



City of Napa
City Hall, South Wing
955 School Street / PO Box 660
Napa, CA 94559
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Main: (707)257-9501

Mike Parness
City Manager

AFFORDABLE HOUSING TRUST FUND

Notice of Funding Availability

July 15, 2010

Contents

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5. Underwriting Guidelines



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AFFORDABLE HOUSING TRUST FUND

NOTICE OF FUNDING AVAILABILITY

FOR NEW CONSTRUCTION OF AFFORDABLE RENTAL HOUSING

NOFA AHTF No. 2010 – 1

Issue Date: July 15, 2010

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INTRODUCTION

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

Napa 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), and other Federal, State, and local funding programs, and loans from commercial lending institutions.

This NOFA will prioritize those projects that have the ability to score and compete well in securing the competitive leveraging sources listed in the paragraph above, and are also able to move quickly from pre-development into construction. 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. Other funding sources available combined with 9% or 4% LIHTCs

Successful applicants under this NOFA are required to apply in the next 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 after applying to such source no more than two (2) consecutive times.

Questions regarding this NOFA should be sent to HousingNOFA@cityofnapa.org. Answers will be copied to all interested parties and posted to the Housing Division's website at <http://www.cityofnapa.org/housing/NOFA>

Qualified developers who can demonstrate their ability to build and operate affordable housing are encouraged to submit proposals. Mixed income (mix of affordable and market rate units) 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 in perpetuity for the longest feasible time, but not less than 55 years.

FUNDING AVAILABILITY

Approximately \$3,500,000 is estimated to be available from two sources: \$1,500,000 from the City of Napa Affordable Housing Trust Fund and \$2,000,000 from City of Napa Redevelopment Agency's affordable housing funds from the Parkway Plaza Redevelopment Project Area and the Soscol Gateway Redevelopment Project Area.

The first date and time that Pre-applications will be accepted is three weeks after the issuance of the NOFA. All Pre-Applications received within ten working days of the opening of the application period 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 City of Napa Housing Element that was adopted in June 2009. The Housing Element is available on the City of Napa website. In particular, the City of Napa has a need for affordable rental units serving farm workers and large families, defined as households with five or more persons.

CONDITIONS

Napa 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 City of Napa and will not be returned.

All requirements of the originating funding sources (for example Redevelopment Funding, and Affordable Housing Trust Fund monies) apply under this NOFA.

The Policies and Procedures of the City of Napa 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, and are available on the website at www.cityofnapa.org/housing/NOFA2010-1.

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.

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 must schedule a pre-application meeting with the City of Napa Community Development Director or her/his designee (the "Housing staff") to introduce the prospective project.

Following that initial meeting, and within approximately 10 business days, Housing staff will provide written authorization to an applicant to submit a Pre-Application for multifamily financing. If Housing 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 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.

Pre-Applications will be reviewed and evaluated as they are received. The first date and time that Pre-applications will be accepted is three weeks after the issuance of the NOFA. All Pre-Applications received within ten working days of the opening of the application period 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.

Applications sent via US Mail should be sent to:

Jan Maurer Watkins
Housing Manager
Housing Division of the
Community Development Department
City of Napa
PO Box 660
Napa, CA 94559-0660

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

Jan Maurer Watkins
Housing Manager
Housing Division of the
Community Development Department
City of Napa
1115 Seminary Street

Napa, CA 94559

Housing staff will conduct an analysis of each Pre-Application for feasibility and consistency with documents guiding the Housing Fund including Chapter 15.94 of the City of Napa Municipal Code, these Policies and Procedures, the Underwriting Guidelines, and the Housing Element of General Plan of City of Napa, and any other relevant documents. Based on Housing Funding availability, project readiness, and lending priorities as set forth in the NOFA Pre-Application Evaluation Sheet, Housing 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 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 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 City of Napa 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 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 if the project also includes funding from Napa County, the 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. Any increases in a Napa County's loan amount and any substantial changes to the unit and affordability mix must be approved in writing by the Community and Intergovernmental Affairs Manager. 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 staff. Housing staff will then present the project to the City of Napa City Council for final approval of the funding. Such City Council approval may be conditioned on a number of closing conditions that must be met by the applicant. Applicant will be expected to make a presentation to the city council.

EXHIBITS

1. NOFA PRE-APPLICATION EVALUATION SHEET
2. PRE-APPLICATION
3. FULL-APPLICATION
4. CITY OF NAPA AFFORDABLE HOUSING TRUST FUND POLICIES AND PROCEDURES
5. CITY OF NAPA MULTI-FAMILY RENTAL HOUSING TRANSACTION UNDERWRITING GUIDELINES
6. ATTACHMENT 27 – CTCAC FARMWORKER ELIGIBILITY CERTIFICATION

EXHIBITS

EXHIBIT 1

NOFA Pre-Application Evaluation Sheet

**AFFORDABLE HOUSING TRUST FUND
PRE-APPLICATION
EVALUATION SHEET**

Pre-Applications will be ranked according to the criteria below and top scoring Pre-Applications will be considered for approval to advance to the Full Application process based on funding availability.

Criteria and Points Allocation

1. Most competitive CTCAC tie-breaker score if applicable
 - 3 points – best tie-breaker score
 - 2 points – second best tie-breaker score
 - 1 point – all others

2. Lowest average affordability for all Fund subsidized units
 - 3 points – lowest affordability
 - 2 points – second lowest affordability
 - 1 point – all others

3. Provides the highest number of affordable bedrooms to farmworkers* or provides for pro-active marketing to agricultural workers and farmworkers*
 - 3 points – provides most farmworker* bedrooms
 - 2 points – provides second most farmworker* bedrooms

 - 2 points – provides some farmworker* bedrooms and project’s marketing plan will provide for detailed pro-active outreach to agricultural workers and farmworkers for non-farmworker restricted units

 - 1 point – project’s marketing plan will provide for detailed pro-active outreach to agricultural workers and farmworkers but project doesn’t contain any restrictive covenants

 - 0 points – provides no farmworker* bedrooms and no intended outreach to agricultural workers or farmworkers

4. Provides the most substantial positive community impact as defined by a qualitative assessment by Fund staff of a combination of factors including: has a design that responds to the character of the surrounding neighborhood; minimizes undesirable relocation, and has demonstrated community support.
 - 3 points – provides the most substantial positive community impact
 - 2 points – provides second most substantial positive community impact
 - 1 point – provides some positive community impact
 - 0 points – provides little or no positive community impact

5. Project is soundly underwritten, and meets the intent and the goals of the City of Napa Housing Element, the NOFA, and is consistent with the Multi-Family Housing Transaction Underwriting Guidelines as determined by a qualitative assessment by Fund staff.

3 points – Meets or exceeds the intent and goals of the items listed above

2 points – Meets some of the intent and goals of the items listed above

1 point – Demonstrates a minimal amount of consistency with the items listed above

0 points – Demonstrates very little or no consistency with the items listed above

Total Score = _____ out of _____ eligible points = _____ %

* Applicants seeking points under this category must provide evidence showing how units will be deed restricted to farmworkers. For example, permanent housing projects serving only agricultural workers may submit Attachment 27 or equivalent of the California Tax Credit Allocation Committee 2009 application for an allocation of 9% low income housing tax credits. An example is attached as Exhibit 6.

EXHIBIT 2
Pre-Application

EXHIBIT 3

Full-Application

EXHIBIT 4

City of Napa

Affordable Housing Trust Fund Policies and Procedures

EXHIBIT 5

City of Napa

Multi-Family Rental Housing Transaction Underwriting Guidelines

EXHIBIT 6

Attachment 27

California Tax Credit Allocation Committee

Farmworker Eligibility Certification

ATTACHMENT 27
California Tax Credit Allocation Committee
FARMWORKER ELIGIBILITY CERTIFICATION
Regulation Section 10302(p)

APPLICANT CERTIFICATION

I/We, who are authorized to legally act on the applicant's behalf, certify and guarantee, under penalty of perjury, that the proposed development of permanent housing will be exclusively for agricultural workers (as defined by California Labor Code Section 1140.4(b)). Specifically, the housing will be occupied by, only farmworkers and their households as required by the above referenced Regulation section.

AUTHORIZED SIGNATORY

DATE

NAME OF SIGNATORY (PRINT)

APPLICANT NAME (PRINT)



A Tradition of Stewardship
A Commitment to Service

County Executive Office
Community & Intergovernmental Affairs
1195 Third Street.
Suite 310
Napa, CA 94559
www.co.napa.ca.us

Main: (707) 253-4421
Fax: (707) 253-4176

Nancy Watt
County Executive Officer

Pre-Application Requirements
for Funding Requests to the
Napa County Affordable Housing Trust Fund
and/or
City of Napa Affordable Housing Trust Fund

June 8, 2010



City of Napa
City Hall, South Wing
955 School Street / PO Box 660
Napa, CA 94559
www.cityofnapa.org

Main: (707)257-9501

Mike Parness
City Manager

Pre-Application Requirements
for Funding Requests to the Affordable Housing Trust Fund

These materials are to be used by applicants to the Napa County Affordable Housing Trust Fund and/or the City of Napa Affordable Housing Trust Fund. Applicants submitting a project to both simultaneously should give identical applications to both Napa County and City of Napa.

If submitting to one jurisdiction only, one original and three identical copies of the Pre-Application must be submitted, each in a loose leaf notebook with a table of contents and tabs to separate the items. The original and each copy must also include a disk with a full copy of the application materials on it.

If submitting to both Napa County and City of Napa simultaneously for the same project, please provide two originals and three identical copies total. One original and one copy should be given to the City of Napa, and one original and two copies shall be given to Napa County. In addition, all originals and all copies must each include a disk with all Pre-Application materials on it.

Each item below must be included in the Pre-Application and presented in a clearly identifiable tabbed section. Include the Pre-Application Checklist (attached as Exhibit 1) in the first tab.

Pre-Application Overview Materials

1. Cover Letter providing brief summary of proposed project
2. Pre-Application Checklist
3. Disk with all Pre-Application materials
4. Cashier's check in the full amount of the Pre-Application review fees (\$5,000). If applying to both Napa County and City of Napa, Pre-Application review fees are due to Napa County and to City of Napa (specifically, \$5,000 checks must be provided to each jurisdiction).

Development Team Information

1. Key contact for the applicant.
2. Description of the applicant and development team including the legal entity form of each party (non-profit corporation, for-profit corporation, LP, LLC). Provide full descriptions of existing or intended relationships including joint-ventures, co-general partner relationships, consultant relationships, etc. Disclose all identities of interest in existence or anticipated to exist. All key members of the development team should be listed including consultants, service providers, attorneys, architect, general contractor, construction management firm, property management firm, etc. Provide full contact information for each key member of the development team.
3. Description of the present ownership structure of the site or project, the anticipated legal and financial means of securing site control and eventual interim (if applicable) and long-term ownership structures.

4. Description of staffing and workload levels including proposed project manager for the project, the number of project managers on staff, and the current pipeline of the development project managers on staff, and the current pipeline of the development team including type of project, location, number of units, and status.
5. Organizational information on property management company including resume of projects, and resumes of two senior managers with area and site responsibilities for the proposed project.
6. For Napa County applicants, a full description and disclosure of the applicant team members' previous experience with Napa County, and with the city in which the prospective project is located, if applicable. For City of Napa applicants, a full description and disclosure of the applicant team members' previous experience with the City of Napa and with the County of Napa, if requesting County of Napa funding assistance.
7. A completed Previous Participation Certificate for all applicable members of the applicant and development team. Use the most recent version of the Previous Participation Certificate available (currently the Universal Application version 3/12/09). Information for the 3/12/09 Previous Participation Certificate is attached as Exhibit 2.
8. Completed legal status questionnaires from both the most recent versions of the Universal Application and the 9% LIHTC Application. Legal status questionnaire information for both the Universal Application and the 9% LIHTC Application are attached as Exhibits 3 and 4.
9. For Napa County applicants, full disclosure of any Napa County Conflicts of Interest – with elected officials and /or management employees of Napa County and any other elected officials and /or management employees of the city in which the project is located, if applicable. For City of Napa applicants, full disclosure of City of Napa Conflicts of Interest – with elected officials and/or management employees of City of Napa.
10. Two public debt, two private debt and two equity provider references with up-to-date contact information including name, title, address, phone number and email address. Please list the two most recent projects that the reference has financed with your development team.
11. Completed Credit Check Authorization form (Exhibit 5).
12. Completed Authorization to Release Information (Exhibit 6)
13. For each applicant/developer entity, provide no fewer than 3 years' audited financial statements. If the reference date of the most recent audit is more than 90 days before application date, please also provide an internally-prepared financial statement covering the most recent period.

Project Information

1. Project information including project name, location, labeled photos of the site and/or project, labeled photos of the adjacent uses, site location map and map showing proximity to services if appropriate.

2. A narrative description of the existing use of the project site and the surrounding area.
3. A narrative description of the uses of the properties adjacent to the site.
4. A complete description of the proposed rehabilitation and/or new construction project discussing the project's target tenant population, design, location, style, type, approximate size and number of stories. Describe the architectural design and scale of the neighborhood and how the project fits into the neighborhood scheme. State whether the project is new construction, rehabilitation or a combination of the two. State whether the property is vacant land or whether there are improvements that will be demolished or relocated. Describe any existing improvements and any issues that will be involved in the demolition – for example, environmental issues, historical significance issues, etc.
5. Please describe any anticipated relocation of residential or commercial occupants and indicate if they are renters or owners. If the proposed site was occupied during the six months prior to or during purchase negotiations, a relocation plan may be required to be submitted. Please consult with the Fund staff for clarification on whether relocation plans are needed. If required, a relocation plan will need to be completed by a qualified relocation consultant and submitted with the Full Application, along with the consultant's resume/qualifications. At this Pre-Application stage, please provide a) a reasonable cost estimate of the relocation costs; identification of the number of households or businesses to be displaced; a current rent roll at the time of this Pre-Application, addresses of the required relocation notices that will need to be sent; and a description of the proposed advisory services that will be provided to the displaced households/businesses.
6. Architectural drawings for conceptual review must be submitted and shall include a site plan, building elevations, and unit floor plans (including the square footage of each unit). The site plan shall identify all areas or features proposed as project amenities, laundry facilities, recreation facilities and community space. Preliminary drawings must have a conceptual landscape plan and shall be at a scale that clearly shows the requested information. Blueprints need not be submitted. A narrative site description from the architect must accompany the preliminary drawings and shall address the following: lot dimensions, surrounding uses, prevailing setbacks, traffic patterns (if applicable), neighborhood amenities and availability of public transportation. The narrative should explain the orientation of the project design in relation to the site and area characteristics.
7. Describe the physical and socio-economic characteristics of the surrounding community and comment on the impact that this project will have in the neighborhood. Address issues of economic integration of the neighborhood, elimination of blight, concentration of poverty, etc., if applicable.
8. Describe the physical amenities (residential units, common space, etc.) to be provided in the project.
9. Describe the public benefit of the project.
10. Provide a list of the following: census tract number, site assessor's parcel number (APN), name and contact information for local elected official(s) (board of supervisors member, and if located in a city, then the mayor and/or chief executive officer/city manager), name and contact

information for State Assembly Person (including the district number); State Senator (including district number), and Member of Congress (including district number).

11. Evidence of site control.
12. Provide a preliminary title report dated within the 60 days of the pre-application submission.
13. Provide the qualifications and experience of the applicant team that demonstrate a) the ability to work effectively with communities during the affordable housing planning and approval process and b) the ability to develop and implement effective community outreach processes.
14. Provide a Community Outreach Plan. The community outreach plan should include a pro-active plan of action stating how the applicant will engage the community and address any potential negative perceptions of what the project bring to a particular community. The plan should outline specific steps to be taken before, during and after implementation of the project. Please list any community members or organizations that you know of that are active in the community that the project is located in. Applicant should include some assessment of any controversy anticipated, and any actions taken to date to build toward community acceptance.

