriction to separate floors, doors, common areas, legal parcels, or any other areas or portions of the building or of any affordable housing project of which the Project is comprised, or a part. Exceptions may be permitted under certain circumstances as set forth in Section 202 (e) of the Guidelines.

See Section 202 (e) of the Guidelines for additional integration requirements and further specification thereof.

17) Article XXXIV

All Projects shall comply with Article XXXIV, Section 1 of the California Constitution, as clarified by the Public Housing Election Implementation Law (Health & Safety Code (HSC) Sections (§§) 37000 - 37002). Article XXXIV documentation for loans underwritten by HCD shall be subject to review and approval by HCD prior to the announcement of award recommendations.

Article XXXIV requires local voter approval before any state public body can develop, construct, or acquire a low-rent housing Project in any manner. However, the Public Housing Election Implementation Law (HSC §§ 37000 – 37002) provides clarification as to when Article XXXIV is applicable. HSC § 37001, for example, lists a number of Project types that are not considered “low-rent housing projects.”

Applicants must submit documentation that shows the Project's compliance with or exemption from Article XXXIV. If a Project is subject to Article XXXIV, HCD requires an allocation letter from the locality that shows that there is Article XXXIV authority for the Project. A local government official with

authority should prepare the allocation letter, and it should include the following:

- a) The name and date of the proposition, and the number of Units that were approved;
- b) A copy of the referendum and a certified vote tally;
- c) The number of Units that remain in the locality's "bank" of Article XXXIV authority (i.e., the number of Units that are still available for allocation); and
- d) The number of Units that the locality will commit to this Project, including the manager Unit.

If a Project is statutorily exempt from Article XXXIV, HCD requires an Article XXXIV opinion letter from the Applicant's legal counsel. The Article XXXIV opinion letter must demonstrate that the Applicant has considered both the legal requirements of Article XXXIV and the relevant facts of the Project (e.g., all funding provided by public bodies, including state, county, or city sources, the number of low-income restricted Units, and the general content of any regulatory restrictions). Any conclusion that a Project is exempt from Article XXXIV must be supported by facts and a specific legal theory for exemption that itself is supported by the Constitution, statute, and/or case law.

Whether or not a Project is statutorily exempt from Article XXXIV, the Project must still comply with limitations on the percentage of NPLH Units HCD can fund pursuant to the NPLH integration requirement discussed in Guidelines Section 202 (e). HCD's stacking rule in Guidelines Section 200 (e) may also impact how Article XXXIV compliance using the "49 percent test" may be achieved.

18) Relocation

All persons who are displaced as a direct result of the development of an NPLH Project shall be entitled to relocation benefits and assistance as provided in California relocation assistance law GC, 25 CCR §§ 7260 et seq., and 6000 et seq.).

A relocation plan conforming to the provisions of 25 CCR § 6038 shall be prepared. The relocation plan or other relocation documentation shall be subject to the review and approval by HCD prior to the beginning of any construction or activity that will result in displacement.

If the Applicant determines that relocation requirements are not applicable to the Project, the application must explain and document why relocation does not apply. Additional certifications to this effect may also be requested by HCD.

19) State prevailing wages

Funds awarded under this NOFA are subject to California prevailing wage law (Labor Code, §§ 1771, 1720-1781), and require the payment of prevailing wages unless the Project meets one of the exceptions of Labor Code § 1720. Each Applicant shall be responsible for determining, on a case-by-case basis, the extent of applicability of state prevailing wage law to its individual Project. If applicable, prior to the close of the program loan, the Development Sponsor shall provide to HCD a written certification that prevailing wages have been paid, or will be paid, and that the records shall be available consistent with the requirements of this subsection. Applicants are encouraged to seek professional advice as to how to comply with state prevailing wage law.

B. NCA application review process

The application review process consists of two phases: threshold review and Project feasibility review.

1) Threshold review

During the threshold review, applications will be evaluated based solely upon the materials contained within the application to determine completeness and compliance with the following requirements to be evaluated at application stage as set forth in Section 202 of the Guidelines:

- a) Eligible Applicant
- b) Eligible use of funds
- c) Experience of the Project team
- d) Site control for a time period no shorter than through the anticipated NPLH award date as set forth under Section I.E. of this NOFA
- e) Project integration
- f) Compliance with Article XXXIV as discussed in section A. 17 above
- g) Application completeness, including submission of all required reports and other documents, including, but not limited to, the documents set forth in Guidelines Section 202 (h)
- h) Financial Feasibility

2) Financial Feasibility

All applications meeting Project threshold requirements will be evaluated for financial feasibility. Financial feasibility requirements include, but are not limited to, the requirements referenced in Sections 206 through 209 of the Guidelines. See Guidelines Section 208 for exceptions to the UMRs for NPLH.

