Community Development Block Grant – Disaster Recovery (CDBG-DR) Multifamily Housing Program (DR-MHP) NOFA Workshop

Presented by
Stacy Rodgers, Branch Manager
Joe Harney, Section Manager
Nhien Nguyen, Program Manager
Jaime Knacke, Representative II
Jonnie Demmer, Representative II
Chris Chen, Representative II
Clint Whited, Civix Consultant

Housekeeping

- All attendees will be muted for the duration of the webinar.
- You may submit questions through the Q&A box.
- You may also submit questions to DR-MHP@hcd.ca.gov.
- We will compile answers to all questions in a FAQ to be posted after this webinar.
- We will post a recording of this webinar to our webpage at a later date.
- Capitalized terms that appear on the slides are defined in the Program Policies and Procedures.
- Our webpage is https://www.hcd.ca.gov/grants-and-funding/disaster-recovery-and-mitigation/disaster-recovery-multifamily-housing-program-dr-mhp.

DR-MHP Program Overview

- DR-MHP is authorized pursuant to the State of California's CDBG-DR Action Plan for 2020 Disasters that was approved by HUD August 5, 2022, to address presidentially declared wildfire disasters DR-4558 (August of 2020) and DR-4569 (October of 2020), and APA5 for 2018 Disasters to address wildfire disaster DR-4407 pursuant to 2020 DR-MHP policy.
  - Provides low-interest loans for new construction of multifamily rental housing.
- $147,543,091 available in six separate geographical set-asides.
- Application deadline of September 3, 2024, at 4PM.
- For further questions, please contact DR-MHP@hcd.ca.gov.

From Section I.B-C of NOFA

General Population Workshop

- For all eligible applicants **seeking to build on non-Native American Land** in the eligible counties.
- If your organization is a Tribal Entity seeking to build *off* Native American Land, **the following information is still applicable to your goals**.
- If your organization seeks to build on Native American Land, please join the workshop for Tribal Entities on Monday, July 15, 2024 at 10AM PST.

Most Impacted and Distressed Areas and Geographical Set-Asides

Presented by Joe Harney

Section Manager

Most Impacted and Distressed Areas (MID)

- Proposed projects for 2020 funds MUST fall within the MID for 2020 disasters (FEMA DR-4558 and DR-4569), consisting of the nine counties listed below:
  - Santa Cruz
  - Butte
  - Napa
  - Solano
  - Sonoma
  - Los Angeles
  - Fresno
  - Shasta
  - Siskiyou
- Proposed projects for 2018 funds for the Woolsey Fire (FEMA DR-4407), MUST fall within the Cities of Malibu, Calabasas and Agoura Hills.

From Section I.D of NOFA

Funding Available per Geographical Set-Aside

2020 Regions (DR-4558 and DR-4569)	Amount
A) Santa Cruz (County)	$41,086,865
B) Butte (County)	$31,419,367
C) Napa, Solano, and Sonoma (Counties)	$30,210,930
D) Los Angeles and Fresno (Counties)	$13,292,809
E) Shasta and Siskiyou (Counties)	$4,833,749
Total	**$120,843,721**

2018 Region (DR-4407)	Amount
F) Malibu, Calabasas, Agoura Hills (Cities)	$26,699,371

From Section I.D of NOFA

Geographical Set-Aside Competition

- Applicants will compete for funds regionally based on the location of their project.
- Geographical set-asides will only be funded to the extent that eligible applications exist (those meeting all threshold requirements including minimum point score).
- If the Department receives fewer eligible applications than funding available in a geographical set-aside, any unawarded funds within may be used to fund remaining eligible applications outside the set-aside.

From Section II.F.2 of NOFA

Program Requirements

Presented by Clint Whited

Civix Consultant

Eligible Sponsor/Applicant

- The below entities may apply for the NOFA:
  - For-profit developer
  - Non-profit developer
  - Tribal Entities
- Entities and individuals involved in the proposed project MUST NOT be listed on the government-wide exclusion list at the System for Award Management (SAM): https://sam.gov/content/home

From Section II.A of NOFA

Eligible Projects

- NEW construction of MULTIFAMILY RENTAL housing ONLY
  - Includes scattered-site projects
- MUST be located in geographical set-aside areas as previously described on Slide 5

From Section II.B of NOFA

Threshold: Introduction

- Proposed project MUST fulfill all the requirements on the following slides.
- Any application which does not meet threshold will be ineligible to receive a CDBG-DR MHP award.
- All requirements on the following slides apply for proposed projects NOT located on Native American Land and may differ should the proposed project be on Native American Land.

From Section II.C of NOFA

Threshold Requirements, Part 1

- At the time of application, Sponsor shall demonstrate site control in accordance with UMR §8303.
- Must not have closed on construction funding or already started construction.
- Must have a letter providing prior notification to the local legislative body, pursuant to HSC Section 50675.7(e).
- Have a letter or resolution of support for the proposed Project from the local legislative body where the proposed Project is located.
- Must tie back to the disaster by increasing the supply of affordable housing units in a MID area.