Project Financing Information

1. Complete and transparent project proforma containing the following information:
 - a. All assumptions evident or details should be provided through use of notes.
 - b. Excel version of proforma will ideally be provided; if not, and if proforma assumptions and calculations can not be matched by Housing Trust Fund staff or its consultants, the proforma will need to be provided for full analysis of the project to be completed. The proforma pages from the most recent 9% LIHTC application will be acceptable if provided in excel file format and submitted on disk.
 - c. Sources and uses for three points in the project development cycle: pre-construction; construction; and permanent occupancy. Development budgets should be as detailed as possible.
 - d. Number of units, sizes, rent and utility levels, targeted levels of affordability, basis of rent level calculations (i.e., set by California Redevelopment Law, HCD, SSI, etc.).
 - e. Cash flow schedule should show all debt service obligations for the term of the longest proposed loan or longest affordability covenant if different up to a maximum of 55 years of full operations, and should provide a full waterfall analysis for cash flow sharing and profit sharing arrangements anticipated and should have sufficient detail to be able to discern all payments to the development team/general partner/owner members. (A full waterfall analysis means that all of the layers of the cash flow distribution are presented until no cash flow is remaining. This means the pari passu payments to lenders are shown, as well as all layers of incentive management fees and cash flow sharing that may be obligated to different parties.)
 - f. Information on all debt sources including term, interest rate information including whether the rate is floating, fixed, a combination of both, re-pricing schedules if

applicable, upfront and ongoing fees, amortization schedule, and name of intended debt providers and key contact people.

- g. Information on equity providers including timing of provision of equity, name of equity provider and contact information. Equity pricing and pay-in scheduled should be included.
- h. Detailed operating budget; and
- i. Supportive or enhanced services plan and budget if applicable.

2. CTCAC Application Point Summary and tie breaker scoring and analysis.

Land Use, Zoning and Local Approvals

- 1. Current zoning, land use designation and general plan designation;
- 2. Current maximum density, building height limit and required parking ratio;
- 3. Evidence that the proposed use meets the land use designations in place;
- 4. Provide any information available on land use entitlement applications in process;
- 5. Provide any information on density bonuses, variances, waivers, incentives, etc. that are anticipated to be requested; and
- 6. Complete the table below (which is also provided as Exhibit 7).

Local Approvals / Actions	Requirement (Check if Applicable)		Application Submittal – Estimated Date	Application Approval – Estimated Date
	YES	NO		
Article 34 of the State Constitution				
Site/Plot Plan Review				
Design/Architectural Review				
Parcel Map				
Conditional Use Permit				
Variance(s)				
Change of Zone				
General Plan Amendment				
CEQA Review				
NEPA Review				
Coastal Commission Approval				
Phase 1 Environmental Assessment				
Phase 2 Environmental Assessment				
Soils Report				
Toxics Report				

Project Timeline

1. Provide a full project timeline. The timeline must include information on land use and development approvals; land or project purchase; community outreach process; financing applications, approvals and closings; and construction and lease-up.

For Napa County applicants -- information from City in which the project is located (if applicable)

1. Letter of support from the elected official in whose district or jurisdiction the project is located, or if all elected officials are elected on a city-wide basis, letter of support from the mayor or a chief executive officer/city manager.
2. Letter of support from the city's planning director, or community development director, or equivalent, stating that the project is consistent with the goals and objectives of the city's Housing Element, is consistent with the goals and priorities of the city, and that the person writing the letter is willing to move the project forward in the approval process. The letter should briefly state the steps ahead for the project to garner final funding (if applicable) and building permit approvals. Lastly the letter should discuss any community approval process that will be required of by the city.

For City of Napa applicants -- information from Napa County, if Requesting County of Napa Funding Assistance

1. Letter of support from the Board of Supervisor member in whose district the project is located or letter from the Chief Executive Officer of Napa County.
2. Letter of support from the Community and Intergovernmental Affairs Manager, or equivalent, stating that the project is consistent with the goals and priorities of Napa County and that the person writing the letter is willing to move the project forward in the approval process. The letter should briefly state the steps ahead for the project to garner final housing approvals from Napa County.

Other Information

For Napa County Applicants:

1. Provide any information that should be disclosed to Napa County Affordable Housing Trust Fund staff including conversations with other Napa County officials; adverse litigation impacting the site and/or project owner; adverse physical conditions known or present; any financing applications that have been submitted, considered or rejected by other housing funding sources; and any disclosure of any communications with property neighbors and or city officials if the project is located in a city in the Napa County.

For City of Napa Applicants:

1. Provide any information that should be disclosed to Housing Fund and City of Napa staff including conversations with other City of Napa officials; adverse litigation impacting the site and/or project owner; adverse physical conditions known or present; any financing applications

that have been submitted, considered or rejected by other housing funding sources; and any disclosure of any communications with property neighbors.

For both Napa County and City of Napa Applicants:

2. Complete and attach Exhibit 8 if committing to providing farmworker housing.

Questions on the pre-application materials requested should be directed to the Affordable Housing Trust Fund staff in the Community and Inter-Governmental Affairs Division. Fund staff at its option may request that questions be put into writing and Fund staff, at its option, may provide written responses.

EXHIBITS:

1. Pre-Application Checklist
2. Previous Participation Certificate
3. Sample Legal Status Questionnaire from the Universal Application
4. Sample Legal Status Questionnaire from 9% LIHTC Application
5. Credit Check Authorization Form (Napa County form; City of Napa form)
6. Authorization to Release Information (Napa County form; City of Napa form)
7. Local Approvals/Actions Table
8. Attachment 27, CTCAC Farmworker Eligibility Certification (if needed)

EXHIBITS

EXHIBIT 1A:

Napa County Pre-Application Checklist



A Tradition of Stewardship
A Commitment to Service

County Executive Office
Community & Intergovernmental Affairs

1195 Third Street.

Napa, CA 94559
www.co.napa.ca.us

Main: (707) 253-4421
Fax: (707) 253-4176

Nancy Watt
County Executive Officer

Pre-Application Checklist

If submitting to one jurisdiction only, one original and three identical copies of the Pre-Application must be submitted, each in a loose leaf notebook with a table of contents and tabs to separate the items.

If submitting to both Napa County and City of Napa simultaneously for the same project, please provide two originals and three identical copies total. One original and one copy should be given to the City of Napa, and one original and two copies shall be given to Napa County. In addition, the original(s) must include a disk with all Pre-Application materials on it.

Each item below must be included in the Pre-Application and presented in a clearly identifiable tabbed section. Include the Pre-Application Checklist (attached as Exhibit 1) in the first tab.

Check Items Attached	Attachment #	Attachment	Acceptable (FOR COUNTY USE ONLY)
PRE-APPLICATION OVERVIEW MATERIALS			
<input type="checkbox"/>	1.	Cover Letter	<input type="checkbox"/>
<input type="checkbox"/>	2.	Pre-Application Checklist	<input type="checkbox"/>
<input type="checkbox"/>	3.	Diskette with all Pre-Application Materials	<input type="checkbox"/>
<input type="checkbox"/>	4.	Cashier's check in the full amount of the Pre-Application review fees (\$5,000)	<input type="checkbox"/>
DEVELOPMENT TEAM INFORMATION			
<input type="checkbox"/>	1.	Key contact(s) for applicant	<input type="checkbox"/>
<input type="checkbox"/>	2.	Description of applicant and development team	<input type="checkbox"/>
<input type="checkbox"/>	3.	Description of staffing and workload levels	<input type="checkbox"/>
<input type="checkbox"/>	4.	Description of property management company and key staff	<input type="checkbox"/>
<input type="checkbox"/>	5.	Descriptions of present site/project ownership structure, plan to secure site control and eventual interim (if applicable) and long-term ownership structures	<input type="checkbox"/>
<input type="checkbox"/>	6.	A full description and disclosure of the applicant team members' previous experience with Napa County, and with the city in which the prospective project is located, if applicable.	<input type="checkbox"/>
<input type="checkbox"/>	7.	Completed Previous Participation Certificate for all applicable members of applicant and development team	<input type="checkbox"/>
<input type="checkbox"/>	8.	Completed legal status questionnaires from the most recent versions of the Universal Application and the 9% LIHTC Application	<input type="checkbox"/>
<input type="checkbox"/>	9.	Full disclosure of any Napa County conflicts of interest and conflicts of interest in the Napa County city where the project is located, if applicable	<input type="checkbox"/>

Check Items Attached	Attachment #	Attachment	Acceptable (FOR COUNTY USE ONLY)
<input type="checkbox"/>	10.	Public debt, private debt and equity provider references (two each)	<input type="checkbox"/>
<input type="checkbox"/>	11.	Completed Credit Check Authorization Form (Exhibit 5a)	<input type="checkbox"/>
<input type="checkbox"/>	12.	Completed Authorization to Release Information (Exhibit 6a)	<input type="checkbox"/>
<input type="checkbox"/>	13.	Applicant Financial Statements	<input type="checkbox"/>
PROJECT INFORMATION			
<input type="checkbox"/>	1.	Project information including name, location, photos and maps	<input type="checkbox"/>
<input type="checkbox"/>	2.	Narrative description of existing project site and surrounding area	<input type="checkbox"/>
<input type="checkbox"/>	3.	Narrative description of uses of properties adjacent to site	<input type="checkbox"/>
<input type="checkbox"/>	4.	Complete description of proposed capital improvement project	<input type="checkbox"/>
<input type="checkbox"/>	5.	Relocation information	<input type="checkbox"/>
<input type="checkbox"/>	6.	Architectural drawings and site description	<input type="checkbox"/>
<input type="checkbox"/>	7.	Description of physical and socioeconomic characteristics of surrounding community and impact project will have	<input type="checkbox"/>
<input type="checkbox"/>	8.	Description of physical amenities to be provided in the project	<input type="checkbox"/>
<input type="checkbox"/>	9.	Description of public benefit of the project	<input type="checkbox"/>
<input type="checkbox"/>	10.	Project information list including census tract number, APN, and name and contact information for local, state and federal elected officials representing area project site is located	<input type="checkbox"/>
<input type="checkbox"/>	11.	Evidence of site control	<input type="checkbox"/>
<input type="checkbox"/>	12.	Preliminary Title Report (issued within the last 60 days)	<input type="checkbox"/>
<input type="checkbox"/>	13.	Experience and qualifications of the applicant to work with local communities	<input type="checkbox"/>
<input type="checkbox"/>	14.	Community Outreach Plan	<input type="checkbox"/>
PROJECT FINANCING INFORMATION			
<input type="checkbox"/>	1.	Complete project proforma	<input type="checkbox"/>
LAND USE, ZONING AND LOCAL APPROVALS			
<input type="checkbox"/>	1.	Current zoning, land use designation and general plan designation	<input type="checkbox"/>
<input type="checkbox"/>	2.	Current maximum density, building height limit and required parking ratio	<input type="checkbox"/>
<input type="checkbox"/>	3.	Evidence that the proposed use meets the land-use designations in place	<input type="checkbox"/>
<input type="checkbox"/>	4.	Information regarding land-use entitlement applications in process	<input type="checkbox"/>
<input type="checkbox"/>	5.	Information regarding density bonuses, variances, waivers, incentives, etc. that are anticipated to be requested	<input type="checkbox"/>
<input type="checkbox"/>	6.	Completed Local Approvals/Actions table (Exhibit 7)	<input type="checkbox"/>
PROJECT TIMELINE			
<input type="checkbox"/>	1.	Full project timeline	<input type="checkbox"/>
CITY INFORMATION (IF LOCATED IN LOCAL NAPA COUNTY CITY)			
<input type="checkbox"/>	1.	Letter of support from Mayor or CEO/City Manager in whose city project site is located	<input type="checkbox"/>
<input type="checkbox"/>	2.	Letter of support from the city's planning director, or community development director, or equivalent	<input type="checkbox"/>
OTHER INFORMATION			
<input type="checkbox"/>	1.	Any information that should be disclosed to the Napa County Affordable Housing Trust Fund staff	<input type="checkbox"/>

Check Items Attached	Attachment #	Attachment	Acceptable (FOR COUNTY USE ONLY)
<input type="checkbox"/>	2.	Attachment 27, CTCAC, Farmworker Eligibility Certification (if applicable)	<input type="checkbox"/>

EXHIBIT 1B:

City of Napa Pre-Application Checklist



City of Napa
 City Hall, South Wing
 955 School Street / PO Box 660
 Napa, CA 94559
 www.cityofnapa.org

Main: (707)257-9501

Mike Parness
 City Manager

Pre-Application Checklist

If submitting to one jurisdiction only, one original and three identical copies of the Pre-Application must be submitted, each in a loose leaf notebook with a table of contents and tabs to separate the items.

If submitting to both Napa County and City of Napa simultaneously for the same project, please provide two originals and three identical copies total. One original and one copy should be given to the City of Napa, and one original and two copies shall be given to Napa County. In addition, the original(s) must include a disk with all Pre-Application materials on it.

Each item below must be included in the Pre-Application and presented in a clearly identifiable tabbed section. Include the Pre-Application Checklist (attached as Exhibit 1) in the first tab.

Check Items Attached	Attachment #	Attachment	Acceptable (FOR CITY USE ONLY)
PRE-APPLICATION OVERVIEW MATERIALS			
<input type="checkbox"/>	1.	Cover Letter	<input type="checkbox"/>
<input type="checkbox"/>	2.	Pre-Application Checklist	<input type="checkbox"/>
<input type="checkbox"/>	3.	Diskette with all Pre-Application Materials	<input type="checkbox"/>
<input type="checkbox"/>	4.	Cashier's check in the full amount of the Pre-Application review fees (\$5,000)	<input type="checkbox"/>
DEVELOPMENT TEAM INFORMATION			
<input type="checkbox"/>	1.	Key contact(s) for applicant	<input type="checkbox"/>
<input type="checkbox"/>	2.	Description of applicant and development team	<input type="checkbox"/>
<input type="checkbox"/>	3.	Description of staffing and workload levels	<input type="checkbox"/>
<input type="checkbox"/>	4.	Description of property management company and key staff	<input type="checkbox"/>
<input type="checkbox"/>	5.	Descriptions of present site/project ownership structure, plan to secure site control and eventual interim (if applicable) and long-term ownership structures	<input type="checkbox"/>
<input type="checkbox"/>	6.	A full description and disclosure of the applicant team members' previous experience with Napa County, and with the city in which the prospective project is located, if applicable.	<input type="checkbox"/>
<input type="checkbox"/>	7.	Completed Previous Participation Certificate for all applicable members of applicant and development team	<input type="checkbox"/>
<input type="checkbox"/>	8.	Completed legal status questionnaires from the most recent versions of the Universal Application and the 9% LIHTC Application	<input type="checkbox"/>
<input type="checkbox"/>	9.	Full disclosure of any Napa County conflicts of interest and conflicts of interest in the Napa County city where the project is located, if	<input type="checkbox"/>

