

STATE OF CALIFORNIA - BUSINESS, CONSUMER SERVICES AND HOUSING AGENCY
DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF FEDERAL FINANCIAL ASSISTANCE

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GAVIN NEWSOM, Governor



June 21, 2024

MEMORANDUM FOR: All Potential Applicants

FROM: **Jenny Cho**, Deputy Director
Division of Federal Financial Assistance
(DFFA)

SUBJECT: **National Housing Trust Fund (NHTF)**
Amended FY2024-FY2025 Project
Solicitation

The California Department of Housing and Community Development (“Department”) is pleased to announce the release of this Project Solicitation for a projected amount of approximately \$39 million for the National Housing Trust Fund (“NHTF”) Program.

The Project Solicitation, published on March 6, 2024 (Project Solicitation), included two different application processes: Over-the-Counter (OTC) for previously awarded projects with funding shortfalls, and a competitive process utilizing any remaining FY2024 and FY2025 NHTF funding. On March 8, 2024, the Department received the OTC applications with \$66,653,550 in NHTF funding requests. Based on information received on April 3, 2023, from the U.S. Department of Housing and Urban Development (HUD), the Department estimates that California’s FY2024 NHTF allocation will only be approximately \$21.7 million, with approximately \$19.5 million for projects. It’s difficult to predict what will happen in 2025; however, the Department’s FY2025 allocation is projected to be at the same level as FY2024 to be on the conservative side, although it may be higher based on real estate market conditions. This amendment to the combined FY2024-FY2025 NHTF Project Solicitation is reduced from \$100 million to a projected amount of approximately \$39 million in the combined FY2024 (\$19.5 million) and FY2025 (\$19.5 million). The overage of \$6,653,550 will either come from FY2025, if higher than the anticipated amount, and/or a portion of FY2026 NHTF Program funding.

Changes to the Project Solicitation under this amendment are identified in red font and include the following:

- The projected amount is approximately \$39 million;

- Competitive applications for Rural Areas Target, Native American Entity Target and general pool of funds have been canceled;
- Eligible Uses are clarified;
- The Rating and Ranking section has been removed; and
- The Appeal language is clarified.

The NHTF Program is a federal formula grant that provides annual allocations to states to increase and preserve the supply of decent, safe, and sanitary affordable housing specifically for extremely low-income households, defined as having income at or below 30 percent (30%) of the Area Median Income (“AMI”) or income less than the federal poverty line (whichever is greater). If the total national allocation for any fiscal year exceeds \$1 billion, the Department may use up to 25 percent (25%) of its annual NHTF allocation to serve very low-income households defined as income at or below 50 percent (50%) of AMI; however, to date, that threshold has not been met. The NHTF Program is also governed by Assembly Bill 816 (Chapter 396, Statutes of 2021) which amended Health and Safety Code Section 50676. In accordance with Assembly Bill 816, the Department shall award NHTF funds to projects serving people experiencing Homelessness, to the extent that a sufficient number of projects exist to receive available funding.

The Department will award NHTF funds for the development of eligible multifamily rental projects in California through a non-competitive and competitive application process. Eligible Applicants for NHTF funds include organizations, agencies, Native American Entities, or other entities such as a Public Housing Authority (“PHA”), or a for-profit or nonprofit entity. This Project Solicitation will detail the eligible activities, such as Acquisition, New Construction, Rehabilitation, and permanent financing.

This NHTF Project Solicitation is subject to Part 93, Title 24 of the Code of Federal Regulations (“C.F.R.”). NHTF program funding will be available to all jurisdictions in California, including Native American Lands. In this Project Solicitation, in order to protect the existing NHTF investments made from previous annual allocations and avoid having to return any funds to HUD due to not being able to meet the five-year expenditure deadline, the Department will have an Over-the-Counter (“OTC”) application process for projects previously awarded FY2021 NHTF/HHC funds that need additional gap financing due to cost increases and unsuccessful attempts to secure tax credits. ~~If any NHTF funds remain after providing additional funding to the FY2021 NHTF/HHC projects, the Department will have two funding targets: a) 20 percent (20%) of the remaining funds for projects located in Rural Areas as defined by § 50199.21 of the California Health and Safety Code (HSC); and b) 20 percent (20%) of the remaining funds for projects developed by, or in partnership with, a Native American Entity. The Department will fund at least one project in each target, and the Department may utilize funds from the general pool to achieve the goal of funding one project in each target.~~

To be considered for funding, Applicants must set-up a profile in the eCivis Grants Management System (“GMS”) to submit a completed electronic application. All required documentation must be submitted via the eCivis GMS Portal, except for OTC applications. The Department recommends at least two users from your organization have access to the application. For access to application forms, information about the application submission process, and assistance setting up an eCivis profile, please visit the Department’s National Housing Trust Fund (NHTF) webpage at <https://www.hcd.ca.gov/grants-and-funding/programs-active/national-housing-trust-fund-program>.

The Department will accept non-competitive Over-the-Counter (“OTC”) applications submitted under this Project Solicitation via email and the GMS Portal from Applicants with Projects that received a Housing for a Healthy California (HHC)/NHTF Program funding award from the federal Fiscal Year 2021 allocation that meet the following criteria: the Project has been unsuccessful in 1) receiving an NHTF award under the NHTF Notice of Funding Availability FY2022-FY2023; 2) receiving tax credits and/or mortgage revenue bond allocations; and 3) commencing construction due to a funding gap. Given the OTC applications are non-competitive, the OTC applications will not be scored. The OTC Applicants must maintain the same number of HHC assisted units described in their respective HHC Standard Agreement and add NHTF assisted units that correspond to the NHTF loan associated with this Project Solicitation. The new NHTF assisted units funded by this Project Solicitation must not be layered with the HHC assisted units.

~~The Department will accept competitive applications for projects located in Rural and non-Rural Areas and from Native American Entities for the specified funding targets submitted under this Project Solicitation using the eCivis GMS Portal only.~~

The application and workbook will be released no later than Wednesday, March 6, 2024. The application acceptance period will begin on Wednesday, March 6, 2024. The non-competitive OTC application deadline is **5:00 pm Pacific Standard Time (PST) on Friday, June 28, 2024**. ~~The competitive application deadline for Applicants seeking an NHTF award for Projects located in non-Rural Areas and in Rural Areas Target is 5:00 pm PST on Thursday, August 29, 2024. The competitive application deadline for Native American Entity Applicants seeking NHTF funds is 5:00 pm PST on Thursday, October 3, 2024. The Department will not accept competitive applications through personal, postal and/or shipment deliveries, facsimiles, email, walk-in or any other forms of delivery other than the eCivis portal for Projects applying for the Rural Areas and Native American Entities Targets, as well as for projects located in non-rural areas.~~

~~If the Project Solicitation results in insufficient funding to award all OTC applications, the Department reserves the right to reduce the overall loan and/or grant amount depending on the NHTF program funds available.~~

If the Project Solicitation results in insufficient applications to award all available funds, the Department reserves the right to reopen the application submission period for Over-the-Counter (“OTC”) applications on a first come, first served basis.

All activities in this Project Solicitation are subject to the availability of funds and continuing U.S. Department of Housing and Urban Development (“HUD”) and legislative authority. As of the date of this Project Solicitation, the Department has not received FY2024 or FY2025 funds for the NHTF Program from HUD. The Department is not guaranteed to receive funding from HUD or the U.S. Government for funding any project under this Project Solicitation. Any award made pursuant to this Project Solicitation is subject to the availability of HUD or the U.S. Government providing the Department with sufficient funds for the purposes of this Project Solicitation. As a result, all awards made under this Project Solicitation are conditional. This Project Solicitation is published in advance, to allow ample time from the award date to the HUD statutory two-year commitment deadline.

The Department will ~~hold workshop webinars to review the Project Solicitation, Guidelines, and application process, and offer provide~~ technical assistance appointments ~~by emailed requests send to~~ NHTFNOFA@hcd.ca.gov. ~~Visit the NHTF website for dates, times, how to register for the workshops, and technical assistance appointments at~~ <https://www.hcd.ca.gov/grants-and-funding/programs-active/national-housing-trust-fund-program>.

To receive information on workshops and other updates, please subscribe to the Department’s listserv at <https://www.hcd.ca.gov/contact-us/email-signup>. Questions about the NHTF, Project Solicitation, Guidelines, application process, and/or technical assistance appointments can be directed to the NHTF inbox at NHTFNOFA@hcd.ca.gov.

**National Housing Trust Fund
FY2024-FY2025 Project Solicitation**



**Gavin Newsom, Governor
State of California**

**Tomiquia Moss, Secretary
Business, Consumer Services and Housing Agency**

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

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**March 6, 2024
Amended June 21, 2024**

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NATIONAL HOUSING TRUST FUND
AMENDED FY2024-FY2025 PROJECT SOLICITATION

I. Overview

A. Project Solicitation

The California Department of Housing and Community Development (“Department”) is pleased to announce the projected availability of approximately \$39 million in federal National Housing Trust Fund (“NHTF”) funding.