From Section II.C of NOFA

Threshold Requirements, Part 2

- Must have a minimum of five total units, including Scattered-Site Projects.
- Must have a minimum of five Affordable Units or 51 percent of units must be Affordable Units, whichever is greater

  CDBG-DR funds are limited to low to moderate income housing units. Proposed Projects may have mixed-income units, but CDBG-DR funds must only be applied to the Affordable Units for occupation by Low- to Moderate- Income Households.
- All sources of funding required to complete the Project must be identified, including the status of the funds (e.g., applied for funds – pending decision, applying for funds, or funds secured and fully committed to the project).

From Section II.C of NOFA

Threshold Requirements, Part 3

- Must be cost reasonable, which is what a reasonable person would pay in the same or similar circumstances for the same or similar item or service.
- Must conform to the Construction Standards set forth in Section 3.1 of the DR-MHP Policy, where applicable.
- Must comply with all applicable federal requirements set forth in Section 3.4 of the DR-MHP Policy.
- Must receive a minimum point score of 88 points based on the Universal Scoring Criteria set forth in Section 4.3 of the DR-MHP Policy and Section IV of this NOFA.

From Section II.C of NOFA

Threshold Requirements, Part 4

- Must be documented in the application to address the following affordable rent requirements and tenant income limits over the duration of the required affordability period. At a minimum, the following thresholds must be adhered to in all Project applications:
  - The number and type of proposed DR-MHP Assisted Units that will be leased to tenants with an income of up to 65 percent of the AMI based on regulatory and program requirements.
  - Proposed Projects shall include at least 10 percent of the proposed DR-MHP Assisted Units for households with incomes not exceeding 30 percent of AMI.
  - Affordable rents will be determined by using the Multifamily Tax Subsidy Projects (MTSP) Regular Income Rent Limits published annually by HCD for the jurisdiction where the project is located.
  - Projects shall be restricted by a recorded Regulatory Agreement for a minimum affordability period of 55 years.

From Section II.C of NOFA

Threshold Requirements, Part 5
Transition Reserve Fee

Per Administrative Notice No. 23-01, if a Project has a federally-originated rental assistance or operating subsidies, or rental subsidies operated by the City of Los Angeles, the project must make a one-time Transition Reserve Fee payment at permanent loan closing in the amount of fifteen percent (15%) of the first year's maximum subsidy amount.

From Section II.C of NOFA

Program Funding Amounts, Terms, and Limits

Presented by Chris Chen

Representative II

DR-MHP Maximum Per-Unit Loan Limit, Part 1

- Awards of CDBG-DR funds shall not exceed the lesser of the demonstrated need or the MHP Maximum Per-Unit Loan Limit in effect at the time of application, in accordance with DR-MHP Policy Section 2.3.2.

Bedrooms	Maximum Subsidy
0	$204,174
1	$234,055
2	$284,618
3	$368,204
4	$404,171

From Section II.D of NOFA

Sample CDBG-DR MHP Maximum Loan

- 101 units, 100 affordable, all subsidized by DR-MHP, of which 50 are one-bedroom, 25 are two-bedroom and 25 are three-bedroom:

No. of DR-MHP Units	Maximum Subsidy	Total Subsidy
50 one-bedroom units	$234,055	$11,702,750
25 two-bedroom units	$284,618	$7,115,450
25 three-bedroom units	$368,204	$9,205,100
TOTAL MAXIMUM DR-MHP AWARD		**$28,023,300**

- Based on the above unit mix, the maximum DR-MHP loan this project can receive would be 50($234,055) + 25($284,618) + 25($368,204) = **$28,023,300**.

DR-MHP Maximum Per-Unit Loan Limit, Part 2

- For DR-MHP loan limit calculations, the unit count may include the number of DR-MHP Assisted Units within the Project, including units with long-term, low-income or occupancy restrictions imposed by HCD, the California Tax Credit Allocation Committee (TCAC), or other public agencies and restricted at no greater than 65 percent of AMI. Awards of CDBG-DR funds shall not exceed the lesser of the demonstrated need or the MHP Maximum Per-Unit Loan Limit calculation.
- Refer to Section 2.3.2 of the DR-MHP Policy for additional details on loan sizing.
- The type and term of loans is detailed in Section 2.4 of the DR-MHP Policy.

