



A Tradition of Stewardship  
A Commitment to Service

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# **AFFORDABLE HOUSING TRUST FUND**

## **NOTICE OF FUNDING AVAILABILITY**

### **FOR DEVELOPMENT OF AFFORDABLE RENTAL HOUSING**

NOFA AHF No. 2010 – 1

Issue Date: \_\_\_\_\_

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## **INTRODUCTION**

In releasing this Notice of Funding Availability (NOFA) for the Napa County's Affordable Housing Trust Fund monies, Napa County's goal is to facilitate the development of affordable housing for the Napa County's very low and low income households by providing below-market rate financing.

Napa County expects its loans to be leveraged to the greatest extent possible with other resources that may include Low Income Housing Tax Credits (LIHTCs), Tax-Exempt Multi-Family Housing Revenue Bonds, loans and /or grants that may be available from the State of California Housing and Community Development Department (HCD), loans and /or grants that may be available from the United States Department of Housing and Urban Development (HUD), United States Department of Agriculture (USDA), and other Federal, State, and local funding programs, and loans and grants that may be available from commercial lending institutions.

The Fund offers gap financing for the development and rehabilitation of affordable housing in the unincorporated areas of Napa County, and in the cities within Napa County provided the individual city has 1) agreed to and executed a Regional Housing Needs Assessment (RHNA) housing credits sharing agreement for the specific project and 2) has provided evidence of support for the project by both the staff and by an elected official or city senior executive in whose jurisdiction the project is located.

This NOFA will prioritize those projects that 1) help the County to meet its RHNA needs; 2) are consistent with the goals and objectives of the Housing Element of the General Plan; and 3) most effectively leverage the Fund's resources by having the ability to score and compete well in securing other funding resources including 9% Low-Income Housing Tax Credits (9% LIHTCs); funds from the California Department of Housing and Community Development (HCD); U.S. Department of Housing and Urban Development (HUD); and / or US. Department of Agriculture (USDA).

The funds provided under this NOFA are to be used to fill the financing gap between the projected total development costs of the project and other available funding sources. Napa intends that projects submitted under this NOFA be structured using utilizing one or more of the following funding sources:

1. 9% LIHTCs OR
2. 4% LIHTCs with tax-exempt bonds and an HCD loan source
3. HUD Section 202/811 Programs OR
4. USDA Rural Development Section 515 Rural Housing Loan Program OR
5. Other funding sources available combined with 9% or 4% LIHTCs

Successful applicants under this NOFA are required to apply within 18 months of the NOFA Pre-Application submittal date for a competitive round for the respective leveraging funding source. The funding commitments anticipated to be made under this NOFA will be subject to the project

receiving an award from its leveraging source within two years of the Pre-Application approval date. Extensions of funding commitments will be considered if the applicant has exercised good faith efforts to pursue all available and projected project financing, and if the project is still deemed financially feasible.

Questions regarding this NOFA should be sent to Mr. Larry Florin, Community and Intergovernmental Affairs Manager via email at [Lawrance.Florin@countyofnapa.org](mailto:Lawrance.Florin@countyofnapa.org). Answers will be copied to all interested parties via email.

Qualified developers who can demonstrate their ability to build and operate affordable housing are encouraged to submit proposals. Mixed income proposals will be accepted provided that a minimum of 20% percent of the units will be restricted to rents at or below 50% of area median income for the County of Napa or 40% of the units will be restricted to rents at or below 60% of area median income for the County of Napa. Unrestricted units are not eligible for subsidy. Restricted units must remain affordable for a minimum of 40 years.

## **FUNDING AVAILABILITY**

Approximately \$7 million is estimated to be available from the Napa County Affordable Housing Trust Fund. Of this total, \$2 million will be reserved for the development of farmworker housing and \$5 million will be reserved for the development of multifamily rental projects.

The first date and time that applications will be marked as “received” is three weeks after the issuance of the NOFA. All Pre-Applications received by this date and time will be given equal consideration in the reviewing and evaluation process. Pre-Applications will be accepted until all funds under the NOFA have been committed.

## **PRIORITIES**

Proposed development projects should give consideration to the housing priorities listed in the Napa County Housing Element that was adopted by the Board of Supervisors. The Housing Element is available on the Napa County website at <http://www.countyofnapa.org/Pages/DepartmentContent.aspx?id=4294970195>.

Napa County has a need for affordable rental units serving very-low and low-income households, with a particular need to reach two target populations: farm workers and large families (defined as households with five or more persons).

## **CONDITIONS**

Napa County reserves the right to request additional information from applicants, reject any and all submittals, waive any irregularities in the submittal requirements, or cancel this NOFA.

By submitting a proposal, applicants acknowledge and agree to the terms and conditions of this NOFA and to the accuracy of the information they submit in response. All submittal packages become the property of the Napa County and will not be returned.

All requirements of the originating funding sources (for example, the Affordable Housing Trust Fund monies) apply under this NOFA. This Affordable Housing Trust Fund is governed by Napa County Municipal Code Chapter 18.107 Affordable Housing and Incentives and is available on the Napa County website at [http://library.municode.com/HTML/16513/level2/T18\\_C18.107.html](http://library.municode.com/HTML/16513/level2/T18_C18.107.html).

