

**National Housing Trust Fund
NHTF Supplement to the
Universal Rental Project Application**



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State of California

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NHTF strongly recommends that rental new construction applications submit this self-score checklist to aid in the application scoring process.

SELF-SCORING SUMMARY WORKSHEET
NHTF RENTAL NEW CONSTRUCTION PROJECT COMPETITION

FACTOR	SUBFACTOR	SCORING SUMMARY	For a full description see referenced page of NOFA or NHTF Supplement (NS)	SELF SCORE	MAX POINTS AVAILABLE
Housing Element		Found to be in substantive compliance as of August 6, 2018	NOFA: p. 15		50
Direct Allocation		Decline a direct HUD HOME grant All NHTF applicants will receive these points.	NOFA: p. 15	50	50
Rural		Project is located in a rural area	NOFA: p 15		50
CAPABILITY	Similar Project Experience last 5 years	1 project, 100 points 2 projects, 150 points 3 projects, 200 points	NOFA: p. 15		200
CAPABILITY	Housing & Community Development Experience last 7 years	For program activities claimed in this category, 10 points awarded for each completed line showing at least 2 units/yr. For projects claimed in this category, each project equals 10 points, up to 50 points total	NOFA: p. 15 NS: p. 40		50
CAPABILITY	Performance Point Deductions	Performance factors are listed below	NOFA: p. 15	All apps start with 200 points	200

FACTOR	SUBFACTOR	SCORING SUMMARY	For a full description see referenced page of NOFA or NHTF Supplement (NS)	SELF SCORE	MAX POINTS AVAILABLE
CAPABILITY	Performance Factor #1: Missed Project Deadlines	<p>Missed project deadlines of the applicant, developer, owner, and managing general partner, for deadlines occurring by the NHTF application deadline of August 6, 2018. Points will be deducted for missed deadlines as follows: 5 points for the permanent financing deadline, 10 points for the project set-up deadline, 10 points for the construction loan closing deadline, 80 points for the completion deadline, and 20 points for the expenditure deadline. Applicants may submit a request for a waiver of these point deductions in their applications. Applicants may submit a request for a waiver of these point deductions in their applications.</p>	NOFA: p. 16		Maximum 200 point deduction
	Performance Factor #2: Monthly, Quarterly, Annual Reporting, and PCRs	<p>Late reports of the applicant. Up to 50 points may be deducted for late monthly reports, late Quarterly Program Income reports due for both program and project contracts between January 1, 2013– December 31, 2017, late Project Completion Reports due during this time period and for the Annual Performance Report due in 2017. HCD reserves the right to deduct points even if the Annual Report is on time but prepared inaccurately.</p>	NOFA: p. 16		Maximum 50 point deduction

FACTOR	SUBFACTOR	SCORING SUMMARY	For a full description see referenced page of NOFA or NHTF Supplement (NS)	SELF SCORE	MAX POINTS AVAILABLE
		Applicants may submit a request for a waiver of these point deductions in their applications. Applicants may submit a request for a waiver of these point deductions in their applications.			
	Performance Factor #3: Material Misrepresentation	Deduct points only if you receive HCD notification by December 31, 2017, of Material Misrepresentation.	NOFA: p. 16		Maximum 200 point deduction
	Performance Factor #4: Noncompliance with Monitoring requirements	<p>There are two distinct sub-categories:</p> <p>1) Applicants, owners, and managing general partners who have not complied with monitoring requirements identified by HCD in the last five years will lose up to 100 points; and</p> <p>2) points will also be deducted for the following late reports associated with occupied HOME rental projects (HCD will calculate these deductions for only applicants, owners, and managing general partners involved in 2018 project applications, so advance notice will not be provided on the status of these reports).</p> <p>CHDOs: 5 points will be deducted for each late Annual Operating Budget and each late Annual Report due to HCD between January 1, 2013 and December 31, 2017.</p>	NOFA: p. 16		Maximum 100 point deduction for these 2 parts

FACTOR	SUBFACTOR	SCORING SUMMARY	For a full description see referenced page of NOFA or NHTF Supplement (NS)	SELF SCORE	MAX POINTS AVAILABLE
		Applicants may submit a request for a waiver of these point deductions in their application.			
COMMUNITY NEED			See Appendix H, for scores		250
PROJECT FEASIBILITY	Project Feasibility Self Scoring Worksheet	Self-Evaluation Worksheet properly prepared and submitted. Compliance with state and federal requirements (including UMRs).	NS: starting on p. 41 NOFA: p. 17		195
PROJECT FEASIBILITY	Percentage of total units which are NHTF Assisted	Five scoring levels: 1, 2, 3, 4 or 5 points 20%, 35%, 50%, 70%, 100% e.g., a project with 50% receives 3 points.	NOFA: p. 17		5
PROJECT READINESS	Project Development Plan (PDP): Market Study	Recently Prepared/Included in Application (“Recent/Included”). Rating points for the Project Development Plan (PDP) will be awarded if the <u>required*</u> item has been submitted, was prepared within the applicable timeframes, and meets the basic requirements specified in the NHTF Supplement. PDP items will be reviewed to make a feasibility determination for the applications scoring high enough to be funded. *Under this NOFA, the Geotechnical Report is not required with the application and will not be considered for scoring	See NS for PDP items, starting p. 49		35

FACTOR	SUBFACTOR	SCORING SUMMARY	For a full description see referenced page of NOFA or NHTF Supplement (NS)	SELF SCORE	MAX POINTS AVAILABLE
		purposes.			
PROJECT READINESS	PDP: Appraisal	Recent/Included	NS: starting p. 51		10
PROJECT READINESS	PDP: Phase I//II	Recent/Included	NS: starting p. 52		35
PROJECT READINESS	PDP: Floodplain Analysis	Recent/Included	NS: starting p. 53		25
PROJECT READINESS	PDP: Cost Estimate	Recent/Included	NS: starting p. 54		5
PROJECT READINESS	PDP: Soils Report	Not Required for Scoring	NS: starting p. 54		N/A
PROJECT READINESS	PDP: Relocation	Recent/Included	NS: starting p. 54		30
PROJECT READINESS	Zoning	Adequate zoning in place	NS: starting p. 58		30
PROJECT READINESS	Zoning	Verification of Water and Sewer	NS: p. 58		10
PROJECT READINESS	Zoning	Verification of Water and Sewer: Both services are available	NS: p. 58		5
PROJECT READINESS	Local Government Approvals	Local Government Approval form	NS: p. 59 - 61		80
PROJECT READINESS	Design Progress	Input scoring from Design Progress section of this Application	NS: p. 62		10

FACTOR	SUBFACTOR	SCORING SUMMARY	For a full description see referenced page of NOFA or NHTF Supplement (NS)	SELF SCORE	MAX POINTS AVAILABLE
PROJECT READINESS	Permanent Financing	Rental New Construction 0-10% of non-NHTF financing = 0 pts 10-19% = 5 pts 20-49% = 10 pts 50-100% = 25 pts	NS: p. 62-64		25
STATE OBJECTIVES	Other Financing Committed and/or Noncompetitive	100% of non-NHTF funding committed by August 6, 2018.	NS: p. 65 NOFA: p. 17		85
STATE OBJECTIVES	Overcoming Impediments to Fair Housing	Insert score resulting from process described at HS, p. 79-80	NS: p. 65 NOFA: p. 17		35
STATE OBJECTIVES	Special Needs Homelessness Or Access to Opportunity	30 - 100% = 80 (points) 25 - 29% = 65 20 - 24% = 52 15 - 19% = 39 10 - 14% = 26 5 - 9% = 13 Or 80 points will be awarded for projects located in areas of opportunity within the TCAC Opportunity Map.	NS: p. 66 NOFA: p. 18		80
TOTAL SELF SCORE					1550

* Note: the content of the "Scoring Summary" column is intended to summarize the factor, not to substitute for the full explanation found in the NHTF NOFA or Supplement. See the referenced pages for the full explanation.

APPLICANT COMMENTS:

**NHTF-Specific Instructions for Completing Worksheets in the
Universal Application Form
Version 05-2-2018**

Important Reminders!

Complete in Order – Complete the Universal Application form in the same order as the questions and worksheets that are provided. Many cells are linked and skipping around will likely give you error messages that will cause figures to calculate incorrectly due to the information not being provided in the correct order.

Comment/Instruction Boxes – Read the instructions provided with each worksheet. Also read the comment boxes provided with many of these cells as they can provide valuable information on how to complete the cell. The comment boxes are indicated by a red mark in the upper-right-hand corner of the cell.

Drop-Down Menus – Throughout the Universal Application, there are numerous drop-down menus with possible answers to each question provided. Click on the cell to determine if it has a drop-down menu available. Blank options within a drop-down menu mean “none”.

Cell Colors – In general, the shaded yellow cells are where you input information. However, there are some white cells where you input information. If the cell allows you to input data and there is no formula already written in the formula bar at the top of the screen, it is generally ok to input into these cells. **Do not overwrite formulas in cells. This will likely impact other formulas written into the application without your knowledge.**

A. General Information Page

HCD Box – Make sure that the “HCD” box at the top of this page is selected; otherwise the correct “Use of Cash Flow” information will not show up on the Cash Flow Worksheet.

“Name of HCD Funding” – Select “**NHTF Inv. Part.**” from the drop-down menu to activate the 20 yr. Cash Flow Analysis and fill in the NHTF Activity, Administration, and Activity Delivery Amounts where noted. Note: Administration/CHDO Operations and Activity Delivery amounts are on top of/in addition to the NHTF loan amount.

Rural Census Tracts If you think your proposed project is in a rural census tract, please type the word “rural” in the census tract box after listing the census tract number. Projects in rural census tracts must document that their project is located in a rural area. Follow the steps outlined below to determine if your proposed project is located in a rural area, and to document this rural area status. Projects located in the following

counties do not have to provide documentation of their rural status, and will be considered rural applicants:

Alpine, Amador, Calaveras, Colusa, Del Norte, Glenn, Humboldt, Inyo, Lake, Lassen, Mariposa, Mendocino, Modoc, Mono, Nevada, Plumas, Sierra, Siskiyou, Tehama, Trinity, and Tuolumne.

If your project is not located in one of the above counties, follow one of the processes below to document that the project is located in a rural area.

I. Rural Community Determination

1) Provide a current letter from the project's local USDA agency evidencing that it is in a Rural Housing Service Section 515 designated area. This letter must specify that the project is in a Section 515 designated area; **eligibility for USDA Rural Programs is not sufficient**. Attach this letter as Exhibit 11.

OR

2) Go to: <http://www.treasurer.ca.gov/ctcac/2018/methodology.pdf>

Proceed as follows:

- a) Scroll down to Exhibit A and review the "USDA Sec. 515 Designated Place List (FY 2012)"
- b) Check your project's location against locations on the PDF file list.
- c) Submit a printout of the page in the designated places list with the location of your project highlighted, and evidence of your project's location within the designated place. Attach this information as Exhibit 11.
- d) If your project's location is not listed on the 2012 Designated Places List, confirm with USDA Rural Housing Services' California State Office that the area is indeed not eligible for Section 515 funding.

OR

II. Census Data

1) Go to the State Department of Finance E-1 population table at:
<http://www.dof.ca.gov/Forecasting/Demographics/Estimates/E-1/>

To verify the jurisdiction's latest population estimate in the E-1 City/County Table. (If you are asked for a username and password, click "cancel" until the file comes up.) If your project is located in a city of more than 40,000, stop. Your project is not located in a rural area.

If your project is located in a city of 40,000 or less or in an unincorporated area, print the page of Table E-1 which shows this population figure, and go to Step 2.

