



## HOUSING AUTHORITY of the County of Los Angeles



### NOTICES OF FUNDING AVAILABILITY ROUND 13 FREQUENTLY ASKED QUESTIONS November 2008

#### AFFORDABILITY

**1. Q: Can Industry funds be used for tenants over 50% AMI?**

A: Industry funds are to be used only for units at or below 50% AMI.

#### AMENITIES

**2. Q: Will HACOLA accept a site amenities certification on the CDLAC form?**

A: The applicant must provide a vicinity map demonstrating the proximity of the amenities to the site and a certification of the vicinity map's accuracy. Please see Section 7.3.1.

#### APPLICANT

**3. Q: If there is a limited partnership that will own the project and includes both a non-profit and for-profit developer, who will be the applicant?**

A: The limited partnership would be the applicant and the non-profit and for-profit developers would be identified as co-developers. Organizational documentation should be provided for both co-developers as required in the NOFA.

**4. Q: If a non-profit (project sponsor) applies for funding through the current NOFA process, can it later transfer the funding commitment to a limited liability company of which the non-profit is the sole member?**

A: Yes the commitment can be transferred to the limited liability company.

**5. Q: Can an applicant submit an application without attending the Proposers' Conference?**

A: Attendance at the Proposers' Conference is mandatory. Without evidence of attendance, the application will not pass threshold.

#### APPRAISALS

**6. Q: How old can you have an appraisal?**

A.: An appraisal may not be older than six months and will be subject to review by the Public Agencies' review appraiser.

#### APPLICATION REVIEW PROCESS

**7. Q: What is the timeline for review and award?**

A: The process will take approximately 60-90 days. During this time, Threshold and Technical Review will be conducted, applicants will be notified after each review, time will be allotted for any appeals, and the loan committee will have reviewed the project and made a recommendation to the board for an award.

## ARTICLE 34

### **8. Q: From whom do you get an Article 34 Letter?**

A: If the project is in an incorporated City, the applicant needs to request an Article 34 letter from such City. Consult the City Attorney or Planning Department of such city. City may provide the letter. If the project is in an unincorporated area, the applicant must submit a request for an Article 34 Letter to:

Community Development Commission  
Housing Development and Preservation  
2 Coral Circle  
Monterey Park, CA 91755  
Attention: Carmen Hernandez

### **9. Q: What if the City does not have Article 34?**

A: If the applicant is certain the City does not have Article 34 authorization, provide a letter from the city or attorney stating reason why. The number of restricted affordable units that HACOLA or the CDC will restrict may not exceed 49% of the total units in the development.

## BEDROOM VS. UNIT

### **10. Q: If a project is designed to serve 12 unrelated individuals in 6 two bedroom apartments, is this considered to be a 12 bedroom project or a 6 unit project? On which would the developer fee be based on?**

A: Response: This would be a six unit project. The developer fee would be based on the six units.

## CASH FLOW

### **11. Q: How does the applicant demonstrate project feasibility if the project has a rental subsidy contract for a limited term and the cash flow becomes negative before the 30th year?**

A: While it is recognized that the renewal of rental subsidy contracts are never guaranteed, the applicant can assume the renewal of rental subsidies from the HUD 202/811 program and factor that in to the cash flow. For all other rental subsidy contracts (i.e., Supportive Housing Program (SHP) Shelter Plus Care, project-based Section 8, Los Angeles County Homeless rental subsidy, etc.) the applicant is to take a conservative approach by utilizing the two-year transition reserve and increasing rents as well as any other measures to make the cash flow run positive as long as possible.

## CONSULTANT COST LIMITS

### **12. Q: Is a construction manager or relocation consultant subject to the \$75,000 limit?**

A: HACOLA can approve payment of a maximum of \$75,000 for technical consultants who are not part of the developer's in-house staff (including, but not limited to development consultants, financial consultants, and entitlement consultants). The costs for construction manager and relocation consultant are not part of this limit.

## DESIGN ACCESSIBILITY

### **13. Q: What are the accessibility requirements for historical buildings?**

A: The architect is expected to be knowledgeable of the accessibility requirements related to historical buildings and to comply accordingly.