Check Items Attached	Attachment #	Attachment	Acceptable (FOR CITY USE ONLY)
		applicable	
<input type="checkbox"/>	10.	Public debt, private debt and equity provider references (two each)	<input type="checkbox"/>
<input type="checkbox"/>	11.	Completed Credit Check Authorization Form (Exhibit 5b)	<input type="checkbox"/>
<input type="checkbox"/>	12.	Completed Authorization to Release Information (Exhibit 6b)	<input type="checkbox"/>
<input type="checkbox"/>	13.	Applicant Financial Statements	<input type="checkbox"/>
PROJECT INFORMATION			
<input type="checkbox"/>	1.	Project information including name, location, photos and maps	<input type="checkbox"/>
<input type="checkbox"/>	2.	Narrative description of existing project site and surrounding area	<input type="checkbox"/>
<input type="checkbox"/>	3.	Narrative description of uses of properties adjacent to site	<input type="checkbox"/>
<input type="checkbox"/>	4.	Complete description of proposed capital improvement project	<input type="checkbox"/>
<input type="checkbox"/>	5.	Relocation information	<input type="checkbox"/>
<input type="checkbox"/>	6.	Architectural drawings and site description	<input type="checkbox"/>
<input type="checkbox"/>	7.	Description of physical and socioeconomic characteristics of surrounding community and impact project will have	<input type="checkbox"/>
<input type="checkbox"/>	8.	Description of physical amenities to be provided in the project	<input type="checkbox"/>
<input type="checkbox"/>	9.	Description of public benefit of the project	<input type="checkbox"/>
<input type="checkbox"/>	10.	Project information list including census tract number, APN, and name and contact information for local, state and federal elected officials representing area project site is located	<input type="checkbox"/>
<input type="checkbox"/>	11.	Evidence of site control	<input type="checkbox"/>
<input type="checkbox"/>	12.	Preliminary Title Report (issued within the last 60 days)	<input type="checkbox"/>
<input type="checkbox"/>	13.	Experience and qualifications of the applicant to work with local communities	<input type="checkbox"/>
<input type="checkbox"/>	14.	Community Outreach Plan	<input type="checkbox"/>
PROJECT FINANCING INFORMATION			
<input type="checkbox"/>	1.	Complete project proforma	<input type="checkbox"/>
LAND USE, ZONING AND LOCAL APPROVALS			
<input type="checkbox"/>	1.	Current zoning, land use designation and general plan designation	<input type="checkbox"/>
<input type="checkbox"/>	2.	Current maximum density, building height limit and required parking ratio	<input type="checkbox"/>
<input type="checkbox"/>	3.	Evidence that the proposed use meets the land-use designations in place	<input type="checkbox"/>
<input type="checkbox"/>	4.	Information regarding land-use entitlement applications in process	<input type="checkbox"/>
<input type="checkbox"/>	5.	Information regarding density bonuses, variances, waivers, incentives, etc. that are anticipated to be requested	<input type="checkbox"/>
<input type="checkbox"/>	6.	Completed Local Approvals/Actions table (Exhibit 7)	<input type="checkbox"/>
PROJECT TIMELINE			
<input type="checkbox"/>	1.	Full project timeline	<input type="checkbox"/>
CITY INFORMATION (IF LOCATED IN LOCAL NAPA COUNTY CITY)			
<input type="checkbox"/>	1.	Letter of support from Mayor or CEO/City Manager in whose city project site is located	<input type="checkbox"/>
<input type="checkbox"/>	2.	Letter of support from the city's planning director, or community development director, or equivalent	<input type="checkbox"/>
OTHER INFORMATION			

Check Items Attached	Attachment #	Attachment	Acceptable (FOR CITY USE ONLY)
<input type="checkbox"/>	1.	Any information that should be disclosed to the Napa County Affordable Housing Trust Fund staff	<input type="checkbox"/>
<input type="checkbox"/>	2.	Attachment 27, CTCAC, Farmworker Eligibility Certification (if applicable)	<input type="checkbox"/>

EXHIBIT 2:

Previous Participation Certificate

UA FORM XX

CTCAC Regs. 10325(g)(5)(B) & 10326(f)(6)(B), MHP Regulation 7320(b)(3), HOME Regulation 8212(d)(1)(C)

UA Version 3/12/09

Purpose

This form provides the Agencies with a certified report of all previous participation in all affordable multifamily rental housing projects. The Agencies require that you certify your records of previous participation in Agencies', other government-assisted, and nongovernment-assisted projects by completing and signing this form, before your Project application or participation can be approved.

Instructions - Previous Participation Certificate

1. The Previous Participation Certificate, including Schedule A, must be completed in its entirety and signed by all applicants, proposed general partners, developer and development consultant with whom the sponsor has a comprehensive development services contract, and affiliates applying to any one of the Agencies.
2. **For CTCAC only-** applicants applying for points for the property management agent experience, and there is an executed property management agreement, the property management agency must also complete the Previous Participation Certificate and Schedule A.
3. All other participants, or members of the development team, who are only involved in the Project on a fee for service basis and for whom #1 and #2 above do not apply, must provide a resume or complete Schedule A which details rental housing projects in which they previously participated.
4. Attach extra sheets as you need them. Be sure to indicate "Continued on Attachments" wherever appropriate. Sign each additional page that you attach if it refers to you or your record.

Specific Line Instructions

Block 1: Fill in the name and location of the affordable multifamily rental housing Project.

Block 2: Alphabetically list the full names, last name first, of all principals (including corporations) and affiliates and their addresses.

Block 3: Beside the name of each principal, fill in the role that each party listed will perform.

Block 4: Fill in the percentage ownership in the proposed Project that each principal is expected to have.

Block 5: Fill in the IRS employer number of every party listed, including affiliates.

Block 6: In the box below the statement of certification, fill in the name of all principals and affiliates. Beside the name of each principal and affiliate, each party must sign the form. In addition, each person who signs the form should fill in the date that he/she signs and their telephone number.

Instructions - Schedule A

1. Be sure that Schedule A is filled in completely, accurately and the certification is properly dated and signed, because it will serve as a record of your previous experience. All multi-family rental housing projects must be listed. Applicants are reminded that previous participation pertains to the individual principal within an entity as well as the entity itself.

HOME ONLY - to receive points for similar project experience, this information must be provided by the applicant, developer, owner, and managing general partner for subsidized projects of the same type proposed in the application. Such projects must have been completed during the 5-year period specified in the HOME NOFA. To receive points you must indicate whether the project is a rental new construction or rental rehabilitation project by entering "yes" or "no" underneath the P-I-S date.

MHP ONLY - list subsidized rental housing projects completed by the developer or development consultant with whom the Project Sponsor has a comprehensive development services contract. Include the projects in which the entity was responsible for overseeing or performing the full range of comprehensive development activities including: financial packaging, selection of consultants, selection of the construction contractor and property management agent, oversight of architectural design, construction management and other aspects of the development process. In addition, for each project submitted for operation experience, attach a narrative describing the Project Sponsor's role and responsibilities using MHP's form.

2. Even if you have never participated in an affordable multi-family rental housing project, you must complete the Previous Participation Certificate. If you have no previous projects to list, fill in your name in column 1, and write across the form by your name - "No previous participation."

Column 2: List all (nationwide) of your previous affordable multifamily rental housing projects. Identify all Agencies' projects first in Column 2A, then other government agency assisted projects in Column 2B, then nongovernment-assisted projects in Column 2C. Identify the project name, location, type of subsidy, number of units, and indicate if the project is being used in scoring to gain points, if applicable.

Column 3: List your role in all previous projects. Give the month/day/year the principal's role began and ended and the month/day/year the project was placed-in-service (P-I-S).

CTCAC ONLY - for the General partner and Management Company/Principal, to the extent that the type of information requested is the same between this attachment and UA XX and UA XY, the information should match or requested points may not be awarded in these categories.

Column 4: Indicate all defaults, foreclosures, sales, instances of IRS noncompliance, and issuance of IRS Form 8823.

Previous Participation Certification

1. Proposed Project Name	City and Zip Code		
2. List of All Proposed Principal Participants and Affiliates Names and addresses of all known principals and affiliates (people, businesses & organizations) proposing to participate in the Project described above. List names alphabetically: last, first, middle initial.	3. Role of Each Principal or Affiliate in Project	4. Expected % Ownership Interest in Project	5. IRS Employer Number

Certifications: I (meaning the individual who signs as well as the corporations, partnerships or other parties listed above who certify) hereby apply to CTCAC, MHP, CalHFA, CDLAC, HOME (hereinafter referred to as Agencies) for approval to participate as a principal in the role and project listed above based upon my following previous participation record and this Certification. By executing this certificate, I hereby consent to the disclosure of information concerning my performance in the affordable multifamily rental housing developments by the Agencies to third parties, including, but not limited to, affordable housing agencies in other states and by such third parties to the Agencies. Neither the Agencies nor such third parties are required to give me notice of such disclosure or receipt of information.

I certify that all the statements made by me are true, complete and correct to the best of my knowledge and belief and are made in good faith, including the data contained in Schedule A and Exhibits signed by me and attached to this form.

I further certify that:

1. Schedule A contains a listing of every affordable multifamily housing rental project in which I have been or am now a principal.
2. Except as shown by me on the certification:
 - a. I have not sold any project listed;
 - b. No mortgage on a project listed by me has ever been in default, assigned to the government or foreclosed, nor has mortgage relief by the mortgagee been given;
 - c. I have not experienced defaults or noncompliance under any contract or regulatory agreement in connection with a public housing project nor been issued IRS Form 8823 on any Low-Income Housing Tax Credit (LIHTC) project other than indicated on Schedule A;
 - d. To the best of my knowledge, there are no unresolved findings raised as a result of Agencies' audits, management reviews or other investigations concerning me or my projects.
 - e. I have not been suspended, debarred or otherwise restricted by any state agency from participating in the LIHTC program or other affordable housing program.
 - f. I have not failed to use state funds or Low Income Housing Tax Credits (LIHTC) allocated to me in any state.
3. All the names of the parties, known to me to be principals in this Project(s) in which I propose to participate, are listed above.
4. (Applicable to General Partners or Project Owners Only) All parties who are principals or who are proposed as principals here are listed above and no principals, affiliates, or identities of interest are concealed or omitted.
5. Statements above (if any) to which I cannot certify have been deleted by striking through the words with a pen. I have initialed each deletion (if any) and have attached a true and accurate signed statement (if applicable) to explain the facts and circumstances which I think helps to qualify me as a responsible principal for participation in this Project.

6. Typed or Printed Name of Principal	Signature of Principal	Certification Date	Area Code and Telephone No.

Schedule A: List of Previous Projects. By my name below is the complete list of my previous projects and my participation history as a principal, affiliate, management agent, or participant in affordable multifamily rental housing programs of the Agencies, and other government and nongovernment assisted programs. **Note:** Read and follow the instruction sheet carefully. Abbreviate where possible. Make full disclosure. Add extra sheets if you need more space. Double check for accuracy. If you have no previous projects write, by your name, "No previous participation."

1. List Each Participant's, Affiliate's, Principal's Name	2. List Previous Projects				3. List Principal's, Affiliate's, Participant's Role(s) and Interest	4. Was project ever in default, foreclosure, sales, or have instances of IRS noncompliance or issuance of IRS Form 8823?				
List in alphabetical order, last name, first and sign.	Give the project name, address, city location, & government agency (GA) involved, number of units in the project, & if it is being used for scoring points.				Indicate when participation began and ended, when the project was placed-in-service (P-I-S), and whether the project is a new construction or a rehabilitation project.					
		(A) Agencies (CTCAC, CalHFA, CDLAC, HOME, MHP)	(B) Other Government Agencies	(C) Non- Government Assisted				Yes	No	If "Yes" explain
	Name Address City GA #Units Points				Role Interest Began Date Ended Date P-I-S Date New Construction Rehabilitation					
	Name Address City GA #Units Points				Role Interest Began Date Ended Date P-I-S Date New Construction Rehabilitation					
	Name Address City GA #Units Points				Role Interest Began Date Ended Date P-I-S Date New Construction Rehabilitation					

1. List Each Participant's, Affiliate's, Principal's Name	2. List Previous Projects				3. List Principal's, Affiliate's , Participant's Role(s) and Interest	4. Was project ever in default, foreclosure, sales, or have instances of IRS noncompliance or issuance of IRS Form 8823?					
List in alphabetical order, last name, first and sign .	Give the project name, address, city location, & government agency (GA) involved, number of units in the project, & if it is being used for scoring points.				Indicate when participation began and ended, when the project was placed-in-service (P-I-S), and whether the project is a new construction or a rehabilitation project.						
		(A) Agencies (CTCAC, CalHFA, CDLAC, HOME, MHP)	(B) Other Government Agencies	(C) Non- Government Assisted				Yes	No	If "Yes" explain	
		Name Address City GA #Units Points				Role Interest Began Date Ended Date P-I-S Date New Construction Rehabilitation					
		Name Address City GA #Units Points				Role Interest Began Date Ended Date P-I-S Date New Construction Rehabilitation					
		Name Address City GA #Units Points				Role Interest Began Date Ended Date P-I-S Date New Construction Rehabilitation					
		Name Address City GA #Units Points				Role Interest Began Date Ended Date P-I-S Date New Construction Rehabilitation					

1. List Each Participant's, Affiliate's, Principal's Name	2. List Previous Projects			3. List Principal's, Affiliate's , Participant's Role(s) and Interest	4. Was project ever in default, foreclosure, sales, or have instances of IRS noncompliance or issuance of IRS Form 8823?					
List in alphabetical order, last name, first and sign .	Give the project name, address, city location, & government agency (GA) involved, number of units in the project, & if it is being used for scoring points.			Indicate when participation began and ended, when the project was placed-in-service (P-I-S), and whether the project is a new construction or a rehabilitation project.						
			(A) Agencies (CTCAC, CalHFA, CDLAC, HOME, MHP)	(B) Other Government Agencies	(C) Non- Government Assisted			Yes	No	If "Yes" explain
	Name Address City GA #Units Points				Role Interest Began Date Ended Date P-I-S Date New Construction Rehabilitation					
	Name Address City GA #Units Points				Role Interest Began Date Ended Date P-I-S Date New Construction Rehabilitation					
	Name Address City GA #Units Points				Role Interest Began Date Ended Date P-I-S Date New Construction Rehabilitation					
	Name Address City GA #Units Points				Role Interest Began Date Ended Date P-I-S Date New Construction Rehabilitation					
For the General Partner and Management Company/Principal - to the extent that the type of information requested on this attachment is the same as requested on UA Form XX, the information should match or requested points may not be awarded (if applicable).										

UA Version 3/12/09

EXHIBIT 3:

Sample Legal Status Questionnaire from the Universal Application

LEGAL STATUS QUESTIONNAIRE

UA Version 3/12/09

For purposes of the following questions, and with the exceptions noted below, the term "applicant" shall include the applicant and the project sponsor, the parent of the applicant and the project sponsor, and any subsidiary of the applicant or project sponsor if the subsidiary is involved in (for example, as a guarantor) or will be benefited by the application or the Project.

In addition to each of these entities themselves, the term "applicant" shall also include the direct and indirect holders of more than ten percent (10%) of the ownership interests in the entity, as well as the officers, directors, principals and senior executives of the entity if the entity is a corporation, the general and limited partners of the entity if the entity is a partnership, and the members or managers of the entity if the entity is a limited liability company. For projects using tax-exempt bonds, it shall also include the individual who will be executing the bond purchase agreement.

The following questions must be responded to for each entity and person qualifying as an "applicant," as defined above. Explain all positive responses on a separate sheet and include with this questionnaire in the application.

Exceptions:

Public entity applicants without an ownership interest in the proposed Project, including but not limited to cities, counties, and joint powers authorities with 100 or more members, are not required to respond to this questionnaire.

Members of the boards of directors of non-profit corporations, including officers of the boards, are also not required to respond. However, chief executive officers (Executive Directors, Chief Executive Officers, Presidents or their equivalent) must respond, as must chief financial officers (Treasurers, Chief Financial Officers, or their equivalent).

