

Fall 2024 MFSN Webinar: Proposed Guidelines Changes

October 17, 2024



Fall 2024 MFSN Webinar

Agenda

Agenda Item	Estimated Time
Housekeeping, introductions, and overview	10:00 -10:10
Application requirements, program-specific proposals, legislation implementation, operational changes	10:10 – 10:20
AB 2483 Implementation	10:20 - 10:50
Break	10:50 – 11:00
Q & A	11:00 – 11:30



Fall 2024 MFSN Webinar

- Housekeeping
 - Webinar recording and closed captioning
 - If you or a colleague is having technical difficulties, please notify us in the chat
 - Q&A process
 - Webinar comments will not be captured as public comments
 - All public comments must be submitted electronically to SuperNOFA@hcd.ca.gov no later than Thursday, October 31, 2024
- Introductions
 - Anthony Sertich, DSFA Assistant Deputy Director
 - Gina Ferguson, MFSN Branch Chief
 - Melissa Harty-Swaleh, MFSN Section Chief
 - Emily Burgos, MFSN Section Chief
 - Stephanie Cotter, MFSN Program Manager
 - Becky Mo, MFSN Specialist II
 - Christina DiFrancesco, PDI Specialist II



What is Multifamily Finance SuperNOFA?


- Assembly Bill 434 (Chapter 192, Statutes 2020)
 - Streamlined the guidelines, application, and release of several state affordable housing funding resources
- 2025 Multifamily Finance SuperNOFA includes funding for:
 - Multifamily Housing Program (MHP)
 - \$273 million
 - Joe Serna, Jr. Farmworker Housing Grant (FWHG) Program
 - \$120 million
 - Infill Infrastructure Grant (IIG) Program
 - \$25 million



2025 MFSN NOFA

[Draft guidelines](#) released 10/10/24

Public comment period ends 10/31/24



California Department of Housing and Community Development

Notice of Funding Availability Calendar (updated August 2024)

** all NOFA amounts are presented in millions and are estimates subject to change based on the availability of funds at the time of NOFA issuance **

Estimated Funds Available by Quarter		\$262M			\$2.49B			\$1.89B			\$30M			\$TBD			
		Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25
Multifamily SuperNOFA	Multifamily Housing Program (MHP)								NOFA \$418 MHP \$273 FWHG \$120 IIG \$25		Apps Due				Awards		
	Joe Serna Jr., Farmworker Housing Grant Program (FWHG) - Multifamily																
	Infill Infrastructure Grant Program (IIG) - Qualifying Infill Projects																
	Veterans Housing and Homeless Prevention Program (VHHP)	** all funds awarded **															
	Transit Oriented Development Program	** all funds awarded **															



Proposed Guidelines Changes

Eligible Sponsor

- Equivalent experience clarification
- For co-applicants, only one sponsor is required to be evaluated for experience and capacity
- Acknowledgment of ability to replace the experienced sponsor post-award, subject to HCD's discretion and approval

Threshold requirement addition

- Require commitments for all construction and permanent financing with the exception of bond financing and tax credits



Proposed Guidelines Changes

Threshold requirement updates:

- Market study must document sufficient demand for target population (agricultural households, special needs populations)
- Local land use approvals requirement is documentation of the status, not completed approvals
- Clarification of Environmental Site Assessment (ESA) reporting, consistent with past FAQs and past application materials

Underwriting simplification:

- Pro forma/cash flow underwriting based on restricted rents, eliminate additional underwriting of proposed rents



Proposed Guidelines Changes

Statutory Changes

- Elimination of Article XXXIV requirements
 - Integration requirements of MHP Guidelines Section 7302(g) remain unchanged
- AB 894 – shared parking feasibility study required prior to the execution and approval of the standard agreement
 - Study must examine the feasibility of shared parking agreements to replace and/or limit newly constructed onsite parking spaces



Proposed Guidelines Changes

Program-specific Changes

- MHP senior percentage update – 21.0% increase from 20.7%
- FWHG
 - Marketing plan must provide for outreach to Office of Migrant Services (OMS) centers within a 100-mile radius of the proposed development
- IIG
 - Eliminate onsite residential structured parking as an eligible use of funds



Proposed Guidelines Changes

Operational Changes

- Clarify in guidelines that feasibility and underwriting are generally outside of the competitive process and that some application changes are accepted for corrections during feasibility
- Move the majority of org. document review to feasibility to allow flexibility in requesting and accepting missing org. documents
- Complete application: during application review staff may request or accept clarifying information as set forth in the NOFA (MHP Guidelines Section 7318(b))
 - The 2025 MFSN NOFA will more directly address the types of missing documentation that may be accepted during the appeals process



2025 MFSN Guidelines and NOFA

- Continued developer fee alignment with TCAC
 - 9% project & non-tax credit new construction:
 - Max increase from \$2.5m to \$2.8m for projects restricting at least 25% restricted units for special needs (15 units minimum)
- 4% project:
 - Increase in cash out developer fee
 - Additional increase for 25% restricted units for special needs (15 units minimum)



2025 MFSN Guidelines and NOFA

Sample 4% new construction developer fee increase

- Assume a \$55 million TDC, \$50 million unadjusted eligible basis
 - Total developer fee = \$7.5 million
 - \$3.2 million cash out (previous \$2.5m max), \$4.3 million deferred
 - + 25% special needs units
 - \$4 million cash out, \$3.5 million deferred

[TCAC Developer Fee Calculator](#)



