

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF FINANCIAL ASSISTANCE**

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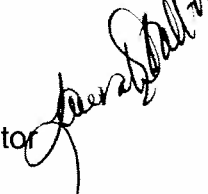


February 20, 2015

MEMORANDUM FOR: Interested Parties

FROM: Laura Whittall-Scherfee, Deputy Director
Division of Financial Assistance

SUBJECT: *Notice of Funding Availability*
Veterans Housing and Homelessness Prevention Program



The State Department of Housing and Community Development (HCD) is pleased to announce it is accepting application for funds from the Veterans Housing and Homelessness Prevention Program (VHHP). **The amount available at the time of issue of this NOFA is \$75 million.** This NOFA will be in effect until the application due date of April 20, 2015.

Eligible Sponsors

Any individual, joint venture, partnership, limited partnership, trust, corporation, limited liability company, local public entity, duly constituted governing body of an Indian reservation or Rancheria, or other legal entity, or any combination thereof. A Sponsor shall be organized on a for-profit, including limited profit, or nonprofit basis.

Should you have any questions, please contact the VHHP staff at (916) 263-2771.

Attachment

Veterans Housing and Homelessness Prevention Program

2015

Notice of Funding Availability

Issued By



In Collaboration With



**State of California
Governor Edmund G. Brown Jr.**

**Claudia Cappio, Director
Department of Housing and Community Development**

NOTICE OF FUNDING AVAILABILITY (NOFA)

VETERANS HOUSING AND HOMELESSNESS PREVENTION PROGRAM

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A. Introduction

The Department of Housing and Community Development (HCD), in collaboration with the California Housing Finance Agency and California Department of Veterans Affairs, is announcing the availability of approximately \$75 million in funding for the development of affordable multifamily rental housing containing permanent Supportive Housing units, Transitional Housing units or affordable housing units for veterans and their families under the Veterans Housing and Homeless Prevention Program (VHHP). Funding for this NOFA is provided pursuant to AB 639 (Perez, 2013) and Proposition 41 (2014).

Information on this funding opportunity is available on HCD's website at <http://www.hcd.ca.gov/fa/vets/>.

"Veteran" means any person who served in the active military, naval, or air service of the United States, or as a member of the National Guard who was called to and released from active duty or active service, for a period of not less than 90 consecutive days or was discharged from the service due to a service-connected disability within that 90-day period. This includes all Veterans regardless of discharge status.

B. Program Guidelines and Legal Authority

The administration of VHHP is governed by the VHHP Program Guidelines (Guidelines) dated February 18, 2015. These Guidelines establish terms, conditions and procedures for funds awarded under VHHP. The Guidelines implement and interpret the VHHP authorized pursuant to the Veterans Housing and Homeless Prevention Act (Act) as set forth in Military and Veteran's Code Division 4 Chapter 6, Article 3.2, commencing with Section 997.001. The Guidelines interpret and make specific the following sections applicable to this Program (and programs thereunder): Sections 987.005, 987.007, 987.008.

The Guidelines are available on HCD's website at <http://www.hcd.ca.gov/fa/vets/>.

C. Geographic Distribution

To the extent there are applications from the identified regions in Section 110 that meet all Program eligibility requirements and score above the minimum required point score, awards will be adjusted to meet the geographic distribution objectives in Section 110(f)(2). The geographic distribution objectives are as follows:

Not less than 14 percent of the total amount awarded (estimated to be \$10.5 million) to projects located in the counties of Alameda, Contra Costa, Marin, San Francisco, San Mateo, Santa Clara, Santa Cruz or Sonoma.

Not less than 31 percent of the total amount awarded (estimated to be \$23.25 million) to projects located in Los Angeles County.

Not less than eight percent of the total amount awarded (estimated to be \$6 million) to projects located in the counties of Orange, Riverside or San Bernardino.

Not less than seven percent of the total amount awarded (estimated to be \$5.25 million) to projects located in San Diego County.

Not less than 16 percent of the total amount awarded (estimated to be \$12 million) to projects located outside any of the counties named previously.

Funds remaining after satisfying the geographic distribution objectives set forth in this Section shall be awarded without regard to project location.

D. Maximum Loan Amount

The maximum loan per project is \$10 million including the operating reserve offset tranche, described in Section F below. Under this NOFA, the maximum per unit loan amount will be computed as shown in Section 103 of the Guidelines.