**14. Q: Is the HUD Design Advisor required?**

A: Points will be awarded for using the Affordable Housing Advisor in rental projects. The Design Advisor does not apply to homeownership projects.

**15. Q: Is the explanation of design limited to the size of the box on the application?**

A: You can expand the narrative boxes by removing the sheet protection. The box should be expanded to a size that allows an additional paragraph.

**16. Q: Would the Industry Program (Special Needs) fund SRO/Studio units which were less than the 400-500 sq.ft. specified by the Design Guidelines in the NOFA?**

A: The Design Guidelines are guidelines and not requirements. An SRO project is eligible for Industry funds if both of the following requirements are met:

A. Each project housing unit is determined to be “suitable for occupancy”. A project will be deemed “suitable for occupancy” if the applicant provides written documentation from the local jurisdiction’s Planning Department stating that the project complies with local health and safety, building, and other applicable codes, taking into consideration, among other things the number of occupants proposed to be housed in a unit. The applicant shall include either sanitary or food preparation facilities in each unit; provided however, this will not preclude an applicant from offering both facilities in a unit. For purposes of this definition, the term ‘sanitary facilities’ shall mean a sink, toilet, and a shower but not bathtubs. Sanitary or food preparation facilities are not required where such units are being rehabilitated.

B. Each project unit will be rented on a non-transient basis. In order to substantiate that SRO units are being rented on a non-transient basis, the applicant must certify that each unit will be rented on a month-by-month basis pursuant to the terms of a standard residential lease agreement and the applicant provides a copy of the draft lease agreement.

**17. Q: Can the landscape plans be done by an architect or a licensed landscape architect?**

A: It is recommended that the landscape plans be done by a licensed landscape architect.

**18. Q: Is the internal format/language of a corporate resolution acceptable?**

A: We will accept the organization’s corporate resolution.

**SUPERIOR DESIGN**

**19. Q: In Superior Design, how are GreenPoint Rated or LEED certification points achieved?**

A: To achieve these points applicants should include the checklist for the applicable green building rating system signed by the architect. Please see Section 7.3.3.

**DEVELOPER FEE**

**20. Q: Is developer fee earned on the non-residential portion?**

A: The developer fee can be earned for the non-residential portion of the development as long as funds for the residential development are not used.

**21. Q: Is it correct that if a Non-Special Needs project includes at least 25% special needs units in a Non-Special Needs project, the developer fee can be capitalized up to the TCAC allowed developer fee limit?**

A: The developer fee for non-special needs projects which reserve at least 25% of the total units for special needs population within the project may be capitalized up to the TCAC developer fee limit and can be included in the development budget and paid from funding sources. The more restrictive developer fee applies to non-special needs projects with less than 25% reserved units for special needs populations.

#### ENVIRONMENTAL (CEQA)

**22. Q: What if CEQA clearance is not available by the application due date.**

A: CEQA Clearance is a threshold item and must be submitted with the application. If applicant is unable to provide an acceptable Mitigation Monitoring Plan (MMP), a letter from the local jurisdiction must be provided indicating that the completion of the MMP is in progress and must be submitted 45 days from the application due date.

**23. Q: Can a copy of the CEQA Notice of Exemption be included in the application while it is being posted to meet the 30 day requirement?**

A: A copy of the Notice of Exemption can be included in the application since it has been issued.

**24. Q: Will a commitment of funds be made if there is soils remediation?**

A: A commitment of funds will be made but disbursement will not occur until the site is clean. At that point, our loan can be secured and funds can be drawn down.

**25. Q: Can City of Industry funds be used for environmental mitigation?**

A: No, funds cannot be used for environmental mitigation.

**26. Q: What department unit at the City of Los Angeles Planning Department approves the MMP?**

A: Please contact the Case Management unit at (213) 978-1308 for further details.

**27. Q: Can a consultant submit a verification letter stating that no changes have been made to the physical and environmental conditions at the project site since the original Phase I?**

A: An updated letter from the consultant that prepared the original Phase I is acceptable.

