

**No Place Like Home Program (NPLH)**

**Competitive Allocation  
NOFA and Application Workshop**



California Department of Housing and Community Development  
Governor Gavin Newsom  
State of California  
Doug McCauley, Director  
Department of Housing and Community Development

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**Welcome  
Introductions and Agenda**

**Meet our HCD NPLH Staff**

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**Laura Bateman  
Hot Topics**



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## Hot Topics at HCD

- ✓ HCD Process Improvements
- ✓ Use of Other HCD Funding Sources
- ✓ Subrogation of HCD Funds (swapping)
- ✓ Hybrid Projects




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## HCD Process Improvements

- 1) Standard Agreements
  - Organizational Documents
  - Resolutions
- 2) Relocation Reviews Process
- 3) Article XXXIV Review Process




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## HCD Process Improvements

- 1) Standard Agreements
  - Past Practice & Process Issues:
    - Timing
    - Delays to Construction Closing
    - Inconsistency Across Programs
    - Confusion in Communications
    - Frustration
    - Multiple Amendments
    - Fi\$cal

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## HCD Process Improvements

### 1) Standard Agreements

- Goals:
  - Pending Contracts out within 90 days of Award
  - “Standard” Agreements (SA) across programs
  - Execute the SA ONCE
    - All entities included
    - Payees Named
  - Minimize/Eliminate need for amendments
    - Budget Changes
    - Performance Milestones
  - Clean handoff from NOFA to Loan Closing

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## HCD Process Improvements

### 1) Standard Agreements

- Process:
  - Organizational Documents with application
    - Borrower
    - Managing General Partner (MGP)
    - Sponsor
  - Reviewed during feasibility
  - Post-Award Corrections
  - Final Project Reports
  - Sponsor Engagement (Awardees)

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## HCD Process Improvements

### 1) Standard Agreements

- Organizational Documents
  - Sponsor (Threshold Requirement)
  - Borrower
    - Partnership Agreement (formation)
    - MGP/LLC
    - Administrative General Partner (AGP) if signatory on SA/Loan documents
    - Other entities included in Borrower structure

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## HCD Process Improvements

### 1) Standard Agreements

- Authorizing Resolutions (Common Mistakes)
  - Applicant Name & Org. Type
    - Matches Org. Docs. exactly
    - Matches STD 204 and/or TIN exactly
    - TIN is for the correct Department or Subdivision
  - Authorized Representative
    - Name & Title (corporate entities)
    - Title (public entities)
    - Designee Letter
    - Matches signature block exactly
  - And/Or

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## HCD Process Improvements

### 1) Standard Agreements

- Authorizing Resolutions (Common Mistakes)
  - Vote Count
    - Not filled in completely
    - Not consistent with corp. by-laws
  - Signatory on Resolution
    - Must be different from Authorized Representative

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## HCD Process Improvements

### 2) Relocation & No-Relocation Reviews

- Staff Review
  - Vacant Land Only
  - No-Relocation Certification to be executed prior to Award
- Legal Review Required
  - No relocation other than vacant land
  - Evidence conflicting with "vacant land" assertion
  - Relocation required and plan submitted

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## HCD Process Improvements

### 3) Article XXXIV Reviews

- Staff Review
  - Identify errors & omissions
  - Consult with legal counsel
  - Make corrections via Project Reports
- Legal Review Required
  - Less restrictive approach
  - Revised Opinions not required
  - Issues resolved prior to award

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## Use of Other HCD Funding Sources

- 1) Article XXXIV
- 2) Stacking Prohibition
- 3) Integration



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## Use of Other HCD Funding Sources

### 1) Article XXXIV

- Limits the number of “low-income” units assisted with public funds
- “Public funds” include City, County and State funds
- Authority is granted by voters within the jurisdiction
- A jurisdiction either has authority, or it doesn’t
- If it doesn’t, the project must fall within an exception
  - Rehabilitation or Replacement of low-income units
  - No more than 49% of total units will be assisted w/public funds
  - VHHP exception
  - Public lender not a developer of affordable housing

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## Use of Other HCD Funding Sources

### 1) Article XXXIV (Documentation)

- Jurisdiction has authority
  - Allocation letter from jurisdiction
- Must include name of ballot measure, date passed, total authority granted, balance prior to proposed project, authority allocated to proposed project and remaining balance
- Jurisdiction does not have authority
  - Legal Opinion

Must include analysis of Article XXXIV and exceptions which are applicable to all public funds. If 49% rule, all public funds will assist the same 49% of units.

