

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

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September 27, 2019

MEMORANDUM FOR: All Potential Applicants and Interested Parties

FROM: Jennifer Seeger, Acting Deputy Director
Division of Financial Assistance

SUBJECT: **Round 2 Notice of Funding Availability**
No Place Like Home Program

The California Department of Housing and Community Development (HCD) is pleased to announce the availability of approximately \$622 million in Round 2 funds for the No Place Like Home (NPLH) Program. Approximately \$178 million of this amount is available through the HCD Competitive Allocation. The remaining approximately \$444 million (including possible advances of Round 3 funds) is available under the Alternative Process County (APC) Allocations.¹ The NPLH Program provides deferred payment loans to Counties applying independently and to Counties applying with a Development Sponsor for the development of Permanent Supportive Housing for persons living with a serious mental illness who are Chronically Homeless, Homeless, or At-Risk of Chronic Homelessness. NPLH funds may be used to acquire, design, construct, rehabilitate, or preserve Permanent Supportive Housing, which may include a Capitalized Operating Subsidy Reserve. The definition for terms used in this memorandum can be found in the attached Notice of Funding Availability and the NPLH Program Guidelines.

HCD Competitive Allocation

Eligible project applications to be submitted to HCD under the Competitive Allocation are multifamily rental housing projects of five or more Units located in Counties other than Los Angeles, San Diego, San Francisco, and Santa Clara, except as specified below.² Project applications submitted under this Competitive Allocation will be funded on a competitive basis, subject to the availability of funds.

¹Counties with 5 percent or more of the state's homeless population can be designated by HCD to administer their own allocation of NPLH funds as Alternative Process Counties (APCs). The counties of Los Angeles, San Diego, San Francisco and Santa Clara have been approved as APCs.

²Section 5849.2, subdivision (f) of the Welfare and Institutions Code defines "County" to include, but not be limited to, a city and county, and a city receiving funds pursuant to Section 5701.5. Therefore, pursuant to Welfare and Institutions Code 5849.2 (f), the City of Berkeley and the Tri-Cities (Pomona, Claremont, and La Verne), qualify as Counties for No Place Like Home funding.

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

| | |
|---|---------------|
| Large County (population greater than 750,000) ³ | \$90,871,339 |
| Medium County (population between 200,000 to 750,000) | \$52,445,511 |
| Small County (population less than 200,000) ⁴ | \$34,654,638 |
| Total Amount Available to the Competitive Allocation County Population Groups | \$177,971,488 |

For a list of Counties within each population group, see Appendix A in the NPLH Notice of Funding Availability (NOFA).

Alternative Process Counties Allocation

The Counties of Los Angeles, San Diego, San Francisco, and Santa Clara are designated as APCs. APCs need not apply for Round 2 funding. The allocations are automatic provided that the County’s NPLH program complies with all applicable NPLH Guideline requirements. An APC wishing to receive an advance of future round funding shall make a request to HCD per Guidelines Section 102 (e) (4).

| County | Round Two Formula Allocation | Amount Available as Advance ⁵ | Available Under Round 2 |
|---------------|------------------------------|--|-------------------------|
| Los Angeles | \$155,230,056 | \$155,230,056 | \$310,460,112 |
| San Diego | \$28,069,001 | \$28,069,001 | \$56,138,002 |
| Santa Clara | \$20,478,901 | \$20,478,901 | \$40,957,802 |
| San Francisco | \$18,250,554 | \$18,250,554 | \$36,501,108 |
| TOTAL | \$222,028,512 | \$222,028,512 | \$444,057,024 |

NOTE: The Tri-Cities of Pomona, Claremont, and La Verne, and the City of Berkeley, are considered separate Counties under the NPLH Program. Projects of five or more Units located in these cities must be submitted directly to HCD.

³ As permitted under Guidelines Section 204 (d) (6) (D), the amount for the Large County allocation reflects amounts subtracted due to additional amounts provided to this allocation under the previous funding round.

⁴ As permitted under Guidelines Section 204 (d) (6) (D), the amount for the Small County allocation reflects amounts added to this allocation due to amounts previously transferred from this allocation under the prior funding round.

⁵ As permitted under Guidelines Section 102 (e) (4), Alternative Process Counties may receive an advance of up to 100 percent of their Round 2 allocation. Any amounts advanced will be deducted from amounts available in the following funding round(s).

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

A complete original application and one electronic copy on CD or flash drive with all applicable information must be received by HCD no later than 5:00 p.m. Pacific Standard Time on January 8, 2020, delivered by a mail carrier service such as the U.S. Postal Service, UPS, FedEx, or other carrier service that provides a date-stamped verification of delivery to the following address:

No Place Like Home Program
Division of Financial Assistance, NOFA Section
California Department of Housing and Community Development
2020 W. El Camino Avenue, Suite 500
Sacramento, CA 95833

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

Questions about this NOFA and application process can be directed to the NPLH email inbox at NPLH@hcd.ca.gov.

Attachment

No Place Like Home Program

2019 Notice of Funding Availability

Round 2



State of California
Governor Gavin Newsom

Alexis Podesta, Secretary
Business, Consumer Services and Housing Agency

Doug McCauley, Acting Director
Department of Housing and Community Development

2020 West El Camino Avenue, Suite 500, Sacramento, CA 95833
Website: <http://www.hcd.ca.gov/grants-funding/active-funding/nplh.shtml>
Program email: NPLH@hcd.ca.gov
Telephone: (916) 263-2715

September 27, 2019

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I. Overview

A. Notice of Funding Availability

The California Department of Housing and Community Development (HCD) hereby announces the availability of approximately \$622 million in Round 2 Competitive Allocation and APC funds for the No Place Like Home (NPLH) Program (Program).⁶ Approximately \$178 million of this amount is available through the HCD Competitive Allocation. The remaining approximately \$444 million (including possible advances of Round 3 funds) is available under the Alternative Process County (APC) Allocations.

