

No Place Like Home Program Noncompetitive Allocation NOFA and Application Workshop



California Department of Housing and Community
Development

August / September 2018



Noncompetitive Allocation

How much:	\$190 million Non-Competitive / Over-the-Counter
Who can apply:	Counties (alone or in partnership with Development Sponsor)
Allocation:	<ul style="list-style-type: none"> • Formula based on HUD Point-in-Time Count • Minimum allocation of \$500,000 • <i>See Appendix A in the NOFA for the estimated amounts available to each County.</i>
Target Populations:	<ul style="list-style-type: none"> • Chronically Homeless • Homeless • At-risk of Chronic Homelessness • All persons must have a serious mental illness

NPLH funding is contingent on voter approval of the No Place Like Home Act of 2018, AB 1827 (Budget Committee) ballot measure on November 6, 2018, and conclusion of the bond validation and reverse validation actions



Eligible Uses





Funds Administration

Noncompetitive Allocation Funds Administration Map:

Action or Project Type	Applicant	Process	Submit To	Due Date
County Accepts Noncompetitive Allocation	County	Provide Information Requested on the County Noncompetitive Allocation Acceptance Form	HCD	No Later than August 15, 2019
Projects of five or more Units located in Counties that are not an Alternative Process County (APC)	County or County with another entity as Development Sponsor	Complete the Universal Application and NPLH Project Supplement	HCD	No Later than February 15, 2021



Funds Administration

Action or Project Type	Applicant	Process	Submit To	Due Date
Shared Housing Projects of 1-4 Units in Counties Designated by HCD to use NPLH Noncompetitive Funds for Shared Housing	Development Sponsor	Complete the Application Process for Shared Housing Projects in the County where the Project is located	County	County will establish this deadline. This deadline established by the County shall be no later than February 15, 2021.
Projects of Any Size Located in APCs	Development Sponsor	Complete the Application Process in the County where the Project is located	County	County will establish this deadline. For Shared Housing Projects of 1-4 units this deadline established by the County shall be no later than February 15, 2021



Estimated County Allocations

NPLH Formula E estimates for the Noncompetitive Program				
	COUNTY	Pop Est. as of 1/1/2018	2017 PIT Count	Estimated Allocation
1	Los Angeles	10,058,336	56,861	\$77,274,757
2	San Diego	3,337,456	9,160	\$12,449,612
3	San Francisco	883,963	6,858	\$9,321,219
4	Santa Clara	1,956,598	7,394	\$10,049,637
Total		16,236,353	80,273	\$109,095,225
1	Alameda	1,538,328	4,657	\$6,330,083
2	Contra Costa	1,149,363	1,607	\$2,185,167
3	Fresno	1,007,229	1,572	\$2,137,602
4	Kern	905,801	810	\$1,102,052
5	Orange	3,221,103	4,792	\$6,513,548
6	Riverside	2,415,955	2,406	\$3,270,999
7	Sacramento	1,529,501	3,665	\$4,981,967
8	San Bernardino	2,174,938	1,866	\$2,537,144
9	San Joaquin	758,744	1,542	\$2,096,832
10	San Mateo	774,155	1,253	\$1,704,084
11	Ventura	859,073	1,152	\$1,566,826
Total		16,334,190	25,322	\$34,426,304
1	Butte	227,621	1195	\$1,625,263
2	Merim	263,886	1117	\$1,519,262
3	Merced	279,977	454	\$618,252
4	Monterey	443,281	2837	\$3,856,724
5	Placer	389,532	663	\$902,280
6	San Luis Obispo	280,101	1125	\$1,530,134
7	Santa Barbara	453,457	1860	\$2,528,991
8	Santa Cruz	276,864	2249	\$3,057,638
9	Solano	439,793	1232	\$1,675,546
10	Sonoma	503,332	2835	\$3,854,005
11	Stanislaus	555,624	1661	\$2,258,552
12	(Claremont, La Verne, Pomona)	225,393	933	\$1,269,208
13	Tulare	475,834	666	\$906,358
14	Yolo	221,270	459	\$625,048
Total		5,035,965	19,286	\$26,227,261