2) Go to the American FactFinder at the US Census Bureau website:

<http://factfinder2.census.gov/main.html>

- a) Click on “Advanced Search”, then “Show Me All”
- b) Select “Topics” in the left-hand menu
- c) At the bottom of the "Topics" drop-down menu click “Dataset” to reveal this drop-down menu
- d) Scroll down this menu and select “2010 SF1 100% Data” under “Dataset”
- e) Scroll up again and above “Dataset”, click on “Product Type” to reveal this drop-down menu
- f) Select “Detailed Table” under “Product Type”. (“2010 SF 1 100% Data” and “Detailed Table” should now be listed in the "Your Selections" box (top left))
- g) Select “Geographies” in the left-hand menu
- h) On the next screen, click the button for “Most requested Geographic Type”
- i) In the drop-down menu for " Select a geographic type", select Census Tract, then select California, and your county, and then the Census tract where your proposed project will be located by clicking on the Census tract, and then clicking "Add to Your Selections". Close the “Select Geographies” window.
- j) In the Topic or Table Name box, type Urban and Rural. Select Table P2 or P002 from the drop-down menu. Then select the “Urban and Rural” box for this table in the list that follows. Then click "View".

3) If the table indicates that the total population of the census tract is rural or inside urban clusters, the site will be considered rural. If the proposed project site meets these qualifications, print the Census tract table provided, and submit this and your population figure from the E-1 table as **Exhibit 11**.

4) If the table indicates that the total population of the census tract is at least 51 percent rural or inside an Urban Cluster(s), the site will be considered rural. If the proposed project site meets these qualifications, print the Census tract table provided, and submit this and your population figure from the E-1 table as **Exhibit 11**.

If you follow this process and as a result the evidence shows that your project is not rural but you believe that it should be considered rural, or if you have other questions, problems, or concerns in determining rural designation pursuant to the above process, please contact Muri Christine Bartkovsky at (916) 263-1176.

B. Project Narrative

In addition to providing the information requested in the instructions to this worksheet, if you are providing supportive services in addition to the social services coordinator, please provide an explanation of the costs associated with these services, and your long term plan for meeting these costs.

B1. Contacts Worksheet

List the contact information for the Managing General Partner in the box labeled “Owner Partner or Member #1”. List the contact information for other general partner (if any) in the box labeled “Owner Partner Member #2”.

C. Site and Units Worksheets

There are four acceptable forms of site control that avoid “choice-limiting” NEPA problems.

First, you may purchase the site or enter into a long-term lease consistent with the UMR requirements, prior to submitting the NHTF application.

Second, you may obtain an Option to Purchase conditioned on the Responsible Entity's determination to proceed with, modify, or cancel the project based on the results of a subsequent environmental review, and the receipt of an “Authority to Use Grant Funds” from HCD for State Recipient projects and from HUD for CHDO projects. The cost to secure the site control document must also be a nominal portion of the purchase price. For more details on required and prohibited provisions of agreements consistent with NEPA, see HUD’s CPD Notice 98-1 and Assistant Secretary Mercedes Marquez’ August 26, 2011 memo on HCD’s HOME webpage under Resources.

Third, you may obtain a Purchase Agreement, Disposition and Development Agreement (DDA), Option to Lease, or Exclusive Right to Negotiate but this agreement must not be conditioned upon NEPA clearance or any other federal requirement. The general HUD rule is that purchase agreements are acceptable if federal funds have not been contemplated. You are also cautioned to make sure that the Purchase Agreement or DDA is open-ended or is of sufficient duration that it does not need to be extended after the NHTF application is submitted. HUD has ruled that if a Purchase Agreement/DDA expires after the NHTF application is submitted, and before the Authority to Use Grant Funds is executed, the execution of an extension would be a choice-limiting action (renewal prior to expiration is OK.) Also, please ensure that the Purchase Agreement/DDA has other contingencies such as a permanent financing contingency so that the seller cannot legally compel you to purchase the site prior to receiving the AUGF.

Fourth, a conditional purchase contract may also be used for an existing single family home (1 to 4 units) or an existing multifamily residential project in some limited circumstances even when federal funds have already been contemplated. For more information, please see HUD's Assistant Secretary Mercedes Marquez' August 26, 2011 memo on HCD's HOME webpage under Resources.

For any application proposing a site with current tenants, including new construction, the third option (Purchase Agreements and the other forms listed under this option) may not be used because the General Information Notice (GIN) required by the Uniform Relocation Act makes it clear that the use of federal funds is contemplated.

See Page 24 of the NHTF NOFA for more information.

Amenities – Complete the Amenities section of this Worksheet to the extent known at this stage in the development of your project.

D. Miscellaneous Worksheet

Utility Allowance Schedule – Please complete this table using either the HUD Utility Schedule Model at <http://huduser.org/portal/resources/utimodel.html> or the California Energy Commission California Utility Allowance Calculator (CUAC). Provide a copy of this utility allowance schedule as Exhibit 4 of your Application. The information provided in the table and in the utility allowance schedule must match. The Department reserves the right to make adjustments to the utility allowance schedule in consultation with the applicant.

Note: Use of the local PHA Utility Allowance Schedule is no longer permitted.

E. Financial Worksheets

(Rents, Subsidies, Development Sources, Development Budget, Permanent Sources and Uses, Operating, and Cash Flow)

The financial forms in the Universal Rental Application and their built-in formulas provide required information for our review. By completing each page of the Universal Application in the order provided, you can avoid formula errors that may lead to application errors and inconsistencies. Ensure your application is internally consistent and accurate and that information concerning funding sources and amounts, debt service, number and type of units, rent levels, overhead, profit & general requirements, proforma trending, and income and expenses are represented correctly throughout the Universal Application and NHTF Supplement. Verify subtotals and totals. Check that amounts shown on financing commitment letters equal amounts shown on the sources and uses form.

Demonstrating financial feasibility and compliance with the underwriting requirements of the State Uniform Multifamily Regulations (UMRs), as well as compliance with the NHTF rental requirements, is critical for a successful application. Project forms must demonstrate compliance with UMR requirements such as adequate cash flow (debt service coverage ratios and operating costs coverage), reserves, vacancy rates, trending rate assumption, construction contingencies, development cost limits, developer fees, and cash flow uses. The information provided on these worksheets should be consistent with the other components of your application and accurately represent the nature of the project.

Deep Affordability Targeting- Projects applying for Deep Affordability Targeting funds must submit the documentation requested in the Deep Affordability Targeting Documentation Checklist included in this NHTF Supplement. The Department expects to see a reduction in rents, debt service, operating reserve and permanent conventional financing commitments as a result of the higher HOME loan amount. However, there must be no difference in total development cost under the regular NHTF funding scenario versus the Deep Affordability Targeting funding scenario. The total operating expenses may change based on the population served; however, the amount budgeted for Supportive Services Costs must be consistent with the UMR section 8314 (e). Any differences in total operating expenses and required replacement reserve deposits between the two scenarios must be explained in the application. There is space for additional explanation on the Development Budget Worksheet. Information specific to Deep Affordability Targeting can also be put in the project narrative.

Although the project unit mix may change with Deep Affordability Targeting funds, the total number units in the project may not change. In putting together the unit mix under both scenarios, among the NHTF-assisted units, no more than four different rent AMI levels shall be used for each bedroom size.

HCD will generally underwrite and restrict projects, (either Deep Affordability Targeting or non-Deep Affordability Targeting), at the Maximum Net Rent for the particular Area Median Income (AMI) level; however, if rents are proposed which are lower than the Maximum Net Rents, NHTF will evaluate project feasibility under both rent scenarios, Maximum Net Rents and Proposed Net Rents. The project must meet UMR Debt Coverage Ratio or Cash Flow limits in order to be considered at rent levels lower than the Maximum Net Rents.

See Section II E, Page 6 of the NOFA for more information on Deep Affordability Targeting. For rent amounts at or below 40 percent AMI, consult the **current TCAC Rent Chart located at:** <http://www.treasurer.ca.gov/ctcac/2018/supplemental.asp>

F. Rents Worksheet

Follow the instructions provided on this worksheet. The cells in white on this Worksheet contain built in formulas. Do not try to type in these cells; they will auto-fill for you. Information from this worksheet also autofills to the Subsidies Worksheet, so please

enter information on this worksheet carefully, moving from top to bottom and left to right. Check all of your entries to make sure all of your information has been entered correctly.

For projects where the most restrictive rents in the particular AMI level are required by TCAC, CDLAC, CalHFA, or MHP funds, **the current TCAC 50% income limit for your county be found at:**

<http://www.treasurer.ca.gov/ctcac/2018/supplemental.asp>

NHTF or other rents – For projects where the most restrictive rents at the particular AMI level are required by NHTF or a funding source other than TCAC, CDLAC, CalHFA, or MHP, enter those rents at the bottom of the Rents Worksheet and note what program the rent limitation comes from (e.g. NHTF Low rent, USDA rents, etc.).

A link to the bottom of the worksheet is provided in the worksheet instructions or you can scroll down to the bottom of the page to enter these rent levels. These rents will transfer to the top of the worksheet and appear in the Maximum Net Rent column. For each of the AMI levels where the rents have been entered at the bottom of the Rents Worksheet, select “Other” under the “Rent Limit Calc. Formula” column.

NHTF rental requirements can be found in the federal regulations and the NHTF Rent Limits chart. Current NHTF rent and income limits are found at:

<http://www.hcd.ca.gov/grants-funding/income-limits/state-and-federal-income-limits.shtml>. Note that the prescribed NHTF rent limits are maximum rents, and include tenant utility allowance and any tenant-based rental subsidy.

Managers Units – If the manager’s unit will be an income-restricted unit, display this unit by bedroom size on lines 19-24 of the Universal Application. If the manager’s unit will be restricted, but you are not charging rent for this unit, leave the “Rent Limit Calc Formula” cell blank. Fill in only the AMI level and the number of units by bedroom size. Also note in your project narrative that the manager’s unit will be a restricted unit. NHTF does not recommend making the manager’s unit a restricted unit.

If the manager’s unit/s will be an unrestricted unit, display this unit by bedroom size on lines 121 -123 of the Universal Application. If you are not charging rent for this unit/s, leave Column H for these rows blank. Fill in only the number of units by bedroom size (Columns C and D).

Unrestricted Units – In the table labeled “unrestricted units”, you will enter any market rate unit rents. Generally, the manager’s unit is unrestricted, so the manager’s unit will also be entered here where it says Manager Unit.

Section 8 Vouchers - Units with Section 8 voucher holders are permitted only to collect from all sources the lower of the applicable State rent, or Federal NHTF rent. For example, a unit with a Section 8 voucher holder is restricted at a MHP 35 percent AMI

rent of \$439 but the housing authority allows a rent of \$600; not only must \$439 be used for underwriting, the owner may not collect more than \$439 from all sources.

Project-Based Rental Assistance - Units with federal or state project-based rental subsidy that are occupied by families who have incomes below 50 percent of AMI and pay no more than 30 percent of their adjusted income toward rent, may go up to the maximum rent allowable under the project-based rental subsidy program. However, check with the Department for specific guidance based on your project requirements.

To show Section 8 project-based rental assistance on the UA, enter the maximum gross rent of the most restrictive funding source according to the directions on the Rents Worksheet.

On the Universal Application Subsidies Worksheet, in the “Gross Monthly Contract Rent” column, enter the Fair Market Rent or Payment Standard for that AMI level and unit size, and fill in the number of units. Make sure the “Restricted Rents” button is clicked on both the Subsidies Worksheet and the Cash Flow Worksheet.

For example, the NHTF maximum rent for a one-bedroom 50 percent AMI unit is \$523. The Section 8 payment standard for that AMI level and unit size is \$723. After filling in the number of units, the form will calculate the difference between the Gross Monthly Contract Rent and the Maximum Net Rent from the Rents Worksheet. Preparing your application in this manner will enable the Department to evaluate all projects with project-based rental assistance in the same way.

Applicants proposing use of Section 8 project-based rental assistance should submit documentation with their Rents Worksheet that substantiates the Fair Market Rent or Payment Standard for their county for each AMI level and unit size under the particular program.

For applicants proposing HUD 202 or RD rental assistance: Prepare your UA according to the above instructions for Section 8 projects. However, the Department understands that programs providing any amount of operating subsidy needed may require that the project proforma show zero cash flow every year. If the project is feasible and scores high enough to be considered for an award, a proforma will be prepared that fulfills this requirement, even though the built in formulas in the UA form don't enable you to show this kind of budget balancing.

