

2018 No Place Like Home Program (NPLH) NOFA

FAQs as of 12-21-18

Question		Response
1.	Does the NPLH program require the developer to have experience in supportive housing or affordable housing?	Yes, depending on your population size. When filling out the UA, you will see what experience is required by selecting the appropriate population size of <200,000 or >200,000. See Section 202 (e) for more information.
2.	Can we layer other HCD development funds with NPLH units?	Except for legacy programs, you cannot layer other HCD funds on NPLH units, but they may be considered funding sources for other units in the project. See Section 101 for the full definition of Assisted Units.
3.	Can we release other HCD funds for this project if we choose to use NPLH funds instead?	This has been done before. Other funds must be released prior to accepting NPLH funds.
4.	Can HCD fund 100% of the project?	No. All projects are required to have a replacement reserve, and most will be required to have a transition reserve. NPLH funds cannot be used to pay for either of those types of reserves.
5.	Do MHSA funds count as leverage on the project?	Yes. MHSA funds will count as leverage and can be combined on the same assisted unit.
6.	Is the COSR required? I plan to use all of the NPLH funds for the development, not put any into an operating reserve, use my tax credit equity to fund a reserve and pay all of my deficit from my tax credit.	No, the COSR is not a required expense.
7.	Is there a minimum required development cost or construction cost?	No. There is no minimum loan amount and itemized construction costs are not required.
8.	Is the replacement reserve on all the units or just on the NPLH units?	All units, including the manager unit, are subject to the \$500 per unit per year calculation. See UMR 8309 for more information.
9.	When might proposed rents be used in a project?	When the Project wishes to charge less than the maximum allowable rent per the NPLH Rents Chart.
10.	How do you calculate the amount of transition reserves?	The minimum amount of the transition reserve shall be the amount sufficient to prevent Rent increases for one year following the loss of the rental assistance or exhaustion of the COSR. See Section 207 (f) for more information.

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11.	To clarify, the project can be 100% CES units but only 49% of the funding, correct?	If the project is 20 units or less, then NPLH can fund 100% of the project units, as long as sufficient Article XXXIV authority exists. CES doesn't have anything to do with that.
12.	When underwriting at the time of construction close on a perm loan, is there a potential for funding to be reduced if the developer fee amount goes down?	Yes, it is possible that the developer fee could change as HCD has a maximum whereas, TCAC does not. HCD's calculation is not the same as TCAC. The developer fee will change as the development budget changes.
13.	Can NPLH funds be used to provide supportive services?	No. See Section 200 (a) (b) for all eligible uses of funds. Additional information can be found in UMR 8314, Use of Operating Cash Flow.
14.	What if local funds are committed specifically to support the NPLH units? Can this amount be 100% attributed to the NPLH units for scoring rather than prorated as a percentage?	Our scoring criteria for leverage does not currently permit us to prorate the score based on the proportion of NPLH units being assisted by a particular funding source.
15.	If we decide to not allocate any Noncompetitive funds as part of this application would we enter \$0 in box H on the NPLH Project Supplemental Application, Loan Amount and Unit Mix Worksheet (line 24)?	Yes. Enter \$0 in box H on Tab 2 (Loan Amount and Unit Mix) of the NPLH Supplemental Application.
16.	The NPLH units are limited to 49% of the total units. Should we count the manager's unit as the denominator (does the manager unit count in the "total units")?	Yes, the Manager's unit counts for purposes of the 49% calculation.
17.	If a County uses their MHSA funds on the project, is it considered leverage?	Yes.
18.	Do you have information on the competitive funding amounts that will be available in 2019, 2020, and later years?	Continue to check the NPLH website for upcoming NOFA schedules.
19.	Can former MHSA funds, if underwritten and administered only by a County Mental Health Agency or other County Agency and <u>not</u> contributed to CalHFA's Local Government SNHP and processed through CalHFA, be applied to No Place Like Home assisted units?	The funds you are wanting to utilize are local funds and therefore not subject to the Assisted Unit restrictions, which specifically speak to State funds; hence, it is ok to use those local funds with NPLH on the same Units.
20.	If the County has partnered with the Developer on a project and the County has experience, does that count?	Yes, as the County is a part of that team.
21.	Is a housing authority an eligible development sponsor?	Yes, the development sponsor definition includes, but is not limited to, "a local public entity".