NPLH Formula E estimates for the Noncompetitive Program				
	COUNTY	Pop Est. as of 1/1/2018	2017 PIT Count	Estimated Allocation
1	Alpine	1,154	0	\$500,000
2	Amador	38,094	149	\$500,000
3	City of Berkeley	121,874	972	\$1,322,208
4	Calaveras	45,157	19	\$500,000
5	Colusa	22,098	5	\$500,000
6	Del Norte	27,221	128	\$500,000
7	El Dorado	188,399	602	\$819,383
8	Glenn	28,796	94	\$500,000
9	Humboldt	136,002	759	\$1,032,744
10	Imperial	190,624	1,154	\$1,569,545
11	Inyo	18,577	120	\$500,000
12	Kings	151,662	187	\$500,000
13	Lake	65,081	401	\$546,225
14	Lassen	30,911	107	\$500,000
15	Madera	158,894	444	\$604,662
16	Mariposa	18,129	38	\$500,000
17	Mendocino	89,299	1,238	\$1,683,689
18	Modoc	9,612	12	\$500,000
19	Mono	13,822	1	\$500,000
20	Napa	141,294	315	\$500,000
21	Nevada	99,155	316	\$500,000
22	Plumas	19,773	47	\$500,000
23	San Benito	57,088	527	\$717,458
24	Shasta	178,271	640	\$871,025
25	Sierra	3,207	0	\$500,000
26	Siskiyou	44,612	0	\$500,000
27	Sutter	97,238	331	\$500,000
28	Tehama	64,039	124	\$500,000
29	Trinity	13,635	77	\$500,000
30	Tuolumne	54,740	161	\$500,000
31	Yuba	74,727	429	\$584,261
Total		2,203,185	9,397	\$20,251,210
	State Total	39,809,693	134,278	\$190,000,000



Critical Dates Under This NOFA

NOFA Release	August 15, 2018
Counties Accept their Noncompetitive Allocation	No later than August 15, 2019
Counties Submit Project Applications of 5 or more units to HCD	February 15, 2021 or earlier depending on availability of funds
Award Announcements	90 days from receipt of all documentation required to make a Project award
Expenditure Deadline	August 15, 2023



Step 1: County Accepts Noncompetitive Allocation

Submit County Noncompetitive Allocation Acceptance Form and required attachments no later than **August 15, 2019**

- 1) Authorizing Resolution for amount of Noncompetitive Allocation. (See NOFA Appendix A, and sample Authorizing Resolution template in County Allocation Acceptance Form)
- 2) Compliance Certification Form
- 3) Plan to Combat Homelessness



County Plan to Combat Homelessness §201(b)(3)

- Plan or update to an existing Plan no older than five years old
- Developed with public input
 - 1) County representatives with expertise from behavioral health, public health, probation/criminal justice, social services, and housing;
 - 2) The local homeless Continuums of Care;
 - 3) Housing and Homeless services providers, especially those with experience providing housing or services to those who are Chronically Homeless;
 - 4) County health plans or other health care providers, especially those implementing pilots or other programs that allow the County to use Medi-Cal or other non-MHSA funding to provide or enhance services provided to NPLH tenants, or to improve tracking of health outcomes in housing;
 - 5) Public housing authorities, and
 - 6) Representatives of family caregivers of persons living with serious mental illness.



County Plan to Combat Homelessness §201(b)(3)

Required Elements

- 1) Description of homelessness County-wide, including homelessness and chronic homelessness among, single adults, families, and unaccompanied youth
- 2) Estimates of homelessness and chronic homelessness among those experiencing:
 - Serious Mental Illness,
 - Co-occurring disabilities/disorders
 - Children with Serious Emotional Disturbance
- 3) Special barriers/challenges to serving NPLH Target Population



County Plan to Combat Homelessness §201(b)(3)

- 4) County resources to address homelessness, including efforts to prevent criminalization of activities associated with homelessness
- 5) Available community-based resources to address homelessness
- 6) Outline of partners to address homelessness
- 7) Proposed solutions to reduce and end homelessness
- 8) Systems in place to collect data in §214, including any barriers to collecting optional data listed in §214(g)
- 9) Efforts to ensure referrals through CES or other alternate system for persons At-Risk of Chronic Homelessness are made available on a nondiscriminatory basis
 - including any necessary efforts to reach classes of persons typically unserved (aka Affirmative Marketing)



