

City of Oakland, Housing & Community Development

Notice of Funding Availability New Construction 2021 - NOFA Pre-Application Meeting
Questions & Answers, Response #1 (11/18/21)

Q1: If required to use the HUD utility allowance; how is that compatible with Oakland Housing Authority (OHA), Project-Based Section 8 vouchers (PBV)?

A1: Generally speaking, most applicants should plan to utilize the more conservative HUD Utility Allowances in your NOFA application. If you are awarded with Project Section 8 vouchers, then you may use OHA's Utility Allowance. If not, then you will need to underwrite to most conservative estimates by using the HUD Utility Allowance in your NOFA application.

Q2: Will OHA have PBV assistance available for projects in this NOFA round?

A2: Applicants should not have the expectation that they will be awarded PBV's for their project from OHA.

Q3: Will the Oakland Housing Authority staff assist/help applicants with PBV's for their project?

A3: No. The Oakland Housing Authority staff will not engage with developers while this NOFA round is in process. OHA will not be able to provide guidance or any type of pre-review of PBV requests.

Q4: Is there a minimum or a maximum dollar amount that will be awarded per project based on the City's New Construction available funds?

A4: The NOFA maximum loan amount up to 40% of total development costs. The City cannot confirm how many projects we expect to fund, because this will depend on project size, scoring and further refinements regarding the amount of loan funding available.

Q5: If we have a City loan now committed, do we forfeit the existing commitment by reapplying in this round?

A5: No, you would not be forfeiting the existing commitment under an existing NOFA funding commitment letter, but you would need to apply for a renewed commitment, as well as any additional financing needed for the project.

Q6: How does the market demand assessment take into account temporarily changed market conditions during COVID?

A6: The City of Oakland is aware of the effects of the pandemic and will consider market rate study's that are reflecting the current market condition. Please include descriptions of current and projected impacts in your application narrative.

Q7: If interested in becoming a Community Housing Development Organization (CHDO), should the form(s) be submitted regardless of the status of backup documentation?

A7: Yes, the CHDO form(s) should be executed and filled out and uploaded at the time the application is submitted. Please indicate your organization's interest in being certified as a CHDO in your cover letter

Commercial Space for Mixed-Use Projects

Q8: "Letters of interest from funders of the commercial portion of the development at time of application" – What is the definition of 'funders', and what does a letter of interest constitute?

A8: A funder is a person or an organization that will provide a financing commitment for the commercial development, and might include construction/permanent lenders, grant financing, and/or other forms of financing the development. Letters of interest should at a minimum describe the terms and conditions of the funding being contemplated.

Q9: Would an example letter from a lender committing to lending specifically on the commercial portion of the project suffice as a letter of interest?

A9: Yes, a letter of interest or a commitment letter from another source of funds committing to lending specifically on the commercial project would suffice for a letter of interest.

Q10: Can market information pre-pandemic be used, with the assumption that that was the latest "normal" market condition for commercial/retail?

A10: Yes, market rate information submitted at the time of the application can be pre-pandemic market analysis (either market study or survey of market conditions). However, the applicant should try to obtain the most current market rate information available, and describe anticipated opportunities and challenges in the current market.

Q11: If the project includes commercial space, but will not be assuming rental income for the space and not included the underwriting, would we still be required to turn in a market study for the commercial space?

A11: Please note: the NOFA allows for submission of either a market study **or** a survey of conditions:

All projects must also provide a market study or survey, as described below:

Rental Projects: A market study or rental survey must be submitted via CDS upload that is no more than nine months old. Rental surveys do not need to be completed by a third-party consultant and can be completed in lieu of a market study at the time of application. Include on the following worksheet, a summary of the closest three affordable and three market rate comparables, including their distance from the project, population served, number of units by bedroom size, rent by unit size, service and on-site amenities.

Mixed Use Projects: In addition to the above, also provide:

- a. Evidence of demand for commercial/retail space and marketability of space, or at least half the commercial/retail space pre-leased;
- b. Information from brokers on vacancy rates, turnover rates, and market rents in the neighborhood; and
- c. Evaluation of the neighborhood's retail environment and relative merits of the newly proposed commercial space.

Developer Experience

Q12: What is the definition of “affordable housing projects”?

A12: An affordable housing project is a housing project that is deemed affordable to those with a household income at/or below as rated by the national government or a local government agency by a recognized affordability index, such as Area Median Income, with recorded long-term affordability restrictions.

Q13: What is meant by “by the Developer, not other team members” experience?

A13: The Developer is the organization(s) handling the coordination of the affordable housing application from pre-development through operations. Usually, the developer or an affiliated organization is also the borrower. As noted in Addendum #1 (Minimum Developer Qualifications), the other members of the Development Team typically include Architects, Attorneys, Development/Financial Consultants, General Contractor and/or Property Management.

Q14: Does personal experience of staff on the Development team that came about while at previous organizations is NOT countable?

A14: Personal staff experience is not counted under the developer's organizational experience but would fall under the "Developer Capacity and Staffing" category of the NOFA.

NEPA/CEQA/Planning Review

Q15: When is a National Environmental Policy Act (NEPA) review required?

A15: A NEPA review is required when the project has been granted federal funding (HOME Funds and/or PBS8 Vouchers). The NEPA review must be completed prior to loan closing, and no choice-limiting actions (as described on pages 44-45) of the NOFA, may be taken from the date of submission of the City NOFA application until NEPA clearance is achieved for projects with federal funding)

Q16: Does a project need NEPA clearance to receive a City funding award? What about California Environmental Quality Act (CEQA)?

A16: A federally-funded project may receive a conditional commitment of City loan funds before final NEPA clearance is received. However, as noted above, no loans may be closed/funding disbursed until NEPA clearance is received.

All projects (regardless of funding type) must receive CEQA clearance prior to a funding award by Oakland City Council.

Q17: Is a NEPA review required at the time of application submittal?

A17: The NEPA review is not required to be submitted with the rest of the application on January 7, 2022. However, should projects be anticipate applying for other funding sources early in 2022 that do require NEPA clearance, it may be advisable to begin the process of the review is started; in the event that HOME funds are awarded to the project.

Q18: If I do not have entitlements already, when is the last day to request a Zoning Summary letter?

A18: The last day to request a Zoning Summary is December 6, 2021.