Proposed Guidelines Changes

AB 2483 Implementation

Provides several different tools to increase funding for project operations and supportive services:

1. Authorizes funding of Capitalized Operating Subsidy Reserves (COSRs) in MHP in the form of a grant
2. Clarifies that reserves for Supportive Services may be funded by MHP
3. Provides incentives to projects that partner with Medi-Cal funded supportive service providers in specified Medi-Cal programs



Proposed Guidelines Changes

AB 2483 Implementation – MHP COSR

Use of MHP program funds for operation support:

- Special Needs Project – 30 percent AMI or below
- \$50 million for 2025 Round III
- Must also request & rank high enough to receive MHP capital funding
- Unit count/operating deficit/Applicant request
- Held by the Department



Proposed Guidelines Changes

AB 2483 Implementation – Supportive Services Reserves

MHP funds for supportive services reserves:

- ❖ Can be capitalized through the development budget or funded through project cash flow after all other operating expenses and required reserve deposits have been paid
- ❖ Can be used to cover unexpected shortfalls in revenues to pay for resident services coordination and case management costs
- ❖ MHP Guidelines Section 7313(f) establishes a maximum balance
- ❖ MHP funding requested for these reserves is subject to the overall MHP award limits



Proposed Guidelines Changes

AB 2483 Implementation – Medi-Cal partnership

Loan limit increases for projects utilizing Medi-Cal supportive services – increase amounts TBD in the NOFA

- ❖ Facilitates partnership with DHCS, alignment of housing and supportive services for Medi-Cal recipients
- ❖ Incentivizes affordable housing for homeless households eligible for Medi-Cal services
- ❖ Incentivizes onsite services provided by Medi-Cal eligible service providers



Proposed Guidelines Changes

AB 2483 Implementation – Medi-Cal partnership

- New Guidelines Section 7310.1
- Provides for increased loan limits for residential and on-site supportive services space for households experiencing homelessness
- Requires partnering with service providers who will serve households experiencing homelessness under one or more of the following:
 - [Program of All-inclusive Care for the Elderly \(PACE\)](#)
 - [Assisted Living Waiver \(ALW\)](#)
 - [Home and Community-Based Alternatives \(HCBA\) Waiver](#)



Proposed Guidelines Changes

AB 2483 Implementation – Medi-Cal partnership

Eligible Individual

At least one household member who is currently homeless (HUD definition). This includes:

- MediCal-eligible; tenants will need to be enrolled in MediCal prior to receiving services
- Homeless under HUD definition or
- homeless prior to entering an institutional setting or lost housing as a result of institutional stay regardless of length of stay in the institution

PACE, ALW, or HCBA Service provider will make initial determinations of eligibility; DHCS will later verify once person has moved into the MHP restricted unit

Proposed Guidelines Changes

AB 2483 Implementation – Medi-Cal partnership

Qualifying Services

Services received under any of the following:

- [Program of All-inclusive Care for the Elderly \(PACE\)](#)
- [Assisted Living Waiver \(ALW\)](#)
- [Home and Community-Based Alternatives \(HCBA\) Waiver](#)

Eligible Service Provider

A supportive services provider approved by DHCS to offer Qualifying Services.



Proposed Guidelines Changes

AB 2483 Implementation

Higher loan limits for residential and on-site supportive services space applicable for participating projects.

1. At least 20% of a project's units designated for Eligible Individuals
2. Onsite services for the above-described units, provided by Eligible Service Providers



Proposed Guidelines Changes

AB 2483 Implementation

Sponsor commitments include:

- ❖ Enter in a written agreement (included in the application) with an Eligible Service Provider to offer Qualifying Services
- ❖ Accept tenant referrals from a local coordinated entry system (CES)
- ❖ Work with Eligible Service Provider to facilitate timely/expedited assessment for eligibility for services, tenant application assistance, move-in assistance, and the ongoing provision of supportive services
- ❖ Ensure that tenants qualifying for Medi-Cal can also meet unit AMI levels
- ❖ Housing and Qualifying Services in accordance with Housing First
- ❖ As necessary, meet with Eligible Service Provider, DHCS, HCD to ensure housing stability, successful partnership



AB 2483 Implementation: Supportive Services Costs

Background

Regulations (UMR) and program guidelines limit the amount of supportive services costs in an operating budget.

- This does not limit the supportive services expenses, but instead how much of a project's revenue can offset actual supportive services costs- by capping the amount of services costs that can be paid out of the operating budget.

AB 2483 required HCD to examine these limits/caps. The result of analysis was a modification of cost categories and an increase to the cap:

- [2024 Supportive Services Cost Limits Omnibus Guideline Amendments](#)



AB 2483 Implementation

Changes to supportive services classifications and increase in limits:

Prior UMR amounts escalated for 2024	Chronic Homeless with HCD supportive housing restriction	Other supportive housing, Special Needs	Other populations with minimum staffing & outcome tracking	Other projects with supportive services	2024 UMR Omnibus Amendment	Homeless and Special Needs with HCD supportive housing restrictions	Other populations with minimum staffing & outcome tracking	Other projects with supportive services
MHP (UMR)	\$4,850 (per unit)	\$3,637	\$1,249	\$297	Most DSFA programs	\$10,000 (per unit)	\$4,000	\$250
VHHP	\$5,143	\$3,858	\$1,673	\$963*				

*retained by VHHP

Per-unit limits with an annual 3.5% escalator, subject to available operating cash flow; limits re-evaluated once every 3 yrs. by HCD