Step 2: Submit Project Applications

- Rental Housing Projects of 5 or more Units
- Submit to HCD no later than February 15, 2021
- Submit Universal Application and NPLH Project Supplemental Application
- Must meet Project Threshold Requirements (§202)



Project Threshold

1. Eligible Applicant

- Single County independently as the Development Sponsor, or
- 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 and if NPLH tenants from each of the Counties are expected to reside in the Project



Development Sponsor

- If a County does not want to be the borrower on any Program loan documents then it must apply jointly with a Development Sponsor
- Development Sponsor includes:
 - local public entities
 - nonprofit or for-profit developers
 - Native American tribal governments or Rancherias
 - Joint ventures, partnerships, trusts, corporations, cooperatives
 - Any combination of the above
- See §101 for full definition



Project Threshold (continued)

2. Eligible Uses of Funds

- Must be used for costs associated with one or more of the following:
 - Acquisition
 - Design
 - Construction
 - Rehabilitation or
 - Preservation
- May be used for capitalized operating subsidy reserves permitted under §209, (the NPLH COSR) or the UMR required operating reserve under UMR §8308



Questions?



Project Threshold (continued)

3. Development Team Experience

Counties with population of 200,000 or greater:

- Developed a minimum of 2 affordable rental housing projects in the last 10 years, with a minimum of 1 unit housing a tenant who could qualify as a member of the Target Population
- Lead Service Provider and Property Manager - minimum 3 years each serving Target Population
 - If Service Provider experience not provided in Permanent Supportive Housing (PSH), it must be related to addressing barriers to housing stability/housing retention
 - Lead service provider may be the County



Project Threshold (continued)

Counties with population of less than 200,000:

- Developed a minimum of 2 affordable rental housing projects in the last 10 years, with a minimum of 1 unit housing a tenant who could qualify as a member of a special needs population with barriers to housing stability and retention similar to those of the Target Population
- Lead Service Provider and Property Manager - minimum 3 years each serving one or more special needs populations with barriers to housing stability and retention, whose supportive services and property management needs are similar to those of the Target Population
 - Lead service provider may be the County



NPLH Target Population

Adults with a Serious Mental Illness or children or Adolescents with a Serious Emotional Disturbance as defined under MHSA who are:

- Chronically Homeless, or Homeless, as defined by HUD as of May 1, 2016 or
- At-Risk of Chronic Homelessness (ARCH)
 - Persons exiting institutions (broadly defined) who were Homeless prior to institutionalization, (HUD defined, or 1 or more episodes of Homelessness in the 12 months prior to entering the institution)
 - Transition Age Youth (TAY) who are homeless or who have significant barriers to housing stability
 - See ARCH definition in §101 for more detail



Tenant Selection

- Referrals must be made through the local Coordinated Entry System (CES) or another comparable prioritization system for persons At-Risk of Chronic Homelessness
- Projects shall accept tenants regardless of sobriety, participation in services , history of incarceration, credit history, or history of eviction
- WIC 8255 (b) State Housing First Requirements



Project Threshold (continued)

4. Site Control

- Must meet a form of site control permitted under UMR §8303
- *Will be discussed in detail with UMR portion of the presentation (Part III)*



Project Threshold (continued)

5. Integration

- In projects greater than 20 units, HCD will fund no more than 49% of project units as NPLH units

Projects must also:

- Integrate NPLH units/tenants with other Project units/tenants.
- Encourage social interaction through community building activities, architectural design features, (for example, indoor and outdoor community space , wide hallways), as feasible depending on the scope of the construction or rehabilitation activity;
- Have no restrictions on guests different from that of unsubsidized rental housing in the community



Project Threshold (continued)

6. Article XXXIV

- Regardless of the number of units in a project, all Projects must comply with Article XXXIV of the CA Constitution
 - Voter referendum evidencing sufficient Article XXXIV Authority to support the number of restricted units in the Project or
 - Other legal basis for Article XXXIV compliance
- For NPLH loans underwritten by HCD, Article XXXIV legal opinion letters and other documentation shall be subject to review and approval prior to the execution of HCD's Standard Agreement



Project Threshold (continued)

7. Site and Unit Requirements

- a) All Projects must be free from severe adverse environmental conditions that cannot be feasibly removed or mitigated
 - i. Phase I/II reports are requested, including any follow-up reports required within the Phase I/II
 - ii. Copies of all environmental clearances or Notices of Exemption should also be submitted with the application

