



MFSN 2025 NOFA - Round 3

Frequently Asked Questions

The questions and answers published below provide clarification and additional detail regarding the Multifamily Finance Super NOFA (MFSN) program guidelines, NOFA, and application process. For questions and inquiries regarding the MFSN programs and the 2025 NOFA, please email the MFSN team at SuperNOFA@hcd.ca.gov. Every attempt will be made to answer all questions received prior to the application deadline of April 15, 2025.

IMPORTANT INFORMATION

It has come to the attention of Department staff that the 2025 MFSN Excel Application Version 2 dated 3.26.25 contains formula errors that, in certain scenarios, will result in an incorrect calculation of the MHP COSR. Due to the proximate timing of the April 15, 2025 application deadline, an updated Excel application template will not be published.

All applicants must submit Excel Application Version 2 dated 3.26.25.

If you are applying for the MHP COSR, you are advised to contact the MFSN team at SuperNOFA@hcd.ca.gov with a subject line of MHP COSR.

GENERAL QUESTIONS

1. Are upload cover sheets required for application attachments that are not applicable?

No, it is not necessary to upload "Not Applicable" coversheets.

2. Are Attachments 5 and 6 required? They are shown in strikeout font in the Excel Application Document Checklist.

No. The application portal list includes these attachments, but they were removed as required checklist items with the publication of the 2025 MFSN Excel Application.

3. Can the FAQs from Round 2 be assumed to be correct for Round 3?

No. MFSN publishes FAQs based on each individual NOFA and set of guidelines. However, if there are specific MFSN Round 2 FAQs that you want to inquiry about, we can confirm applicability or inapplicability of individual questions and answers to the 2025 NOFA and MFSN Guidelines. Please include the relevant details of your project application.

4. What third party documentation is required for Attachment 112 Proposed Rents and Attachment 12 COSR Third-Party Documentation? Can a letter from property management showing typical public cash assistance payments for the proposed tenant population suffice?

When an application includes "proposed" rent levels that are below the maximum Area Median Income (AMI) rent limit, Attachments 112 and 12 provide supporting documentation as required by MHP Guidelines Sections 7303.1(g) and 7304.1(i), respectively. No, a

property management company is not a verified source of public cash assistance payment level documentation. Third-party documentation of anticipated public cash assistance payment levels includes published payment levels from applicable websites, and letters or similar documentation originating from the source of the cash assistance (Supplemental Security Income, Social Security Disability Insurance, CalWORKs, Cash Assistance Program for Immigrants (CAPI), or county General Assistance).

5. Can MHP or FWHG program funding be used solely for predevelopment costs to avoid payment of prevailing wages on the project construction?

MFSN staff is unaware of any circumstances where prevailing wage payment would not be required. If you believe a proposed project meets an exception, please contact us directly at SuperNOFA@hcd.ca.gov with additional details.

6. What are the timing requirements for expending MFSN funds once awarded?

The timing requirements for expending funds once awarded vary. Each of our funding sources have different expenditure deadlines (see [MFSN NOFA](#) page 15). Once an award is made, our staff can provide the expenditure deadline(s) of the funding received. When necessary and subject to legislative conditions, HCD has the ability to request extensions for some expenditure deadlines. Often [HCD's disencumbrance policy](#) will be the earlier timeline that impacts awarded projects compared to program expenditure deadlines.

7. The SuperNOFA requires an eligible sponsor to demonstrate that it has successfully developed, operated, and owned at least one Rental Housing Development of equivalent unit type and project size (including total units in the proposed project not to exceed 200% of the sponsor's largest Rental Housing Development) and occupancy. Does that need to be demonstrated in one single development, or can it be demonstrated across multiple developments?

For instance, if the sponsor is proposing a 101-unit senior development with 50% permanent supportive housing (PSH), can the sponsor satisfy the size and occupancy of the project through multiple separate existing developments:

- one existing 95-unit development that is 100% PSH restricted
- one existing 160-unit large family development
- one existing 30-unit senior development

The regulations do not say the number of years the project must be in operation. Is there a requirement for the number of years to satisfy this requirement?

For sponsor eligibility in developing, owning, and operating a rental housing development of equivalent unit type, project size, and occupancy, a single development is not required to meet all three equivalencies. Based on the three examples provided: the 95-unit and 160-unit projects demonstrate experience of project size equivalency. The 95-unit development with 100% PSH special needs project also demonstrates the level of experience needed for the proposed PSH units. For proposed occupancy by family or senior populations, it is possible to meet equivalent occupancy with similar rather than identical populations. In your example, experience from an existing 160-unit family development would be considered equivalent to a proposed 101-unit senior development. However, when proposing populations such as special needs, as the guidelines state, experience with similar special

needs populations is required. If requesting FWHG funds, experience that includes occupancy restrictions for Agricultural Households is required.