#### LOAN COMMITTEE

**28. Q: How often does the Loan Committee meet?**

A: The Loan Committee meets once a month on the first Monday of the month.

#### ORGANIZATIONAL DOCUMENTS

**29. Q: Could a non-profit use the existing organization documents or must they be current?**

A: Organizational documents must be current.

**30. Q: Is the financial information required for the partnership, for-profit and/or the non-profit?**

A: The financial information is required for all co-developers and long term owner.

**31. Q: Does the non-profit partner need to provide the following: Corporate Resolution, Board of Director Affidavit, No Violation Certificate, Applicant Certification Statement?**

A: The non-profit needs to provide the above as part of the organizational documents.

**32. Q: Are organizational documents required for the limited partner?**

A: Organizational documents for the limited partner are not required. However, organizational documents are needed for the general partners.

#### PREDEVELOPMENT FUNDING

**33. Q: How much can be used for predevelopment?**

A: Depending on the level of risk, up to \$250,000 of either HOME or COI funds can be disbursed for Predevelopment costs. In addition, acquisition cost may be disbursed following execution of a Promissory Note secured by a Trust Deed.

#### RELOCATION

**34. Q: If a property is vacant do you need the relocation questionnaire?**

A: A Relocation Questionnaire is required regardless of whether there is any relocation. This Relocation Questionnaire is part of the threshold requirements.

**35. Q: Can Industry funds be used for relocation?**

A: Relocation cost is considered part of the development budget and is an eligible expense.

**36. Q: If relocation has been mandated by the State on a project and the State will bear the cost of the relocation and demolition, will the applicant have any liability?**

A: The applicant is required to complete the relocation questionnaire and explain the respective responsibilities of the applicant and the State in carrying out the relocation. Relocation studies should be included.

#### RESUMES

**37. Q: Should individual resumes be submitted.**

A: Resumes of individuals in the development team need to be submitted to demonstrate the capacity of the team.

#### SPECIAL NEEDS PROJECTS

**38. Q: If a project has 35% of the units as special needs, are the special needs units designated by bedroom size or does the population have to be spread across the project?**

A: Units size does not matter in assigning the bedrooms/units; assignment is based on whatever is required for the special needs population.

**39. Q: Could a project with more than 35% Special Needs units be eligible also for COI subsidy for its non Special Needs units?**

A: No, a project cannot receive funding from both Special Needs and Non Special Needs pools. The Special Needs pool is strictly for special needs units.

**40. Q: For Special Needs projects, would the developer fee per unit be based on the Family rate or based on bedroom size?**

A: The developer fee for a special needs project may be capitalized up to the TCAC limit.

**41. Q: Should the supportive services plan also refer to the non special needs population?**

A: The supportive services plan is required for both special needs and non special needs populations.

**42. Q: Is developmental disability a special needs category? PLEASE CHECK APPENDIX 8 – I THINK THIS IS A SN CATEGORY**

A: Development disability is not considered a special needs category. Please see Appendix 8 for qualified special needs populations.

**43. Q: Could we apply under special needs category if the project has less than 35% of total units set aside for a special needs population?**

A: To apply under the Special Needs pool, you need to reserve at least 35% of the total units for special needs population. Less than 35% of units set aside, but with a minimum of 20% would be under the Non-Special Needs pool. Please refer to the NOFA, Section 2.3 and Section 7.4.

#### SPECIAL NEEDS UNIT WITHIN NON-SPECIAL NEEDS PROJECTS CHANGE FONT SIZE

**44. Q: If applying for the non-special needs funding pool with a small mix of special needs units, will the special needs subsidy limits per unit apply to the special needs units and the non-special needs loan limits to the non-special needs units?**

A: If applying under the non-special needs pool, use the non-special needs limits for all units, regardless if special needs units are within the non-special needs project.

**45. Q: Is the manager's unit counted in the subsidy per unit calculation?**

A: Only units reserved for households at or below 50% AMI may be counted as Industry Assisted Units. If the manager's unit will be counted as Industry Assisted unit, it can be included in the subsidy per unit calculation.

