

Multifamily Housing Program Guidelines

Revisions Made After Receipt of Public Comments

June 19, 2019

Note: This list does not include minor wording changes.

Section 7301. Definitions

“Case Manager” and “Comprehensive Case Management” added for clarity.

“Chronically Homeless” replaced by “Chronic Homelessness,” to allow for less stigmatizing nomenclature (e.g. “persons experiencing Chronic Homelessness” instead of “Chronically Homeless” individuals). Also, eliminated category that would allow veterans to qualify even if they weren’t homeless, and added a category that allows for the rehabilitation or replacement of existing supportive housing projects.

“Disabled Household” deleted, as the revised definition of “Special Needs Population” makes this definition unnecessary.

“Eligible Households” clarified by noting that regulations pertaining to older Housing and Community Development (HCD) programs do not apply; there has been confusion on this point.

“Fund” eliminated – unnecessary.

“Frail Elderly” definition expanded to include people who qualify for one additional Medicaid Waiver program.

“Homeless” replaced by “Homelessness,” to avoid stigmatizing language, and the old state definition replaced by the now-standard federal definition.

“Large Family” and “Senior” added for ease of reference.

“Special Needs Populations” extensively revised, based on California Tax Credit Allocation Committee (TCAC) definition and to include groups identified through recent local efforts, such as frequent users of health services.

“State Median Income” no longer used, so deleted.

“Substantial Rehabilitation” deleted and replaced in a later section by a reference to an equivalent standard in the Uniform Multifamily Regulations (UMRs).

“Supportive Housing” added for ease of reference.

Section 7302. Eligible Project

Subsection (d): deletes a provision that would allow certain 9 percent tax credit projects to qualify, to avoid further over-subscription of the 9 percent program and reduce delays in project completion.

Subsection (e): allows certain senior projects to use 55 as minimum age, instead of 62; incorporates fewer stigmatizing references regarding homelessness; deletes requirement for higher income units in projects located in areas of high segregation and property; extensive revisions to definition of "At-High Risk"; less stigmatizing language used to describe Supportive Housing.

Subsection (f): extensive revisions to the requirements for supportive housing.

Subsection (g): clarifies requirement for physically integrating units for persons with disabilities, based on TCAC and federal rules; clarifies the specific programs and types of assistance subject to the rule that limits the concentration of persons with disabilities.

Subsection (h): more specifically identifies the programs and types of assistance that are subject to the "subsidy stacking" rule limiting Department assistance for a given unit to one program. and deletes a limitation on more than two HCD sources per project, to ensure adequate utilization of HCD funding sources.

Section 7303. Eligible Sponsor

Subsection (a) corrects an erroneous reference.

Subsection (c) adds a provision intended to disqualify entities that no longer have capacity.

Section 7304. Eligible Uses of Funds

Subsection (b): deletes limits on property acquisition costs and land lease payments, which are now covered in the next section; revises conditions for use of funds for refinancing, using a standard in the UMRs; adds construction of health care facilities for projects serving Frail Elderly and similar populations; revises reference to the section on allowable developer fee.

Section 7305. Cost Limitations

Subsection (a): replaces provisions on property acquisition costs and land lease payments deleted from 7304(b).

Subsection (b): modifies developer fee limitation in UMRs by deleting \$3,500,000 cap on total fee (making it subject to TCAC and federal limits) while limiting amount paid from development funding sources, and including an incentive for lower project costs,

using a modified version of TCAC's formula for adjusting developer fee based on project costs.

Section 7307. Maximum Loan Amounts

Subsection (b): increases loan limits by \$25,000 per unit for Supportive Housing and Large Family new construction projects in high resource areas and clarifies limitation on inclusionary housing projects.

Subsection (c): clarifies which projects are subject to the special limits for developments subject to an inclusionary housing ordinance or similar local requirement, and provides an example of how these limits are calculated.

Section 7308. Interest Rate and Loan Repayments

Subsection (a): revisions to conform to recent statutory changes (Assembly Bill 2562 of 2018).

Subsection (g): deletes provisions on loan forgiveness applicable to previous appropriations.

Section 7309. Appraisal and Market Study Requirements

Subsection (c): requires market study to conform to TCAC market study guidelines.

Section 7312. Rent Standards

Subsection (f): modifies transition reserve requirement consistent with revisions to income levels used to score applications; establishes procedure for increasing rents upon loss of project-based rental assistance, based on TCAC rules; allows special population occupancy rules to be modified or eliminated upon loss of rental assistance.

Section 7313. Use of Operating Income

Limits priority use of cash flow for developer fees (before HCD loan payments), to the amount that brings the aggregate developer fee (paid from development sources and cash flow) up to \$3,500,000.

Section 7317. Application Process

Subsection (c): specifies procedure for satisfying statutory requirement for allocating a certain percentage of funds to senior housing.

Subsection (d): specifies requirements for projects that are part of a "hybrid" tax credit project.

Section 7318. Application Requirements

Subsection (d): specifies application requirements applicable to developments seeking both 4 percent and 9 percent tax credits.

Section 7320. Project Selection

Subsection (b)(1): modifies the point scale used to score income targeting, based on the system used by TCAC to score 9 percent applications, while requiring additional deeply targeted units to reach the maximum possible score; clarifies how projects with rent subsidies will be scored.

Subsection (b)(2): reworded for clarity, and to avoid excluding acquisition and rehabilitation projects where acquisition has already occurred.

Subsection (b)(3): in scoring developer experience, now gives credit for projects completed more than 5 years ago and calls out failure to rent units to a Special Needs population as specific grounds for award of negative points.

Previous subsection (b)(4): eliminated, since Section 7302 now requires projects to fit into one of the categories specified in this scoring category, or to be a senior project, and to reduce the competitive disadvantage of senior projects.

New subsection (b)(4): allows funds from other department programs to be counted as leverage, for scoring purposes; eliminates discounting of land donations based on residual receipts payments; clarifies that advantageous scoring scale for Large Family projects applies to new construction only; deletes language on 9 percent tax credit projects, which Section 7302 now makes ineligible.

Subsection (b)(5): eliminates readiness points for land ownership and working drawings and re-distributes these points to other subcategories; adds a point deduction for needing a 9 percent allocation from TCAC due to being part of a larger “hybrid” project using both 4 percent and 9 percent credits.

Subsection (b)(6): exempts large family new construction projects located in high resource areas from the need to be located in an infill area to score maximum points in this scoring category, and corrects a document reference.

Section 7324. Management, Maintenance and Supportive Services

Subsection (d): detail added on required supportive service plan content.

Section 7325. Reporting

Subsection (c): substituted less stigmatizing language regarding people experiencing homelessness.