

**City of Oakland, Housing & Community Development
Notice of Funding Availability (2019) – Question & Answering, Response #1 (9/4/19)**

Attachments:

- **PowerPoint (in .pdf format) of the NOFA pre-application meeting**
- **Updated pipeline list**

General Questions:

Q. Please describe the timelines for various deadlines in the NOFAs.

A. The timelines are available in both NOFAs (see “NOFA Process and Timeline” on page 6-7 of both NOFAs), and in the attached pdf file of the presentation given by HCD staff at the August 23, 2019 NOFA Pre-Application meeting.

Q. Regarding due diligence documents, if you submitted in 2017, what's the expiration date on the Physical Needs Assessment (PNA), lead abatement reports, Phase I/II Environmental Site Assessments, appraisals, etc.?

A. Since it has been two years since the last NOFA, we are asking for a completely updated application. Some items, such as the PNA or appraisals, may just need an update. However, please also provide the original document as well as the updated document in your NOFA application.

Q. Is the number of applications limited to two total or is it two applications per NOFA?

A. This NOFA cycle, we are limiting applicant organizations to two applications per NOFA. If an applicant submits two rehab NOFA applications and two new construction NOFA applications, they may submit a total of four applications.

Q. How much in total funding is the City releasing with these NOFAs? For both rehab and new construction?

A. There will be at least \$13 million available under the New Construction NOFA, and \$15 million for the Acquisition, Rehabilitation, & Preservation NOFA.

Q. Is there any prioritization of the rehab pipeline projects, especially since some of the scoring changed?

A. For the Acquisition, Rehabilitation, & Preservation NOFA, there is no prioritization between pipeline projects and new project applications.

Q. Are there any specific highlights/major changes regarding affordable homeownership?

A. No major changes have been made in the affordable homeownership development program this NOFA cycle. Both NOFAs have specific program requirements for homeownership developments.

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Q: Will you provide an update to the pipeline spreadsheet to include eligible projects not listed?

A: Yes, the pipeline spreadsheet has been updated and is now available on the City's website. It was brought to staff's attention there was a new construction project left off the pipeline list (i.e. 3050 International Blvd). It is a project on City owned land that is coordinated through the City's Real Estate Development Department as opposed to Housing Development services. The update to the pipeline spreadsheet also correctly identifies "The Phoenix" as a new construction project and not an acquisition-rehab project, and includes a reference to "homeownership" development projects.

Q. Is there any way to simplify procedures for applying for these funding sources (e.g. not requiring CEQA/NEPA review)?

A: Although the application and review process for the NOFAs are intense, all of the requirements in place are requirements of our various funding sources.

Note: For faith-based and community based organizations located in Alameda County who are interested in becoming more versed in the affordable housing development process for properties they own and wish to develop, Alameda County is running a Targeted Technical Assistance program (which includes the possibility of one on one advice from a development consultant and limited financial support to fund predevelopment activities) in collaboration with Bay Area LISC. The application for this program is due on **Tuesday, October 15, 2019**. For more details, please refer to: <http://www.lisc.org/bay-area/what-we-do/affordable-housing/achdcbp/phase-2-targeted-technical-assistance/?edit&language=en-us>.

Planning/Building/Environmental Review (CEQA/NEPA)

Q. If a project already has its entitlements, do applicants still need to do the CEQA checklist for the application?

A. No, unless the project has changed from its initial approvals. Applicants can come to the Zoning Counter and confirm the entitlement; however, if you're entitled there was a CEQA finding. Please submit proof of entitlements with your application so we can have the information on file.

Q. For a rehab project, should we still need to provide with our NOFA application confirmation that CEQA is not applicable?

A. If you have a rehab application, you should still verify that your project is exempt from CEQA. The best place to start with assessing whether a rehab project is CEQA exempt is the Zoning Counter on the second floor of 250 Frank H. Ogawa Plaza.

Q. If you have entitlements, is there an expiration date on the entitlements and what's the process to extend it?

A. This depends on the type of permit, so you will need to look at your approval letter/decision letter or any subsequent extension letters to determine when your permit expires. If your permit is expired, you should come in to the Permit Center on the second floor of 250 Frank H. Ogawa

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Plaza to determine what your options may be for moving forward.