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## Use of Other HCD Funding Sources

### 2) Stacking Prohibition(s)

- NPLH Guidelines Article II, Section 200(e) states:  
“Use of multiple Department Funding Sources on the same Assisted Units (subsidy stacking) is prohibited”.
- The same prohibition currently applies to all HCD multifamily development loan programs

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## Use of Other HCD Funding Sources

### 3) Integration

- NPLH Guidelines Section 202(e)(2) states:  
“In projects greater than 20 units, the Department will fund no more than 49 percent of the Project’s total units as NPLH assisted units”.
- MHP
- Integration requirements are only applicable to units assisted with Department Sources

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## Use of Other HCD Funding Sources

### Article XXXIV, Stacking & Integration (Takeaways)

- Putting it all together can be complicated
- The more HCD sources, the more complicated it can get
- Understand the rules
- Check the requirements of each HCD source
- The proposed structure may effect loan limits
- We can help!

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## Subrogation of HCD Sources (swapping)

### (Previous HCD Awards)

- Swapping Prior Award for NPLH
  - Prohibited unless prior award/Standard Agreement is declined/disencumbered
  - Request must be made in writing
  - Prior to NPLH application deadline



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## Hybrid Projects

- Components will be reviewed, ranked and awarded as individual projects on their own merit. No special consideration is given.
- 4% hybrid components will be evaluated the same as 9% projects in Readiness scoring
- Applicants should contact TCAC for advice on structuring hybrid projects



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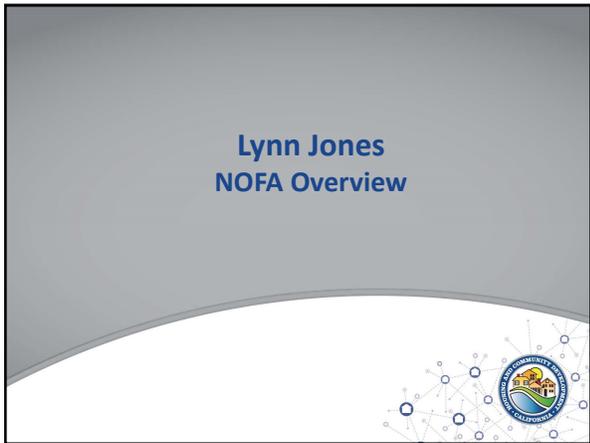
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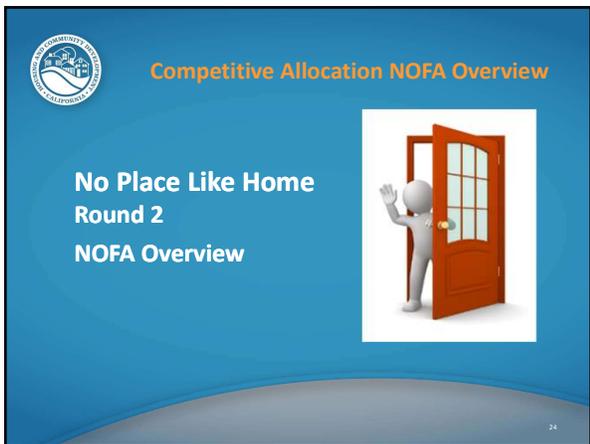
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## NPLH NOFA Overview

- What is the No Place Like Home Program?
- Approximately **\$178 million** in Round 2 Competitive NOFA release

<b>NOFA Issued</b>	September 27, 2019
<b>Application due date</b>	January 8, 2020 by 5:00pm PST
<b>Internal Loan Committee (ILC)</b>	June 2020
<b>Anticipated Awards Announced</b>	June 2020

Note: Deadline to submit Noncompetitive Applications is February 15, 2021

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## NPLH NOFA Overview

### What's New in Round 2

- Environmental Reports
- Supportive Service Plan included in Application
- New Loan Limits
- Dev Fee / High Cost Test Worksheet in UA
- Application Support
- Self-Certifications



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## What's New

### Additional Information is available at:

<http://www.hcd.ca.gov/grants-funding/active-funding/nplh.shtml#guidelines>

- Explanation of Round 2 Amendments
- Responses to Round 2 Guideline Amendment Public Comments

### Program Guidelines

- **New!** Round 2 No Place Like Home Program Guidelines (PDF)
- **New!** Round 2 Guideline Amendments in Tracked Changes (PDF)
- **New!** Explanation of Round 2 Amendments (PDF)
- **New!** Responses to Round 2 Guideline Amendment Public Comments (PDF)