The disbursement of funds pursuant to this NOFA is contingent on: (1) the sale of bonds by the California State Treasurer's Office and (2) the availability of proceeds of any such bond sales made available to HCD for disbursement pursuant to all Program requirements.

NPLH provides deferred payment loans to Counties applying independently as a Development Sponsor, as well as to Counties applying jointly with another entity as a Development Sponsor, to finance the development of Permanent Supportive Housing for persons living with a serious mental illness who are Chronically Homeless, Homeless, or At-Risk of Chronic Homelessness. NPLH funds may be used to acquire, design, construct, rehabilitate, or preserve Permanent Supportive Housing and to fund Capitalized Operating Subsidy Reserves (COSR). Funding under this NOFA is provided through the sale of bonds with interest payments on the bonds funded through the Mental Health Services Fund of the Mental Health Services Act (MHSA).

NPLH funds are available through a Noncompetitive Allocation and a Competitive Allocation. This NOFA addresses funds that will be available through Round 2 of the Competitive Allocation only. Competitive Allocation funds and a County's Noncompetitive Allocation funds may be used in the same Project. Projects proposing to use both of these sources of NPLH funds must submit one Project application utilizing the Competitive Allocation forms provided with this NOFA. In order for Counties to use their Noncompetitive Allocation funds they must have submitted their acceptance form to the Department no later than August 15, 2019. These Noncompetitive Allocation funds must also be currently available and not already committed to other NPLH Projects funded in previous rounds.

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

⁶ For more information on the NPLH program, please see the NPLH Program Guidelines at [NPLH Guidelines](#). Definitions of capitalized terms can be found in Section 101 of the NPLH Guidelines.

B. Competitive Allocation amounts for HCD administered NPLH funds

For Projects funded under this HCD Competitive Allocation, Counties⁷ compete for available funds with other Counties of a similar population size. The initial amounts available under this NOFA for the HCD Competitive Allocation within each population group are as follows:

| | |
|--|---------------------------|
| Large County (population greater than 750,000) | \$90,871,339 ⁸ |
| Medium County (population between 200,000 to 750,000) | \$52,445,511 |
| Small County (population less than 200,000) | \$34,654,638 ⁹ |
| Total Amount Available to the Competitive Allocation County Population Groups | \$177,971,488 |

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

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

Notwithstanding the above calculation, the Small County Allocation shall be no less than 8 percent of the funds made available in the Competitive Allocation. For a list of Counties within each population group, see Appendix A.

C. Alternative Process County Allocation

If a County with 5 percent or more of the state's homeless population wants to administer its NPLH funds, it can be designated by HCD as an APC. Once the County has been designated as an APC, the County, as the Project lender, will use its share of funds to

⁷ Section 5849.2, subdivision (f) of the Welfare and Institutions Code defines "County" to include, but not be limited to, a city and county, and a city receiving funds pursuant to Section 5701.5. Therefore, pursuant to Welfare and Institutions Code 5849.2 (f), the City of Berkeley and the Tri-Cities (Pomona, Claremont, and La Verne), qualify as counties for No Place Like Home funding.

⁸ As permitted under Guidelines Section 204 (d) (6) (D), the amount for the Large County allocation reflects amounts subtracted due to additional amounts provided to this allocation under the previous funding round.

⁹ As permitted under Guidelines Section 204 (d) (6) (D), the amount for the Small County allocation reflects amounts added to this allocation due to amounts previously transferred from this allocation under the prior funding round.

select Projects of any number of Units based on a method of distribution approved by HCD, and will monitor these Projects for the required period of affordability. Articles I and III of the Guidelines address HCD requirements for APCs. As of the date of this NOFA, four Counties have been designated to be APCs: Los Angeles, San Diego, San Francisco, and Santa Clara Counties. APCs need not apply for their standard Round 2 allocation. It will be automatic provided that the County’s NPLH program complies with all applicable NPLH Guideline requirements.

Upon request, the Department may offer each APC a one-time advance on future funding allocations in order to address documented unmet application demand. Funds advanced in a particular round will be deducted from the amount available to the APC in the following funding round(s). The amount advanced shall not exceed 100 percent of the amount provided to the APCs in the funding round during which the request is made, and shall depend on the availability of funds. Funds available under this NOFA to the APCs are as follows:

| County | Round Two Formula Allocation | Amount Available as Advance¹⁰ | Total Amount Available Under Round 2 |
|----------------------|-------------------------------------|---|---|
| Los Angeles | \$155,230,056 | \$155,230,056 | \$310,460,112 |
| San Diego | \$28,069,001 | \$28,069,001 | \$56,138,002 |
| Santa Clara | \$20,478,901 | \$20,478,901 | \$40,957,802 |
| San Francisco | \$18,250,554 | \$18,250,554 | \$36,501,108 |
| TOTAL | \$222,028,512 | \$222,028,512 | \$444,057,024 |

Once a County has been designated by HCD to administer funds as an APC, proposed Projects located in an APC, other than Projects located in the cities of Claremont, La Verne, and Pomona, must apply for NPLH funds through the APC pursuant to the terms of the APC’s application process in accordance with the method of distribution and other requirements approved by the Department. HCD will not accept applications for Projects located in APCs under this NOFA, except for proposed Projects of five or more Units located in the cities of Claremont, La Verne, and Pomona.¹¹ For a list of these APC contacts, see the [NPLH Program webpage](#).