#### SUBSIDY PER UNIT

**46. Q: If you have 6 beds and 6 occupants, what would be the subsidy per bed?**

A: The maximum amount of funding per bed is based on the HUD 811 Capital Grant maximum amounts. Please see Appendix 1, Worksheet D.1.

#### SUBSIDY BOOST

**47. Q: How can the subsidy boost be received? (applicable only when HOME funds are available in the NOFA)**

A: For non-special needs projects requesting HOME funds, a higher subsidy (boost) is available to projects that are either (i) in HOME-eligible areas outside of the City of Industry boundary or (ii) considered significantly innovative (i.e., transit oriented district, historically significant, certified green building(s), incorporating special needs units which amount to less than 35% of total, etc.). The applicant may choose to request a higher subsidy as found in Worksheet C.1 of the Application. A written justification must be included.

#### SUPPORTIVE SERVICES COMMITMENTS

**48. Q: Is a dollar amount needed for supportive services commitment?**

A: In the case of in-kind services, it must be stated in writing that there is a specific commitment to the tenants residing in the housing and the dollar value of these services.

**49. Q: Can a service commitment letter be over a year old?**

A: It is recommended that service commitment letters be current.

TAX CREDITS

**50. Q: Are tax credits considered for leveraging points.**

A: Tax credits are considered as other than Public Agencies funds and can be used for leveraging points.

**51. Q: Can an equity contribution from the developer be used as committed subsidy?**

A: An equity contribution from the developer may be listed as a committed subsidy. However, a formal commitment letter, like one from a conventional lender, must be included stating all the terms. It is important that the organizational financial statements are included as this will trigger a deeper review of financial capacity to fulfill the commitment.

TAX-EXEMPT BONDS

**52. Q: Are the Public Agencies' terms for issuance of tax-exempt bonds more favorable than other issuers?**

A: The Housing Authority of the County of Los Angeles is the issuing agency and the terms for Issuance are comparable to those of other issuing agencies except in that there may be a time processing difference because of the need to obtain approval from the Housing Commission. Knowing this, the applicant should factor this into their processing schedule. The CDLAC application deadline has always been met.

ZONING

**53. Q: Will we accept a zoning verification on the CDLAC form?**

A: No, the zoning verification must be provided by the local jurisdiction.

UTILITY ALLOWANCE MOVE THIS UP ABOVE "ZONING"

**54. Q: Is the amount of \$35 for a four bedroom unit correct in the HACOLA Utility Allowance Schedule?**

A: There is a discrepancy in the Allowance Schedule; however it will not be corrected until the 2009 utility allowance goes into effect in January 2009. In the meantime, use the figures as noted in the Utility Allowance Schedule for 2008.

ELIGIBILITY MOVE THIS UP TO APPROPRIATE ALPHABETICAL PLACE

**55. Q: How is the 500 foot distance from a freeway measured?**

A: Please visit the website at:

[http://regionalgis.co.la.ca.us/imf/sites/GISNET\\_pub/jsp/launch.jsp](http://regionalgis.co.la.ca.us/imf/sites/GISNET_pub/jsp/launch.jsp) for further details. The 500 foot point is measured to the closest point of a traffic lane of the freeway. It does not matter where a freeway terminus point is located.

FEASIBILITY SEE NOTE ABOVE

**56. Q: Are commitments required to receive points under Leveraging of Other Sources scoring section?**

A: Commitments are not required for leveraging sources. Ten points are awarded for every 5% Total Development Cost for leveraging. Please see Section 7.1.3.

**57. Q: Are commitments required to receive points under Committed Capital Subsidies scoring section?**

A: Evidence of commitments for permanent sources is required. Ten points are awarded for every 10% of total permanent capital subsidy necessary for the project feasibility. Please see Section 7.1.4.

**58. Q. Will the application get commitment points if an MHSA service commitment has been provided by the County Department of Mental Health?**

A. If the MHSA service commitment is substantiated by a commitment letter from DMH and it is obvious that there is no service gap, full service commitment points will be awarded.