- b) All Projects sites must be reasonably accessible (1/2 mile) 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



Project Requirements

7. Site and Unit Requirements (continued)

c) Upon completion, Project must be on permanent foundation; meet all applicable State and local code including requirements for minimum square footage, and requirements related to maintaining the property in a safe and sanitary condition

d) Upon completion, Projects must meet TCAC requirements for physical accessibility to persons with disabilities, in addition to all other applicable federal, state, and local accessibility requirements

e) Projects must also provide a preference for accessible units to persons with disabilities requiring the features of the accessible units

f) Exemptions from TCAC accessibility requirements must be approved in writing by the Department prior to the start of construction



Project Requirements (continued)

8. Relocation

- All persons who are displaced as a direct result of the development shall be entitled to State relocation benefits and assistance
- The relocation plan or other relocation documentation shall be subject to review and approval by HCD prior to the beginning of any construction or other activity that will result in displacement

9. State Prevailing Wages

- NPLH Funds are subject to State prevailing wage law, unless the Project meets one of the exceptions of Labor Code 1720(c) as determined by the State Department of Industrial Relations



Project Threshold (continued)

10. Supportive Services §203

- For a minimum of 20-years, County must make mental health services available to NPLH tenants and coordinate the provision or referral to other services
- Supportive Services plan meeting the requirements of §203 must be submitted with the application
- Services required to be made available, and services encouraged to be made available are listed in Sec 203 (c) and (d) respectively
- Participation in services by NPLH tenants is voluntary
- Services package should be designed to be flexible, individualized, to support tenant engagement, and housing retention



Project Threshold (continued)

Services Required To Be Offered:

1. Case management
2. Peer support activities
3. Mental health care, such as assessment, crisis counseling, individual and group therapy, and peer support groups
4. Substance use services, such as treatment, relapse prevention, and peer support groups
5. Support in linking to physical health care, including access to routine and preventive health and dental care, medication management, and wellness services
6. Benefits counseling and advocacy, including assistance in accessing SSI/SSP, enrolling in Medi-Cal; and
7. Basic housing retention skills (such as Unit maintenance and upkeep, cooking, laundry, and money management)



Project Threshold (continued)

Services That May Be Offered:

1. Services for persons with co-occurring mental and physical disabilities or co-occurring mental and substance use disorders not listed above
2. Recreational and social activities
3. Educational services, including assessment, GED, school enrollment, assistance accessing higher education benefits and grants, and assistance in obtaining reasonable accommodations in the education process
4. Employment services, such as supported employment, job readiness, job skills training, job placement, and retention services, or programs promoting volunteer opportunities for those unable to work, and
5. Obtaining access to other needed services, such as civil legal services, or access to food and clothing



Project Threshold (continued)

Supportive Services Plan Must Also Discuss

1. Tenant outreach, engagement, and retention strategies
2. Transportation options for services provided off-site to ensure reasonable access that does not require walking more than ½ mile
3. Efforts to ensure service provision is culturally and linguistically competent for persons of different races, ethnicities, sexual orientations, gender identities, and gender expressions, including also persons with ESL, and persons with disabilities affecting their ability to communicate
4. How communication among services providers, the property manager and tenants will be facilitated



Project Threshold (continued)

11. Property Management Plan (PMP)

At application stage, the PMP must discuss:

1. Low barrier tenant selection that prioritizes those with highest need
2. Housing First Practices – Welfare Institution Code (WIC) §8255(b)
3. Eviction prevention and reasonable accommodation policies/practices
4. Prior to loan closing, the property management plan shall meet all of the requirements of §217(d)



Questions?



Part II

Project Financial Feasibility



Project Threshold (continued)

1. 2018 Maximum Loan Amounts and Per-Unit Subsidy Limits

- Max loan amount, including all eligible capital and COSR costs shall be \$20,000,000, subject to individual loan underwriting
- Noncompetitive and Competitive allocations may be used on the same multifamily Project as long as the NPLH's per-unit subsidy limit are not exceeded

2. Capital Per-Unit Limits

- NPLH per-unit subsidy limits tables posted on the Program website
- Different tables for Projects proposing use of 9% tax credits, and those not using 9% credits
- Based on the County FMR, the Area Median Income (AMI) levels being targeted and the number of bedrooms per unit