From Section II.D of NOFA

Eligible Uses of CDBG-DR MHP Funds

- Property acquisition costs;
- Architectural, appraisal, engineering, environmental, legal and other consulting costs, and fees, which are directly related to the planning and execution of the Project and which are incurred through third-party contracts;
- Escrow, title insurance, recording and other related costs;
- Building permits, and state and local fees;
- Local development impact fees;
- Developer fees, as set forth in the UMR;
- Mobilization, demolition, site prep, and clean up;
- Residential construction costs; and
- Onsite improvements related to the Project

From Section II.E of NOFA

Ineligible Uses of CDBG-DR MHP Funds

- Costs incurred between the date of application and environmental clearance (e.g., Authority to Use Grant Funds) that constitute an adverse environmental impact or that limit the choice of reasonable alternatives pursuant to 24 CFR 58.22(a);
- Application development costs;
- Advances of any type, including construction;
- Interest and financing costs;
- Facility operating or maintenance expenses;
- Reserves and contingencies;
- Furnishings;
- Offsite Improvements, except where the improvement is contiguously adjacent to the Project parcel and serves the housing;
- Construction or any other costs related to any non-residential component of the Project; and
- Reimbursement of Sponsor's capital investment or prepaid expenses.

From Section II.E of NOFA

Cost Eligibility Determination

- HCD reserves the right in its sole and absolute discretion to approve or deny the applicability and eligibility of costs on a per-application basis. HCD requires that construction costs are reasonable and consistent with current market costs for the area where the multifamily construction will take place.

From Section II.E of NOFA

Scoring Overview

- Applications that pass the initial threshold review will be scored using the Universal Scoring Criteria. In the event of tied point scores, HCD shall rank tied applications based on the tie-breaker system detailed in the Universal Scoring Criteria. Refer to Section IV of the NOFA for further details
- Incomplete applications or others not expected to receive an award of funds due to relatively low scores may not be fully evaluated

From Section II.F of NOFA

Ranking Overview

- All applications meeting all the threshold requirements and achieving a minimum point score of 88 points in the Universal Scoring Criteria will be considered for funding.

From Section II.F of NOFA

Negative Points, Part 1

- An application will be assessed negative points based on performance penalties assessed pursuant to the Department's Negative Points Policy (Administrative Notice Number 2022-01) amended April 3, 2023, as may be amended from time to time. The Negative Points Policy is hereby incorporated by this reference to this NOFA as if set forth in full herein and shall apply with equal force as all other provisions set forth herein.
- Negative points will be assessed as a reduction to the score earned under paragraphs (1) and (2) above and will serve as the final score for this criterion. For example, if a Project earns 15 points under paragraph (1) Development and ownership experience and 5 points under paragraph (2) Property Management Company Experience but is assessed 3 negative points, the final score for this criterion would be 17 (15 + 5 - 3).

From Section II.G of NOFA

Negative Points, Part 2

- If the Sponsor/Applicant is subject to negative points assessment, HCD shall notify the Sponsor/Applicant in writing within the point score letter and will provide an opportunity to appeal negative points assessment pursuant to the appeals process as set forth in the NOFA.
- No later than August 2, 2024, Applicants may request a pre-submission compliance check to see if their organization is subject to a negative points assessment. Applicants may contact Complianceverification@hcd.ca.gov to request this check before the aforementioned date.

From Section II.G of NOFA

Application Submission and Review Procedures

Presented by Nhien Nguyen

Program Manager

Application Submission Process

- Applications must meet eligibility requirements as previously described in Threshold slides **upon submission**.
- Applications that do not meet the filing deadline requirements will not be eligible for funding.
- Applications must be on forms provided by HCD, which **cannot** be altered or modified by the Applicant. It is the Applicant's responsibility to ensure the application is clear, complete, accurate, and timely.
- Excel forms must be submitted in Excel format, not in PDF format.

From Section III.A of NOFA

Electronic Submission

- Application materials must be submitted electronically via eCivis Grants Network's solicitation portal.
- Requirements for uploading the DR-MHP Application Workbook and required supporting documentation, including naming conventions, are described in the DR-MHP application instructions page. Applicants must upload all application materials to the solicitation portal.

From Section III.B of NOFA

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 (Gov. Code, § 7920.00 et seq.).
- Any materials provided are subject to disclosure to any person making a records 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.
- Providing this information to HCD, the Applicant is waiving any claim of confidentiality and consents to the disclosure of submitted material upon request.

From Section III.D of NOFA

Prior Awards

- Applicants seeking to substitute previously awarded funds, including but not limited to substitutions to increase the amount of an award, must first reject their previous award in writing prior to submitting their DR-MHP application AND provide a reasonable written justification that the substitution is necessary to ensure Project feasibility.
- For Projects proposing a reduction to AMI levels on the Unit mix, the awardee must engage with Program staff of their prior award and confirm the change does not impact Project feasibility and would not cause a reduction in awarded funds pursuant to that Program's requirements.

From Section III.E of NOFA

Prior Awards – Substitutions

- A consultation with Department Program staff is **required** before any substitution will be permitted.
- Substitutions based solely upon Sponsor/Applicant preference or convenience of the funding source will not be permitted.
  - It is allowable for Applicants that wish to retain their previous award to apply for funds available within this DR-MHP NOFA, so long as the previous award is unmodified.
  - The Department will also allow previously awarded Projects to lower their proposed income targets from one application to the next, so long as the total Unit count remains the same.
  - The Department will restrict Units to the lowest targeting across all awarded funds and will require Projects awarded from a Program with prioritized Target Populations to maintain the special population Units (increasing Target Population and/or Restricted Units is permitted).