Proposed Net Rent Column – If the rents you propose will be lower than the permitted Maximum Net Rents, indicate these lower amounts in this column. HCD will underwrite and restrict projects at the Maximum Net Rent for the particular AMI level; however, if rents are proposed which are lower than the Maximum Net Rents, NHTF will evaluate project feasibility under both rent scenarios, Maximum Net Rents and Proposed Net Rents. The project must meet UMR Debt Coverage Ratio or Cash Flow limits in order to be considered at rent levels lower than the Maximum Net Rents.

G. Subsidies Worksheet

Use this worksheet only if you have project-based rental assistance. If you are completing this worksheet, and on the Rents Worksheet you have proposed rents lower than the Maximum Net Rents, you must include with the printed copy of your application a copy of the Subsidies Worksheet with the “Restricted Rents” button clicked, and an additional copy with the “Proposed Rents” button clicked.

H. Development Sources Worksheet

Waived Fees, Land Donations -The amounts attributable to waived local agency fees, deferred developer fees, and the value of land donations may be shown on your development sources worksheet. Doing so will require that you factor these amounts into your Total Development Cost, and show them as Sources on your Sources and Uses Worksheet. This will also enable you to count these amounts toward your percentage of committed permanent financing.

Equity Investor Amounts – This fund source is most commonly used as a permanent financing source, not as a construction period source. Do not list equity investor information under “Construction Period Sources” unless equity financing will be utilized during construction.

I. Development Budget Worksheet

NHTF Costs – Indicate which items NHTF funds are being used for in the “Applicant Comments” column of the worksheet on the relevant line item.

Note that NHTF funds cannot be used to pay for the construction of things such as a laundry room or community room if those facilities are located in separate buildings from tenant units, or if those facilities can be used by members of the general public who are not project residents or their guests.

Note also that NHTF funds cannot be used to pay for the UMR-required capitalized operating reserves, or replacement reserves.

Environmental Remediation –If the current environmental reports reveal any RECs or other hazardous conditions, the Department will look for an amount in the environmental remediation line item in the Development Budget. Use the Environmental Remediation line item (line 31 for New Construction projects). In addition, these costs should be thoroughly explained in the “Additional Applicant Comments on Development Budget” section, and these costs should be supported by the information in your environmental studies.

Commercial Expenses – The Development Budget contains a column for itemizing commercial expenses if the project will have commercial space. These costs must be

thoroughly explained in the “Applicant Comment” column or in the “Additional Applicant Comments” section that follows.

Acquisition Costs See the chart below to determine the amount of acquisition costs which can be charged to the project. For purposes of determining this amount, the NHTF applicant, developer, owner, MGP and any affiliated entities are considered related parties. In all cases, reasonable carrying costs and the costs of capital improvements made by the developer or other related parties can be charged to the project and paid for with NHTF funds.

Seller and Buyer	Land Values	Cap on Acquisition Costs Paid by NHTF	Increment Above Appraised Value	Reasonable Carrying Costs and Capital Improvements
Related Party	Decreased	Current appraised value or purchase price of last arm's length transaction	Paid for with tax credit equity or junior public financing with no mandatory debt service	Can be paid with NHTF or other funds
Related Party	Increased	Amount of last arm's length transaction	Can't be paid by anyone	Can be paid with NHTF or other funds
Unrelated Party	Increased or Decreased	Current appraised value or purchase price	Paid for with tax credit equity or junior public financing with no mandatory debt service	Can be paid with NHTF or other funds

Construction Contingency – Pursuant to UMR 8310 (j), if the Department is providing construction financing, the minimum budgeted construction contingency shall be 5 percent of construction costs for new construction projects. However, any amount above these minimums should be explained in the “Applicant Comments” section of the Development Budget. For purposes of this calculation, “Total Construction Cost” includes only site work, structures, environmental remediation, General Requirements, Contractor O&P and off-site improvements. It does not include liability insurance.

Capitalized Operating Reserve – See UMR Section 8308. If you are capitalizing the operating reserve at a higher amount than the minimum required amount, provide an explanation in the “Applicant Comments” section of the Development Budget for why the higher amount is needed.

Replacement Reserves – See UMR Section 8309. For new construction projects, the initial amount of annual deposits to the replacement reserve shall be at least the lesser of 0.6 percent of the structure construction cost, or \$500 per unit. However, the Department may approve a different amount based on the results of a third-party reserve analysis, which it may require, or other reliable indicators of the need for replacement reserve funds over the initial 20 years of operation, or, in the case of

transactions involving restructuring of existing Department loans, 20 years of operations after the restructuring.

For purposes of the replacement reserve calculation, “structure construction cost” does not include site work, environmental remediation, construction contingency, general contractor profit, overhead, or general requirements.

NHTF Initial Operating Deficit Reserve - NHTF funds cannot be used to fund the UMR-required capitalized operating reserve or replacement reserve. However, NHTF funds can be used for the cost of funding an initial operating deficit reserve, (rent-up reserve) which is a reserve to meet any shortfall in project income during the period of project rent-up (not to exceed 18 months) and which may be used only to pay project operating expenses, scheduled payments to a replacement reserve, and debt service. If you anticipate needing such a reserve, please make sure the reserve is sized only for the amount you think you will need. Your calculations for the size of this reserve must be thoroughly explained in the “Additional Applicant Comments on Development Budget” section.

Note also that all reserves are assets of the project but must stay with the property upon transfer of ownership or partner substitutions.

Transition Reserve – NHTF funds cannot be used to capitalize a transition reserve; however, the Department may require that a project have a transition reserve if loss of project-based rental subsidy income is projected. This transition reserve must be sized so that that the rent for subsidized tenants in both NHTF and non-NHTF units remains the same for a two-year period after the project-based rental assistance ends. Note: For one-year USDA rental subsidy commitments, the Department will generally assume that these commitments will be renewed, but will also evaluate this issue on a case-by-case basis, should the project rank high enough to be funded.

Reasonable rent increases to cover normal cost of living increases are allowed. A transition reserve may be required for this purpose. In establishing the size of this reserve, reasonable turnover assumptions may be made. Your calculations for the size of this reserve must be thoroughly explained in the “Additional Applicant Comments on Development Budget” section.

Syndicator/Investor Fees & Expenses versus Financial Consulting Fees

Syndicator/Investor Fees (line 108) should reflect expenses related to only services to the equity investor. Financial Consulting Fees (line 123) are for expenses for financial consultants not specifically serving the equity investor.

J. Operating Budget Worksheet

On-site Employees Free Rent Box Do not show free rent as an expense. Click the “No” button in this box.

Operating “Safeharbors” - It is recommended that projects have an operating cost per-unit per month of a minimum of the higher of the required minimum for TCAC or \$300, and a maximum of no more than \$400. This amount excludes property taxes/assessments, replacement reserve deposits, on-site service coordinator, deferred developer fee and asset mgmt./partnership fees). If you go above or below this safeharbor range, you may be asked to provide audited financials from other similar projects which demonstrate that the operating costs for the proposed project are feasible. Note: the applicable TCAC operating minimums can be found at <http://www.treasurer.ca.gov/ctcac/2018/minimums.pdf>.

Vacancy Rate - Use the vacancy rate assumptions in UMR Section 8310.

Social Services Costs - The “Social Services Coordinator” salary should be shown on Line 11 of the UA Operating Budget. This expense is considered part of the project’s operating budget pursuant to UMR 8301 (k).

For applications to NHTF and other HCD programs, other “Social Programs/ Social Services” expenses are not considered part of the project’s operating budget. (This category of expenses is not an eligible use of project revenue.) Hence, if you have these expenses, list them on Line 128 of the Operating Budget, not on Line 68. Line 128 is for informational purposes only, and will not be reflected in project cash flow, pursuant to UMR requirements.

Fees Rental project owners may charge (i) Reasonable application fees to prospective tenants; (ii) Parking fees to tenants only if such fees are customary for rental housing projects in the neighborhood; and (iii) Fees for services such as bus transportation or meals, as long as the services are voluntary and fees are charged for services provided.

K. Cash Flow Worksheet

If you are proposing rents lower than the Maximum Restricted Net Rents, you must include with the printed copy of your application a copy of the Cash Flow Worksheet with the “Restricted Rents” button clicked, and a copy with the “Proposed Rents” button clicked.

L. Experience Worksheet

Using the Universal Application worksheets; complete the Previous Participation Certification and Schedule A to report experience of Applicant, Developer, Owner and/or Managing General Partner, indicating the specific “role” in Schedule A, column 3. Enter the date of the Recorded Notice of Completion as the “Ended Date”. It is not necessary to report **all** previous projects, as only those completed within the last five years will be used for scoring purposes. Specifically, this will be used to determine points for the Capability scoring category “Similar Project Experience last 5 years”

M. Certifications Worksheet

This worksheet should be completed by the applicant in consultation with entities that qualify as “Related Parties” pursuant to the current TCAC Regulation 10302 (ii). The current TCAC regulations can be found at:

<http://www.treasurer.ca.gov/ctcac/programreg/2018/20180516/clean.pdf>

N. Legal Status Worksheet

Complete this form as instructed.

Note: this form and the NHTF Pending Lawsuits Certification are not the same. Both of these items must be submitted with the application. See the NHTF Supplement Application Checklist (Item 27) for more information on the NHTF Pending Lawsuits Certification.

O. Developer Fee Worksheet

The Developer Fee Worksheet is a separate Excel file from the UA. Be sure to use the current Developer Fee worksheet posted on our website in case changes to the per-unit amounts have occurred. To show the additional funds contributed to the project to get a higher TCAC developer fee in order to boost basis, include this amount on Line F, “Sponsor Capital Contribution of Funds or Real Property”

On the UA Development Sources page, list this as amount as General Partner Equity under the Permanent Sources Section. Note: this is not the Equity Investor amount at the bottom of the Permanent Sources table, but amounts contributed back to the project from equity investor payments.

On the UA Development Budget, include this contribution in the total amount shown on line 120, “Developer Fee/Overhead/Profit”.

UNIVERSAL APPLICATION CHECKLIST OF EXHIBITS

Check if Attached	Attachment #	Attachment	Acceptable (for agency use only)
	1	Proof of site control meeting the requirements of UMR Section 8303 and federal NHTF requirements discussed in Section VII, pages 23-24 of the NOFA. Site control must be held by the Sponsor as defined in UMR Section 8301.	
	2	Current Title Report for the project site. The title report must be prepared no earlier than 2017.	
	3	Relocation Plan with estimated costs required for tenant relocation. <u>See NHTF PDP Requirements for this item.</u>	
	4	Utility Allowance Schedule (See instructions on p. 18.)	
	5	Organizational charts for the Borrower, Sponsor, Developer, and each affiliated member or organization. <u>Please submit with the actual names of the individuals currently occupying each position.</u>	
	6	Legal Status Questionnaire and Explanation of Positive Responses. (Last Tab of Universal Application Form) Note: this is not the same as the NHTF Pending Lawsuits Certification. (Attachment Item 27 below)	
	7	Previous Participation Certifications and Schedule A's for the Applicant, Developer, Owner and/or Managing General Partner.	
	8	a) Developer Capacity Form (See Excel file.) b) 2017 Audited Financials	

NHTF APPLICATION SUPPLEMENT CHECKLIST

Check if Attached	Attachment #	Attachment	Acceptable (for agency use only)
	9	Evidence of commitments for permanent sources of funds including loans, grants, or capital contributions.	
	10	Market Study, Index, and Rent Comparability Matrix (meeting CTCAC's and NHTF's current requirements prepared no earlier than 2017). Do not also provide this in PDP I exhibit.	
	11	Rural Area Designation Information (if applicable)	
	12	If project is requesting additional funds for Deep Affordability Targeting, submit additional documentation requested on the "Deep Affordability Targeting Documentation Checklist" (New Construction only)	
	13	Application Summary Form	
	14	Applicant Commitment of Responsibility, Authorizing Resolution, and Authorized Signatory Designation Form	
	15	NHTF General Eligibility Self-Evaluation Checklist	
	16 a.	NHTF General Project Information Worksheet	
	16 b.	Resumes of Staff Working on the Proposed Project	
	17	NHTF Units Worksheet	
	18	Housing and Community Development Experience Worksheet	
	19	Financial Feasibility Self-Evaluation Worksheet	
	20	Project Development Plan (PDP) Worksheet and accompanying documents. (Label as PDP 1, 2, 3, etc, except if already included earlier in the application) Note: the items on the PDP Worksheet with an asterisk (*) are now required to be submitted with your NHTF application. Do not include a second copy of the Market Study here. Include the Market Study as Attachment 10.	
	21	Local Government Approvals Worksheets including local impact fee and Water/Sewer Availability forms.	
	22	Reserved for future use	
	23	Design Progress Documents	
	24	Status of Plans and Specifications	
	25	Financing Commitments Worksheet	
	26a.	State Objective Points Worksheet	

Check if Attached	Attachment #	Attachment	Acceptable (for agency use only)
	26b.	Deeper Affordability Excel Scoring Chart.	
	26c.	Minority Concentration State Objective Excel chart and Minority Concentration State Objective Census Table DP-1 for you project Census Tract and Project County (two separate tables).	
	27	Pending Lawsuits Certification - submit a letter discussing whether there are any pending lawsuits that will prevent implementation of the proposed project. Note: This is <u>not</u> the same as the TCAC Legal Status Questionnaire. (Attachment Item 6 above.)	
	28	Article XXXIV Information. See NOFA page 26	
	29	Developer Fee Worksheet (either for Tax Credit or non-Tax Credit projects) (Excel File)	
	30	CHDO Documentation of Effective Project Control (CHDO applicants only). See Question 10 in the Project Information section of the application to determine what to submit.	
	31	CHDO recertification documents set forth in NOFA Appendix G. All existing CHDOs must include their HCD CHDO approval letter.	
	32	Aerial photos (e.g. from Google) showing project site in relationship to surrounding land uses at three different scales (100, 200, and 500 feet scales). Please print these in color if possible. Mark the project site.	
	33	Optional: Architectural elevations if available. Please print these in color if possible.	
	34	Single Audit Report 2 CFR 200.512 Exemption Letter (if applicable). See Section VII page 25 of the NOFA for more information.	