The NHTF was established under Title I of the Housing and Economic Recovery Act of 2008 Section 1131 (Public Law 110-289). Unlike HOME and CDBG, NHTF is funded through an assessment on loans backed by Fannie Mae and Freddie Mac, a dedicated source outside the congressional appropriations process. On January 30, 2015, the U.S. Department of Housing and Urban Development (HUD) published the NHTF Interim Rule in the Code of Federal Regulations (C.F.R.), 24 C.F.R. Parts 91 and 93, which outlines the requirements for states to implement the NHTF Program. On June 29, 2022, HUD published in the Federal Register (Docket No. FR–FR–6335–N–01) Notice of Fiscal Year 2022 Funding Awards, and on May 23, 2023, announced the Community Planning and Development Formula Program Allocations for FY2023.

The intent of the NHTF Program is to complement existing federal, state, and local efforts to increase and preserve the supply of decent, safe, and sanitary affordable housing for Extremely Low- and Very Low-Income households. Projects serving people experiencing Homelessness will be funded in accordance with the Department’s authority under Assembly Bill 816 (Chapter 396, Statutes of 2021).

Defined terms can be found within the NHTF program guidelines (Guidelines) and are capitalized in this Project Solicitation, in addition to the definitions incorporated by reference here from 24 C.F.R. Part 93. The state requirements set forth in the NHTF Guidelines and/or Project Solicitation are subject to AB 1010 (Chapter 660, Statutes of 2019) which is set forth in Health and Safety Code § 50406(p), (a) where the provisions of tribal law, tribal governance, tribal charter, or difference in tribal entity or legal structure would cause a violation or not satisfy the requirements of the NHTF Guidelines and/or Project Solicitation, said requirements may be modified as necessary to ensure program compatibility; and (b) where the provisions of tribal law, tribal governance, tribal charter, or difference in tribal entity or legal structure or agency create minor inconsistencies (as determined by the Director of the Department or a duly authorized designee thereof) with the requirements set forth in the NHTF Guidelines and/or Project Solicitation, the Department may waive said requirements, as deemed necessary, to avoid an unnecessary administrative burden. Matters set forth or otherwise provided for in the NHTF Guidelines and/or Project Solicitation that may be modified or waived include, without limitation, threshold scoring requirements and any other matter set forth in Health and Safety Code § 50406(p)(2). Native American Entity Applicants are accordingly encouraged to discuss any such potential modifications or waivers and their option in that regard with the Department prior to application submission. Native American Entity Applicants must be aware that AB

1010 cannot be used to modify or waive federal NHTF statutory or regulatory requirements. There may be other federal law(s) that could provide a basis for possible modification or waiver of some federal requirements for Native American Entity Applicants.

All applications will be reviewed for completeness and compliance with state and federal requirements. Only complete, timely, and compliant applications will be eligible for application review, approval, and potential funding.

B. Amendments to this Project Solicitation (shown in red font)

The Project Solicitation, published on March 6, 2024 (Project Solicitation), included two different application processes: Over-the-Counter (OTC) for previously awarded projects with funding shortfalls, and a competitive process utilizing any remaining FY2024 and FY2025 NHTF funding. On March 8, 2024, the Department received the OTC applications with \$66,653,550 in NHTF funding requests. Based on information received on April 3, 2023, from the U.S. Department of Housing and Urban Development (HUD), the Department estimates California's FY2024 NHTF allocation will only be approximately \$21.7 million, with approximately \$19.5 million for projects. It's difficult to predict what will happen in 2025; however, the Department's FY2025 allocation is projected to be at the same level as FY2024, to be on the conservative side, although it may be higher based on real estate market conditions. This amendment to the combined FY2024-FY2025 NHTF Project Solicitation is reduced from \$100 million to a projected amount of approximately \$39 million in the combined FY2024 (\$19.5 million) and FY2025 (\$19.5 million). The overage of \$6,653,550 will either come from FY2025, if higher than the anticipated amount, and/or a portion of FY2026 NHTF Program funding.

Changes to the Project Solicitation under this amendment are identified in red font and include the following:

- The projected amount is approximately \$39 million;
- Competitive applications for Rural Areas Target, Native American Entity Target and general pool of funds have been canceled;
- Eligible Uses are clarified;
- The Rating and Ranking section has been removed; and
- The Appeal language is clarified.

C. Authorizing Legislation and Applicable Law

This Project Solicitation should be read in conjunction with the following regulations, statutes, and planning documents which establish the state and federal requirements:

- National Housing Trust Fund Guidelines, dated October 25, 2023, as may be amended from time to time.
- 24 C.F.R. Part 93.

- Health and Safety Code § 50676 et seq.
- 12 U.S.C. § 4501 et seq.
- Sections 8300 et seq., Title 25 of the California Code (Uniform Multifamily Regulations or “UMR”).
- State of California 2023-2024 and 2024-2025 Annual Action Plans.

NOTE: NHTF Guidelines and this Project Solicitation document are made pursuant to Health & Safety Code § 50676.1(b). In the event of any conflict between the terms of this Project Solicitation and the NHTF Guidelines, the NHTF Guidelines control. Recipients must abide by local, state, federal or tribal laws as are applicable to the Project. These may include, but are not limited to, the following: zoning ordinances, building and housing codes; planning; historical preservation, environmental, tenant occupancy, and relocation; and applicable federal requirements.

NOTE: Authority cited: Sections 50406(n), 50676.1(b), and 50676, Health and Safety Code. Reference: 4501 et seq., Title 12 of the United States Code; Part 93, Title 24 of the Code of Federal Regulations.

This Project Solicitation does not include the text of all applicable requirements that may be important to projects. For proper completion of the application, the Department encourages Applicants to consult the Guidelines, regulations, and statutes referenced above. Participation in the Department’s pre-consultation application services is also highly encouraged. Questions may be emailed to NHTFNOFA@hcd.ca.gov.

If state or federal statutes, regulations, or Guidelines, or other laws governing the National Housing Trust Fund or its funding are modified by Congress, HUD, the state Legislature, or the Department, prior to completion of work for awards made in connection with this Project Solicitation, the changes may become effective immediately and apply to funded activities. The Department reserves the right, at its sole discretion, to suspend or amend the provisions of this Project Solicitation. If such action occurs, the Department will notify interested parties through the listserv website. To sign up for listserv notifications for the NHTF program, please follow the listserv website at <http://www.hcd.ca.gov/contact-us/email-signup> and select “Federal Programs.”

D. Timeline

The following table summarizes the anticipated NHTF Program timeline. The Department reserves the right to modify the projected timeline at any time.

NHTF Project Solicitation, Application and Workbook Release Date	Wednesday, March 6, 2024
Application Acceptance Period Begin Date	Wednesday, March 6, 2024
Amended NHTF Project Solicitation Release Date	Friday, June 21, 2024

Application Due Date for Over-the-Counter (“OTC”) Applications	5:00 pm Pacific Standard Time (PST) on Friday, June 28, 2024
Group 2: Application Due Date for the Rural Areas Target and for Projects located in non-Rural Areas	5:00 pm PST on Thursday, August 29, 2024
Group 3: Application Due Date for Native American Entities Target	5:00 pm PST on Thursday, October 3, 2024
OTC Award Announcements (FY2024)	Approximately October 2024
OTC Award Announcements (FY2025)	Approximately July 2025
Group 2: Award Announcements	Approximately November 2024
Group 3: Award Announcements (This group may include complex Projects from Group 2 Applications that require longer review)	Approximately January 2025

~~There are three application deadlines associated with non-competitive Over-The-Counter (“OTC”) application process and the competitive application process for projects located in non-Rural Areas and those seeking funds from the two funding Targets.~~ For complex Project applications, the Department’s review and clarification discussions with Applicants may take more than three months from application deadline to award. The Department will make every effort to award funds to projects seeking tax credits and/or bonds before the applicable tax credit and/or bond application(s) deadline(s).

E. Application Review and Complete Application

It is critical that Applicants submit complete and accurate documentation in the application. A separate application is required for each Project. Applicants may submit only one application per Project pursuant to this Project Solicitation.

- 1. Application Review.** Only applications that are complete and, **when applicable,** self-score high enough to receive an NHTF award shall be reviewed. Prior to publishing the list of applications on the Department’s website, all Applicants shall be notified of whether their applications are complete. That notice will contain completeness and/or feasibility defects determined during the application evaluation. Applicants shall have five (5) business days, or ten (10) business days for Native American Entity Applicants, to complete their application. Appeals shall be addressed to the NHTF Section Chief in writing. The NHTF Section Chief shall have ten (10) business days to issue a final determination. If an Applicant is unsatisfied with the final determination, the Applicant may appeal to the DFFA Assistant Deputy Director or his/her designee. **Details of the Appeals process are in Section V of this Project Solicitation.**

2. **Complete Application.** Application material will not be accepted after the application-filing deadline except to complete an application pursuant to the procedures above. The Department may request additional clarifying information from third-party sources, such as local government entities, or the Applicant, but this is entirely at the Department's discretion to determine if the Department has authority to make an award. Upon the Department's request, the information sources shall be given up to five (5) business days, from the date of staff notification, to submit said documents to clarify the application. The third-party sources shall certify that all evidentiary documents deemed to be missing from the application had been executed, and were in the third-party source's possession, on or prior to, the application filing deadline. If the required documents are not submitted to the Department within the time provided, the application shall be concluded as incomplete and an appeal will not be accepted by the Department.

After ~~final scores applications~~ are posted, the Department will work with Applicants if necessary to flag potential HUD compliance issues, such as, and not limited to, Environmental Provisions Review, Site & Neighborhood Standards, Developer Financial Capacity Analysis, Cost Allocation Analysis, and Subsidy Layering Reviews to ensure any necessary special conditions are included in the award recommendation.