Q. Is there a process setup for people that have passed their deadlines and were not aware of the stipulation?

A. This will be handled on a case-by-case basis and will always involve a new permit. For some of you your entitlement was over the counter (e.g. rehab projects). You might even if your permit is expired, be able to get a permit the same day. Staff recommends coming to the Permit Counter to determine if you're eligible to get an over the counter permit or if you need to go through some process that might put you past the NOFA deadline.

Alameda County and Oakland Housing Authority (OHA) Questions Regarding Permanent Supportive Housing/Operating Subsidies:

Q. Does the County have a ballpark of how much service funding would be available per unit? Also, how much operating support on the rental income side?

A. For social services funding for permanent supportive housing, the County is currently projecting approximately \$500 per unit per month or about \$6,000 a year. After much experience in service funding, a good general rule of thumb is to look at 1 case manager per 20 units.

The County suggested that applicants looking at providing permanent supportive housing should put a proposal together and work with the County (and the Oakland Housing Authority) to run budget numbers for proposed service plans. This would be a somewhat iterative process.

Q. Is the County prepared to make commitments for Supportive Services quickly, because that drives our financial feasibility, our commitment letters from construction lenders, etc.? Also, what is the duration of the funding commitments? Is there a maximum amount of funding available?

A. Letters of conditional approval do not require County Board of Supervisor Approval, and therefore are pretty quick. For example, for the County A1 Bond application round last year (2018), six letters of commitment were issued in a one week timeframe.

The letters are written to include the intention of a 20-year funding commitment, with caveats regarding awards being contingent on the availability of funding, completion of standard County contracting procedures, and a right to cancel if there is some sort of catastrophic issue with funding availability. There is currently no funding maximum identified.

Note: Contact information for Alameda County Health Services Agency noted below.

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Q. Can the OHA clarify on the timeline in terms of an issuance of commitments (OHA staff mentioned a 90-day period post Council in January)?

A. After the City issues its NOFA awards, eligible awardees will receive an invitation to apply for Project Based voucher commitments from the OHA. The timeline for getting to the OHA Board for approval is approximately ninety days from the NOFA awards, and the OHA issues conditional award letters that give you two years to enter into a HAP contract from the date of the OHA's award letter. **For example:**

February 1, 2020 – City issues OHA a City Council resolution and awarded project information;
February 21, 2020 – OHA issues invitation to apply for Project Based Vouchers;
March 21, 2020 – Applications are due to the OHA;
March 21 – April 10, 2020 – Application review by the OHA;
April 28 or May 19, 2020 – OHA Board meeting: recommendation to the board for approval with a board resolution available within one week and a conditional award letter within 10 business days.

Q. Are special needs, permanent supportive housing projects, and senior housing projects exempt from the 25% cap on OHA Project Based Section 8 vouchers?

A. No, they are not exempt. Currently, the OHA is holding all projects to the 25% cap on vouchers (e.g. if a project has 100 units, 25 would be eligible for project-based vouchers).

Q. Can you clarify what the OHA meant about limiting voucher applicants to new projects? What if there's an application for an existing building where the intent is to create newly restricted deeply affordable units, or add services to a building currently without them?

A. The OHA is prioritizing resources for the creation of new affordable units, not the conversion of existing units to a different subsidy type. An award would not be made where the intent is to only add support services to an existing building. In addition, the OHA limit on voucher applicants prohibits NOFA awardees who already have prior voucher commitments from the OHA from applying to increase their current award. NOFA awardees that do not already have a voucher commitment from the OHA are welcome to apply, including both new construction projects **and** acquisition, rehabilitation, & preservation projects. Acquisition, rehabilitation, & preservation projects must demonstrate they are "At Risk" as defined by TCAC. For more information on rental or operating subsidies, please refer to the NOFA "Instructions", item 30, page 33 for New Construction and item 34, page 25 for Acquisition, Rehabilitation, & Preservation.

Note: Contact information for the Oakland Housing Authority noted below.

Q. Does the NOFA incentivize Special Needs units the same as it does for Permanent Supportive Housing?

A. No, it does not. There's five points for Special Needs units and ten for Permanent Supportive Housing. (Please refer to the scoring criteria on page 17-18 in the New Construction NOFA, and on page 18-19 in the Acquisition, Rehabilitation, & Preservation NOFA.)

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Q. If an application includes Permanent Supportive Housing Units, can you also get points for providing Special Needs units for the same units?