Application Summary

NHTF

I.A. Application Information

Application Number: (For HCD Use Only) _____

 Requesting Deep Affordability Targeting Funds: No Yes, Amount Requested: \$ _____

Total NHTF Funding Requested: \$ _____

I.B. Applicant Information

Name: _____

Data Universal Numbering System (DUNS) Number:
Employer Identification Number:
I.C. Authorized Representative InformationMr. Mrs. Ms. Mayor Other: _____

First Name: _____ MI: _____ Last Name: _____

Job Title: _____

Address: _____

City: _____ State: CA Zip Code: _____

Phone: _____ Ext: _____ Fax: _____ Ext: _____

E-mail: _____

I.D. Applicant Contact InformationMr. Mrs. Ms. Mayor Other: _____

First Name: _____ MI: _____ Last Name: _____

Job Title: _____

Address: _____

City: _____ State: CA Zip Code: _____

Phone: _____ Ext: _____ Fax: _____ Ext: _____

E-mail: _____

I.E. Unit Information (Enter target population(s) served from the list below.)

A. Activity	B. NHTF Assisted Units	C. Total Units	D. Target Population
-------------	------------------------	----------------	----------------------

Rental New Construction Project:

Target Populations:

- | | | |
|------------------------|-----------------------|----------------------------------|
| 1. Physically Disabled | 7. Families | 13. Victims of Domestic Violence |
| 2. Persons with Aids | 8. Farm Workers | 14. Dually-Diagnosed |
| 3. Youths | 9. Seniors | 15. Homeless |
| 4. Single Adults | 10. Mentally Ill | 16. Other |
| 5. Single Men | 11. Veterans | |
| 6. Single Women | 12. Substance Abusers | |

II. Proposed Additional Funding Sources

A. Name of NHTF Activity	B. Name of Source (Union Bank, County of Santa Cruz, etc. NOT "private bank")	C. Funding Source Codes*	D. Source Type (City or County, -, State HCD, State Other, Federal, Tax Credit, Private, or Other (Specify))	E. Match Yes, No, or Partial	F. Total Dollar Amount
					\$
					\$
					\$
					\$
					\$
					\$
					\$
					\$
					\$
					\$

Total Amount of Other Funding Sources: \$ _____

Instructions for NHTF Governing Board Resolution

An executed resolution must be included with every application submitted to the Department no later than the application deadline. The resolution must authorize:

- submittal of the application and the execution of the NHTF Standard Agreement;
- the activity being proposed in the application;
- the amount of NHTF funds being requested
- reference the June 2018 NOFA; and
- signature authority for NHTF documents.

A sample resolution is included for your use on the following pages. We suggest you either use this resolution or incorporate all elements of the sample into your own resolution put on organization letterhead. The resolution should be dated after the issuance date of the NOFA, and should reference the June 2018 NOFA. **Please note that this resolution specifically includes the NHTF Award amount (\$) which is a mandatory element of the resolution.** The resolution also identifies the position(s) **(and for CHDOs the position and current occupant of the position)** that will be authorized to sign reports and drawdown requests. The person attesting to the validity of the resolution cannot be the same individual as the one granted the authority in the resolution. If the application is submitted unsigned, or signed by someone other than the individual authorized in the resolution, the Department may, in its sole discretion, reject the application.

If the resolution allows for a designee, and the designee signs the application on behalf of the authorized signer, a letter signed by the authorized signer identifying the designee must accompany the resolution and dated prior to or on the date the application is signed.

Applicant Certification and Commitment of Responsibility

As the official designated by the governing body, I hereby certify that if approved by the Department for a NHTF funding allocation the _____
(applicant name) assumes the responsibilities specified in the NHTF regulations and certifies that:

1. It possesses the legal authority to apply for the allocation and to execute the proposed program or project;
2. It has resolved any audit findings for prior Department or federally funded housing or community development projects or programs to the satisfaction of the Department or federal agency by which the finding was made;
3. It is not currently suspended or debarred from receiving federal funds;
4. It is currently in compliance with the submittal requirements of 2 CFR 200.512;
5. There are **no** pending lawsuits that would impact the implementation of this program or project;
6. It will follow the State Relocation Plan and the federal Uniform Relocation Act requirements;
7. It will comply with all statutes and regulations governing the NHTF Program;
8. It will comply with State and Federal requirements;
9. It has staff available or has committed to hiring staff or a consultant able to oversee a the NHTF project;
10. It will use NHTF funds as grants solely for authorized activities;
11. If a CHDO, that it is currently certified or that it has submitted an application for certification, and that its organization is currently in compliance with section 8204.1 of the State HOME Regulations including:
 - its certified service areas include the jurisdiction for which their proposed activity is located;
 - its board composition complies with and will continue to comply with the requirements for CHDOs in the definition contained in 24 CFR Section 92.2;
 - the purpose of the organization complies with 24 CFR 92.2; and
 - it is not a public body nor is it controlled by, or under the direction of, a public body, or individuals or entities seeking to derive profit or gain from the organization;

12. If a CHDO, it will maintain effective project control in its role as sole developer, sole owner or managing general partner in the administration of the proposed activity/ies;
13. The information, statements, and attachments contained in this application are, to the best of my knowledge and belief, true and correct.

I authorize the Department of Housing and Community Development to contact any agency, whether or not named in this application, which may assist in determining the capability of the Applicant. All information contained in this application is acknowledged to be public information. (This certification must be signed by the person authorized in the Resolution.)

Signature: _____ Title: _____

Type Name: _____ Date: _____

(SAMPLE) GOVERNING BOARD RESOLUTION

RESOLUTION NO. _____

THE GOVERNING BOARD OF

[Name of Applicant]

HEREBY AUTHORIZES: Submittal of an application to the California State Department of Housing and Community Development for funding under the National Housing Trust Fund Program; and if selected, the execution of a standard agreement, any amendments thereto, and other related documents necessary to participate in the National Housing Trust Fund Program.

WHEREAS:

- A. The California Department of Housing and Community Development (the "Department") is authorized to allocate NHTF ("NHTF") funds made available from the U.S. Department of Housing and Urban Development ("HUD"). NHTF program was established under section 1338 of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992. NHTF funds are to be used for the purposes set forth in federal implementing regulations set forth in Title 24 of the Code of Federal Regulations, part 93, and the state NHTF Allocation Plan.
- B. On _____, the Department issued a Notice of Funding Availability announcing the availability of funds under the NHTF program (the "NOFA").
- C. In response to this NOFA, _____ *[insert name of applicant]* a _____ *[insert the legal form of entity, e.g., municipal corporation, subdivision of the State of California, nonprofit corporation]* (the "Applicant"), wishes to apply to the Department for, and receive an allocation of, NHTF funds.

IT IS NOW THEREFORE RESOLVED THAT:

- 1. In response to this NOFA, the Applicant shall submit an application to the Department to participate in the NHTF program and for an allocation of funds not to exceed _____ Dollars (\$_____) for the following activities and/or programs:

[Briefly describe the proposed activities and/or programs]

to be located in _____ *[activity/program location(s)]*.
- 2. If the application for funding is approved, then the Applicant hereby agrees to use the NHTF funds for eligible activities in the manner presented in its application as approved by the Department in accordance with the statutes and regulations cited above. The Applicant may also execute a standard

agreement, any amendments thereto, and any and all other documents or instruments necessary or required by the Department or HUD for participation in the NHTF program (collectively, the required documents).

3. The applicant authorizes _____ [*position title(s) of person(s) authorized*] or his/her designee(s) to execute, in the name of the applicant, the required documents.

PASSED AND ADOPTED THIS _____ DAY OF _____ 20__ , BY THE FOLLOWING VOTE:

AYES:_____ **NAYS:**_____ **ABSTAIN:**_____ **ABSENT:**_____

The undersigned _____ [*title of officer*] of the applicant does hereby attest and certify that the foregoing is a true and full copy of a resolution of the governing board of the applicant passed and adopted at a duly convened meeting on the date set forth above, and said resolution has not been altered, amended, or repealed.

Signature

Date

-
1. This is intended to be a sample resolution authorizing submittal of an application to the Department and execution of various required documents. An applicant may use another format if it contains a reference to the year of the NOFA, the dollar amount of the application and all of the authorizations contained in this sample.
 2. CHDO applicants also must submit an authorizing resolution with their applications, modified as appropriate to their corporate structure, and containing the dollar amount of the application and all of the authorizations contained in this sample.
 3. The person attesting to the signing of the resolution cannot be the same person authorized to execute documents in the name of the applicant.
 4. CHDO applicants must name the **title and current occupant** in the resolution. If the person occupying the position changes, the CHDO must submit meeting notes or some other official documentation evidencing the change in persons occupying the authorized position. The additional documentation evidencing the name and title of authorized signatories need not be HOME- specific, but may provide general authority evidencing the name and title of individuals authorized to legally bind the governing body.
 5. If the resolution allows for a designee, and the designee signs the application on behalf of the authorized signer, a letter signed by the authorized signer identifying the designee must accompany the resolution and dated prior to or on the date the application is signed.

NHTF General Eligibility Self-Evaluation Checklist

1. ___ The application was received by the deadline specified in the NHTF NOFA.
2. ___ The applicant is an eligible developer/owner.
3. ___ If a CHDO applicant, the application proposes a project in an eligible State HOME jurisdiction which is also an area in which the CHDO is certified to operate.
4. ___ The application is completely filled out and all required attachments have been submitted.
5. ___ The activity for which NHTF funds are being requested is an eligible activity.
6. ___ Neither the applicant nor any member of the development team is a debarred contractor.
7. ___ The applicant has no unresolved audit findings and is in compliance with Single Audit Report 2 CFR 200.512 submittal requirements. See Section XXI of the NOFA for more information.
8. ___ The total amount of funds requested for both administration and activity-specific costs do not exceed funding limits identified in the NOFA.
9. ___ The application form provided by the Department has not been altered or modified except to accommodate computer software.
10. ___ If a CHDO applicant, the application documents that the CHDO will be the owner, developer as defined at 24 CFR 93.2. Submit as Exhibit 31. (See Question 10 in the Project Information section for further instruction regarding what to submit.)
11. ___ The application demonstrates site control pursuant to Section 8303 of the Uniform Multifamily Regulations and NHTF requirements.
12. ___ The application demonstrates that there is no pending litigation that could affect implementation of the project as proposed.
13. ___ The application must document that the proposed project either complies with or is exempt from Article XXXIV of the California Constitution.
14. ___ The project is financially feasible when examining the project in its totality. (This includes, but is not limited to, an examination of the market study, appraisal, environmental reports, and relocation plan if needed, as well as project financials.
15. ___ The project adequately addresses questions in the financial feasibility self-evaluation worksheet.