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 **Supportive Services Review**

**Program Highlights**

- The Supportive Services Plan is now included in the application
- New form on application for Lead Service Provider Experience with Evidence Based Practices (LSP Exp. with EBP)
- Cost escalator is now 3.5% (inflation)
- There are 3 tab dedicated to Supportive Services in the Supplementary Application (Supportive Services Plan, SS Verification and the LSP Exp. with EBP tabs)

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 **Supportive Services Review**

**Supportive Services Plan (SSP)**

- Part I. Tenant Selection Criteria
- Part II. Lead Service Provider
- Part III. Supportive Services Detail
- Part IV. Tenant Safety and Engagement
- Part V. Staffing
- Part VI. Supportive Services Budget
- Part VII. Collaboration and Reporting



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 **Supportive Services Review**

**Part I. Tenant Selection Criteria**

- Target Tenant Population
- Market/Outreach
- Housing First Characteristics

**Part I. Tenant Selection Narrative**

This section asks for a detailed description of the tenant selection process. Using the titled sections below, the narrative should be as specific as possible, delineating the role of property management and the Lead Service Provider and how these functions will be coordinated. Your description should clearly and conclusively document processes to ensure NPLH tenant households occupy NPLH Assisted Units following tenant selection and Housing First Practices.

**Section 1: Tenant Selection Criteria**

**1. Target Tenant Population and Eligibility Criteria**

**a. Do you use Housing First Practices?**

**b. Describe the criteria that will be used to ensure that tenants are eligible to occupy the NPLH Assisted Units.**

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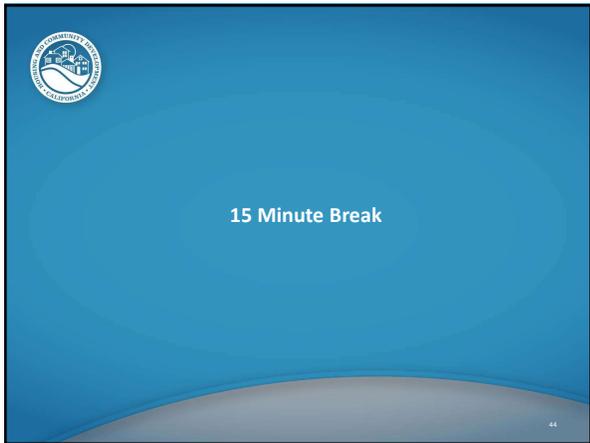
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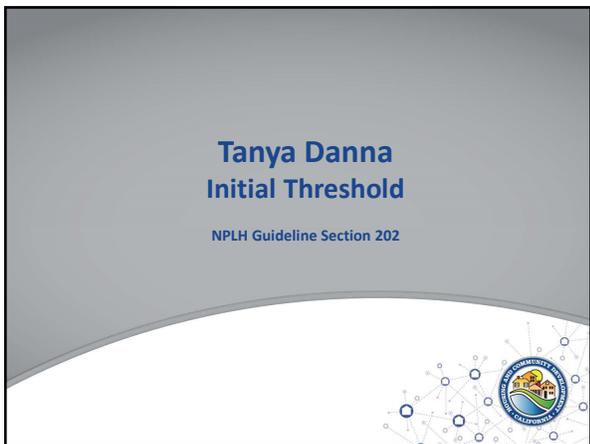
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## Competitive Allocation Application Review

- ✓ Initial Threshold
- ✓ Rating & Ranking
- ✓ Project Feasibility



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## Initial Threshold Review

### Initial Threshold Review

- Applications will be evaluated based solely upon the materials contained within the application
- Will review for **completeness** and **compliance** with Guidelines

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## Initial Threshold Review

### Minimum Requirements:

- 1) Eligible applicant(s)
- 2) Eligible use of funds
- 3) Experience of the Project team
- 4) Site control
- 5) Project Integration
- 6) Compliance with Article XXXIV
- 7) Application Completeness



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### Initial Threshold Review

#### 2) Eligible Uses of Funds

- Acquisition, construction, rehabilitation or preservation
- Rental Housing Development with a minimum of five units
- Serves Target Population
- Capitalized Operating Subsidy Reserve (COSR)
- Stacking Prohibition
- Replacement of same number of demolished bedrooms, if applicable

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### Initial Threshold Review

#### 3) Experience of Project Team

##### A. Applicant or Development Sponsor must have:

- At least one example of Permanent Supportive Housing or two examples of affordable rental housing,
- Serving the target population, and
- Completed or last date owned/operated within the last 10 years.



