



**COMMUNITY DEVELOPMENT COMMISSION/
HOUSING AUTHORITY**
of the County of Los Angeles

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NOFA ROUND 24-A QUESTIONS AND ANSWERS

The below questions were collected as part of the Community Development Commission's Notice of Funding Availability (NOFA) Round 24-A process. The purpose of this document is to answer questions related to the criteria and processes used for awarding funds for multifamily affordable rental housing projects. Questions may have been edited for clarity. Answers are provided in **bold font**.

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I. ADMINISTRATIVE PROVISIONS

Q: Section 2.5 states that projects with an existing award should reapply as if it was the first request. Does this mean that if the project is awarded in this round, commitments made in previous rounds (in terms of affordability, services, bonus point categories) are void and the project is only subject to commitments made in the latest round?

A: **Bonus point items that allowed the project to achieve an award in a past round will still be required.**

Q: Is there a time limit for CDC capital funds to be deployed? Like within 3 years?

A: **Funding commitments awarded under this NOFA are valid for 12 months, following the Notice of Intent to Award issued by the Commission. During this 12-month period, applicants must secure all necessary additional financing, including equity commitments, or use Commission funds to leverage a state funding source.**

Q: Are state prevailing wages triggered if requesting just capital funds (no HOME, no PBV, no VASH)?

A: **The determination of payment of prevailing wages is the responsibility of the applicant. Applicants must provide an explanation in Appendix 1, Worksheet C.3, as to whether the project will comply with payment of State Prevailing Wages. An attorney's opinion must be included as part of the application (Appendix 1, Worksheet J.3) if the applicant states that the project is exempt from State Prevailing Wages.**

Q: Can you clarify the TCAC readiness requirement? Do we submit Attachment 26 only if we intend to apply for 9% tax credits?

A: **Attachment 26 is used for all projects as information related to completed, and outstanding local approvals.**

Q: For Appendix 5 PBV application it says to attached to Tab H, I, N, & O a bunch of things that will be uploaded as part of Appendix 1, do I need to re-upload just those things as PDFS for Appendix 5 or do you assume they are already submitted?

A: For projects seeking capital and rental assistance, Appendix 1 will be provided to HACoLA, so there is no need to re-upload documents. If a qualified project is seeking rental assistance only, complete the identified tabs and upload Appendix 1 to the online application.

Q: We do not have a final relocation plan as of right now. It is in process, as our consultant finishes their analysis of household income. Will you accept a draft of the plan? Also, final relocation benefits have not yet been determined. Again, we just have an early estimate.

A: A draft plan is acceptable if it provides sufficient information and a relatively accurate budget for relocation expenses, as these costs will need to be identified in the development budget.

Q: The application asks us to detail our community outreach strategy for the project. It suggests that we refer to the NOFA's Community Outreach Guidelines. I can't locate them. Where can I find these guidelines?

A: Community Outreach Guidelines are included in the NOFA as Supplemental Document 4.

Q: It appears that outreach strategy and planned meetings need to be included in our NOFA application but that meetings need not have actually taken place. Please confirm that we do not need to have conducted any meetings prior to applying nor are any points awarded for meetings having actually taken place.

A: Community outreach is not an item that is scored and meetings do not need to be complete before the application deadline.

Q: Section B.11 – Just confirming that nothing needs to be submitted under this section, as supportive service and architectural design documents fall within other sections.

A: B.11 is provided only as a reminder that supportive service and architectural design contain threshold review items and nothing new needs to be submitted for this section.

Q: On tab B.13, Applicant Certification Statement, for question d. "Is there, or has there ever been, a settlement and/or judgment filed, or a case pending against the Applicant or any of its partners, principals, or affiliates? If yes, please explain." Does this include Workers Comp claims?

A: Workers' Comp claims should be included if the claim resulted in a settlement, judgement, or if a court case is pending.

Q: In the appendix 1 excel spreadsheet, on tab D.3, does "operating subsidies" refer to both the PBV's as well as the DHS supportive services subsidies? Or just one or the other?

A: The term "operating subsidies" should include all subsidies committed to the project, which may include multiple sources.

Q: Section E.1 – If all approvals for the TCAC Attachment 26 form have not been received yet, can this form be completed with anticipated approval dates for the required items (with the understanding that approvals will occur within the NOFA's TCAC application timeline requirements)?

A: Yes, this is a planning document used by the Commission and anticipated dates can be included.

Q: Section E.2 – If zoning and entitlement approvals are not yet secured, will a narrative explaining when such will be secured suffice as long as it is prior to the NOFA’s TCAC application timeline requirements?