There is not a minimum number of years needed to satisfy the eligible sponsor requirement in developing, owning, and operating a rental housing development of equivalent unit type, project size, and occupancy.

Please note, this reply is addressing the requirements of eligible sponsor. Point scoring experience requirements are detailed in the MFSN NOFA Section IV, paragraph D, which include years of experience.

- 8. To be an eligible sponsor, MHP Guidelines Section 7303(d) says the percent of proposed Permanent Supportive Housing (PSH) units must not exceed 125% of the number of PSH units used for sponsor experience. Which gets compared: percent or number? For example, if the experience being used is an existing development with 20 PSH out of 50 total units (40%):**
- **Would the applicant's limit be $40\% * 125\% = 50\%$ (irrespective of number of PSH units)?**
 - **Or would the applicant's limit be $20 * 125\% = 25$ PSH units (irrespective of percent PSH units)?**

The second scenario is the applicant's limit for proposed PSH units, $20 * 125\% = 25$ PSH units. The intent of the guidelines' requirement is to allow 125% of the highest number of PSH or homeless units in an individual project to demonstrate an adequate level of experience.

- 9. For documenting eligible sponsor, does the experience requirement to 125% PSH experience limit in MHP Guidelines Section 7303(d) apply to total project units, or only to HCD/MHP-assisted units?**

The sponsor experience requirement applies to total project units. This requirement is to verify that a sponsor has successfully developed, operated, and owned at least one Rental Housing Development of equivalent unit type, project size, and occupancy.

- 10. If we have two different supportive service providers (one for 20 units, and another for the remaining 19 units) do we need to include supportive service materials from both providers?**

There should only be one Lead Service Provider, and they hold the overall responsibility for service provisions. The Lead Service Provider may contract with other entities or agencies to provide services. The additional provider would be named in the Supportive Services Plan and services to be provided by each service provider must be detailed in the Supportive Services Plan as well. If this does not fully answer your question and you have additional questions based on your project's use of multiple service providers, please contact SuperNOFA@hcd.ca.gov and provide additional details about the service provider arrangements.

11. Can an Environmental Site Assessment (ESA) Phase I or Phase II that is dated before April 15, 2024 be used if a letter is included in the application from the firm that provided the report stating the site conditions remain unchanged (a “reliance letter”)?

No. If an Environmental Site Assessment (ESA) Phase I or Phase II is more than 12 months old as of the application deadline, an updated report is required. A letter certifying to current conditions is insufficient. If an updated Phase II report is provided, the guidelines allow the Phase I ESA to have been completed and dated 12 months or more prior to the application deadline.

12. Has HCD published the MFSN 2024/2025 loan limits in a separate document like it did in 2023: [Income, Rent, and Loan Limits](#) ?

HCD doesn't have a published document of the current MFSN loan limits by county and AMI level. MFSN staff is working on publishing these, either added to the 2024 MTSP limits file or separately on the MFSN webpage. In the meantime, you can view the limits by county in the MFSN Excel Application's Unit Mix tab once you insert a county in the Project Overview. The 2024 file name indicates it includes loan limits, but these were inadvertently omitted from the file. We are working to correct this.

13. In the Document Checklist, there are several experience attachments that require resume and/or certification of employment for the Principal. Can you please confirm that the resume/certification of employment are only required when you are claiming experience of a Principal vs. a Sponsor or Property Manager entity?

Correct, the resume and certification of employment for a Principal are only required when you are using the experience of a Principal to qualify for sponsor experience threshold requirements or point scoring requirements. They are not required as documentation supporting Sponsor or Property Manager entity experience.

**14. Could HCD staff discuss/expand on the shared parking feasibility examination requirement and what needs to be submitted for this?
*If the Department is the public agency providing the most funding on the Project, the Sponsor must examine the requirements of a shared parking agreement pursuant to Government Code section 65863.1.***

If the Department is the public agency providing the most funding to the project, the sponsor must examine the requirements of a shared parking agreement pursuant to Government Code section 65863.1. When HCD is the public agency providing the most funding the application requirement is for the sponsor/applicant to provide a summary of their examination of shared parking feasibility pursuant to the requirements of GC 65863.1. This will be evaluated for completeness as part of the application feasibility review, during which requests for additional or clarifying information may be made by MFSN staff.

Based on our understanding of Government Code section 65863.1, public agencies would include HCD, TCAC, and CDLAC (refer to Government Code section 65863.2 for the definition of public agency). When calculating the agency providing the most funding, you would include the tax-exempt bond financing and the total tax credit allocation (not the tax credit equity).

15. Can you please explain the operating expense comparables requirement? How would you like to see this evidenced? Is there a specific size area market we need to find comparables? Does the unit mix matter if the size of the project and target population are similar?