From Section III.E of NOFA

Substitution Consultation Deadline

- For Projects proposing a reduction to AMI levels on the Unit mix, the awardee **must** engage with Program staff of their prior award and confirm the change does not impact Project feasibility and would not cause a reduction in awarded funds pursuant to that Program's requirements.
- This consultation process must begin no later than August 1, 2024.

From Section III.E of NOFA

Significant Changes in Project after Application

- The Department will review the information provided in the application and score the application accordingly. If there is a significant departure from the application, the Department may re-evaluate the Project's score, reduce the loan or grant amount, or assign negative points to the Sponsor/Applicant.

From Section III.F of NOFA

Universal Scoring Criteria

Presented by Joe Harney

Section Manager

Intro to Universal Scoring Criteria

Criterion	Maximum Score
Extent to Which the Project serves Households at the Lowest Income Levels	30
State Policy Priorities	20
Project Sponsor and Property Management Experience	20
Project Readiness	27
Infill / Proximity to Amenities / Sustainable Building Methods	15
Cost Containment	5
TOTAL POSSIBLE UNIVERSAL POINTS	**117**

Proposed project must receive **at least 88 points** to be considered for an award.

From Section IV.A of NOFA

Scoring Criterion 1: Extent to Which the Project Serves Households at the Lowest Income Levels

Presented by Clint Whited

Civix Consultant

Criterion 1 Overview

- **Maximum 30 points**.
- Applications will be scored based on the percentage of Restricted Units limited to various percentages of AMI, adjusted by household size.
- Each “Percent of AMI” category may be used only once.
- **To receive <u>any</u> points in this category, at least 10 percent of the Restricted Units must be restricted to households with incomes not exceeding 30 percent of AMI.**

From Section IV.B of NOFA

Lowest Income Points Table

Lowest Income Points Table											
	Percent of AMI										
Percent of Restricted Units		65%	60%	55%	50%	45%	40%	35%	30%	25%	20% & below
	50%	5	7.5	10	12.5	16.9	17.5	18.75	30	30	30
	45%	5	6.75	9	11.25	16.9	17.5	18.75	30	30	30
	40%	5	6	8	10	15	17.5	18.75	27.5	30	30
	35%	4.4	5.25	7	8.75	13.15	17.5	18.75	25	27.5	30
	30%	3.75	4.5	6	7.5	11.25	15	18.75	22.5	25	30
	25%	3.15	3.75	5	6.25	9.4	12.5	15.65	18.75	21.9	25
	20%	2.5	3	4	5	7.5	10	12.5	15	17.5	20
	15%	1.9	2.25	3	3.75	5.65	7.5	9.4	11.25	13.1	15
	10%	1.25	1.5	2	2.5	3.75	5	6.25	7.5	8.75	10

The above table describes the points awarded for which percent of restricted units are serving which percent of AMI.

From Section IV.B of NOFA

Sample Criterion 1 Point Calculation

- The percentage of restricted units at each income level must be rounded to the nearest whole percentage point (e.g., 29.7% rounds to 30.0%).

Pct. of Restricted Units at Pct. of AMI	Points Earned
10% of units at 30% AMI	7.5
15% of units at 40% AMI	7.5
50% of units at 50% AMI	12.5
25% of units at 65% AMI	3.15
Total Points scored	**30.35 (Max 30)**

From Section IV.B of NOFA

Deeply-Affordable Units Policy

- Defined as Units with up to 30% AMI targeting.
- Cannot be concentrated among a Project's smaller Units.
- Must be distributed proportionately across all Unit sizes, or, alternately, more heavily represented among larger Units.
- To ensure a proportional spread of deeply Affordable Units, at least 10 percent of the larger Units in the Project must be provided at 30 percent of AMI, as applicable. So long as the Applicant meets the 10 percent standard Project-wide, the 10 percent standard need not be met among all the smaller Units.

From Section IV.B of NOFA

Sample Deeply-Affordable Unit Calculation

60 Total Units in Project	Required ELI Units (30% AMI)
18 three-bedroom	2 Units
21 two-bedroom	2 Units
21 one-bedroom	2 Units
Total (10%)	**6 Units**

Scoring Criterion 2: State Policy Priorities

Presented by Jaime Knacke

Representative II

Criterion 2 Overview

- **Maximum 20 points** available from below categories.
  - Five (5) points: Projects located in a “High Resource” or “Highest Resource” Area as shown on the TCAC/HCD Opportunity Area Map.
  - Ten (10) points: DR-MHP Units serving Special Needs Populations.
  - Five (5) points: Project is located on Public Excess Lands.