A. No. Permanent Supportive Housing has a definition that is aligned with the State's definition for their Multi-family housing Program (MHP), whereas Special Needs includes people who are homeless but may not have a disability or intensive service needs of the nature that's part of the state MHP supportive housing definition. For definitions of Special Needs vs Permanent Supportive Housing, please refer to the "Program Description" pages 36-37 in both the New Construction NOFA and the Acquisition, Rehabilitation, & Preservation NOFA.

Future NOFA Rounds

Q. How would you consider a property that has existing units, as well as the possibility of adding additional affordable housing units? Would that be funding for new construction or would that be existing?

A. Situations like these should be addressed with Housing Development staff offline. For the acquisition and rehab portion, that may fit into the Acquisition, Rehabilitation, & Preservation NOFA, but as previously noted, the New Construction NOFA is closed to non-city pipeline applications at this time.

We are in the process of preparing a third NOFA in the fall for what we're calling Acquisition and Conversion to Affordable housing, which will have a component for 25 units and fewer. We are still in the process of designing the program, but are looking for properties that can quickly be acquired or turned around and restricted to affordable housing. We are now looking at how to make this process as flexible as possible. This NOFA will also include a component for 26 units and over and is anticipated for release later in the Fall of 2019. This NOFA will be for projects that do not require much (if any) rehabilitation work, and are generally considered ready to go.

Q. Do you have any information regarding when the New Construction NOFA will open up again to non-pipeline projects?

A. This is highly dependent upon funding availability. HCD staff would like to release this as soon as possible, but we can't be specific at this point. We would ideally like to be able to time this to allow developers to apply for 9% tax credits in the State's July funding round (2020), but we're just not sure that we will have the funds available in time.

Q. Can you all say anything about the longer-range availability of funds, like a plan for next year (2020)? I know there's talk of impact fees being collected over the next couple of years. Is there going to be a NOFA at the end of 2020?

A. Funding permitting, our objective would be to get back to an annual NOFA cycle. Currently, staff is catching up from not having much affordable housing development for new construction projects over the last few years, as well as needing to deploy the measure KK funds as quickly as possible, which had an emphasis on the acquisition/rehabilitation side. As mentioned previously, we'd like to release a New Construction NOFA open to non-pipeline projects in late 2019/early 2020 to meet the July 2020 tax credit deadlines. We also need to evaluate staff capacity to handle a large number of NOFA rounds (as well as actually working on existing

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projects, closing loans, etc.), so we can't guarantee another round in 2020. We are actively working with the Mayor's Housing Cabinet Sub-committee in looking forward to additional NOFA rounds, as well as with Planning and Building staff regarding projections for impact fees in years to come.

Q&A for Questions of general applicability received outside of the NOFA pre-application meeting:

Q: In the Workbook, Ex 25 column A: There is a dropdown menu and 20% AMI can't be selected in the dropdown menu. If I try and type something in like how it is displayed on the "Unit Affordability Example Rental" tab, I get an error box. So it only lets me choose from the dropdown menu. Please advise. 30 is the lowest number provided.

A: The New Construction and the Acquisition, Rehabilitation, & Preservation workbooks have been updated to include an option for 20% AMI in the Unit Size and Affordability tab.

Q: Sponsors are requested to submit their application and project budgets assuming no Section 8 PBV assistance will be available. – Confirm this is IF there is no commitment letter. If we have a commitment letter, then we are ok to model them?

A: Please see NOFA "Instructions", item 23 page 28: "30 Year Proforma" for New Construction and item 26 page 22 for Acquisition, Rehabilitation, & Preservation. The language elaborates on budgeting with committed operating assistance.

Q: Up to 5 points will be awarded for EACH commitment of long-term operating subsidies. – So 5 points for a letter from OHA, and 5 if we get one from Alameda County? If we have two letters from H.A., is that 10 or 5 points? I ask because we have a commitment letter currently from H.A. and we are asking for more PBVs, which we can do separately from the process described in today's pre-app meeting. So, if we get awarded the additional, there will be 2 resolutions?

A: Two committed letters would yield 10 points. However, keep in mind the total maximum points allowed for "Funding Commitments" is 15 points. So for instance, if your committed financial resources are 50% of your total development costs yielding 10 points and you have 2 operating subsidy commitments, each worth 5 points, your total point score will be 15, not 20. In addition, please refer to the NOFA "Instructions", item 30, page 33 middle of 2nd paragraph for New Construction and item 34, page 25 also middle of 2nd paragraph for Acquisition, Rehabilitation, & Preservation. Language related to rental or operating subsidies confirms "Projects that have received a previous award of Project Based vouchers are not eligible."