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22.	Is a Master Lease acceptable for past-experience?	No, a master lease as a stand-alone explanation is not an evidence-based practice in the guidelines. If a master lease does include experience in supportive housing, then a detailed description of such experience is required.
23.	Is there a way to check with HCD ahead of time to find out if a practice would count as evidence-based?	There is a general category for practices that are encouraged by SAMSA, HCD, the Department of Health Care Services, or another federal or State public Agency.
24.	Who can be the lead applicant?	The application must be submitted by a single County independently as the Development Sponsor, or by a single County jointly with another entity as Development Sponsor. "County" or "Counties" includes, but is not limited to, a city and county, and a city receiving funds pursuant to Section 5701.5 of the Welfare and Institutions Code. Reference to County Board of Supervisors in these Guidelines shall also mean the governing body of a city receiving funds pursuant to Section 5701.5 of the Welfare and Institutions Code. The cities that receive MHSA funds directly are Berkeley, and the Tri Cities of Pomona, Claremont and LaVerne. Whoever the lead applicant is, they are entering into direct agreement with us and are agreeing to provide 20 years of mental health services and coordinate the provision of, or referral to, other types of supportive services.
25.	As a small County who is not likely to do a project of this size on our own, if we partnered with a development sponsor of some sort, would that preclude us from having some type of partnership?	No, and it is highly recommended to proceed in that way. The reason counties were made the applicant was so that they would have more control over who they pick as their development sponsor. Based on your County's plan to combat homelessness, there should be a common vision for how the funds are used in their community, but experienced development sponsors are critical to the success of a project.
26.	Does the developer sponsor's experience in supportive housing have to be the same entity that is required to be the long-term holder?	No, they do not have to be the same entity. It most likely won't be on a tax credit project, because you will have a tax credit equity partner, which will be a different corporation.
27.	From a County's perspective, are there requirements for which developers can work with, or can be chosen to work with, any developer?	No criteria for the local procurement process exist because this is state funding, not federal. However, projects should be selected to move forward which will meet the Project Threshold requirements in Section 202 of the Guidelines, and which can score well under the rating criteria in Section 205 of the Guidelines.

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28.	What if the value of the land is greater than the sales price, will the difference in value be considered a donation?	No. The value will be based on the actual sale price and the difference in the value versus the sale price will not be considered a donation.
29.	Is it true that the appraisal will only be required if it is being used for leverage purposes?	Yes, although there might be instances where we question if the price paid for the acquisition is fair. In that case, we may require an appraisal to verify the value during the feasibility phase.
30.	Is an appraisal still required if the land is owned by the applicant?	Yes, if our review warrants it. HCD needs to determine if the price being charged to the project is fair or if there are any unusual circumstances.
31.	Is an appraisal required if a master developer portions out land to other unrelated developers for a spread leading to a sale for a higher value soon after the initial purchase?	Yes. HCD needs to ensure the purchase price does not exceed the current appraised value and that the parties to the sale are unrelated.
32.	Will NEPA work like tax credits in the sense that it can be signed off on as long as it has been submitted to HUD for approval?	No. To receive the readiness points for environmental clearances, if the project proposes use of federal funds, HCD must have the Authority To Use Grant Funds, and not just evidence that the Request for Release of Funds has been submitted to HUD for approval.
33.	NEPA can take several months to complete so are there any readiness points given if it is in process?	If the project is going to utilize federal funds, NEPA must be completed in order to receive points under the Readiness category in Section 205 (d) (3) of the Guidelines.
34.	What would you want to see to verify there is no adverse conditions that could stop the project?	For a new construction project, a Phase I Environmental Site Assessment and Phase II Report, (if it is recommended by the Phase I). For a rehab project, lead, asbestos, and mold assessments.
35.	Can you have scattered sites, for example 40 units located at multiple sites, that are all part of the same project?	Yes, as long as all of the developments on the various sites have common financing, ownership and property management at the time of the closing of the Department loan. A Site and Unit worksheet is required for each site. See UMR Section 8303 (b).
36.	If a developer is in the process of receiving the conditional use permit because site control warrants it, would this be considered a Readiness issue or a Threshold issue?	It would be a Readiness issue as all necessary approvals for land use must be received to receive points under the rating factor in Section 205 (d) (4) of the NPLH Guidelines.
37.	How recent does an appraisal have to be in order to count for leverage points concerning donated land?	For land "to be donated" an appraisal supporting present value is required. For land "previously donated/acquired" an appraisal supporting the value at time of the transaction is sufficient.
38.	Are readiness points all or nothing?	Yes, all the four categories that add to your total readiness score are all or nothing.