¹⁰ As permitted under Guidelines Section 102 (e) (4), Alternative Process Counties may receive an advance of up to 100 percent of their Round 3 allocation based upon the amounts made available to them in Round 2 as shown above. Any amounts advanced will be deducted from amounts available in Round 3, and Round 4, if necessary.

¹¹ See footnote 7 above.

D. Tentative program timeline

Projects Submitted to HCD

| | |
|--|-----------------|
| NOFA release | September 2019 |
| Application deadline for Projects submitted to HCD | January 8, 2020 |
| Award announcements for Projects submitted to HCD | June 2020 |

Projects Submitted to APCs

| | |
|---|--------------------------|
| HCD awards funds to APCs | January 2020 |
| Application deadline for Projects submitted to an APC | Determined by the County |
| Award announcements for Projects submitted to an APC | Determined by the County |

E. Authorizing legislation, program guidelines, and regulations

The NPLH Program furthers the purposes of Assembly Bill (AB) 1618, (Chapter 43, Statutes of 2016), as amended by AB 1628, (Chapter 322, Statutes of 2016, effective September 13, 2016), and the 2018 No Place Like Home Act (AB 1827, Assembly Budget Committee). Guidelines implement, interpret, and make specific the NPLH statutes. These Guidelines establish terms, conditions, and procedures for the award of funds under the Competitive Allocation. The newly adopted Guidelines are available on the NPLH website at [Guidelines](#).

Except as otherwise provided in the Guidelines, multifamily rental housing Projects of five or more Units underwritten by HCD are also subject to HCD’s current Uniform Multifamily Regulations (UMRs). The current UMRs are located at [HCD UMR webpage](#).

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

II. Program Requirements

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

The following is provided as a summary and is not to be considered a comprehensive representation of the eligibility, threshold, and application rating criteria, or other requirements or terms and conditions of the NPLH Program. Terms that are defined in the Guidelines are capitalized.

A. Project requirements

Projects are eligible to receive funding if they meet the requirements of Section 202 of the Guidelines.

1. Eligible Applicants

Applications must be submitted by a single County independently as the Development Sponsor, or by a single County jointly with another entity as the Development Sponsor. Two or more Counties may apply together as joint Applicants if there is a commitment to collaborate in the provision or coordination of supportive services or other resources to the Project, and if NPLH tenants from each of the Applicant Counties are expected to reside in the Project.

If a County does not want to be the borrower on any NPLH loan documents, then it must apply jointly with a Development Sponsor.

Each Applicant shall elect and disclose whether or not the Project will be part of an application to the California Tax Credit Allocation Committee (TCAC) seeking tiebreaker incentives for hybrid 4 percent and 9 percent tax credit projects. A Development Sponsor that will apply to TCAC seeking hybrid tiebreaker incentives must submit applications jointly with a County for NPLH funds for one or both hybrid component Projects, but each component Project must apply independently with a separate application.

The hybrid election is irrevocable unless the requirements of Guidelines Section 200(n) are met.

2. Development Team Experience

The minimum experience requirements set forth in Section 202 (c) of the Guidelines must be met collectively among the members of the Project team consisting of the Applicant (i.e., the County applying independently or the County applying jointly with a separate Development Sponsor), the property manager, and the lead service provider, if the lead service provider is not the County. The experience requirements in Section 202 (c) vary based on County population size. Documentation of property manager and lead service provider experience must also be provided as set forth in the NPLH Supplemental Application, which is defined below on page 16, paragraph D.

3. Uses and Terms of Program Assistance

NPLH funds will be provided as post-construction permanent loans in Rental Housing Developments of five or more units serving qualifying members of the Target Population. All NPLH funds shall be used for the development costs identified in the California Code of Regulations (C.C.R), Title 25, Section 7304, Subdivision (b), and to refinance loans used to cover such costs.

NPLH funds may be used to capitalize operating subsidy reserves for NPLH Assisted Units pursuant to the requirements of Section 209 of the Guidelines, and under Section 8308 of the UMRs.

NPLH funds may be used to rehabilitate existing affordable housing. Projects proposed for rehabilitation will be underwritten based on the number of NPLH tenants the Project will house upon completion of the rehabilitation. The proposed Project can be comprised of vacant Units or Units currently occupied with tenants meeting the occupancy and income requirements under Section 206 of the Guidelines.

Proposed Projects involving new construction and requiring the demolition of existing residential space are eligible only if the number of bedrooms in the new Project is at least equal to the total number of bedrooms in the demolished structures, unless the Department approves an exception to this one-for-one replacement rule in accordance with UMR Section 8302 (b).

For example, it may approve a reduction in the number of single room occupancy (SRO) Units where necessary to add private cooking and bathing facilities, or a reduction in the number of bedrooms in public housing necessary to meet federal requirements. Requests for an exception to the one-for-one replacement rule should be submitted to HCD on or before the application deadline to ensure that this issue can be resolved as soon as possible. The new Units may exist on separate parcels if all parcels are part of the same Rental Housing Development and meet the requirements of Scattered Site Housing described in Section 202 (m) of the Guidelines.