From Section IV.C of NOFA

HCD/TCAC Opportunity Area Map

- Five (5) points: Projects located in a “High Resource” or “Highest Resource” Area as shown on the TCAC/HCD Opportunity Area Map.
- Once Projects receiving 5 points pursuant to this criterion have been ranked and recommended for award in the amount of 50 percent of all Program funds available in a region, remaining Projects shall not receive 5 points for meeting the requirements of this criterion.
- Opportunity maps can be found here.

From Section IV.C of NOFA

Points for Serving Special Needs Populations

- Maximum of 10 points.

Total percent of DR-MHP funded Units	Points
25%+	10 points
16-24%	9 points
10-15%	8 points

- Does not include “seniors or veterans” unless they otherwise qualify as a “Special Needs Population” as required by other statutory laws.

From Section IV.C.2 of NOFA

Special Needs Populations

- Defined as one or more of the following groups who need Supportive Services to maintain and stabilize their housing:
  - Individuals with disabilities;
  - Individuals At Risk of Homelessness, are experiencing Homelessness, or experiencing Chronic Homelessness;
  - Individuals with substance use disorders;
  - Frequent users of public health or mental health services;
  - Individuals who are fleeing domestic violence, sexual assault, and human trafficking;
  - Homeless youth;
  - Families in the child welfare system for whom the absence of housing is a barrier to family reunification;
  - Individuals exiting from institutional settings or at risk of placement in an institutional setting;
  - Older Adults in Need of Supportive Services; or
  - Other specific groups with unique housing needs as determined by the Department.

From Section IV.C.2 of NOFA

Public Excess Lands

- Maximum 5 points.
- New construction Project on a site designated as excess land under Executive Order N-06-19 or any land declared surplus by a local agency.
- For excess state-owned property, the Project must be located on a site selected under EO-N-06-19 to enter into a ground lease with the state to create affordable housing on excess state-owned property.
- For surplus land owned by a local agency, including transit agencies:
  - Land donations made in fee title must be supported by a transfer agreement and demonstrated written conformance with the Surplus Land Act.
  - Land donations made as a low-cost, long-term lease must be supported by written conformance with Surplus Land Act, and a Post-Negotiation Notice and Proposed Disposition Summary.

From Section IV.C.3 of NOFA

Scoring Criterion 3: Project Sponsor/Applicant and Property Management Experience

Presented by Jaime Knacke

Representative II

Criterion 3 Overview

- Maximum points 20.
- Development and Ownership Experience (max 15)
- Property Management Experience (max 5)
- Negative points (variable)

From Section IV.D of NOFA

Development and Ownership Experience

- Maximum 15 points.
- Applications will be scored based on the number of subsidized rental housing Projects (including tax credit Projects) that the Sponsor/Applicant has completed and operated.
  - Sponsor/Applicant may include the experience of its controlled affiliated entities or its principals, but not the experience of non-management board members.
  - Sponsor/Applicant may include the experience of a partner to gain experience points.
    - The experienced partner must have a controlling interest in the Project's ownership and a substantial and continued role in the Project's ongoing operations.
    - Experience among partners shall not be aggregated.
    - Any change in the ownership that reduces the Sponsor's/Applicant's role shall require prior written approval by the Department.

From Section IV.D.1 of NOFA

Development and Ownership Experience (cont.)

- Project must demonstrate following:
  - Projects for which points are required to have maintained Fiscal Integrity for the year in which each Rental Housing Development's last financial statement has been prepared.
  - Positive operating cash flow from typical residential income alone and have funded reserves in accordance with the partnership agreement and any applicable loan documents.
- Certification must be submitted with respect to the last full year of ownership by the Sponsor/Applicant, along with verification of the number of years that the Project was owned by that Sponsor/Applicant.
  - To obtain points for Projects previously owned, the ending date of ownership or participation must be no more than ten years from the application deadline.

From Section IV.D.1 of NOFA

Development and Ownership Experience (Affordable Housing Projects)

Projects in Service	Points
1-2 projects in service more than 3 years, at least one of which is Department-regulated or utilizes low-income housing tax credits allocated by TCAC	5 points
3-4 projects in service more than 3 years, of which 1 has been in service for more than 5 years and 2 are Department-regulated or utilizes low-income housing tax credits allocated by TCAC	10 points
5 or more projects in service more than 3 years, of which 1 has been in service more than 5 years and 2 are Department-regulated or utilizes low-income housing tax credits allocated by TCAC	15 points

From Section IV.D.1 of NOFA

Development and Ownership Experience (Special Needs Projects)

Developer shall have three or more years' experience serving the Target Population(s) proposed to be served in the application.