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39.	Are environmental clearances a Threshold condition?	No. They are part of the Readiness point score. If the Department determines through evaluation of your environmental studies and development budget that the project has serious environmental conditions that are economically infeasible to remove or mitigate, then the Project may not pass threshold.
40.	“We own a property and want to build affordable housing projects in multiple phases.” Can we use NPLH funds on phase one, and then once construction is complete, apply again for phase 2, and so on?	No, NPLH funds cannot be used on multiple phases if the units are on the same parcel. If the assisted units are on separate parcels then yes, an application can be submitted for subsequent rounds of funding.
41.	Does a lease option qualify the same as a purchase option?	Yes, if the term of the lease option lasts the duration of the Department’s loan and regulatory agreement.
42.	If converting a hotel/motel or transitional housing, projects can generate less units than are converted into multi-family rental units, is that ok?	Proposed projects involving new construction and requiring the demolition of existing residential Units are eligible only if the number of bedrooms in the new Project is at least equal to the total number of bedrooms in the demolished structures. The Department may approve exceptions to the above where it determines that such exceptions will substantially improve the livability of the remaining units or serve some other compelling public policy objective. If you feel an exception applies, please submit additional supporting documentation for review.
43.	Regarding leverage scoring, do we have to submit commitment letters from lenders?	No, a commitment letter is not required for your leverage score. However, to receive points for Readiness to Proceed, commitment letters must be submitted for other sources of funding.
44.	Does the leverage apply to the assisted units or the total number of units in the projects?	Only the assisted units.
45.	How does leverage apply to a 20 unit or less project with 100% NPLH units?	HCD will distinguish between the sources of other funds vs. the NPLH funds for those units.
46.	Will the per unit cap stay the same if a project combines the Noncompetitive allocation on the competitive application?	Yes, once the maximum loan amount is established by taking the lesser of the unit mix cap, the cost-allocation cap, the total loan amount cap, and the requested amount, the Noncompetitive allocation is subtracted to determine the competitive loan amount requested on the application. All maximum thresholds remain the same whether you combine the funds or not.
47.	How are grant funds included in the review?	Grants can be considered for leverage and/or readiness points.

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48.	How does the rounding work in the scoring calculation?	In the case of a tie, the decimal points will count, and they will not be rounded. The point value will go down to the last decimal point.
49.	Regarding COSR calculation, where does the deferred developer fee fit into that calculation?	HCD will only pay deferred developer fees through the COSR if they cannot be paid for through the non-NPLH unit cash flow, and if the annual COSR distribution is underneath the 5% cap per year after all other operating deficits have been paid.
50.	Regarding the Supportive Services Costs worksheet in the UA, does it calculate the maximum you can spend on supportive services or the maximum NPLH will pay for?	The Supportive Services Costs calculator determines the maximum amount of supportive services you can include in the project budget on the UA. The supportive services plan may include additional costs that are paid from other sources, but not included on the project budget. Supportive Services Costs included in the project budget are not paid by HCD directly, however they can be paid with excess cash flow and also be considered part of the Operating deficit attributable to NPLH Assisted Units which the COSR can help address.
51.	Under what condition would you be allowed to go over the 5% per year distribution limit?	An unusual spike in operating expenses that contributed to an unusual operating deficit in a particular year that Asset Management, HCD's Asset Management and Compliance Division, determined was allowable and feasible to support from the COSR in that given year. Regardless, current distributions from the COSR in these cases still cannot exceed 7% in a given year.
52.	Should the COSR be included in the leverage of development funds scoring factor?	Other local funds contributed to a project COSR to address operating deficits attributable to the NPLH units can count toward the operating leverage score. See Section 205 (c) for more information.
53.	Will developer fees that are contributed to the project count in the leverage calculation?	Yes.
54.	What is required as evidence of a tax credit commitment to score points in the Readiness to Proceed category?	For 4% tax credit projects, proposed use of 4% tax credits on the UA Development Sources Worksheet is sufficient to satisfy the Readiness to Proceed Financing Committed requirements. For 9% tax credit projects, a reservation letter must be provided to support committed funds.
55.	Will sandwich loans, regarding HCD's covenant and regulatory agreement, be recorded senior to the other soft lenders but not senior to a perm private lender?	If it's a perm private lender, our regulatory agreement and our covenant agreement will be recorded senior to the senior lender and the other soft lenders.
56.	What is the requirement for the project's affordability period?	All projects of five or more units have a minimum affordability period of 55 years, which is the term of the loan.