Program assistance shall have an initial term of 55 years or longer to match the period of affordability restrictions under the Low Income Housing Tax Credit Program, commencing with the date of recordation of HCD's NPLH regulatory agreement. Program loans shall be secured by the Project's real property and improvements, subject only to liens, encumbrances, and other matters of record approved by HCD consistent with Section 8315 of the UMRs.

All construction loan closings for the NPLH-funded Project shall occur no later than 36 months from the date of HCD's award letter to the Project. HCD's permanent loan closing shall occur no later than 72 months from the date of HCD's award letter to the Project. HCD may extend these deadlines a total of up to 24 months in the aggregate where it is clear to HCD in its sole discretion that granting an extension will enable the Project to start construction or achieve 90 percent occupancy of the Assisted Units.

Other loan terms are described in Section 200 of the Guidelines. Additional requirements governing supportive services, tenant selection, and income and rent restrictions are discussed in the other sections of the NOFA below.

4. Site Control

The Development Sponsor, or an entity controlled by the Development Sponsor, must have site control of the proposed Rental Housing Development that meets the requirements of the UMR Section 8303. At the time of application, documented site control shall be for a period no shorter than through the anticipated date of the award of NPLH funds by HCD as set forth in Section I.D of this NOFA.

5. Maximum Loan Amounts and Per-Unit Subsidy Limits

The maximum loan amount per Project, including all eligible capital and COSR costs, shall be \$20 million, including Competitive Allocation funds and any Noncompetitive Allocation funds. Funds from the County's Noncompetitive Allocation and the Competitive Allocation may be used in the same multifamily Project or on the same NPLH Assisted Units, as long as HCD's NPLH per-Unit subsidy limits are not exceeded.

In order for Counties to use their Noncompetitive Allocation funds, they must have submitted their acceptance form to the Department no later than August 15, 2019. These Noncompetitive Allocation funds must also be currently available, and not already committed to other NPLH Projects funded in previous rounds.

6. Capital Per-Unit Limits

Counties and Project Development Sponsors should consult the NPLH per-Unit subsidy limits table for 9 percent tax credits Projects, and Projects without 9 percent tax credits, for the current capital per-Unit subsidy limits for Projects based on the Area Median Income (AMI) levels being targeted, and the number of bedrooms per unit. NPLH per subsidy limits are located at: <http://www.hcd.ca.gov/grants-funding/income-limits/state-and-federal-income-limits.shtml>. The NPLH capital per-Unit subsidy limits begin on page 106 of the document hyperlinked above.

7. COSR Per-Unit Limits

For 9 percent tax credit Projects, the COSR per-Unit subsidy limit cannot exceed the applicable per-Unit limit for COSRs found on the 9 percent tax credit COSR table hyperlinked above. For Projects not using 9 percent tax credits, the COSR per-Unit limit for Projects funded under this NOFA cannot exceed \$186,006 per-Unit.

The per-Unit capital and COSR amounts listed above are maximum amounts available. The actual amount that a Project receives is subject to the individual Project underwriting performed prior to the award of funds and at loan closing.

The Universal Rental Project application form contains a COSR calculation worksheet that calculates the amount of each Project's COSR consistent with COSR underwriting requirements in Section 209 of the Guidelines.

8. Stacking of Funds

HCD's "stacking rule" governs when Projects can and cannot layer two or more HCD funding sources to provide rental housing capital on the same Units. See Guidelines Section 200 (e) for a list of HCD programs that are subject to the stacking rule.

Putting HCD-funded rental housing capital amounts and HCD-funded rental subsidy or operating subsidy on the same Unit(s) is permissible. Putting HCD-funded rental housing capital amounts and HCD-funded amounts for infrastructure or transportation-related amenities on the same Unit(s) is also permissible. See Section 200 (e) for more detail.

9. Financial Feasibility

Projects shall meet the underwriting requirements of HCD's UMRs, as well as the Occupancy, Income, Rent Limits, and Transition Reserve requirements discussed below. Where there is a difference between the UMRs and the NPLH Program Guidelines, the provisions of the Guidelines shall prevail. See Sections 206, 207, and 208 of the Guidelines for more information.

10. Site and Unit Requirements

All Project sites must be free from severe adverse environmental conditions, such as the presence of toxic waste that is economically infeasible to remove and that cannot be mitigated. Documentation of compliance with this requirement must be provided as set forth in the HCD application form.

All Project sites must be reasonably accessible to public transportation, shopping, medical services, recreation, schools, and employment in relation to the needs of the Project tenants and what is typically available in that County. Documentation of compliance with this requirement must be provided as set forth in the HCD application form.

Upon Project completion, all Assisted Units and other Units of the Project must be on a permanent foundation and must meet all applicable state and local requirements pertaining to rental housing, including, but not limited to, requirements for minimum square footage, and requirements related to maintaining the property in a safe and sanitary condition.

Upon Project completion, all Projects must be accessible to persons with disabilities pursuant to the requirements set forth under Section 213 (b) of the Guidelines.

11. Supportive Services

For a minimum of 20 years, Counties must commit to make mental health services available to the Project's NPLH tenants, and to coordinate the provision or referral to other services, including, but not limited to, substance use services.

As set forth in the HCD application form, the County shall include a Project-specific supportive services plan developed by the County in partnership with the Project Development Sponsor, supportive service providers, and the property manager.

Participation in available supportive services by NPLH tenants shall be voluntary. Access to or continued occupancy in housing cannot be conditioned on participation in services or on sobriety. The supportive services plan must describe the services to be made available to NPLH tenants in a manner that is voluntary, flexible, and individualized, so that NPLH tenants may continue to engage with supportive services providers, even as the intensity of services needed may change. Adaptability in the level of services should support tenant engagement and housing retention.