Project Threshold (continued)

Assisted units

- NPLH funds shall not be combined with other financing sources on the same unit, except for other state funding programs listed in the definition of Assisted Unit §101(e)
- Example:
 - Unit may not use sources from MHP or VHHP
 - Unit may use sources from tax credit programs, CalHFA senior debt, CalHFA SNHP, RHCP-O, SUHRP



Project Threshold (continued)

3. COSR Per-Unit Limits

- For Projects proposing use of 9% tax credits, cannot exceed 100% of the per-unit limit for the capital portion of the loan under the 9% per-unit subsidy limits table mentioned above
- For project not using the 9% tax credits, COSR per-unit limit for projects underwritten in 2018 cannot exceed \$180,492 per unit.
- Per-unit capital and COSR amount listed above are maximum amounts. Actual amount is subject to the individual underwriting requirements for the COSR
- NPLH Universal Application form contains a COSR calculation Worksheet incorporating the COSR underwriting requirements in §209



Project Threshold (continued)

4. Financial Feasibility

- Projects must meet the requirements of HCD UMRs, as well as NPLH Occupancy, Income, Rent Limits and reserve requirements
- Where there is a difference between the UMRs and the Guidelines, the provisions of the Guidelines shall prevail



Project Threshold (continued)

5. Rent and Income Requirements §206, 207

- NPLH-tenant rents and incomes shall be restricted to 30% AMI or below
- If at time of annual income recertification, there are changes in tenant income resulting from changes in SSI/SSP payment levels, that unit can continue to be charged up to 30% AMI rent, and remain an NPLH unit
- If tenant incomes increase above 30% AMI for reasons other than SSI/SSP payment levels, the household may continue to reside in the unit, and services continue to be provided, but the unit can no longer be designated as an NPLH Assisted Unit



Project Threshold (continued)

6. Transition Reserve §207

- Projects shall have a transition reserve in case any Project-based rental assistance is not renewed, or the Project COSR is exhausted and Project cannot secure other sufficient rental or operating subsidies to avoid immediately raising rents on the NPLH units
- Minimum amount of the transition reserves shall be the amount sufficient to prevent rent increases for one year following the loss of the rental assistance or exhaustion of the COSR
- NPLH funds cannot be used to fund the transition reserve



Project Threshold (continued)

6. Transition Reserve §207

- Any increase in rents following exhaustion of the transition reserve shall be that which is minimally necessary to preserve the financial feasibility of the Project
- In no event shall rents on NPLH units be increased above 50 percent AMI
- If NPLH tenants will need to move after exhausting all transition reserve funds, a transition plan shall be implemented to identify other permanent housing options that may be more affordable to NPLH tenants who cannot afford the increased rent, and to assist those persons in accessing other available housing. Funds from the transition reserve may be used for these expenses.



Questions?



Part III

2017 Uniform Multifamily Regulations (UMR)



§8302 Restrictions on Demolition

- (a) New construction projects requiring demolition of existing residential units are eligible only if the number of bedrooms in the new project are at least equal to the number of bedrooms demolished
- (b) The Department may approve a reduction in the number of units to substantially improve livability or serve a compelling public policy objective
 - Example: Reducing Single Room Occupancy (SRO) units to create efficiency studio units



§8303 Site Control Requirements

- At time of application the Development Sponsor or its wholly controlled affiliate must control the project site:
 - Fee Title
 - Leasehold Estate meeting the requirements of UMR §8316
 - Purchase or Lease Option
 - Disposition and Development Agreement
 - Exclusive Right to Negotiate



§8303 Site Control Requirements: Scattered Site Projects

- Single owner and property manager
- All debt & security instruments senior to the Department is the same for all sites
- Single rent schedule, audit and annual report covering all sites
- The Department must be secured against all sites
- The Department named on insurance for all sites

Note: Projects proposing a scattered site project which includes one or more projects currently assisted by Department funding are subject to the requirements and limitations for restructuring Department loans and grants.



§8305 Minimum Occupancy Requirements

- The UMR minimum occupancy limits are more restrictive than TCAC requirements
 - SRO/0-BR/1-BR = **1**
 - 2-BR = **2**
 - 3-BR = **4**
 - 4-BR = **6**
 - 5-BR = **8**



§8308 Capitalized Operating Reserves

- Tax-Credit Projects
 - 3 mos. each of Operating Expenses; Debt. Service, including Department & Bond Issuer Fees and Replacement Reserve deposits
- Non-Tax Credit Projects
 - 4 mos. of each of the above
- Shall be funded from development funding sources
- Operating Reserve balances cannot be used for partnership exit costs, except as set forth in this section.



