

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


2020 W. El Camino Avenue, Suite 670

Sacramento, CA 95833

(916) 263-2771 / FAX (916) 263-2763 www.hcd.ca.gov

October 23, 2020

MEMORANDUM FOR: All Potential Applicants and Interested Parties

FROM: Jennifer Seeger, Deputy Director
Division of Financial Assistance 

SUBJECT: **No Place Like Home Program, Competitive Allocation
Notice of Funding Availability, Round 3**

The California Department of Housing and Community Development (HCD) is pleased to announce the availability of approximately \$202 million in funds for the No Place Like Home (NPLH) Program Notice of Funding Availability, Round 3. Approximately \$187.4 million of this amount is available through the HCD Competitive Allocation. The remaining approximately \$14.6 million is available under the Alternative Process County (APC) Allocations. 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 persons living with a serious mental illness who are Chronically Homeless, 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. The definition for terms used in this memorandum can be found in the NPLH October 2020 program Guidelines and the attached NOFA.

HCD Competitive Allocation

Eligible project applications to be submitted by Counties to HCD under the Competitive Allocation are multifamily rental housing projects of five or more Units located in Counties other than Los Angeles, San Diego, San Francisco, and Santa Clara, except as specified below. Project applications submitted under this Competitive Allocation will be funded on a competitive basis, subject to the availability of funds.

Note: The Tri-Cities of Pomona, Claremont, and La Verne, and the City of Berkeley, are considered separate Counties under the NPLH program because they receive a direct allocation of Mental Health Services Act (MHSA) funds from the California Department of Health Care Services. Projects of five or more Units located in these cities must be submitted to HCD through the Competitive Allocation.

For Projects funded under this Competitive Allocation, Counties compete for available funds with other Counties of a similar population size.

Population Group	Initial Amounts
Large County (population greater than 750,000)	\$106,876,025
Medium County (population between 200,000 to 750,000)	\$43,962,132
Small County (population less than 200,000)	\$36,595,102
Total Amount Available to the Competitive Allocation County Population Groups	\$187,433,259

For a list of Counties within each population group, see Appendix A in the NPLH NOFA. **The amounts above reflect any adjustments made for reallocations of funds under Round 2. See Appendix A for more detail.**

Alternative Process Counties Allocation

The Counties of Los Angeles, San Diego, San Francisco, and Santa Clara are designated as APCs. APCs need not apply for Round 3 funding. The allocations are automatic, provided that the County’s NPLH program complies with all applicable NPLH Guideline requirements. Below are the Round 3 APC Allocations available under this NOFA.

The amounts in the following table reflect amounts subtracted from the County’s Round 3 allocation due to advances in Round 3 funds that were received under the Round 2 NOFA. See NOFA Appendix A for amounts advanced under Round 2.

See NOFA Appendix A for amounts advanced under Round 2.

Los Angeles	\$0
San Diego	\$12,262,010
San Francisco	\$322,157
Santa Clara	\$2,023,046
Total Amount Available to APCs Under this NOFA	\$14,607,213

The NPLH program Guidelines, application forms, and application training information for Projects submitted to HCD are available on the [NPLH Program webpage](#).

NPLH Round 3 Competitive NOFA

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Two complete original applications, each one on a separate USB flash drive with all applicable information must be received by HCD no later than 5:00 p.m. Pacific Standard Time on January 19, 2021, delivered by a mail carrier service that provides a date-stamped verification of delivery such as the U.S. Postal Service, UPS, and FedEx to the following address:

**No Place Like Home Program
Division of Financial Assistance, Program Design and Implementation Unit
California Department of Housing and Community Development
2020 W. El Camino Avenue, Suite 150
Sacramento, CA 95833**

Personal deliveries will not be accepted. No facsimiles, late applications, incomplete applications, application revisions, electronically transmitted, or walk-in application packages will be accepted.

To receive information on workshops and other updates, please subscribe to the [NPLH listserv](#). If you have any further question, please contact NPLH@hcd.ca.gov.