Deep Affordability Targeting Documentation Checklist

Applicants requesting additional NHTF funds for Deep Affordability Targeting must submit the following:

___ 1. One complete application reflecting project information at the regular (for example, \$10 million) maximum NHTF funding level, with all required attachments (e.g., Universal Form, NHTF Supplement to Universal Form, and all required attachments listed on the Attachment Checklist).

Additional Documentation - Submit as Exhibit 12 of your application.

___ 2. A copy of the Universal Application form reflecting project financials and other information if the project receives additional funds for Deep Affordability Targeting. You can omit the following worksheets when submitting this copy of the Universal Form: the Contacts Worksheet, the Experience Worksheet, the Certifications Worksheet, and the Legal Status Worksheet. All other worksheets must be included, and updated as necessary to reflect differences in the project if funded with additional funds for Deep Affordability Targeting.

If proposing Deep Affordability Targeting rents lower than the maximum restricted rents, include copies of the Subsidies Worksheet (if applicable) and the Cash Flow Worksheet with the "Proposed Net Rent" button clicked.

___ 3. A copy of the "Proposed Other Funding Sources" page from the NHTF Application Supplement reflecting other financing sources and amounts with the additional NHTF funds for Deep Affordability Targeting.

___ 4. A copy of the page "NHTF Unit Sizes and Rents" from the NHTF Supplement reflecting information on NHTF Units if the project is funded with additional funds for Deep Affordability Targeting.

___ 5. A copy of the "NHTF Financial Feasibility Analysis - Self Evaluation" worksheets from the NHTF Supplement reflecting compliance with NHTF underwriting requirements with the additional NHTF funds for Deep Affordability Targeting.

___ 6. A copy of the "Permanent Financing Commitments" page from the NHTF Supplement reflecting NHTF permanent financing amounts with the additional NHTF funds for Deep Affordability Targeting.

___ 7. Financing Commitment letters reflecting reduced commitments from other private mandatory debt lenders if the project receives a specified additional amount of funds from NHTF for Deep Affordability Targeting.

Put "DT" in the exhibit name for all documents submitted under the Deep Affordability Targeting (for example, \$5.5 million) scenario. For additional information on Deep Affordability Targeting, see Section II page 16 of the NOFA and contact Muri Christine Bartkovsky at (916) 263-1176 for assistance.

For rent below 50 percent AMI, consult the current TCAC Rent Chart located at:

<http://www.treasurer.ca.gov/ctcac/2018/supplemental.asp>

NHTF General Project Information

1. Project Activity - Check the proposed NHTF project type.

New Construction

4% tax credit/tax exempt bond project

9% tax credit/tax exempt bond project if developed on Indian Reservations or Native American lands

2. Amount of tax credit equity pay-in at which the project has been submitted: cents.

3. Describe how the subject project will be eligible under Section 10322 (h) (9) of the TCAC Regulations for the upcoming tax credit funding round (build/fill rule)

4. Deep Affordability Targeting

Not Requesting Funds for Deep Affordability Targeting

Requesting funds for Deep Affordability Targeting in the amount of \$_____. Included with this application is the additional information requested in the Deep Affordability Targeting Documentation Checklist. Applicants requesting funds for Deep Affordability Targeting whose application packages do not contain the additional information noted on the Deep Affordability Targeting Documentation Checklist may not get funded. See also Section II page 16 of the NOFA for more information on Deep Affordability Targeting.

5. Development Timetable – Provide the dates for the following tasks. Note: your schedule should be consistent with the project deadlines in Section 8217 of the State HOME Regulations.

Task	Date
Request for Release of Funds submitted to HCD	
Davis Bacon Wage Rates Secured	
Tax Credits Secured	
Other Permanent Financing Secured	
Construction Loan Closing	
Start of Construction	
Project Completion	

6. Project Unit Information

____ NHTF-assisted Units

____ Other Assisted Units

____ Total Residential Units

The NHTF units shall be: (mark one)

____ Fixed ____ Floating. Note: this selection is subject to Department approval.

7. Capacity to Implement the NHTF activity

Please answer the following questions and provide the requested attachments.

a) Do you plan to hire an consultant to assist with the proposed project? Yes____
No____.

i. If Yes, what will be the duties of the consultant?

ii. If No, please explain why a consultant will not be needed.

b) Do you plan on administering the proposed NHTF activity with your own staff, (from NHTF award through long-term compliance monitoring, if applicable)?
Yes____ No ____.

c) List each staff person and how much time they will spend per month on average on the NHTF funded activity:

d) Please attach copies of resumes for the staff that will work on this proposed project. Attach as Exhibit 16b.

f) If not, where will the additional funding come from?

8. CHDO Effective Project Control (CHDO applicants only)

In order to comply with HUD's requirement that CHDOs have Effective Project Control over projects, CHDOs must fulfill the role of owner or developer, as defined at 24 CFR 93.2. (see CHDO criteria requirements on page 6 of NOFA) In order to demonstrate that one of these roles can be met, the following documentation must be submitted for the applicable role. Contact Muri Christine Bartkovsky at: (916) 263-1176 with any questions or problems.

Owner -Submit a narrative which discusses how the CHDO will satisfy the role of sole owner of the project, with no partnership acting as the long-term owner of the project. Note: as the sole owner, the CHDO must hold valid legal title, in fee simple absolute, or have a long term leasehold interest, as defined at UMR 8316.

Developer- Submit a narrative which discusses how the CHDO will satisfy the role of sole developer of the project where the CHDO is in charge of all aspects of the development process and assumes all risks of development. Note: as the sole developer, the CHDO must own the project in fee simple absolute, or have a long-term leasehold interest, as defined at UMR 8316.

9. NHTF Unit Sizes and Rents

Complete the chart below (on page 44) for the NHTF-assisted units in your project. This chart is for reporting information on NHTF assisted units only. "Very Low" for purposes of this chart means units at 50 percent AMI and below. "Low" for purposes of this chart means units at 80 percent AMI – 51 percent AMI.

Two lines are provided for each bedroom size if your project has different rent levels for the same size unit. Submit an additional page if there are more than two types of rent levels by bedroom size. The proposed monthly unit rent must include the utility allowance and any tenant-based rental assistance.

Applicants requesting funds for Deep Affordability Targeting must submit two copies of this chart; one showing the NHTF unit sizes and rents at the regular maximum NHTF funding level, and one showing the NHTF unit sizes and rents at the Deep Affordability Targeting funding level (for example, \$5.5 million). Label the Deep Affordability Targeting chart: "NHTF unit sizes and Rents - Deep Affordability Targeting".

This chart will be compared with the Rents Worksheet in the Universal Application. Generally speaking, NHTF will restrict the lowest AMI units in each bedroom size.

Unit Size	Number of NHTF Units	Very-Low (VL) or Low Income (LI) Unit?	AMI Level (e.g. 30%, 50%, etc)	Proposed Monthly NHTF Rent (including utility allowance)	Per Unit Square Footage
Efficiency					
Efficiency					
1-bedroom					
1-bedroom					
2-bedroom					
2-bedroom					
3-bedroom					
3-bedroom					
4-bedroom					
4-bedroom					
Total					

Housing and Community Development Experience (Up to 50 points)

In each line below, list the number of units assisted by the NHTF applicant (CHDO or State Recipient) with specific NHTF, local, State or other Federal funding source(s) in one of the seven calendar years, 2011 – 2017 and 2018 until the application deadline. Do not count the same units in more than one year. List no more than 10 entries on this form. A minimum of 2 units per year for housing program-type activities is required for points (e.g. owner occupied rehabilitation, first-time homebuyer mortgage assistance.)

Also list completed projects (one per line) for other housing and community development activities, such as infrastructure, parks, community centers, multi-family housing projects, etc. Do not list stand-alone studies or public service activities.

Projects that the applicant developed which are listed on the UA Experience Worksheet below must also be listed on this chart in order to receive points for this award on this chart.

List no more than 10 entries. Up to five (5) eligible entries will be counted.

Year	Assisted Units (for housing, a minimum of two units per yr is required for points)	Funding Sources NHTF, Federal, State, Local (Provide name of funds)	Program/Project Name and City/County Location

NHTF Financial Feasibility Analysis – Self Evaluation (195 points)

All applicants should prepare this Self Evaluation checklist to ensure that their project meets all requirements.

1. The total of NHTF activity costs is the lower of the NHTF amounts resulting from the calculations in (a), (b), and (c). Yes ___ No___

(a) Ratio Test. The ratio of the sum of NHTF activity cost to the total eligible development costs (TDC), not including relocation costs, should be no more than the ratio of NHTF units to the total number of units in the project, including the manager’s unit. If the NHTF financing ratio is higher, NHTF is subsidizing non-assisted units.

Number of NHTF Units	
Number of Total Units	
<i>NHTF Units / Total Units</i>	%

Total NHTF request	
TDC	
<i>Total NHTF Request / TDC</i>	

- (b) NHTF Subsidy (including relocation costs) per NHTF Assisted Unit:

Subsidy Limits

	(A) Maximum Subsidy Per Unit	(B) Number of NHTF Units	(C) Total Maximum Subsidy Cost (col. A x col. B)
SRO			
1 Bd			
2 Bd			
3 Bd			
4 Bd			
TOTAL			

(c) Cost Allocation Method

	(A) Number of NHTF Units	(B) Per unit NHTF Square Footage	(C) NHTF Resid. Square Feet (col. A x col. B)
SRO			
1 Bd			
2 Bd			
3 Bd			
4 Bd			
TOTAL			

1. Total **Residential** Square Feet (NHTF & non-NHTF) _____
2. **Total Common Area Sq. Ft.** (clubhouse, com. rm., office, etc.) _____
3. **Total Project Square Feet** (NHTF & non-NHTF) _____
4. **NHTF Common Area Square Feet** _____
 $= (\text{NHTF units} / \text{Total units}) \times \text{Total Common Area Sq. Ft.}$
5. NHTF Square Foot Cost Multiplier = $(\text{NHTF residential square feet} + \text{NHTF common area square feet}) / \text{Total Project square feet}$
 _____ %
6. Total Development Cost (TDC) \$ _____
7. **Total NHTF Development Cost = (NHTF Square Foot Cost Multiplier x TDC)**
 \$ _____

2. The overall unit mix, (see the "Rents" and "Subsidies" Worksheets of the Universal Rental Application), is in compliance with all the known required rent levels.