See Section 203 of the Guidelines regarding supportive services that must be made available, as well as other required information pertaining to supportive services.

12. Tenant Selection

At least one person residing in each NPLH Assisted Unit must qualify as having a Serious Mental Disorder or as being a Seriously Emotionally Disturbed Child or Adolescent as defined under Welfare and Institutions Code (WIC) Section 5600.3. That person must also be Homeless, Chronically Homeless, or At-Risk of Chronic Homelessness as defined under Section 101 of the Guidelines.

Tenant eligibility criteria must be satisfied prior to being referred to an NPLH Project. Referrals to NPLH Assisted Units shall be made through the local Coordinated Entry System (CES) for persons who are Chronically Homeless or Homeless. For persons At-Risk of Chronic Homelessness, CES or another comparable prioritization system based on greatest need shall be used. All referral protocol for NPLH Assisted Units must be developed in collaboration with the local Continuum of Care and implemented consistent with Program requirements.

Projects shall accept tenants regardless of sobriety, participation in services or treatment, history of incarceration, credit history, or history of eviction in accordance with practices permitted pursuant to Housing First practices set forth in WIC Section 8255, or other federal or state Project funding sources. See Section 211 of the Guidelines for more information regarding tenant selection requirements.

13. Occupancy and Income Requirements

Total household income at time of move-in shall not exceed 30 percent of the County AMI. HCD has published the [current income limits](#) at 30 percent AMI and below. The NPLH income limits begin on page one of the document hyperlinked above. Documentation requirements for income and tenant eligibility are referenced in Section 206 of the Guidelines.

Household income may increase above 30 percent AMI over time, and households above 30 percent AMI can continue to reside in their Units. Counties can also choose to continue offering supportive services to tenants residing in these Units. However, Units with household income above 30 percent AMI shall no longer be designated by HCD as NPLH Assisted Units, unless the reason for the increase in income was due to changes in the Supplemental Security Income/State Supplementary Payment (SSI/SSP) rate or cost of living adjustment. See Section 207 of the Guidelines for more information concerning changes in tenant income.

14. Rent Limits

At initial occupancy, tenant-paid Rents for NPLH Assisted Units shall be restricted to no more than the Rent limit for 30 percent AMI or below, as specified in the project regulatory agreement. HCD has published the [current Rent limits](#) at 30 percent AMI and below based on the county and the number of bedrooms Per-Unit. The NPLH 30 percent AMI and below Rent limits begin on page 21 of the above published document.

Projects shall have a transition reserve in the event that any project-based rental assistance is not renewed, or in the event that the Project COSR is exhausted, and the Project cannot secure other sufficient rental or operating subsidies to continue without immediately raising Rents on the NPLH Assisted Units. The minimum amount of the transition reserve shall be the amount sufficient to prevent Rent increases for one year following the loss of the rental assistance or exhaustion of the COSR.

NPLH funds cannot be used to fund the transition reserve. The transition reserve may be capitalized from sources other than NPLH funds, or funded from annual project cash flow in amounts to be approved by HCD. Withdrawal and the use of funds in the transition reserve shall be subject to HCD's prior review and written approval.

If Rent increases on the Assisted Units are necessary due to loss of rental or operating assistance, and after exhausting all transition reserve funds, rent increases will only be permitted to the minimum extent required for Fiscal Integrity, as determined by HCD. In no event shall Rents on Assisted Units be increased above the Rent limit for 60 percent AMI following the exhaustion of the transition reserve in the absence of other rental or operating subsidy to the Project.

See Section 207 of the Guidelines for more information on requirements related to the NPLH transition reserve.

15. Integration

All Projects must demonstrate integration in accordance with the requirements of Section 202 (e) of the Guidelines. To promote integration of NPLH tenants with other Project tenants, in Projects of greater than 20 Units, HCD will fund no more than 49 percent of a Project's Units as NPLH Units. This limitation shall not be interpreted to preclude occupancy of any Project Units by persons with disabilities, or restrictions by other funding sources, including, but not limited to, restrictions imposed by TCAC, that result in more than 49 percent of the total Project Units being restricted to persons with disabilities.

In meeting the integration requirements in a TCAC hybrid project, the total number of NPLH Assisted Units may be allocated disproportionately to the 4 percent component of a hybrid transaction if the requirements of Section 202 (e) (3) are met. See Section 202 (e) of the Guidelines for additional integration requirements.

16. Article XXXIV

All Projects shall comply with Article XXXIV, Section 1 of the California Constitution, as clarified by the Public Housing Election Implementation Law (HSC §§ 37000 - 37002). Article XXXIV documentation for loans underwritten by HCD shall be subject to review and approval by HCD prior to the announcement of award recommendations.

Article XXXIV requires local voter approval before any state public body can develop, construct, or acquire a low-rent housing Project in any manner. However, the Public Housing Election Implementation Law (HSC §§ 37000 – 37002) provides clarification as to when Article XXXIV is applicable. HSC Section 37001, for example, lists a number of Project types that are not considered “low-rent housing projects.”

Applicants must submit documentation that shows the Project's compliance with or exemption from Article XXXIV. If a Project is subject to Article XXXIV, HCD requires an allocation letter from the locality that shows that there is Article XXXIV authority for the Project. A local government official with authority should prepare the allocation letter, and it should include the following:

- a. The name and date of the proposition, and the number of Units that were approved;
- b. A copy of the referendum and a certified vote tally;
- c. The number of Units that remain in the locality's “bank” of Article XXXIV authority (i.e., the number of Units that are still available for allocation); and

- d. The number of Units that the locality will commit to this Project, including the manager Unit.