C. Appeals

1) Basis of Appeals

- a) Upon receipt of HCD's notice that an application has been determined to be incomplete or fail the threshold review, Applicants under this NOFA may appeal such decision(s) to HCD pursuant to this section.
- b) The appeal process provided herein applies solely to decisions HCD made in this program NOFA and does not apply to any decisions made with respect to any previously issued NOFAs or decisions to be made pursuant to future program NOFAs.

2) Appeal process and deadlines

- a) To appeal a decision, Applicants must submit to HCD, by the deadline set forth in Subsection (b) below, a written appeal, which states all relevant facts, arguments, and evidence upon which the appeal is based. The Applicant must provide a detailed reference to the area(s) of the application that provide clarification and substantiation for the basis of the appeal.
- b) Appeals must be received by HCD no later than five business days from the date of HCD's eligibility or threshold review, representing HCD's decision made in response to the application. Appeals are to be submitted to HCD via email at NPLH@hcd.ca.gov with a copy to Tanya.Dana@hcd.ca.gov.
- c) Appeal emails will be accepted as long as the email time stamp is no later than 5:00 p.m. Pacific Standard Time on the day of the appeal deadline.

3) Decision

Any appeal of HCD's decision shall be reviewed for compliance with the NPLH Guidelines in effect on the date of this NOFA, and any subsequent clarifying documents, such as the NPLH program's responses to "Frequently Asked Questions." It is HCD's intent to render its decision in writing within 15 business days of receipt of the Applicant's written appeal. All decisions rendered shall be final, binding, and conclusive and shall constitute the final action of HCD with respect to the appeal.

A. Financial Assistance Application Submittal Tool (FAAST) Application Components

The Noncompetitive Allocation Project application consists of the following documents available on the program website. Application materials must be submitted electronically via the FAAST system. Requirements for uploading the NPLH Application Workbooks and required supporting documentation and identified naming conventions are described in the materials provided with the NPLH Supplemental Application instructions.

NPLH program Supplement – This form contains information needed to evaluate application threshold compliance for Projects of five or more Units underwritten by HCD. The program Supplement also contains information Counties must submit in order to utilize their NCA funds.

Universal Rental Project Application Form – This form contains information needed to evaluate Project financial feasibility for Projects of five or more Units underwritten by HCD.

Project applications submitted under this NOFA will be funded on an OTC basis, subject to the availability of funds within the County Noncompetitive Allocation where the Project is located. HCD's NPLH application forms, Guidelines, and application training information are available on the [program website](#).

Modification of the application forms by the applicant is prohibited. It is the applicant's responsibility to ensure the application is clear, complete, and accurate. After the application has been submitted, HCD staff may request clarifying information to determine compliance with NPLH program requirements.

All Application materials must be submitted electronically via the FFAST system no later than 5:00 p.m. Pacific Standard Time on the application deadline. HCD will no longer accept hardcopy submittals

For applications funded under this NOFA requesting only NCA funds from NPLH, this deadline is February 1, 2022.

Note that Projects requesting both NPLH NCA and Competitive Allocation funds must submit one Project application utilizing the Competitive Allocation application forms provided with the Competitive Allocation NOFA. The deadline for these applications is listed in the Competitive Allocation NOFA.

D. Disclosure of application to the public

Information provided in the application will become a public record available for review by the public, pursuant to the California Public Records Act (Act) GC, 25 CCR § 6250 et seq.). As such, any materials provided may be disclosed to any person making a request under this Act. HCD 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 HCD, the applicant is waiving any claim of confidentiality as to the submitted information, and consents to HCD's disclosure of such information upon a request under the Act.

E. Award announcements and contracts

Award announcements are anticipated within 120 days after receipt of a complete application and all documents required to make an award, or no later than June 30, 2022.

Successful Applicants will enter into a Standard Agreement with HCD. The Standard Agreement contains all the relevant state requirements, as well as specific information about the award and the work to be performed.

HCD will enter into a regulatory agreement with the County Applicant and/or a separate Development Sponsor that will contain specific provisions governing Project operations in accordance with NPLH requirements. See Section 215 of the Guidelines for a description of these agreements.

A condition of award will be that a Standard Agreement(s) must be executed by the Awardee(s) within 90 days (Contracting Period) of the Awardees' receipt of the Standard Agreement(s). Failure to execute the Standard Agreement(s) within the Contracting Period may result in award cancellation. The Awardee(s) shall remain a party to the Standard Agreement(s) for the entire term of the Standard Agreement(s); removal of the Awardee(s) shall be prohibited.