Operating expense comparables are only required if the application's total operating expenses per unit exceed the amounts listed in rows 153-157 of the MFSN Excel Application's Operating Budget tab. If that is the case, provide comparable operating expenses supporting the amount reflected in the application. Comparables are located within the market area identified in the market study included in the application. Yes, the comparables should also be of similar in size, type, and population to the proposed project. If you are unsure a comparable meets this requirement, please email SuperNOFA@hcd.ca.gov with additional details and we will provide guidance to the extent possible. A total unit count that differs significantly would not be comparable. For example, if you are proposing 100 units and provide operating expenses for a 20-unit development, those are not similar in size. And if you are proposing a 50-unit special needs project and provide operating expenses for a 30-unit senior project, these are not comparable population types.

For comparables based on multifamily developments owned by an applicant, operating expense data must be from the most recent audited financial statements. For comparables based on multifamily developments not owned by an applicant, indicate how the operating expense information was obtained.

Regarding how to evidence comparables, this can be done in different formats, one of which is providing a short narrative describing the comparable property including units, location, and any other relevant information impacting operating costs. It is not necessary to attach financial statements to further document the comparable.

FWHG

16. When applying for FWHG funds, can for profit entities be general partners and still comply with the program requirements?

No, to be eligible for FWHG funds, both general partners of a limited partnership must be nonprofit entities – or if the general partners are LLCs, the LLCs must be controlled by nonprofit entities (FWHG Guidelines Sections 211 and 212). When the borrowing entity is a limited partnership, it is acceptable for the limited partner(s) to be a for profit entity, as long as the limited partner(s) do not control the partnership, as demonstrated by the partnership agreement and to HCD's satisfaction, as described in Sections 211 and 212.

17. Do retired/senior farmworkers meet the farmworker requirement for the Joe Serna, Jr. Farmworker Housing Grant (FWHG) program funds?

Yes, if the conditions listed in Appendix A are met. Refer to the Agricultural Employment and Agricultural Worker definitions.

18. To comply with the new requirements of FWHG Guidelines Section 504, what documentation is required with the application submittal?

For FWHG-Assisted units, you do not need to provide the management plan and tenant selection policy in the application submittal, however you must develop a management plan consistent with the guidelines prior to loan closing. Please refer to the FWHG Guidelines for a full list of the requirements, which include:

- The Sponsor’s plan for leasing Assisted Units must provide for outreach and marketing to migrant farmworker populations residing in Office of Migrant Services (“OMS”) centers located within a 50-mile radius of the Project.
- The Sponsor’s tenant screening and selection policy for Assisted Units must prioritize eligible migrant farmworker households that currently occupy a housing unit or occupied a housing unit within the preceding 36 months, at an OMS center. The Sponsor’s policy shall include coordinating with OMS center operators to identify eligible migrant farmworker households.

MHP

19. What are the requirements for an application requesting MHP funds that includes special needs units but is not a special needs project type?

For an application requesting MHP funding that identifies at least one special needs unit funded by MHP, refer to MHP Guidelines Section 7303.1(l). The application must demonstrate compliance with MHP Guidelines Section 7302(e)(5)(A) – (E), as well as satisfaction of the integration requirement specified at Section 7302(g). Where any special needs unit is additionally restricted by the Department to Homeless or Chronically Homeless, then the application must also demonstrate satisfaction of Section 7302(f)(1) – (8). These requirements include providing a Supportive Services plan consistent with the requirements of Section 7310.

20. Can a project restrict 100% of their units to persons with a particular type of disability?

Except for the populations specified in MHP Guidelines Section 7303.1(q), projects wishing to restrict or occupancy-preference 100% of their units to persons with a particular type of disability must demonstrate how their proposed restriction complies with fair housing law through a legal opinion letter prepared by the Sponsor’s attorney submitted with the project application. HCD will review the legal opinion, and if the Department’s determination differs, this may ultimately result in rejection of your application.

MHP COSR

21. We have a committed COSR from another funding source underwritten for 15 years. Can the project apply for the MHP COSR to cover Years 16-20?

The MHP COSR is sized based on a 20-year underwriting period, and MHP Guidelines allow for other rental and/or operating subsidies to be layered with the MHP COSR, provided the requirements of MHP Guidelines Section 7304.1 are met. However, the MHP COSR will not be awarded in cases where a different subsidy award assumes a 15-year underwriting or sizing period and no operating deficit exists during the 15-year period due to the additional subsidy, with the MHP COSR funding only in Years 16-20. If you have questions regarding this scenario, please contact MFSN at SuperNOFA@hcd.ca.gov.

22. Is a transition reserve required for the MHP COSR similar to NPLH?

Yes. COSRs are not covered under the Department's [Pooled Transition Reserve](#) policy. The minimum amount of the transition reserve for a MHP COSR shall be the amount sufficient to prevent rent increases for one year following the exhaustion of the COSR. Transition reserves may be capitalized or funded from annual Project cash flow in amounts to be approved by the Department. Use of funds in the reserve shall be subject to the prior review and written approval of the Department. For more information on transition reserves, see MHP Guidelines Section 7312.1.