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57.	Can a County allocate a portion of the Noncompetitive allocation (less than 100%) to one project or allocate portions to multiple projects?	Yes.
58.	Can the California Utility allowance calculator be used?	Yes. See CUAC website.
59.	What is the most recent UA Version available?	Check the NPLH website for the most current version of the UA.
60.	Is there a checklist for documents required for the application?	There is a checklist for the UA, but not for the Supplemental Application. The attachments required are listed alongside the relevant application question within the UA.
61.	Regarding Readiness to Proceed – Deferred Payment Permanent Financing, if you have a perm loan that doesn't call for deferred-payment financing, then do you not have to provide a commitment letter?	No, you must provide a commitment letter to receive Readiness points for financing committed. To properly underwrite the loan, all gaps in funding must be addressed. The only way to determine a gap in funding is to see ALL sources of financing which is evidenced by the commitment letters.
62.	What are the required attachments when submitting County acceptance forms?	Authorizing resolution, Plan to Combat homelessness, certification that the County will utilize the funds in compliance with NPLH requirements.
63.	What documentation is required to substantiate past-history of implementing practices that lead to a reduction of homelessness?	There are no specific types of documentation required; however, HCD requires documentation that demonstrates the development team member has experience in the implementation of practices that have led to a reduction of homelessness.
64.	Are there going to be more amendments to the resolutions?	It is possible, but HCD does not expect that to happen.
65.	Is there a standard opinion letter for Article XXXIV?	No, HCD does not give legal advice. The project's attorney will likely have a standard letter they use.
66.	What documentation is required to show that a County plan has been finalized?	The Plan to Combat homelessness is not required by HCD to be approved by the County's governing board before it is submitted to HCD, but you should follow you County's own requirements in this regard.
67.	The County resolution template doesn't refer to a specific development or development sponsor. So, if the County is submitting multiple applications, could they pass one resolution that would be good for all projects submitted in a competitive round?	Yes, you can have the same resolution if you are submitting multiple projects in one round.
68.	Does the draft MOU need to be approved by the County Board?	HCD does not require this, but your Board may. Follow your local requirements in this regard.

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69.	Regarding Supportive Services MOUs, who must be involved? Are they between the County and service provider or the developer?	Copies of draft written agreements or memoranda of understanding (MOUs) must be provided which identify the roles and responsibilities of the County, the project owner, other service providers, and the property manager. Specific organizations do not need to be identified unless those organizations are used to satisfy the experience requirements required to submit an application under Sections 202, 301 or 401. The draft written agreements or MOUs must be materially consistent with the information set forth in the supportive services plan.
70.	Is there a specific format preferred to demonstrate evidence of local approvals?	No.
71.	If we are submitting for multiple projects, do we need a separate non-competitive and competitive resolution for each project?	If you are using your Noncompetitive Funds in a project submitted through the Round 1 Competitive Allocation, we need the following Authorizing Resolutions: <ul style="list-style-type: none"> • Authorizing Resolution Template for Acceptance Form (DOC) — Amended as of 11/02/2018 • Competitive Allocation County Project Resolution Template (DOC) — Amended as of 11/02/2018 • Competitive Allocation Development Sponsor Project Resolution Template (DOC) — Amended as of 11/02/2018
72.	Does CES include DHA portals or HMIS systems?	HMIS is a part of CES.
73.	Is there an expectation that the projects are pulling from the by-name list?	The guidelines have left the assessment and actual referral protocols up to the CES system. HCD will not score to that level of detail for the application.
74.	What if the Department of Behavioral Health is providing your County with leads in the Target population?	If referrals that are provided is outside of CES protocol, then this would be considered an alternate system, but it must meet the requirements of Section 211 of the Guidelines.
75.	Does the CES need to be used for At-Risk of Chronic Homeless units to get full points?	No, but if not using CES for all referrals, to get full points for the rating factor in Guidelines Section 205 (a) (2), the Department will limit the percentage of Project units for the At-Risk of Chronic Homelessness subpopulation as noted in Section 205 (a) (2) (B).