E. Eligible Project Sponsor

Sponsor is the borrowing entity that HCD relies upon for experience and capacity, and which controls the project during development and occupancy. In a project with multiple layers of ownership, the Sponsor cannot have more than one entity between itself and the borrowing entity. Sponsors and borrowing entities may be organized on a for-profit or not-for-profit basis. Any public agency or private entity capable of entering into a contract is eligible to apply, provided they meet the threshold requirements in Section 102 of the Guidelines.

F. Use and Terms of Program Assistance

VHHP funds will be provided as post-construction permanent loans. All Program funds shall be used for the development costs in CCR Section 7304 (a) and (b) and to refinance loans used to cover such costs. Program loans may have two tranches, a base tranche and an operating reserve offset tranche. The total amount of VHHP assistance (both tranches) shall not exceed the lesser of the development costs associated with Assisted Units, or \$10 million.

Program assistance shall have an initial term of 55 years or longer to match the period of affordability restrictions under the Low Income Housing Tax Credit Program. Program loans shall be secured by the project's real property and improvements, subject only to liens, encumbrances and other matters of record approved by HCD consistent with CCR Section 8315.

The loan terms of the base tranche and the operating reserve offset tranche are described in Guidelines Section 103.

G. Threshold Requirements

To be eligible to receive funding, projects must meet the requirements of Guidelines Section 102. Projects must involve the new construction or acquisition/rehabilitation of an Affordable Rental Housing Development or Transitional Housing, or the conversion of an existing structure into one of these housing types. Projects shall

restrict occupancy for at least 45 percent of Assisted Units to Extremely Low Income Veterans, with rents not exceeding the 30 percent of 30 percent of Area Median Income (AMI), calculated in accordance with Tax Credit Allocation Committee regulations and procedures.

For projects with Supportive Housing or Transitional Housing, additional requirements concerning the lead service provider experience, including comprehensive case management, adherence to Housing First property management and tenant selection practices, and the supportive service requirements of Section 115 are required.

For projects proposing new construction of Transitional Housing, projects shall have a physical configuration that allows for ready conversion of the Transitional Housing to permanent housing at a minimal cost.

Additional threshold requirements pertaining to all projects types are contained in Guidelines Section 102 (f)-(m).

H. Occupancy Requirements

Occupancy of all Assisted Units shall be restricted to households including one or more Veterans with incomes at move-in not exceeding the limits approved by HCD and specified in the Program regulatory agreement. At least 45 percent of total Assisted Units within a Project must be restricted to Extremely Low Income Veterans. The maximum income limit at move-in may not exceed 60 percent of AMI.

Occupancy for units designated as Supportive Housing or Transitional Housing is restricted to veteran households experiencing homelessness, as defined in the Guidelines.

Occupancy requirements are detailed in Section 104 of the Guidelines and shall apply for the full term of the Program loan.

I. Rent and Income Limits

Assisted Unit rent and tenant incomes will be restricted in accordance with the rent and income limits proposed by the project Sponsor in their VHHP application, with rents generally not exceeding 30 percent of the applicable income limit. The income limits are forthcoming and will be posted on the HCD website after the United States Department of Housing and Urban Development releases its income limits. These limits will be similar to those used in HCD's Supportive Housing Program, with a \$15 thousand boost for Northern California. Funding will be available for income limits up to 60 percent AMI.

J. Miscellaneous Requirements

VHHP projects must adhere to the requirements in Section 109, that five percent of the contracting work be awarded to a Disabled Veteran Business Enterprise (DVBE). Also, Sponsors must make a good faith effort to hire veterans for development, construction and related jobs associated with the project. Sponsors are encouraged to contact the CalVet SB/DVBE Advocate at (916) 651-3045 or via email at

gloria.anderson@calvet.ca.gov for assistance locating DVBE. Also, here is a suggested link to search for DVBE companies at <http://www.bidsync.com/DPXBisCASB>.

As part of the application for program funds, applicants shall submit a Utilization Plan describing how this requirement will be satisfied, including the identification of a plan administrator responsible for implementing the plan and ensuring achievement of the five percent requirement; and a description of outreach methods to be used to recruit DVBEs.

Prior to the commencement of construction, the Sponsor shall submit a report to HCD and the California Department of Veterans Affairs on their DVBE plan implementation. Upon completion of construction, and prior to the Program loan closing, the Sponsor shall submit a report detailing actual payments to DVBEs.

If the Sponsor fails to achieve the five percent minimum requirement, HCD may award negative points for subsequent VHHP applications for funding.