§8309 Replacement Reserves

- New Construction or Conversion Projects
 - Annual deposits equal to at least the lesser of:
 - .6 percent of Structures; or
 - \$500 per unit
- Rehabilitation Projects
 - Amount based on 3rd party Physical Needs Assessment (PNA) or Capital Needs Assessment (CAN)
 - Initial “placeholder” amount of \$500 per unit
- May be funded from Operating Income, development sources or a combination of both
- Replacement Reserve balances cannot be used for Limited Partner exit costs



§8310 Underwriting Standards (Operating Budget)

- Operating Income
 - Now includes income from rental of Commercial Space or commercial use.
- Vacancy Rate Assumptions:
 - Residential: 5% (higher rate allowed for Supportive Housing)
 - Commercial: 50% (or rate allowed by Senior Lender or Investor subject to §8310(b)(1) & (2))
- Operating Benchmarks (Safe Harbor)
 - Total Operating Expenses shall not be less than the TCAC minimums (published annually)
 - Operating Expenses shall be within normal market range, as determined by the Department



§8310 Underwriting Standards (Operating Budget)

- Supportive Services §8301(t)
 - Social, health, educational, income support and employment services and benefits, coordination of community building and educational activities, individualized needs assessment and assistance with obtaining services or benefits
- Supportive Services Costs §8301(u)
 - The costs of providing service coordination, case management and direct Supportive Services including:
 - The costs of providing information and referrals addressing Supportive Services listed above
 - Salaries, benefits, staff training, travel, office, supply & equipment expenses related to services programs, incidental costs of resident events and similar costs approved by the Department



§8310 Underwriting Standards (Operating Budget)

- Supportive Services Costs
 - Shall be limited as specified in §8314(e) and (f)
 - Cost of staff supervision shall not exceed 10% of on-site staff salaries
 - Administrative expenses shall not exceed 15% of total supportive services costs paid as operating expenses
 - Costs otherwise allowed as operating costs by the Department, but prohibited by other funding sources, may be paid from Operating Cash Flow
 - Sponsors shall maintain on-site and available to the Department for inspection records of group activities, individual services and referrals
 - Annual reporting may be required



§8310 Underwriting Standards

- First Year Debt Coverage Ratio (DCR)
 - Not less than 1.10:1 or more than 1.20:1; or
 - First year cash flow after debt service and required reserve deposits does not exceed 12% of Operating Expenses; or
 - Where necessary to insure positive cash flow for 20 years
- Debt Service payments include:
 - Senior amortized loan payments
 - Bond Issuer Fees
 - Department .42% loan fee
- These requirements may be modified on a case-by-case basis for projects receiving subsidies structured on a “break even” operation



§8310 Underwriting Standards

- Balloon Loans
 - Not allowed on Senior debt, except where Department regulatory agreement is recorded in senior position
 - Allowed on Junior debt only where Department determines project feasibility is not jeopardized
- Variable Interest Rate & Resets
 - Cap rate required/Underwritten @ cap rate
 - Project must remain feasible
- Sandwich Loans
 - Same requirement as Balloon Loan per §8315(d)
- Limits on Local public agency loans
 - Required payments, if any, shall not exceed .5% of principal loan amount



§8311 Limits on Development Costs (Development Budget)

- Project costs must be reasonable
 - Deemed reasonable if the ration of eligible basis to adjusted basis limits is less than 160%
 - Basis limits shall be calculated in accordance with TCAC regulations, §10325-10327
- Builder overhead, profit and general requirements shall not exceed 14% of construction costs, excluding general liability insurance



§8311 Limits on Development Costs (Development Budget)

- Property acquisition costs shall not exceed appraised value, except where the amount above appraised value is funded by junior public agency financing that carries no mandatory debt
- The value of land donation claimed as a capital contribution to increase developer fee must be supported by an appraisal
- Land sales between related parties shall not exceed the cost at last arms-length transaction plus reasonable carrying costs



§8312 Developer Fees (Development Budget)