Civil Matters

1. Has the applicant filed a bankruptcy or receivership case or had a bankruptcy or receivership action commenced against it, defaulted on a loan, or been foreclosed against in the **past ten years**? If so, please explain. Yes No

2. Is the applicant **currently** a party to, or been notified that it may become a party to, any civil litigation that may materially and adversely affect (a) the financial condition of the applicant's business, or (b) the Project that is the subject of the application? If so, please explain. Yes No

3. Have there been any administrative or civil settlements, decisions, or judgments against the applicant within the **past ten years** that materially and adversely affected (a) the financial condition of the applicant's business, or (b) the Project that is the subject of the application? If so, please explain and state the amount. Yes No

4. Is the applicant **currently** subject to, or been notified that it may become subject to, any civil or administrative proceeding, examination, or investigation by a local, state or federal licensing or accreditation agency, a local, state or federal taxing authority, or a local, state or federal regulatory or enforcement agency? If yes, please explain. Yes No

5. In the **past ten years**, has the applicant been subject to any civil or administrative proceeding, examination, or investigation by a local, state or federal licensing or accreditation agency, a local, state or federal taxing authority, or a local, state or federal regulatory or enforcement agency that resulted in a settlement, decision, or judgment? If yes to either question numbers 4 or 5, please explain. Yes No

LEGAL STATUS QUESTIONNAIRE

Criminal Matters

6. Is the applicant **currently** a party to, or the subject of, or been notified that it may become a party to or the subject of, any criminal litigation, proceeding, charge, complaint, examination or investigation, of any kind, involving, or that could result in, **felony charges** against the applicant? If so, please explain.

Yes No

7. Is the applicant **currently** a party to, or the subject of, or been notified that it may become a party to or the subject of, any criminal litigation, proceeding, charge, complaint, examination or investigation, of any kind, involving, or that could result in, **misdemeanor charges** against the applicant for matters **relating to the conduct of the applicant's business**? If so, please explain.

Yes No

8. Is the applicant **currently** a party to, or the subject of, or been notified that it may become a party to or the subject of, any criminal litigation, proceeding, charge, complaint, examination or investigation, of any kind, involving, or that could result in, criminal charges (whether felony or misdemeanor) against the applicant for any **financial or fraud related crime**? If so, please explain.

Yes No

9. Is the applicant **currently** a party to, or the subject of, or been notified that it may become a party to or the subject of, any criminal litigation, proceeding, charge, complaint, examination or investigation, of any kind, that could **materially affect the financial condition of the applicant's business**?

Yes No

10. Within the **past ten years**, has the applicant been convicted of any felony? If so, please explain.

Yes No

11. Within the **past ten years**, has the applicant been convicted of any **misdemeanor related to the conduct of the applicant's business**? If so, please explain.

Yes No

12. Within the **past ten years**, has the applicant been convicted of any **misdemeanor for any financial or fraud related crime**? If so, please explain.

Yes No

PRINTED NAME OF APPLICANT/PROJECT SPONSOR ENTITY

SIGNATURE (Applicant/Project Sponsor)

DATE

PRINTED NAME OF SIGNATORY

PRINTED TITLE OF SIGNATORY

EXHIBIT 4:

Sample Legal Status Questionnaire from 9% LIHTC Application

**California Tax Credit Allocation Committee
Legal Status Questionnaire**

Article 1.

APPLICANT'S DISCLOSURE

1. Disclose material information relating to any legal or regulatory proceeding or investigation in which the applicant/project sponsor is or has been a party and which might have a material impact on the financial viability of the project or the applicant/project sponsor. Such disclosures should include any parent, subsidiary, or affiliate of the applicant/project sponsor that is involved in the management, operation, or development of the project.

2. Disclose any civil, criminal, or regulatory action in which the applicant/project sponsor, or any current board members, partners, limited liability corporation members, senior officers, or senior management personnel has been named a defendant in such action in the past ten years involving fraud or corruption, or matters involving health and safety where there are allegations of serious harm to employees, the public, or the environment.

Disclosures should include civil or criminal cases filed in state or federal court; civil or criminal investigations by local, state, or federal law enforcement authorities; and enforcement proceedings or investigations by local, state or federal regulatory agencies. The information provided must include relevant dates, the nature of the allegation(s), charters, complaint or filing, and the outcome. For a publicly-traded company, the relevant sections of the company's 10K, 8K, and 10Q most recently filed with the Securities and Exchange Commission may be attached in response to question #1. With respect to a response for question #2, previous 10K, 8K, and 10Q filings of the company may be attached if applicable.

Nothing to Disclose

Name of Applicant/
Project Sponsor Entity: _____
(Please Print)

Signature: _____
(Applicant/Project Sponsor)

Name of Signatory: _____
(Please Print)

Title of Signatory: _____
(Please Print)

Date: _____

EXHIBIT 5A:

Napa County Credit Check Authorization form



A Tradition of Stewardship
A Commitment to Service

County Executive Office
Community & Intergovernmental Affairs
1195 Third Street.
Suite 310
Napa, CA 94559
www.co.napa.ca.us

Main: (707) 253-4421
Fax: (707) 253-4176

Nancy Watt
County Executive Officer

Affordable Housing Trust Fund Pre- and Full Application

Credit Check Authorization Form

Instructions: Each general partner(s) and applicant(s) / project sponsor(s) must complete this Credit Check Authorization.

The information requested in the entire Affordable Housing Trust Fund Pre-Application and Full Application is to be used by Napa County to assess the applicant's creditworthiness. Information provided that is contained in public records cannot be withheld from disclosure under the California Public Records Act Gov. Code Sections 6250 and 6254. All other information may be required to be disclosed outside the agency by state and/or federal law.

Furnishing all information requested on this form is mandatory. Failure to provide such information may result in disqualification of the application or a withdrawal of the Napa County's commitment.

CRIMINAL PENALTIES. Any person who shall knowingly make or cause to be made in writing, either directly or indirectly, any false statement, with the intent that it shall be relied upon, for the purpose of procuring the loan secured by real property, shall be guilty of a criminal offense, punishable by a fine not exceeding ten thousand dollars (\$10,000.00), or by imprisonment in a county jail not exceeding six months, or by both the fine and imprisonment. California Penal Code sections 532(a) and 532(f).

CONTINUING OBLIGATION. The applicant has a continuing obligation to provide the Napa County with current and accurate information. Applicant must provide to the Napa County all requested information; with Legal Status Questionnaires (as set forth in Exhibits 3 and 4 of the Affordable Housing Trust Fund Pre-Application) for any individual or entity that the Napa County, in its sole discretion, believes is necessary to evaluate the application (reasonably related to the applicant).

By signing below, authorization is hereby provided to the Napa County to verify any and all information provided in the proposal, including, but not limited to, the organization's credit rating, status and payment history of real estate loans and performance on contracts with third parties. Napa County is further authorized to utilize photocopies of this authorization to obtain third party contractual and credit references and status of the organization's obligations. I understand that the confidentiality of the information I have furnished will be preserved except where disclosure of this information is required by applicable law.

CERTIFICATION/AUTHORIZATION. I/(we), the undersigned, certify that the information provided to Napa County in this AFFORDABLE HOUSING TRUST FUND PRE-APPLICATION AND FULL APPLICATION is true and correct as of the date set forth below my/(our) signature on this application package and acknowledge that any false or misleading statements of the information contained may result in civil liability and liability for monetary damages to the lender, its agents, successors, and assigns, insurers and any other person who may suffer any loss due to reliance upon any false or misleading statements which I have made on this application.

NAME OF ENTITY

By: _____

Print Name: _____

Its: _____

Date: _____

EXHIBIT 5B:

City of Napa Credit Check Authorization form



City of Napa
City Hall, South Wing
955 School Street / PO Box 660
Napa, CA 94559
www.cityofnapa.org

Main: (707)257-9501

Mike Parness
City Manager

Affordable Housing Trust Fund Pre- and Full Application

Credit Check Authorization Form

Instructions: Each general partner(s) and applicant(s) / project sponsor(s) must complete this Credit Check Authorization.

The information requested in the entire Affordable Housing Trust Fund Pre-Application and Full Application is to be used by the City of Napa to assess the applicant's creditworthiness. Information provided that is contained in public records cannot be withheld from disclosure under the California Public Records Act Gov. Code Sections 6250 and 6254. All other information may be required to be disclosed outside the agency by state and/or federal law.

Furnishing all information requested on this form is mandatory. Failure to provide such information may result in disqualification of the application or a withdrawal of the City of Napa's commitment.

CRIMINAL PENALTIES. Any person who shall knowingly make or cause to be made in writing, either directly or indirectly, any false statement, with the intent that it shall be relied upon, for the purpose of procuring the loan secured by real property, shall be guilty of a criminal offense, punishable by a fine not exceeding ten thousand dollars (\$10,000.00), or by imprisonment in a county jail not exceeding six months, or by both the fine and imprisonment. California Penal Code sections 532(a) and 532(f).

CONTINUING OBLIGATION. The applicant has a continuing obligation to provide the City of Napa with current and accurate information. Applicant must provide to the City of Napa all requested information; with Legal Status Questionnaires (as set forth in Exhibits 3 and 4 of the Affordable Housing Trust Fund Pre-Application) for any individual or entity that the City of Napa, in its sole discretion, believes is necessary to evaluate the application (reasonably related to the applicant).

By signing below, authorization is hereby provided to the City of Napa to verify any and all information provided in the proposal, including, but not limited to, the organization's credit rating, status and payment history of real estate loans and performance on contracts with third parties. The City of Napa is further authorized to utilize photocopies of this authorization to obtain third party contractual and credit references and status of the organization's obligations. I understand that the confidentiality of the information I have furnished will be preserved except where disclosure of this information is required by applicable law.

CERTIFICATION/AUTHORIZATION. I/(we), the undersigned, certify that the information provided to Napa County in this AFFORDABLE HOUSING TRUST FUND PRE-APPLICATION AND FULL APPLICATION is true and correct as of the date set forth below my/(our) signature on this application package and acknowledge that any false or misleading statements of the information contained may result in civil liability and liability for monetary damages to the lender, its agents, successors, and assigns, insurers and any other person who may suffer any loss due to reliance upon any false or misleading statements which I have made on this application.

NAME OF ENTITY

By: _____

Print Name: _____

Its: _____

Date: _____

EXHIBIT 6A:

Napa County Authorization to Release Information



A Tradition of Stewardship
A Commitment to Service

County Executive Office
Community & Intergovernmental Affairs
1195 Third Street.
Suite 310
Napa, CA 94559
www.co.napa.ca.us

Main: (707) 253-4421
Fax: (707) 253-4176

Nancy Watt
County Executive Officer

AUTHORIZATION TO RELEASE INFORMATION

1. I hereby authorize Napa County to make written or verbal inquiry relating to any information necessary to determine my eligibility for financing assistance under the Affordable Housing Trust Fund Pre-Application and Full Application process.
2. Any information obtained by Napa County will be used solely for the purpose of assisting me in obtaining financing offered by the Napa County Affordable Housing Trust Fund.
3. I understand that the information provided will be kept strictly confidential and that this authorization will be in effect for 12 months from the following date of my Pre-Application submission.

Signature of Applicant

Name of Applicant (printed)

Social Security Number or Tax Id Number

Date of Birth

Residence Address

Previous Residence Address

Street

Street

City, State, and Zip Code

City, State, and Zip Code

Name of Business or Corporation

Business Address:

Street

City, State, and Zip Code

EXHIBIT 6B:

City of Napa Authorization to Release Information



City of Napa
City Hall, South Wing
955 School Street / PO Box 660
Napa, CA 94559
www.cityofnapa.org

Main: (707)257-9501

Mike Parness
City Manager

AUTHORIZATION TO RELEASE INFORMATION

4. I hereby authorize the City of Napa Housing Division of the Community Development Department to make written or verbal inquiry relating to any information necessary to determine my eligibility for financing assistance under the Affordable Housing Trust Fund Pre-Application and Full Application process.
5. Any information obtained by City of Napa Housing Division of the Community Development Department will be used solely for the purpose of assisting me in obtaining financing offered by the City of Napa Housing Division of the Community Development Department.
6. I understand that the information provided will be kept strictly confidential and that this authorization will be in effect for 12 months from the following date of my Pre-Application submission.

Signature of Applicant

Name of Applicant (printed)

Social Security Number or Tax Id Number

Date of Birth

Residence Address

Previous Residence Address

Street

Street

City, State, and Zip Code

City, State, and Zip Code

Name of Business or Corporation

Business Address:

Street

City, State and Zip Code

EXHIBIT 7:

Local Approvals/Actions Table



A Tradition of Stewardship
A Commitment to Service



Local Approvals / Actions				
Local Approvals / Actions	Requirement (Check if Applicable)		Application Submittal – Estimated Date	Application Approval – Estimated Date
	YES	NO		
Article 34 of the State Constitution				
Site/Plot Plan Review				
Design/Architectural Review				
Parcel Map				
Conditional Use Permit				
Variance(s)				
Change of Zone				
General Plan Amendment				
CEQA Review				
NEPA Review				
Coastal Commission Approval				
Phase 1 Environmental Assessment				
Phase 2 Environmental Assessment				
Soils Report				
Toxics Report				

EXHIBIT 8:

Attachment 27, CTCAC Farmworker Eligibility Certification

ATTACHMENT 27
California Tax Credit Allocation Committee
FARMWORKER ELIGIBILITY CERTIFICATION
Regulation Section 10302(p)

APPLICANT CERTIFICATION

I/We, who are authorized to legally act on the applicant's behalf, certify and guarantee, under penalty of perjury, that the proposed development of permanent housing will be exclusively for agricultural workers (as defined by California Labor Code Section 1140.4(b)). Specifically, the housing will be occupied by, only farmworkers and their households as required by the above referenced Regulation section.

AUTHORIZED SIGNATORY

DATE

NAME OF SIGNATORY (PRINT)

APPLICANT NAME (PRINT)



A Tradition of Stewardship
A Commitment to Service

County Executive Office
Community & Intergovernmental Affairs
1195 Third Street.
Suite 310
Napa, CA 94559
www.co.napa.ca.us

Main: (707) 253-4421
Fax: (707) 253-4176

Nancy Watt
County Executive Officer

Full Application Requirements
for Funding Requests to the
Napa County Affordable Housing Trust Fund
and/or
City of Napa Affordable Housing Trust Fund

June 8, 2010



CITY of NAPA

City of Napa
City Hall, South Wing
955 School Street / PO Box 660
Napa, CA 94559
www.cityofnapa.org

Main: (707)257-9501

Mike Parness
City Manager

Full Application Requirements for Funding Requests to the Affordable Housing Trust Fund

These materials are to be used by applicants to the Napa County Affordable Housing Trust Fund and/or the City of Napa Affordable Housing Trust Fund. Applicants submitting a project to both simultaneously should give identical applications to both Napa County and City of Napa.

If submitting to one jurisdiction only, one original and three identical copies of the Full Application must be submitted, each in a loose leaf notebook with a table of contents and tabs to separate the items. Each original and each copy must also include a disk with the full contents of the Full Application. If submitting to both Napa County and City of Napa simultaneously for the same project, please provide two originals and three identical copies total. One original and one copy should be given to the City of Napa, and one original and two copies shall be given to Napa County. In addition, all originals and copies each must include a disk.

Each item below must be included in the Application and presented in a clearly identifiable tabbed section. Include the Full Application Checklist (attached as Exhibit 1) in the first tab.

The Full Leveraging Source Application should be in its own tabbed binder. One original and two identical copies, plus a disc containing the full application must be submitted. The Leveraging Source Application is the application for the funding source that requires a local funding commitment to be evidenced in order for the application to be considered. If the project is seeking low-income housing tax credits, this is the leveraging application that must be submitted. Otherwise, the leveraging application is likely to be the funding application submitted either to the California Department of Housing and Urban Development (HCD); the U.S. Department of Housing and Urban Development (HUD); and/or the U.S. Department of Agriculture (USDA).

The following items listed below are required in the Full Application; if any of these documents are in the Full Leveraging Source Application, do not include the item again, just provide a note on where the document is located in the Full Leveraging Source Application (for example, provide the tab number).