F. Pre-Application Technical Assistance Appointments

The Department strongly encourages all potential Applicants to request a pre-application technical assistance appointment prior to submitting an application. Pre-application technical assistance appointments are intended to increase familiarity with the federal National Housing Trust Fund regulations and the Department's NHTF Guidelines and Project Solicitation requirements. Pre-application technical assistance appointments will allow potential Applicants to discuss their proposed project with program staff to determine if the project is compatible with the program and provide program clarity.

To request a pre-application technical assistance appointment, please email NHTFNOFA@hcd.ca.gov.

~~G. Project Solicitation, Guidelines and Application Workshop Webinars~~

~~Applicants are strongly encouraged to attend a NHTF workshop webinar. The workshops will cover the Project Solicitation, Guidelines, and the application process, and provide critical information on how to prepare a competitive application. Workshop webinar dates and times are located on the Department's NHTF webpage at <https://www.hcd.ca.gov/grants-and-funding/programs-active/national-housing-trust-fund-program>. To register for a workshop, please sign up through the Zoom link on the Department's NHTF site.~~

~~If you have questions regarding any of these workshops, send an email to NHTFNOFA@hcd.ca.gov.~~

~~Following the Project Solicitation and Guidelines workshops, the Department will publish Frequently Asked Questions and the recorded Project Solicitation and Guidelines workshops on the NHTF site at <https://www.hcd.ca.gov/grants-and-funding/programs-active/national-housing-trust-fund-program>.~~

H. OTC ~~and Competitive~~ Applications and Submission Process

The Department will accept non-competitive Over-the-Counter (“OTC”) applications submitted under this Project Solicitation via email and GMS Portal from Applicants with Projects that received a Housing for a Healthy California (HHC)/NHTF Program funding award from the federal Fiscal Year 2021 allocation that meet the following criteria: the Project has been unsuccessful in 1) receiving an NHTF award under the NHTF NOFA FY2022-FY2023, 2) receiving tax credits and/or mortgage revenue bond allocations, and 3) commencing construction due to a funding gap. Given the OTC applications are non-competitive, the OTC applications will not be scored. The OTC Applicants must maintain the same number of HHC assisted units described in their respective HHC Standard Agreement and add NHTF assisted units that correspond to the NHTF loan associated with this Project Solicitation. The new NHTF assisted units funded by this Project Solicitation must not be layered with the HHC assisted units.

~~The Department will accept competitive applications for the Rural Areas and Native American Entities Targets, as well as for projects located in non-Rural Areas submitted under this Project Solicitation using the eCivis GMS online portal only. The Department will accept the following competitive applications submitted under this Project Solicitation: new Projects that have not been awarded NHTF Program funding from federal Fiscal Years 2022 and/or 2023 and have not commenced construction. Competitive application evaluation is subject to the NHTF Guidelines’ Application Minimum Requirements and Selection Criteria (Rating, Ranking, and Eligibility for Funding for Competitive Allocations).~~ It is the Applicant’s responsibility to ensure that the submitted application is clear, complete, and accurate.

The application acceptance period will begin on **Wednesday, March 6, 2024**, and remain open **until Friday, June 28, 2024, as specified in Section I (D) Timeline of this Project Solicitation**. The Department will make its best effort to announce the awards specified in Section I (D) Timeline of this Project Solicitation. Department staff may request clarifying information. If the Department deems the application incomplete, or it fails to meet the minimum requirements, the Applicant may be given an opportunity to appeal the determination following the guidance in Section V and **Section I (E)** of this Project Solicitation.

1. Electronic Application Submission Process

All Applicants must create an eCivis Profile prior to completing an application. Once the profile is created, the Applicant must complete an application via the eCivis Grants Management System Portal. Application forms are available on the NHTF website at

<https://www.hcd.ca.gov/grants-and-funding/programs-active/national-housing-trust-fund-program>.

Non-competitive OTC applications meeting the criteria as described in Section I (H) above must be submitted via email and GMS Portal no later than the deadlines specified in Section I (D) Timeline of this Project Solicitation.

~~Competitive applications must be uploaded to the eCivis GMS Portal no later than the deadlines specified in Section I (C) Timeline of this Project Solicitation. The Department will not accept applications through personal, postal, and/or shipment deliveries, facsimiles, email, walk-ins, or any other forms of delivery other than the eCivis GMS Portal, except for non-competitive OTC applications that are submitted via email and GMS Portal.~~

Applications that do not meet the filing deadline requirements will not be eligible for funding. Applications must be on the Department's forms and cannot be altered or modified by the Applicant. Excel forms must be in Excel format, not converted to a PDF document.

After the application deadline, Department staff may request clarifying information and/or inquire as to where in the application specific information is located, provided that such information does not affect the competitive rating of the application. No information, whether written or oral, will be solicited or accepted if this information would result in a competitive advantage to an Applicant or a competitive disadvantage to other Applicants.

2. Disclosure of Application

Information provided in the application will become a public record available for review by the public, pursuant to the California Public Records Act (Chapter 1473, Statutes of 1968) (PRA). As such, any materials provided will be disclosable to any person making a request under this Act. The Department 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 the Department, the Applicant is waiving any claim of confidentiality and consents to the disclosure of submitted material upon receipt of a PRA request.

3. Concurrent Applications

The Department understands the unique challenges of the current funding environment. Therefore, the Department will allow NHTF Project Solicitation Applicants to pursue funding from more than one Department funding Program. Separate concurrent application(s) to other Department program funding source(s) is permitted under this NHTF Project Solicitation. These Applicants, however, MUST submit within each application a disclosure of all Department applications under review and/or applications anticipated to be submitted. All anticipated applications for other Department funding sources under NOFAs or Project Solicitations anticipated to be released after the NHTF Project Solicitation application due date must be disclosed to NHTF Project Solicitation staff no later than the respective NHTF application deadline. In addition, Applicants must notify NHTF Program staff via the NHTF Project Solicitation mailbox at the time the additional application(s) are submitted

(NHTFNOFA@hcd.ca.gov). In instances where such Applicants are competitive for an award, the Department will also engage in consultation with Applicants to discern which funding scenario(s) are optimal for Project feasibility while balancing cost containment. If a concurrent application is for Department-administered state program funding and the Project receives a state program award, this may result in a reduction of the NHTF award amount. The Department's approach for NHTF Project Solicitation Applicants may be to reduce the NHTF Project Solicitation award commensurately with any amounts awarded under another Department program Project Solicitation.

II. Program Requirements

The following is provided as a summary and is not intended to be a complete representation of the entirety of the eligibility, minimum requirements, or other terms and conditions of the NHTF program. See the NHTF Guidelines for complete details.

A. Eligible Recipients (Applicants)

The Department may provide NHTF funds only to Applicant entities which meet the following requirements:

- (a) Meet the definition of a Recipient;
- (b) Have site control of the Project subject to the NHTF funding award as required by 25 C.C.R. § 8303, including but not limited to, demonstrating site control by one of the following:
 - (1) Fee Title evidenced by a current title report (within 90 days of application) showing the Applicant holds fee title;
 - (2) For tribal trust land, a title status report ("TSR") or an attorney's opinion letter regarding chain of title and current title status;
 - (3) A leasehold interest on the Project property with provisions that enable the lessee to make improvements on and encumber the property, provided that the terms and conditions of any proposed lease must permit, prior to loan closing, compliance with all Program requirements, including compliance with 25 C.C.R. § 8316; or
 - (4) A leasehold interest held by a Native American Entity in federal tribal trust or restricted lands where the Project property is to be located that is approved (or will be approved) by the U.S. Department of Interior's Bureau of Indian Affairs ("BIA"), and the terms and conditions of the ground lease authorize the Native American Entity to make improvements on and encumber the property in compliance with the NHTF Guidelines and this Project Solicitation.
- (c) Have resolved any open audit finding(s), for any state or federally funded housing or community development Projects or programs to the satisfaction of the Department or federal agency by which the finding was made;

- (d) Are not debarred or suspended from participation in federal or state housing or community development Projects or programs; and
- (e) Have resolved compliance monitoring issues/findings, and are current on compliance monitoring fee payments, and/or current on loan payments for any Department funded housing or community development Projects; and
- (f) Cities, counties, and local public housing authorities must comply with the submittal requirements of cost principles and audit requirements at 2 C.F.R. Part 200.

NOTE: Authority cited: Sections 50406(n), 50676.1(b), and 50676, Health and Safety Code. Reference: 4501 et seq., Title 12 of the United States Code; Sections 93.2 and 93.101(c), Title 24 of the Code of Federal Regulations; Part 200, Title 2 of the Code of Federal Regulations; Section 8303, Title 25 of the California Code of Regulations.

B. Eligible Uses

A Recipient's use of NHTF funds is subject to 24 C.F.R. Part 93, Subpart E for permanent loans disbursed for Acquisition, Rehabilitation, and/or New Construction, or solely a permanent loan. Pursuant to 24 C.F.R. § 93.200(a)(1), activities and costs are eligible only if the housing, upon project completion, meets the Property Standards in 24 C.F.R. § 93.301, including compliance with accessibility requirements. Where a Native American Entity Recipient Project is located on Native American Lands, it may be exempt from specific accessibility requirements where otherwise exempted by the Native American Housing and Self Determination Act or other federal or tribal laws as set forth at 24 C.F.R. § 1000.12.

