

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

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January 24, 2020

MEMORANDUM FOR: All potential applicants

FROM: Jennifer Seeger, Acting
Division of Financial Ass

**SUBJECT: Round 5 Amended Notice of Funding Availability
Veterans Housing and Homelessness Prevention Program**

The California Department of Housing and Community Development (HCD) is releasing an amendment to the Veterans Housing and Homelessness Prevention Program Round 5 Notice of Funding Availability (NOFA), for approximately \$75 million.

This amendment removes the reference to the Multifamily Housing Program (MHP) guidelines under the Eligible uses section of the VHHP Round 5 NOFA and now references Section 103 (Uses and Terms of VHHP Assistance) of the VHHP Program guidelines.

This Round 5 NOFA is subject to Round 5 VHHP program guidelines and makes funding available statewide.

A complete original application and two electronic copies 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 February 13, 2020. HCD will only accept applications through a postal carrier service such as U.S. Postal Service, UPS, FedEx, or other carrier services that provide date stamp verification of delivery. **Personal deliveries will not be accepted.**

Please direct any questions to the VHHP email inbox at hcdvets@hcd.ca.gov.

VETERANS HOUSING AND HOMELESSNESS PREVENTION PROGRAM

Notice of Funding Availability – Round 5

Veterans Housing and Homelessness Prevention Program



**Gavin Newsom, Governor
State of California**

**Lourdes M. Castro Ramírez, Secretary
Business, Consumer Services and Housing Agency**

**Douglas R. McCauley, Acting Director
California Department of Housing and Community
Development**

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Website: <http://www.hcd.ca.gov/grants-funding/active-funding/vhhp.shtml>

Veterans Housing and Homelessness Prevention Program email: hcdvets@hcd.ca.gov

November 8, 2019

Amended January 24, 2020

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VETERANS HOUSING AND HOMELESSNESS PREVENTION PROGRAM

NOTICE OF FUNDING AVAILABILITY (NOFA) – ROUND 5

I. Overview

A. Notice of Funding Availability

The California Department of Housing and Community Development (HCD), in collaboration with the California Housing Finance Agency (CalHFA), and the California Department of Veterans Affairs (CalVet), is announcing the availability of approximately \$75 million for the development of affordable multifamily rental housing. The rental housing will contain permanent Supportive Housing (SH) units and affordable housing units for Veterans and their families under the Veterans Housing and Homelessness Prevention (VHHP) program. Funding for this NOFA is provided pursuant to Chapter 727, Statutes of 2013 and Proposition 41 (2014).

“Veteran” means any person who served in the active military, naval, or air service of the United States, or as a member of the National Guard, who was called to and released from active duty or active service for a period of not less than 90 consecutive days, or was discharged from the service due to a service-connected disability within that 90-day period. This includes all Veterans regardless of discharge status.

B. Timeline

NOFA Release	November 8, 2019
Application Due Date	February 13, 2020
Award Announcement	May/June 2020

C. Authorizing Legislation and Regulations (Regulatory Authority)

The administration of the VHHP program is governed by the VHHP program guidelines (guidelines or Round 5 guidelines), dated November 8, 2019, as may be amended from time to time. These guidelines establish terms, conditions, and procedures for funds awarded under the VHHP program as interpreted by the Veterans Housing and Homeless Prevention Act (Act), and as set forth in Military and Veteran’s Code Division 4, Chapter 6, Article 3.2, commencing with Section 997.001 and including Sections 987.005, 987.007, 987.008.

Round 5 guidelines are available on HCD’s website at <http://www.hcd.ca.gov/grants-funding/active-funding/vhhp.shtml>.

Applicants are responsible for complying with the program requirements set forth in the guidelines. Applicants are urged to carefully review the guidelines and information contained in this NOFA before submitting applications.

