

City of Oakland, Housing & Community Development
Notice of Funding Availability New Construction 2021
Questions & Answers Response #2
(NOFA Pre-Application Meeting on 12/3/21 & Questions Submitted to Staff through
12/15/21)

Q1: Does the project's existing professionally prepared relocation plan need to contemplate federal funds in advance of a potential award?

A1: Yes, the relocation plan must contemplate federal funds in advance of the project award since federal funds are a potential funding source and the budget must reflect the potential relocation costs of the project. An award of Project Based Section 8 from the Oakland Housing Authority would also trigger the need for a relocation plan that meets federal relocation requirements. In lieu of a new relocation plan, you may provide a professionally prepared addendum that addresses the additional requirements and costs of federal relocation requirements. Additional documentation may be required before loan closing if federal funds are awarded to the project.

Q2: Is there a certain portion of the ground floor commercial space that must be committed to earn points?

A2: No, there is not a certain square footage or percentage of ground floor space that needs to be committed to earn points.

Q3: What is the definition of Below Market Rate (BMR) for commercial spaces?

A3: As stated on Page 16 of the NOFA, two bonus points will be awarded for committing ground floor commercial space at below market rate to non-profit organizations and arts and cultural users. Below market rate rent is defined as rent that is less than market rate commercial rent in the neighborhood around the proposed project. Please refer to Section 5 of the Application (Page 14) for a description of what is needed for market demand or analysis for mixed use projects.

Q4: If a project commits all commercial space as Below Market Rate (BMR), does this at all impact the commercial market analysis required in a separate portion of the application?

A4: If the project commits all or a portion of commercial space as below market rate, a commercial market analysis still must be provided. The commercial market analysis must demonstrate that the proposed rents are less than the market rate commercial rents in the neighborhood and that demand exists for the commercial space. Please refer to Section 5 of the Application (Page 14) for additional information.

Q5: Is an assurance letter or reliance letter dated within the last year acceptable to meet the 1-year requirement for the Phase I report?

A5: No, an assurance letter or a reliance letter is not acceptable to meet the 1-year requirement for the Phase I report.

Q6: If a Phase II has been completed, does the Phase II have to be dated within 1 year (and if so, is an assurance or reliance letter acceptable)?

A6: If the Phase II report is older than 1 year, an updated Phase II report must be provided. If you have additional questions, please contact Mark Arniola, Environmental Services Division, at marniola@oaklandca.gov.

Q7: If the Phase I is older than one year, but the Phase II is current, does the Phase I still need to be updated?

A7: If you have current Phase II data and the Phase I is representative and thorough; then an updated Phase I is not required.

Scoring Criteria, I.A & I.B (leveraging and funding commitments) –

Q8: Does capital funding committed by the Oakland Housing Authority count as City funding or outside funding?

A8: Any funds that are not committed by the City of Oakland is considered outside funding sources. Potential Oakland Housing Authority funds count as an outside funding source.

Q9: Does deferred developer fee and general partner equity count toward leveraging/committed funds?

A9: With respect to the Leveraging calculation as a scoring criteria, Deferred Developer Fee and GP Equity are to be excluded as an eligible source, i.e., not to be counted as a leveraged resource. Previously committed City of Oakland funds and Tax Credit Equity must also be excluded. The corresponding amounts of Deferred Developer Fee and GP Equity in the development budget must also be excluded as a use, i.e., not to be included in Total Development Costs (TDC).

Example of How to Calculate Points for Leveraging:

Total Development Cost (Excluding Deferred Fee & GP Equity)	Less Tax Credit Equity and Previously Committed City Funds (if any)	Equals Leveraged Financial Sources	Percent ((Leveraged Sources/TDC)* 100)	Points
\$100,000,000	\$40,000,000	\$60,000,000	60%	8 points

Scoring Criteria I.B – Project-Based Voucher or Long-Term Operating Subsidy.

Q10: How should we calculate these 5 points? In our case, we have a commitment of 14 project-based VASH vouchers from OHA on the rental subsidy side. On the operating side, we have a commitment letter from Alameda County Health Care Services Agency to fund supportive services for 6 non-VASH homeless vets units (there are 20 vets units total), valued at \$36,000/year.

A10: Applicants will receive a maximum of 5 points for each commitment of operating subsidy, including PBS8 or VASH vouchers from the Oakland Housing Authority. Points will not be provided for a commitment for supportive services' funding in "Funding Commitments" Section. However, projects with supportive services' funding may receive points for those commitments in Section III.C. *Housing for Households with Special Needs*.

Q11: How many points should we assume?

A11: Please see A10 above.

