

**National Housing Trust Fund (NHTF)
Permanent Supportive Housing Set-Aside
Notice of Funding Availability (NOFA)**

Program Administered by
DELAWARE STATE HOUSING AUTHORITY
18 The Green
Dover, DE 19901



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December 2018



NATIONAL HOUSING TRUST FUND (NHTF) *Permanent Supportive Housing Set-Aside* Notice of Funding Availability (NOFA)

Introduction

The National Housing Trust Fund (NHTF) is a new federal affordable housing production program intended to increase and preserve the supply of decent, safe, and sanitary affordable housing for Extremely Low-Income (ELI) households, defined as at or below 30% of Area Median Income (AMI).¹ Projects utilizing HOME Funds may serve ELI and Very Low-Income (VLI) households, including homeless households.²

NHTF allocated to the State of Delaware is administered by the Delaware State Housing Authority (DSHA).

NHTF funds may be used in the following forms:

- Interest-bearing or non-interest-bearing loans; and/or
- Deferred payment loans.

Funding Availability and Timeline

A. Available Funding

This year, DSHA has set aside **\$600,000** of the annual NHTF allocation to be made available for new permanent supportive housing projects for chronically-homeless persons with disabilities or persons with disabilities.

In addition, DSHA will include a set-aside of **\$400,000** in HOME funds for this same purpose.

The total amount available will be **\$1,000,000** to be distributed to qualified applicants.

B. Targeted Timeline

- | | |
|--------------------------------------|-----------------------------------|
| ▪ December 2018 | NOFA released to public |
| ▪ December 17, 2018 | Public Information Session |
| ▪ March 29, 2019 | Applications Due |
| ▪ Applications due to DSHA by | 4:00 p.m.* |
| ▪ May/June 2019 | DSHA award announcement |

* Applications received after posted deadline will **not** be eligible for funding.

¹ In any fiscal year in which the total amount available for allocation of NHTF funds is less than \$1 billion, the grantee must use 100 percent of its NHTF grant for the benefit of extremely low-income families or families with incomes at or below the poverty line (whichever is greater). 24 C.F.R. 93.250(a).

² HOME income limits are posted online at HUD.gov

Funding Allocation Priorities

Funds will be disbursed through a competitive application process, with preference given to:

- Applications that demonstrate a clear need, suitability, and cost efficiency for new permanent supportive housing projects for:
 - Chronically homeless with mental health disabilities or substance abuse;
 - Chronically homeless; or
 - Persons with disabilities, particularly persons with disabilities at high risk of homelessness or institutionalization.
- Applications eligible to receive new rental subsidy will receive priority.
- Applicants with demonstrated experience and capacity to ensure compliance with the requirements of the NHTF program;
- Applicants with proposals that include partnerships with State agencies, community partners and/or private funders that demonstrate sustainable sources of funding for proposed supportive services; and
- Applications meeting priority housing needs regarding permanent supportive housing established by the State of Delaware, including but not limited to, priority for projects in Sussex County.

Eligibility and General Requirements

A. Eligible Applicants

DSHA may select more than one applicant to meet the needs of the State. Only 501(C)(3) nonprofit developers will be eligible to apply. All Applicants must contact DSHA 30 days prior to application deadline to schedule a pre-application Technical Assistance meeting.

B. Award Conditions and Restrictions

- All projects must meet DSHA's minimum definition of permanent supportive housing:
 - Permanent supportive housing is considered long-term, permanent housing that has supportive services for individuals experiencing homelessness with disabilities or persons with disabilities paired with supportive services tailored to the population served. This type of supportive housing enables special needs populations to live as independently as possible in a permanent setting. The supportive services may be provided by the organization managing the housing or coordinated by the applicant and provided by other public or private service agencies. There is no definite length of stay.
- All projects must adhere to DSHA's Minimum Construction and Rehabilitation Standards and all other construction standards as described in DSHA's NHTF Allocation Plan, which can be found at the following link:
 - www.destatehousing.com/Developers/lihtc/2019/2019_qap_guidelines.pdf
- All projects must adhere to DSHA's Underwriting Criteria. This criteria document is available at the following link:
 - www.destatehousing.com/Developers/lihtc/2019/2019_qap_guidelines.pdf