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### Initial Threshold Review

#### 3) Experience of Project Team

##### B. Lead Service Provider (which may be the County) must have:

- Minimum 3 years serving the Target Population
  - If service provider experience is not in Permanent Supportive Housing (PSH), it must be related to addressing barriers to housing stability/housing retention

##### C. Property Manager must have:

- Minimum 3 years serving the Target Population

Note: In Counties with a population less than 200,000, the experience may be met by serving Special Needs Populations similar to the Target Population

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### Initial Threshold Review

#### 4) Site Control

- **Must be in the Sponsor's name or an entity controlled by the sponsor**
- **Must extend past the anticipated award date**
  - Ownership interest may be demonstrated by:
    - fee title
    - a leasehold interest
    - an enforceable option to purchase
    - a disposition and development agreement
    - exclusive rights to negotiate for acquisition
    - a land sales contract

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### Initial Threshold Review

#### 5) Project Integration

- In projects greater than 20 units, HCD will fund no more than **49%** of project units as NPLH units.
- **All projects must also:**
  - Integrate NPLH units/tenants with other Project units/tenants
  - Encourage social interaction through community building activities and architectural design features
  - Have no restrictions on guests different from that of unsubsidized rental housing in the community

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### Initial Threshold Review

#### 6) Article XXXIV

- Article XXXIV Legal Opinion Letter
- Jurisdiction Letter regarding Allocation of Authority



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## Initial Threshold Review

### 7) Application Completeness

- **Market Study (New to Threshold)**
  - Required for projects with units that will not be assisted by NPLH
  - Dated within 12 months of application date.
- **Appraisal (New to Threshold)**
  - Required if land cost or value of land/lease donation are included in the development budget
  - Supports acquisition value
- Preliminary Title Report
  - Dated within 30 days of the Application

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## Initial Threshold Review

### 7) Application Completeness

- Environmental Reports
  - Dated within 12 months
  - Remediation costs must be reasonable & included in the budget
  - For **New Construction**: a Phase I report, and if needed, a Phase II Report is required
  - For **Rehabilitation/Demolition**: a mold report is required, and for structures built prior to 1978, lead-based paint and asbestos reports are required

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## Initial Threshold Review

### 7) Application Completeness

- Organizational Documents
  - Applicant County
  - Sponsor
  - Ultimate Borrower, if available
- Resolutions
- Payee Data
  - All public entities require a TIN
  - All non-public entities require a STD



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## Initial Threshold Review

### 7) Application Completeness

- Organizing & Submitting the Application
  - Three-ring binder with sleeve on the side
  - Set up dividers with large lettered tabs to correspond to the Checklist
  - For items that are not applicable to your application, place a sheet of paper behind the tab stating the item is "Not Applicable"

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## Initial Threshold Review

### Checklist

Rev. #2/19

The Checklist below is intended to be used after the Applicant completes the NPLH Supplemental Application. If a header indicates that an area is "Not Applicable", Applicant does not need to provide the requested documents.

**Packaging Instructions for the NPLH application submission:**  
(1) Use string binders/dividers appropriate to the size/thickness of the Universal Application and the Supplemental Application when submitting the application package to the Department.  
(2) Use labeled tabs to separate each section and individual documents, according to the Application Checklist below.  
(3) Use the tab file name descriptions and file structure below for the binder, tab numbers, electronic folder and file name.

Binder Tab #	Initial Threshold Requirement	Electronic File Name	Document Description	Included?
1	X	Checklist	Attachment Checklist	
2	X	Universal Application	Completed Universal Application	
3	X	Supplemental Application	Completed Supplemental Application	
<b>County Applicant Organizational Documents - Housing Authority for the City of Fresno, CA</b>				
4	X	App Cert & Legal Disclosure	Reference Certification & Legal Attachment	
5	X	App Resolution	Reference NPLH webpage for Competitive Resolution document	
6	X	App Noncomp Reso	NPLH Noncompetitive Resolution (if applicable)	
7	X	App Noncomp Allocation	Applicant Noncompetitive Allocation (if applicable)	
8	X	App Signature Block	Signature Block - upload in Microsoft Word document	
9	X	App TIN	Reference Taxpayer Identification Number (TIN) documents on the NPLH webpage	