Scoring Criteria III.C. – the MHP definition of Special Needs Populations includes 'individuals who are experiencing Homelessness'.

Q12: If we have units set aside for homeless households (20 homeless veterans units), would this count for points here, or if we are using for points in III.D can we only use for points in one category?

A12: Projects are eligible for points in both Section III.C and III.D if the projects meet the definitions provided in those sections.

Q13: What projects are not eligible for more Section 8 Project Based Vouchers?

A13: Please see the updated revised **Section 8 Project-Based Voucher Assistance section, on page 26 of the NOFA Description**. Please do not assume that your project will have access to Project-Based Section 8. The City of Oakland New Construction Notice of Funding Availability (NOFA) projects financial budgets should not include Project-Based Vouchers (PBVs). The City does not award PBVs. The Oakland Housing Authority (OHA) awards and administers PBVs. The City will notify OHA of projects successfully awarded through the New Construction NOFA, and OHA will evaluate projects for potential funding awards based on its priorities, established process, and funding availability. If PBVs or other resources are available, OHA may rely on this NOFA process to award them.

Q14: If we have a commitment of VASH vouchers, do we still have to complete the HUSM model?

A14: No, if the project has a commitment of VASH vouchers or Project Based Section 8 vouchers, then you may use OHA's Utility Allowance. All other projects must calculate the utility allowances using the HUD Utility Schedule Model. This model and its instructions can be found in CDS.

Q15: Do all units need to be underwritten as if they will receive HOME funds?

A15: Yes, projects must be underwritten as if they will receive HOME. Applicants must calculate the utility allowances using the HUD Utility Schedule Model.

Q16: How often do CHDO's need to be recertified? I have certification from 2019. Should I recertify under this NOFA? Do all board members need to complete the CHDO certification form?

A16: Yes, all projects must recertify under this NOFA to be considered as a CHDO. In addition, all board members must complete the certification form.

Q17: Community Engagement – If there have already been several community meetings to discuss the project, what information should be provided now?

A17: If you have conducted several community meetings to discuss the project, please provide via upload to CDS the following required evidence below. Please refer to NOFA Application and Instructions, Section 4 (Page 13) for additional information.

- ◆ Copy of announcements of the meetings (flyers, advertisements, etc.);
- ◆ Copy of the agenda for the meetings;
- ◆ Copy of handouts or other information used, including reductions of material; presented on easel boards;
- ◆ Sign-in sheets from the meeting; and
- ◆ Minutes of the meeting.

Q18: Do we need to provide the Community Engagement presentation that was given in the meetings, and summarize feedback received? If we do not have sign-in sheets or keep minutes, is this ok?

A18: Yes, applicants must include copies of the information provided and/or used in the community engagement meetings, and must also provide summaries of the feedback that was received. If you do not have sign-in sheets, please re-create the participant list to the best of your ability, including approximate number of participants, affiliation of participants, etc. Also provide the meeting agenda and any other pertinent information that can help staff evaluate the meeting. Please refer to Section 4 of the NOFA Application & Instructions for detailed instructions regarding the Community Outreach Plan and Activities (page 13).

Q19: Would HCD be amenable to making the Unit Size scoring category *not applicable* to Senior projects?

A19: No, the Unit Size Category is applicable to Senior Projects. This decision was based on prior analysis regarding the proportionality of funding versus need for senior and family units. Staff is open to re-visiting scoring at a future date upon review of recent awards, but not retroactively changing the published NOFA scoring.

Q20: What is the 2021 New Construction City Loan Fee?

A20: The City Loan Fee is 2%. *Clarification and Amendment to 2021 New Construction Financial Workbook – The Developer Tab has been corrected to reflect 2% and not 2.5% for the current loan request.

Q21: Site Control – If a project demonstrates Site Control through an Exclusive Negotiating Agreement (ENA) with BART, is this an acceptable ENA?

A21: Yes, an executed Exclusive Negotiating Agreement (ENA) with BART or another public agency is an acceptable form of site control.

Q22: Could the City re-define the definition of Site Control to broaden it to include Site Control with other public agencies?

A22: Yes, site control may be demonstrated with other public agencies through executed documents such as exclusive negotiating agreements, disposition and development agreements and lease disposition and development agreements. If applicant has another form of site control for consideration, please contact staff to discuss.

Q23: Are we eligible to apply for funding under this NOFA, if we have already acquired the property and our appraisal is older than 6 months?

A23: Yes, the project is eligible for funding under the 2021 NOFA if the property is already acquired and the appraisal is older than 6 months. However, if the property is already owned by the sponsor, please submit an appraisal completed within six months of its purchase.