- 1) Cover letter explaining any changes in the project since the Pre-Application submittal
- 2) Full Application Checklist
- 3) Cashier's Check in the full amount of the application review fees as set forth in the Multi-Family Transaction Underwriting Guidelines.
- 4) All third-party reports pertaining to the property or the project including the following:
 - a) Appraisal (to be submitted as soon as possible, but not later than two months before projected closing date). Appraisal must not be more than six months old at initial submittal and at project closing. Updates may be requested by the Housing Fund staff.
 - b) Current Market Study

- c) Rehabilitation assessment (Capital Needs Assessment or Physical Needs Assessment), if applicable.
 - d) Phase 1 environmental assessment and all subsequent reports that were ordered as a result including Phase 2, Phase 3, etc
 - e) Lead-based paint assessment (for projects built prior to 1979)
 - f) Asbestos Report, if applicable
 - g) Soils Report (new construction projects only)
 - h) Toxics Reports (if applicable)
 - i) Pest Report (rehabilitation projects only)
 - j) Preliminary Title Report including legal description. This report must be dated within the last 90 days.
 - k) If applicable, a relocation plan that has been completed by a qualified relocation consultant and submitted with the Full Application, along with the consultant's resume/qualifications. The relocation plan should include a) a reasonable cost estimate of the relocation costs; identification of the number of households or businesses to be displaced; a current rent roll at the time of this Full Application, addresses of the required relocation notices that will need to be sent; and a description of the proposed advisory services that will be provided to the displaced households/businesses.
- 5) Full Leveraging Source Application for LIHTCs if part of the project financing structure, and if not, then for housing funding from California HCD or the US Department of Housing and Urban Development.

Affordable Housing Trust Fund staff may request other documents if needed to complete the project feasibility assessment.

EXHIBIT:

1. Full Application Checklist

EXHIBITS

EXHIBIT 1:

Full Application Checklist

EXHIBIT 1:

Full Application Checklist

One original and three identical copies of the Full Application must be submitted, each in a loose leaf notebook with a table of contents and tabs to separate the items. In addition, the original must include a disk with application materials on it. Each item below must be included in the Application and presented in a clearly identifiable tabbed section. Include the Full Application Checklist in the first tab.

Check Items Attached	Attachment #	Attachment	Acceptable (FOR COUNTY/CITY USE ONLY)
<input type="checkbox"/>	1.	Cover Letter explaining any changes since the Pre-Application Submittal	<input type="checkbox"/>
<input type="checkbox"/>	2.	Full Application Checklist	<input type="checkbox"/>
<input type="checkbox"/>	3.	Cashier's check in the full amount of the Full Application review fees \$5,000 payable to Napa County and \$5,000 payable to City of Napa (if applying to both entities, otherwise 1 check payable to entity receiving the application).	<input type="checkbox"/>
<input type="checkbox"/>	4.	All third-party reports pertaining to the property in a tabbed binder (1 original, 3 copies, and 3 disks)	<input type="checkbox"/>
	<input type="checkbox"/>	Appraisal	<input type="checkbox"/>
	<input type="checkbox"/>	Current Market Study	<input type="checkbox"/>
	<input type="checkbox"/>	Rehabilitation Assessment	<input type="checkbox"/>
	<input type="checkbox"/>	Phase 1 Environmental Report (and subsequent reports issued)	<input type="checkbox"/>
	<input type="checkbox"/>	Lead-based paint assessment	<input type="checkbox"/>
	<input type="checkbox"/>	Asbestos Report	<input type="checkbox"/>
	<input type="checkbox"/>	Soils Report	<input type="checkbox"/>
	<input type="checkbox"/>	Toxics Report	<input type="checkbox"/>
	<input type="checkbox"/>	Pest Report	<input type="checkbox"/>
	<input type="checkbox"/>	Preliminary Title Report	<input type="checkbox"/>
	<input type="checkbox"/>	Relocation Plan and Consultant's Qualifications	<input type="checkbox"/>
<input type="checkbox"/>	5.	Full Leveraging Source Application (1 original, two copies, 3 disks)	<input type="checkbox"/>

End.



City of Napa
City Hall, South Wing
955 School Street / PO Box 660
Napa, CA 94559
www.cityofnapa.org

Main: (707)257-9501

Mike Parness
City Manager

AFFORDABLE HOUSING TRUST FUND

Policies and Procedures Manual

For Affordable Rental Housing Development

APPROVED BY THE
CITY OF NAPA CITY COUNCIL
ON July 6, 2010

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EXHIBIT 2: PRE-APPLICATION

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Article 1. Introduction

Section 1.01 Authorizing Legislation

Chapter 15.94 (City of Napa Housing Trust Fund, Housing Impact Fee and Inclusionary / In Lieu Fee Requirements) of the City of Napa Municipal Code was adopted by Ordinance O 1999 19 on July 6, 1999 and by O1999 20 on July 20, 1999 by the City of Napa City Council.

Various sections of Chapter 15.94 set forth the establishment of the Housing Trust Fund (the “Housing Fund”), its administration and its use of housing funds. Criteria for the use of housing funds are subject to approval by the City of Napa City Council; affordable rental housing development criteria are set forth in this Policies and Procedures Manual and in the accompanying Multi-Family Rental Housing Transaction Underwriting Guidelines (the “Underwriting Guidelines”). Applicants for funding are advised to review and comply with Chapter 15.94 of the City of Napa Municipal Code (<http://qcode.us/codes/napa>), this Policies and Procedures Manual, and the Underwriting Guidelines.

Section 1.02 Overview

The City of Napa’s Housing Fund is administered by the Housing Director of the City of Napa or the designee of such individual. Housing Fund loans are ultimately approved by the City of Napa City Council.

These Policies and Procedures, in combination with the Underwriting Guidelines attached as Exhibit 1, the Fund Pre-Application attached as Exhibit 2, the Full Application attached as Exhibit 3, shall ensure that Housing Fund monies are used to assist the City of Napa in meeting its affordable housing goals and to implement the policies, objectives and programs set forth in the Housing Element of the City of Napa General Plan.

The Housing Fund offers gap financing for the development and rehabilitation of affordable housing in the City of Napa. The Housing Fund will seek to prioritize those projects that 1) help the City to meet its Regional Housing Needs Assessment (RHNA) needs; 2) are consistent with the goals and objectives of the Housing Element of the General Plan and help the city to meet its fair share housing goals as set forth in the Housing Element; and 3) most effectively leverage the Housing Fund’s resources by having the ability to score and compete well in securing other housing funding resources including 9% Low-Income Housing Tax Credits (9% LIHTCs); housing funds from the California Department of Housing and Community Development (HCD); and / or U.S. Department of Housing and Urban Development (HUD).

All housing developments financed by the Housing Fund will carry permanent affordability requirements on all units assisted with Fund monies. Loans will be made for construction and permanent financing only. Detailed loan terms and underwriting criteria are set forth in the Underwriting Guidelines.

Due to the contingent nature of commitments made by the Housing Fund, loan agreements will not be executed until all project funding is in place and until the construction closing is imminent. However, in no event will the Housing Fund be required to execute a loan agreement if, after the specified funding cycles have elapsed, a funding gap exists for any reason, including cost increases, withdrawal or reduction of a previous commitment, or increases in deferred costs or fees.

Loan commitments will automatically expire at the earlier of two failed attempts to leverage any one key funding source (LIHTC, HCD and / or HUD) or 24 months. For example, if a project fails in two attempts to attain an allocation of 9% LIHTCs, the Housing Fund commitment would expire. Attempts must be made for each consecutive round of a funding source that becomes available. Failure to submit an application will count as a failed attempt. Project developers must apply for the next available round of each key funding source. Requests for exceptions to the requirement must be submitted in writing to the Housing Director.

The application process is open and commences when the Housing Fund releases either a Request for Proposals (RFP) or a Notice of Housing Funding Availability (NOFA). RFPs and / or NOFAs will identify the amount of loan funds available and will further specify the type of development sought by the Housing Fund. Selection criteria may designate a specific housing need to be met, a particular location or other policy goals that the City of Napa desires to achieve. The duration of an RFP or NOFA may be time limited or may be until the funding is fully awarded. Applications are accepted in person and via U.S. Mail or overnight delivery service. Email submissions are not acceptable.

Following the release of an RFP or NOFA, there is a multi-stage loan application review process that is set forth in Article 4 of these policies and procedures. In brief summary, there is a pre-application and full application process. Approval of a pre-application is necessary to move forward to the full application process. The full application process entails submitting all of the materials on the full application checklist plus an application for one of the three key leveraging sources: LIHTCs, HCD or HUD. Projects anticipating the use of LIHTCs must submit that completed application.

Section 1.03 Program Goals and Priorities

The Housing Fund will seek to prioritize those projects that 1) help the City to meet its RHNA needs; 2) are consistent with the goals and objectives of the Housing Element of the General Plan; 3) are consistent with Chapter 15.94 (City of Napa Housing Trust Fund, Housing Impact Fee and Inclusionary/In Lieu Fee Requirements) of the City of Napa Municipal Code; and 4) most effectively leverage the Housing Fund's resources by having the ability to score and compete well in securing other funding resources including 9% LIHTCs, and housing funds from the HCD and / or HUD.

Section 1.04 Eligible Uses of Housing Funds

The Underwriting Guidelines set forth more specific and potentially more limited eligible uses of the Housing Funds.

The authorizing legislation in Section 15.94.030 allows for the following uses of funds described below.

Monies deposited in the Housing Fund along with any interest earnings on such monies shall be used solely to increase and improve the supply of housing affordable to households of moderate, low and very low-income households, and to benefit rental or homeowner occupied housing or to provide housing services. Uses include, but are not limited to:

- (a) Acquisition of property and property rights;
- (b) Cost of construction including costs associated with planning, administration and design, as well as actual building or installation and any other costs associated with the construction or financing of affordable housing; reimbursement to the City for such costs if funds were advanced by the City from other sources;
- (c) Reimbursement of developers or property owners who have been required or permitted to install facilities which are beyond that which can be attributed to a specific development;
- (d) To construct, acquire, rehabilitate or subsidize very low, low and moderate-income housing and/or to assist other governmental entities, private organizations or individuals in the construction, rehabilitation, reimbursement of City advanced funds, reimbursement of developer supplied infrastructure capacity, location or subsidy of very low, low and moderate-income housing.
- (e) Targeted and benefit households at or below 60% of Median Income in Napa County to the extent possible as determined by the city council;
- (f) Provide assistance to housing development corporations; and
- (g) To provide equity participation loans, grants, pre-homeownership co-investment, pre-development loan funds, participation leases or other public/private partnership arrangements.

Article 2. General Program Requirements

Section 2.01 Environmental Review (CEQA)

Your project must meet the requirements of the California Environmental Quality Act (CEQA) and obtain CEQA clearance through the City of Napa Community Development Department.

Execution of Housing Fund loan documents and disbursement of any Housing Fund monies will be conditioned on a project having a satisfactory completion of CEQA environmental review.

Section 2.02 Local Business Enterprise Requirement

On September 8, 2009, the City Council of the City of Napa adopted a Housing Strategic Plan that included the following activity and goal:

Activity: Investigate policies that encourage local hiring when using City funds, and propose a policy appropriate for the City of Napa to the City Council.

Goal: Create jobs locally and support Napa's building industry.

Applicants to the Affordable Housing Trust Fund should assume that the City of Napa will have a local business enterprise requirement in place at time of loan funding.

Section 2.03 City of Napa Incentives for Affordable Housing

Developers of 100% affordable housing projects are eligible for affordable housing incentives including expedited permit processing and deferral of payment of city-required fees on affordable units until issuance of the certificate of occupancy. These incentives are set forth in the City of Napa Code Section 15.94.050, Subsection F, 1 (d).

In addition, the City Council may consider, on a case-by-case basis at its sole discretion, the provision of the following additional concessions or incentives identified in Government Code Section 65915 which are consistent with state law and the Housing Element of the City of Napa General Plan for projects which meet or exceed the requirements of Title 17:

- (a) An additional density bonus or other incentives of equal financial value subject to the city council's review and approval;
- (b) Waiver or modification of city standards that have a direct impact on reducing total project costs while being consistent with required Building and Safety Code standards. The developer shall be responsible for documenting that the waiver or modification is necessary for the feasibility of the residential development project and is consistent with required Building and Safety Code Standards;

- (c) Provision of direct financial assistance in the form of a loan or grant using trust fund or other appropriate available funds subject to the recommendation of the housing director;
- (d) Deferral of payment of city fees on market rate units until the issuance of the certificate of occupancy for the unit.

Lastly, the City Council may consider, on a case by case basis at its sole discretion, the provision of additional concessions or incentives consistent with state law and the Housing Element of the City of Napa General Plan for residential development projects which provide at least 15% of the total dwelling units as affordable units.

Section 2.04 State Incentives for Affordable Housing Developments

The State of California's Density Bonus Law (SB 1818) sets forth provisions and procedures for housing developments to receive a density bonus and other incentives provided a requisite number of dwelling units are set aside for Low or Very Low-Income Households as defined by Sections 50079.5 and 50105 of the California Health and Safety Code. These rent limits are based on income limits published by California Department of Housing and Community Development ("California HCD") and are lower than the IRS Code Section 42 LIHTC (California Tax Credit Allocation Committee) rent limits.

Projects that are seeking a density bonus must be consistent with the rent limits published by California HCD.

For more information on the State of California Density Bonus incentive and additional incentives that may be available to projects that apply for State of California density bonuses, please discuss your project with the City of Napa Community Development Department.

Article 3. Eligibility, Thresholds, Underwriting and Fees

The Underwriting Guidelines attached as Exhibit 1 lay out in great detail information on eligible activities, projects and development teams, thresholds that must be met to apply for project funding, project underwriting criteria including loan terms, reserves, guidance on costs, etc.; and information on the fees charged by the Housing Fund for various activities, and other critical project and underwriting criteria.

The Underwriting Guidelines are incorporated into these Policies and Procedures by reference.

Article 4. Application Process

Section 4.01 Four-Part 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.

Section 4.02 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 City of Napa staff for the Housing Fund (the "Housing Fund staff") to introduce the prospective project.

Following that initial meeting, and within 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 Housing Fund financial assistance.

Section 4.03 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 provided during a meeting with the applicant will be completed within 30 business days subject to the availability of the applicant to meet with the staff for the Housing Fund.

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 should be sent to:

Jan Maurer Watkins
Housing Manager
Housing Division of the
Community Development Department
City of Napa
PO Box 660
Napa, CA 94559-0660

Applications delivered in person or via overnight services should be delivered to:

Jan Maurer Watkins
Housing Manager
Housing Division of the
Community Development Department
City of Napa
1115 Seminary Street
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 15.94.050 of the City of Napa Municipal Code, the Policies and Procedures, the Multi-Family Transaction Underwriting Guidelines, and the Housing Element of the General Plan of the City of Napa, 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 attached as Exhibit 1, 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 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 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.

Section 4.04 Step 3 – The Development Team Submits a Full Application

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

If there are significant changes between the Pre-Application and the Full Application, the Full Application will be rejected. Note that the City of Napa 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 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 if the project also includes funding from Napa County, the 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. Any increases in a Napa County's loan amount and any substantial changes to the unit and affordability mix must be approved in writing by the Community and Intergovernmental Affairs Manager. Changes will be considered substantial if the average affordability increases or the gross rental income decreases more than 5%.

Once a Full Application is received, Housing Fund staff will conduct an application completeness check within 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.

Section 4.05 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 City of Napa City Council for final approval of the funding. Such City Council approval may be conditioned on a number of closing conditions that must be met by the applicant.

Article 5. City of Napa Requirements and Definitions

Section 5.01 Continued Affordability

The following sections of Chapter 15.94.050, Section J of the City of Napa Municipal Code is summarized here for the convenience of potential applicants to the City of Napa Housing Fund. In no way do these summarized sections relieve potential and actual applicants to the Housing Fund of the responsibility for thoroughly reviewing and abiding by Chapter 15.94 of the City of Napa Municipal Code.

- (a) Prior to the issuance of certificates of occupancy or approval of the final inspection for affordable units, regulatory agreements, deeds of trust and/or other documents, all of which must be acceptable to the Housing Director and consistent with the requirements of Chapter 15.94, shall be recorded against parcels having such affordable units and shall be effective in perpetuity for rental affordable units.
- (b) If the City or its designee has requested to approve the household's eligibility, a household shall not be permitted to occupy an affordable unit until such approval has been granted or until the City or its designee has failed to make a determination of eligibility within the time or other limits provided by a regulatory agreement. If the City or its designee maintains a list of eligible households, households selected to occupy affordable units shall be selected first from that list to the extent provided in the regulatory agreement.