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## Initial Threshold Review

Name	Date modified	Type	Size
1. Checklist	10/4/2019 9:20 AM	Adobe Acrobat D...	77 KB
2. Universal Application	10/4/2019 9:20 AM	Adobe Acrobat D...	81 KB
3. Supplemental Application	10/4/2019 9:21 AM	Adobe Acrobat D...	79 KB
4. App Cert & Legal Disclosure	10/4/2019 9:21 AM	Adobe Acrobat D...	81 KB
5. App Resolution	10/4/2019 9:22 AM	Adobe Acrobat D...	78 KB
6. App Noncomp Reso	10/4/2019 9:23 AM	Adobe Acrobat D...	76 KB
7. App Noncomp Allocation	10/4/2019 9:24 AM	Adobe Acrobat D...	82 KB
8. App Signature Block	10/4/2019 9:25 AM	Adobe Acrobat D...	72 KB
9. App Tin	10/4/2019 9:25 AM	Adobe Acrobat D...	72 KB

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## Initial Threshold Review

**SECURITY WARNING** Some active content has been disabled. Click for more details. [Enable Content](#)

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A B C D E F G H I J K L M N O P Q R S T U

HCD	
HOME Funds	
HOME Activity Amount	\$0
HOME Admin. Amount	\$0
HOME Activity Delivery	\$0
NPLH - No Place Like Home	

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## Initial Threshold Review

### What's Next?

- Threshold Letters (pass/fail)
- Appeals
- Rating and Ranking



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## Questions





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# Aaron New Rating & Ranking

NPLH Guideline Section 205




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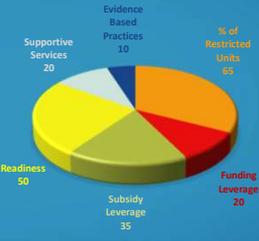
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## Competitive Allocation Application Review

- ✓ Initial Threshold
- ✓ Rating & Ranking
- ✓ Project Feasibility



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## Application Rating and Ranking

Rating Category	Maximum Points	Summary
1.) Percentage of Total Project Units Restricted to the Target Population	65	Percentage of total Project units restricted as NPLH Units, and use of CES, or use of an alternate system to refer persons At-Risk of Chronic Homelessness to NPLH units
2.) Leverage of Development Funding	20	Ratio of the capital (non-CDBG) portion of the NPLH loan to other sources of committed development funding attributable to the NPLH Units. Noncompetitive Allocation funds may count as leveraged funds
3.) Leverage of Rental or Operating Subsidies	35	Percentage of NPLH Units that have committed non-HCD project-based or sponsor-based subsidies with terms substantially similar to that of other project-based rental or operating assistance
4.) Readiness to Proceed	50	Percentage of total construction and permanent financing committed; completion of Phase 1(i) Environmental Site Assessment and environmental clearances; obtaining all necessary local approvals
5.) Extent of On-Site and Off-Site Supportive Services	20	Points awarded for case management provided on-site at the Project, use of evidence-based practices to assist NPLH tenants to retain their housing, offering more services than required, and implementing resident involvement strategies
6.) Past History of Evidence Based Practices	10	Points awarded for development team prior experience implementing evidence-based practices that have led to a reduction in homelessness or other related use of evidence-based practices to serve special needs populations

Total available points shall equal 200

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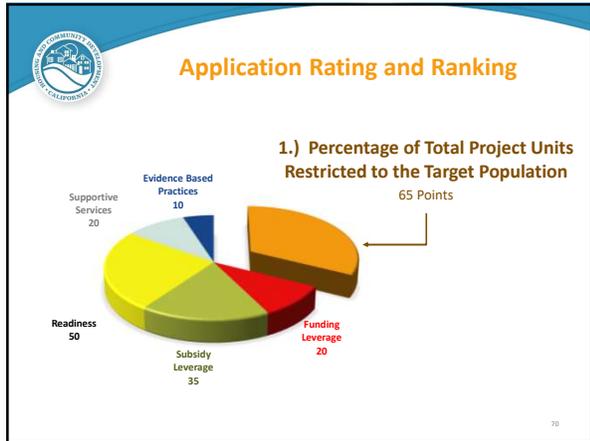
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**Application Rating and Ranking**

**1.) Percentage of Total Project Units Restricted to the Target Population**  
65 points maximum

A. Projects will receive up to a maximum of **30 points** as follows for up to 30 percent of their **total Project Units restricted to the Target Population** as Assisted Units.