Attachment

No Place Like Home Program

Round 3 Notice of Funding Availability



State of California
Gavin Newsom, Governor

Lourdes M. Castro Ramirez, Secretary
Business, Consumer Services and Housing Agency

Gustavo Velasquez, Director
California Department of Housing and Community Development

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

Program email: NPLH@hcd.ca.gov

Telephone: (916) 263-2715

October 23, 2020

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I. Overview

A. Notice of Funding Availability

The California Department of Housing and Community Development (HCD) hereby announces the availability of approximately \$202 million in Round 3 Competitive Allocation and Alternative Process County (APC) funds for the No Place Like Home (NPLH) Program. Approximately \$187.4 million of this amount is available through the HCD Competitive Allocation. The remaining approximately \$14.6 million (including possible advances of Round 4 funds) is available under the Alternative Process Counties (APC) Allocations.

The disbursement of funds pursuant to this Notice of Funding Availability (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.

NPLH provides deferred payment loans to Counties applying independently as a Development Sponsor, as well as to Counties applying jointly with another entity as a Development Sponsor, to finance the development of Permanent Supportive Housing for persons living with a serious mental illness who are Chronically Homeless, 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 (COSR). 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 available through a Noncompetitive Allocation (NCA) and a Competitive Allocation. This NOFA addresses funds that will be available through Round 3 of the Competitive Allocation. Competitive Allocation funds and a County's NCA funds may be used in the same Project. Projects proposing to use both of these sources of NPLH funds must submit one Project application utilizing the Competitive Allocation forms provided with this NOFA. In order for Counties to use their NCA funds they must have submitted their acceptance form to the Department no later than August 15, 2019. These NCA funds must also be currently available and not already awarded by the Department to other NPLH Projects.

Defined terms within the October 2020 NPLH Guidelines (Guidelines) are capitalized in this NOFA. Definitions of capitalized terms can be found in Section 101 of the Guidelines.

B. Competitive Allocation Amounts for HCD Administered NPLH Funds

For Projects funded under this HCD Competitive Allocation, Counties compete for available funds with other Counties of a similar population size. The initial amounts available under this NOFA for the HCD Competitive Allocation within each population group are as follows.

Population Group	Initial Amounts
Large County (population greater than 750,000)	\$106,876,025
Medium County (population between 200,000 to 750,000)	\$43,962,132
Small County (population less than 200,000)	\$36,595,102
Total Amount Available to the Competitive Allocation County Population Groups	\$187,433,259

For a list of Counties within each population group, see Appendix A in the NPLH NOFA.

The total amount of funds available within each County population group is based on a formula that accounts for:

1. The proportionate share of Homeless persons among the Counties within each group based on the most recent Point-In-Time (PIT) Count of both sheltered and unsheltered Homeless persons as published by the U.S. Department of Housing and Urban Development (HUD), and as compared to the state's total Homeless population. This factor is weighted at 70 percent; and
2. The proportionate share of Extremely Low-Income (ELI) renter households that are paying more than 50 percent of their income for Rent using HUD's Comprehensive Housing Affordability Strategy dataset. This factor is weighted at 30 percent.

Notwithstanding the above calculation, the Small County Allocation shall be no less than 8 percent of the funds made available in the Competitive Allocation.

In addition, pursuant to Guideline Section 204 (d) (6) (D), If the total funds requested for a County population group(s) is less than the amount made available to that population group(s) in the NOFA, the Department may use funds from that population group(s) to fund other eligible unfunded applications in other population group(s) as long as the Department adjusts the allocations for each

affected population group in the subsequent NOFA to account for any such reallocation.

Consistent with this provision, the amounts within each population group above reflect adjustments in allocations as a result of reallocations of funds made in Round 2. See Appendix A for more detail.

C. Alternative Process County Allocation

If a County with 5 percent or more of the state’s homeless population wants to administer its NPLH funds, it can be designated by HCD as an APC. Once the County has been designated as an APC, the County, as the Project lender, will use its share of funds to select Projects of any number of Units based on a method of distribution approved by HCD, and will monitor these Projects for the required period of affordability. Articles I and III of the Guidelines address HCD requirements for APCs. As of the date of this NOFA, four Counties have been designated to be APCs: Los Angeles, San Diego, San Francisco, and Santa Clara Counties. APCs need not apply for their Round 3 allocation. It will be automatic provided that the County’s NPLH program complies with all applicable NPLH Guideline requirements.