Section 5.02 Annual Monitoring and Transfer Fees

For each rental affordable unit provided hereunder, the current owner may be required to pay an annual monitoring fee for the term of required affordability. Such fee shall be specified in the regulatory agreement(s) required hereunder.

Section 5.03 Enforcement

The following sections of Chapter 15.94.060 of the City of Napa Municipal Code are summarized here for the convenience of potential applicants to the City of Napa Housing Fund.

- (a) It shall be unlawful, a public nuisance and a misdemeanor for any person to sell or rent an affordable unit at a price or rent exceeding the maximum allowed under this chapter or to a household not qualified under this chapter, and such person shall be subject to a \$500.00 fine per month from the date of original non-compliance until the affordable unit is in compliance with this section.
- (b) The Napa City Attorney's Office or the Napa County District Attorney, as appropriate, shall be authorized to abate violations of this chapter and to enforce the provisions of this chapter and all implementing regulatory agreements and resale controls placed on affordable units by civil action, injunctive relief and any other proceeding or method permitted by law.
- (c) The remedies provided for herein shall be cumulative and not exclusive and shall not preclude the City from any other remedy or relief to which it otherwise would be entitled under law or equity.

Section 5.04 General - Definitions

1. "Affordable rent"
shall mean monthly rent (including an allowance for tenant paid utilities as determined by the Housing Director and all mandatory tenant paid fees for housing services) that does not exceed thirty percent (30%) of sixty percent (60%) of Area Median Income for Lower Income Households and that does not exceed thirty percent (30%) of fifty percent (50%) of Area Median Income for Very Low Income Households. In the case where the applicant is requesting a density bonus under Title 17 of the Napa Municipal Code or where the applicant is requesting direct financial assistance requiring a different rent, "affordable rent" for lower income households shall mean monthly rents that do not exceed thirty percent (30%) of sixty percent (60%) of area median income. Affordable rent shall be based on presumed occupancy levels of one person in a studio unit, two persons in a one-bedroom unit, three persons in a two-bedroom unit, and one

additional person for each additional bedroom thereafter, or such other standard that applies pursuant to federal rules applicable to project financing.

2. “*Affordable units*” shall mean and be limited to those dwelling units which are required to be rented at affordable rents or sold at an Affordable sales price to households of specified income levels as described in Section 15.94.050.
3. “*Annual household income*” shall mean the combined gross income for all adult persons living in a dwelling unit as calculated for the purpose of the Section 8 program under the United States Housing Act of 1937, as amended, or its successor.
4. “*Building permit*” shall mean a permit issued pursuant to Chapter 15.08 of Title 15 of the Napa Municipal Code.
5. “*Chief building official*” shall mean the chief building official of the City of Napa or the designee of such individual.
6. “*City*” shall mean the incorporated areas of the City of Napa.
7. “*Concession*” or “*incentive*” shall have the same meaning as set forth in Title 17 of the City of Napa Municipal Code.
8. “*Developer*” shall mean every person, firm or corporation constructing, placing or creating new non-residential or residential development directly or through the services of any employee, agent, independent contractor or otherwise.
9. “*Dwelling unit*” shall have the meaning set forth in Title 17 of the City of Napa Municipal Code.
10. “*Low-Income or Lower-Income Households*” are those households with household income of up to 80% of Area Median Income.
11. “*Market-rate units*” shall mean dwelling units in a residential project which are not affordable units.
12. “*Median income*” shall mean the median income, adjusted for family size, applicable to Napa County as published annually pursuant to Title 25 of the California Code of Regulations, Section 6932 (or its successor provision) by the United States Department of Housing and Urban Development.
13. “*Moderate-income households*” are those households with Household Income of up to 120% of Area Median Income.

14. “*Monthly owner-occupied housing payment*” shall be that sum equal to the principal, interest, property taxes, homeowner’s insurance and homeowner’s association dues paid on an annual basis divided by 12.

15. “*Residential development project*” shall mean a project for the construction or placement of any dwelling unit in a permanent location, or the subdivision of land which is planned, designed or used for the following land-use categories:
 - a. Single-family residential: This category consists of single-family detached units and duplexes.
 - b. Multi-family residential: This category consists of buildings containing three (3) or more dwelling units and mobile home parks.

16. “*Very low-income households*” are those households with household income of up to 50% of Area Median Income.

EXHIBITS

- Exhibit 1: Multi-Family Rental Housing Transaction Underwriting Guidelines
- Exhibit 2: Pre-Application
- Exhibit 3: Full Application



A Tradition of Stewardship
A Commitment to Service

County Executive Office
Community & Intergovernmental Affairs
1195 Third Street, Suite 310
Napa, CA 94559
www.co.napa.ca.us

Main: (707) 253-4421
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Nancy Watt
County Executive Officer

Multifamily Rental Housing Transaction Underwriting Guidelines

June 8, 2010



City of Napa
City Hall, South Wing
955 School Street / PO Box 660
Napa, CA 94559
www.cityofnapa.org

Main: (707)257-9501

Mike Parness
City Manager

Multifamily Rental Housing Transaction Underwriting Guidelines (“Underwriting Guidelines”)

How these Underwriting Guidelines Work

These guidelines are being used jointly by Napa County and the City of Napa.

The County and the City each have their own Affordable Housing Trust Funds that they individually administer. However, they have three common documents that they use for the administration of the Affordable Housing Trust Funds: these Underwriting Guidelines, and common Pre-Application and Full-Application materials.

In these Underwriting Guidelines, references to Fund mean both the Napa County and City of Napa Affordable Housing Trust Funds, unless otherwise indicated.

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Multifamily Rental Housing Transaction Underwriting Guidelines (“Underwriting Guidelines”)

**Part A: Key Contact Information
 For Napa County’s Affordable Housing Trust Fund (“Fund”)**

Napa County Contact	<p>Larry Florin Community and Intergovernmental Affairs Manager County Executive Office, County of Napa 1195 3rd Street, Suite 310 Napa, CA 94559 (707) 253-4621 lflorin@co.napa.ca.us</p>
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**Part A: Key Contact Information
 For City of Napa’s Affordable Housing Trust Fund (“Fund”)**

City of Napa Contact	<p>Jan Maurer Watkins Housing Manager City of Napa 1115 Seminary Street Napa, CA 94559 (707) 257-9547 jwatkins@cityofnapa.org</p>
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Part B: Fund Diversification Guidelines

	<p>The Fund will seek to promote a healthy diversification in its loan portfolio in order to minimize risk.</p> <p>As part of this risk diversification strategy, the Fund will seek to achieve diversity within all facets of its loan portfolio. Specifically, this will begin to be achieved by seeking to have a diversity of borrowers and a diversity of projects. To encourage borrower diversity, applicants will be limited to two applications per calendar year to Napa County and two per year to City of Napa provided that only one of the two applications may be submitted by a single developer applicant; any second application must be submitted with another development partner. Applicants may also submit two applications that both involve development partnerships. To achieve a diversity of project types, the Fund will seek over time to fund a diversity of populations in different housing types including a mixture of unit sizes, project sizes, and new project types including new construction and rehabilitation.</p>
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Multifamily Rental Housing Transaction Underwriting Guidelines (“Underwriting Guidelines”)

Part C: Transaction Underwriting Guidelines

Part I: Applicant Thresholds

<p>Developer Qualification/ Disqualification</p>	<p>An applicant seeking a Fund subsidy must meet the following qualifications listed below. If the developer entity is a joint venture, the leading developer must meet the required qualifications listed below. If the developers equally share the partnership interest, both developers must qualify.</p> <ol style="list-style-type: none"> 1. A developer must have experiences within the last five years in developing and owning affordable housing projects that are similar in size, scale, tenure, type, target population and complexity (both from a physical and financial standpoint) to the one being proposed. 2. A developer will be required to disclose whether it, any of its principals, or any affiliated entity, has been an adverse party in litigation involving any county, city, redevelopment agency or other public entity within the past ten years. 3. A developer will be required to disclose all judgments and outstanding claims against it, its principals or any affiliated entity, involving, but not limited to, defaults on financial obligations, construction safety, landlord/tenant disputes, or negligence. 4. A developer will be required to disclose that it, any of its principals, or any affiliated entity, has filed for bankruptcy at any time within the past ten years. 5. A developer must demonstrate its experiences in gaining support from respective communities for its affordable housing projects. 6. Applications are not accepted from entities that have been notified that they are not in compliance with their current obligations on any loans issued by Napa County (if applicant is applying to Napa County), City of Napa (if applicant is applying to the City of Napa) or the Fund. Noncompliance, at the discretion of the Fund, may consist of any monetary or non-monetary provisions, such as failure to submit required financial statements in a timely manner, failure to comply with the requirements of the regulatory agreement, including but not limited to resident service and property management obligations, and failure to correct in a timely manner any building deficiency noted by any government agency. 7. The entities comprising the applicant must not have received negative points from the California Tax Credit Allocation Committee (CTCAC) or the California Debt Limit Allocation Committee (CDLAC) within the past three years. 8. If the applicant is seeking 9% tax credits, the applicant entity must meet the standard for maximum general partner experience points under California Qualified Allocation Plan. 9. The applicant is willing to designate a principal available through the entire course of development and construction of the project if the developer track record relies on that principal. 10. The Fund reserves the right to deny funding assistance to any applicant on the basis of the information provided by said disclosures.
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Multifamily Rental Housing Transaction Underwriting Guidelines (“Underwriting Guidelines”)

Part II: Eligibility

<p>Eligible Projects</p>	<p>Project types to be funded will be defined by Notices of Funding Availability (NOFAs) that will be released from time to time by Napa County and/or City of Napa. Generally, the Fund is committed to providing affordable housing opportunities to the populations that have the greatest needs. The Fund also strives to provide affordable housing opportunities to specific segments of the population that are underserved or are at risk of homelessness.</p> <p>In general, eligible projects are affordable rental developments including, mixed income developments and mixed use projects. The Fund provides loans for affordable housing projects that prevent the loss of existing long term affordable housing, or expand the supply of new long term affordable housing, through one or more of the following development opportunities: development and/or construction of new housing; conversion of non-residential structures to housing; preservation of existing affordable housing; acquisition of existing housing to preserve affordable housing or to create new affordable housing; and rehabilitation of existing housing. Priority will be given to projects in which the participation of the Fund fulfills a financial need not readily available from other sources, and for projects that provide the maximum level of affordability possible within the framework of leveraging sources available at the time.</p> <p>City of Napa NOFAs may require Fund applicants to proactively market units to the City’s Section 8 waiting list or to households that may be facing dislocation due to publically assisted development projects.</p>
<p>Ineligible Projects</p>	<ol style="list-style-type: none"> 1. Emergency homeless shelters, transitional housing, and for-sale housing. 2. The Fund will not provide funds for applicants proposing housing types that are in violation of Federal or State fair housing laws.
<p>Eligible Applicants</p>	<ol style="list-style-type: none"> 1. Applications are accepted from non-profit and for-profit housing corporations, joint ventures, limited liability companies, partnerships, and local governmental entities that have met the Applicant Thresholds. All applicants seeking a Fund loan must include a nonprofit managing general partner. 2. Fund staff will review and approve the qualifications of the applicant and all partners in the ownership entity. <ol style="list-style-type: none"> a. Applicants are required to submit proposed or executed organizational documents of the applicant and ownership entity, including a detailed description of the role of each, if separate entities, throughout the regulatory period of the project. Applicant shall submit complete financial statements including Balance Sheets, Income Statements, and Statement of Cash Flows with notes for the last three years. Audited financial statements must be submitted if available. A credit report may be requested by

Multifamily Rental Housing Transaction Underwriting Guidelines (“Underwriting Guidelines”)	
	<p>the Fund at its discretion. If both the applicant and the ownership entity are both newly formed, the information submitted must also include all of the requested information above for the general partner, or the established development company that is a partner in the general partnership.</p> <p>b. Applicants are required to submit evidence of successfully participating in a least two projects of comparable size, scale, tenure, type, target population and complexity to the proposed development, and subject to a recorded regulatory agreement for at least five years prior to the application. The Fund may require evidence that projects have maintained positive operating cash flows and that all required reserves have been funded throughout the ownership period. Applicants who are unable to meet this experience requirement will be required to partner with an entity that has the necessary experience.</p>
Eligible Uses of Funds	<p>To provide take-out financing at construction loan closing for normal and customary pre-development and acquisition related expenses, and to fund normal and customary construction expenses on a pari passu basis with a construction lender. The Fund will determine, in its sole discretion, costs deemed excessive or unreasonable, or uses deemed ineligible.</p> <p>Project contingencies must be included at the following minimum levels: new construction hard costs of 5% to 10%; rehabilitation hard costs of 10% to 15% (with preference for 15%); soft costs of 3% to 5%.</p>
Ineligible Uses of Funds	<p>Costs associated with construction items or materials of a luxury nature; furnishings (except where required for special needs projects); developer/sponsor administrative costs (other than included in the developer fee); refinancing of existing debt, except in extraordinary cases; marketing events such as groundbreakings and grand openings; substitution of County funds for any source of funds that has been previously committed to the project, or represented to any other funding source as being available for the project.</p>
Eligible Households	<p><u>For Napa County</u></p> <p>Very low, low and/moderate income households including households with special needs. The Fund uses the income limits set by the US Department of Housing and Urban Development (HUD) and the California Department of Housing and Community Development (HCD) to define low and moderate income households. These income limits are used for most federal, state and local housing programs. They are also used for targeting affordable housing units in local housing elements.</p> <p><u>For City of Napa</u></p> <p>Very low, low and moderate income households including households with special needs. If Redevelopment agency funding is being proposed, the Project’s target tenant population (family, senior, etc.) and income targeting should also be reviewed with respect to California Redevelopment Law (CRL) proportionality requirements and current status for the relevant Redevelopment Project Area.</p>

Multifamily Rental Housing Transaction Underwriting Guidelines (“Underwriting Guidelines”)

Part III: Project Priorities and Location and Design Guidelines

<p>Project Priorities</p>	<p>Project priorities will be set forth in individual NOFAs when they are issued.</p> <p><u>For Napa County</u></p> <p>In general, priority in all disbursements shall be given first to housing projects that guarantee permanent affordability.</p> <p><u>For Napa County and City of Napa</u></p> <p>It is a goal of the Fund to provide loans for housing that serves a combination of special needs, very low income, low income and moderate-income households. Specific project targets and criteria may be adopted by the Fund periodically in response to evolving housing challenges and needs that are identified and adopted by the governing body of the Fund.</p> <p>Projects will be evaluated with respect to criteria that are consistent with Fund goals and policies. In addition, projects that provide the following will be viewed favorably and when compared against other projects:</p> <ol style="list-style-type: none"> 1. Projects that provide the greatest benefit per dollar of funds spent. 2. Rental projects that have other funding sources identified and committed. 3. Rental projects which benefit the highest percentage of low and moderate income persons, provide the lowest rents, include a greater percentage of affordable units, or will maintain longer periods of affordability. 4. Rental projects that use program funds as a match or leveraging tool to stimulate the use of conventional and below-market resources, including tax credits, state and federal funding programs, and/or other funding sources.
<p>Location Policy and Suitability for Development</p>	<p><u>For Napa County</u></p> <p>In general, the Fund seeks to distribute loans throughout the county in proportion to the population or housing needs of the various communities in the county and to avoid concentrating lending in a limited number of areas of the county. The Fund specifically seeks to target for lending those sites listed in the Housing Element as being suitable for affordable housing development.</p> <p>The Fund also encourages infill development and the redevelopment of properties that have outlived their useful lives, where economically feasible. This aligns with the County land use and development policies to accommodate growth without outward expansion of the urban area.</p>