Special Needs Projects in Service	Points
1 Special Needs project in service more than 3 years	5 points
2-3 Special Needs projects in service more than 3 years, of which 1 has been in service more than 3 years and 1 is Department-regulated or utilizes low-income housing tax credits allocated by TCAC	10 points
4 or more Special Needs projects in service more than 3 years, of which 1 is Department-regulated or utilizes low-income housing tax credits allocated by TCAC	15 points

From Section IV.D.1 of NOFA

Property Management Company Experience

- Maximum 5 points.
- To obtain points for projects previously managed, the ending date of the property management role must be no more than ten years from the application deadline.
- Property management experience with a project shall not pre-date the project's construction completion date.

From Section IV.D.2 of NOFA

Property Management Company Experience Points

Number of Projects	Points
1 project managed over 3 years	1 point
2-4 projects managed over 3 years, of which 1 shall be Department-regulated or projects utilizing low-income housing tax credits allocated by TCAC	2 points
5-7 projects managed over 3 years, of which 1 shall be Department-regulated or projects utilizing low-income housing tax credits allocated by TCAC	3 points
8-10 projects managed over 3 years, of which 2 shall be Department-regulated or projects utilizing low-income housing tax credits allocated by TCAC	4 points
11 or more projects managed over 3 years, of which 2 shall be Department-regulated or projects utilizing low-income housing tax credits allocated by TCAC	5 points
For Special Needs Projects, points are available as described above or as follows:	
4 or more Special Needs Projects in service more than 3 years, of which 1 shall be Department-regulated or a project utilizing low-income housing tax credits allocated by TCAC	5 points

From Section IV.D.2 of NOFA

Lack of Management Experience

- Applicants with fewer than four active Rental Housing Developments in service more than three years shall contract with a bona-fide management company which itself earns a minimum total of five Property Management Experience points at the time of application.

From Section IV.D.1 of NOFA

Contracting Property Management

- Sponsor/Applicant or property co- management entity must obtain training in: project operations, on-site certification training in federal fair housing law, and manager certification.
- Experienced property management agent or an equally experienced substitute must remain for a period of at least three years from the construction completion date (or, for ownership transfers, three years from the sale or transfer date) to allow for at least one HCD monitoring visit.
- Experienced property manager may transfer responsibilities to the remaining general partner or property management firm following formal written approval from HCD.

From Section IV.D.2 of NOFA

Negative Points

Per HCD's Negative Points Policy:

- An application will be assessed negative points based on performance penalties assessed pursuant to the Department's Negative Points Policy (Administrative Notice Number 2022-01) amended April 3, 2023.
- If the Sponsor/Applicant or the Property Management Company is subject to a negative points assessment or is determined to be ineligible for funding, HCD shall notify them in writing in the initial point score letter.

From Section IV.D.3 of NOFA

Checking Negative Points

- If the Sponsor/Applicant is subject to a negative points assessment, HCD shall notify the Sponsor/Applicant in writing within the threshold letter or initial point score letter and will provide an opportunity to appeal a negative points assessment pursuant to the appeals process as set forth in the NOFA.
- Your organization may consult the Asset Management & Compliance Branch at Complianceverification@hcd.ca.gov to ensure compliance no later than August 2, 2024.

From Section IV.D.3 of NOFA

Scoring Criterion 4: Project Readiness

Presented by Jonnie Demmer
Representative II

Criterion 4 Overview

- **Maximum points 27**.
  - Ten (10) points for Financing Commitments
  - Fifteen (15) points for Local and Environmental Approvals
  - Two (2) points for Organizational Documents
- Points will be awarded to Projects under each of the following rating factors as documented in the application and as indicated in the following slides. If a particular rating factor is not applicable, full points shall be awarded in that category.

From Section IV.E of NOFA

Financing Commitments

- **Maximum 10 points**.
- Five points will be awarded for evidencing Enforceable Funding Commitments for all *construction* financing.
  - Excludes tax-exempt bonds, and Low-Income Housing Tax Credits.
- Five points will be awarded for evidence of Enforceable Funding Commitments for all *permanent* financing.
  - Includes all grants, project-based rental assistance, and operating subsidies.

From Section IV.E.1 of NOFA

Enforceable Funding Commitments

- A letter stating that the funds have been awarded to the Project.
  - The Department may approve other evidence that the assistance will be reliably available.
- Contingencies in commitment documents based upon the receipt of an allocation of tax- exempt bonds, 4 percent tax credits or 9 percent tax credits will not disqualify a source from being counted as committed.
- To receive points, these funds must be awarded **PRIOR** to finalizing the preliminary point scoring of applications under the DR-MHP NOFA.

From Section IV.E.1 of NOFA

Land Use Approvals

- **Maximum 10 points** for one of the following.
  - Ten points for obtaining all land use approvals or entitlements necessary prior to issuance of a building permit, including any required discretionary approvals.
    - Project sites where the planning department confirms eligibility for streamlined ministerial approval are eligible for these points.
  - Five points for submission of a complete application to the relevant local authorities for land use approval under a Nondiscretionary Local Approval Process, where the application has been neither approved nor disapproved.
  - One point for a letter signed by a planner certified by the American Institute of Certified Planners indicating that, in their opinion, the Project meets all of the requirements for approval under a Nondiscretionary Local Approval Process, where an application has not been approved or disapproved by the local authorities.