Upon request, the Department may offer each APC a one-time advance on future funding allocations in order to address documented unmet application demand. Funds advanced in a particular round will be deducted from the amount available to the APC in the following funding round(s). ***The amounts in the following table reflect amounts subtracted from the County’s Round 3 allocation due to advances in Round 3 funds that were received under the Round 2 NOFA. See NOFA Appendix A for amounts advanced under Round 2.***

Los Angeles	\$0
San Diego	\$12,262,010
San Francisco	\$322,157
Santa Clara	\$2,023,046
Total Amount Available to Alternative Process Counties Under This NOFA	\$14,607,213

Once a County has been designated by HCD to administer funds as an APC, proposed Projects located in an APC, other than Projects located in the cities of Claremont, La Verne, and Pomona, must apply for NPLH funds through the APC pursuant to the terms of the APC’s application process in accordance with the method of distribution and other requirements approved by the Department.

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 cities of Berkeley, Claremont, La Verne and Pomona are considered Counties under the NPLH statute because these cities receive a direct allocation of MHSAs funds. Therefore, these cities can be direct applicants for NPLH funds.

For a current list of these APC contacts, see the most recent HCD award list(s) for each of the APCs located on the [NPLH Program webpage](#).

D. Tentative program timeline

Projects submitted to HCD

NOFA release	October 2020
Application deadline for Projects submitted to HCD	January 19, 2021
Award announcements for Projects submitted to HCD	Spring 2021

Projects Submitted to APCs

HCD awards funds to APCs	February 2021
Application deadline for Projects submitted to an APC	Determined by the County
Award announcements for Projects submitted to an APC	Determined by the County

E. Authorizing Legislation, Program Guidelines, and Regulations

The NPLH program furthers the purposes of Assembly Bill (AB) 1618, (Chapter 43, Statutes of 2016), as amended by AB 1628, (Chapter 322, Statutes of 2016, effective September 13, 2016), 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 NPLH program Guidelines establish terms, conditions, and procedures for the award of funds under the Competitive Allocation. The newly adopted Guidelines are available on the NPLH website at [Guidelines](#). 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 current UMRs are located at [HCD UMR webpage](#).

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

II. Program requirements

The remainder of this NOFA addresses individual Project threshold requirements and competitive application rating criteria for Projects of five or more Units to be administered by HCD using Competitive Allocation funds.

The following is provided as a summary and is not to be considered a comprehensive representation of the eligibility, threshold, and application rating criteria, or 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 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.

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 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 (C.C.R), 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, and under Section 8308 of the UMRs. (The capitalized reserves permitted under Section 209 are hereafter referred to as COSRs.) Pursuant to the urgency legislation 2020 Cal. Legis. Serv. Ch. 147 (S.B.1030), which amended Welfare and Institutions Code Section 5849.8, COSRs provided by the Department 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 the Department 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 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 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. 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 County Noncompetitive Allocation Funds

The application submission deadline for Project proposing use of NCA funds is February 15, 2021. Counties can propose Projects utilizing funds from both the NCA and the Competitive Allocation. Projects proposing use of NPLH funds from both Allocations must be submitted by the deadline in the Round 3 Competitive Allocation NOFA, using the current Competitive Allocation NOFA and Application Forms, unless the Department has granted the County a written extension of the February 15, 2021 NCA application submission deadline that would enable Projects utilizing funds from both Allocations to be submitted by the Round 4 Competitive Allocation NOFA application submission deadline. See the NCA extension request memo on the NPLH webpage under ["Get Funding"](#), ["Noncompetitive Allocation"](#) which discusses the process and requirements for requesting an extension of the application submission deadline for Projects proposing use of NCA funds.

Project applications proposing to use NCA funds without the use of NPLH Competitive Allocation funds can also be submitted at any time up to the application submission deadline using the NCA NOFA and application forms found on the NPLH webpage. These forms do not contain worksheets for application scoring criteria.

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.

For a listing by County of available NCA funds and all application forms, look under the heading “Current NOFAs” at: <https://www.hcd.ca.gov/grants-funding/active-funding/nplh.shtml#funds>

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.D 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 Competitive Allocation funds and any NCA funds awarded by the Department to the Project. Funds from the County’s NCA and the Competitive Allocation may be used in the same multifamily Project or on the same NPLH Assisted Units, 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 credit Projects**, and **Projects without 9 percent tax credits** for the current capital per-Unit subsidy limits based on the Area Median Income (AMI) levels being targeted, and the number of bedrooms per unit. NPLH per 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 76 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 now the same. For Projects funded under Round 3, this per-Unit limit is \$191,179.