Applicants applying for the Rural Areas Target and for projects located in non-Rural Areas may select a residual receipts loan or forgivable loan. Native American Entity applicants may select a residual receipts loan, forgivable loan, grant, or any combination thereof. **NHTF Loans and/or Grants are provided to eligible Recipients specifically for the Project and must be used for Project costs. NHTF Loan and/or Grant funds awarded to Recipients must not be loaned or granted to other entities or other projects.**

Loans

- (1) **The Recipient may select a Residual Receipts loan or a Forgivable loan.** All loans must include terms that are consistent with the following:
 - a. Loans must not exceed the maximum per Unit subsidy as published in this Project Solicitation under which the Applicant applied for NHTF funding;
 - b. The loan will not bear interest unless the Department increases this rate pursuant to Health and Safety Code § 50406.7. Interest must accrue from the date funds are disbursed to, or on behalf of, the borrower. Such modification of the interest rate may be approved by the Department on an individual project basis. The loan will be subject to repayment with residual receipts

based on the total percentage of the project funded by all Department grants and loans; and

- c. Loans must have an initial term of 55 years or more, in alignment with the state required 55-year affordability period. For Projects on Native American Lands, loans must have an affordability term of 50 years or more, in alignment with the Native American Housing Assistance and Self Determination Act 25 U.S.C. § 4101 et seq.

(2) **Residual Receipt Loan: A Residual Receipt loan must be consistent with 25 C.C.R. § 8314, Use of Operating Cash Flow.**

(3) A Forgivable Loan: The loan may be forgiven by the Department at the end of the loan term. Loan term will align with Subsection C(1)(c) of this Project Solicitation, with no residual receipts or periodic payment requirements during the life of the loan, if the following are all true, as determined by the Department in its sole and absolute discretion:

- a. The Recipient remains in good standing with the California Secretary of State; and
- b. The Project is not in default under the terms of any of the Department's loan documents for that Project.

Grants for Native American Entity Applicants

Grants for Native American Entities must have a state affordability period of 50 years or more where the Project is located on Native American Lands. For Projects located outside of Native American Lands, the grants for Native American Entities must have a state affordability term of 55 years or more. Residual receipts or periodic payments are not required during the life of the grant, if the following are all true, as determined by the Department in its sole and absolute discretion. (Note: Grants are made specifically for the Project and must go directly to the Project. Grant funds are not provided to the Recipients to make a loan of grant funds to the project.)

- a. For Recipients that are an Indian Tribe, as defined at 25 USC 4103 (13) or a Tribally Designated Housing Entity, as defined at 25 USC 4103 (22), thus Federally Recognized Tribe:
 - i. The Project is not in default under the terms of any of the Department's loan documents for that Project.
- b. For a Recipient that is not a federally recognized Tribe and is either: (1) Listed in the Bureau of Indian Affairs Office of Federal Acknowledgment Petitioner List, pursuant to 25 C.F.R. part 83.1, and has formed and controls a special purpose entity in compliance with 25 C.C.R. § 8313.2, or (2) An Indian Tribe located in California that is on the contact list maintained by the Native American Heritage Commission for the purposes of consultation

pursuant to GC Section 65352.3, and that has formed and controls a special purpose entity in compliance with 25 C.C.R. § 8313.2:

- i. The Recipient shall remain in good standing with the California Secretary of State; and
- ii. The Project is not in default under the terms of any of the Department's loan documents for that Project.

Capitalized Operating Subsidy Reserve ("COSR")

A COSR is not being offered at this time.

C. Project Requirements

A Recipient is responsible for its Project's compliance with Section 5 – Project Requirements of the NHTF Guidelines.

D. Maximum Awards and Per-Unit NHTF Assistance Limits

The maximum NHTF capital loan or grant amount is \$20 million per Project.

In accordance with the Department's 2023 Multifamily Finance Super NOFA, the total amount of combined Department multifamily loan funds a Project may receive from the Department is capped at \$50 million per Project. This loan cap is applicable to all Department loan programs for onsite development and capital improvements both within and outside federal programs administered by the Department.

The maximum per-unit development subsidy amounts are based on the Tax Credit Allocation Committee (TCAC) 2024 Threshold Basis Limits and may be found here: <https://www.treasurer.ca.gov/ctcac/2024/2024-basis-limits-memo-update.pdf>.

This Project Solicitation requires at least two multifamily rental NHTF Assisted Units per Project.

There is no limit to the number of applications an Applicant may submit for funding under this Project Solicitation. However, this Project Solicitation limits all Applicants to a maximum of two awarded Projects. For Native American Entity Applicants, each Tribe will be considered one Applicant.

E. Method of Distribution ~~and Targets~~ for NHTF Funds

Over-the-Counter ("OTC")

NHTF funding will be available to all jurisdictions in California, including Native American Lands. In this Project Solicitation, in order to protect the existing NHTF investments made from previous annual allocations and avoid having to return any funds to HUD due to not being able to meet the five-year expenditure deadline, the Department will have an OTC application process for projects previously awarded FY2021 NHTF/HHC funds that need additional gap financing due to cost increases

and/or lack of securing anticipated funding sources after applying and being awarded FY2021 NHTF/HHC. If any NHTF funds remain after providing additional funding to the FY2021 NHTF/HHC projects, the Department will have two funding targets: a) 20 percent (20%) of the remaining funds for projects located in Rural Areas as defined by § 50199.21 of the California Health and Safety Code (HSC); and b) 20 percent (20%) of the remaining funds for projects developed by, or in partnership with, Native American Entities. The Department will fund at least one project in each target, and the Department may utilize funds from the general pool to achieve the goal of funding one project in each target.

If the Project Solicitation results in insufficient funding to award all OTC applications, the Department reserves the right to reduce the overall loan and/or grant amount depending on the NHTF program funds available or use a portion of FY2026 NHTF Program funding.

Rural Areas Target

~~The Department will target 20 percent (20%) of NHTF funds available, as described above, through this Project Solicitation for Projects located in Rural Areas.~~

~~A Project competing in the Rural Areas Target must demonstrate that the project area is rural under one of the three methodologies listed under Health and Safety Code (HSC) § 50199.21.~~

- ~~1. Non-metropolitan County;~~
- ~~2. Rural Housing Service (RHS) Eligible Area; or~~
- ~~3. Small City Status~~

~~A list of Rural Areas, as well as the methodology to determine Rural or non-Rural status, can be found on the Tax Credit Allocation Committee (TCAC) website at <https://www.treasurer.ca.gov/ctcac/2024/rural-status.pdf>.~~

Native American Entities Target

~~The Department will target 20 percent (20%) of available funds, as described above, for projects developed by, or in partnership with, Native American Entities. “Native American Entity(ies)” means an “Indian Tribe” or a “Tribally Designated Housing Entity” that meets any of the following criteria:~~

- ~~a) Applicant meets the definition of Indian Tribe under Section 4103(13)(B) of Title 25 of the United States Code;~~
- ~~b) Applicant meets the definition of Tribally Designated Housing Entity under 25 USC 4103(22); or~~
- ~~c) If Applicant is not a federally recognized Tribe as identified above, Applicant is either:~~

~~(1) Listed in the Bureau of Indian Affairs Office of Federal Acknowledgment Petitioner List, pursuant to 25 C.F.R. part 83.1, and has formed and controls a special purpose entity in compliance with 25 C.C.R. § 8313.2, or~~

~~(2) An Indian Tribe located in California that is on the contact list maintained by the Native American Heritage Commission for the purposes of consultation pursuant to GC Section 65352.3, and that has formed and controls a special purpose entity in compliance with 25 C.C.R. § 8313.2.~~

Target Areas Percentage of Available Funds and Carry Over Funds

~~If any NHTF funds remain after providing additional funding to the FY2021 NHTF/HHC projects, the Department will have two funding targets and the following carry-over of funds:~~

~~For calculation purposes, applications for the 20 percent (20%) Native American Entities Target will not be counted towards the 20 percent (20%) Rural Areas Target, even if the Project is located in a Rural Area—unless the funds for the Native American Entities Target is over-subscribed, in which case Native American Entity Projects located in Rural Areas will be counted towards the Rural Areas Target.~~

~~If the funds for the Rural Areas Target are not fully used, any unused funds will be re-allocated to the Native American Entities Target. If the funds for the Native American Entities Target are not fully used (including any carry-over funds from the Rural Areas Target and general pool of funds), unused funds will be re-allocated to the general pool of NHTF Program funds.~~

~~If the funds for the Native American Entities Target are not fully used, any unused funds will be re-allocated for the Rural Areas Target. If the funds for the Rural Areas Target are not fully used (including any carry-over from the Native American Entities Target and general pool of funds), unused funds will be re-allocated to the general pool of NHTF Program funds.~~

~~If funds for the general pool of NHTF Program funds are not fully used, any unused funds will be re-allocated to the Rural Areas Target first, and Native American Entities Target second.~~

F. Transition Reserve Policy

Projects must be in compliance with the Department's Pooled Transition Reserve Policy Administrative Memorandum dated January 3, 2023, (Administrative Notice Number 22-08) and amended on August 8, 2023, (Administrative Notice Number 23-01), that implements statutory changes made under Senate Bill 948 (Chapter 667, Statutes 2022) applicable to Health and Safety Code § 60468, as may be amended from time to time, and any other related Department Transition Reserve Policy administrative memoranda that the Department may adopt, as applicable.

