



Affordable Housing Funds Notice of Funding Availability (NOFA)

Frequently Asked Questions

Updated July 30, 2021

Q1. Can funds under this NOFA be used to finance the cost of acquisition for land?

Yes. The NOFA funds can be used for acquisition of land to develop affordable housing for households with an annual gross income at or below 80% of the Area Median Income (AMI).

Q2. When does the City require the repayment of the loan to commence? A common approach is 10 to 15 years after the conversion to allow for the deferred developer fee to be paid off first.

Repayment of the City loan begins after completion of construction and is paid out of the project's residual receipts, shared with other soft lenders. The definition of residual receipts then determines how much cash flow, if any, there is to pay the City.

Q3: The NOFA states that an appraisal is required that has been completed within six months of the application deadline. Does the City require an "As Complete appraisal" or is an "As Is appraisal" sufficient?

The City requires an appraisal to determine both the "As Is" value and "As Complete" value. If the proposed project is a tax credit deal, then the appraiser should show the "value added" because of the presence of tax credits. If the proposed project has an allocation or is anticipated to receive an allocation of Project Based Section 8 Vouchers, then the appraiser should include the "value added" of these as well. The value of the land should always be broken out separately.

Q4: Is there a recency requirement for Phase I? We have a Phase I for our site that was completed in January of 2021.

Phase 1 reports finalized within 12 months are generally acceptable.

Q5: Section IV(N) of the NOFA (page 18) states that the project schedule should start within 30 days of the date the applicant's project is selected. Could you please clarify which of the key milestones must begin within 30 days of project selection? If awards are expected in early November, are we expected to begin construction by early December?

There are no specific milestones that must begin within 30 days of project selection. However, the City wants to make sure that developers can demonstrate the ability to keep the project moving forward and that the overall schedule makes sense. These milestones could be community outreach, design development, etc.—whatever milestones make sense for the project.

Q6: Page 4 of the NOFA states the City is required to be the bond issuer unless otherwise waived by the City. We intend to also apply for CalHFA's MIP program which requires CalHFA be the bond issuer. In this situation, would the City waive this requirement and allow CalHFA to be the bond issuer?

If you are applying for CALHFA's MIP, the City would waive the requirement to be the bond issuer.

Q7: Does the City require we provide a commitment for the perm loan in our application?

The City does not require a commitment for the perm loan in the application.

Q8: Should the project cost projections account for prevailing wage?

Yes. Your project cost projections should account for federal and state prevailing wage as the City may supplement City funding with federal/state funding.