Percentage of Projects Units that are Assisted Units	Point Score
5 - 9.9%	8
10 - 14.9%	13
15 - 19.9%	18
20 - 24.9%	23
25 - 29.9%	28
30% and above	30

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**Application Rating and Ranking**

**1.) Percentage of Total Project Units Restricted to the Target Population**  
65 points maximum

B. Projects will receive **35 points** if the Applicant commits to do either of the following for the term of the Department's loan:

**Commit to use a Coordinated Entry System (CES)**

- or -

**Commit to use a separate alternate system**

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## Application Rating and Ranking

**2.) Leverage of Development Funding**  
20 points maximum

Applications will be scored based on the ratio of

permanent development funding attributable to NPLH Assisted Units from sources other than the Competitive Allocation

to the requested capital portion of the Program amount provided under the Competitive Allocation, not including any capitalized operating reserves.

perm dev funding ÷ requested capital portion = leverage of dev funding %

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## Application Rating and Ranking

**2.) Leverage of Development Funding**  
20 points maximum

- To be counted, all sources of leverage **must have an Enforceable Funding Commitment (EFC)**, unless otherwise specified.
- Other Department program funds **must be awarded prior** to finalizing the preliminary scoring of the NPLH application.
- Tax-exempt bond and 4 percent low income housing tax credit amounts will be based on the **estimate of syndication proceeds**.
- Deferred developer fees and funds deposited in a reserve to defray operating deficits **will NOT** be counted in this computation.
- Land donated or leased at a below market cost will be counted where the value is **established by an appraisal**.

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## Application Rating and Ranking

**2.) Leverage of Development Funding**  
20 points maximum

- Noncompetitive Allocations dedicated to the Project **will be** counted in this computation if the requirements of Section 201(b) have been met.
  - **To dedicate the noncompetitive allocation to a Project:**
    1. The county must have submitted the **County Acceptance Form** and required attachments no later than August 15<sup>th</sup>, 2019.
    2. Include the noncompetitive amount on the UA Development sources page.
    3. Include amount on NPLH Project Supplement, Loan Amount, and Unit mix page (line 29).

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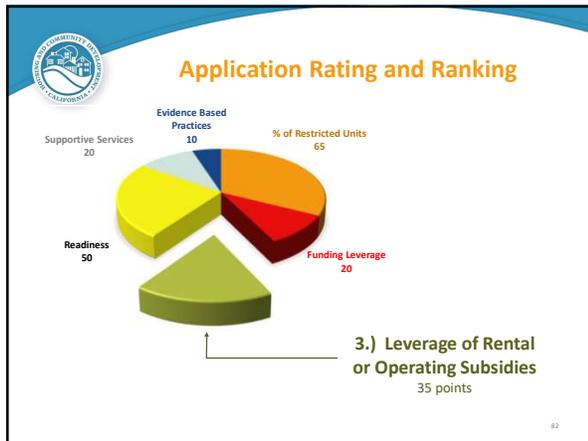
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**Application Rating and Ranking**

**3.) Leverage of Rental or Operating Subsidies**  
35 points maximum

Applications will be scored based on

the percentage of NPLH Assisted Units that have

Enforceable Funding Commitments for operating assistance or for rental subsidies.

✓ 1.75 points will be awarded for each five-percentage increment of committed assistance up to a maximum of 35 points.

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**Application Rating and Ranking**

**3.) Leverage of Rental or Operating Subsidies**  
35 points maximum

- Rental assistance must be substantially similar in terms to Project-based or sponsor-based housing choice vouchers, including but not limited to:
  - Section 8 housing choice vouchers
  - VASH vouchers
  - Family Unification Program vouchers
  - Continuum of Care Supportive Housing rental subsidy
  - Locally funded rental assistance

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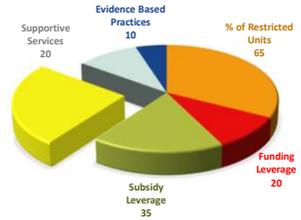
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## Application Rating and Ranking

**4.) Readiness to Proceed**  
50 Points



Category	Points
Supportive Services	20
Evidence Based Practices	10
% of Restricted Units	65
Subsidy Leverage	35
Funding Leverage	20

88

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## Application Rating and Ranking

**4.) Readiness to Proceed**  
50 points maximum

Points will be awarded for each of the following 4 categories:

**1. Construction Financing**

Obtaining **Enforceable Funding Commitments** for all needed construction financing.

