

Mayor's Office of Housing and Community Development
City and County of San Francisco



London N. Breed
Mayor

Eric D. Shaw
Director

Questions As of April 7, 2023 – revised April 12, 2023

Re: Questions and Answers Related to the San Francisco Mayor's Office of Housing & Community Development (MOHCD) 2023 Educator Housing Notice of Funding Availability (NOFA) Pre-Submission Conference on March 1, 2023

- 1. Question: Where can applicants access the MOHCD Application Proforma for Homeownership developments? Is the proforma provided in the application for both rental and homeownership submissions?**

Answer: All documents pertaining to the NOFA are provided at <https://sf.gov/information/2023-nofa-acquisition-predevelopment-and-construction-financing-new-affordable-educator>

The proforma provided is for both rental and homeownership developments.

- 2. Question: The proforma appears to be structured for rental projects; are applicants able to submit their own proformas for homeownership applications?**

Answer: You may add additional information in the "LC Eval" tab at the end of the workbook, but please use the same proforma file.

- 3. Question: How should AMIs that don't match the drop down options in Column C be entered? (eg. 85% vs 80%/90%)**

Answer: Please submit the proforma you are working on to MOHCD and we can add that to the drop down options in your file.

- 4. Question: Under Tab 3a of the application, should information under column I be entered as monthly estimated mortgage payments or the unit sales price? Same question for the Non-Mngr units/unrestricted units?**

Answer: For column I, you should enter the total housing cost (mortgage plus HOA fee), to represent the entire monthly cost to the buyer. In the "LC Eval" tab, you should provide a table of the units and their sales prices.

- 5. Question: How should down payment assistance be represented in the proforma?**

Answer: As a capital source on Tab 4b and as a Lender source on Tab 1.

6. Question: Should annual increase assumptions be based on MOHCD's regulations or the project HOA estimated projections?

Answer: Annual increase assumptions for a homeownership project may increase based on the HOA's estimated projections. If those projections do not use 3.5%, then applicant must also provide justification.

7. Question: Should Operating Expenses be based on HOA costs?

Answer: Yes.

8. Question: Why is there a difference in average median income (AMI) levels for rental developments compared to homeownership developments (80-120% AMI for ownership)? What about units at 130% AMI?

Answer: The two underlying financing sources – the 2019 GO Bonds and the 2023 Certificates of Participation -- have different affordability requirements. Units at 130% AMI would not be eligible for MOHCD funding, due to funding authorization requirements. Certificates of Participation also dictate income levels for those funds.

For applicable AMIs, visit: <https://sf.gov/resource/2022/income-limits-rent-limits-and-price-levels-mohcd-programs>

9. Question: Is there an average AMI that Sponsors (applicants) should be targeting for the development for rentals?

Answer: Funds for rentals have a specific acceptable range. Applicants should review available information (including salary schedules at <https://www.ccsf.edu/about-ccsf/administration/human-resources/employee-relations/salary-tables> and <https://www.sfusd.edu/information-employees/labor-relations/labor-contracts-mous-and-salary-schedules>) about educators employed by City College of San Francisco and the San Francisco Unified School District (SFUSD). There is a broad range of salaries for employees such as maintenance technicians all the way up to senior administrators.

10. Question: Can you comment with respect to the City being a project owner or ground lessor? How would this provide more long term affordability?

Answer (Revised): Generally speaking, it is the City's (MOHCD) policy to own the land and ground lease the land to the project sponsor in order to ensure affordability for the life of the project, surviving potential foreclosure. The City will not be the project owner. If unable to provide that structure, such as in a homeownership context, then a Sponsor may request a waiver from MOHCD's ground lease policy and propose an alternative legal structure that would guarantee affordability for MOHCD to consider.

11. Question: How do Sponsors acquire land?

Answer: The Sponsor (applicant) is responsible for securing site control. Applicants should look at property they already own or pursue a agreement to purchase land. Applicants will also need an appraisal to substantiate the purchase price.

12. Question: For homeownership applications, will MOHCD require ownership of the land? Is the Sponsor able to retain ownership?

Answer: Please see NOFA page 11, last bullet, and the top of page 12, first bullet, regarding expectations about land ownership for homeownership projects. MOHCD expects the project developer to complete a subdivision and transfer ownership of each condominium interest to qualified households upon sale.

- 13. Question: In regards to the requirement that the proposed owner be the managing general partner of the tax credit partnership, please confirm that this requirement applies to for-profit developers applying with a non-profit partner.**

Answer: The awarded project ownership entity must qualify for an allocation of low-income housing tax credits. The Managing General Partner must be a nonprofit organization to qualify for tax credits.

- 14. Question: There are only two categories listed for priorities (BIPOC funding pool, and Families in highest resource areas). Is this correct?**

Answer: The NOFA document includes funding sources tied to “BIPOC” (Black, Indigenous and People of Color), and Families in “Highest Resource Areas.” The relevant reference to a 3rd category of Homeless set aside is not applicable for this educator NOFA. Note the submission deadline of April 21st, 2023. Please review the State Tax Credit Allocation Committee (TCAC) Maps of Resource Areas (including “Highest Resource Areas”) at: <https://www.treasurer.ca.gov/ctcac/opportunity.asp>

- 15. Question: Some applicants who qualify for the CDLAC BIPOC funding pool may not have 2 years of signed federal income tax returns or 2 years of audited financial statements. Would letters of commitment or support from debt and/or equity providers be sufficient to demonstrate ability to obtain competitive financing?**

Answer: Yes, that would be sufficient to meet minimum requirements. If either tax returns or audited financial statements are not available because the applicant is newly formed, the applicant may provide letters of support from debt and/or equity providers who have closed similar tax credit deals (to the project that is proposed) in California.