A: Yes, please provide a description of the status of the approvals, as appropriate.

Q: Bylaws and Articles of Incorporation (G.1) - can the Operating Agreement and Articles of Organization for the LLC satisfy the request for the bylaws?

A: The Bylaws and Articles of Incorporation for the lead developer(s) should be included.

Q: Corporate Resolution (G.6) - do we need to provide a corporate resolution? If so, is it a matter of just getting a vote from the members, and can we edit the form provided?

A: A corporate resolution should be provided and the form may be edited for this purpose.

Q: For J.4 Letter Returning Previous Funding Award - Is there an official form for the letter or can you please provide a sample template?

A: There is no official form. If a project sponsor wishes to return prior funds, a letter stating this fact is sufficient. Please note that the return of a prior award is not required if seeking additional funds through NOFA 24-A.

Q: Regarding NOFA 24-A Checklist Item J.5: Do projects with an existing DMH commitment applying for MHP funds in NOFA 24-A need to submit a Letter Returning Previous Funding Award from DMH, or is this checklist item solely related to returning previous LACDC NOFA funds?

A: Projects with an existing DMH commitment must return the funds to DMH upon notification of a NOFA 24-A award. The checklist item only refers to Commission funds.

Q: Per Section 3.7.3 Development Feasibility, “projects in the City of Los Angeles must provide evidence of inclusion in the City of Los Angeles Housing + Community Investment Department (HCIDLA) managed pipeline.” Please confirm the inclusion requirement applies solely to 9% tax credit projects in the HCIDLA managed pipeline and is not required for projects utilizing 4% tax credits.

A: This item applies only to 9% tax credit projects.

Q: If the property already has a regulatory agreement with the county on the property that allows 35 units to be persons with HIV/Aids within the entertainment industry, will we be able to continue to use the selection pool or do we have to use the County’s pipeline without an emphasis on the entertainment industry?

A: Please contact NOFA@lacdc.org with more information.

II. ARCHITECTURAL REQUIREMENTS

Q: For what kind of projects is Green Building Certification applicable? Additionally, the checklist lists that a contract with a sustainability consultant is required and makes note of a design charrette but there is nothing in the guidelines referring to either.

A: Green Building Certification is not required for NOFA Round 24-A, however, if the project will apply for Green Building Certification, please provide the information listed on the checklist with your NOFA application. The design charrette is not required for NOFA Round 24-A. The item has been deleted from the latest Appendix 1 Application (updated 10/2/2018).

Q: The requirements request exterior elevations and building sections at 1/8" scale. Because the building we are planning is quite large these drawings will not fit on a single 30' x 42" page. Please advise if we may submit at 1/16" scale or how we can otherwise comply with this requirement.

A: In this case, the Commission will accept the exterior elevations and building sections at 1/16" scale.

Q: Section I.3 – Is the amenities certification simply a certification from the applicant?

A: Section I.3 pertains to the mapping and illustrations of site amenities to the project site (i.e. proximity maps, labels, photographs, etc.). The applicant's self-certification of the amenities map provided in Section I.3 follows on Section I.4.

Q: For checklist item "I.4 Certification of Amenities," could you please explain what we need to provide to satisfy this item?

A: Provide a signed self-certification on organization letterhead certifying that the amenities provided in Section I.3 are true and correct at the time of submission.

Q: Section I.17 – Is the Sustainable Building Methods Compliance certification (I.16) the only document required to be submitted at the time of application for Green Building Requirements? Can the proof of registration, Green Building Program checklist, and sustainability consultant contract be submitted at a later phase of this process?

A: Section I.17 Green Building Requirements is not required for NOFA Round 24-A. If the project will be applying for Green Building Certification, please include the items listed in the checklist, or provide at a later date when available.

Q: Are we required to provide any ADA or CASPs report with regards to accessibility for this project? We intend to rehab and do some construction work both in the units and on the external envelope of the building.

A: Rehabilitation projects will need to comply with all of the Architectural Design Requirements to the greatest extent possible, including meeting accessibility requirements. The CASp consultant needs to be included to ensure accessibility requirements are met.

Q: Do we need to provide any architectural information or documentation for an existing and not a ground-up development? What if we are only applying for PBVs (Appendix 5)?

A: Preservation projects must meet acquisition/rehabilitation requirements in the NOFA and provide architectural information and documents.

Q: Is the "Certified Energy Auditor (CEA)" needed for a rehab project? What if we are only applying for PBVs (Appendix 5)?