Q: Preliminary Design Sketches – do you want full size copies of the architectural drawings? NOFA indicates to scale, so I assume yes, but confirming as they clearly will need to be sent in a separate package than rest of application hardcopy.

A: Designs should be legible and big enough to fit inside your 3-ring binder. Please do not provide a separate full size copy of your drawings.

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Q: Just following up on the minor typo we found in the new construction application workbook. It's on "Ex. 3 Application Form" tab. It says Rehab and Preservation on the top but I think it should say New Construction (see screenshot below). Per your direction we'll just assume that it's supposed to say New Construction.

A: The New Construction workbook, Exhibit 3 – Application tab has been corrected, now showing "New Construction" in the title block.

Q: Our project includes a value of the donated land, treated as a donation of \$1. In fact, we received such a ruling from the State HCD during the SHMHP application. So, the question is whether the City requires us to secure an appraisal as part of our application to the current NOFA for this project, or should we treat it as \$1 as we did for the State HCD? Please advise at your earliest since we would have to order one right away, should the City require it.

A: If your application for NOFA proceeds provided an appraisal in the 2017 NOFA round and you are applying again for NOFA proceeds in the 2019 round, please submit an update to the 2017 appraisal for the year 2019. If you did not apply in 2017 and are applying for 2019, please submit an appraisal per the NOFA guidelines. In both cases, an appraisal is required whether the land is treated as a donation or not.

Q: The NOFA document on page 34 states that "if acquisition is included in development budget, applicants are required to submit a recent appraisal" and my project is including acquisition in the development budget. However, the Application and Instructions document on page 15 notes that "no appraisal is required for existing affordable housing development if the ownership of the property has not changed within the last 5 years," which my project complies with. Can you confirm, given this conflicting information, whether or not we should include an appraisal in the application?

A: While the appraisal is required per the NOFA guidelines, there is one exception. No appraisal is required for an existing affordable housing development if the ownership of the property has not changed within the last 5 years.

Q: The Excel model states 10% contingency for new construction and 15% for rehab. The Rehab guidelines say 25% contingency. Can you please clarify? Existing and historical practice in the development industry is 5% contingency for new construction and 15% for rehab. Can you please confirm what the City requires? Thanks.

A: The City NOFA requires 10% for New Construction and 25% for Rehabilitation.

Q: May the community meeting for a proposed rehabilitation of an existing rental project be waived? We will hold a tenants meeting in the community room and update the tenants and provide them with notices of non-displacement.

A: If the existing rental project proposed for rehabilitation is not converting market rate housing to affordable housing, then a *Community Outreach Plan and Activities* is not required for that

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project. Instead, what is required is a *Tenant Outreach Plan and Tenant Meeting*. Please see the NOFA “instructions”, items 4 and 5, pages 12 and 13 of the Acquisition, Rehabilitation, & Preservation NOFA for detail on the difference between a Community Outreach Plan and a Tenant Outreach Plan.

Q: Do you have anyone to recommend to help us through the entitlement application process?

A: The best place to start with assessing your land use entitlements is the Zoning Counter on the second floor of 250 Frank H. Ogawa Plaza.

Q: How are you treating developer fee in the leverage calculation when – especially for 4% tax credit projects – we’re showing a larger fee in the development budget but then a combination of GP equity and deferred developer fee in the sources to net down to the \$2m cash fee? Can the amount of developer fee in the budget over the \$2m be netted out for the definition of TDC, or alternatively can GP equity and deferred fee be counted as committed?

A: The leveraging calculation will be the same that we used in the 2017 NOFA: GP contribution and deferred developer fee will not count towards leveraged resources.

Q: When the NOFA notes on page 14 “excluding City of Oakland resources” for calculating the project’s leveraging, do we exclude both the ask of funds in this NOFA application as well as any existing City financing the project may already have been previously committed? I ask because the project that will be applying has old City money from when it was first built a few decades ago and am not sure how to factor this into the leveraging calculation.

A: All City funds, currently being requested and previously committed are to be excluded from the Leveraging calculation.