Multifamily Rental Housing Transaction Underwriting Guidelines (“Underwriting Guidelines”)

	<p><u>For City of Napa</u></p> <p>The Fund encourages infill development and the redevelopment of properties that have outlived their useful lives, where economically feasible. In general, the Fund seeks to distribute loans throughout the city in proportion to the population or housing needs of the various communities in the city and to avoid concentrating lending in a limited number of areas of the city.</p> <p><u>For both Napa County and City of Napa</u></p> <p>Land proposed for an affordable housing project must be suitable for development. Some characteristics of suitability include close proximity to transportation, services, schools, recreational amenities and compatibility with adjacent land uses. In negotiating the cost to acquire land, the developer should keep in mind that the development site should not have extraordinary costs associated with the proposed project, such as higher than typical grading costs due to unusually steep sloping or unstable soil characteristics or extraordinary costs to bring roads or utilities to the site, unless there exists some offsetting characteristic of the land, such as a lower price or there exists a County or City policy encouraging development at that particular location, that would provide equal or greater public benefit for allowing development as affordable housing.</p>
<p>Design Guidelines</p>	<p><u>For Napa County</u></p> <p>1. Site and building design. All projects may be subject to architectural review and developers may be required to provide renderings of the project with their pre-application. For projects located in the unincorporated parts of Napa County, developers of new construction projects are required to meet with the Director of Conservation, Development and Planning (or Director’s designee) prior to submitting a full application to the Fund. For projects located in the unincorporated parts of Napa County, developers of rehabilitation projects may be required to meet with Director of Conservation, Development and Planning (or Director’s designee) prior to Board of Supervisors approval. Developers should incorporate the principals of universal design by improving accessibility and ease of use for all residents.</p> <p><u>For City of Napa</u></p> <p>1. Site and building design. All projects will be subject to design review and developers may be required to provide renderings of the project with their pre-application. Developers of new construction projects are required to meet with City design review staff prior to submitting a full application to the Fund. Developers of rehabilitation projects may be required to meet with design review staff prior to Council approval. Developments should adhere to the City Design Standards, which provide guidelines for site layout, parking, building differentiation and orientation, and materials, among other design standards. Developers should incorporate the principles of universal design by improving accessibility and ease of use for all residents.</p>

Multifamily Rental Housing Transaction Underwriting Guidelines (“Underwriting Guidelines”)

	<p><u>For Both Napa County and City of Napa</u></p> <p>The pre-application requires an extensive design review package to be submitted. Architectural drawings for conceptual review must be submitted and shall include a site plan, building elevations, and unit floor plans (including the square footage of each unit). The site plan shall identify all areas or features proposed as project amenities, laundry facilities, recreation facilities and community space. Preliminary drawings must have a conceptual landscape plan and shall be at a scale that clearly shows the requested information. Blueprints need not be submitted. A narrative site description from the architect must accompany the preliminary drawings and shall address the following: lot dimensions, surrounding uses, prevailing setbacks, traffic patterns (if applicable), neighborhood amenities and availability of public transportation. The narrative should explain the orientation of the project design in relation to the site and area characteristics.</p> <p>2. Project must incorporate Crime Prevention through Environmental Design (“CPTED”) principles.</p>
<p>Livability standards</p>	<p>The Fund’s provision of affordable housing financing is a long term investment. Underwriting includes assuring that each development will be well-designed and well-constructed to provide decent, safe affordable housing over the long term for a population that does not have a wide range of housing choices.</p> <p>The quality and marketability of any housing unit is affected by its size and the livability of the space including the space's ability to accommodate the potential number of occupants and the necessary furniture. A larger unit does not guarantee the successful accommodation of a particular furniture layout over a more efficiently laid out smaller one. For Napa County, the project must meet all code requirements imposed by the Conservation, Development and Planning Department, but it may be appropriate to exceed these requirements for certain projects. For the City of Napa, the project must meet all code requirements imposed by the Community Development Department, but it may be appropriate to exceed these requirements for certain projects.</p> <p>Unit layout and size – Fund staff will carefully review unit size and layout for livability.</p> <p>Windows/Lighting/Ventilation – Units must be designed so that there is adequate natural light and ventilation.</p> <p>Building Shape and Appearance – The structure should respond to its context, enhance the neighborhood, and create a pride of place for its residents.</p> <p>Landscaping – The design should be appropriate for the intended use of all of the residents.</p>

Multifamily Rental Housing Transaction Underwriting Guidelines (“Underwriting Guidelines”)	
	<p>Quality of Building Materials – Materials must be of a quality and durability to assure long term viability of the structures.</p> <p>Open Space/Storage Space - The project must address adequate levels of the following, based on the type of project, location and target group. Examples of acceptable open space/storage space include: common space (e.g. community room and social services space, if applicable); secure, on-site laundry facilities; children's play area (family projects); storage space (both inside and outside of the unit); and open space (public and private space within the housing complex).</p> <p>Resident Service Community Space – Residential amenities, including but not limited to, common outdoor open space, common indoor space, private outdoor space (balconies, patios, etc.) should be incorporated into a project’s design. Innovative project designs and construction types/methods that result in reduced construction costs are encouraged.</p>
Inclusion of computer technology	Projects must provide the capacity for high-speed internet access in each unit by a means that does not impede use of a primary telephone line. This requirement may be waived for rehabilitation projects if infeasible.
Parking	In addition to providing the number of parking spaces required for the project by building code, special consideration should be given to security issues and safety elements for parking, including, but not limited to, pedestrian entrance and exits, lighting, open stairwells with clear visibility on each floor landing, and other design elements to ensure the tenant’s/public’s safety and well-being.
Accessibility requirements	The Fund expects the developer to be familiar with and comply with accessibility provisions of state and federal law. Information on federal requirements may be obtained from the U. S. Department of Housing and Urban Development and on state requirements may be obtained from the State of California Building Standards Commission.
Sustainability	<p><u>For Napa County</u></p> <p>Sustainability is an important policy objective for the Fund. Napa County has strong preference for new construction affordable housing projects seeking Fund assistance to be designed to LEED-NC Silver. Alternative standards will be considered; however applicants must explain why they have used an alternative set of sustainability standards and must explain the cost savings of use of those standards instead of the LEED-NC Silver. Rehabilitation projects should maximize sustainability features as well.</p> <p><u>For City of Napa</u></p> <p>All projects will comply with the City of Napa’s High Performance Building Standards, which are based on the California Green Building Standards (CAL Green).</p>

Multifamily Rental Housing Transaction Underwriting Guidelines (“Underwriting Guidelines”)

Part IV: Development Team

A. Development Team Underwriting and Qualifications

<p>Developer Experience</p>	<p>Applicants must meet Applicant Thresholds. In addition, when applicable, applicant team shall have a demonstrated successful track record in providing social services to the targeted population, and adequate capacity to provide social services, or shall contract with a service provider who does. This track record should be evidenced by documentation on project staffing levels, annual social service budget, sources of funds, types of services provided and contracts/agreements with third party service providers at existing projects.</p>
<p>Staffing and workload levels</p>	<p><u>Pipeline, Staffing and Workload Levels</u></p> <ol style="list-style-type: none"> 1. Applicant shall identify proposed project manager committed to the project. 2. Applicant shall identify current project pipeline including type of project, location, number of units and status. 3. Applicant shall identify the number of project managers on staff and the average number of current projects per project manager. <p>Applicant shall also describe the how project management is structured within their organization.</p>
<p>Funding Ability/ Financial Strength</p>	<ol style="list-style-type: none"> 1. The borrower’s capacity and financial strength are very important considerations when evaluating whether an affordable housing project will be successful. The Fund reviews the borrower’s financial statements and/or tax filings for at least the past three years plus the current year to date to evaluate whether there is sufficient income, equity and cash flow to undertake, carry out and successfully complete the proposed project. Co-borrowers and guarantors will be considered in this evaluation. 2. Developer may be asked to demonstrate that it has met the financial guarantee requirements of any lenders and investors as may be required for the project to obtain the anticipated funding.
<p>Identities of interest and related parties</p>	<ol style="list-style-type: none"> 1. Identities of interest and related parties. The applicant must identify any persons or entities (including affiliated entities) that plan to provide development or operational services to the proposed project in more than one capacity, and provide full disclosure of “related parties,” as defined in the CTCAC Regulations, Section 10302 gg (Definitions) of the October 22, 2009 regulations. 2. The Fund prohibits members of the boards of directors of nonprofit corporations and their immediate and extended families from participating financially in their organization’s projects.

Multifamily Rental Housing Transaction Underwriting Guidelines (“Underwriting Guidelines”)

B. Other Development Team Members

General Contractor	Although it is not necessary to select the project General Contractor (GC) at the Pre-Application stage, it is recommended that the applicant involve the proposed GC as early as possible during the project design stage. The Fund’s expectation is that the selected GC has relevant experience working on housing of a similar design to the project being proposed, and it is highly desirable that the developer have previous experience working with the proposed GC. Experience in projects with similar funding source types, such as Federal, state or local assistance is desirable, but not mandatory.
Construction Contract	<p>Form of Construction Contract:</p> <ol style="list-style-type: none"> 1. The form of construction contract should be an AIA Stipulated Sum or Guaranteed Maximum Price (G Max) contract, Document A101 and A201, with special conditions as appropriate. 2. Under a G Max contract, the Fund may require sharing of cost savings on the construction contract between the contractor and the Fund, depending upon the overall level of compensation to the contractor.
Architect	The project architect must have design experience with at least three recent and similar projects as the proposed project. The architect must show experience in similar construction types and similar project complexities as the proposed project. Experience in projects with similar funding source types is desirable, but not mandatory.
Property Manager	<p>The sponsor will include the property management company on the development team during the project design phase. The qualification of the firm should be submitted with the Pre-Application.</p> <p>The Fund reserves the right to approve or disapprove the property management company, management plan, and lease agreement as part of the Pre-Application and/or Full Application process and upon any subsequent change, and annually monitors all projects for occupancy, affordability, management and social service requirements.</p> <p>The Fund reserves the right to require the management company be changed if, in its sole discretion, the Fund determines the management company is not following policies and procedures specified in the approved management plan, lease agreement, or regulatory documents.</p> <p>For property management companies new to Napa, references from at least three property owners may be required.</p>
Construction Manager	Developer must identify specific staff or consultant(s) who will provide construction management functions on behalf of the owner, including: permit applications and expediting, cost analysis, completion evaluations, change order evaluations, scope analysis and schedule analysis.

Multifamily Rental Housing Transaction Underwriting Guidelines (“Underwriting Guidelines”)

Financial Advisor/Consultants	Consulting fees must not exceed \$100,000 and should be dependent upon the size and complexity of the project. Specific consulting services include: preparation of tax credit applications; preparation of Fund applications and other public agency applications; preparation of Affordable Housing Program (AHP) applications and applications for conventional financing, as well as provision of general development services such as the selection and coordination of the development team; loan documentation; and, processing local approvals and entitlements. Fees required for construction management are not included in this category.
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Part V: Project Underwriting Guidelines

A. Fund Debt – Terms and Conditions

1. Loan Terms

a. Method of Financial Assistance	Construction and Permanent Loans
b. Loan Sizing	<p>1. The loan amount shall not exceed the difference between total development cost and the maximum potential equity and debt raised from private and public sources other than the Fund. Fund staff shall determine the financial gap based on review of the application.</p> <p>2. In order to serve the widest array of projects in the County and/or City and to be as efficient as possible in providing affordable housing units, and to also protect investors and users from unnecessary risk, the Fund will generally limit the size of its loans using the following guidelines based on maximum loan amounts per unit and/or per bedroom.</p> <p>The maximum amount will be determined through an economic analysis of the project to ascertain the necessary funding required to achieve housing affordability. Comparable projects will be used as one indicator, along with consideration of the unit size, number of bedrooms, affordability level, length of affordability, availability of other subsidies, and local or regional project costs.</p>
c. Interest Rate	<p><u>3.0% simple interest</u> when developer has ability to repay Fund loan.</p> <p>0% if proposed use/operation has no income source for repayment; special needs developments may be offered the possibility of debt forgiveness tied to years of service provision. For example, a project with 20 year restrictions could be offered 5% debt forgiveness per year for each year of meeting the project’s housing and service obligations.</p>

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d. Loan Term	55 years from conversion of permanent financing; this loan term will run in the range of 55 to approximately 57 years.
e. Loan Repayment	<p>Determined on a project-by-project basis. Standard recommendation:</p> <p>Years 1-30: Fund/Developer 50/50 split of residual receipts; will be extended to 40 years if term debt is 40 years.</p> <p>Years 31-55: Fund/Developer 80/20 split of residual receipts</p> <p>Balance due at Year 56</p> <p>Fund portion of residual receipts may be shared with other public agencies in proportion to the respective loan amounts committed by each public agency.</p>
f. Refinance Proceeds	Fund/Developer 50/50 split of net refinancing proceeds (<i>net refinancing proceeds = proceeds after repayment of outstanding debt, refinancing costs, any funds invested in project and takeout of other third-party funding sources subject to Fund approval</i>).
g. Disbursement of Funds	50-50 distribution pari passu with construction lender and 10% withheld until project is completed (Certificate of Occupancy).
h. Draw Requests	Provided on a monthly basis or as needed.
i. Performance Bonds	Performance bonds may be required at the Fund’s discretion.
j. Conditions for Final Disbursement	<p>The Fund will hold back a minimum of 10% of loan proceeds until the following conditions have been met:</p> <ul style="list-style-type: none"> • Receipt of a Certificate of Occupancy, a Temporary Certificate of Occupancy or acceptable evidence of final sign-off from the Conservation, Development and Planning Department. • Achievement of 90% occupancy. • Fund’s receipt of complete rent rolls. • Evidence of application for property tax abatement if original proforma contemplated tax abatement. • Evidence that any conventional debt for the project has closed or will close concurrently. • Evidence that reserves have been fully funded and further, evidence that the replacement reserves levels are appropriate to

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	the development project. City of Napa has particular concerns that the levels of replacement reserves for small new construction projects be adequate to make future capital repairs, and may require higher than usual reserves levels for small new construction projects (ie projects under 20 units).
k. Reporting	Developer to provide Fund with copies of monthly construction inspection reports and draw reports provided to construction lender(s).
l. Cost Savings	<p>To the extent that there are Excess Sources (as hereafter defined), the applicant (and at this future point in time will then be the “Borrower”) shall make a special payment to the Fund within thirty (30) days of receipt by the Borrower of either (i) the approved final cost certification relating to the development, and (ii) the final equity payment from the Borrower’s limited partner, whichever is later to occur. The amount of the special payment shall be the lesser of (x) the outstanding principal balance of the Fund loan, plus accrued interest, and (y) Excess Sources. For the purposes of these Underwriting Guidelines, “Excess Sources” shall be defined as the amount by which the funding sources actually available to Borrower for acquisition and new construction and/or rehabilitation of the development exceed the actual aggregate cost for the acquisition and new construction and/or rehabilitation of the development, as such costs are determined by the final cost certification. Such payment shall be applied first to accrued interest, and then to outstanding principal.</p> <p>For projects using both Napa County and City of Napa funding, the Excess Sources would be shared between Napa County and City of Napa on a pro rata basis.</p>
2. Loan Related Fees	
<p><i>Note: if applicant is applying to both Napa County and City of Napa, applicant must pay each of the fees below, specifically the fees lettered a to d, to each entity (for example, loan application processing fees will be due to both the County and the City at the required payment times set forth below. For further clarification, an applicant would pay \$5,000 to Napa County and \$5,000 to City of Napa at the Pre-Application submittal; \$5,000 to each entity at Full Application, and the balance of the 1% fee to each entity at the close of escrow).</i></p>	
a. Loan Application Processing Fees	Loan fees will total 1% of the requested loan amount with a minimum fee of \$10,000 for any loan request under \$1 million. This 1% fee is non-refundable and is to be paid as follows: \$5,000 at Pre-Application submittal; \$5,000 at Full Application submittal; and the balance at the close of escrow.
b. Rehabilitation Technical Services Fee	For rehabilitation projects, the Fund charges an additional fee of \$5,000 beyond the loan application fee for rehabilitation technical services for a preliminary rehabilitation work write-up/cost estimate and subsequent inspections of work in place. This fee must be included in the total development cost of a proposed project and be paid at close of escrow.