G. Occupancy and Income Requirements

Given the nationwide total amounts available for allocation of NHTF funds for both FY2024 and FY2025 are anticipated to be less than \$1 billion, HUD requires 100 percent (100%) of the NHTF program funds to be used to benefit Extremely Low-Income Families, which are defined as those with incomes at or below 30 percent (30%) of the median income of a geographic area or below the poverty line (whichever is greater) at time of move-in and occupancy of NHTF designated units, pursuant to 24 C.F.R. Part 93.250(a). In the event the nationwide allocation is greater than \$1 billion, the Department may amend this Project Solicitation and/or the Guidelines.

NHTF Assisted Units will be restricted per the income limits set forth in the project Regulatory Agreement. The income limits are posted at the following link:

<https://www.hcd.ca.gov/grants-and-funding/income-limits/state-and-federal-income-rent-and-loan-value-limits>.

H. Rent Limits

NHTF Assisted Unit rents will be restricted in accordance with 24 C.F.R. § 93.302.

The rent plus tenant-paid utilities of an NHTF designated unit shall not exceed the greater of 30 percent (30%) of the federal poverty line or 30 percent (30%) of the income of a family whose annual income equals 30 percent (30%) of the median income for the area, as determined by HUD, with adjustments for the number of bedrooms in the unit.

If the unit receives federal or state project-based rental subsidy, and the tenant pays as a contribution toward rent not more than 30 percent (30%) of the tenant's adjusted income, the maximum rent is the rent allowable under the federal or state project-based rental subsidy program.

HUD publishes the NHTF rent limits on an annual basis, posted at the following link:

https://www.hudexchange.info/programs/htf/htf-rent-limits/?filter_Year=&filter_Scope=State&filter_State=CA&program=HTF&group=RentLimits.

Rents will be further restricted in accordance with rent and income limits submitted in the application for the program loan, approved by the Department, and set forth in the Project Regulatory Agreement.

III. Application Minimum Requirements (Threshold)

Applications for Projects are required to meet the program application minimum requirements found in the NHTF Guidelines, Project Solicitation, and 24 C.F.R. § Part 93. Applications must meet the following minimum requirements to move forward to the Rating and Ranking process:

- (a) An Applicant must electronically submit its application in a format made available by the Department that requests the information required by the Guidelines.

- (b) An Applicant must submit its application by the deadline specified in the Project Solicitation.
- (c) Housing Element. Applicants that meet the definition of a local public entity (cities and counties) are required to be in substantial compliance with state Housing Element Law prior to award date. Newly incorporated cities are exempt from this factor, until which time the city is required to submit the housing element to the Department for approval. This requirement is applicable to cities and counties, and it is the responsibility of cities and counties to know their reporting requirements. If unsure, please send an email inquiry to the NHTF Project Solicitation Unit at NHTFNOFA@hcd.ca.gov. Developers (not cities and counties), Native American Entities, and Projects to be developed on Native American Lands are exempt from this requirement; these entities will receive full points for this scoring factor.
- (d) All applications must clearly contain the required documents listed in the NHTF Guidelines, Section 3 – Eligible Recipients (Applicants).
- (e) Any third-party documents, including but not limited to, market study; appraisal; relocation plan; and environmental, asbestos, mold, and lead-based paint assessments must be prepared by an individual or firm which:
 - (1) Has the appropriate license, when deemed necessary by the Department or by regulation, and knowledge and experience necessary to competently prepare the document;
 - (2) Is aware of, understands, and correctly employs those recognized methods and techniques that are necessary to produce a credible and complete document;
 - (3) Communicates each analysis, opinion, and conclusion in a manner that is not misleading as to the true market needs for low-income residential property and/or the value and condition of the subject property; and
 - (4) Is an independent third-party having no identity of interest with the Applicant, the partners of the Applicant, the intended partners of the Applicant, or with the general contractor.
- (f) The Department must not make an award of NHTF funds to any Applicant unless the application is received by the deadline(s) specified in the Project Solicitation and clearly demonstrates that all the following conditions exist:
 - (1) The Applicant and Project are eligible to receive NHTF funds from the Department under Guidelines Section 3 – Eligible Recipients (Applicants) and Section 4 – Eligible Uses, Terms and Limits of NHTF Funds;
 - (2) The Applicant and Project meet the requirements of Guidelines Section 5 – Project Requirements, Section 6 – Underwriting, and Section 7 – Management and Maintenance, before the Department will disburse NHTF funds;
 - (3) The application is complete pursuant to Guidelines Section 9 – Application Minimum Requirements; this includes the affirmatively furthering fair housing requirements (more information is available at <https://www.hud.gov/AFFH>);

- (4) The total amount of NHTF funds requested by the Applicant does not exceed the maximum per Unit subsidy and award limits in the Project Solicitation;
 - (5) There are no pending lawsuits that will prevent implementation of the Project; and
 - (6) The Applicant has provided documentation satisfactory to the Department that it complied with the submittal requirements of 2 C.F.R. § 200.512 Single Audit reporting requirements.
- (g) Applicants can receive two loans and two grants from state funding sources, and also receive funding from this Project Solicitation or other federal funding programs. The Department’s *Amendment to the Repeal of Stacking Prohibition of Multiple Department Funding Sources* memorandum dated August 20, 2021, and amended September 13, 2023, **does not apply** to federal funding programs (e.g., NHTF, HHC, HOME, and HOME-ARP Program funds).
- (h) If an Applicant submits applications for multiple projects (restricted to one application per project) in this Project Solicitation, only the two highest scoring Projects may receive an NHTF award under this Project Solicitation. For Native American Entity Applicants, each Tribe will be treated as a single applicant.

IV.—Rating and Ranking

~~After meeting the threshold requirements, competitive applications will be scored as follows. Additionally, applications must achieve the following minimum scores in each scoring section to be eligible for funding. Please note, this section does not apply to the non-competitive OTC applications that meet the criteria described in Section I(G) of this Project Solicitation.~~

	Minimum Points Required	Maximum Applicable Points
<p>Section A – Increase Housing Affordability by Leveraging Rental/Operating Subsidies</p> <p>Applications will be scored based on the percentage of NHTF Assisted Units that have committed Project based rental or operating subsidies, substantially similar in terms to Project based Housing Choice Vouchers, to ensure affordability for residents (1 point will be awarded for each 10 percent of the Project’s NHTF Assisted Units that have subsidy) (10 points max).</p> <p>For example, if the Project has committed rental/operating subsidies for 80 percent (80%) of the NHTF Assisted Units, the application will receive 8 points out of a possible 10 points.</p>	0	10

Pursuant to the Health and Safety Code § 50676(d)(2), this Project Solicitation gives priority to Projects based on the extent to which rents are affordable, especially to Extremely Low Income Families.		
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	Minimum Points Required	Maximum Applicable Points
<p>Section B – Merits of the Project in Maintaining or Improving Access to Community-Based Public Services</p> <p>Amenities and services offered within 1.5 miles (two miles for Rural Areas) of the Project (specify current and proposed amenities and services) may be awarded points cumulatively across the categories below.</p> <p>For Native American Entity Applicants, amenities and services must be offered within 15 miles of the Project (specify current and proposed amenities and services). If amenities and services are more than 15 miles of the Project, please provide a letter of explanation with the online application.</p> <p>Applicants must provide a map demonstrating proximity for items (1) and (2) to be eligible for the respective points.</p> <p>1) Public Transportation. Projects located where there is a rapid transit station, light rail station, commuter rail station, ferry terminal, bus station, or public bus stop within one-half mile (one mile for Rural Areas) with service at least every 60 minutes (or at least two departures during each peak period for a commuter rail station or ferry terminal; or at least one departure during each peak period for a commuter rail station or ferry terminal for Rural Projects) during the hours of 7 am to 9 am and 4 pm to 6 pm, Monday through Friday (4 points).</p> <p style="padding-left: 20px;">a. Projects that are not located within the distance described above in Public Transportation and have other transportation options without any cost to the residents, such as van pools, will receive full points.</p> <p style="padding-left: 20px;">b. Projects that are not located within the distance described above in Public Transportation and have demonstrated that the Project will bring transit or extend transit to the Project area, will receive full points.</p> <p>2) The Project site is in proximity to essential services:</p> <p style="padding-left: 20px;">a. Grocery store — a full scale grocery store/supermarket where staples, fresh meat, and fresh produce are sold (2 points). NOTE: If applying for TCAC, it is advisable that the grocery store is at least 25,000 gross interior square feet.</p>	4	20

<p>b. Health Facility—a medical clinic with a physician, physician’s assistant, or nurse practitioner on-site for a minimum of 40 hours each week, or hospital (not merely a private doctor’s office) that accepts Medi-Cal (2 points).</p> <p>A qualifying medical clinic must accept Medi-Cal payments, or Medicare payments, or Health Care for the Homeless, or have an equally comprehensive subsidy program for low-income patients.</p> <p>c. Public elementary, middle, or high school (2 points).</p> <p>d. Licensed childcare provider/SETA Head Start for multifamily properties or a senior community center for senior properties (2 points).</p> <p>e. Recreational opportunities, such as parks and community centers (2 points).</p> <p>f. Job opportunities, such as employment agencies or places of employment that offer internships, training programs, apprenticeships, and/or paid positions that can serve the Project’s population and offer a variety of positions (existing and planned) (3 points).</p> <p>3) Location Efficiency-Walkability of the Project site, as determined by the US EPA Walkability Index using the address of the Project site. If the Project is a corridor and does not have a specific address, use the centermost point of the Project for the calculation. Note: Projects located on Native American Lands or in Rural Target Areas will receive full points for this subsection.</p> <p>Applicants must provide a printout of the EPA Index Map demonstrating the walkability score for item (3) to be eligible for the respective points.</p> <p>— Most Walkable (3 points)</p> <p>— Above Average Walkable (2 points)</p> <p>— Below Average Walkable (1 point)</p> <p>— Least Walkable (0 points)</p> <p>Pursuant to the Health and Safety Code § 50676(d)(3), this Project Solicitation gives priority to merits of a Project.</p>		
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	Minimum Points Required	Maximum Applicable Points
Section C – Project Readiness	20	35