- The maximum per-unit subsidy limits for NHTF are set at the Section 234 Basic Mortgage Limits established by the U.S. Department of Housing and Urban Development (HUD). Limits, effective 06/04/2018, are as follows:

<u>0 Bedroom</u>	<u>1 Bedroom</u>	<u>2 Bedroom</u>	<u>3 Bedroom</u>	<u>4 Bedroom</u>
\$147,074	\$168,600	\$205,018	\$265,229	\$291,137

- NHTF-assisted units must meet the affordability requirements for a period of not less than thirty (30) years, which begins at project completion. DSHA may impose longer periods of affordability.
- New rental subsidy may be available for projects serving individuals with mental health disabilities who are at risk of homelessness or institutionalization. Projects in Sussex County will receive a priority for this subsidy. Interested applicants must contact Susan Holloway 302-255-9398 or susan.holloway@state.de.us at Delaware's Division of Substance Abuse and Mental Health in order to receive a preliminary letter of support. This preliminary letter of support must be provided with the NHTF PSH application in order to be eligible for priority scoring.
- Award recipients will have three (3) years from the award date to expend funds.
- Reimbursement of acquisition costs may not exceed appraised value unless approved by DSHA prior to acquisition.

C. Fees

A \$1,250 application fee will be due to DSHA upon submission of application, and is not an eligible project expense. Fee refundable to applicants who do not receive an award.

D. Pre Development Loans

Applicants may be eligible for up to \$50,000 in Pre-Development lending from DSHA's Housing Development Fund. Interested applicants should review Pre-Development funding details by visiting the following: http://www.destatehousing.com/Developers/dv_hdf.php

Program Guidelines

A. Eligible Activities/Uses

Funds may be used as permitted by 24 CFR Parts 93.201 and 93.202 for the following project costs:

- Development hard costs;
- Acquisition costs for new projects;
- Related soft costs;
- Relocation costs; and/or
- In limited circumstances, Projects receiving NHTF development funds may be eligible for operating subsidy as may be permitted by NHTF Regulations.

B. Non-Eligible Activities/Uses

- Any costs associated with NHTF application preparation or submittal
- Costs outside stated contract periods, unless specifically permitted by DSHA and set forth in the Written Agreement
- Acquisition and holding costs incurred prior to release of this NOFA
- Delinquent taxes, fees or charges
- Political activities, advocacy, and/or lobbying
- Any cost not eligible under 24 CFR Parts 93.201 and 93.202
- Existing indebtedness
- Tenant-based or Project-based rental assistance
- Supportive services

C. Other Federal Requirements

All awardees must comply with the following NHTF HUD requirements:

- i. Subsidy Layering;
- ii. Underwriting;
- iii. Sites and Neighborhood Standards;
- iv. Rehabilitation Standards;
- v. Uniform Physical Conditions Standard (UPCS);
- vi. Environmental Review;
- vii. Uniform Relocation Act;
- viii. Accessibility (Section 504, Fair Housing, etc.);
- ix. Lead-Based Paint;
- x. Section 3;
- xi. Minority, Women and Veteran Business Enterprises Outreach Program;
- xii. Affirmative Marketing and Fair Housing;
- xiii. Conflict of Interest;
- xiv. Funding Accountability and Transparency Act; and
- xv. Eminent Domain.

Please access DSHA's National Housing Trust Fund Allocation Plan or the HUD Exchange for more information at the following links:

<http://www.destatehousing.com/FormsAndInformation/capers.php>

<https://www.hudexchange.info/programs/htf/law-regulations-and-notices/>

Ranking and Scoring

A. Ranking Process

All applications will be scored and ranked based on the criteria detailed below. The top-ranked application will be funded and DSHA will continue to allocate NHTF funds to projects in a descending order until all available NHTF funds have been fully utilized.