A: The CEA is required only for rehabilitation projects. Since preservation projects must also meet acquisition/rehabilitation requirements in the NOFA, the CEA is required as well.

Q: At the time of the application submittal (as it relates to preservation projects), is it required to have an ADA or a CASp consultant for an existing rehab project? Or, the developer can simply answer "YES" or "NO" to the questions regarding the "Accessibility" in the sections "H & G" of Appendix 5.

A: Preservation projects must meet acquisition/rehabilitation requirements and comply with accessibility. The CASp consultant needs to be included to ensure accessibility requirements are met.

Q: At the time of the application submittal (as it relates to preservation projects), is the developer required to have identified an architect? And, is the developer required to complete "Worksheet I.5" of Appendix-1 as stated in section H.4 of Appendix-5.

A: Preservation projects must meet acquisition/rehabilitation requirements in the NOFA. Section I.5 is a required section and should be completed as it relates to the existing project and rehabilitation scope of work. The project is expected to have an architect, so that the architect's experience can be properly evaluated.

Q: Considering that we are applying as a preservation deal and rehabbing an existing building, do we need to include the following items: 1) I.12 Building section drawings; 2) I.13 Landscape plan – is it necessary to include this on a rehab project that already has mature plant life? 3) I.16 Sustainable building methods – requires the project to have 75% of its plants to be drought resistant. This site is fully grown with plants that would not meet this requirement, would we need to remove the existing plants and replace with drought resistant plants? 4) I.25 – This item states that energy efficiency needs to be improved by 20%, however this is not consistent with TCAC regs that require energy efficiency to be improved by 10%. Do we need to improve energy efficiency beyond TCAC's requirements?

A: Refer to Section I.24 and I.25. Rehabilitation plans will need to be provided as it relates to the rehabilitation scope of work. Rehabilitation projects will need to comply with all of the Architectural Design Requirements to the greatest extent possible. Unless the rehabilitation work will include modifications to the landscape, the project will not be required to comply with sustainable building methods on outdoor water conservation measures. The NOFA requires rehabilitation projects to improve energy efficiency by 20%.

III. ENVIRONMENTAL

Q: For 4% TCAC Projects, when is the CEQA documentation required to be submitted? The application indicates "at least 4 weeks prior to desired receipt of funding commitment from the Commission". Is there a more specific date?

A: There is not a more specific date for 4% projects. Since the timing of 4% projects varies, the Commission needs enough time to review the documentation, request any additional information (if needed), and notify the Board that the Commission will be seeking funding approval. If the 4% project is also applying through the 9% competitive round, then the dates specified in the NOFA must be used, as the Commission has a higher project workload for the 9% rounds and additional review time is needed.

Q: Does the LBP/Asbestos report need to be dated within 180 days if one has been previously submitted for the same project? Will a letter/certification from the inspector or developer certifying that there were no changes meet this requirement in lieu of generating a new report?

A: A new LBP/Asbestos report will need to be provided and dated within 180 days of the new application deadline. A letter/certification from the inspector will also be acceptable in lieu of a new report.

Q: If the site has a current building on it (a couple of vacant / blighted duplexes) that was built prior to 1978, but is going to be demolished (not rehabbed) to make way for new construction, do we still need to have a lead paint and asbestos report completed for the application?

A: The lead based paint and asbestos report is not required at application, but a demolition plan must be approved by the Commission's environmental officer.

Q: The project that I'm submitted for funding on the current NOFA was awarded PBV from HACLA. The NEPA clearance will be done at the AHAP stage. Will a cover letter stating such be sufficient for this item?

A: A cover letter with detailed explanation that the NEPA clearance will be completed at AHAP contract will be sufficient at application.

Q: E.3 - What is required for the CEQA checklist item for Rehabilitation/preservation projects?

A: Please contact NOFA@laccdc.org with more detailed information.

IV. FINANCE

Q: Is the 3:1 Special Needs: Non-Special Needs ratio a requirement just for the AHTF?

A: The ratio is for SN units: general low-income and is not specific to the funding source.

Q: For the mental health units, is there a minimum number of units required in order to obtain \$5,000,000 in funding?

A: Please see the NOFA for per-unit funding levels, which may be used to calculate a \$5,000,000 award.

Q: Schedule: 4% projects are required to submit a 4% application by August 2019. Does this mean we must include an application date no later than July 31st? Or no later than August 31st?

A: The application date must be no later than the 2nd competitive 9% tax credit round.

Q: If the proposed project is a 4% equity project, can we show the deferred interest as a use in order to generate tax credit equity, per TCAC regulations? If yes, should we also detail the source or leave it off the source details per the appendix instructions?

