

No Place Like Home (NPLH) 2020 Program Guidelines Amendments

Explanation of Final Amendments

Below is a brief explanation of the major amendments to the NPLH Program Guidelines for 2020. All changes are shown in tracked changes in the amended Guidelines text provided with this document. Changes also shown in yellow highlight were made following the conclusion of the 30-day public comment period. In addition to the changes discussed below, other nonsubstantive text changes were made, such as use of acronyms, and correction of punctuation or formatting.

As used in this document, “Department” refers to the California Department of Housing and Community Development. Terms capitalized below are defined terms or capitalized words within the Program Guidelines.

ARTICLE I. GENERAL PROGRAM REQUIREMENTS

Section 100. Purpose and Scope

Subsection (a)

This subsection makes a minor correction to a statutory reference.

Section 101. Definitions

Subsection (h)

Changes to the definition of “Capitalized Operating Subsidy Reserve” (COSR) were made to reflect the anticipated enactment of SB 1030 (2020 Housing Omnibus bill), which will require the Department to provide COSRs as grants to its funded Projects rather than as part of the NPLH capital loan amount. The authority for Alternative Process Counties to provide COSRs either as grants or loans to its funded Projects was maintained pursuant to the general authority of the Department within Welfare and Institutions Code Sections 5849.8 (b) to offer alternative processes for these Counties. This flexibility is important to maintain for the Alternative Process Counties in case there are other reasons why a Project may need to keep their COSR in the form of a loan.

Section 102. Funding and Formula Allocations

Subsection (c)(3)

The language in this subsection was deleted to enable Projects funded with Noncompetitive Allocation funds to proceed without risk of conflict with this deadline. Another related deadline currently exists in Section 200(i).

Subsection (e)(1)

This subsection clarifies that the NPLH funds provided by the Department to the Alternative Process Counties are in the form of a grant rather than a loan, and the Alternate Process Counties, in turn, make awards (loans or grants) to individual Projects in accordance with the requirements of Articles I and III of the Guidelines.

ARTICLE II. NONCOMPETITIVE AND COMPETITIVE PROGRAM ALLOCATIONS

Section 200. Uses and Terms of Noncompetitive and Competitive Allocations

Throughout this Section the word “loan” was replaced with the word “award” or “grant” as necessary to reflect the anticipated enactment of SB 1030 (2020 Housing Omnibus bill), which will require the Department to provide COSRs as grants to its funded Projects rather than as part of the NPLH capital loan amount. The phrase “capital portion” was also replaced with the phrase “non-COSR portion” consistent with the implementation of SB 1030.

Language was also added to 200 (k) to clarify that the loan terms and other requirements of Section 200 also apply to Projects receiving Noncompetitive Allocation funds as well as to Projects receiving Competitive Allocation funds.

Section 201. Threshold Requirements for Noncompetitive Allocation

Subsection (c)

The current Guidelines require applicants to submit the County’s plan to combat homelessness by either February 2021, the Noncompetitive Allocation application submission deadline, or at the time of their first Project application submission utilizing Competitive Allocation funds. Since these dates are potentially in conflict, we have eliminated the February deadline for submission of the homelessness plan and clarified that the plan to combat homelessness must be submitted no later than their first Project application submission.

Section 202. Project Threshold Requirements

Subsection (e)

This subsection clarifies what constitutes a Project for purposes of meeting the unit integration requirement for developments receiving NPLH funds, as well as other loan or grant funds. Additional examples of unacceptable practices for all NPLH Projects, which negatively impact integration of NPLH tenants with other tenants in the development, are provided. In response to public comments received, language addressing conditions for granting exceptions was added.

Section 205. Competitive Allocation Application Rating Criteria

Subsection (b)

Changes were made to this subsection to clarify that the COSR is excluded from the capital development leverage calculation, and is not considered part of the capital portion of the Department’s award. These changes are consistent with how the Department currently scores the calculation for leverage of development funding. These changes are also consistent with other modifications in terms throughout the Guidelines related to implementation of SB 1030 (2020 Housing Omnibus bill) which will require the Department to provide COSRs as grants to its funded Projects rather than as part of the NPLH capital loan amount.

Section 209. Capitalized Operating Subsidy Reserve

Throughout this Section the word “loan” was replaced with the word “award” or “grant” as necessary to reflect the anticipated enactment of SB 1030 (2020 Housing Omnibus bill) which will require the Department to provide COSRs as grants to its funded Projects rather than as part of the NPLH capital loan amount.

Subsection (a)

In response to public comment, changes were made to this subsection to make the per-unit subsidy limit for COSRs in Projects with 9 percent tax credits the same as the per-unit subsidy limit for Projects with 4 percent tax credits and Projects without tax credits. This change was made because operating expenses do not vary significantly based on the type of tax credits a Project receives or does not receive.