The Policies and Procedures of the Napa County Affordable Housing Trust Fund; the Multi-Family Rental Housing Transaction Underwriting Guidelines (the “Underwriting Guidelines”); the Pre-Application for funding requests from the Affordable Housing Trust Fund (the “Pre-Application”); and Full Application for funding requests from the Affordable Housing Trust Fund (the “Full Application”) are all incorporated into this NOFA by reference.

## **APPLICATION PROCESS**

There is a four-part application process. The four parts of the application process are the pre-application submittal meeting, the pre-application submission process, the full application submission process and award letter approval process.

## **APPLICATION PROCESS TIMELINE**

The NOFA is an open window process with funds available until all funds have been committed. Applicants seeking to submit applications to competitive sources should ideally begin the process with the County no later than six months prior to the application deadline(s).

### **STEP 1: PRE-APPLICATION SUBMITTAL MEETING**

Pre-Applications are accepted only if there is an open RFP or NOFA. Prior to submitting a Pre-Application, a prospective applicant should schedule a pre-application meeting with Napa County Community and Inter-Governmental Affairs Division (the “Housing Fund staff”) to introduce the prospective project.

Following that initial meeting, and within approximately 10 business days, Housing Fund staff will provide written authorization to an applicant to submit a Pre-Application for multifamily financing. If Housing Fund staff believes that the project will not qualify for the Housing Fund, they will provide written feedback identifying the issues that will likely inhibit the project from receiving financial assistance from the Housing Fund.

### **STEP 2: THE DEVELOPMENT TEAM SUBMITS A PRE-APPLICATION**

Approval of a Pre-Application by the Housing Fund staff is required before an applicant submits a Full Application. Full review and written feedback will be completed within approximately 30 business days of receipt of a Pre-Application. At its discretion, Housing Fund staff may convene

a technical review committee comprised of senior staff from one or more cities within Napa County to participate in the pre-application review process.

Pre-Applications will be reviewed and evaluated as they are received. The first date that Pre-Applications can be submitted is three weeks after NOFA issuance. All Pre-Applications received by this date and time will be given equal consideration in the reviewing and evaluation process.

Applications sent via US Mail or overnight services, or delivered in person should be sent or delivered to:

Community and Intergovernmental Affairs Manager  
County Executive Office, Napa County  
1195 3<sup>rd</sup> Street, Suite 310  
Napa, CA 94559

Housing Fund staff will conduct an analysis of each Pre-Application for feasibility and consistency with documents guiding the Housing Fund including Chapter 18.107 (Affordable Housing and Incentives) of the Napa County Municipal Code, the Policies and Procedures, the Multi-Family Transaction Underwriting Guidelines, and the Housing Element of the General Plan of Napa County, and any other relevant documents. Based on Housing Fund monies availability, project readiness, and lending priorities as set forth in the NOFA Pre-Application Evaluation Sheet. Housing Fund staff will make a recommendation to reject the Pre-Application, or invite a Full Application with the intention of recommending its approval.

The instruction and requirements of the Pre-Application are attached as Exhibit 2.

The key contact for the applicant will receive written confirmation in the form of a letter within approximately 30 business days after the Pre-Application submittal regarding whether a Full Application is being requested by the Housing Fund staff. The letter will include any outstanding issues from the Pre-Application that need to be addressed, as well as the acceptable outside date for submission of a Full Application.

### **STEP 3: THE DEVELOPMENT TEAM SUBMITS A FULL-APPLICATION**

The requirements of the Full Application submittal are included in Exhibit 3.

Once a Full Application is received, Housing Fund staff will conduct an application completeness check within approximately 15 business days and will provide a letter to the key contact for the applicant as to whether the application is complete or not. Any missing items will be indicated, and a deadline for provision of the missing material will be provided.

*If there are significant changes between the Pre-Application and the Full Application, the Full Application will be rejected.* Note that the Napa County proposed loan must not increase in amount, nor have any adverse change in loan terms between the Pre-Application and Full-

Application process. In addition, the unit and affordability mix must not change substantially between the Pre-Application and Full-Application process. Changes will be considered substantial if the average affordability increases or the gross rental income decreases more than 5% (for example the average affordability increases from 40% to over 45% of area median income) or the gross rental income decreases more than 5% (for example drops from \$200,000/year to under \$190,000 per year).

Further note that the proposed loan (if applicable) of a Napa County city must not increase in amount, nor have any adverse change in loan terms between the Pre-Application and Full-Application process. In addition, the unit and affordability mix must not change substantially between the Pre-Application and Full-Application process. Any increases in a city's loan amount and any substantial changes to the unit and affordability mix must be approved in writing by the city's senior manager in charge of the city's affordable housing program. Changes will be considered substantial if the average affordability increases or the gross rental income decreases more than 5%.

#### **STEP 4: FINAL APPROVAL PROCESS**

A Full Application for funding must first be approved by the Housing Fund staff. Housing Fund staff will then present the project to the Napa County Board of Supervisors for final approval of the funding. Such Board of Supervisors approval may be conditioned on a number of closing conditions that must be met by the applicant.

#### **EXHIBITS**

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# **EXHIBITS**