Please refer to Section 109 (c)-(f) for additional requirements.

K. Application Process

Applications must be submitted on forms provided or approved by HCD. Application forms must not be modified. The Application form will be available on HCD's website on or about the first week in March. Parties who have subscribed to the VHHP email list (http://www.hcd.ca.gov/fa/DFA_Subscriber.html) will receive prompt notice of application availability. HCD will only accept applications through a postal carrier service such as U.S. Postal Service, UPS, Fed Ex or other carrier services that provide date stamp verification confirming delivery to HCD's office at:

Veterans Housing and Homelessness Prevention Program
Department of Housing and Community Development
Division of Financial Assistance
2020 W. El Camino Avenue, Suite 500
Sacramento, CA 95833

A complete original application, plus one copy, must be received by HCD via postal carrier no later than **5:00 p.m. on Monday, April 20, 2015**. No facsimiles, late applications, incomplete applications, application revisions, electronically transmitted, or walk in application packages will be accepted. Applications must meet all eligibility requirements upon submission. Applications having material internal inconsistencies will not be rated and ranked. For application questions contact any member of the VHHP staff as listed in the application.

L. Application Selection Criteria and Required Minimum Point Score

To be considered for a funding award projects must receive a minimum point score as described in Section 110 (c) and summarized below.

- Projects with Supportive Housing Units – 100 points
- Projects with Transitional Housing Units and No Supportive Housing Units - 80 points
- All Other Projects – 50 points

Up to 30 negative points may be awarded at HCD’s discretion for Developer, Sponsor, Lead Service Provider Performance Issues as described in Section 111(a)(3).

The criteria that will be used to score projects are described in Section 111 and summarized below.

Scoring Category	Max. Points w/SH Units or TH Units	Max. Points All Other Projects	Comments
Development Team Experience	33	15	All projects will be scored on developer; ownership and operations; and property manager experience. Only SH or TH will be scored on lead service provider experience.
Supportive Housing Units	25	25	Score is based on the percentage of the Assisted Units in the proposed project that are restricted as SH and the target population targeted. To receive any points in this category a minimum of 25 % of Assisted Units must be restricted as SH.
Supportive Services Plan	20	10	Only SH and TH projects will be scored based on the Supportive Services Plan for a maximum of 20 points. All other projects will be scored based on the Resident Services Coordination Plan for a maximum of 10 points. .
Leverage of Development Funding	15	15	
Leverage of Rental or Operating Subsidies	20	20	SH and TH Projects are scored based on a percentage of SH or TH units that committed project-based or operating subsidies. All Other Projects are based on the percentage of units that are restricted to ELI households.

Readiness to Proceed	15	15	The total score is the sum of point awards in six sub-categories measuring readiness.
Confirmation of Local Need	5	5	Letters from local VA office and local Continuum of Care confirming proposed project meets a high priority local need.
Total Maximum Points	133	105	

M. Housing First Practices

Applicants will certify and document adherence to Housing First practices in the application, property management plan and supportive services plan. Adherence to Housing First practices shall be subject to periodic compliance monitoring.

Housing First is an approach adopted by federal veteran and housing agencies where persons experiencing homelessness, usually chronically homeless individuals and families or especially vulnerable homeless individuals and families, are provided immediate access to housing and then offered supportive services to foster long-term housing stability. More information on Housing First best practices may be found at

http://usich.gov/resources/uploads/asset_library/Housing_First_Checklist_FINAL.pdf.

For additional information on VHHP Housing First requirements, please see Section 112.

N. Tenant Selection

Sponsors shall select tenants in accordance with the provisions of 25 CCR Section 8305, the Uniform Multifamily Regulations. Reasonable selection criteria, as referred to in Section 8305(a)(1), includes priority status under a local coordinated access (a.k.a. coordinated assessment) system developed pursuant to 24 Code of Federal Regulations 578.7(a)(8). Supportive and transitional housing projects shall prioritize highly vulnerable households referred by the local coordinated access system. If local systems are not in place, these VHHP developments shall coordinate with outreach and shelter programs serving vulnerable people experiencing homelessness.

Potential tenants shall not be rejected based on the type of their military service discharge, unless specifically required by a public agency funding source for the project.

For more information, please see Section 113.

O. Supportive Services and Property Management Requirements

All VHHP projects shall be designed to provide affordable housing occupants with access to an array of services and amenities delivered both on-site and through off-site community or veteran-specific services. Service provider experience and service plan requirements (included in both threshold and scoring evaluations) differ for projects depending on their configuration and inclusion of supportive, transitional and affordable housing units.