From Section IV.E.2.a of NOFA

Environmental Approvals

- **Maximum 5 points**. Points will be awarded for submission of a local certification of California Environmental Quality Act (CEQA) exemption or completion and submission of:
  1. A Complete Draft Environmental Assessment with source documentation;
  2. A Complete Draft National Environmental Policy Act (NEPA) Categorically Excluded – Subject to 58.5 review with source documentation; or
  3. A signed Authority to Use Grant Funds (AUGF) from HUD or other appropriate federal agency, supported with the underlying environmental review document and source documentation

Note: The Project's NEPA AUGF must be received prior to the construction loan closing. It is not necessary to have the AUGF at the application stage.

From Section IV.E.2.b of NOFA

Organizational Documents

Maximum 2 points.

- If the ultimate borrowing entity, including all affiliated entities, is fully formed and all required organizational documents are submitted with the application.

From Section IV.E.3 of NOFA

Scoring Criterion 5:
Infill / Proximity to Amenities / Sustainable Building Methods

Presented by Jonnie Demmer

Representative II

Criterion 5 Overview

- **Maximum 15 points**.
- Applications will receive 5 points for each of the following:
  - Infill development and Net Density
  - Proximity to Amenities
  - Sustainable Building Methods

From Section IV.F of NOFA

Infill Development and Net Density

Maximum 5 points.

- The Project **must meet one** of the following requirements:
  - Infill site (75% previously improved);
  - 75% adjoining parcels with Urban Uses; or
  - At least 50% previously improved and at least 50% adjoining parcels with Urban Uses.

From Section IV.F.1 of NOFA

Net Density

- Developed at average residential Net Densities on the parcels to be developed that are greater than the densities described below:
  - For an incorporated city within a nonmetropolitan county and for a nonmetropolitan county that has a micropolitan area: sites allowing at least 20 Units per acre.
  - For an unincorporated area in a nonmetropolitan county not included in the above bullet: sites allowing at least 15 Units per acre.
  - For a suburban jurisdiction: sites allowing at least 25 Units per acre.
  - For a jurisdiction in a metropolitan county: sites allowing at least 45 Units per acre.
  - For a Rural Area: sites allowing at least 15 Units per acre.

From Section IV.F.1.b of NOFA

Proximity to Amenities

Maximum 5 points.

- 1/3 point per site amenity point that would be awarded under TCAC Regulations, Title 4 CCR, Division 17, Chapter 1, Section 10325(c)(4)(A) or successor regulation.

  NOTE: In TCAC regulations this is a 15-point category. Achieving all 15 points under TCAC translates to 5 points under DR-MHP.

- Transit points must be for a Transit Station or Major Transit Stop **and** distance must be measured by a Walkable Route.

From Section IV.F.2 of NOFA

Sustainable Building Methods

Maximum 5 points for fulfilling *any combination of the following*:

- Sustainable Community's Strategy;
- Regional plan;
- Transit Priority Area;
- Green Building Status;
- Near-Electrification; and
- Total Electrification

From Section IV.F.3 of NOFA

Sustainable Community's Strategy

- Maximum 2.5 points for Projects that support the implementation of a sustainable community's strategy or alternative planning strategy that has been determined by the California Air Resources Board to achieve the region's greenhouse gas emissions target or other adopted regional growth plan intended to foster land use.
- Must be demonstrated by a letter or resolution executed by an officer or an equivalent representative from the metropolitan planning organization, regional transportation agency, planning, or local transportation commission.

From Section IV.F.3.a of NOFA

Regional Plan

- Maximum 2.5 points for Projects supporting a regional plan that includes policies and programs to reduce greenhouse gas emissions.
- Must be demonstrated by a letter or resolution executed by an officer of, or an equivalent representative from, the metropolitan planning organization or regional transportation planning agency or local transportation commission.

From Section IV.F.3.b of NOFA

Transit Priority Area

- Maximum 2.5 points for Projects where not less than 50 percent of the land area is within a Transit Priority Area.
- Must be demonstrated by a letter or resolution executed by an officer of, or an equivalent representative from, the metropolitan planning organization, regional transportation planning agency, or local transportation commission.

From Section IV.F.3.c of NOFA

Green Building Status

- **Maximum five points** for Projects designed to achieve green building status beyond State mandatory building code requirements.
- Verified upon construction completion by a certified LEED Green rater, certified Green Point rater, or licensed engineer.
- Applicants may select from the following green building certification programs:

Program	Minimum Required Tier or Designation
CalGreen	Tier 2
U.S. Green Building Council LEED Certification	Gold
Green Point Rated	New Construction: Gold
ENERGY STAR	Certified Home
Living Future Challenge	Living Building

From Section IV.F.3.d of NOFA

Near-Electrification Conditions

- **Maximum three points** for Projects that achieve near electrification.
- Two out of three of the major energy appliances (cook stoves, space heating, water heating) are electric.
- Projects must be wired to be electric-ready, defined as having 240 volts outlets near each gas appliance.

