

AHF 11.0 NOFA Questions and Answers

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Please email questions to hcd@smchousing.org and monitor the DOH website for periodic posting of Questions and Answers. <https://www.smcgov.org/housing/ahf11-nofa>

Q1 Will applicants be notified that their Project met Threshold Requirements by June 16, the deadline for notifying applicants that their Project did not meet Threshold Requirements?

A1 Yes, an email will be sent to all applicants—both those that met Threshold and those that did not.

Q2 Does CalHome count as an eligible program for purposes of demonstrating leveraging by First Time Home Ownership (FTHO) projects?

A2 Yes, CalHome will be considered an eligible program for demonstrating leveraging by FTHO projects.

Q3 Does Measure K funding trigger state prevailing wage requirements?

A3 The applicant should ask their own legal counsel whether Measure K will trigger state prevailing wage requirements.

Q4 If an applicant limits their use of HOME funds to 10 HOME-Assisted Units, will the use of HOME funds trigger Davis Bacon wage requirements?

A4 24 CFR 92.354 states that any contract for **the construction of affordable housing with 12 or more units assisted with HOME funds** is subject to federal labor standards. An applicant for HOME funds available under AHF 11.0 should investigate HOME regulations and make their own determination of how this regulation will affect their project.

Q5 Does HOME-ARP trigger Davis Bacon wage requirements?

A5 HUD Notice CPD 21-10 states that “the requirements in 24 CFR 92.354 apply to HOME-ARP activities”. This is the regulation that limits the application of Davis-Bacon prevailing wage requirements to construction of affordable housing with 12 or more units assisted with HOME funds.

Q6 Is “modular construction” included in the definition of “manufactured housing” subject to the minimum Project size for manufactured housing of 20 or more Units?

A6 Although the NOFA does not define “manufactured housing”, DOH will follow the federal definition set forth in 24 CFR 3280.2.

Q7 Does the requirement that 5% of a Project’s Units be subject to a preference for people experiencing homelessness who are referred by HACSM with a Tenant-Based Rental Subsidy apply to a project with 100% of units targeted as Farmworker Units?

A7 If 100% of the Project’s Units are defined as Farmworker Units, the applicant should consult with HACMS to determine whether it is feasible for HACSM to refer homeless agricultural workers with tenant-based rental subsidies. If HACSM concurs that this is unlikely or infeasible to make those referrals, the applicant should propose an alternative method of meeting the goal of creating a homelessness preference on at least 5% of the Farmworker Units, for example, by demonstrating that

the supportive services provider for the Farmworker Units works with and is able to make referrals of farmworkers who also qualify as homeless.

Q8 Does HOME-ARP impose a per unit subsidy limit, similar to the HOME per unit subsidy limit?

A8 The County's HOME-ARP Allocation Plan estimated an award of up to \$200,000/unit. However, depending on the specific applications received for HOME-ARP funds and the unit sizes requested, the County may consider a per Unit award for HOME-ARP funds higher than the estimated \$200,000/unit level estimated in the HOME-ARP Allocation Plan.

Q9 Is there a maximum project award for new construction rental projects?

A9 As stated in the NOFA, there is a maximum Measure K award of 15% of Total Development Cost. This maximum does not apply to a project in unincorporated San Mateo County or a project that meets the definition of Supportive Housing. (Note, this maximum does not include funding from other County sources (not Measure K)). Even in the case of a project not subject to a project maximum, the burden is on the applicant to demonstrate that the requested amount of County funding is necessary for the financial feasibility of the project.

Q10 Is there a limit on the amount of a Capitalized Operating Subsidy Reserve that may be requested?

A10 The COSR amount is based on the financial impact of higher operating expenses, higher vacancy rate, or more costly supportive services arising from serving special needs populations at that specific project. It is the responsibility of the applicant to justify the impact of the added expenses or reduced revenue on the project's operating deficits, and then to discount those deficits to net present value using a reasonable time period (typically between 15 and 20 years). An applicant may also use the COSR to reduce the rent on some of the ELI or Supportive Housing Units to the Acutely Low Income level.

Q11 How are referrals for the 5% homelessness preference units made? Does the applicant need to choose a specific subpopulation of homeless households? Do these referrals come with their own supportive services?

A11 The 5% of units subject to the homelessness preference will be filled by referrals from the Housing Authority of San Mateo County, which will coordinate with the Coordinated Entry System to identify and refer eligible homeless households who have a tenant-based rental subsidy. These referrals are typically already being served by a County agency, but there is no guarantee of a specific type or dosage of such county-provided services. Accordingly, it is important to have service capacity at the site able to coordinate with any County agencies already serving the formerly homeless residents and to help the residents interface successfully with property management.

Q12 If the site has already been acquired relying on an appraisal that is now more than six months old, is it necessary to get an updated appraisal for AHF 11?

A12 An appraisal not more than six months old is required, but if it is not feasible to submit an updated appraisal by the application deadline, the applicant may submit a list of three current comparable property sales, pending receipt of an updated appraisal.