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. See Guidelines Section 200 (e) for a list of HCD programs that are subject to the stacking rule.

NPLH funds can be stacked with HCD funds that are not subject to the stacking rule. In addition, putting HCD-funded rental housing capital amounts and HCD-funded rental subsidy or operating subsidy on the same Unit(s) is permissible. Putting HCD-funded rental housing capital amounts and HCD-funded amounts for infrastructure or transportation-related amenities on the same Unit(s) is also permissible. See Section 200 (e) for more detail.

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 NPLH program 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 Welfare and Institutions Code (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 Section 5849.9 of the Welfare and Institutions Code, 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 protocol 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. 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 AMI and below. The NPLH income limits begin on page one of the current year “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 AMI over time, and households above 30 percent 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 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.

15. Rent Limits

At initial occupancy, tenant-paid Rents for NPLH Assisted Units shall be restricted to no more than 30 percent AMI or below, as specified in the Project regulatory agreement. HCD has published the current Rent limits at 30 percent AMI and below based on the County and the number of bedrooms Per-Unit. These 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.

NPLH funds cannot be used to fund the transition reserve. The transition reserve may be capitalized from sources other than NPLH funds or funded from annual project cash flow in amounts to be approved by HCD. Withdrawal

and the use of funds in the transition reserve shall be subject to HCD's prior review and written approval.

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. In no event shall Rents on Assisted Units be increased above the Rent limit for 60 percent AMI following the exhaustion of the transition reserve in the absence of other rental or operating subsidy 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 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 (HSC §§ 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 Section 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 (Gov. Code, § 7260 et seq., C.C.R Title 25, § 6000 et seq.).

A relocation plan conforming to the provisions of C.C.R. Title 25, Section 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 Section 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 the Department 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. Competitive Allocation Application Review Process

The application review process consists of three phases: initial threshold review, rating and ranking, and Project feasibility review.

1. Initial Threshold Review

During the initial 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.D. 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)

2. Application Scoring

If the total amount of funds requested in a County population group set forth in Appendix A exceeds the amount of funds available for that group, those applications will be scored based on the application selection criteria in Section 205 of the Guidelines unless HCD exercises the option to transfer sufficient funds from one or more undersubscribed County population groups to address the unmet demand, as permitted under Guidelines Section 204 (d)(6)(D).

In the event that one or more County population groups are oversubscribed and no funds transfer or an insufficient funds transfer is made within each oversubscribed County population group, the applications with the highest number of points shall be selected for funding, provided that all threshold and eligibility requirements are met. In the event of a tie between applications, funds will be awarded to the application with the highest overall readiness point score under Section 205 (d). If a second tiebreaker is needed, funds will be awarded to the application with the lowest per-Unit Total Development Cost pursuant to the calculation methodology under 25 C.C.R. Section 8311.

A city receiving funds pursuant to the Bronzan-McCorquodale programs under WIC Section 5701.5 shall not be funded for more than one Project per funding round for a Competitive Allocation unless that Project is being submitted by the county in which that city is located within the county's own population group.

In addition, Projects located in these cities that do not receive maximum points in any of the application rating factors may receive a total of two additional points in the aggregate if the application was submitted through the county in which that city resides within the county's population group rather than by the city within its population group.

The Competitive Allocation application rating criteria in Section 205 of the Guidelines are summarized in the table below. Consult Sections 204 and 205 of the Guidelines for more information.

Rating Category	Maximum Points	Summary (See Section 205 of the Guidelines for more detail.)
Percentage of Total Project Units Restricted to the	65	Percentage of total Project Units restricted as NPLH Units, and use of CES, or use of an alternate system to refer persons At-

Rating Category	Maximum Points	Summary (See Section 205 of the Guidelines for more detail.)
Target Population		Risk of Chronic Homelessness to NPLH Units
Leverage of Development Funding	20	Ratio of the capital (non-COSR) portion of the NPLH loan to other sources of committed development funding attributable to the NPLH Units. NCA funds may count as leveraged funds
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
Readiness to Proceed	50	Percentage of total construction and permanent financing committed; completion of all necessary environmental clearances; land use approvals
Extent of On-Site and Off-Site Supportive Services	20	Points 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
Past History of Evidence Based Practices	10	Points for prior experience of the lead service provider in implementing evidence-based practices recognized to lead to a reduction in homelessness, or other related use of evidenced-based practices to serve special needs populations