- 16. Question: Two different NOFAs are due close to each other. Can we submit same site for both opportunities?**

Answer: Applicants are not prohibited from applying for funding under both acquisition NOFAs. Should a project be submitted for review under both NOFAs, the project will be scored independently by each review panel and be evaluated against the specific criteria and goals listed for each NOFA.

Please note that for the Educator NOFA, the funding available is the amount of funds available in its entirety to any applicant project. MOHCD will not be able to supplement any award with additional funds. For the separate Acquisitions NOFA, applicant may be able to apply for additional funds. If applying for supplemental funds, applicants may need to hold their site for several years before construction starts while City funds any gaps, and/or leveraged funds are made available.

- 17. Question: Will MOHCD accept applications that do not include an Emerging Developer?**

Answer: It is not a threshold requirement to include an Emerging Developer on the team. However, participation is encouraged and scoring will consider whether applicants are able to meet this goal through their proposal.

- 18. Question: The NOFA requires a property management entity with experience managing housing for low-income families with Housing First principles. Please elaborate how Housing First principles apply to Educators and their families.**

Answer: This general requirement for property managers of affordable housing in San Francisco is meant to signal to applicants that key principles of Housing First – access to housing without housing readiness requirements, consumer choice, recovery orientation, individualized supports, and social and community integration – are important for all beneficiaries of City supported housing, not only formerly homeless households, including Educators and their families. There may be specific supports needed for Educators and their families based on the incomes of households served and/or the location of the property.

19. Question: Does previous experience working at a non-profit affordable housing developer satisfy the Minimum Ownership Experience requirement?

Answer: Yes, insofar as the previous work with a non-profit affordable housing developer was for an organization that itself satisfies the Minimum Ownership Experience requirement.

20. Will MOHCD accept an applicant that meets the minimum requirements for CDLAC BIPOC funding?

Answer: Yes. Applicant must describe how they meet all CDLAC requirements for funding, including through the BIPOC Projects pool. And, applications will in part be scored on the anticipated CDLAC score, through submission of Form I – CDLAC Self-Score.

With reference to the CDLAC guidelines, copied below:

“BIPOC Entity” means an entity that is at least 51% owned by one or more Black, Indigenous, or Other People of Color or by a non-profit organization with a Black, Indigenous, or Other Person of Color executive director/Chief Executive Officer (CEO) and board membership that is comprised of at least 51% Black, Indigenous, and Other People of Color. For purposes of this paragraph, Black, Indigenous, or Other People of Color means “a person who checked the Black or African American, American Indian and Alaska Native, Asian, or Native Hawaiian and Other Pacific Islanders race category or who answered yes to the Hispanic Origin question on the 2020 United States Census.

“BIPOC Project” means a Qualified Residential Rental Project for which the sponsor is a BIPOC entity. A BIPOC Project may be a New Construction Project, Rural Project, Preservation Project, or Other Rehabilitation Project. A BIPOC Project does not include a project for which any principal, partner, or member of the sponsor entity is eligible to receive maximum General Partner Experience points pursuant to Section 10325(c)(1)(A) of the CTCAC regulations unless those points are awarded to a principal of the BIPOC entity who no longer is employed by the developer of, or has an ownership interest in, the project(s) which form the basis of the experience points.”

- With reference to: <https://www.treasurer.ca.gov/cdlac/regulations/20220729/july29regulations.pdf>

21. Question: Are applicants required to be non-profit development entities based in San Francisco?

Answer: Applicants for rental projects are not required to be based in San Francisco for the Educator Housing NOFA. Applicants for the homeownership projects must be San Francisco-based nonprofits.

22. Question: Is the service position ratio of 1:100 based on units or bedrooms?

Answer: Units.

23. Question: Should the Certified Corporate Resolution only be for applying for NOFA and entering into negotiations with MOHCD?

Answer: Yes. Any applicant approved for a loan from MOHCD must submit an updated corporate resolution related to the specific legal agreement(s) to which the parties agree.

24. Question: Should the Certified Corporate Resolution only pertain to the Educator Housing NOFA and entering into negotiations with MOHCD?

Answer: Yes. Please see above.

25. Question: Will MOHCD consider a higher unit subsidy for an ownership project given the lack of subsidies for affordable ownership housing?

Answer: Cost per unit isn't a minimum threshold item, so applicants may submit requests where the cost per unit is higher than \$350k/unit. However, more points will be given to projects that have a lower per unit cost to the City.

26. Question: Where can applicants view the March 1 pre-submission presentation?

Answer: MOHCD's website, found here: <https://sf.gov/information/2023-nofa-acquisition-predevelopment-and-construction-financing-new-affordable-educator>

27. Question: Would MOHCD consider subordinating the Deed of Trust to HCD?

Answer: MOHCD seeks to be in first position for all of our loans. There may be some HCD programs for which MOHCD will accept a co-first lien position.

For applicable NOFA Documents and Guidelines visit: <https://sf.gov/information/2023-nofa-acquisition-predevelopment-and-construction-financing-new-affordable-educator>