Q: On the income targeting, if some of the threshold 20% of units targeted at 30% AMI are actually targeted at 20% AMI, does that generate any points?

A: No, you do not generate any points if the units that are provided to meet the new construction threshold requirement are 20% AMI or 30% AMI. You will receive points if you provide additional extremely low income units in excess of 20 percent. You will receive more points if you provide additional 20% of 20% AMI units compared to 30% of 30% AMI units.

Q: What will your process be once you rank the projects? If you get to a point where you have say \$5M left and the next project in line is asking for \$6M, will you offer that project \$5M or will you skip to the next project that is asking for less than \$5M?

A: Regarding partial funds available for a project (i.e. hypothetically awarding full funding awards to the top ranked projects and then not having full funds available for the next highest scoring project), we approach these situations on a case by case basis. We will discuss different scenarios with the developer (i.e. can the project still leverage our funds or would it need to

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come back to us for more, will the project be able to move forward, etc.). At the same time, we evaluate the financial needs and timing of the other projects in the pipeline to see what makes the most sense and most efficient/effective use of City dollars.

Q: A project scores full points if it has obtained discretionary land use approvals. The rehab project to be submitted does not need any new entitlements nor needs additional CEQA approvals based on our scope – based on my question from the Pre-Application meeting, I will go to the Planning Counter to get this confirmed and documented. A few questions:

(1) Will this confirmation document from the Planning Counter be sufficient to receive full points for this category?

(2) If so, is there a specific document that you all are looking at or just some type of confirmation memo from Planning Counter? Any guidance on what you all specifically need to meet both the entitlements and CEQA approvals scoring would be helpful.

(3) Similar to getting the request into Planning by 8/30 for the Zoning Determination Letter for new construction projects, for the acq-rehab NOFA do we need to go to the Planning Counter by 8/30 to get this confirmation document?

(4) If this document showing we don't need additional entitlements or CEQA approvals is needed, what tab in the application should it go in? Looking at the 44 tabs, there isn't one for Evidence of Land Use Approvals. Would Tab 12 – Evidence of Meeting with Building/Code Department or Tab 17 – Preliminary CEQA Checklist – be the best location to submit this confirmation document from the Planning Counter on entitlements?

A: Documentation officially provided by the Planning Department to solidify your land use entitlement will suffice to receive full points and must be provided in your application by the due date as evidence of your entitlement. For acquisition-rehab projects, a Letter of Conformity with Planning & Zoning Requirements is not required. However, Evidence of Meeting with the Building/Code Department to research all building code requirements is required. The August 30, 2019 date relates to the Zoning Compliance Letter for new construction projects only. In addition, and if you have a rehab application, you should still verify that your project is exempt from CEQA. The best place to start with assessing whether a rehab project is CEQA exempt is the Zoning Counter on the second floor of 250 Frank H. Ogawa Plaza. This evidence may be enclosed in Tab 17 – Preliminary CEQA Checklist.

Q: Can you please confirm if the Acquisition-Rehab NOFA includes HOME funds in addition to Measure KK funds? If it's solely Measure KK funds, are we still required to provide the recertification form as a developer certified as a HUD CHDO?

A: The Acquisition, Rehabilitation, & Preservation NOFA is solely funded by Measure KK Bond Funds and does not include HOME funds. Therefore, a CHDO recertification will not be required for Acquisition-Rehab projects.

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Contact Information

1. For questions regarding the City NOFA, please contact Everett Cleveland Jr. at EClevelandjr@oaklandca.gov. **In addition, and to those applicants intending to apply to the City NOFA, staff is kindly requesting that you please respond via email verifying how many applications you intend to submit – New Construction and Acquisition, Rehabilitation, & Preservation.**
2. City Planning Requirements: City of Oakland Planning & Zoning, (510) 238-3911 or visit the Zoning Counter on the second floor of 250 Frank H. Ogawa Plaza.
3. Oakland Housing Authority: Ahmed Karimi, Senior Management Analyst, (510) 587-2155 (not 2115) or by email at akarimi@oakha.org.
4. City Contract Compliance: Shelley Darensburg, Senior Contract Compliance Officer, (510) 238-7325 or by email at SDarensburg@oaklandca.gov.
5. Alameda County Health Services Agency: Marc Trotz, Consultant, (415) 568-6438 or by email at marctrotz@gmail.com.