3. Financial Feasibility

In the event that one or more County population groups are oversubscribed, and no transfer of funds or an insufficient funds transfer is made to address unmet demand within each oversubscribed County population group, the highest scoring applications will be evaluated for financial feasibility in accordance with NPLH program requirements. If a funding round is undersubscribed, 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 program Guidelines. See Guidelines Section 208 for certain 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 to have otherwise failed the threshold review, applicants under this NOFA may appeal such decision(s) to HCD pursuant to this section.
- b. No Applicant shall have the right to appeal a decision of HCD relating to another Applicant's eligibility, point score, award, denial of award, or any other matter related thereto.
- c. 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

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. No new or additional information will be accepted if this information would result in a competitive advantage to an Applicant.

Once the written appeal is submitted to HCD, no further information or materials will be accepted or considered thereafter if the information would result in a competitive advantage to the Applicant.

Appeals must be received by HCD no later than five business days from the date of HCD's eligibility, threshold review, or preliminary point score determination letters, 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 Aaron.New@hcd.ca.gov.

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.

D. Project Application Submittal

The Competitive Allocation Project application consists of the following documents available on the [NPLH Program website](#).

1. **NPLH Supplemental Application** – This form contains information needed to evaluate application threshold compliance and rating for Projects of five or more Units underwritten by HCD. The program Supplement also contains information Counties must submit in order to utilize their Competitive Allocation funds.
2. **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 a competitive basis, as set forth in Section II. A. and B. above, subject to the availability of funds. HCD’s NPLH application forms, program Guidelines, and application workshop information are available on the [NPLH Program website](#).

Competitive Allocation funds and a County’s NCA funds may be used in the same Project. Projects proposing to use both of these sources of NPLH funds must submit one Project application utilizing the Competitive Allocation application forms provided with this NOFA.

Two complete original applications, each one on a separate USB flash drive with all applicable information must be received by HCD no later than 5:00 p.m. Pacific Standard Time on January 19, 2021, delivered by a mail carrier service such as the U.S. Postal Service, UPS, FedEx, or other carrier service that provides a date-stamped verification of delivery to the following address:

**California Department of Housing and Community Development
Division of Financial Assistance, Program Design and Implementation Unit
No Place Like Home Program
2020 W. El Camino Avenue, Suite 150
Sacramento, CA 95833**

Personal deliveries will not be accepted. No facsimiles, late applications, incomplete applications, application revisions, electronically transmitted, or walk-in application packages will be accepted. Applications received after the deadline will not be considered.

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.

E. 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) (Gov. Code, § 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.

F. Award Announcements and Contracts

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 the Department for disbursement pursuant to all program requirements.

Questions can be directed to the NPLH email at NPLH@hcd.ca.gov.

APPENDIX A: ROUND 3 ALLOCATIONS

NPLH Formula Estimates for the Competitive Program							
	COUNTY	Pop Est. as of 1/1/2019	2019 PIT Count	ELI Renter Severe cost Burden	Formula Allocation	Adjustments	
Alternative Program						Amount of Alternative Process County Round 3 Funds Advanced in Round 2	Allocation For Round 3
1	Los Angeles	9,878,694	58,190	409,700	\$147,299,076	-\$155,230,056	\$0
2	San Diego	3,351,786	8,102	94,480	\$24,193,009	-\$11,930,999	\$12,262,010
3	San Francisco	883,869	8,035	38,620	\$18,572,711	-\$18,250,554	\$322,157
4	Santa Clara	1,954,286	9,706	47,330	\$22,501,947	-\$20,478,901	\$2,023,046
Total		16,068,635	84,033	590,130	\$212,566,743	-\$205,890,510	\$14,607,213