II. Program requirements

A. Eligible project Sponsor

A Sponsor is the applicant for the award, and the borrowing entity that HCD relies upon for experience and capacity, and which controls the project during development and occupancy. In a project with multiple layers of ownership, the Sponsor cannot have more than two corporate entities between itself and the borrowing entity. A corporate entity is defined in Code of Regulations (CCR), title 25, Section 8313.2(a)(3) of the 2017 Uniform Multifamily Regulations (2017 UMRs). Sponsors and borrowers may be for-profit or not-for-profit entities. Any public agency or private entity capable of entering into a contract is eligible to apply, provided they meet the threshold requirements in Section 102 of the guidelines.

B. Eligible uses

All program funds shall be used for approved development costs, as found in [Section 103 of the VHHP program](#) guidelines, and to refinance loans used to cover such costs.

C. Program funding amounts and terms

Under this NOFA, the maximum loan per project is \$10 million. Maximum per-unit loan amounts will be calculated as shown in Section 103 of the guidelines. Program funds are provided as post-construction permanent loans. Program loans 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. Permanent loans shall be secured by the project's real property and improvements, which may be subject only to liens, encumbrances, and other matters of record approved by HCD, and which are consistent with 25 CCR Section 8316 of the 2017 UMRs.

D. Program threshold requirements

To be eligible to receive funding, projects must meet the requirements of Section 102 of the guidelines, including, but not limited to:

- 1) Projects must restrict occupancy to the greater of 25 percent of total units in the project, or 10 units (5 units for rural projects), to Veterans under the VHHP program pursuant to Section 102(b) of the guidelines.
- 2) Projects shall restrict occupancy for at least 45 percent of Assisted Units to Extremely Low-Income Veterans, with rents not exceeding 30 percent of the 30 percent Area Median Income (AMI), pursuant to Section 102(c). Current income limits are posted on the HCD website at <http://www.hcd.ca.gov/grants-funding/income-limits/index.shtml>. Funding will be available for income limits up to 60 percent AMI.

- 3) Pursuant to Section 102(d) of the guidelines, for projects with SH, additional requirements concerning the Lead Service Provider (LSP) experience, including comprehensive case management, adherence to Housing First property management (Section 112), tenant selection practices (Section 113), rental agreements and grievance procedures (Section 114), and the supportive services requirements (Section 115), are required.
- 4) The VHHP program regulatory agreement will not restrict more than half of the total project units to households that qualify as either experiencing Chronic Homelessness or Veterans with a Disability Experiencing Homelessness in projects greater than 20 units pursuant to Section 102(d)(4) of the guidelines. This limitation does not preclude any other funding sources from restricting additional units to persons with disabilities and exceeding more than half of the total project units restricted by the combined funding sources to persons with disabilities.

E. Housing First practices

The VHHP program is a Housing First program. Housing First has the same meaning as in Welfare and Institutions Code Section 8255(d)(1), including all of the core components listed therein. In VHHP program projects with SH units, Lead Service Providers shall also utilize Housing First principles. All services, whether for SH residents or other residents, shall be offered as needed and/or requested on a voluntary basis. Housing shall not be contingent upon participation in services. For Transitional Housing (TH), assistance shall be provided in obtaining permanent housing as rapidly as possible, and without preconditions, such as participation in services for a length of stay, or successful completion of a TH program.

Applicants will certify and document adherence to Housing First practices in the application, property management plan, and supportive services plan. Adherence to Housing First practices shall be subject to periodic compliance monitoring. See Section 112 of the guidelines, Housing First practices, for further requirements.

F. Tenant selections

Sponsors shall select tenants in accordance with the provisions of 25 CCR Section 8305, as set forth in Section 113 of the guidelines. Tenant selection procedures, as referred to in Section 8305(a)(4)(A), includes priority status for SH units under a local Coordinated Entry System (CES) developed pursuant to the 24 Code of Federal Regulations 578.7(a)(8). SH projects shall prioritize highly vulnerable households referred by the local CES. If local systems are not in place, Sponsors shall coordinate with outreach and shelter programs serving vulnerable populations experiencing Homelessness.