- ✓ Projects utilizing 9 percent low-income housing tax credits (and 4% hybrid Projects) may receive up to **5 points** for this rating factor.
- ✓ All other projects may receive up to **10 points** for this rating factor.

89

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## Application Rating and Ranking

**4.) Readiness to Proceed**  
50 points maximum

**2. Permanent Financing, Grants, & Subsidies**

Obtaining **Enforceable Funding Commitments** for all needed permanent financing, grants, and subsidies.

- ✓ Projects utilizing 9 percent low-income housing tax credits (and 4% hybrid Projects) may receive up to **5 points** for this rating factor.
- ✓ All other projects may receive up to **15 points** for this rating factor.

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## Application Rating and Ranking

### 5.) Extent of On-Site and Off-Site Supportive Services

20 points maximum

#### 2. Implementing evidence-based practices:

- Critical time intervention
- Trauma-informed care
- Motivational interviewing
- Other practices
- Assertive community treatment
- Cognitive behavioral therapy
- Voluntary "moving-on" strategies

✓ One point will be awarded for each evidence-based or other recognized practice to be implemented, (up to 5 points).

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## Application Rating and Ranking

### 5.) Extent of On-Site and Off-Site Supportive Services

20 points maximum

#### 3. Offering encouraged services listed under Section 203(d).

- Services for persons with co-occurring mental and physical disabilities
- Recreational and social activities
- Educational services
- Employment services
- Other needed services, such as civil legal services, or access to food and clothing

✓ Two points will be awarded for each category of services (up to 8 points).

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## Application Rating and Ranking

### 5.) Extent of On-Site and Off-Site Supportive Services

20 points maximum

#### 4. Resident involvement

✓ Projects receive up to 2 points for this rating factor.

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## Application Rating and Ranking

### 6.) Past History of Evidence Based Practices

10 points maximum

Examples of evidence-based practices include, but are not limited to:

- Critical time Intervention or assertive community treatment model
- Cognitive behavioral therapy
- Trauma-informed care
- Motivational interviewing and other tools to encourage engagement in services
- Other practices recognized as evidence-based by SAMHSA, DHCS, HUD, or other federal or State public agency.

✓ Two points will be awarded for each category of evidence-based practices documented (up to 10 points).

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## Application Rating and Ranking

Lead Service Provider's Past Experience with Evidence Based Practices		Rev. 06/19
Provide a description of the Lead Service Provider's past experience with Evidence Based Practices below.		
Project Applicant:	Housing Authority for the City of Fresno, CA	
Lead Service Provider:		
Project Name:		
Project Address/Box:		
Project City:	Fresno	
Project County:	Fresno	
Does LSP have experience with critical time intervention or assertive community treatment model?	Yes	
Provide LSP's experience.		
Description		
Does LSP have experience with cognitive behavioral therapy?	Yes	
Provide LSP's experience.		
Description		
Does LSP have experience with trauma-informed care?	Yes	
Provide LSP's experience.		
Description		
Does LSP have experience with motivational interviewing and other tools to encourage engagement in services?	Yes	
Provide LSP's experience.		
Description		
Does LSP have experience with other practices recognized as evidence-based by SAMHSA, DHCS, HUD, or other federal or state public agency?	Yes	
Provide LSP's experience.		
Description		

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## Application Rating and Ranking

Past History of Evidence Based Practices §2056) - 10 Points Max				
Up to 10 points will be awarded to Projects where the Lead Service Provider, which may be the County behavioral health department or its equivalent County department, or another entity that has contracted with the County to be the Lead Service Provider, can document past experience with implementing evidence-based best practices that have led to a reduction in the number of Chronically Homeless or At-Risk of Chronic Homelessness individuals within the Target Population. Similar experience with evidence-based practices for other special needs populations can also be included. This experience can be shown to be relevant to serving the Target Population. Examples of evidence-based practices include the items below. To receive points under this rating factor, all such experience provided must be verified in the manner set forth in the application. (Complete LSP Exp. with EBP worksheet).				
			Number of Past Practices	5 10
(1) Critical time intervention or assertive community treatment model	Yes	(2) Cognitive behavioral therapy	Yes	(3) Trauma-informed care
(4) Motivational interviewing	Yes	(5) Enter Other practices*	Yes	

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## Application Rating and Ranking

**Bonus Points (2 points)**

**Bronzan-McCorquodale**

Projects located in the **City of Berkeley** may receive a total of 2 Bonus Points if the application is submitted by **Alameda County** rather than by the **City of Berkeley**.

