

No Place Like Home (NPLH) Program Proposed Program Guideline Amendments



California Department of Housing and Community Development

June 3, 2019



Proposed Guideline Amendments

- Initial Guidelines adopted July 2017
- Changes needed following Round 1
- Public comments accepted through June 10, 2019
- Submit to NPLH@hcd.ca.gov
- Amendments to be finalized September 2019
- Round 2 Notice of Funding Availability (NOFA) to be released in September 2019



Proposed Guideline Amendments

- Goals:
 - Increase effectiveness and efficiency
 - Round 1 lessons learned
 - Technical clean-up



Increase Effectiveness and Efficiency

- Aligning with other HCD Programs
 - Same per unit subsidy limits for capital costs
 - Will assist with higher construction costs
 - Keep NPLH on par with other HCD supportive housing or special needs programs
 - Capitalized Operating Subsidy Reserve (COSR) per-unit limits methodology not changing except for planned Consumer Price Index (CPI) increases; although Department may exercise greater flexibility in COSR sizing over time



Increase Effectiveness and Efficiency

- Same developer fee calculation
 - See developer fee changes memo published with the Veterans Housing and Homelessness Prevention (VHHP) Program and Transit Oriented Development Housing (TOD) Program Guidelines for further explanation
- Transition Reserves (TR)
 - Flexibility in sizing based on risk of rental subsidy source not renewing
 - Flexibility in determining how high rents can be raised after TR is gone
 - Department or Alternative Process County (APC) may hold TRs, rather than the projects



Increase Effectiveness and Efficiency

- Stacking rules
 - 1 HCD funding source per-unit for most programs
 - Applies to APC loans as well

 - Exemptions include, but not limited to, Community Development Block Grant (CDBG), Home Investment Partnerships (HOME) Program, non-housing activities, existing HCD loans/grants that are recapitalized as part of a rehab



Increase Effectiveness and Efficiency

- Stacking rules
 - Layering NPLH Noncompetitive Allocation and Competitive Allocation funds on same unit is still permitted
 - Non-HCD sources on NPLH units is still permitted
 - Other HCD sources on Non-NPLH units is still permitted



Increase Effectiveness and Efficiency

- Why prohibit stacking?
 - With increased per unit subsidy limits, saves time in having to get multiple HCD sources per unit
 - Eliminates potentially conflicting HCD program requirements on the same units



Increase Effectiveness and Efficiency

- Treatment of Tax Credit Allocation Committee (TCAC) Hybrid Projects
 - 9% and 4% components must submit separate applications if seeking NPLH funding for both components
 - Project scored as a 9% project for financing committed Readiness points
 - Leverage – 4% component funds count automatically; 9% component funds must be committed to count in leverage score
 - Hybrid election not revocable once made

Comments?





Round 1 Lessons Learned

- Undersubscription in one or more Competitive Allocation funding pools
Department may:
 - Transfer to oversubscribed pools to fund as many eligible, feasible projects as the NOFA amount will permit
 - In following round, these amounts will be available to previously undersubscribed competitive funding pool(s)
 - 3 to 4 funding rounds remain



Round 1 Lessons Learned

- Site control through anticipated award date in NOFA
- Article XXXIV approval prior to award
- Loan Closing Deadlines (from HCD award)
 - 36 months construction close
 - 60 months perm close
 - Extensions of up to a total of 12 months may be requested



Round 1 Lessons Learned

- Documents needed with Application (partial list)
 - Market Study
 - Appraisal
 - Phase I/II (new construction) or
 - Lead-based paint, asbestos, mold (rehab)
 - PTR
 - Service Provider, Property Manager experience documentation
 - County Supportive Service Plans (expect changes to application form)
 - Relocation Plan or documentation as to N/A
 - Documentation justifying exemption from 1:1 replacement rule
 - Authorizing Resolutions from both the County and the Development Sponsor