As part of the VHHP application, Sponsors must identify their service provider and submit a Supportive Services Plan that meets the requirements of Section 115. Scoring of the supportive service providers and plans is detailed in Section 111.

The Supportive Services Plan must also identify the parties responsible for Homeless Management Information System (HMIS) and other reporting, which must also be reflected in the required agreements and commitment letters.

P. Application Workshops

Workshops are scheduled as follows:

Date	Location	Time
March 5, 2015	Elihu Harris Building 1515 Clay Street, Room 11 Oakland 94612	10am to 2pm
March 10, 2015	LA County Community Development Commission 700 Main Street, Commission Board Room Alhambra 91801	11am to 2pm
March 11, 2015	State of California Building 1350 Front Street, Room B-109 (Auditorium) San Diego 92101	10am to 2pm
March 16, 2015	California Tower 3737 Main Street, Room 200 (Highgrove) Riverside 92501	10am to 2pm

ADVANCE REGISTRATION FOR THE WORKSHOPS IS REQUESTED. At least 24 hours before the workshop, please complete the attached registration form and return via email to Tanya.madrid@hcd.ca.gov or fax to (916) 263-3391, attention: Tanya Madrid. **Printed materials will not be provided at the Workshop. Materials will be made available for download and printing from HCD's website or via e-mail by request.**

Q. Same-Sex Restricted Projects

In order to best address the needs of veterans, some applicants may want to propose housing where all adult occupants are restricted to be of the same sex. Yet, under State and Federal fair housing and civil rights laws (collectively “FH laws”) any such restriction, without an adequate legal justification, would likely constitute impermissible facial discrimination. Although there remains considerable legal uncertainty as to what the basis for such a legal justification would be, HCD, in order to best serve the needs of our Veterans, is willing to consider awards to same-sex-restricted projects provided the project application can meet the jurisprudential test set forth in *Community House, Inc. v. City of Boise*, 490 F.3d 1041, 1050 (9th Cir. 2007). In order to demonstrate that a proposed same-sex-restricted project will meet this FH law standard, each proponent of such a project must submit (along with its other application materials) a project-specific legal opinion letter with supporting materials documenting how it satisfies FH laws as described below (Opinion). No scoring advantage will accrue to same-sex-restricted projects.

The Opinion must be authored and executed under penalty of perjury by a licensed member of the California State Bar. The Opinion must demonstrate that the applicant has considered the legal requirements of FH laws as applied to the relevant facts of its proposed project. It must demonstrate how the proposed same-sex-restriction, despite being facially discriminatory, is still permissible under FH law.

The Opinion must describe the population to be housed and its gender or sex-related special condition (Condition) that requires (and therefore justifies) housing in a same-sex setting. Each such description must be supported by project-specific medical, psychiatric, or psychological support referenced by and attached to the Opinion (hereafter “Professional Documentation”). The Opinion, taken together with the Professional Documentation, must explain how and why a same-sex-restriction is both necessary and still the least restrictive means by which to properly and holistically address or treat the Condition(s) presented by the inhabitants of that particular housing development. The Professional Documentation must be authored and executed under penalty of perjury by a licensed member of the California Board of Behavioral Sciences, or a physician licensed by the Medical Board of California.

Lastly, the Opinion must also describe the means by which the applicant will initially and individually screen and continue to document (with tenant-specific Professional Documentation) each tenant Condition(s) justifying her or his need for same-sex-restricted housing.

Attachment 1

VHHP Workshop Registration Form

The Veterans Housing and Homeless Prevention Program (VHHP) workshop is designed to provide training on the VHHP application and technical assistance for applicants. It is strongly recommended that you attend. At least 24 hours prior to the workshop date, please RSVP by completing and submitting this single page (no cover sheet is needed) to tanya.madrid@hcd.ca.gov or FAX (916) 263-3391.

Printed materials will not be provided at the Workshop. Materials will be made available for download and printing from HCD's website or via e-mail by request.

Name of Attendee(s):	
Organization's Name:	
Address:	
City, Zip Code:	
E-mail:	
Phone Number:	
Fax:	

Please indicate the workshop you wish to attend:

_____ **Oakland – Thursday, March 5**

_____ **Alhambra – Tuesday, March 10**

_____ **San Diego – Wednesday, March 11**

_____ **Riverside – Monday, March 16**