For occupancy restrictions based on military discharge or separation from the military, please see Section 104(d) of the guidelines.

G. Supportive services and property management requirements

If VHHP program projects are designed to provide SH, occupants must have access to an array of supportive services and amenities delivered both on and off-site and through community or Veteran-specific services. Lead Service Provider experience and service plan requirements (included in both threshold and scoring evaluations) differ for projects depending on the targeted Veteran population and the type of units developed. Section 111(c) of the guidelines detail the scoring for Lead Service Providers and plans.

As part of the VHHP program application, Sponsors must identify their LSP and submit a supportive services plan that meets the requirements of Section 115 as approved by CalVet and HCD. The supportive services plan must identify the parties responsible for a Homeless Management Information System (HMIS), and other reporting, which must be reflected in the required agreements and commitment letters.

If the Sponsor also plans to have affordable housing units, or only plans to have affordable housing units, the Sponsor must submit the resident services coordination plan.

H. Geographic distribution

Geographic targeting of VHHP program funds is designed to encourage the development of Veteran housing in regions with high concentrations of California's most vulnerable Veterans. Section 110(f) of the guidelines delineates specific regional targets. Awards may be adjusted to meet the geographic distribution objectives set forth in Section 110(f)(2), if program eligibility requirements are met.

I. Miscellaneous requirements

The VHHP program projects must adhere to the requirements in Section 109 of the guidelines, which requires that 5 percent of the construction costs be awarded to Disabled Veteran Business Enterprise (DVBE) contractors. Sponsors must make a good faith effort to hire Veterans for development, construction, and related jobs associated with the project. Sponsors are encouraged to contact CalVet for assistance locating DVBE contractors at VHHP@CalVet.ca.gov, or search for DVBE companies at the following suggested link: <https://caleprocure.ca.gov/pages/sbdvbe-index.aspx>.

Sponsors are required to submit a DVBE Utilization Plan describing all outreach methods used to recruit and hire DVBEs.

A plan administrator, responsible for implementing the utilization plan and ensuring the 5 percent requirement is met, must be identified in the DVBE Utilization Plan.

For more information on the DVBE Utilization Plan and other requirements, see Section 109 of the guidelines.

III. Application submission and review procedures

A. Application process, packaging, and submittal

The universal application and supplemental application must be submitted on forms provided and approved by HCD. Application forms must not be modified.

A complete original application and two electronic copies 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 February 13, 2020. HCD will only accept applications through a postal carrier service such as U.S. Postal Service, UPS, FedEx, or other carrier services that provide date stamp verification confirming delivery to HCD's office. Please contact HCD if delivery is not completed by fault of the carrier service. Personal deliveries will not be accepted. The delivery address is:

California Department of Housing and Community Development
Division of Financial Assistance, NOFA Section
Veterans Housing and Homelessness Prevention Program
2020 West El Camino Ave, Suite 150
Sacramento, CA 95833

Applications that do not meet the filing deadline requirements will not be eligible for funding. Electronic Excel forms must be submitted in Excel format.

The application forms are available on HCD's website at <http://www.hcd.ca.gov/grants-funding/active-funding/vhhp.shtml>. Applications must meet all eligibility requirements upon submission. Applications having material internal inconsistencies will not be rated and ranked. It is the applicant's responsibility to ensure that the application is clear, complete, and accurate. After the application deadline, HCD staff may request clarifying information, and/or inquire as to where in the application specific information is located, provided that such information does not affect the competitive rating of the application. No information, whether written or oral, will be solicited or accepted if this information would result in a competitive advantage to an applicant or a competitive disadvantage to other applicants. No applicant may appeal HCD's evaluation of another applicant's application.

