

City of Oakland, Housing & Community Development
Notice of Funding Availability 2022
Acquisition and Conversion to Affordable Housing (ACAH) Program

Questions & Answers, Response #3, issued February 6, 2023

IMPORTANT NOTE: The City will release its final Q&A (Q&A #4) on Wednesday, February 15th. Please submit remaining questions to Meghan Horl at mhorl@oaklandca.gov by no later than **5 pm on Friday, February 10th** for response to be included in the final Q&A document.

Applications are due through the City's website application portal at <https://citydataservices.net/> by no later than 4:00 pm on Friday, February 17, 2023.

Q1: The ACAH NOFA requires that applicants seeking funding for new projects (and in some cases, existing funded projects depending on scope changes) hold a meeting with Planning and Building (found in the Application Organization and Documentation Requirements list as items #18 and #19 in Exhibit C of the All-Developer Pool NOFA and in items #18 and #19 of Exhibit D of the CLT/LEHC Subprogram NOFA). Is this a hard requirement?

A1: Subsequent to the release of the ACAH NOFA, the Planning and Building Bureaus informed HCD staff that they do not currently have the capacity to meet with the ACAH Applicants prior to the ACAH Application due date, due to staffing shortages. As such, the NOFA instructions for Exhibit C/D items #18 and #19 have been revised as shown below, and consolidated into item #18.

18. Planning and Building Bureau Review

Planning Bureau Review

Step 1: New ACAH Project Applicants: Applicants are required to submit a Zoning Worksheet through the City's Online Permit Center - [City of Oakland | Online Permit Center \(oaklandca.gov\)](https://oaklandca.gov). The applicant shall include an as-built condition photographic survey and a detailed proposed scope of work. The document will allow staff to research all Planning Code requirements and to determine if additional code regulations may be triggered by the proposed scope of rehabilitation work. If the proposed rehabilitation meets Design Review Procedure set forth in O.P.C. 17.136.025, 17.036.030, and 17.036.035, planning will review and approve the scope of work. Applicants will be issued an Exemption from Design Review or Small Project Design Review permit number.

Please include "ACAH NOFA Applicant" in the Subject Line of the email, when submitting the Zoning Worksheet. **Applicants are required to submit a Zoning Worksheet by no later than close of business (5:00 pm) on February 15, 2023**, to ensure the application may be reviewed and deemed complete. Note on CEQA Clearance: Prior to the ACAH loan award, projects must be shown to have obtained CEQA

clearance (Certified EIR or Negative Declaration) and must have submitted their CEQA documentation to HCD (California Department of Housing & Community Development). If CEQA Clearance has been obtained already for project, please submit with application.

Projects with existing ACAH funding approvals are not required to contact the Planning Bureau unless there has been a significant change in the scope of work.

Building Bureau Review

Step 2: New ACAH Project Applicants: After Applicants submit the Zoning Worksheet through the City's Online Permit Center, Building Bureau staff will research all Building permit requirements and determine if additional permits may be triggered by the proposed scope of work. A Building decision will be included in a City-issued planning approval document, expected to be completed within five business days after submittal of complete information.

Projects with existing ACAH funding approvals are not required to contact the Building Bureau unless there has been a significant change in the scope of work.

Q2: Please provide information regarding the property management and asset management plans and where to find more detailed guidance than what is outlined in the ACAH Program Terms Sheets found in Exhibit B to the NOFA. For example, does the plan need to be a certain number of pages or contain certain information? Is there an example of a plan that can be shared?

A2: The ACAH Program Terms Sheets found in Exhibit B to the NOFA provide a brief description of the requirement for submission of draft marketing, property management, and asset management plans. When a project is awarded City ACAH funding, the developer will enter into loan documents with the City, including a regulatory agreement. The requirements for the marketing, property management, and asset management plans will be spelled out in greater detail in that agreement. Marketing and management plans should include information addressing the areas listed below at a minimum. There is not a specific number of pages required in the plans, and the City does not have templates to share with developers. The City's Asset Management staff are available after project awards to provide additional guidance and assistance as needed when crafting a marketing and management plan.

MARKETING AND MANAGEMENT PLANS - Basic information about the project's marketing and management must be included in the Marketing and Management Plan, including but not limited to:

- Name and contact information for the Management Agent;
- The role and responsibility of the Sponsor and its delegation of authority, if any, to the Management Agent;
- Staffing arrangements and personnel policy;
- Marketing and management procedures for consistent with Affirmative Fair Marketing Procedures outlined in Addendum #3;
- Tenant selection criteria;
- Lottery and waitlist procedures, including Oakland preferences;
- Acknowledgement of City of Oakland Fair Chance Housing Ordinance;

- Income certification procedures;
- Plans for carrying out maintenance and repair of the Project;
- Procedures for addressing lease violations;
- Procedures to prevent conflicts of interest by and among staff and tenants;
- Table of rent/income restrictions from all funding sources identifying most restrictive requirements and final rent schedule;
- Identification of all application fees, move-in fees, refundable deposits, required utilities, and optional fees;
- Sample advertisements and flyers;
- Sample application; and
- List of outlets and community organizations to receive marketing materials.