<p>1) Obtained enforceable funding commitments (EFC) for all construction financing, grants, and other Department funds, not including low income housing tax credits and/or tax-exempt bonds (5 points).</p> <p>2) For Non-Tribal Projects & Projects on Native American Fee Lands: Completion and submittal of all necessary environmental clearances (HTF Environmental Provisions, NEPA, and CEQA), and completion of a Phase I Environmental Site Assessment and Phase II Environmental study, if necessary, a Corrective Action Plan when applicable, and Local Jurisdiction and NEPA Authority to Use Grant Funds (AUGF) when applicable.</p> <p>For Projects on Native American Lands: Completion and submittal of the HTF Environmental Provisions Checklist(s) and completion of a Phase I Environmental Site Assessment and Phase II Environmental study, if necessary, and a Corrective Action Plan when applicable, and NEPA AUGF when applicable. Note: The Department recognizes that CEQA requirements do not apply on Native American Lands and if CEQA is required, the Department will carry out the CEQA requirements. Native American Entity Projects may utilize Department resources to meet Project environmental requirements on a case-by-case basis.</p> <p>For all Projects: if the Project has other federal funding that requires NEPA, the developer must also comply with the NEPA requirements contained in 42 U.S.C. §§ 4321-4347 and the implementing regulations at 24 C.F.R. Parts 50 and 58. No actions by any party (including Recipient, developer, or owner) shall be undertaken for any activity that would have an adverse environmental impact or limit the choice of reasonable alternatives under 24 C.F.R. § 58.22 until HUD or the Department has issued an environmental clearance. (10 points).</p> <p>Note: A copy of the Project's AUGF must be provided prior to the construction loan closing. It is not necessary to have the AUGF at application stage. Projects with an AUGF will earn applicable points.</p> <p>3) Obtain all necessary and discretionary public land use approvals, except building permits and other ministerial approvals, or documented to be an eligible Project under AB 2162 of 2018 effective January 1, 2019 (5 points).</p> <p>4) Site Control and a fully executed Voluntary Acquisition Letter ("VAL") or Letter of Explanation (5 points for either a, b, c, or d below and the Voluntary Acquisition Letter). An eligible Project is subject to the requirements of 25 C.C.R. § 8303,</p>		
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~~including but not limited to, demonstrating site control by one of the following:~~

- ~~a. Applicant has fee title ownership of the site or a long-term leasehold securing the site meeting the criteria for site control.~~
- ~~b. Applicant can demonstrate Project drawings certified by the Project architect.~~
- ~~c. For tribal trust land, a title status report (TSR) or an attorney's opinion letter regarding chain of title and current title status.~~
- ~~d. A leasehold held by a Native American Entity in federal tribal trust lands property.~~

~~The Voluntary Acquisition Letter is available on the Department's NHTF website (<https://www.hcd.ca.gov/grants-and-funding/programs-active/national-housing-trust-fund-program>). If an applicant believes a VAL is not applicable to the project, a Letter of Explanation on signed company/business/Tribal letterhead must be submitted and provide the rationale (e.g., long-term ground lease for 50 years or more, or where a Project is located on Native American Land and relocation is governed by NAHASDA 24 C.F.R. 1000.14).~~

~~5) Applicant provides drawings certified by the Project's licensed architect including the status (i.e., percent complete) of the drawings (5 points).~~

~~6) Obtained local or discretionary design review and entitlement approval to the extent such approval is required. Where a Project is located on Native American Land and Tribal design review is not required, a self-certification submission will receive full points (5 points).~~

~~7) EFCs for all deferred-payment permanent financing, grants, and subsidies, in accordance with TCAG requirements. Deferred-payment financing, grant funds, and subsidies from other Department programs must be awarded prior to application deadline to receive points in this category (5 points).~~

~~Pursuant to the Health and Safety Code § 50676(d)(4), this Project Solicitation gives priority to Applicant readiness.~~

**Minimum
Points
Required**

**Maximum
Applicable
Points**

<p>Section D – Project’s Use of Non-Federal Funds (10 points). The application will calculate points based on the extent of non-federal funds contributing to the Project. Points are derived from the amount of requested NHTF funds compared to the non-federal funds. One (1) point will be awarded for each 5 percentage point increments above 50 percent (50%) of the total development funds (10 points max). Note: Tribes competing in the Native American Entity Target will be competing against other Tribes.</p> <p>For example, an application with 70 percent (70%) use of non-federal funds yields 20% above the 50 percent (50%) threshold. To calculate the points, 20 percent (20%) divided by 5 percent (5%) equals 4. One (1) point multiplied by 4 equals 4 points awarded. The application workbook will automatically calculate the points.</p> <p>Pursuant to the Health and Safety Code § 50676(d)(5), this Project Solicitation gives priority to the extent to which Projects will use non-federal funds.</p>	0	10
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	Minimum Points Required	Maximum Applicable Points
<p>Section E – Development Team’s Experience (40 points):</p> <p>1) <u>Developer Experience</u> (15 points max)</p> <ul style="list-style-type: none"> — Applicant Ownership and Operations Experience— Experience (under a long-term master lease or similar arrangement) owning or operating supportive and/or affordable rental housing developments (15 points max) <p>2) <u>Property Manager Experience</u>— (5 points max)</p> <ul style="list-style-type: none"> — Number of affordable housing developments managed by the designated property management agent at the time of application (5 points max) <p>3) <u>Resident Service Provider Experience</u>— (5 points max)</p> <ul style="list-style-type: none"> — Years of experience in Resident Services (3 points max) — Number of projects or contracts (2 points max) — The Resident Services plan worksheet in the application workbook is required for all Projects and must have a budget demonstrating adequate operating funding for staffing and service delivery. Referencing the Supportive Services plan worksheet and/or plan will not be accepted. The total Resident Services budget must match the Resident Services line item in the operating budget. <p>4) <u>Lead Supportive Service Provider (LSP) Experience</u>— (15 points max)</p> <ul style="list-style-type: none"> — Years of experience in permanent Supportive Housing (3 points max) — Number of projects or contracts in permanent Supportive Housing (3 points max) — Years of experience serving the Target Population (3 points max) — Experience providing comprehensive case management, where members of the Target Population were at least 20 percent (20%) of the LSP’s clients during the years for which points are sought in any of the following. (Note: To receive points under this subsection, the LSP must have current staff expertise AND organizational experience): <ul style="list-style-type: none"> i. — Coordination and connection with system service providers including county services, 	20	40

<p>such as primary care services and behavioral health care, community service providers, and the Continuum of Care when serving the Target Population and/or Homeless Individuals; and</p> <p>ii. Staff expertise and experience must be documented through resumes, job descriptions, contracts, staff training descriptions, and letters from Continuums of Care or other Supportive Services organizations (2 points max)</p> <p>iii. Native American Entity Applicants may use their own data integration and management information systems, provided that such systems have been duly adopted in accordance with Tribal law and implemented by the Tribe prior to receiving an award of grant funds (2 points max)</p> <p>— Experience within the development team or with a partner agency with an executed agreement between the two agencies that meet the requirements of Section 9 of the NHTF Guidelines. (2 points)</p> <p>— Success in meeting or exceeding specified outcome measures for housing stability under a government contract for at least two years as a LSP in permanent Supportive Housing serving persons experiencing Homelessness (2 points)</p> <p>— The Supportive Services plan worksheet in the application workbook is required for all Projects with a homeless component and must have a budget demonstrating adequate operating funding for staffing and service delivery. Referencing the Resident Services plan worksheet and/or plan will not be accepted. The total Supportive Services budget must match the Supportive Services line item in the operating budget.</p> <p>Pursuant to the Health and Safety Code § 50676(d)(3), this Project Solicitation gives priority to merits of a Project.</p>		
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	Minimum Points Required	Maximum Applicable Points
<p>Section F – Confirmation of Local Need (15 points max).</p> <p>1) Demonstrated need based on the county's percentage of renters that are both Extremely Low Income and severely cost burdened. Data will be pulled from 2016-2020 CHAS (Comprehensive Housing Affordability Strategy) data as follows:</p> <ul style="list-style-type: none"> — 10 percent — 14.9 percent (5 points); — 15 percent — 19.9 percent (10 points); — 20 percent or more (15 points); or <p>2) Needs Letter from the city and/or county demonstrating overall need (5 points); or</p> <p>3) Native American Entity Applicants to select "Native American Entity" on the NHTF application to receive full points for Section F (15 points).</p> <p>Pursuant to the Health and Safety Code § 50676(d)(3), this Project Solicitation gives priority to merits of a Project.</p>	5	15