A: For the purposes of the NOFA 24-A application, do not show deferred interest as a source.

Q: Tranche B loan: Please confirm if a tranche B loan supported by project-based vouchers that are committed to the project will qualify as committed public funds.

A: The NOFA application does not consider a tranche B loan to be committed public funds.

Q: Checklist Item D.15 is labeled "Financing Commitments (Perm and Construction)". Can you please confirm if financing commitment letters are required for privately funded conventional construction debt, permanent debt, and tax credit equity, or just for soft financing commitments?

A: If a source is identified as being committed to the project, a commitment letter is required.

Q: Can we count a subsidy commitment for points if the commitment is not from one of the listed sources, such as CalHFA, Housing Authority PBV's? This sponsor has project has 2 subsidy commitments, one from the Elizabeth Taylor Aids Foundation and one from the project service provider The Actors Fund.

A: The subsidy commitments are listed as examples, but are not inclusive of all acceptable operating subsidies.

V. SCORING

Q: Experience Points - Should I only show projects in California for experience points, or can projects in different states be included for experience points?

A: The NOFA only contains Los Angeles County requirements for Lead Service Provider experience, but not for developer experience.

Q: If we are re-submitting an application in this 24-A Round for additional funds, would we no longer be required to meet all the bonus point commitments previously made in the 23-B round?

A: Projects must still meet bonus point commitments from prior NOFA rounds, unless the prior award is being returned under this NOFA.

Q: Section B.8 - TCAC Point System Worksheet: Should this worksheet be completed as if we have already received funding from the County NOFA?

A: Yes

Q: For the scoring section, it asks us to base the score on the "General Partner" experience. The regulations say Managing GP experience, but can we base the score on the joint developer? It wasn't clear on the excel sheet if "GP" referred solely to the MGP.

A: The developer and general partner scoring items are scored individually and may not be combined.

Q: For Lead Service Provider Experience, the application and NOFA state that points will only be awarded for experience with the proposed special needs population. Does that mean that for an application with multiple special needs sub-populations, homeless, homeless Veterans, etc., that points will only be awarded for projects where the lead service provider provided services to the specific special needs sub-population? (For example, if a lead service provider has provided services to homeless households in 5 projects and the application includes homeless Veterans, but the lead service provider has only provided services to homeless Veterans in one project, does that mean the lead service provider will only get 15 points for the one homeless veterans project?)

A: The lead service provider will be scored on the totality of associated projects, but experience should coincide with the populations in the proposed project.

VI. SUPPORTIVE SERVICES

Q: Projects with funding from Measure H, MHSA, or the DHS Flexible Housing Subsidy need not complete H.1.1 through H.1.19 with regard to Special Needs units or those units funded under MHSA or the DHS Flexible Housing Subsidy. Since units with HUD VASH rental subsidy will have services provided directly by VA services staff, do sections H.1.1 through H.1.19 need to be completed for units with HUD VASH rental subsidy?

A: Yes, the services narrative should be completed for projects utilizing PBVASH. Commission will revisit this question in future rounds.

Q: The property management plan section says the plan must address all of the following: 1. Initial tenant selection plan, adhering to the Commission's affirmative marketing requirements, including outreach efforts, timeline, and method to be used. 2. Resident selection plan, including applicant eligibility and screening standards, and differences between outreach for Special Needs and general population applicants. What is the difference between the tenant selection plan and the resident selection plan? Where can the Commission's affirmative marketing requirements be found?

A1: Resident Selection Plans detail applicant eligibility requirements (population, income, etc.) and screening. Initial Tenant Selection plans outline the requirements, procedures and methods used for processing applications -- i.e. outreach efforts, timeline and methods used, reasonable accommodation, appeal processes, waitlists, etc.

A2: Affirmative Fair Housing and Accessibility Requirements located on NOFA page 435 of 504

Q: On H. Service Plan Checklist, it still has "If partnering with DHS, a pre-qualification letter is included in order to treat these supportive services funds as a commitment." This letter is the one that is no longer needed, correct?

A: Correct – CDC does not require a DHS pre-qualification letter for the NOFA application.

Q: If a 100% PSH development has all services covered by a combination of HUD VASH and/or DHS, it has been confirmed that the applicant does not need to complete section H.1.1 through H.1.19. If a 100% PSH development has all services covered by a combination of HUD VASH and/or DHS does that applicant still need to complete the other tabs of the service section, (H.1.a, H.2, H.3 etc.)?

A: Regardless of service commitments, all applicants need to complete sections H.1.a, H.2, H.3, etc.