Q3: We'd like some clarity on when and how interest and principal payments will be made. In previous ACAH rounds I believe payments were made based on residual receipts, and the simple interest did not accumulate over the years if residual receipts were not enough to cover them each year. In the new NOFA's term sheet, it just says 3% simple interest, and in the Repayment Terms section it says that principal and interest are due at maturity or takeout. Does that mean that for this round of funding 3% simple interest will accumulate each year, but no actual payments will be due to the city until maturity or takeout? Or are borrowers still expected to pay something through residual receipts?

A3: The City's loan is provided at 3% simple interest, and payments are made based on residual receipts. Interest accrues, but payments are only made to the City based on Available Cash Flow as defined in the City's Promissory Note executed by the developer borrower. Residual receipts payments from Available Cash Flow are credited first to accrued interest and then to reduction of principal. The full amount of the loan with any accrued unpaid interest is due at loan maturity (55 years) or at refinance, unless the City has approved an assignment of the loan.

Q4: Is there anything that would prohibit a cooperative corporation from being an Eligible Borrower for the All-Developer Pool NOFA if we meet the developer experience requirements described in Section VI.H.?

A4: Cooperative organizations are not eligible to apply in the All-Developer Pool NOFA because cooperatives are not an eligible project type in that NOFA. Cooperatives may apply in the Community Land Trust/Cooperatives Subprogram and cooperative organizations would need to be in a documented partnership with the CLT to apply. These are the eligible project types and project tenures in the All-Developer Pool NOFA. Please see NOFA for additional detail:

- Acquisition only or Acquisition/Rehabilitation of unsubsidized buildings of any size. Rehabilitation-only projects are not eligible.
- Project tenure may be affordable rental, affordable homeownership, or affordable rental-to-homeownership (lease to own).
- Project type may be permanent affordable (multifamily, senior, etc.) or permanent supportive housing. *Transitional housing is not eligible.*

Q5: Can water-efficient fixtures, like faucets and toilets, be included as 3-point item under 'structural rehab repair' in terms of the project scoring?

A5: This question refers to the scoring and evaluation of projects with existing ACAH funding (see Excel-based scoring worksheets found as Attachment 1 to the Application). The parentheses for this item in the scoring worksheet has been revised to clarify that **structural rehab work refers to “roofing, seismic, foundation, drainage and exterior wall restoration” type repairs**. Accessibility improvements, energy-efficiency improvements, and electrical and plumbing system improvements are also included in this points category and are worth 3-points, but are not technically structural rehab repair. Thus, yes, installation of water-efficient fixtures can be included as 3-point items.

Existing criterion:

[3 pts each] List each accessibility improvement, structural rehab work (roofing, seismic, foundation, drainage, exterior wall restoration, energy efficiency improvements, electrical and plumbing system improvements)

Revised criterion:

[3 pts each] List each accessibility improvement, structural rehab improvement (e.g., roofing, seismic, foundation, drainage, exterior wall restoration), energy efficiency improvement, and electrical and plumbing system improvement.

Please note that points will only be provided if back-up documentation is provided to demonstrate the need for the items listed in the scope of rehabilitation.

Q6: Can a contractor letter + within 90-day estimate qualify as a valid cost estimate?

A6: Please submit this estimate with your documentation in the application and the City will review. Please note that the back-up documentation submitted with the application must support the work outlined in the cost estimate.

Q7: For the cost estimate, the contractor gave us a price for each item of the scope and he will prepare a signed letter attesting to the date of the estimate. Is that sufficient for the grant application?

A7: Item #10 of the Application Organization and Documentation Requirements exhibit (Exhibit C to All-Developer Pool NOFA, and Exhibit D to CLT/LEHC Subprogram NOFA) describes the submission requirements for the proposed rehabilitation scope of work (reprinted below). Your proposal to provide a price for each item of the scope and signed letter will meet the requirement – please note for existing projects it can be no older than 90 days prior to the date of submission of the application.

10. Proposed Rehabilitation Scope of Work

New Proposed ACAH Projects: Provide a narrative description of the proposed scope of rehabilitation work (please limit to no more than one page in length), and upload to the CDS application an estimate of the proposed scope of rehabilitation work prepared by a 3rd party general contractor or construction estimator.

Existing Funded ACAH Projects: Provide a narrative description of the proposed scope of rehabilitation work (please limit to no more than one page in length), and upload to the CDS application documentation as follows:

- o For projects with 1-4 units, an updated rehabilitation estimate by a 3rd party construction estimator, general contractor, with estimate no older than 90 days prior to the date of submission of this ACAH application; or
- o For projects with 5+ units, a PNA or CNA and an updated schedule of values and/or construction estimate that is no older than 90 days prior to the date of submission of this ACAH application.

Q8: Is there any limitation on the amount that GCs can charge for overhead, general requirements, bonds, etc.? Please note that as a percentage, smaller projects typically come with higher percentages.

A8: The City does not include a limit in its ACAH Program terms on the amount that a general contractor (GC) may charge for overhead, general requirements, and bonds. We advise your organization to confer with other development organizations doing similar type of construction or rehabilitation work to learn more about the range of overhead and profit rates that those organizations are seeing with their projects, and to research general information resources on the range of contractors' overhead and profit ("O&P") percentages. There can also be benefit in considering working with a construction management consultant to assist your organization during the contractor agreement negotiations.