

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT**Division of State Financial Assistance**

2020 W. El Camino Avenue, Suite 670, 95833

(916) 263-2771 / FAX (916) 263-2763

www.hcd.ca.gov

May 3, 2021

MEMORANDUM FOR: Stakeholders and Interested Parties**FROM:** Jennifer Seeger, Deputy Director
Division of State Financial Assistance**SUBJECT: Veterans Housing and Homelessness Prevention Program
Round 6 Notice of Funding Availability and
Guideline Amendments**

The California Department of Housing and Community Development (HCD) is pleased to announce the release of the Round 6 Veterans Housing and Homelessness Prevention (VHHP) Program Notice of Funding Availability (NOFA).

VHHP finances the development of affordable rental housing, Supportive Housing and Transitional Housing for Veterans, with an emphasis on housing for those experiencing homelessness and those with Extremely Low-Income. The program is administered by HCD, in collaboration with the California Department of Veterans Affairs (CalVet) and the California Housing Finance Agency (CalHFA).

HCD, in consultation and concurrence with CalVet, has decided to issue the May 3, 2021 Round 6 NOFA under the VHHP Guidelines previously published on November 8, 2019. While Round 6 draft guidelines were published on March 15, 2021 and public comments were received, HCD is opting not to finalize those guidelines at this time and will, rather, incorporate public comments received in the development of guidelines to be finalized in the Fall of 2021 in accordance with AB 434 (Chapter 192, Statutes 2020). HCD, however, under its authority to adopt, promulgate, amend, repeal, and administer standards, requirements, procedures, or guidelines ("Program Guidelines") pursuant to Article 3.2 (commencing with Section 987.001) of Chapter 6 of Division 4 of the Military and Veterans Code, is amending into the Round 5 Program Guidelines, Published November 8, 2019, as applicable to the Round 6 NOFA only, the following provisions:

- Section 103 (c) (1) is added to the Guidelines to state the following: "Except that for projects located on Tribal Trust Land Program loans shall have an initial term of 50 years to match the period of affordability restrictions under the Low-Income Housing Tax Credit Program."
- Section 106 (a) (11) is added to the Guidelines to state the following: "VHHP Assisted Units covered by HUD-VASH vouchers shall be considered Supportive Housing units."
- Section 101 of the Guidelines shall remain the same except the definitions in Appendix A of this memo shall be added.

For more information, visit our [Veterans Housing and Homelessness Prevention](#) webpage. If you have any questions, please contact hcdvets@hcd.ca.gov.

Appendix A

VHHP NOFA Round 6 New Terms

All terms not defined below shall, unless their context suggests otherwise, be interpreted in accordance with the meanings of terms ascribed in Subchapter 19 of Chapter 7 of Division 1 of Title 25 of the California Code of Regulations (commencing with Section 8300).

“Affordable Rents” means Rents established for Assisted Units in accordance with Section 105.

“Area Median Income” or “AMI” means the most recent applicable county median family income published by California Tax Credit Allocation Committee (TCAC).

“Borrower” means the entity identified as such in the Regulatory Agreement. A special purpose entity shall be formed and controlled by the Sponsor as detailed in Title 25 CCR Section 8313.2 (a).

“Commercial Space” means any nonresidential space located in or on the property of an Affordable Rental Housing Development that is, or is proposed to be, rented or leased by the owner of the Project, the income from which shall be included in Operating Income.

“Eligible Households” means a household whose composition includes at least one Veteran, as defined under the definition of “Veteran” who meets the criteria of Target Populations, as defined, and whose gross incomes do not exceed the income limit specified by TCAC or other lower income limits agreed to by a Project Sponsor and HCD.

“Fiscal Integrity” means that the total Operating Income plus funds released pursuant to the Regulatory Agreement from the operating reserve account is sufficient to: (1) pay all current Operating Expenses; (2) pay all current debt service (excluding deferred interest); (3) fully fund all reserve accounts (other than the operating reserve account) established pursuant to the Regulatory Agreement; and (4) pay other extraordinary costs permitted by the Regulatory Agreement. The ability to pay any or all of the permitted annual Distributions shall not be considered in determining Fiscal Integrity.

“Gross Income” means all income as defined in Title 25 CCR Section 6914.

“Initial Operating Year” means the initial period of operation of the Affordable Rental Housing Development, beginning at the time of the initial occupancy of the completed Project and ending on the last day of the fiscal year for the development.

“Manager’s Unit” means a Unit in which the onsite manager of the Project resides. A Manager’s Unit will not be considered to be a VHHP Assisted Unit, nor will it be considered to be a Restricted Unit for the purpose of calculating allowable Distributions. A Manager’s Unit will be considered to be a Restricted Unit for the purpose of allocating development costs and may qualify for a loan amount up to the amount applicable to the 60 percent of AMI level.

VHHP NOFA Round 6 New Terms continued

“Operating Income” means all income generated in connection with operation of the Affordable Rental Housing Development including rental income for Assisted Units and non-Assisted Units, rental income for Commercial Space or commercial use, laundry and equipment rental fees, rental subsidy payments, and interest on any accounts, other than approved reserve accounts, related to the Affordable Rental Housing Development. "Operating Income" does not include security and equipment deposits, payments to the Sponsor for Supportive Services not included in HCD-approved operating budget, cash contributed by the Sponsor, or tax benefits received by the Sponsor.

“Project” means an Affordable Rental Housing Development, and includes the development, the construction or rehabilitation, and the operation thereof, and the financing structure and all agreements and documentation approved in connection therewith.

“Refinance” means to pay off all or a portion of existing debt secured by the Project with the proceeds of a Program loan or other financing also secured by the Project.

“Regulatory Agreement” means the written agreement between HCD and the Sponsor that will be recorded as a lien on the Affordable Rental Housing Development to control the use and maintenance of the Project, including restricting the rent and occupancy of the Assisted Units.

"Rehabilitation" means the term as defined in Section 50096 of the HSC, including improvements and repairs made to a residential structure acquired for the purpose of preserving its affordability.

“Restricted Unit” means the same as that term is defined in the UMR Section 8301, excluding units restricted at levels above 60 percent of AMI.

“Schedule of Rental Income” or “SRI” means the same as described in the Regulatory Agreement.

“Target Population” definition is the same as stated in Health & Safety Code 50675.14(b)(3)(A).