	COUNTY	Pop Est. as of 1/1/2019	2019 PIT Count	ELI Renter Severe cost Burden	Formula Allocation	Adjustments	
Large Counties						Amount Transferred from Round 2	Allocation For Round 3
1	Alameda	1,545,973	6,914	45,655	\$17,204,085		\$17,204,085
2	Contra Costa	1,155,879	2,295	25,665	\$6,744,968		\$6,744,968
3	Fresno	1,018,241	2,248	30,100	\$7,095,003		\$7,095,003
4	Kern	916,464	1,330	21,175	\$4,528,982		\$4,528,982
5	Orange	3,222,498	6,860	87,855	\$21,257,662		\$21,257,662
6	Riverside	2,440,124	2,811	42,190	\$9,319,829		\$9,319,829
7	Sacramento	1,546,174	5,561	51,720	\$15,313,476		\$15,313,476
8	San Bernardino	2,192,203	2,607	49,605	\$9,674,481		\$9,674,481
9	San Joaquin	770,385	2,631	17,285	\$6,538,030		\$6,538,030
10	San Mateo	774,485	1,512	18,220	\$4,572,787		\$4,572,787
11	Ventura	856,598	1,669	15,835	\$4,626,722		\$4,626,722
Total		16,439,024	36,438	405,305	\$106,876,025	\$0	\$106,876,025

	COUNTY	Pop Est. as of 1/1/2019	2019 PIT Count	ELI Renter Severe cost Burden	Formula Allocation	Adjustments	
						Amount Transferred from Round 2	Allocation For Round 3
Medium Counties							
1	Butte	226,466	1,266	7,690	\$3,084,276		\$3,084,276
2	Marin	262,879	1,034	7,175	\$2,607,069		\$2,607,069
3	Merced	282,928	608	7,005	\$1,807,148		\$1,807,148
4	Monterey	445,414	2,422	8,730	\$5,311,900		\$5,311,900
5	Placer	396,691	617	6,505	\$1,774,490		\$1,774,490
6	San Luis Obispo	280,393	1,483	8,400	\$3,553,096		\$3,553,096
7	Santa Barbara	454,593	1,803	11,820	\$4,477,966		\$4,477,966
8	Santa Cruz	274,871	2,167	8,670	\$4,837,184		\$4,837,184
9	Solano	441,307	1,151	10,810	\$3,179,887		\$3,179,887
10	Sonoma	500,675	2,951	11,060	\$6,513,747		\$6,513,747
11	Stanislaus	558,972	1,923	12,380	\$4,753,693		\$4,753,693
12	Tri-Cities (Claremont, La Verne, Pomona)	187,511	746	6,270	\$1,988,527		\$1,988,527
13	Tulare	479,112	819	11,005	\$2,588,702		\$2,588,702
14	Yolo	222,581	655	8,895	\$2,079,549		\$2,079,549
Total		5,014,393	19,645	126,415	\$48,557,234	-\$4,595,102	\$43,962,132

	COUNTY	Pop Est. as of 1/1/2019	2019 PIT Count	ELI Renter Severe cost Burden	Formula Allocation	Adjustments	
						Amount Transferred from Round 2	Allocation For Round 3
Small counties							
1	Alpine	1,162	0	8			
2	Amador	38,294	214	530			
3	City of Berkeley	123,328	1,108	7,200			
4	Calaveras	45,117	186	670			
5	Colusa	22,117	57	259			
6	Del Norte	27,401	184	780			
7	El Dorado	191,848	613	2,680			
8	Glenn	29,132	58	890			
9	Humboldt	135,333	1,702	4,570			
10	Imperial	190,266	1,413	4,610			
11	Inyo	18,593	141	284			
12	Kings	153,710	250	3,290			
13	Lake	65,071	408	2,005			
14	Lassen	30,150	46	545			
15	Madera	159,536	260	3,130			
16	Mariposa	18,068	60	410			
17	Mendocino	89,009	785	2,670			
18	Modoc	9,602	5	220			
19	Mono	13,616	73	79			
20	Napa	140,779	322	2,175			
21	Nevada	98,904	415	1,710			
22	Plumas	19,779	46	315			
23	San Benito	62,296	282	775			
24	Shasta	178,773	827	4,740			
25	Sierra	3,213	12	30			
26	Siskiyou	44,584	229	1,505			
27	Sutter	97,490	293	1,915			
28	Tehama	64,387	288	1,300			
29	Trinity	13,688	81	315			
30	Tuolumne	54,590	385	1,145			
31	Yuba	77,916	428	1,535			
Total		2,217,752	11,171	52,290	\$32,000,000	\$4,595,102	\$36,595,102

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Round