Section 214. Reporting

Subsection (b)

Corrected a citation to the Multifamily Housing Program regulations related to annual monitoring report practices that NPLH is also using.

Section 215. Legal Documents

Throughout this Section the word “loan” was replaced with the word “award” or “grant” as necessary to reflect the anticipated enactment of SB 1030 (2020 Housing Omnibus bill) which will require the Department to provide COSRs as grants to its funded Projects rather than as part of the NPLH loan amount.

Subsection (d)

Changes were made to this subsection that will enable the Department to place a lien on a funded Project for purposes of securing the performance of the Project under the terms of its COSR agreement with the Department. This clarification was necessary since the COSR on NPLH Projects funded by the Department is anticipated to change from a loan to a grant under the provisions of SB 1030 (2020 Housing Omnibus bill).

Section 218. Defaults and Loan Cancellations

This Section was revised to reflect the anticipated enactment of SB 1030 (2020 Housing Omnibus bill), which will require the Department to provide COSRs as grants to its funded Projects rather than as part of the NPLH capital loan amount. The word “grant” was added to the Section title, and throughout this Section the word “loan” was replaced with the words “award” or “grant” as necessary. Subsection (a) (1) was also specifically revised to reflect the change of the COSR from a loan to a grant. These changes are conforming amendments and do not otherwise alter the remedies previously afforded the Department in the event of default or nonperformance.

ARTICLE III. ALTERNATIVE PROCESS COUNTY ALLOCATIONS

Section 301. Method of Distribution

Subsection (a)(10)(A)

This subsection clarifies what constitutes a Project for purposes of meeting the unit integration requirement for developments receiving NPLH funds as well as other loan or grant funds. Additional examples of unacceptable practices for all NPLH Projects, which negatively impact integration of NPLH tenants with other tenants in the development, are provided. In response to public comments received, language addressing conditions for granting exceptions was added.

Section 302. Uses and terms of Program Assistance

Subsection (f)

Changes to this subsection reflect the authority for Alternative Process Counties to provide COSRs either as grants or loans to its funded Projects pursuant to SB 1030 and Welfare and Institutions Code Sections 5849.8 (b) related to the establishment of alternate processes for these counties. This flexibility is important to maintain for the Alternative Process Counties in case there are other reasons why a Project may need to keep their COSR in the form of a loan.

Section 305. Capitalized Operating Subsidy Reserve

Subsection (c)

Changes to this subsection reflect the authority of Alternative Process Counties to secure performance under the COSR either as a loan or a grant through a lien on the Project. As discussed above, this clarification was necessary since the COSR on NPLH Projects funded by the County can be funded as either grants or loans pursuant to SB 1030 and Welfare and Institutions Code Sections 5849.8 (b) related to the establishment of alternate processes for these counties.

Section 310. Legal Documents

Subsection (c)

As discussed above, changes to this subsection reflect the authority of Alternative Process Counties to place a lien on a funded Project for purposes of securing the performance of the Project under the terms of its COSR Agreement with the Alternative Process County. This clarification was necessary since the COSR on NPLH Projects funded by the County can be funded as either grants or loans pursuant to SB 1030 and Welfare and Institutions Code Sections 5849.8 (b) related to the establishment of alternate processes for these counties.

ARTICLE IV. NONCOMPETITIVE ALLOCATION SHARED HOUSING REQUIREMENTS

Currently no Counties are approved to use their NPLH funds Noncompetitive Allocation funds for Shared Housing; however, conforming amendments implementing SB 1030

(2020 Housing Omnibus bill) as described below have been made to the Guidelines should Shared Housing be undertaken by Counties in the future.

Section 402. Uses and Terms of Program Assistance

Subsection (e)

This subsection clarifies that COSRs for Shared Housing shall be provided in the form of a grant. This is consistent with the requirements of SB 1030 (2020 Housing Omnibus bill) related to Noncompetitive Allocation funds.

Section 405. Capitalized Operating Subsidy Reserve

Subsection (c)

Changes were made to this subsection that will enable the County to place a lien on a funded Project for purposes of securing the performance of the Project under the terms of its COSR Agreement with the Project. This clarification was necessary to implement the provisions of SB 1030 (2020 Housing Omnibus bill).

Section 410. Legal Documents

Subsection (c)

Changes were made to this section that will enable the County to place a lien on a funded Project for purposes of securing the performance of the Project under the terms of its COSR Agreement with the Project. This clarification was necessary to implement the provisions of SB 1030 (2020 Housing Omnibus bill).