If a Project is statutorily exempt from Article XXXIV, HCD requires an Article XXXIV opinion letter from the Applicant's legal counsel. The Article XXXIV opinion letter must demonstrate that the Applicant has considered both the legal requirements of Article XXXIV and the relevant facts of the Project (e.g., all funding provided by public bodies, including state, county, or city sources, the number of low-income restricted Units, and the general content of any regulatory restrictions). Any conclusion that a Project is exempt from Article XXXIV must be supported by facts and a specific legal theory for exemption that itself is supported by the Constitution, statute, and/or case law.

Whether or not a Project is statutorily exempt from Article XXXIV, the Project must still comply with limitations on the percentage of NPLH Units HCD can fund pursuant to the NPLH integration requirement discussed in Guidelines Section 202 (e). HCD's stacking rule in Guidelines Section 200 (e) may also impact how Article XXXIV compliance using the "49 percent test" may be achieved.

17. Relocation

All persons who are displaced as a direct result of the development of an NPLH Project shall be entitled to relocation benefits and assistance as provided in California relocation assistance law (Gov. Code, § 7260 et seq., C.C.R Title 25, § 6000 et seq.).

A relocation plan conforming to the provisions of C.C.R. Title 25, Section 6038 shall be prepared. The relocation plan or other relocation documentation shall be subject to the review and approval by HCD prior to the beginning of any construction or activity that will result in displacement.

If the Applicant determines that relocation requirements are not applicable to the Project, the application must explain and document why relocation does not apply. Additional certifications to this effect may also be requested by HCD.

18. State Prevailing Wages

Funds awarded under this NOFA are subject to California prevailing wage law (Labor Code, §§ 1771, 1720-1781), and require the payment of prevailing wages unless the Project meets one of the exceptions of Labor Code Section 1720. Each Applicant shall be responsible for determining, on a case-by-case basis, the extent of applicability of state prevailing wage law to its individual Project. If applicable, prior to the close of the Program loan, the Development Sponsor shall provide to the Department a written certification that prevailing wages have been paid, or will be paid, and that the records shall be available

consistent with the requirements of this subsection. Applicants are encouraged to seek professional advice as to how to comply with state prevailing wage law.

B. Competitive Allocation application review process

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

1. Initial Threshold Review

During the initial threshold review, applications will be evaluated based solely upon the materials contained within the application to determine completeness and compliance with the following requirements to be evaluated at application stage as set forth in Section 202 of the Guidelines:

- a. Eligible Applicant
- b. Eligible use of funds
- c. Experience of the Project team
- d. Site control for a time period no shorter than through the anticipated NPLH award date as set forth under Section I.D. of this NOFA
- e. Project integration
- f. Compliance with Article XXXIV as discussed in section A. 14 above
- g. Application completeness, including submission of all required reports, and other documents, including, but not limited to, the documents set forth in Guidelines Section 202 (h)

2. Application Scoring

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

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

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

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

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

| Rating Category | Maximum Points | Summary (See Section 205 of the Guidelines for more detail.) |
|--|-----------------------|--|
| Percentage of Total Project Units Restricted to the Target Population | 65 | Percentage of total Project Units restricted as NPLH Units, and use of CES, or use of an alternate system to refer persons At-Risk of Chronic Homelessness to NPLH Units |
| Leverage of Development Funding | 20 | Ratio of the capital (non-COSR) portion of the NPLH loan to other sources of committed development funding attributable to the NPLH Units. Noncompetitive Allocation funds may count as leveraged funds |
| Leverage of Rental or Operating Subsidies | 35 | Percentage of NPLH Units that have committed non-HCD project-based or sponsor-based subsidies with terms substantially similar to that of other project based rental or operating assistance |
| Readiness to Proceed | 50 | Percentage of total construction and permanent financing committed; completion of all necessary environmental clearances; land use approvals |
| Extent of On-Site and Off-Site Supportive Services | 20 | Points for case management provided on-site at the Project, use of evidence-based practices to assist NPLH tenants to retain their housing; offering more services than required, and implementing resident involvement strategies |

| | | |
|---|----|---|
| Past History of Evidence Based Practices | 10 | Points for prior experience of the lead service provider in implementing evidence-based practices recognized to lead to reduction in homelessness, or other related use of evidenced-based practices to serve special needs populations |
|---|----|---|

3. Financial feasibility

In the event that one or more County population groups are oversubscribed, and no or insufficient funds transfer is made, within each oversubscribed County population group, the highest scoring applications will be evaluated for financial feasibility in accordance with NPLH Program requirements. If a funding round is undersubscribed, all applications meeting Project threshold requirements will be evaluated for financial feasibility. Financial feasibility requirements include, but are not limited to, the requirements referenced in Sections 206 through 209 of the Program Guidelines. See Guidelines Section 208 for exceptions to the UMRs for NPLH.

C. Appeals

1. Basis of appeals

- a. Upon receipt of HCD's notice that an application has been determined to be incomplete, or fail the threshold, applicants under this NOFA may appeal such decision(s) to HCD pursuant to this section.
- b. No Applicant shall have the right to appeal a decision of HCD relating to another Applicant's eligibility, point score, award, denial of award, or any other matter related thereto.
- c. The appeal process provided herein applies solely to decisions HCD made in this program NOFA and does not apply to any decisions made with respect to any previously issued NOFAs or decisions to be made pursuant to future program NOFAs.