Round 1 Lessons Learned

- Enforceable Funding Commitments needed for leverage and financing committed points
 - Noncompetitive sources exempt:
 - 4% tax credits/bonds
 - Deferred developer fee
 - NPLH Noncompetitive Allocation funds accepted by the County prior to 8-15-19
 - Other HCD sources must be awarded prior to finalizing preliminary point scores



Round 1 Lessons Learned

- Commitment Letters must contain:
 - Applicant or Development Sponsor name
 - Project name, site address, Assessor's Parcel number (APN), or legal description
 - Amount, interest rate, terms
 - May not be conditional, except that commitments conditioned on receipt of 4% or 9% tax credits are generally acceptable



Round 1 Lessons Learned

- Counting land donations of leased land
 - Value at time of donation established by appraisal
 - Appreciation, up-front lease payments, mandatory annual lease payments over \$100, and administrative fees or residual receipts will discount this value



Round 1 Lessons Learned

- Evidence-based practices evaluated for lead service provider through verification provided by the County
- Phase I/II removed as a scoring item -now required for rental new construction (RNC)
- Design review approval removed as a scoring item

Comments?





Technical Clean-Up

- If County is using Coordinated Entry System (CES) for its At-Risk if Chronic Homelessness referrals as well as for its Chronic Homeless, and Homeless referrals, the project will not be held to serving specific numbers or percentages within these subpopulation groups
- Let local CES protocols drive who is served based on that vulnerability prioritization system.



Technical Clean-Up

- Loan pay-down or pay-off, monitoring fee calculated based on original loan amount
 - Current department practice necessary to sustain long term monitoring (LTM) function over period of affordability
 - Amount of fee may be re-set at Year 30 as necessary to cover Department monitoring costs



Technical Clean up

- Clarify actual dates for Noncompetitive Allocation
 - August 15, 2019 (Allocation Acceptance)
 - August 27, 2019 (Shared Hsg Desig Form)
 - Feb 15, 2021 (Last day for Application and Homeless Plan Submission)
 - August 15, 2023 (Expenditure)



Technical Clean up

- In tax credit projects, Department will defer to judgement of TCAC in approving exemptions from accessibility requirements
- Re-ordering of requirements in Project Threshold section to better reflect when items are evaluated



Alternative Process County (APC) Changes

- Designation required only once unless designation is revoked or relinquished
- Can establish alternate methods for setting per unit subsidy limits other than based on area median income (AMI) targeting or unit size
- Increase number of draws per year to up to four
- Conforming language to new Department stacking rules



Shared Housing

- Can establish alternate methods for setting per unit subsidy limits other than based on AMI targeting or unit size
- Conforming language to new Department stacking rules

Comments?





Submitting Public Comments

- Written Comments: NPLH@hcd.ca.gov
 - Comments due no later than 5 PM on June 10
- Public Hearings:
 - May 29: Santa Ana City Council Chambers 10 AM
 - June 4: Webinar



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The screenshot shows the top portion of the website. On the left is the CA.GOV logo. In the center is the HCD logo and the text "California Department of Housing and Community Development". On the right is a navigation bar with links for CONTACT, ABOUT, JOBS, and NEWSROOM, along with a search icon. Below this is a secondary navigation menu with icons and dropdown arrows for: Home, Grants & Funding, Manufactured & Mobilehomes, Building Standards, Planning & Community Development, and Policy & Research. To the right of this menu are language selection options: "Select Language" with a dropdown arrow, "Powered by", and "Google Translate".

Below the navigation menu is a banner area with three circular images: a red bus, a white house, and a person working in a field. Underneath these images is the text "IMPROVING LIVES & COMMUNITIES ACROSS CALIFORNIA".

At the bottom right of the banner area is a contact menu with three items: "Contact" with a phone icon, "Email Sign up" with an envelope icon and circled in red, and "Questions, Comments, Feedback" with a speech bubble icon. A red arrow points from the left towards the "Email Sign up" option.



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