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## Application Rating and Ranking

**What's Next?**

- Scoring Letters
- Appeals
- Feasibility Review



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## Questions

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# Shalawn Garcia Project Feasibility

UMR 2017 Section 8300




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## Competitive Allocation Application Review

- ✓ Initial Threshold
- ✓ Rating & Ranking
- ✓ **Project Feasibility**



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## Underwriting Feasibility

- 1) Source of Funds
- 2) Unit Mix
- 3) Development Budget
- 4) Operating Budget
- 5) Cash Flow

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## Underwriting Feasibility

### 1) Sources and Use of Funds

- Variable loans (UMR § 8310)
- Balloon loans (UMR § 8310)
- Sandwich loans (UMR § 8315)
- Max loan amount = \$20,000,000
- Other HCD sources (CHRP ...transactions unit)



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## Underwriting Feasibility

### 2) Unit Mix

- Target Population
- AMI levels – no more than 30%
- Unit Standards
  - Restricted units shall NOT be segregated



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## Underwriting Feasibility

### 3) Development Budget

- Commercial Space
- High Cost analysis (UMR § 8311)
- Operating Reserves
- Transition Reserve
- Developer Fee (UMR § 8312)



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## Underwriting Feasibility

### 4) Operating Budget

- Employee Information
- Other Operating Subsidies
- Replacement Reserves (UMR § 8309)
- HCD 0.42 Monitoring Fee
- Asset Management Fees (UMR § 8314)



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## Underwriting Feasibility

### 5) Cash Flow

- Debt service coverage ratio
- Vacancy Rate
  - 5% for Residential
  - 50% for Commercial
- Restricted and Proposed Rents
- HCD Capital Operating Subsidy Reserve (COSR)



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## Underwriting Feasibility

6 INCOME FROM HOUSING UNITS	Project Amount	Preparation	Inflation	Year 1	Year 2
<b>49 NPLH CASH FLOW</b>					
50 NPLH Cash Flow				0	0
51 NPLH Asset Mgmt/Similar Fees - unpaid				0	0
52 NPLH COSR DISTRIBUTIONS (5% max per year)				0	0
53 COSR distributions complete				0	0
54 Cash Flow with COSR distribution				0	0
55 Asset Mgmt/Similar Fees paid by NPLH				0	0
56 Cash Flow after Asset Mgmt/Similar Fees				0	0

4 INCOME FROM HOUSING UNITS Inflation	Year 1	Year 2
<b>75 NPLH COSR ANALYSIS - if applicable</b>		
76 Net Operating Income	0	0
77 Cash Flow after all debt service	0	0
78 NPLH COSR Draw (or other)	0	0
79 Cash Flow after NPLH COSR	0	0
80 Net Operating Income after NPLH COSR	0	0
81 DSCR with NPLH COSR	0.00	0.00

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### What's Next?

1. Project Reports prepared
2. Presented to Internal Loan Committee
3. Final Project Reports prepared
4. Award letters will be sent
5. Standard Agreements Issued
6. Hand project off to Loan Closing Section

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## Resources

**NPLH Website:**  
<http://www.hcd.ca.gov/grants-funding/active-funding/nplh.shtml>

**Universal Application used by HCD:**  
<http://www.hcd.ca.gov/grants-funding/active-funding/docs/UAHCD.xism>

**NPLH Supplemental Project Application:**  
[http://www.hcd.ca.gov/grants-funding/active-funding/nplh/docs/NPLH\\_Supplemental\\_Application.xism](http://www.hcd.ca.gov/grants-funding/active-funding/nplh/docs/NPLH_Supplemental_Application.xism)

**2019 NPLH NOFA Round 2:**  
<http://www.hcd.ca.gov/grants-funding/active-funding/nplh/docs/Round-2-Competitive-Allocation-NOFA.pdf>

**2019 NPLH Guidelines:**  
<http://www.hcd.ca.gov/grants-funding/active-funding/nplh/docs/Round-2-No-Place-Like-Home-Program-Guidelines.pdf>

**2017 Uniform Multifamily Regulations (UMR's):**  
<http://www.hcd.ca.gov/grants-funding/already-have-funding/uniform-multifamily-regulations/docs/Uniform-Multifamily-Regulations-2017.pdf>

**2019 TCAC Regulations:**  
<https://www.treasurer.ca.gov/ctcac/programreg/2019/20190227/regulations-clean.pdf>

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- California Department of Housing and Community Development
- 2020 West El Camino Avenue
- Sacramento, CA. 95833



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