	Minimum Points Required	Maximum Applicable Points
TOTAL APPLICABLE POINTS	80	130a
<p>Priority Points:</p> <p>Applications will be given priority points based on the following:</p> <p>1) Addressing and Preventing Homelessness. Project provides Permanent Supportive Housing (PSH) for households experiencing Homelessness and/or Chronic Homelessness that meets the Supportive Services Provider Plan requirements in the NHTF Guidelines (1 point will be awarded for each 10 percent of the Project's total units) (10 points max).</p> <p>For example, if the Project has 80 percent (80%) of the total units serving people experiencing Homelessness, the application will receive 8 points out of a possible 10 points.</p> <p>2) Readiness Status. Applicants meeting all categories of Section C—Project Readiness (20 points).</p> <p>3) State-owned excess sites: New construction Projects located on sites selected under Executive Order N-06-19 to enter into a ground lease with the state to create affordable housing on excess state-owned property, with either a Lease Option Agreement or an Exclusive Negotiating Agreement with the State of California (5 points max).</p> <p>—Note: An Exclusive Negotiating Agreement (ENA) will only be accepted for State-owned excess sites if the ENA is effective for a minimum of 12 months with at least two options to extend for a minimum of six months for each extension (24 months total); or a signed letter from the California Department of General Services indicating they will extend the terms to meet this NHTF requirement upon the Project's receipt of an NHTF loan commitment.</p> <p>4) Local agency-owned surplus land: For surplus land owned by a local agency, including transit agencies, points shall be awarded as follows (5 points max):</p> <p>Documentation of written compliance with the Surplus Land Act (SLA) as demonstrated by an exempt surplus findings letter or standard surplus disposition findings letter from the Department, available at the Department's catalogue of findings letters (2 point max); and either,</p>	0	35

~~The disposition is discounted at least 20% or more from the property's current appraised value or market rate lease terms. Appraised value must be supported by an independent third-party appraisal (2 points max); OR,~~

~~The disposition is provided as a land donation or equivalent or leased for a nominal fee of \$20,000 or less per year (3 points max).~~

~~Documentation Required:~~

- ~~— Documentation demonstrating Surplus Land Act compliance must be the form of written compliance with the Surplus Land Act as demonstrated by an exempt surplus findings letter, Department email, or standard surplus disposition findings letter from the Department. A list of Department findings letters is available here: [sla-letters-issued.xlsx \(live.com\)](#). In the event a findings letter is not found on the SLA letters issued document, the Applicant is recommended to make an inquiry with the concerned local agency. Please contact publiclands@hcd.ca.gov to request technical assistance for SLA compliance.~~
- ~~— Demonstration of below-market rate (BMR) disposition:
 - ~~○ For transfer or sale, Applicants must submit documentation such as Purchase and Sale Agreement or proof of transfer/sale of land.~~
 - ~~○ For low-cost lease, Applicants must provide documentation such as Lease Option Agreement or Fully Executed ground lease for a term of at least 55 years.~~
 - ~~○ For other methods of providing land for a low-cost or nominal basis, Applicants must provide a narrative description outlining such methods and how they meet the intent to lower land costs for affordable housing production to be eligible for BMR disposition points, and supporting documentation, such as local agency policies, resolutions, or other agreements supporting the BMR disposition claim.~~~~
- ~~— Appraisal: The property appraisal must determine the value of the existing Project. If the land is leased, the appraisal must include the fair market value of the lease payments. A letter from the appraiser confirming the~~

<p>continued validity of the appraisal will be accepted. Please see Section 9 of the NHTF Guidelines for details on the requirements of an appraisal.</p> <p>— Site Control: Evidence of site control, as required by 25 C.C.R. § 8303. This includes compliance (if applicable) with 25 C.C.R. § 8316 for a leasehold interest in the property. Site control agreements must be effective for a minimum of 12 months with at least two options to extend for a minimum of six months for each extension (24 months total); or a signed letter from the seller or lessor indicating they will extend the terms to meet this NHTF requirement upon the Project's receipt of an NHTF loan commitment. An exclusive negotiation agreement will not be accepted as evidence of site control for Local agency-owned surplus land. Please see Section 9 of the NHTF Guidelines for details on the requirements of site control.</p>		
TOTAL APPLICABLE POINTS AND PRIORITY POINTS	80	165

Minimum Total Score

~~In addition to the minimum points required under each scoring section, applications must meet a minimum total score of 80 points to be eligible to receive an award.~~

Tie Breaker

~~In the event of a tie amongst applications, the Department must assign a higher rank to applications with a greater readiness to proceed with their Project's milestones. If any tied applications have equal readiness to proceed with their Project's milestones, then the Department must assign a higher rank to the applications that have secured all written financial commitments for its Project's funding. If any tied applications have equal readiness to proceed with their Project's milestones and have secured an equal amount of firm written financial commitments for their Projects' funding, the Department will assign a higher rank to applications for Projects providing greater percentage of units targeting households at or below 30 percent (30%) of AMI.~~

Multiple Project Applications by a Single Applicant

In the event an Applicant submits multiple **high-ranking** Project applications (one application per Project) eligible for an NHTF award, the Department may only award the two **highest ranking** Project applications submitted by the Applicant under this Project Solicitation. ~~For Native American Entity Applicants, each Tribe will be treated as a single applicant.~~

V. Appeals

Notwithstanding the Application Review and Complete Application in Section I (E) of this Project Solicitation. The Basis of Appeals, Appeal Process, Deadlines and Decisions are as follows:

1. Basis of Appeals

- a. Applicants may appeal the Department's written determination that an application is incomplete, has failed threshold review, or has otherwise been determined to provide an insufficient basis for an award (including point scoring and tie breaker, **when applicable**).
- b. At the sole discretion of the Department, the Department's written determination may include a request for clarifying and/or corrective information. For purposes of this section, "clarifying information" includes information and/or documentation that resolves ambiguities in any application materials that will inform the Department's threshold, scoring (**when applicable**) and feasibility determinations.
- c. No Applicant shall have the right to appeal a decision of the Department relating to another Applicant's application (e.g., eligibility, award).
- d. **No Applicant shall have the right to appeal their self-score after the application deadline. Applicant will continue to have the right to appeal the Department's initial score.**
- e. Any request to appeal the Department's decision regarding an application shall be reviewed for compliance with the NHTF Guidelines and this Project Solicitation. **All decisions rendered shall be reviewed by the Director or his/her designee. The decision shall be final, binding, and conclusive, and shall constitute the final action of HCD.**
- f. The appeal process provided herein applies solely to decisions of the Department made pursuant to this Project Solicitation.

2. Appeal Process and Deadlines

- a. **Process: Application material will not be accepted after the application-filing deadline except pursuant to any notice provided by the Department under Section I.E.1 of this Project Solicitation. In such cases, Applicants shall be given up to five (5) business days, or ten (10) business days for Native American Entity Applicants, from the date of notice to submit said documents to complete the application. The Department may request additional clarifying information from third-party sources, such as local government entities, or the Applicant, but this is entirely at the Department's discretion. Upon the Department's request, the information sources shall be given up to five (5) business days, from the date of staff notification, to submit said documents to clarify the application. The third-party sources shall certify that all evidentiary documents deemed to be missing from the application had been executed, and were in the third-party source's possession, on or prior to, the application filing deadline. If the required documents are not submitted to the Department within the time provided, the**

application shall be concluded as incomplete and an appeal will not be accepted by the Department.

- b. **File an Appeal:** All appeals shall be addressed to the NHTF Section Chief in writing. The NHTF Section Chief shall have ten (10) business days to issue a letter with the Department's final determination. A written appeal must state all relevant facts, arguments, and evidence upon which the appeal is based. Furthermore, the Applicant must provide a detailed reference to the area or areas of the application that provide clarification and substantiation for the basis of the appeal. No new or additional information will be considered if this information would result in a competitive advantage to an Applicant. Once the written appeal is submitted to the Department, no further information and/or materials will be accepted or considered thereafter. Appeals are to be submitted to the Department at NHTFNOFA@hcd.ca.gov according to the deadline set forth in the Department review and/or score letters, **when applicable**.
- c. **Filing Deadline:** Appeals must be received at NHTFNOFA@hcd.ca.gov by the Department no later than five (5) business days, **or ten (10) business days for Native American Entity Applicants**, from the date of the Department's threshold review, or initial score letters, as applicable, representing the Department's decision made in response to the application.
- d. **Appeal Tracking:** Appeal materials that are received by the Department shall be stored in a server location where both program staff and program leadership have access. The Section Chief or their designee shall appoint an Appeals Coordination Specialist, who shall be responsible for maintaining a log and calendar of all materials and dates related to each appeal received. The Appeals Coordination Specialist may also be the Program Manager if deemed appropriate.
- e. **Appeal Panel – Time and Composition:** Once an appeal is received, the subject Program Manager, or its designee, shall be responsible for, within two business days day thereof, scheduling a time and place (including an electronic meeting) for appeal staff to convene. The Program Manager shall include an invitation to the Appeals Coordination Specialist, who shall be responsible for selecting and ensuring attendance of Department staff with subject matter expertise on the appeal. While the panel may include staff that originally considered the application being considered, any decisions to uphold a denial after appeal will be reviewed and approved by **the Director or his/her designee. a decision maker, who must have seniority to the original decision maker—said person shall be responsible for signing the appeals decision once rendered. Most likely, this will be a Section Chief or above who was not involved in the original denial decision.**

3. Decision

- a. Any request to appeal the Department's decision regarding an application shall be reviewed for compliance with the NHTF Guidelines and this Project Solicitation. All decisions rendered shall be final, binding, and conclusive, and shall constitute the final action of the Department.