2. Appeal process and deadlines

- a. To appeal a decision, Applicants must submit to HCD, by the deadline set forth in Subsection (b) below, a written appeal which states all relevant facts, arguments, and evidence upon which the appeal is based. The Applicant must provide a detailed reference to the area(s) of the application that provide clarification and substantiation for the basis of the appeal. No new or additional information will be accepted if this information would result in a competitive advantage to an Applicant.

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

- b. Appeals must be received by HCD no later than five business days from the date of HCD's eligibility, threshold review, or preliminary point score determination letters, representing HCD's decision made in response to the application.
- c. Appeals are to be submitted to HCD via email at NPLH@hcd.ca.gov with a copy to Shalawn.Garcia@hcd.ca.gov.

Appeal emails will be accepted as long as the email time stamp is no later than 5:00 p.m. Pacific Standard Time on the day of the appeal deadline.

3. Decision

Any appeal of HCD's decision shall be reviewed for compliance with the NPLH Guidelines in effect on the date of this NOFA, and any subsequent clarifying documents, such as the NPLH Program's responses to "Frequently Asked Questions." It is HCD's intent to render its decision in writing within 15 business days of receipt of the Applicant's written appeal. All decisions rendered shall be final, binding, and conclusive and shall constitute the final action of HCD with respect to the appeal.

D. Project application submittal

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

1. NPLH Supplemental Application – This form contains information needed to evaluate application threshold compliance and rating for Projects of five or more Units underwritten by HCD. The Program Supplement also contains information Counties must submit in order to utilize their Competitive Allocation funds.
2. Universal Rental Project Application Form – This form contains information needed to evaluate Project financial feasibility for Projects of five or more Units underwritten by HCD.

Project applications submitted under this NOFA will be funded on a competitive basis, as set forth in Section II. A. and B. above, subject to the availability of funds. HCD's NPLH application forms, Program Guidelines, and application workshop information are available on the [NPLH Program website](#).

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

A complete original application and one electronic copy on CD or flash drive with all applicable information must be received by HCD no later than 5:00 p.m. Pacific Standard Time on January 8, 2020, delivered by a mail carrier service such as the U.S. Postal Service, UPS, FedEx, or other carrier service that provides a date-stamped verification of delivery to the following address:

California Department of Housing and Community Development
Division of Financial Assistance, NOFA Section
No Place Like Home Program
2020 W. El Camino Avenue, Suite 500
Sacramento, CA 95833

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

Modification of the application forms by the Applicant is prohibited. It is the Applicant's responsibility to ensure the application is clear, complete, and accurate. After the application has been submitted, HCD staff may request clarifying information to determine compliance with NPLH Program requirements.

E. Disclosure of application to the public

Information provided in the application will become a public record available for review by the public, pursuant to the California Public Records Act (Act) (Gov. Code, § 6250 et seq.). As such, any materials provided may be disclosed to any person making a request under this Act. HCD cautions Applicants to use discretion in providing information not specifically requested, including, but not limited to, bank account numbers, personal phone numbers, and home addresses. By providing this information to HCD, the Applicant is waiving any claim of confidentiality as to the submitted information, and consents to HCD's disclosure of such information upon a request under the Act.

F. Award announcements and contracts

Successful Applicants will enter into a Standard Agreement with HCD. The Standard Agreement contains all the relevant state requirements, as well as specific information about the award and the work to be performed.

HCD will enter into a regulatory agreement with the County Applicant and/or a separate Development Sponsor that will contain specific provisions governing Project operations in accordance with NPLH requirements. See Section 215 of the Guidelines for a description of these agreements.

A condition of award will be that a Standard Agreement must be executed by the Awardee(s) within 90 days (Contracting Period) of the Awardees' receipt of the Standard Agreement(s). Failure to execute the Standard Agreement(s) within the Contracting Period may result in award cancellation. The Awardee(s) shall remain a party to the Standard Agreement for the entire term of the Standard Agreement; removal of the Awardee(s) shall be prohibited.

The disbursement of funds pursuant to this NOFA is contingent on: (1) the sale of bonds by the California State Treasurer's Office and (2) the availability of proceeds of any such bond sales being made available to the Department for disbursement pursuant to all Program requirements.

