

Local Housing Trust Fund (LHTF) Program NOFA and Application Workshop

Department of Housing and Community Development

May 2020





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Agenda

- Welcome and Introduction
- General Program Overview
- Program Requirements
- Application, Submission and Appeals
- Award Announcements and Contracts
- HCD Standard Agreements

General Program Overview And NOFA





Program Purpose

- Purpose

- To expand sources of funding for housing through new and existing Local Housing Trust Funds with matching funds to assist Extremely Low-Income Households, Lower-Income Households and Moderate-Income Households with affordable housing.



Program Summary

- Local Housing Trust Fund (LHTF) program provides grants to LHTFs who have developed their own eligible funding sources for housing
- All Program Funds shall be matched on a dollar for dollar basis with eligible Matching Funds on the same project



NOFA: Notice of Funding Availability

- NOFA: Approximately \$57 million
- Funding for this NOFA is provided by the Veterans and Affordable Housing Bond Act of 2018 (Proposition 1) adopted by voters on November 6, 2018
- Programs Funds shall be used to provide loans for construction or rehabilitation for affordable rental housing, emergency shelters and transitional housing, affordable homeowner projects and ADUs



Timeline

NOFA Release	April 30, 2020
Application Due Date	August 03, 2020
Award Announcements	October 2020



Authorizing Legislation and Regulation

- Senate Bill 3 (SB 3) Beall. Veterans and Affordable Housing Bond Act of 2018
- Health and Safety Code Section 50842.2 Established Matching Grant Program for LHTF
- Health and Safety Code Section 50843.5 (a) authorized Department to implement LHTF through guidelines; the Department adopted guidelines in April 2020

Eligible Applicants





Eligible Applicants: Who can apply

- Must be one of the following:
 - Public/Tribal Housing Trust Fund
 - Non-profit 501(c)(3) Housing Trust Fund



Eligible Applicants: Local Housing Trust Funds

- All Local Housing Trust Funds must have these characteristics:
 - Utilizes a public, or joint public and private, fund established by legislation, ordinance, resolution
 - Must receive specific public or public/private revenues to address local housing needs
 - Must have sufficient eligible Matching Funds On-Deposit
 - Funded from Ongoing Revenues sufficient to remain in operation for at least 5 years after Program award



Eligible Applicants: Public Housing Trust Funds

- Public Housing Trust Funds
 - Must have submitted their adopted Housing Element to HCD by the application deadline and it's later found in compliance with Housing Element Law by HCD staff
 - Must have submitted Housing Element Annual Progress Report for current year or prior year by application deadline



Eligible Applicants: Nonprofit Housing Trust Funds

- Nonprofit Housing Trust Funds and Tribal Housing Trust Funds must certify in their application that they will utilize Program Funds only for:
 - Eligible Projects located in cities and counties that have submitted their adopted Housing Element to HCD by the application deadline and it was later found in compliance with Housing Element Law by HCD staff
 - Eligible Projects located in cities and counties that have submitted to the Department the Housing Element Annual Progress Report for the current year or prior year by the application deadline



Eligible Applicants: Regional Housing Trust Funds

- Regional Housing Trust Funds must serve:
 - At least 2 jurisdictions if the combined population is more than 1 million people;
 - At least 3 jurisdictions, in counties with total populations of 250,000 or less;
 - At least 4 jurisdictions, in counties with total populations of more than 250,000



Eligible Applicants: New Housing Trust Funds

- New Housing Trust Funds:
 - Organized, funded, and began operations no more than 12 months prior to Round 1 NOFA release (so May 1, 2019)
 - Organized, funded and began operations no more than 12 months prior to the Round 2 NOFA release, or since the last NOFA was issued, whichever is longer

Eligible Activities





Eligible Activities

- LHTF Assistance must be provided in form of construction loan or permanent financing (can't do land acquisition loan or predevelopment loan)
- Affordable rental multifamily projects (new construction or rehab/acquisition)
- Affordable ownership housing: new construction of projects, down payment assistance, owner-occupied rehabilitation
 - May include Accessory Dwelling Units (ADUs) or Junior Accessory Dwelling Units (JADUs)



Eligible Activities continued...