VI. Disbursement of Funds

1. Timing of Disbursements

- a. In order to assist the Department with meeting the federal NHTF 5-year expenditure deadline requirement, NHTF funds for eligible costs may be disbursed at construction closing and during the construction period. To be eligible for funds disbursement at construction closing:
 - i. Disbursements of funds for the reimbursement of eligible pre-development soft costs per 24 C.F.R. § 93.201(d) may be made at the time of construction closing.
 - ii. Disbursements for Acquisition costs may be made at the time of construction closing.
 - iii. During the construction period, disbursements for construction costs shall be made on a reimbursement basis, based on percentage complete, with 10 percent (10%) retained until construction completion, as evidenced by completion of all Project Completion and Loan Closing Requirements as set forth in the Standard Agreement, construction loan agreement (also known as disbursement agreement), and the NHTF Guidelines.

Note: Loan Retention. 10 percent (10%) of the development hard costs will be retained and released after the Department approves the Project Completion and Loan Closing Requirements in the Standard Agreement, such as, but not limited to the following: the final audited cost certification completed by an independent certified public accountant, project completion report with the final sources and uses and tenant demographics, recorded notice of completion, and final certificate of occupancy. The Department reserves the right to release the Loan Retention after approving the conversion to permanent financing and closing on the permanent loan.

VII. State and Federal Requirements

1. Timeframes for Using Funds

This Project Solicitation includes two federal allocation years of NHTF funding, FY2024 and FY2025, both of which are unknown at this time but have been estimated at approximately \$19.5 million for each year. Approximately half of the total funds in this Project Solicitation are from FY2024 and therefore subject to an anticipated HUD statutory commitment deadline of August 2026 and a regulatory expenditure deadline of August 2029. The remaining portion has an anticipated commitment deadline of August 2027 and expenditure deadline of August 2030.

Recognizing that HUD's deadlines for commitment and expenditure are inflexible, Recipients are subject to the following deadlines:

- Commitment deadline (Standard Agreement execution): **August 1, 2026.**
- Commencement of Construction deadline: **No later than one year from the time of commitment.**
- Expenditure deadline: **August 1, 2029.**

The actual Project-specific commitment and expenditure deadlines will be determined prior to executing the Standard Agreement. To meet the commitment deadline in accordance with NHTF regulations and HUD guidance, all construction and permanent sources must be secured prior to executing the Standard Agreement.

If a Recipient anticipates the commitment deadline cannot be met, the Recipient must provide the Department with a written request for an extension as soon as possible, but not later than June 1, 2026. It is in the Department's sole and absolute discretion to approve or deny the extension in order to meet the HUD commitment and expenditure deadlines.

Pursuant to 24 C.F.R. § 93.2, commencement of construction of the Project must be within one year following the Start Date (effective date) of the Department's fully executed STD 213 Standard Agreement. For purposes of this definition, "commencement of construction" means the first land-disturbing activity associated with a Project, including land preparation such as clearing, grading, and filling, or the first alteration of any wall, ceiling, floor, or other structural part of a building, regardless of whether that alteration affects the external dimensions of the building.

NOTE: Projects that are currently under construction are not eligible to apply, and construction may not begin on NHTF funded Projects until NHTF Standard Agreements are executed and the Project has met all construction closing conditions.

If a Project fails to meet one or more of the deadlines outlined in this Project Solicitation, the Recipient will be subject to the default provisions and remedies outlined in the NHTF Guidelines, and the funds must be returned to HUD and will be lost to the State of California.

2. Monitoring Fees for Loans and Grants

Monitoring Fees Schedule

Pursuant to 24 C.F.R. § 93.204(b)(1) the Department will charge fees to cover the cost of ongoing monitoring and physical inspection of all NHTF Projects (both loans and grants) during the 55-year affordability period. The monitoring fee is collected after conversion to permanent financing. Monitoring fees do not apply to Projects developed by, or in partnership with, Native American Entities.

The Department charges an annual monitoring fee, as follows:

Estimated 2024 Monitoring Fees*	
Number of NHTF Assisted Units	Annual Fee
12 or fewer	\$6,259
13 to 24	\$10,185
25 to 36	\$12,413
37 to 48	\$12,731
49 to 60	\$15,224
61 or more	\$17,823

* To cover inflation, this annual monitoring fee is projected to increase annually at 3 percent (3%) following the Department's analysis of actual costs for monitoring. Financial assumptions in the application shall be based on the rate that will be effective at the time of initial occupancy.

Annual monitoring fees are mandatory debt service payments. The first payment shall be prorated based upon the total number of days from permanent loan closing to the last day of the first fiscal year. Payments must be made pursuant to the Regulatory Agreement.

3. Reporting Requirements

The Recipient must collect and report data to the Department as described in NHTF Guidelines § 13 for projects under construction upon execution of the Regulatory Agreement, as required by 24 C.F.R. § 93.401, and upon execution of the Regulatory Agreement until the final Project completion report is accepted in the federal disbursement and information system; and annual performance reports are required during the entire affordability period pertaining to the outcomes of the program, pursuant to the Regulatory Agreement provisions.

Local government recipients must comply with 2 C.F.R. Part 200.512 Single Audit Report Submission requirements. The Department will make the determination on the status of the Single Audit reporting compliance as of the date of application submission by consulting with the California State Controller's Office (SCO). Jurisdictions that are exempt from filing must submit a copy of the exemption letter notifying the SCO of their exempt status with their application.

Recipient(s) are responsible for disclosing all changes made to the project after application submission. Such changes could include, but are not limited to, development team member changes, increased or decreased costs, intent to apply for additional funds, changed project description, environmental issues, and project timeline changes. Failure to report accurately may result in a loss of points in future funding rounds.

VIII. Program Overlays

A. Federal Overlays

Activities funded with NHTF funds are required to comply with 24 C.F.R. § 93.350 and 24 C.F.R. § 93.301. Compliance with these requirements, where applicable, include, but are not limited to, Environmental Provisions, Relocation, Equal Opportunity and Fair Housing, Fair Housing Amendments Act, Affirmative Marketing, Section 504 of the Rehabilitation Act of 1973, HUD's Lead Safe Housing Rule ("LSHR") at 24 Part 35, and its implementing regulations, the Americans with Disabilities Act and its implementing regulations, Section 3 (employment of low-income persons), Violence Against Women Act ("VAWA"), and the Single Audit report requirements of 2 C.F.R. Part 200.512 as detailed in the NHTF Guidelines. Failure to comply with federal overlays could result in significant project cost increases and/or rejection of the NHTF application. Native American Entity Recipient Projects located on Native American Lands may be exempt from specific accessibility requirements where otherwise exempted by the Native American Housing and Self Determination Act or other federal or Tribal laws as set forth at 24 C.F.R. § 1000.12.

NHTF Environmental Provisions

The NHTF regulations establish specific property standards for projects that receive NHTF funds. These standards include Environmental Provisions for projects involving New Construction, Rehabilitation, and Acquisition. The NHTF Environmental Provisions for New Construction and Rehabilitation Projects are contained within the NHTF Property Standards at 24 C.F.R. § 93.301(f)(1) and (2). See HUD [Notice: CPD-16-14](#) and the Department's [Environmental Provisions Checklists](#) for more information.

The Applicant must provide a completed NHTF Environmental Checklist using the Department's template, with all supporting documentation, at time of application submission. It must be determined prior to award if a project will meet the NHTF Environmental Provisions at completion. If a project cannot meet the NHTF Environmental Provisions, the project cannot be funded by NHTF. If the Applicant is a Native American Entity and the Project is on Native American Lands, the Project will not be subject to CEQA. The Department will be responsible for compliance with the CEQA requirements, and such Department action shall not negatively impact the Native American Entity Applicant or the Project.

When combining NHTF funds with other HUD Funding Sources, an Environmental Review under 24 C.F.R. Parts 50 and 58 must be done and must meet the NHTF Environmental Provisions. Other HUD funding sources include, but are not limited to, HOME Investment Partnerships Program (HOME), Rental Assistance Demonstration (RAD), or Public Housing Capital Funds.

IX. Other Terms and Conditions

A. Right to Modify or Suspend

The Department reserves the right, at its sole discretion, to suspend, amend, or modify the provisions of this Project Solicitation at any time, including, without limitation, the amount of funds available hereunder. This includes, but is not limited to, authorizing an

increase in funding to any Applicant after the Department makes an award under this Project Solicitation. If such an action occurs, the Department will notify all interested parties via the Listserv at <https://www.hcd.ca.gov/contact-us/email-signup> and will post the revisions to the Department's NHTF website at <https://www.hcd.ca.gov/grants-and-funding/programs-active/national-housing-trust-fund-program>.

This Project Solicitation is not a commitment of funds to any activity or Applicant.

B. Conflicts

In the event of any conflict between the content of the Project Solicitation, NHTF Guidelines, application, and/or workbook, the NHTF Guidelines control.

C. False, Fictitious, or Fraudulent Claims

Anyone who knowingly makes a false claim or statement to HUD, or the Department may be subject to civil or criminal penalties under 18 U.S.C. § 287, 1001 and 31 U.S.C. § 3729 and may be ineligible for an award under this Project Solicitation.