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76.	Can you use a combination of referral systems?	Yes, if your CES will not refer person At-Risk of Chronic Homelessness, and you intend on serving that population. If the CES existing in the County cannot refer persons At-Risk of Chronic Homelessness, the alternate system used must prioritize those with the greatest needs among those At-Risk of Chronic Homelessness for referral to available Assisted Units. See Section 211 of the NPLH Guidelines for other tenant selection requirements.
77.	How do you prove commitment to the CES?	Applicants must submit documentation with a general description of the CES, to which HCD will monitor later.
78.	Would a VA-Housing Authority referral process for VASH clients be an example of an “alternate” referral process that counts under NPLH (vs. CES)?	No.
79.	Do rental subsidies that are NOT Section 8 qualify?	Yes, if it acts similarly to Section 8. HCD must ensure there is a guarantee and stability similar to a Section 8 subsidy. See Section 205 (c) (1) of the Guidelines for more information.
80.	A project-based voucher may require more than a 30% AMI, do Section 8 vouchers supersede all other calculations in that case?	According to Section 205 (c) (1), project-based assistance must ensure that the tenant pays no more than 30 percent of his/her income in Rent.
81.	What term must the rental assistance carry in order to count toward the leverage of rental assistance scoring factor?	No particular term exists as a requirement, as it depends on the funding source. The term must be consistent with other similar type rental assistance that is offered.
82.	Regarding the rule that states there cannot be restrictions on subsidized units that are not imposed on non-subsidized units, what if there is a restriction from HUD, for example, for subsidies on those units?	HUD may have particular requirements that applicants must abide by. There may also be case-by-case scenarios where the restrictions are stricter due to other program guidelines such as those imposed by Housing Authorities.
83.	Does the subsidy need to be converted to project based?	It can be project-or sponsor-based if you want it to count for leverage points. See Section 205 (c) for more information.
84.	Can you apply for a COSR even if you have PBV subsidy on the units?	Yes, as long as your project will still have an operating deficit attributable to the NPLH units, even with the income from the rental assistance factored into the COSR calculation worksheet.
85.	When do County plans have to be submitted?	Either at the time of accepting the Noncompetitive allocation or at the time of submitting the first application for a competitive round. Ensure your plan is in place before submitting a project.

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86.	If we are rolling our Noncompetitive allocation into a competitive allocation application, do we have to submit our acceptance forms and all documentation during the funding round we are applying for?	Yes. If the Noncompetitive allocation will be used as leverage of development funds on a competitive application, then the acceptance form and required attachments must be submitted on or before the due date for the competitive round in which you are applying. In order to utilize the Noncompetitive allocation, you must submit the acceptance form no later than August 15, 2019.
87.	On the rent tables and per unit subsidy amounts that are published on the HCD website, the date on the tables was not updated after the revision. Was this an oversight?	Yes, it was an oversight. The updated tables are posted on the website.
88.	If a project is not ready to be submitted for a competitive round of funding, can the County hold off committing its Noncompetitive funds to the project until it is ready to apply for the competitive funds?	Yes, but the deadline for submitting Project applications utilizing Noncompetitive Allocation funds is February 15, 2021.
89.	What is the timeline for a Noncompetitive application?	If submitting an application utilizing only Noncompetitive Allocation funds, the timeline is within 90 days of receipt of a completed application. See the Noncompetitive Allocation NOFA posted on the NPLH webpage for more information.
90.	It appears that 9% tax credit projects miss out on the opportunity to score maximum points, is this due to the competitiveness of the project?	We wanted to incentivize the 4% projects over the 9% projects.
91.	How can you apply for both Noncompetitive and Competitive Allocation funds in the same project?	If Competitive Allocation funds are to be combined with Noncompetitive Allocation funds on a project, the Noncompetitive Allocation Acceptance Form needs to be submitted along with all required attachments, as well as the Competitive Allocation Project Application forms, along with all required attachments. List the Noncompetitive Allocation funds as a development source on the Development Sources page of the UA. If all required documents are submitted by January 30 th and the project is awarded funds, one award letter with an amount from the Noncompetitive Allocation and an amount from the Competitive Allocation will be provided. There will be two different PCA codes on the Standard Agreement, but both sets of funds will be awarded as one loan to the project.

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92.	On the UA Developer Fee Instructions Tab, if the project is a 4% Tax Credit project, and tax credits have not yet been awarded to the project, then should we pull the information needed to complete the Developer Fee Worksheet from a draft 4% TCAC application?	Yes.
93.	Is the 4% tax credit considered committed funds?	Yes.
94.	What is being done to prevent applicants from applying for the 4% and then later changing to a 9% and vice versa?	Applications that change tax credit percentage's will be rescored and reranked based on the new score. These applicants now risk losing previously awarded funds. In the case of a 9% tax credit switching to a 4% tax credit, the application will still be subject to the 9% loan limits as HCD will not increase the loan limits.
95.	What would happen if an entity is unable to submit a round 1 application in time?	There are future rounds of funding coming. See the Department's latest NOFA schedule posted at: NOFA Schedule