The disbursement of funds pursuant to this NOFA is contingent on: (1) the sale of bonds by the California State Treasurer's Office; and (2) the availability of proceeds of any such bond sales being made available to HCD for disbursement pursuant to all program requirements.

Questions on this NOFA and application process can be directed to the NPLH email at: NPLH@hcd.ca.gov.

III. APPENDIX A: REMAINING COUNTY NCA BALANCES AS OF OCTOBER 2021

County Name	Allocation Amount	Noncompetitive Awarded	Noncompetitive Funds Remaining to Award*
Alameda	\$6,464,468	\$6,464,468	\$0
Alpine	\$500,000	\$0	\$0
Amador	\$500,000	\$0	\$500,000
Berkeley	\$1,350,299	\$1,350,299	\$0
Butte	\$1,659,786	\$1,659,786	\$0
Calaveras	\$500,000	\$0	\$500,000
Colusa	\$500,000	\$0	\$500,000
Contra Costa	\$2,231,574	\$2,231,574	\$0
Del Norte	\$500,000	\$0	\$0
El Dorado	\$836,801	\$836,801	\$0
Fresno	\$2,183,000	\$0	\$2,183,000
Glenn	\$500,000	\$0	\$500,000
Humboldt	\$1,054,690	\$1,054,690	\$0
Imperial	\$1,602,885	\$0	\$0
Inyo	\$500,000	\$0	\$500,000
Kern	\$1,125,469	\$1,125,469	\$0
Kings	\$500,000	\$500,000	\$0
Lake	\$557,845	\$0	\$557,845
Lassen	\$500,000	\$0	\$500,000
Los Angeles	\$75,259,413	\$75,259,413	\$0
Madera	\$617,522	\$617,522	\$0
Marin	\$1,551,535	\$1,551,535	\$0
Mariposa	\$500,000	\$500,000	\$0
Mendocino	\$1,719,462	\$0	\$1,719,462
Merced	\$631,401	\$631,401	\$0
Modoc	\$500,000	\$0	\$500,000
Mono	\$500,000	\$500,000	\$0
Monterey	\$3,938,610	\$3,938,610	\$0
Napa	\$500,000	\$500,000	\$0

County Name	Allocation Amount	Noncompetitive Awarded	Noncompetitive Funds Remaining to Award*
Nevada	\$500,000	\$500,000	\$0
Orange	\$6,651,830	\$6,651,830	\$0
Placer	\$921,458	\$902,280	\$19,178
Plumas	\$500,000	\$0	\$500,000
Riverside	\$3,340,454	\$3,340,454	\$0
Sacramento	\$5,087,737	\$5,087,737	\$0
San Benito	\$732,713	\$0	\$0
San Bernardino	\$2,591,023	\$2,591,000	\$0
San Diego	\$12,713,886	\$12,713,886	\$0
San Francisco	\$9,519,091	\$9,519,091	\$0
San Joaquin	\$2,141,364	\$2,141,364	\$0
San Luis Obispo	\$1,562,638	\$1,493,335	\$69,303
San Mateo	\$1,740,281	\$1,740,281	\$0
Santa Barbara	\$2,582,696	\$1,950,000	\$632,696
Santa Clara	\$10,262,970	\$10,262,970	\$0
Santa Cruz	\$3,122,563	\$3,122,563	\$0
Shasta	\$889,538	\$889,538	\$0
Sierra	\$500,000	\$0	\$500,000
Siskiyou	\$500,000	\$500,000	\$0
Solano	\$1,711,136	\$1,711,136	\$0
Sonoma	\$3,935,834	\$0	\$3,935,834
Stanislaus	\$2,306,517	\$0	\$2,306,517
Sutter Yuba	\$1,096,705	\$1,096,705	\$0
Tehama	\$500,000	\$500,000	\$0
Tri-City (Claremont, La Verne, Pomona)	\$1,140,736	\$0	\$1,140,736
Trinity	\$500,000	\$0	\$500,000
Tulare	\$925,621	\$925,621	\$0
Tuolumne	\$500,000	\$0	\$500,000
Ventura	\$1,600,109	\$0	\$1,600,109
Yolo	\$638,340	\$608,340	\$0
TOTAL	\$190,000,000	\$166,969,699	\$19,664,680

*Counties in **bold** have requested and received an extension to submit an application no later than February 1, 2022 proposing use of their remaining NCA funds. See above for specific application deadlines.