Yes ___ No ___

3. Except for units with project-based rental assistance, 100 percent of the NHTF rents are at or below the NHTF limit.

Yes ___ No ___

Projects with Project-Based Rent Subsidies

4. The rent subsidy that is listed in any commitment letter or other document is reflected accurately on the Subsidies Worksheet of the Universal Rental Application.
Yes ___ No___
5. If the rent subsidy is expected to expire, there is a transition reserve so that the rent for subsidized tenants remains the same over a two-year period after project-based rental assistance ends. This transition reserve may not be funded by NHTF. Note: For one-year USDA rental subsidy commitments, the Department will generally assume that these commitments will be renewed, but will also evaluate this issue on a case-by case basis, should the project rank high enough to be funded.
Yes ___ No___ N/A___

Development Budget

- 6a. If the property acquisition is between **two unrelated parties**, the property acquisition price shown in the UA Development Budget Line 6 (new construction projects is limited to the current appraised value plus approved holding costs, or if above this amount, the difference must be covered by tax credit equity or junior public agency financing that carries no mandatory debt service.
Yes___ No___ NA ___
- 6b. If the developer/applicant or any **related party** already owns the land and the property value has **decreased** since the time of purchase, the property acquisition price shown in the UA Development Budget Line 6 (new construction projects) is limited to the current appraised value plus approved holding costs, or if above this amount, the difference must be covered by tax credit equity or junior public agency financing that carries no mandatory debt service. Copies of the most recent purchase contract are also provided.
Yes___ No___ NA ___
- 6c. If the developer/applicant or any **related party** already owns the land and the property value has **increased** since the time of purchase, the property acquisition price shown in the UA Development Budget Line 6 (new construction projects is limited to the amount of the last arms-length transaction plus approved holding costs. Copies of the most recent purchase contract and the purchase contract for the last arm's length transaction are also provided.
Yes___ No___ NA ___
7. Costs for any recommended environmental testing or remediation are adequately budgeted for and shown in the Environmental Remediation line item in the Development Budget; (*for example*, costs associated with locating in a flood plain, costs identified in the Phase I/including VES/Phase II Environmental Assessments, and/or costs identified in lead, asbestos, or mold reports).
Yes ___ No___ NA ___

9. An explanation of how the budgeted Environmental Remediation amount was calculated is provided.
 Yes ___ No___ NA___
10. All prevailing wage and relocation costs have been adequately budgeted for.
 Yes ___ No___ NA___
11. The total of contractor overhead, profit, and general requirements does not exceed 14 percent of the total cost of construction, excluding builder's general liability insurance.
 Yes ___ No___
12. For purposes of general requirements, the cost of construction includes offsite improvements, demolition and site work, structures, and prevailing wages. For purposes of builder overhead and profit, the cost of construction includes offsite improvements, demolition and site work, structures, prevailing wages, and general requirements.
 Yes ___ No___
13. For new construction projects, the minimum hard contingency is 5 percent of total construction cost (site work, structures, environmental remediation, General Requirements, Contractor O&P and off-site improvements).
 Yes ___ No___

For new construction projects, if contingency is over 5 percent, provide an explanation in the Applicant Comments section as to why a greater contingency is needed.

Yes ___ No___ N/A _____

14a. RESERVED

14b. RESERVED

15a. Tax credit projects – the operating reserve is capitalized at a minimum of three months of the total of all operating expenses, property taxes, replacement reserves, and debt service.
 OR

Non-tax credit projects – the operating reserve is capitalized at a minimum of four months of the total of all operating expenses, property taxes, replacement reserves, and debt service.

Yes ___ No___

15b. If more than three or four months, explain why:

16. Tax credit projects – The developer fee listed on the Development Budget and Permanent Sources and Uses Worksheets does not exceed what is permitted using the Developer Fee Calculation Worksheet for tax credit projects; OR

Non-Tax Credit projects - The developer fee listed on the Development Budget and Permanent Sources and Uses Worksheets does not exceed what is permitted using the Developer Fee Calculation Worksheet for non-tax credit projects.

Yes ___ No___

Permanent Sources and Uses Worksheet

17a. There are enough sources specifically identified to pay development costs, including any liens or other conditions associated with the property that are identified in the title report, any demolition costs, etc.

Yes ___ No___

Operating Budget

18. Operating expenses are trended at 3.5 percent?

Yes ___ No___

19. There are no ad valorem property taxes, and all other property taxes and/or assessments are trended at 2 percent.

Yes ___ No___

20. For new construction projects, the initial amount of annual deposits to the replacement reserve shall be at least the lesser of 0.6 percent of the structure construction cost, or \$500 per unit. "Structure construction cost" does not include site work, environmental remediation, construction contingency, general contractor profit, overhead, or general requirements.

Yes ___ No___

21. If No, explain why:

22. The replacement reserve is funded annually at the same amount.

Yes ___ No___

23. The total annual operating expenses for all units meets the TCAC required operating expense minimums at <http://www.treasurer.ca.gov/ctcac/2018/minimums.pdf>, (if applicable), AND the project has an operating expense per-unit per-month of a minimum of the higher of the required minimum for TCAC or \$300, and a maximum of no more than \$400. This amount excludes property taxes/assessments, replacement reserve deposits, on-site service coordinator, deferred developer fee, and asset mgmt/partnership fees).

Yes ___ No___

Note: Pursuant to UMR restrictions regarding what is considered a project Operating Expense, Item 6391, "Social Programs/Social Services" must be left blank at Excel Line 68. If you have these costs, put them on Excel Line 128. The cost of the on-site supportive services coordinator may be reflected on Excel Line 9, but must also be excluded from the calculation PU/M Operating cost calculation as discussed above.

Total Annual Cost: \$ _____ \$ _____ Per Unit per month (PUM)

- 24. If operating costs are outside the TCAC or NHTF per unit per month standard as discussed above, audited financials are included from other similar projects which demonstrate that the operating costs for the proposed project are feasible.
Yes ___ No___
- 25. For projects with MHP loans, the loan payment of 0.42 percent is included in mandatory debt service.
Yes ___ No___ NA___
- 26. **NHTF loan long-term monitoring fees, if any, are included in mandatory debt service.**
Yes ___ No___
- 27. If there are any bond issuer monitoring fees, they are included on Line 6890 (Excel Line 124).
Yes ___ No___

Cash Flow Worksheet

- 28. Project Income is trended at 2.5 percent in the 20 year pro forma.
Yes ___ No___
- 29. The residential vacancy rate is 5 percent, and the commercial vacancy rate (if applicable) is 50 percent.
Yes ___ No___
- 30. The 20-year pro forma supports payments for all loans included in the permanent sources, and all debt service calculations are correct.
Yes ___ No___
- 31. If there is an interest rate reset during the term of the primary loan, is the project feasible pursuant to UMR 8310 for the entire term of the loan at the ceiling interest rate?
Yes ___ No___ N/A ___
- 32. Are any debt service loans fully amortized for less than 30 years?
Yes ___ No___ N/A ___
- 33. If yes, why is the shorter amortization period needed for project feasibility?

- 34. There is no balloon payment on any of the senior debt.
Yes ___ No___

35. Are there any balloon payments on junior debt?

Yes ___ No ___ N/A ___

If yes, please explain: _____

36. The use of operating income complies with the priority of uses schedule below:

Priority of uses:

- a. Operating expenses
- b. Replacement reserve
- c. Mandatory debt service (including MHP and MHSA fees)
- d. Deferred developer fee
- e. Asset management, partnership, and similar fees
- f. Remaining 50 percent to the sponsor
- g. Remaining 50 percent to HCD or State Recipient. (HCD/SR may split this share with other public lenders in proportion to the amount of financing provided to the project.)
Yes ___ No ___

37. Debt coverage ratio is between 1.10 and 1.20, or if the DCR exceeds this amount or there is no mandatory debt, cash flow after debt service and required reserve deposits is equal to or less than 12 percent of operating expenses.

Yes ___ No ___

37b. If "No", please explain:

38. The project has positive cash flow for at least 20 years and is not trending downward so that it will go negative within the first 30 years of the project.

Yes ___ No ___

39. The total of all partnership management, asset management, and similar fees is no more than \$30,000 per year.

Yes ___ No ___

40. If "No", a local government commitment letter for the project for non-NHTF funds requires the higher allowable fee and the local government proposed loan documents allow the higher fee.

Yes ___ No ___

Note: Final project loan documents at closing must also require this higher fee.

41. There are no additional fees other than the permitted partnership management and asset management fees. Yes ___ No ___

Project Development Plan

Fill out the chart below for the tasks that have been completed. Evidence the completion by submitting the document as specified in the instructions on the following pages. Identify the development team member responsible for each task. Indicate "N/A" if the task is not applicable to your project and in the last column explain why the task is "N/A".

If documentation is required, it must be submitted to earn rating points. Read the instructions carefully before completing this section. Note: if the PDP document has already been included earlier as part of the Universal Application (for example, Market Study, or Relocation Plan), reference that attachment number in the Exhibit column below.

Rental New Construction (Up to 140 Points)

Project Development Tasks	Date Completed (Month/Year)	Listed as "Exhibit PDP 1, PDP 2, PDP 3, etc."
Market Study* (35 points)		
Property Appraisal * (10 points)		
Phase I/ /Phase II Site Assessment* (35 points)		
Floodplain Analysis (25 points)		
Itemized Preliminary Construction Cost Estimate (5 points)		
Geotechnical Report (Not required for scoring)		
Relocation GIN and Relocation Study/Plan (30 points)		

PDP Documentation Requirements – Rental New Construction

PDP items must be: (1) submitted; (2) prepared according to all instructions; and (3) indicate no problems that would affect financial feasibility, or if problems exist that affect financial feasibility, costs are thoroughly itemized and the Development Budget clearly shows these expenses. The methodology for calculating these expenses must also be discussed in the Development Budget in the section “Additional Applicant Comments on Development Budget”.

Market Study – (35 points) – Points will be awarded for a rental market study prepared in no earlier than 2017 in accordance with the current California Tax Credit Allocation Committee (TCAC) 2018 Market Study Guidelines, TCAC Market study Guidelines can be found on the TCAC website at <http://www.treasurer.ca.gov/ctcac/mktstudy/2018.pdf>

For those projects scoring high enough to proceed to feasibility review, the Market Study must demonstrate that there is a market for the proposed project (the entire project concept, including commercial uses, and proposed unit sizes and rents). In calculating demand, the analyst shall use the applicable incomes and rents in the project's NHTF application. Note that TCAC approval of the Market Study does not guarantee HCD approval, nor shall HCD be held to TCAC evaluative methods or guideline interpretations. If the Market Study fails to support sufficient need or demand for the project, the project may be considered infeasible.

To Avoid Common Errors:

1) Define Primary Market Area (PMA) Appropriately

In describing the PMA, if it is larger than the community where the project is located, you must do more than you normally do for a TCAC market study. In particular, the Department will evaluate whether the market study sufficiently demonstrates that people who live or work outside the community will move to the proposed project. In demonstrating that people will move to your proposed project, you may discuss the following factors in your PMA Description.

- a. Actual experience of similar projects in the community where the proposed project is located – Quantify the actual initial and ongoing rent-up of these units to people who lived or work outside the community where the project is located.
- b. Commute Patterns that show that people who work outside the community do choose to live in rental housing in the community where the project is located, or would do this if there was sufficient rental housing. In discussing this, you may provide information that people routinely commute from jobs in the PMA to rental housing in the project community. If possible, you should survey major employers, ideally the actual employees (not just an interview with the company), to determine existing commute patterns, or use other data to show actual commute patterns to rental housing in the community.
- c. Market Perceptions that show that the proposed project is located in the more desirable area of the PMA, i.e. that people will be willing to endure a longer commute to live in this more desirable part of the region.

- d. Experience of Nearby Comparable Developments - If you have made a diligent effort to make the case for a larger PMA, and after demonstrating that you have tried unsuccessfully to find information for your subject community, as a last resort only, you may use the experience of similar projects in similar communities outside of the community within the last five years. In these cases, a larger PMA must have been utilized, and the project must have rented up and continued at high levels of occupancy. If you use this option, we suggest that you provide all information, both positive and negative, addressing the similarity of the projects to your proposed project. For example, if your project is located in a very small rural community with no current rental housing projects and is located 8 miles from a major employer; you may cite the example of a similar very small rural community with these same characteristics.

2) Use the Appropriate Comparables

- a. You should include a minimum of three market rate comparables for each bedroom size within one mile of the proposed project. However, the Department understands that this is not always possible; therefore, when evaluating comparables, the Department will evaluate the comparables used in the rent matrix in the following descending order of quality preference. (Note: comparables will be used only to evaluate the overall feasibility of a project, not as specific point items):
 - 1. Closely comparable units within one mile, with the same number of bedrooms as the proposed project;
 - 2. Closely comparable units within the community (not the expanded PMA), with the same number of bedrooms as the proposed project;
 - 3. Less comparable units (e.g. due to inferior condition/age) which you would not normally consider to be comparable, with the same number of bedrooms as the proposed project, and within one mile (preferably), or within the community (not the expanded PMA);
 - 4. Closely comparable (ideally) or not so comparable units, within a mile or within the same community, but with a different number of bedrooms;
 - 5. Comparables outside the community but within the PMA;
 - 6. Comparables outside the PMA (this is the last resort, and will not be heavily weighted due to the difficulty of the Department in evaluating market differences in so many diverse communities).
- b. In rural areas, single family homes in the PMA may be used when there is an insufficient number of comparable 3 and 4-bedroom rental units, provided that the proposed rents are at least 20 percent below the rent for single family homes. Single family homes may not be used as comparables for rental units containing 2-bedrooms or less.
- c. A unit within a duplex or triplex may be used as one comparable. However, proposed project rents must be at least 10 percent below the rent for the duplex/triplex. In some cases, depending on the degree of amenities with the duplex/triplex, we suggest that project rents for these types of units be at least 20 percent below.
- d. Vacancy rates must be included for your comparables, including single family home comparables market-rate comparables, and affordable housing comparables. Do not put

“N/A” for the vacancy rate, even for single family homes. (For single family homes, indicate if the unit is currently vacant or occupied.).