Q: In the underwriting requirements, for supportive services, in the notes it states: "Direct cost of services cannot be included as an operating expense." Can you please clarify the definition of "Direct cost of Services"?

A: CDC allows staffing, overhead and transportation costs from the lead service provider. Disallowed costs would include direct costs of doctors' visits, or other in-kind services that would be provided through a MOU.

Q: For section H.9 the checklist states the following is required: Job Descriptions and Resumes for All Positions. On the Staffing Chart However, the positions identified on the staffing chart are for future positions at development that is yet to be built. As such it is not possible to provide resumes for those positions. Please confirm that only job descriptions are required in section H.9.

A: For open positions, the job description will suffice. You

Q: On tab B.3, lead service provider experience, the column on the far right requests the applicant to state "Principal(s) Involved and Role." How is Principal defined?

A: Principal(s) are often the head(s) of the supportive services provider (or division within the organization).

Q: Per Section 5.7.2 Supportive Services Budget, "Applicants partnering with DHS must include a pre-qualification letter from DHS in order to treat these supportive services funds as a commitment." At the proposers conference, LACDC staff stated that projects utilizing Los Angeles County Health Agency ("LACHA") ICMS funding would NOT need a letter of support or commitment letter from DHS / LACHA. Please confirm that applications showing LACHA ICMS funding will NOT require a commitment letter.

A: Correct – CDC does not require a DHS pre-qualification letter for the NOFA application.

VII. UNDERWRITING

Q: The underwriting guidelines state that projects with project-based rental assistance may have a capitalized transition reserve up to 2 years. Is this a requirement?

A: The NOFA does not require a transition reserve, but will allow one if included.

Q: In case of loss of subsidy, is a rent float up allowed?

A: There are conditions to be met before a rent float up is allowed, but the loan agreement will allow a float up in the event of loss of subsidy.

Q: Another lender is willing to underwrite to a 5% vacancy on PBVs units, but the NOFA underwriting guidelines require a 10% vacancy for the special needs units. Will projects be allowed to use a 5% vacancy if another lender allows it?

A: A 10% vacancy for all special needs units is required, but an overall blended rate for the project should be used when general low-income units are included in the project.

Q: The CDC underwriting requirements in Section 3 states that "Attorney - Bank (Lender Legal Paid by Applicant)" should be in the range of \$30,000 - \$50,000. Depending on how many funding sources are in a project, this range is low. If we submit a proforma with a budget higher than \$50,000 in Lender Legal Paid by Applicant, will our application get disqualified? Is this a requirement only at the application stage? What if this number goes up by the time we close the construction loan based on actual invoices?

A: the underwriting standard for "Attorney – Bank" pertains to the construction lender (hard debt payments). If your construction lender requires an amount in excess of \$50,000, you will need to provide evidence of this requirement – evidence can be provided at the predevelopment phase.

Q: The CDC underwriting requirements in Section 3 states that the construction manager fee should be at \$80,000. We have seen construction management fees anywhere between \$6,000-\$10,000 a month. A project under construction for about 20 months could have construction management fees between \$120,000-\$200,000. Can the construction manager fee be greater than \$80,000?

A: Yes, costs in excess of \$80,000 may be allowed. You will need to provide a copy of the contract with stated amounts in the predevelopment phase. If the Commission determines that costs are excessive (based on project size or other factors), then costs above \$80,000 may be disallowed.

Q: Is a transition reserve required if there are voucher assistance (PBV, VASH or DHS)?

A: Transition reserves are optional.

Q: The CDC underwriting requirements in Section 3 states that soft cost contingency should be 2-4%. Most lenders require soft costs to be at 5%. Is it acceptable to include 5%?

A: The Commission will defer to the underwriting requirements of senior lenders. During the predevelopment phase, the Commission will request evidence of this higher requirement.

Q: The vacancy requirement for Special Needs project is 10% and the Underwriting guidelines says to see TCAC's Regulations. TCAC has changed its regulation recently to allow 5% vacancy for SN projects with 100% vouchers. In the current proposed TCAC regulation changes, TCAC may allow a range between 5-10% for SN projects. Can we submit a different vacancy rate other than 10% in the application?

A: A 10% vacancy for all special needs units is required, but an overall blended rate for the project should be used when general low-income units are included in the project.

Q: The guideline states the cost of "Disbursement Agent" is 1-2% of the Construction Contract. Is the Construction Contract the contract with the General Contractor? Or is it the loan amount with the County of Los Angeles?

A: Construction contract with the General Contractor.