B. Scoring Categories

Applicants are responsible for determining and providing sufficient support documentation. Please review the NHTF NOFA Part III – Exhibit Checklist for more information. Applicants should base their narratives on the following scoring criteria:

1. Project Description and Capacity (Maximum Score: 30 points)

A. Description

- a. Populations - Priority points will be given for chronically homeless with mental health disabilities or substance abuse; however, eligible populations can include chronically homeless or persons with disabilities, particularly persons with disabilities at high risk of homelessness or institutionalization
- b. Suitability of location
- c. Impact of housing and revitalization of neighborhoods
- d. Project characteristics (uniqueness, accessibility, needs)

B. Affordability

- a. Targeted Area Median Income (AMI) – priority points will be given to projects that can target Extremely Low-Income (ELI) households
- b. Duration of affordability term (cannot be less than thirty (30) years)

C. Rental Subsidy

- a. Projects with new rental subsidy will receive priority points
- b. New rental subsidy may be available for projects serving individuals with mental health disabilities who are at risk of homelessness or institutionalization. Projects in Sussex county will receive a priority for this subsidy. Interested applicants must contact Susan Holloway at 302-255-9398 or susan.holloway@state.de.us at Delaware's Division of Substance Abuse and Mental Health in order to receive a preliminary letter of support. This preliminary letter of support must be provided with the NHTF PSH application in order to be eligible for priority scoring

D. Team Capacity and Experience

- a. Experience with other federal, state or local housing programs
- b. Experience with permanent supportive housing
- c. Experience and demonstration as evidenced by the ability to own, construct or rehabilitate, and manage and operate affordable multifamily rental housing
- d. Demonstrate financial capacity to undertake, comply and manage projects
- e. Evidence of loans and/or projects that are in the DSHA portfolio of applicant or affiliates in good standing

2. Leveraging (Maximum Score: 15 Points)
 - a. Cost efficiency of project
 - b. Sources for construction and permanent financing. Priority points will be given to projects with committed funding
 - c. Cash and non-cash participation of sponsor/developer (required by NHTF)
 - d. Repayment of loan, if any

3. Operating Funds, and project self-sufficiency (Maximum Score: 20 Points)
 - a. Dedicated Operating Income or Project-Based Assistance. Priority points will be given to projects that can document dedicated non-NHTF operating sources
 - b. Cash flow pro forma positive cash flow for twenty (20) years (sources and uses)

4. Collaboration and Coordination (Maximum Score: 20 Points)
 - a. Partnerships
 - b. Coordination of Services

5. Readiness to Proceed (Maximum Score: 15 Points)
 - a. Site Control
 - b. Zoning, Water and Sewer
 - c. Development Team
 - d. Building Permits
 - e. Plans and Specs

Reporting and Recordkeeping

A. Data Collection

Each awardee will be expected to collect and report information about the uses of funds, including, but not limited to:

- Project name;
- Activity;
- Location;
- Funds budgeted and expended;
- Funding sources and total amount of any leveraged funds;
- Number of projects and housing units;
- Beginning and ending dates of activities;
- Evidence of income verification, including recertification as required;
- Number of very low- and extremely low-income persons or households served;
- Data needed to support performance measures; and
- Subsidy amounts per household or per property.

B. Quarterly Reporting

Each awardee must submit a quarterly performance report, as DSHA prescribes, no later than fifteen (15) days following the end of each quarter, beginning thirty (30) days after completion of the first full calendar quarter after award and continue until the completion of the project, as determined by DSHA.

C. Monthly Reporting (Drawdown of funds)

In addition to this quarterly performance reporting, each awardee will be permitted to draw funds on a monthly basis, provided documentation on obligations and expenditures has been provided and determined to be acceptable by DSHA. Awardee agrees to follow DSHA's draw process as necessary.

D. Recordkeeping

The address, appraised value, purchase offer amount, and costs associated with acquisition, rehabilitation or new construction of each property must be documented in the awardee's program records and any additional information DSHA may request.

After project completion, the awardee will be required to maintain and report data into DSHA's MITAS database on a monthly basis.