- e. Adjustments to your project rents made for amenities must make sense in light of the fact that your project units will be marketed, and must be affordable, to low and very low-income households.

3) Demand Calculations

- a. We suggest that the demographic data used for these calculations be from only the PMA, not the secondary market area or the entire county, unless there is documentation of the population numbers who have moved to the PMA from outside the PMA based on surveys of initial move-in renters of similar type housing projects, with an outline of this survey included as an appendix to the study.
- b. Make sure your demand calculations are consistent with the minimum occupancy requirements required under UMR 8305 (b), and make clear in the Executive Summary of the market study that this standard was used. Your demand data must also demonstrate that you will be able to rent the two-, three-, four-, and five-bedroom units to households with the minimum number of persons required by UMR 8305 (b) as shown below.

Unit Size Minimum Number of Persons in Household

SRO	1
0-BR	1
1-BR	1
2-BR	2
3-BR	4
4-BR	6
5-BR	8

- c. Capture Rate – Where the capture rate exceeds 25 percent, you must fully explain in this section (TCAC Market Study Item #37, Calculation and Analysis of Capture Rate) how the project will achieve full occupancy in spite of the high capture rate.

Appraisal (10 points) – The appraisal must be prepared no earlier than 2017. The appraised value must be the unrestricted fair market value of the land, as required by UMR 8311. If the land has structures on it that will be demolished, the appraised value must exclude the value of these structures and include the expense of the demolition unless it will be done outside of the project development budget. If the land will be leased, the appraised value must be adjusted to reflect the difference in the value of a leasehold estate as compared to an ownership estate interest.

All appraisals should take into consideration all unique aspects of the property and of the proposed project that will affect its value.

Proposed project sites shall not require site development work that is significantly more costly than that typical for other similar projects in the local market area, unless either: (1) the

proposed site acquisition cost together with the site development (and environmental remediation) costs are less than the cost of a typical site together with typical site development costs in the project's market area; or (2) there are no other sites available in the market area with a lower combined cost.

No appraisal is needed if land is being donated to the project, no land costs will be shown in the development budget, and there are no other financial consequences from the land donation which would require that the Department assess the value of the land (e.g. not calculating a higher developer fee or a higher percentage of permanent financing committed due to land donation).

Note the following regarding acquisition costs charged to the project.

Seller and Buyer	Land Values	Cap on Acquisition Costs Paid by NHTF	Increment Above Appraised Value	Reasonable Carrying Costs and Capital Improvements
Related Party	Decreased	Current appraised value or last arm's length transaction	Paid for with tax credit equity or junior public financing with no mandatory debt service	Can be paid with NHTF or other funds
Related Party	Increased	Amount of last arm's length transaction	Can't be paid by anyone	Can be paid with NHTF or other funds
Unrelated Party	Increased or Decreased	Current appraised value or purchase price	Paid for with tax credit equity or junior public financing with no mandatory debt service	Can be paid with NHTF or other funds

Phase I Phase II Site Assessment (35 points) - Points will be awarded for reports prepared according to the following: a Phase I, site assessment meeting ASTM Standard E1527-13-and a Phase II site assessment, if recommended by the Phase I, meeting ASTM Standard E1903-11. All reports must be prepared according to these ASTM standards, except as discussed below. The Phase I/VES report must be prepared no earlier than 2017, and the Phase II report must be prepared no earlier than 2017. The Phase I/II/VES reports may be prepared by different firms.

Older reports will not be considered in scoring; however, if the applicant is aware of more than one Phase I, Phase II or VES report for the property, all such reports should be included with the application. Should the project score high enough to be considered for an award, missing reports must be submitted for review prior to the Local Assistance Loan and Grant Committee meeting.

We recommend that you carefully evaluate the Phase I/II to insure that these reports are complete, clear and without deficiencies; and that with the passage of time nothing has changed on the site. If something on the site or the surrounding area has changed since your Phase I was prepared, you must prepare a new Phase I.

For those projects scoring high enough to proceed to feasibility review, the content of the report(s) will be evaluated. In its evaluation, the Department will consider both positive and negative factors, including but not limited to the following:

Positive Factors:

- (1) If an older Phase I/VES includes a bigger site, the newer Phase I should clearly delineate what issues identified in the older Phase I/VES pertain to the smaller project site;
- (2) The report contains no exceptions, deletions, or deviations unless the report clearly says that these are acceptable pursuant to Section 11.7 of ASTM Standard E1527-13;
- (3) The report concludes that there are no recognized environmental conditions in connection with the property;
- (4) If there are environmental deficiencies but the preparer concludes that one or more of these deficiencies are not RECs, there is a complete explanation as to why these conditions are not considered environmental hazards;
- (5) If the current Phase I/II/ reveals any RECs or other hazardous conditions, there is an environmental remediation line item in the Development Budget and an explanation as to how this line item was determined;
- (6) Where structures will be or have been demolished, lead and asbestos testing was performed and the results discussed in a Phase II report;
- (7) There is no further action or investigation recommended;
- (8) There are no environmental regulatory concerns;
- (9) The Department is listed as one of the entities to which the report provides reliance;
- (10) The Phase I does not show the likely presence of chemicals of concern in the sub-surface of the target property (TP) caused by the release of vapors from contaminated soil or groundwater either on or near the TP;
- (11) If the Phase I reveals a vapor encroachment condition (VEC) exists, further investigation as recommended has been conducted.

Negative Factors:

- (1) The Summary section of the Phase I or Phase II reports does not disclose all potentially hazardous conditions or instances of contamination (past or present) on the property;
- (2) The Phase I or Phase II is missing information otherwise required in these reports;
- (3) The Phase I or Phase II is not signed by the certified environmental assessor.

The Market Study, Appraisal, and Phase I/Phase II shall be prepared by an individual or firm which: (1) has the appropriate license, when deemed necessary by the Department, and knowledge and experience necessary to competently prepare the document; (2) is aware of, understands, and correctly employs those recognized methods and techniques that are necessary to produce a credible and complete document; (3) communicates each analysis, opinion, and conclusion in a manner that is not misleading as to the true market needs for low-income residential property, and the value and condition of the subject property; and (4) is an independent third party having no identity of interest with the applicant, the partners of the applicant, the intended partners of the applicant, or with the general contractor.

Floodplain Analysis (25 points)

All Applicants must submit a FEMA Flood Hazard Determination Form, OMB # 1660 - 0040 (or later form number) issued by a flood certification service, or other appropriate

independent third party prepared no earlier than 2017.

In addition to the FEMA Form listed above, projects where the buildings are located in a flood hazard area need to submit one of the following:

- a) Any additional documentation necessary to confirm that the floodplain is incidental to the project, or
- b) A FEMA Conditional Letter of Map Revision, or
- c) A narrative explaining your intent to obtain a FEMA Conditional Letter of Map Revision, or
- d) a narrative and supporting documentation with the NHTF application which discusses with specificity the following: (1) the sites outside of the floodplain that were considered for the project and the reasons for rejection of these sites; (2) the negative and positive impacts of building in a floodplain; (3) the steps that have been or will be taken to minimize the negative impacts to lives and property of building in a floodplain.

Note: all projects located in a 100-year flood plain must carry flood insurance, unless otherwise exempt. The flood insurance policy should be for 80 percent of the replacement cost of the structures. A project can receive an exemption from the flood insurance requirement if the following is done:

(1) The pad and foundation of the buildings must be elevated above the base flood elevation, or (2) The letter of map revision must be provided to the Department at loan closing. If you are planning on raising your project above the flood plain, these costs must be specifically identified in the Development Budget. Flood insurance costs should also be adequately reflected in the Operating Budget.

Preliminary Construction Cost Estimate (5 points) – On the form that follows, provide an itemized cost estimate. The cost estimate must be prepared no earlier than 2017. The cost estimate must be consistent with the Development Budget, or an explanation must be provided to support any differences.

Geotechnical Soils Report – This report is not required for scoring purposes and does not need to be submitted with the application. However, a geotechnical soils engineering report from a State licensed engineering firm, which is specific to the proposed project, and prepared no earlier than 2012 will be required prior to construction loan closing. An update letter will be required if there have been significant changes to the site since the original report (e.g. grading or seismic event), changes in the type of project being developed (e.g. from single-story to 3-story), or there have been other changes in factors that would affect the conclusions of the original report.

Relocation General Information Notice and Relocation Plan (30 points)

Relocation GIN and Relocation Plan (30 points) - Provide a comprehensive narrative covering the history to date of the developer's negotiations with the seller and other funding sources to support the Initiation of Negotiations (ION) date, along with the date of the ION. If the GIN was not provided at the same time as the Initiation of Negotiations, the narrative must explain the corrective actions. In addition, include the following: (1) a copy of the GIN, signed acknowledgement of hand-delivery to each tenant or other proof of delivery (i.e.,

return receipt requested), and the list of notified tenants to include the apartment unit number; (2) a project-specific relocation study/plan summarizing the estimated cost and methodology for calculating the relocation expenses. The relocation plan must be prepared or updated no earlier than 2017.

If relocation requirements will not be triggered, the application must clearly demonstrate this.

Itemized Preliminary Construction Cost Estimate
(New Construction Projects)

Estimate Prepared By
 Date Prepared:
 Basis for Estimated Costs:

The preparer certifies that, to the best of their knowledge, the construction estimates, and trade-item breakdown on this page are complete and accurate.

Signature:
 Title:
 Employed by:

<i>Trade Item</i>	<i>Amount</i>	<i>Notes/Descriptions</i>
Concrete		
Masonry		
Metals		
Rough Carpentry		
Finish Carpentry		
Waterproofing		
Insulation		
Roofing		
Sheet Metal and Flashing		
Exterior Siding		
Doors		
Windows		
Glass		
Lath & Plaster		
Drywall		
Tile Work		
Acoustical		
Wood Flooring		
Resilient Flooring		
Carpet		
Paint & Decorating		
Specialties		
Special Equipment		
Cabinets		
Appliances		
Blinds & Shades		
Modular/Manufactured		
Special Construction		
Elevators or Conveying Syst.		
Plumbing & Hot Water		
Heat & Ventilation		

Air Conditioning		
Fire Protection		
Electrical		
Accessory Buildings		
Other/misc		
Subtotal Structural		
Earth Work		
Site Utilities		
Roads & Walks		
Site Improvement		
Lawns & Planting		
Geotechnical Conditions		
Environmental Remediation		
Demolition		
Unusual Site Cond		
Subtotal Site Work		
Total Improvements		
General Conditions		
Subtotal		
Builders Overhead		
Builders Profit		
TOTAL		

Total Square Foot:

Residential Square Foot:

Total Cost/Total Square Foot:

Total Cost/Residential Square Foot:

Instructions for Completing the Verification of Zoning and Other Required Local Approvals, the Verification of Local Development Impact Fees and the Verification of Water and Sewer Availability forms.

Rental New Construction

1. Applicant completes only the project information portion of each form, then gives the form(s) to the applicable local government department/agency to complete the zoning, local approvals, and fee portion of the forms;
2. The local official completing the forms must have the knowledge and authority to complete the verifications. It may be necessary for one or more Local Officials to complete the forms. If multiple officials, make copies of the forms for each official.
3. On the Verification of Local Approvals, for any item that is not required, the local official should check the applicable box on the chart and, on a separate sheet, provide a written explanation as to why it is not needed (simply stating that the requirement is "N/A" is not sufficient). **All verification forms must be signed by the appropriate certifying local official and the developer.**

Scoring

- A. A total of **125 points** are possible for Zoning and Local Approvals.
- B. Zoning: **40 points** will be awarded if the project, as proposed, is zoned for the intended use, complies with the general plan, and with conditional use requirements, if any.
- C. Local Approvals Obtained: **80 points** will be awarded if **ALL** required local approvals have been obtained.
- D. Water and Sewer Availability: **5 points** will be awarded if **both** services are currently available with sufficient capacity to serve the project as proposed.
- E. Forms Complete: **Points** will be awarded if the both the Verification of Zoning and Other Required Local Approvals, the Verification of Local Development Impact Fees and the Verification of Water and Sewer Availability forms are complete and included with the application.