For projects utilizing Low Income Housing Tax Credits (LIHTC) the developer fee paid from development sources is limited to:

- For 9% projects, developer fees cannot exceed the amount that may be included in project costs pursuant to CCR, Title 4, Section 10327.
- For 4% projects, developer fees shall not exceed the lesser of \$3,500,000 or an amount per the formula stated in §8312(c).
- Deferred fees in excess of the above limits shall be paid from Operating Cash Flow



§8312 Developer Fees

For projects not utilizing LIHTC, if projects meet certain construction cost requirements, developer fees are increased to the following:

- New Construction or Acquisition/Rehabilitation Construction budget = or greater than \$36,000 per unit:
 - \$26,000 per unit for first 30 units, and
 - \$10,500 per unit in excess of 30.
- Acquisition and Rehabilitation = or greater than \$10,500 and less than or equal to \$36,000 per unit:
 - \$12,000 per unit for first 30 units
 - \$5,500 per unit in excess of 30 units
- All other Projects = \$2,000 per unit



§8314 Use of Operating Cash Flow

- Operating income remaining after payment of operating expenses, required reserve deposits and mandatory debt service shall be applied in the following order:
 - Approved deferred developer fees
 - Asset management, partnership management and similar fees
 - Not to exceed \$32,317 (2018) - 3.5% increase per year (2016 = \$30,000)
 - Accrued fees, not to exceed 3 fiscal years
 - Supportive Services costs, not allowed from Operating Costs
- Distributions & Residual Receipts
 - 50% Sponsor Distribution
 - May be reduced based on other public agency requirements
 - May be reduced where continuing project-based rental assistance creates a “cash cow”
 - 50% Payment on Department Loan
 - HCD may share with other public agencies in proportion to assistance provided



Questions?



Part III

NPLH Supplemental and Universal Application (UA)



NPLH Supplemental Application

Key Points

- When opening the file a yellow "Enable Content" or "Enable Editing" banner may appear. Click this box so macros are enabled. Enabling macros is necessary for full worksheet functionality.
- Complete/answer all yellow shaded cells
- Cells with red triangles contain instructions
- Provide/attach items requested in **ORANGE** shaded cells using the file names indicated.
- Suggested file organization on the CD/USB
 - Folder name: 01 Proj Threshold Req
 - File name: Site Control, Preliminary Title Report, etc.



NPLH Supplemental Application

Key Points (continued)

- “1 Proj Threshold Req” worksheet
 - County (cell R4) – use dropdown list to select county project is located
 - Necessary to pull correct per unit capital loan amounts in the “2 Loan Amount & Unit Mix” worksheet
 - County Population – check the applicable population box.
 - This will unhide applicable rows 15-44 regarding project team experience
 - “No” answers to any question that turns cell shading red
 - this indicates a key problem (use cell A75 to explain these “No” answers)
- If project has site control special circumstances, use cell A75 to explain



NPLH Supplemental Application

Key Points (continued)

- “2 Loan Amount & Unit Mix” worksheet
 - COSR loan amount (cell AJ3) – obtain from Universal Application “NPLH COSR Calc” worksheet (cell G5) **COSR (lesser of PU or CF)** \$0
 - Enter applicable number of units in yellow shaded cells (must be consistent with what you entered on the UA “Rents” and “NPLH Rents” worksheets)
 - NPLH funds shall not be combined with other financing sources on the same unit - read definition of NPLH Assisted Units (cell A16)
 - Maximum allowable NPLH loan (cell AJ4)
 - Submit documentation from the local housing authority substantiating applicable amount of utility allowance used
- “3 Supportive Services Plan” worksheet
 - Provide answers within yellow-shaded cells (cells expand)
 - Attach all supporting documents (e.g. MOU, proposed budget)



NPLH Supplemental Application

Key Points (continued)

- Sample Resolution worksheets
 - Sample County Project Authorizing Resolution
 - Must be completed by the County as the Project Development Sponsor
 - Sample Development Sponsor Authorizing Resolution
 - If applying jointly, must be completed by entity as the Project Development Sponsor
- Follow the instructions on sample template(s)
- **MUST submit applicable resolution (one or both). If not submitted, HCD cannot award project**



Questions?