B. Minimum application score

To be considered for a funding award, each project must receive a minimum overall application score for the applicable project type pursuant to Section 110(c) and (d)(1) of the guidelines. The project must also meet minimum score requirements in the supportive services plan, readiness to proceed, and leverage of rental or operating subsidies scoring categories, pursuant to Sections 110(d)(2), (d)(3), and (d)(4).

C. Application selection criteria

The criteria used to score projects is described in Section 111 of the guidelines and is summarized below.

Scoring Category	Max. Points w/ SH or TH Units	Max. Points w/o SH or TH Units	Comments
Development Team Experience	33	15	Only Supportive Housing and Transitional Housing will be scored on Lead Service Provider experience, for an additional 18 points.
Supportive Housing Units	25	0	Only Supportive Housing projects will be scored in this category. To receive any points in this category, a minimum of 25 percent of VHHP program Assisted Units must be restricted as Supportive Housing.
Supportive Services Plan or Resident Services Coordination Plan	22	10	To ensure a minimum level of service quality, projects must receive a minimum point score of 15 points for supportive services plans and 7 points for resident services coordination plans.
Leverage of Development Funding	15	15	
Leverage of Rental or Operating Subsidies	20	20	Projects without rental subsidy contracts or operating subsidy reserves will be allowed to garner points if they can deliver the same rents as projects with these contracts or reserves. Projects are required to receive a minimum point score of 4 points in this category.
Readiness to Proceed	20	20	To ensure a minimum level of project readiness, projects are required to receive a minimum score of 10 points in this category.
Confirmation of Local Need	5	5	
Location Efficiency and Access to Destinations	5	5	To promote proximity to amenities, projects can obtain 5 points if development sites meet the criteria as set forth in Section 111(4)(h) of the guidelines.

Total Maximum Points	145	90	
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In the event of a point score tie, the following tiebreakers will be used:

1. The percentage of Assisted Units restricted as SH for Veterans experiencing Chronic Homelessness, pursuant to Section 111(b) of the guidelines;
2. The readiness to proceed point score, pursuant to Section 111(f) of the guidelines;
3. The supportive services plan point score, pursuant to Section 111(c) of the guidelines; and
4. Leveraging of state subsidy funds with other resources, pursuant to Section 111(d) of the guidelines.

D. Application workshops

HCD will host workshops in December 2019. Please register at HCD’s website at <http://www.hcd.ca.gov/grants-funding/active-funding/vhhp.shtml>. Printed materials will not be provided at the workshops but will be made available for download and printing from HCD’s website or via email by request.

IV. Appeals

A. Basis of appeals

1. Upon receipt of HCD’s notice that an application has been determined to be incomplete, ineligible, fail threshold, or have a reduction to the initial self-score, applicants under this NOFA may appeal such decision(s) to HCD pursuant to this section.
2. 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.
3. The appeal process provided herein applies solely to decisions made by HCD 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.

B. Appeal process and deadlines

1. To file an appeal, applicants must submit to HCD, by the deadline set forth in subsection 2 below, a written appeal which states all relevant facts, arguments, and evidence upon which the appeal is based. Furthermore, the applicant must provide a detailed reference to the area or areas in the application that provide clarification and substantiation for the basis of the appeal. **No new or additional information will be considered if this information would result in a competitive advantage to an applicant.** Once the written appeal is submitted

to HCD, no further information or materials will be accepted or considered thereafter. Submit appeals to HCD at hcdvets@hcd.ca.gov or to the following address:

California Department of Housing and Community Development
Attn: VHHP Program Staff Appeals
2020 West El Camino Avenue, Suite 670
Sacramento, CA 95833

2. Appeals must be received by HCD no later than five (5) business days from the date of the:
 - Threshold review letter; and/or
 - Initial score letter.

C. Decision

Any request to amend HCD's decision shall be reviewed for compliance with Chapter 727, Statutes of 2013 and Proposition 41 (2014), the VHHP program guidelines, Round 5, November 8, 2019, and 2017 UMRs, "Application for Funding", and any subsequent clarifying documents, such as the VHHP 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. Effectiveness

In the event that the statute and/or guidelines governing this program contain an existing process for appealing the decisions of HCD with respect to NOFA awards made under such programs, then this section shall be inapplicable, and all appeals shall be governed by such existing authority.