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

APPENDIX A: ROUND 2 ALLOCATION AMOUNT

| | County | Population Estimated as of 1/1/2018 | 2017 PIT Count | ELI Renter Cost Burden | Maximum Amount Available for Alternative Process County Advance | Formula Allocation Amount |
|-------------------------------------|--|-------------------------------------|----------------|------------------------|---|----------------------------------|
| ALTERNATIVE PROCESS COUNTIES | | | | | | |
| 1 | Los Angeles | 10,058,336 | 54,227 | 365,835 | \$155,230,056 | \$155,230,056 |
| 2 | San Diego | 3,337,456 | 9,160 | 78,340 | \$28,069,001 | \$28,069,001 |
| 3 | San Francisco | 883,963 | 6,858 | 33,900 | \$18,250,554 | \$18,250,554 |
| 4 | Santa Clara | 1,956,598 | 7,394 | 43,730 | \$20,478,901 | \$20,478,901 |
| | TOTAL | 16,236,353 | 77,639 | 521,805 | \$222,028,512¹² | \$222,028,512 |
| LARGE | | | | | | |
| 1 | Alameda | 1,538,328 | 4,657 | 46,780 | | |
| 2 | Contra Costa | 1,149,363 | 1,607 | 24,325 | | |
| 3 | Fresno | 1,007,229 | 1,572 | 24,630 | | |
| 4 | Kern | 905,801 | 810 | 18,615 | | |
| 5 | Orange | 3,221,103 | 4,792 | 76,590 | | |
| 6 | Riverside | 2,415,955 | 2,406 | 35,915 | | |
| 7 | Sacramento | 1,529,501 | 3,665 | 44,790 | | |
| 8 | San Bernardino | 2,174,938 | 1,866 | 41,275 | | |
| 9 | San Joaquin | 758,744 | 1,542 | 14,905 | | |
| 10 | San Mateo | 774,155 | 1,253 | 16,805 | | |
| 11 | Ventura | 859,073 | 1,152 | 14,585 | | |
| | TOTAL | 16,334,190 | 25,322 | 359,215 | | \$90,871,339¹³ |
| MEDIUM | | | | | | |
| 1 | Butte | 227,621 | 1,195 | 6,185 | | |
| 2 | Marin | 263,886 | 1,117 | 6,745 | | |
| 3 | Merced | 279,977 | 454 | 6,025 | | |
| 4 | Monterey | 443,281 | 2,837 | 7,780 | | |
| 5 | Placer | 389,532 | 663 | 5,495 | | |
| 6 | San Luis Obispo | 280,101 | 1,125 | 7,355 | | |
| 7 | Santa Barbara | 453,457 | 1,860 | 10,240 | | |
| 8 | Santa Cruz | 276,864 | 2,249 | 7,845 | | |
| 9 | Solano | 439,793 | 1,232 | 9,915 | | |
| 10 | Sonoma | 503,332 | 2,835 | 9,750 | | |
| 11 | Stanislaus | 555,624 | 1,661 | 11,805 | | |
| 12 | Tri-Cities (Claremont, La Verne, Pomona) | 225,393 | 821 | 1,865 | | |
| 13 | Tulare | 475,834 | 666 | 9,320 | | |
| 14 | Yolo | 221,270 | 459 | 7,165 | | |
| | TOTAL | 5,035,965 | 19,174 | 107,490 | | \$52,445,511 |

¹² As permitted under Guidelines Section 102 (e) (4), APCs may receive an advance of up to up to 100 percent of their Round 2 allocation. Any amounts advanced will be deducted from amounts available in the following funding round(s).

¹³ As permitted under Guidelines Section 204 (d) (6) (D), the amount for the Large County allocation reflects amounts subtracted due to additional amounts provided to this allocation under the previous funding round.

| | County | Population Estimated as of 1/1/2018 | 2017 PIT Count | ELI Renter Cost Burden | | Formula Allocation Amount |
|--------------|--------------------|-------------------------------------|----------------|------------------------|--|----------------------------------|
| SMALL | | | | | | |
| 1 | Alpine | 1,154 | 0 | 4 | | |
| 2 | Amador | 38,094 | 149 | 555 | | |
| 3 | City of Berkeley | 121,874 | 972 | 1,375 | | |
| 4 | Calaveras | 45,157 | 19 | 570 | | |
| 5 | Colusa | 22,098 | 5 | 235 | | |
| 6 | Del Norte | 27,221 | 128 | 760 | | |
| 7 | El Dorado | 188,399 | 602 | 2,380 | | |
| 8 | Glenn | 28,796 | 94 | 585 | | |
| 9 | Humboldt | 136,002 | 759 | 4,070 | | |
| 10 | Imperial | 190,624 | 1,154 | 4,395 | | |
| 11 | Inyo | 18,577 | 120 | 365 | | |
| 12 | Kings | 151,662 | 187 | 2,860 | | |
| 13 | Lake | 65,081 | 401 | 1,755 | | |
| 14 | Lassen | 30,911 | 107 | 625 | | |
| 15 | Madera | 158,894 | 444 | 2,265 | | |
| 16 | Mariposa | 18,129 | 38 | 285 | | |
| 17 | Mendocino | 89,299 | 1,238 | 2,000 | | |
| 18 | Modoc | 9,612 | 12 | 270 | | |
| 19 | Mono | 13,822 | 1 | 135 | | |
| 20 | Napa | 141,294 | 315 | 2,360 | | |
| 21 | Nevada | 99,155 | 316 | 1,555 | | |
| 22 | Plumas | 19,773 | 47 | 335 | | |
| 23 | San Benito | 57,088 | 527 | 745 | | |
| 24 | Shasta | 178,271 | 640 | 3,850 | | |
| 25 | Sierra | 3,207 | 0 | 45 | | |
| 26 | Siskiyou | 44,612 | 0 | 1,290 | | |
| 27 | Sutter | 97,238 | 331 | 1,650 | | |
| 28 | Tehama | 64,039 | 124 | 1,075 | | |
| 29 | Trinity | 13,635 | 77 | 220 | | |
| 30 | Tuolumne | 54,740 | 161 | 950 | | |
| 31 | Yuba | 74,727 | 429 | 1,230 | | |
| | TOTAL | 2,203,185 | 9,397 | 40,794 | | \$34,654,638¹⁴ |
| | State Total | 39,809,693 | 131,532 | 1,029,304 | | \$622,028,512 |

¹⁴ Under Guidelines Section 204 (d) (6) (D), the amount for the Small County allocation reflects amounts added to this allocation due to amounts previously transferred from this allocation under the prior funding round.