Universal Application



Universal Application worksheets

1. Instructions
2. General
3. Narrative
4. Contacts
5. Site & Units
6. Miscellaneous
7. Rents
8. NPLH Rents*
9. Subsidies
10. Dev Sources
11. Dev Budget
12. Permanent Sources & Uses
13. Developer Fee Instructions*
14. Developer Fee*
15. Supportive Services Costs*
16. Operating
17. Cash Flow
18. NPLH COSR Calculation*
19. Experience
20. Certifications
21. Legal Status

*New worksheet



Universal Application

Key Points

- When opening the file a yellow "Enable Content" or "Enable Editing" banner may appear. Click this box so macros are enabled. Enabling macros is necessary for full worksheet functionality.
- Complete/answer all yellow shaded cells
- Cells with red triangles contain instructions
- "Rents" worksheet
 - Rows 18-24 should only be used for restricted manager units
 - Units restricted at 15% to 30% AMI must be entered within the following rent limits sets: rows 18-24, 26-32, 34-40, 42-48 and 50-56 (these rent limit sets flow to the "NPLH Rents" worksheet).
- "NPLH Rents" worksheet
 - Enter NPLH Assisted Units only (the 15% to 30% AMI units will have yellow shaded cells for data entry)



Universal Application

Key Points (continued)

- “Dev Fee Instructions” worksheet
 - Instructions for completing the “Dev Fee” worksheet
- “Dev Fee” worksheet
 - Check the box for the proposed Tax Credits, if any, in the project
 - **Draft of Project’s TCAC “Application” worksheet, “PROJECT FINANCING – THRESHOLD BASIS LIMIT” section must be submitted for proper calculation**
 - Source document for yellow shaded cells are to the right of calculator
- “Supportive Services Costs” worksheet
 - Calculates maximum supportive services costs per UMRs
- “Operating” worksheet
 - Staff Supervisor Salaries (cell D102), Supportive Services Admin Overhead (cell D105) and Total Supportive Services Costs (cell D108) may not exceed the maximum amounts in cells F102, F105 and F108



Universal Application

Key Points (continued)

- “NPLH COSR Calculation” worksheet
 - Select anticipated tax credits in the Project (cell D2)
 - Maximum eligible COSR loan amount is shown in cell G4

For 9% Tax Credit Projects

- Project County – select from dropdown list in C3
- Total Number of Manager units – enter in C4
- Per unit COSR loan limits – enter number of NPLH assisted units in yellow shaded cells (K3 - K6, N3 - N6, Q3 - Q6, T3 - T6 and W3 - W6)
- Total Number of NPLH Assisted Units (C5) - if shaded red, the total NPLH assisted units in columns K, N, Q, T and W does not equal total assisted units in the NPLH Rents worksheet



Universal Application

Key Points (continued)

- “NPLH COSR Calculation” worksheet

Cash Flow components

- Project Amounts in column C flow from the “Cash Flow” worksheet
- Proration in column D is the default proration % (equal to the total project units divided by NPLH assisted units minus manager units). If you revise the proration % for a line item, explain in cell A61
- Tenant Assistance Payments and Subsidy amounts may be changed by changing the proration % or amount. If changed, explain in cell A61
- Vacancy is set at 5%. Explain any change in cell A61. §209(f)(4) and (5)
- NPLH Monitoring Fee – cell C39, enter the .42% payment to HCD for only the portion related to the NPLH Capital Loan Amount
- NPLH CASH FLOW – rows 49 and 50, amounts in cells shaded in blue are added to the eligible COSR amount in cell G4. §209(d) and (l)(6)



Questions?



Project Application Submittal

1. Use a 3-ring binder appropriate for the size of the application.
2. Use the template to label binder's cover and spine.
3. Submit an original hard copy of the completed Universal Application and Supplemental Application with required attachments and
4. Two electronic copies on CD/USB drive of the Universal Application and Supplemental Application in Excel format. All attachments must be saved as ***individual files in .pdf format*** and labeled with exhibit number and attachment name.



Application Submittal (continued)

Spine Template:

Leave top 3 inches blank

[County]

[Project Name]

NPLH Noncompetitive Allocation

Submitted by:

[Applicant Name]

[Date]

Front Cover Template:

[Project Name]

[County]

NPLH Noncompetitive Allocation

Submitted by:

[Applicant Name]

[Date]



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For more information
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- Sacramento, CA. 95833