Q24: Applicants that applied for AHSC funds are expected to learn if their project will be recommended for AHSC awards on 1/10/22. SGC will vote to approve the AHSC awards on January 26, 2022. If our project receives an AHSC award, will it count as a funding commitment even though it is after the application deadline of 1/7/22?

A24: Yes, if a project receives an AHSC commitment on 1/26/22, then the City will consider that a funding commitment for NOFA scoring purposes even though it is after the City NOFA deadline of January 7th. However, Applicants must provide the recommendation from AHSC staff to City staff by 1/11/22 to be considered for scoring and it must be uploaded into CDS. We recognize that some state

funding programs are due to release funding awards within the next month, and the pressures this causes in the accelerated City NOFA timing to meet the projected State SuperNOFA timeline. If a project receives a **state funding commitment only** by 1/31/22, please forward to staff and upload to CDS for scoring consideration by 2/1/22. State funding commitments will not be accepted for scoring purposes after this date.

Q25: If our project has received entitlements, do I need to submit a Letter of Conformity with Planning and Zoning Requirements?

A25: No, if the project has received entitlements, you do not need to submit a Letter of Conformity with Planning and Zoning Requirements. Rather, please submit evidence of land use entitlements (approval letter, conditions of approval, etc.). Refer to Section 12 of the 2021 NOFA Application & Instructions for additional information.

Q26: For Funding Commitment points, can construction financing commitments be counted?

A26: Yes, construction financial commitments can be counted towards points in Section IB: Funding Commitments. Refer to 2021 NOFA Application and Instructions Section 25 for specific information.

Q27: We have secured PBS8 vouchers, and also expect to secure an operating subsidy from HCSA for supportive services. Do the two subsidies garner 5 points each, so 10 points total?

A27: Points will be provided for long-term operating subsidy commitments only. NOFA applications must upload commitment letters in CDS in order to receive points. Points are not provided if an applicant applied for operating support but had not yet received a commitment. Refer to 2021 NOFA Application and Instructions Section 28 for additional information. Refer to Question 10 above.

Q28: For the housing for households with special needs, and the PSH housing for homeless individuals, can we overlap the units if the special needs units also qualify as PSH? If I can overlap the units is the following acceptable:

- 25% of the building has to be special needs to get the full 5 points = 8 units
- 50% of the building has to be PSH to get the full 10 points = 16 units. Therefore, assuming the special needs units are also PSH, I would have to add 8 units to get to 16 units.
- 16units will be Special Needs **AND** PSH

If I cannot overlap the units, I need to do the following:

- 25% of the building has to be special needs to get the full 5 points: 8 units
- 50% of the building has to be PSH to get the full 10 points: 16 units
- 24 units that are special needs **OR** PSH

A28: The first scenario is acceptable if the units meet the specific definitions of permanent supportive housing and housing for households with special needs outlined in the NOFA. You can overlap permanent supportive housing units and units for households with special needs. Refer to Section 37 of the 2021 NOFA Application and Instructions.

Q29: Our organization only has consolidated financial statements. The Statement of Cash Flow does not have supplemental schedules, so I'm unable to provide the specific information requested in the financial model. How should I proceed?

A29: Please complete Exhibit 36 with the most accurate information you can provide. Please upload all information you think will be helpful for staff analysis via CDS, including audited financial statements, narrative descriptions and/or other spreadsheets that provide the information requested. See 2021 NOFA Application and Instructions Section 36 for additional information. Staff may need to reach out for additional clarification and full points may not be awarded.

Q30: If the applicant is a for-profit company and does not have audited financial statements, what financial statements should be included in the application and used to complete the financial workbook?

A30: All applicants must complete the Financial Analysis Worksheet, which evaluates the organizations net assets, debt equity ratio and current assets and liabilities. If audited financial statements are not available, the applicant must submit financial statements that are attested by the company's Chief Financial Officer attesting to their veracity under penalty of perjury. Full points may not be awarded. Narrative statements and explanations are also accepted in addition to the Financial Analysis Worksheet. Please refer to Page 32 of the 2021 New Construction NOFA for additional information.

Q31: If the applicant consists of a joint venture, does an executed Joint Venture Agreement need to be submitted with the application?

A31: Yes, an executed Joint Venture Agreement must be submitted with the application that clearly describes the roles and responsibilities of each partner, who is the lead partner, etc. For scoring purposes, the Joint Venture Agreement must state if the less experienced member is allowed first right of refusal to purchase the land and/or building after the 15- year tax credit compliance period. Refer to the 2021 Application and Instructions Section 32, Addendum #1, Section III.