SCORING

23. If a project located in a high resource area is requesting MHP as senior project type and 25% of the restricted units are special needs populations that will be regulated/restricted by an HCD regulatory agreement, would the application need to select both housing types in the Excel Application Project Overview tab to qualify for State Policy Priority High/Highest Resource Area points?

Yes, MHP senior projects do not qualify for High/Highest Resource Area points unless they also qualify as MHP special needs projects.

24. If a project requesting MHP as a senior or large family project type includes special needs units, would the application need to select both housing types to qualify for State Policy Priority Units Serving Special Needs Populations points?

No, however, the application must demonstrate compliance with special needs unit requirements. **Refer to question 19 for additional information.** Please note, the special needs units must be identified as MHP-Assisted to qualify for these points.

25. Does a \$1 land purchase (which is ultimately equivalent to a land donation) qualify for maximum Public Excess Lands' Local Surplus Land points? Does a land loan or lease agreement with the only payments made from residual receipts, with no mandatory payments, qualify as a land donation or equivalent for scoring purposes?

This depends on how the transfer agreement or lease agreement is structured.

For purposes of point scoring, a disposition structured with residual receipts payments will not qualify for the Public Excess Lands' Local Surplus Land two-point option c. because this point category limits payments to \$20,000 or less per year. Whether it falls into the one-point option b. depends on the terms of the disposition. To obtain any points for local surplus land, the site first must provide written compliance with the Surplus Land Act (SLA) as demonstrated by a Department Findings Letter. Points cannot be awarded under b. or c. if not eligible for a.

For purposes of tiebreaker scoring, land donation value will be discounted to reflect any fees, capitalized payments, or other reliably predictable payments (include those based on residual receipts) required as a condition of the donation/lease.

The full terms of these agreements must be provided in the MFSN application. These scoring evaluations are dependent on a complete review of all relevant documentation, and will be made based on the application and supporting documentation during the application review.

26. Can you clarify if projects will receive site amenity points for transit for a stop where a bus comes every 30 minutes?

Yes, with one exception. For points to be awarded, MFSN NOFA requires: "Transit points must be for a Transit Station or Major Transit Stop, and distance must be measured by a Walkable Route." One of the options to qualify as Major Transit Stop requires 20-minute intervals. If you are using this option, the 20-minute intervals are required for points.

ORGANIZATIONAL DOCUMENTS

27. I notice that the resolution templates on the MFSN website are from 2023. Can you confirm these are the correct forms to use for this year's 2025 NOFA?

Yes, currently MFSN is accepting the resolution templates that are published here: [Program Forms](#). If MFSN publishes updated resolution templates later this year, we will have a designated time period when either the MFSN round 2 resolution templates or the updated round 3 resolution templates are accepted to ensure awardees have sufficient time to adjust.

28. Can you confirm that resolutions can be submitted after awards are announced?

There is no longer a requirement for resolutions to be submitted with an MFSN application, and there is no requirement to submit resolutions that are solely addressing the ability to apply for MFSN program funds. During a project's feasibility review and also once a project is awarded, the MFSN representative will contact the Sponsor/Applicant to document and request the applicable resolutions. Resolution templates are available to view, under Program Forms on the [MFSN website](#). Please review the answer to question 29 below for additional applicable information.

29. Do all borrowing entities need to be formed at time of the application and are resolutions needed for all borrowers, MGPs, AGPs, MLLCs, and Sponsors?

There is no requirement in MFSN program guidelines to form the borrowing entity (usually a limited partnership) or any other entities connecting the sponsor to the limited partnership (for example, if you are forming single asset entities such as LLC managing and/or general partners). However, if site control is held not by the sponsor but by an entity controlled by the sponsor, organizational documents for all entities connecting the sponsor to the entity with site control must be included in the application to verify the sponsor's site control. Please refer to the MFSN Excel Application Document Checklist and Entity Org Docs tabs for more detail on what is included in "organizational documents."

In addition, if requesting IIG, an Applicant must be the Payee of the IIG award except where the application identifies as a Payee some other legal entity which falls within the definition of Payee as set forth in Appendix A. The IIG Payee must be fully formed at the time of application submission, with supporting organizational documents included in the application.

There can be no change in the identity of the Payee(s) after the application submission or the award.

If awarded, the conditional award letter will include a 60-day deadline for receipt of organizational documents and resolutions for each of the entities: sponsor, borrower, borrower's controlling entities, and all entities connecting the sponsor to the borrower. Given this deadline, timely entity formation as well as the ability to adopt the required resolutions will become more critical once an award letter is received.