E. Regulatory Requirements

- All projects/developments must be located in **Level 1, Level 2, or Level 3 Investment Areas** as defined by State Strategies for Policies and Spending to be eligible to apply for funding.
- In accordance with Title 31, Chapter 40, Subchapter III, DSHA will notify the local government's Chief Executive Officer, State Senator and State Representative upon receipt of the Final Application.

- New construction applications containing four (4) or less units may be subject to House Bill No. 227, adopted on April 24, 2012, which amended Titles 9, 22 and 31 of the Delaware Code by defining Universal Design Standards. House Bill 227 requires application processes for public financing of affordable housing to include Universal Design Standards. DSHA has established a category to provide points for including, at a minimum a no-step entry and accessible routes for the bathroom, bedroom, and kitchen areas, and points for additional Universal Design criteria.
- Per the Delaware Council on Housing Resolution 398, adopted on December 9, 2009, all HDF, HOME or NHTF recipients are encouraged to partner with minority-, veteran- and women-owned businesses by coordinating with the State of Delaware's Office of Supplier Diversity to maximize the number of minority-, veteran- and women-owned businesses participating in projects or programs funded by the HDF, HOME, or NHTF, when applicable.
- All units must be placed on www.DelawareHousingSearch.org.
- Applicants agree to Affirmatively Further Fair Housing and comply with the provisions of all applicable federal, state and local law prohibiting discrimination including, but not limited to, Title VI of the Civil Rights Act of 1964 as amended.
- All applicants must comply with all requirements of the Violence Against Women Act (VAWA) as codified at 42 U.S.C. § 13931 et. seq. and as more particularly described in 24 C.F.R. § 93.356. This includes, but is not limited to: prohibition from discrimination in tenancy on the basis of applicant's history as a victim or threatened victim of a VAWA crime and certain lease protections.
- Applicant and management staff must provide Fair Housing training for staff every two (2) years. Verification of such training will be reviewed by DSHA staff as part of our periodic site review.
- All NHTF rental projects/units will be required to execute a thirty (30)-year regulatory agreement with DSHA and participate in DSHA's asset management and compliance process.
- All NHTF rental projects serving chronically-homeless households or homeless households must participate in Community Management Information System (CMIS) and participate in the Centralized Intake referral process when applicable.

Submission of Application

A. Application Deadline

Applications are due to DSHA no later than 4:00 p.m. on **March 29, 2019**. Applications submitted after this deadline or incomplete applications will **not** be considered for funding.

B. Submission Checklist and Applicant Instructions

1. Application, Part I PSH (Fillable Word format)
This part of the application collects general information about the primary applicant, the project name and location, proposed activities, and the requested funding amount.
2. Application, Part II PSH Cash Flow Pro Forma (Excel format)
This part of the application collects information about the project's proposed sources and uses.
3. Application, Part III PSH Exhibit Checklist (Narrative and support documentation)
This part of the application consists of narratives, exhibits, and documentation provided by the applicant. DSHA will use this information to determine if the application meets the overall priorities of NHTF and for the purpose of scoring/ranking the application.

C. Submission Format

Applicants must submit **one bound and indexed-paper copy** and **one electronic copy USB thumb drive**).

The paper copy must be bound in a three-ring binder in an indexed format, with a table of contents and organized in the following manner:

- Table of Contents;
- Application, Part I PSH (Signed copy);
- Application, Part II PSH Cash Flow Pro Forma; and
- Application, Part III PSH Exhibit Checklist (Narratives and support documentation).

The electronic copy may be in the form of a USB thumb drive and should follow the same organizational format as the paper copy described above.

D. Submission Location

Applications may be submitted in person to DSHA's Dover or Wilmington office.

Dover Location

18 The Green
Dover, DE 19901

Wilmington Location

Carvel State Office Bldg.
820 N. French St., 10th Floor
Wilmington, DE 19801

Submission Deadline March 29, 2019 by 4:00 p.m.
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E. DSHA Contact Information

For program questions and assistance with the application process please contact:

Cindy Deakyne, Housing Development Administrator
Phone: 302-739-0291
E-mail: Cindy@destatehousing.com