From Section IV.F.3.e-f of NOFA

Total Electrification Conditions

- **Maximum five points** for Projects that are powered entirely through electricity with no connections to natural gas infrastructure.

From Section IV.F.3.e-f of NOFA

Scoring Criterion 6: Cost Containment

Presented by Jonnie Demmer

Representative II

Cost Containment Formula

- **Maximum 5 points**.
- A project shall receive 1 point for each full percent that the Project's eligible basis is less than the Project's adjusted threshold basis limit, up to a maximum of 5 points
- The percentage is calculated by dividing the Project's eligible basis by the Project's adjusted threshold basis limit.
- See Section IV.G of the NOFA for more details.

From Section IV.G of NOFA

Tiebreakers

Presented by Clint Whited

Civix Consultant

Tiebreaker Scores Overview

- In the event of tied point scores, the Department shall rank tied applications based on three factors which will be implemented in sequence:
  1. Lowest-weighted average affordability of all residential Units;
  2. Leverage of other funds;
  3. Additional cost containment
- If after review of the first factor the application(s) remain tied, the second factor shall be calculated.
- If after review of the second factor, the application(s) remain tied, the third factor shall be calculated.
- NOTE: The DR-MHP application workbook is designed to automatically calculate tiebreaker score for the Project.
- For more information, please see Section IV.H of the NOFA.

From Section IV.H of NOFA

Appeals

Presented by Chris Chen

Representative II

Basis of Appeals

- Applicants may appeal HCD's written determination that an application is incomplete, has failed threshold review, or has otherwise been determined to provide an insufficient basis for an award.
- At the sole discretion of the Department, the Department's written determination may include a request for clarifying and/or corrective information.
- No Applicant shall have the right to appeal a decision of the Department relating to another Applicant's application.
- Any request to appeal the Department's decision shall be reviewed for compliance with the DR-MHP Policy and this NOFA. All decisions rendered shall be made by the Program Manager or his/her designee. **The decision shall be final, binding, and conclusive, and shall constitute the final action of HCD**.
- The appeal process provided herein applies solely to decisions of HCD made pursuant to this NOFA.

From Section V.A of NOFA

Appeals Process

- Applicants may submit to HCD by the deadline a written appeal which states all relevant facts, arguments, and evidence upon which the appeal is based.
- Applicant must provide a detailed reference to the area or areas of 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.
- Appeals are to be submitted to HCD at DR-MHP@hcd.ca.gov according to the deadline set forth in HCD review letters.

From Section V.B.1 of NOFA

Appeals Deadline

- Appeals must be received by HCD no later than five (5) business days from the date of HCD's threshold review, or initial score letters, as applicable, representing HCD's decision made in response to the application.

From Section V.B.2 of NOFA

Other Key Requirements

Presented by Joe Harney

Section Manager

Duplication of Benefits (DOB) Part 1

- DOB occurs when a program beneficiary receives disaster assistance from multiple sources for the same recovery purpose, and the total assistance received for that purpose is more than the total need.
  - Includes all benefits available to a person or entity for the same recovery purpose, including cash and other resources such as insurance proceeds, grants, FEMA assistance, SBA loans, other local, state, or Federal program funds, and private or nonprofit organization funds
- All activities funded with CDBG-DR dollars MUST undergo a DOB review and calculation prior to Project award and prior to close out.

From Section VII.A of NOFA

Duplication of Benefits (DOB) Part 2

- The Project application must document all funds obtained from any source from the date of the disaster until the date of the application.
- HCD also reserves the right to perform additional DOB checks throughout the course of the Project's period/performance to ensure there is no duplicative assistance throughout the course of the Project.
- To address any potential duplication of benefits, the Standard Agreement will include provisions requiring repayment of any assistance later received for the same purpose as the CDBG–DR funds.

From Section VII.A of NOFA

California Preservation Notice Law

- All Applicants, Sponsors, co-Sponsors, owners, and special purpose entities where applicable must, at all times, comply with, and not be in violation of, California's Preservation Notice Law (Gov. Code, §§ 65863.10, 65863.11, 65863.13).

From Section VII.B of NOFA

Relocation

- If a Project results in displacement of persons, businesses, or farm operations, Sponsor/Applicant shall be solely responsible for providing relocation assistance.
- Before Standard Agreements from a DR-MHP award can be executed, Sponsor must have either:
  - A Department-approved relocation plan; or
  - A Department-issued Certification Regarding Non-Application of Relocation Benefits and Indemnification Agreement, which has been duly executed and approved by the Department.

From Section VII.C of NOFA

Contact Info

- For further questions, reach out to program staff at DR-MHP@hcd.ca.gov.