To receive points, the verification forms must be signed by the Local Official AND the Developer.

**Department of Housing and Community Development
NHTF PROGRAM
Verification of Zoning and Other Required Local Approvals
Rental New Construction**

To the applicant: Complete only the project information portion, then submit this form to the local government department having knowledge and authority to provide this verification. The local official is to complete Section I & II.

Applicant Name: _____
 Project Name: _____
 Address /Site: _____
 City & County: _____
 Assessor Parcel Number(s): _____

To the jurisdiction completing this verification: The applicant named above has applied for project funding under the state NHTF Program, a competitive lending program. Project Readiness is an important factor in the Departments' project rating process. To assist in this review, please provide the information requested in Section I and II below.

Section I: Zoning. The parcel indicated above is zoned _____, which allows for multi-family development of no more than _____ units per acre. The project, as proposed, is zoned for the intended use, complies with the general plan, and with conditional use requirements, if any.

Section II: Required Local Approvals

Check All Required Items	Actual Approval Date or Expected Approval Date	Check if the Item is Not Required
<input type="checkbox"/> CEQA		
<input type="checkbox"/> Conditional Use Permit		
<input type="checkbox"/> Site Plan		
<input type="checkbox"/> Design Review		
<input type="checkbox"/> Variances		
<input type="checkbox"/> Planned Unit Development		
<input type="checkbox"/> Specific Plan		
<input type="checkbox"/> All Other Required Approvals (Please List)		

Certification I certify, on behalf of the entities I represent, that the information presented on the attached Local Approvals form is true and correct to the best of my knowledge.

Name of Local Official (print): _____
 Signature: _____
 Agency or Department: _____
 Title _____ Date: _____

Developer Name (print): _____
 Signature _____
 Title _____ Date: _____

**Department of Housing and Community Development
NHTF PROGRAM
Verification of Local Development Impact Fees
Rental New Construction**

Itemize all local impact fees to be paid.

Pursuant to TCAC Regulation Section 10302(x), Local development impact fees are defined as: the amount of impact fees, mitigation fees, or capital facilities fees imposed by municipalities, county agencies, or other jurisdictions such as public utility districts, school districts, water agencies, resource conservation districts, etc. **Permit processing fees, building permit fees, and plan check fees are NOT considered local development impact fees.**

TYPE OF FEES TO BE PAID	AMOUNT OF FEE
Community Development Fees	\$
Drainage Facilities	\$
Facilities Assessment	\$
Fire Facilities	\$
General Facilities	\$
Governmental/Environmental	\$
Law Enforcement Facilities	\$
Library Facilities	\$
Parks & Recreation	\$
Public Facilities	\$
Schools	\$
Streets & Signals	\$
Traffic Fees	\$
Waste Water Collection	\$
Waste Water Treatment	\$
Water Facilities	\$
Other (specify):	\$
Other (specify):	\$
Other (specify):	\$
Other (specify):	\$
Other (specify):	\$
Total Estimated Local Development Impact Fees	\$

Certification I certify, on behalf of the entities I represent, that the information presented on the attached Local Approvals form is true and correct to the best of my knowledge.

Name of Local Official (print): _____
 Signature: _____
 Agency or Department: _____
 Title _____ Date: _____

Developer Name (print): _____
 Signature _____
 Title _____ Date: _____

**Department of Housing and Community Development
Department of Housing and Community Development
NHTF PROGRAM
Verification of Water and Sewer Availability
Rental New Construction**

To the applicant: Complete only the project information portion, then submit this form to the local government department having knowledge and authority to provide this verification. The utility service provider is to complete Section I.

Applicant Name: _____
Project Name: _____
Address /Site: _____
City & County: _____
Assessor Parcel Number(s): _____

To the jurisdiction/service provider completing this verification: The applicant named above has applied for project funding under the state NHTF Program, a competitive lending program. Project Readiness is an important factor in the Departments' project rating process. To assist in this review, please provide the information requested in Section I below.

Section I: Water and Sewer Availability

Circle all appropriate answers:

- 1) Yes/No – A public water supply is currently available with sufficient capacity to serve the multifamily project as proposed.
- 2) Yes/No – A public sewer service is currently available with sufficient capacity to serve the multifamily project as proposed.

Certification I certify, on behalf of the entities I represent, that the information presented on the attached Verification of Water and Sewer Availability form is true and correct to the best of my knowledge.

Name of Local Official (print): _____

Signature: _____

Agency or Department: _____

Title _____ Date: _____

Developer Name (print): _____

Signature _____

Title _____ Date: _____

Design Progress

Submit the following for the proposed activity:

Rental New Construction (10 points)

1. Submit an executed agreement with the architectural firm identified on the Contacts Worksheet of the UA for the design (through working drawings) of this project and attach as Exhibit 23.

Check if attached

2. Check below the status of plans and specifications on which the cost estimates reflected in the Sources and Uses are based. Submit a letter from the architect identified on the Contacts Worksheet of the UA which gives the status of plans and specifications on which these costs were based, and attach as Exhibit 24.

Plans and specifications ready to be submitted to the building department (10 points)

Preliminary plans and specifications (at least 35% completed) (7 points)

Conceptual (elevations and floor plans) (5 points)

Other (Describe, and include an estimated percentage of completion here): _____% (0 points)

Permanent Financing Commitments (Up to 25 points)

Total Development Cost: \$ _____

Requested NHTF project funds: \$ _____

Other permanent financing required: \$ _____

For each of the non-NHTF Permanent Financing Source listed on the "Development Sources" worksheet of the UA, submit financing commitment letters, as evidenced by letters or resolutions from the funding sources, evidence of fee waivers, etc.

Permanent financing commitment letters should be labeled as Exhibit 9. Note: if you would like the value of waived local fees, deferred developer fee, or land donations to count toward the percentage of permanent financing committed, you must include the value of these items on your Development Sources Worksheet.

Financing commitments conditioned on the award of bond or tax credit authority from a public agency, including but not limited to TCAC/CDLAC, will not be accepted without the public agency approval letter, a letter estimating public agency syndication proceeds, and a financing commitment letter meeting the requirements identified in this section.

NOTE: for projects reporting RDA financing as “committed” the Applicant must

provide evidence that the funds are available and that the Successor Agency has assumed the financial obligation.

Documentation of Financing Commitments must contain the following:

1. The borrower's name;
2. The project name;
3. The project site address, assessor's parcel number, or legal description;
4. The amount, interest rate, and terms of the financing being committed. Permanent financing commitment letters must state what the interest rate is for the entire term of the loan. If there is an adjustment of the interest rate at some point during the loan term, there must be a ceiling rate, and the adjustment and the ceiling rate must be identified in the financing commitment letter.
5. The Permanent loan must be fully amortized; and
6. Assumable public financing must indicate that all significant underwriting assumptions have been approved, including but not limited to:
 - a) Purchase price
 - b) Disposition of reserves
 - c) Scope of work
 - d) Operating costs
 - e) Proposed rents
 - f) Availability of subsidies
 - g) Proposed annual reserves deposits, term/amount

Federal Loans – Some federal lenders (HUD, RD, and others) may not show the project location/address on their commitment letters. Therefore, for federal loans only, the letters need not show the project location/address provided that other third-party documentation demonstrates that the federal commitment letter is for the proposed project site. Federal loan letters must still meet all other requirements for commitment letters.

If any elements are missing from the commitment letters, full points cannot be awarded. The letter may be conditioned on certain standard underwriting criteria, such as appraisals, but may not be generally conditional. Examples of unacceptable general conditions include phrases such as "subject to senior management approval", or a statement that omits the word "commitment" but instead indicates the lender's "willingness to process an application" or indicates that financing is subject to loan committee approval of the project.

Financing commitments must clearly show that the lender is committing financing

to the project. HCD will evaluate the conditions of the financing letter to determine if they qualify the commitment to such a degree that a valid commitment does not exist.

Make sure that you have enough permanent financing sources identified on the Development Sources Worksheet to cover the costs listed in the Development Budget and Permanent Sources and Uses Worksheets. Make sure that the dollar amounts in any permanent financing commitment letters correspond with the total amounts listed on these worksheets.

- Check here if your permanent financing commitment letters have been included with your application.

State Objectives

Up to 200 points may be earned by meeting one or more of the State Objectives outlined below.

a) 100 Percent Financing Committed or Noncompetitive: 85 points will be awarded for projects that have 100 percent of their non-State NHTF permanent financing committed by August 6, 2018. All projects proposing 4 percent tax credits automatically qualify for these points.

b) Overcoming Impediments to Fair Housing - 35 points will be awarded to rental projects proposed in census tracts where total minorities are not overrepresented by more than 20 percentage points compared to the percentage of total minorities in the county. Follow the instructions below to retrieve the necessary documentation, and determine whether you qualify for points.

1. Go to the American FactFinder at the US Census Bureau website:

<http://factfinder2.census.gov/main.html>.

2. Click on Advanced Search, and then "Show Me All". In the topics search box, type DP-1, then click "Go".

3. From the list that appears on the next screen, click on the box for the table "Profile of General Population and Housing Characteristics 2010", **Dataset 2010 Demographic Profile SF**.

4. Click on Geographies.

5. In the drop-down menu for "Select a geographic type", Select Census Tract, then select California, and then your county, and then the Census tract for your proposed project by clicking on the Census tract, and then clicking "Add to Your Selections".

6. Repeat step 5, but select your county only, and "Add to Your Selections". At this point "DP-1", your project census tract, and your project county should appear in the "Your Selections" box in the upper-left corner of the screen. If so, close the "Select Geographies" subscreen.

7. From the table list to the right, click on the link for the Table DP-1 Profile of General Population and Housing Characteristics 2010, **Dataset 2010 SF 1 100% Data** Click "View".

8. On the next screen, click on the drop-down box at the top to retrieve the DP-1 table for your Census Tract.

9. Scroll down to the table heading "HISPANIC OR LATINO AND RACE". Find the percentage for "Not Hispanic or Latino, White Alone". On the Excel Minority Concentration chart, put this percentage in the yellow highlighted cell for your project Census Tract.

10. Scroll up to the top of the Census table and click on the drop down box at the top to retrieve the DP-1 table for your county.

11. On this table, scroll down to the table heading "HISPANIC OR LATINO AND RACE". Find the percentage for "Not Hispanic or Latino, White Alone". On the Excel Minority Concentration chart, put this percentage in the yellow highlighted cell for your project County.

12. After the data has been entered, if the number in the last column of the Excel chart is 10.0 or less, you qualify for points subject to verification by the Department.

13. Print the DP-1 Tables for both your project Census Tract and Project County. Include these as Attachment 26c, along with the completed Excel chart. Two separate DP-1 tables should be included.

d) Special Needs Populations – Special Needs Populations: Up to 80 points will be awarded to rental projects with funding commitments that are proposing to target special needs populations, including farmworkers, through the use of any of the following financing sources: HUD 811, HUD Supportive Housing Program, or state Mental Health Services Act (MHSA). Projects applying for other HCD Special Needs Population funding also qualify if HCD determines the project will receive funding under these programs. Points will also be awarded to projects that provide project-based rental assistance under the terms of an MHSA or Veterans Affairs Supportive Housing Voucher (HUD-VASH), see State Objectives Table below.

-- or --

Homelessness: Up to 80 points shall be awarded to projects serving people experiencing homelessness, see State Objectives Table below.

State Objectives: Special Needs/Homelessness Populations	
<u>Percent of Units Designated by the Funding Source as Special Needs Units</u>	<u>Points</u>
30% or more	80
25%	65
20%	52
15%	39
10%	26
5%	13

-- or --

Access to Opportunity: 80 points will be awarded for projects located in areas of opportunity within the TCAC Opportunity Map. <http://www.treasurer.ca.gov/ctcac/opportunity.asp>