V. Award announcements and contracts

A. Internal Loan Committee (ILC)

Upon rating and ranking of applications, recommended projects will be presented to the ILC for review and recommendation. The ILC will then present recommended loans to the Director for approval. There is no appeal process to the Director's decision.

B. Award announcements

HCD anticipates issuing award letters by May/June 2020 after final approval from the ILC.

C. Contracts

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

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. 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.

VI. Other terms and conditions

A. Right to modify or suspend

HCD reserves the right, at its sole discretion, to suspend, amend, or modify the provisions of this NOFA at any time, including without limitation, the amount of funds available hereunder. If such an action occurs, HCD will notify all interested parties via listserv and will post the revisions to the VHHP webpage. Please be sure to subscribe at the listserv link.

B. Disclosure of application

Information provided in the application will become a public record available for review by the public, pursuant to the California Public Records Act (Chapter 1473, Statutes of 1968 and Government Code Section 6250 et seq.). As such, any materials provided will be disclosable 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 and consents to the disclosure of submitted material upon request.

C. Same-sex restricted projects

In order to best address the needs of Veterans, some applicants may want to propose housing where all adult occupants are restricted to be of the same sex. Yet, under state and federal fair housing and civil rights laws (collectively "FH laws") any such restriction, without an adequate legal justification, would likely constitute impermissible facial discrimination. Although there remains considerable legal uncertainty as to what the basis for such a legal justification would be, HCD, in order to best serve the needs of our Veterans, is willing to consider awards to same-sex-restricted projects, provided the project application can meet the proprietary or acceptability of justifications for facial discrimination standard under the Fair Housing Act set forth in *Community House, Inc. v. City of Boise*, 490 F.3d 1041, 1050 (9th Cir. 2007). In order to demonstrate that a proposed same-sex-restricted project will meet this FH law standard, each proponent of such a project must submit, along with

its other application materials, a project-specific legal opinion letter with supporting materials documenting how it satisfies FH laws as described below (Opinion). No scoring advantage will accrue to same-sex-restricted projects.

The Opinion must be authored and executed under penalty of perjury by a licensed member of the California State Bar. The Opinion must demonstrate that the applicant has considered the legal requirements of FH laws as applied to the relevant facts of its proposed project. It must demonstrate how the proposed same-sex-restriction, despite being facially discriminatory, is still permissible under FH law.

The Opinion must describe the population to be housed and its gender or sex-related special condition (Condition) that requires, and therefore justifies, housing in a same sex setting. Each such description must be supported by project-specific medical, psychiatric, or psychological support referenced by and attached to the Opinion (Professional Documentation). The Opinion, taken together with the Professional Documentation, must explain how and why a same-sex-restriction is both necessary and still the least restrictive means by which to properly and holistically address or treat the Condition(s) presented by the inhabitants of that particular housing development. The Professional Documentation must be authored and executed under penalty of perjury by a licensed member of the California Board of Behavioral Sciences, or a physician licensed by the Medical Board of California.

Lastly, the Opinion must also describe the means by which the applicant will initially and individually screen and continue to document, with tenant-specific Professional Documentation, each tenant Condition(s) justifying her or his need for same-sex restricted housing.

D. State Prevailing Wages

Program funds awarded under this NOFA are subject to state prevailing wage law, as set forth in Labor Code Section 1720 et seq. and require the payment of prevailing wages unless the project meets one of the exceptions of Labor Code 1720 (c) as determined by the Department of Industrial Relations. Applicants are urged to seek professional advice as to how to comply with state prevailing wage law.

E. Conflicts

In the event of any conflict between the terms of this NOFA and either applicable state or federal law or regulation, the terms of the applicable state or federal law or regulation shall control.