- ADUs/JADUs as a stand-alone program
- Emergency Shelter construction or rehabilitation
- Transitional Housing construction or rehabilitation



Eligible Activities: Income Limits

- Minimum 30 percent of Program and Matching Funds expended to assist Extremely-Low Income Households (30% AMI)
- Maximum 20 percent of Program and Matching Funds expended to assist Moderate-Income Households (120% AMI)
- Remaining Program and Matching Funds expended to assist Lower-Income Households (80% AMI)



Funding Activity Limits

- Minimum application request by Existing LHTF: \$1,000,000
- Minimum application request by New LHTF (not RHTF): \$500,000
- Minimum application request by New LHTF (which is also a RHTF) and is utilizing PLHA Funds as Matching Funds: \$750,000
- Maximum application request for all applicants: \$5,000,000

Matching Funds Requirements





Matching Funds Requirements

- All Program Funds must be matched by the Applicant dollar-for-dollar
- Must be derived from dedicated sources of funding such as taxes, fees, loan repayments, public or private contributions, including land donations
- Funds restricted by State or federal law for housing use are ineligible as Matching Funds
 - Exception: PLHA for Regional Housing Trust Funds



Matching Funds Requirements continued...

- Must be “On Deposit” when application is submitted
- Must be “On Deposit” when disbursement request submitted
- “Legally-binding commitment” can substitute for “On Deposit” at application deadline, pending Department approval



Matching Funds Requirements: Ongoing Revenues

- “Ongoing Revenues” are required and may or may not be eligible Matching Funds
 - New Housing Trust Funds “Ongoing Revenue” must be sufficient to pay for 5 years of Trust Fund’s operating costs after LHTF award
 - Existing Housing Trust Funds “Ongoing Revenue” must be at least an average of \$100,000 per year for 3 years after LHTF award

Program Administrative Costs, Underwriting Requirements, and Other Program Requirements





Program Administrative Costs

- Maximum amount of 5% of the allocation and 5% of Matching Funds is allowed.



Underwriting Requirements

- Construction loans require Development Loan Agreement
- Loan guidelines and underwriting standards must be submitted with the application
- For development projects, HCD will send its funds to escrow



Other Program Requirements

- If HTF ceases operations, all loans have to be transferred to HCD for monitoring and loan management
- If HTF ceases operations within 5 yrs., HCD will disencumber all remaining unencumbered funds
- Funds not encumbered within 60 months of SA date are disencumbered



Other Program Requirements continued...

- All loan repayments, interest and fees derived from Program and Matching Funds are required to be used for LHTF eligible activities
- Annual public hearing required by all HTFs to discuss eligible projects to be funded
- LHTF annual report due 7/31 every year



Application Requirements

- 15% set aside for New HTFs
- Only complete applications on HCD forms submitted by the deadline (Aug. 3) will be reviewed

Rating and Ranking





Non-Residential Matching Funds (15 pts max)

Extent to which the Applicant provides Matching Funds from sources other than residential Local Impact Fees or In Lieu Fees (Guidelines Section 106(f)(1))

- 0% – 25% from other sources ~ 5 points
- 26% - 50% from other sources ~ 10 points
- 51% or more from other sources ~ 15 points



Deeper Income Targeting (20 pts. Max)

- Extent to which the Applicant commits to expend less than 20 percent of Program Funds and Matching Funds to serve Moderate-Income Households (Guidelines Section 106(f)(2))
 - 11% - 18% funding for Moderate-Income Household ~ 5 points
 - 6% - 10% funding for Moderate-Income Household ~ 10 points
 - 1% - 5% funding for Moderate-Income Household ~ 15 points
 - 100% funding for Lower-Income Household ~ 20 points



Readiness (15 pts. max)

Extent to which applicant completed first phase funding process for multifamily rental projects:

Website posting of pipeline projects with status ~ 5 points, PLUS EITHER of the next two (2) factors:

- Projects with first phase funding completed representing 2 times the application request (e.g. if requesting \$5 million, pipeline projects must total at least \$10 million ~ 5 points OR
- Projects with first phase funding completed representing 3 times the application request (e.g. if requesting \$5 million, pipeline projects must total at least \$15 million ~ 10 points



Increasing the Supply of Lower-Income Rental Housing (20 pts max)

Extent to which the applicant commits to use Program Funds and Matching Funds for the new construction of rental housing developments affordable to and restricted to households with average incomes of no more than 60 percent of AMI (Guidelines Section 106(f)(4))

- - 50% funding for 60% AMI or less ~ 0 points
- - 51% - 74% funding for 60% AMI or less ~ 10 points
- - 75% - 99% funding for 60% AMI or less ~ 15 points
- - 100% funding for 60% AMI or less ~ 20 points



Community Need (15 pts max)

- Percentage of Lower-Income Households paying more than 50 percent of their household income for rent or owner expenses, in jurisdictions to be served by the application, in comparison with jurisdictions to be served by other applications (Guidelines Section 106(f)(5))
 - 0% - 25% ~ 5 points
 - 26% - 44% ~ 10 points
 - 45% or higher ~ 15 points



Regional Housing Trust Fund Applicants (15 pts max)

- Applicants which are a Regional Housing Trust Fund meeting the description herein get all points in this category. (Guidelines Section 106(f)(6))



Tie Breaker

- In the event of tied point scores, the tie breaker is the extent to which the application identifies specific multifamily rental projects to which the HTF has issued Letters of Intent to provide construction or permanent financing (Guidelines Section 106(g)(1))



State and Federal Requirements

- **Climate Adaptation - Executive Order B-30-15**
This order addresses the need for climate adaptation.

Application, Submission, Q&A Workshops & Appeals





Complete Application

- The LHTF Application forms was posted on the LHTF webpage on May 14, 2020.
- Information provided must be sufficient for us to perform our review
- All Required reports and documents are submitted



Application Submission Process

All applicable information must be received electronically by the Department via the Online Submission Portal (available beginning July 15, 2020) no later than:

11:59 p.m. Pacific Standard Time on
August 3, 2020

Requirements:

<https://www.hcd.ca.gov/grants-funding/active-funding/lhtf.shtml>



Application Submission Process continued...

- Review application criteria
- Have a plan to acquire needed items
- Submit complete and accurate application



Application Tips

Things to Remember While Filling Out the Application

- Input in yellow cells only
- Do not copy and paste
- Answer in order
- Be sure to include complete and accurate formation documents



Q&A Webinars

- Send questions to LHTF@hcd.ca.gov
- Live Q&A's:
 - Tuesday, May 26th from 10:00 am to 12:00 pm
 - Wednesday, May 27th from 10:00 am to 12:00 pm
- Note: Q&A session might end prior to 12:00 PM if there are no additional questions to be answered



Appeals

- Appeals are to be submitted to the Department at LHTF@hcd.ca.gov



Disclosure of Application

- Use discretion in providing information not specifically requested, including, but not limited to, bank account numbers, personal phone numbers and home addresses.

Award Announcements & Contracts





Next Steps

Only complete applications on forms made available by the Department submitted on or before the application deadline stated in this NOFA will be considered for funding.

- Internal Loan Committee receives award recommendations
- Award letters
- Standard Agreements
- Grants Management Team



Contracts

- Successful Applicants (Awardee(s)) will enter into a Standard Agreement with the Department.
- HCD Goal: Standard agreements to awarded applicants within 90 days
 - Project must match details provided in the application
 - Public hearing requirement
 - Annual reporting is mandatory



Resources

Local Housing Trust Fund (LHTF) Website

<https://hcd.ca.gov/grants-funding/active-funding/lhtf.shtml>

Senate Bill 3, Beall. Veterans and Affordable Housing Bond Act

https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201720180SB3

LHTF Final Guidelines

https://hcd.ca.gov/grants-funding/active-funding/lhtf/docs/2020_Final_Guidelines.pdf

LHTF Notice of Funding Availability

https://hcd.ca.gov/grants-funding/active-funding/lhtf/docs/1LHTF_NOFA.pdf



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