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c. Loan Monitoring Fees

i. Initial Set Up Fee

The loan monitoring system set up fee is \$500 and is due at the close of escrow.

ii. Annual Monitoring Administration Fee

Compliance Monitoring fees must be incorporated into the operating proforma. The annual fees are based on a sliding scale. The base monitoring fee is \$70 per unit for the first 40 units. The base fee decreases \$10 for each unit more than 40 units, and decreases \$20 for each unit more than 80 units. For example:

- 1-40 units/beds @ \$70 per unit
- 41-80 units/beds @60 per unit
- 81+ units/beds @ \$50 per unit

Fees for the first two years will be withheld from the final disbursement of the Fund’s loan.

(Subject to annual increase based on CPI. Set annual escalator in proforma at operating expense escalation factor, generally 3.5%).

d. Loan Amendment and Modification Fees

The Fund will impose a \$2,500 fee to cover costs associated with modifications and amendments when they are requested by the applicant/borrower.

3. Affordable Housing Provisions

a. Term of Deed Restrictions

For Napa County

The Fund places a strong priority on financing projects that provide permanently affordable housing units. Consideration will be given to units with affordability restrictions that expire at some future date, but they should remain affordable for the longest possible time, and at a minimum for a term of 40 years.

For City of Napa

All units assisted by the Fund will be subject to affordability covenants in perpetuity.

b. Eligible Households

See Eligibility section.

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B. Private Permanent Financing – Terms and Conditions

1. Debt Service Coverage Ratio	<u>Minimum</u> 4% LIHTC: 1.10 – 1.20 9% LIHTC: 1.10 – 1.20 Maximum: Industry Standard
2. Loan to Value	Maximum 90% LTV. 80% LTV or less preferred. Subject to industry standards.
3. Loan Term	30-40 years (Shorter loan terms may apply subject to constraints imposed by State and Federal financing sources.)
4. Interest Rate	4% LIHTC: 100-300 basis points below conventional industry lending rates 9% LIHTC: Conventional industry lending rates The interest rate on the hard debt must be competitive with the prevailing market interest rate for similar financing structures with similar risk characteristics.

C. Cash Flow Projections (including Annual Reserves, Services and Fees)

1. Income

a. Rent Inflation Factor	2.5% annually (adjusted to industry standard annually).
b. Other Income - Description and Justification	The applicant should show the details of any miscellaneous income expected to be generated from the project. This income could include laundry machine income, storage, or other non-housing related income sources.
c. Other Income Inflation Factor	Not to exceed rent inflation factor and justification of inflation factor to be provided.
d. Lease-up Income	Lease-up income is defined as cash flow from the project operations prior to the conversion of the primary construction loan to a permanent loan. Lease-up income should <u>not</u> be shown as a source of funds for budgeting purposes; however, borrower must submit details of lease-up income amounts prior to conversion to permanent loan. Lease-up income can only be used to pay construction loan interest or reduce the Fund’s permanent loan.

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2. Expenses	
a. Operating Expenses	Operating expenses must meet the minimum standards set by CTCAC, and must not exceed the industry standards.
b. Vacancy Rates	<p>Vacancy rates will be set at the greater of the vacancy rate identified in appraisal, or at the following rates for stabilized occupancy: a minimum of 5% annually for multi-family projects and 10% annually for special needs and SRO projects and new construction. For mixed projects with both multi-family and special needs or SRO units, the multifamily component shall have a vacancy rate of not less than 5% and the special needs/SRO component shall have a vacancy rate of not less than 10%.</p> <p>Any commercial component of a project will have a vacancy rate set at the higher of the rate in the appraisal or 10% for stabilized occupancy.</p>
c. Operating Expense Inflation Factor	3.5% annually: The proforma operating expenses (excluding property taxes and replacement reserves) should not be inflated by less than one percent (1%) higher than the proforma revenues.
d. Replacement Reserves	<p>Minimum replacement reserves should be consistent with California Tax Credit Allocation Committee (CTCAC), California Debt Limit Allocation Committee (CDLAC), California Department of Housing and Community Development (HCD), and/or California Housing Finance Agency (CalHFA) requirements, as appropriate. In the absence of senior lender requirements, the Fund will require replacement reserves consistent with CTCAC standards.</p> <p>The Fund will require an annual audited financial statement including the balance, deposits, and withdrawals from the replacement reserve account. If the senior lender and/or tax credit investor does not require approval of withdrawals, the Fund shall reserve the right to approve.</p> <p>Limited partners can not take reserve accounts upon exit.</p> <p>Reserve levels must be supported by a capital needs assessment; this applies only to rehabilitation projects for Napa County applicants; for City of Napa applicants, this applies to both rehabilitation. Applicants will be required to meet the capital needs assessment standards set forth by CTCAC for rehabilitation projects, currently set forth in the 2009 regulations in Section 10322(4)(b).</p> <p>Applicants must provide evidence that the replacement reserves levels are appropriate to the development project. City of Napa has particular concerns that the levels of replacement reserves for small new construction projects be adequate to make future capital repairs, and may require higher than usual reserves levels for small new construction projects (ie projects under 20 units).</p>

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<p>e. Operating Reserves</p>	<p>Minimum operating reserves should be consistent with CTCAC, CDLAC, HCD, and/or CalHFA requirements, as appropriate. In the absence of senior lender requirements, the Fund will require operating reserves consistent with CTCAC standards.</p> <p>The Fund may require an annual audited financial statement including the balance, deposits, and withdrawals from the operating reserve account. If the senior lender and/or tax credit investor does not require approval of withdrawals, The Fund shall reserve the right to approve.</p> <p>For projects with tenant-based assistance and/or other operating subsidies that are renewable or terminate prior to the end of the Fund loan, reserves in excess of the CTCAC requirements may be required.</p> <p>Limited partners can not take reserve accounts upon exit.</p>
<p>f. Private Construction and Term Lender Fees</p>	<p>Total lender costs should be in the range of 1% to 3% of the loan amount for 9% LIHTC projects, and 4% to 8% for 4% LIHTC projects.</p>
<p>g. Property Tax Increases</p>	<p>2% annually (except for tax-exempt organizations). Payment In-Lieu of Taxes (PILOT) fee to be considered on a case-by-case basis.</p> <p>Developers/owners of projects with units restricted to households at 80% of area median income or less shall attempt to qualify for the property tax welfare exemption from the California Board of Equalization. In such cases, a nonprofit general partner of a limited partnership submits a certification that the limited partnership agreement provides sufficient management authority and duties to qualify the nonprofit general partner as managing general partner. If an exemption is not contemplated, the Fund may request that the borrower consider submitting an application in order to make the project feasible.</p>
<p>h. Limited Partner Asset Management Fee</p>	<p>Paid during years 1-15 from project cash flow after debt service prior to payment of a deferred developer fee or distribution of residual receipts. Potential range at Year 1: \$5,000 - \$7,500. May escalate annually at the minimum of CPI or 3%.</p>
<p>i. General Partner Asset Management Fee</p>	<p>Paid during years 1-55 from project cash flow after debt service and payment of deferred developer fee before distribution of residual receipts. Potential range at Year 1: \$10,000 - \$15,000 (<i>Limited Partner and General Partner Asset Management Fees combined not to exceed \$20,000 in Year 1.</i>) May escalate annually at the minimum of CPI or 3%.</p>
<p>j. Incentive Management Fee</p>	<p>Any incentive management fees must be paid from the Developer’s share of residual receipts; in no case will incentive management fees be paid or calculated before the annual repayment due to the Fund.</p>

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3. Developer Compensation from Cash Flow

a. Deferred Developer Fee	First draw on cash flow. Subject to repayment with interest within 10 years from date in service. Interest on deferred fees should be payable from the developer’s share of residual receipts, and the rate shall not exceed the interest rate of the Fund loan.
b. Other Developer Compensation	Any other proposed developer compensation shall be evaluated on a case-by-case basis.
4. Social and Supportive Services Budget	Evaluated on a case-by-case basis. Budgets are to be accompanied by detailed explanations of costs.

D. Developer Compensation and Requirements

Maximum Developer fees	<p>Developer fees include all funds paid at any time as compensation for developing the proposed project. They include all development consultant fees, processing agent fees, developer overhead and profit, construction management oversight fees if provided by the developer, personal guarantee fees, syndication consulting fees, and reserves in excess of those customarily required by multifamily housing lenders such as CDLAC or CTCAC.</p> <p>The maximum developer fee allowed by the identified leveraging source may be included in project costs. The maximum developer fee that may be eligible for payment from construction or permanent financing sources shall be one million, four hundred thousand dollars (\$1,400,000) regardless of whether the project is a 9% or 4% LIHTC deal, with any unpaid developer fee balance to be paid from annual, excess cash available following the payment of all project operating costs, debt service, reserve deposits and administrative fees. However, no developer fee may be disbursed from any source without the approval of the Fund.</p> <p>For projects not using bonds and/or tax credits, such as small supportive housing developments or small rehabilitation projects, the maximum developer fee shall be determined on a per unit basis: \$25,000 per unit for the first ten units, \$15,000 per unit for units 11 through 30, and \$12,000 per unit for units 31 and above. In no case shall the developer fee exceed 15% of the total development costs.</p>
Deferred Developer Fee	Same requirement as above since this item is both a development budget and cash flow issue. First draw on cash flow. Subject to repayment with interest within 10 years from date in service. Interest on deferred fees should be payable from the developer’s share of residual receipts, and the rate shall not exceed the interest rate of the Fund loan.

Multifamily Rental Housing Transaction Underwriting Guidelines (“Underwriting Guidelines”)

E. Other Financing Sources – Terms and Conditions

<p>Maximum Leverage Required</p>	<p>It is expected that the applicant will leverage all available outside funding sources to the greatest extent possible to minimize the Fund’s gap funding. During the earliest stages of the project development, the applicant is strongly encouraged to explore as many outside funding sources as possible. The applicant should provide to the Fund evidence of their activities in soliciting proposals from the various funding sources and/or detailed information supporting their funding assumptions.</p>
<p>Debt Sources</p>	<p><u>Construction Loan</u> Applicants are required to actively solicit bids from prospective construction lenders in order to best leverage the use of construction funds while also working to minimize interest expense, credit enhancement costs, and lender fees incurred by the project. Applicants shall contact at least three different construction lenders to compare the various terms and conditions to see which loan program may work best with the proposed project.</p> <p><u>Permanent Loan (Conventional mortgage loan or tax-exempt bond proceeds)</u> Applicants are required to actively solicit bids from prospective permanent lenders in order to best leverage the use of bond proceeds or private mortgage loans for their proposed project. Although applicants are not encouraged to use bank loans or tax-exempt bond proceeds for debt leveraging that would jeopardize the long-term viability of the project, they are encouraged to seek out the most competitive terms and conditions that allow for the maximum leveraging of project cash flow, while ensuring the long-term viability of the project operations. A project must have sufficient value to provide security to the primary hard debt lenders. An applicant must be able to show evidence that the project as proposed meets this requirement. The applicant can show this by providing preliminary commitment letters from lenders and/or an appraisal by a qualified appraiser showing that sufficient due diligence has been conducted to qualify the project for the proposed hard debt amount. The Fund will allow leveraging of these hard debt funds to the extent that the cash flow projected from the operations of the project will result in a Debt Service Coverage Ratio of at least 1.10, but no greater than 1.20.</p> <p>In the event the applicant chooses a permanent lender that provides a loan in amounts lower than the highest lender bid or at an interest rate, debt coverage ratio, or cost that is higher, the applicant must provide information to the Fund, in sufficient detail, explaining the greater benefit to the project of that lender’s proposal.</p>

F. Tax Credit Equity Commitment

	<p>Applicants are required to actively solicit bids from prospective tax credit equity investors. As with construction lenders, the applicant shall contact at least three different tax credit equity investors or syndicators to compare the various terms and conditions, such as tax-credit factors and pay-in schedules, to see which investor or syndicator may be able to provide the most beneficial tax credit equity contributions for the proposed project.</p>
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	In the event the sponsor chooses the tax credit investor that provides equity in amounts lower than the highest equity bid, the sponsor must provide information to the Fund, in sufficient detail, explaining the greater benefit to the project of that investor’s proposal.
G. Exceptions to Guidelines	
	<p>Exceptions to the Fund’s underwriting policies will be granted in limited situations if staff concludes a waiver is appropriate and approves the request. Requests for exceptions must be submitted by the applicant in writing. It shall be at staff’s sole discretion to determine the appropriateness of the request.</p> <p>For Napa County, requests for exceptions must be submitted by the applicant to the Housing Director who will approve or disapprove such requests in writing.</p> <p>For City of Napa, requests for exceptions must be submitted by the applicant to the Community Development Director who will approve or disapprove such requests in writing. Appeals may be made to the City Manager.</p>
H. Commercial Space Underwriting Guidelines	
	To be determined on a case-by-case basis and subject to industry standards.
Part VI: Third Party Reports	
Appraisals	<p>All appraisers must be state-certified MAI appraisers who do not have an identity of interest with any member of the development team or sponsor. Appraisals must be prepared no earlier than six months prior to the date of the land or building’s purchase contract, or if land or buildings have not been purchased, no earlier than six months prior to the Fund application date. Appraisals prepared for the project’s lender(s) may be accepted with Fund’s approval. Appraisals are to be submitted as soon as possible, but no later than two months before the projected closing date of the Fund loan and/or the construction loan. Appraisals for rehabilitation projects must include “as-is” and “postrehabilitation” values. Appraisals for new construction must include a land valuation and completed value. The property value shall be based on an appraisal that takes restricted rents and the value of below-market financing and tax credits into consideration, as applicable.</p> <p>The appraisal must be commissioned by the senior lender or by the Fund, funded through project costs, and performed by a reputable agency that is acceptable to the Fund. The appraisal must address unit type demand at the submarket level (or other geographic area if deemed more appropriate), and must provide unit comparables of other restricted affordable apartments. The valuation methodology should assess:</p>

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	<ul style="list-style-type: none"> • Value of unimproved land • Value as-improved without rent restrictions • Value as-improved with restricted rents • Value of below-market financing • Value of tax credits • Value of commercial space, if any. <p>The Fund should be consulted in determining the scope of appraisal to ensure it meets the County’s underwriting needs. As Napa’s real estate market can change rapidly, an update for appraisals less than six months old may be appropriate for purposes of accurate valuation. For leasehold properties, appraisals should define market value and estimate the property’s below-market value. The appraisal valuation, whether for fee simple or leasehold properties, should support the amount of the first-priority loans as well as the Fund’s loan amount.</p>
Market study	Market studies must be consistent with CDLAC and/or CTCAC requirements. For projects not using those resources, the market study must include three rent comparables for each unit type from similar properties within a one-mile radius of the project, or, if not available within a one-mile radius, the three comparables closest to the project, subject to Fund approval.
Rehabilitation assessment	<p>A capital or physical needs assessment of the property must be submitted that details the conditions and remaining useful life of the building’s major components, including but not limited to electrical, plumbing, HVAC, foundation, and roofing. The scope of rehabilitation work identified in the application should match the findings of the physical needs assessment.</p> <p>The physical needs assessment must be prepared by the project architect or a qualified independent third party, neither of whom has an identity of interest with any member of the development team or sponsor. The needs assessment must be performed no earlier than 120 days prior to the application.</p> <p>The physical needs assessment shall include a 15-year reserve study, which indicates the expected dates and costs of future replacements of all major building components that are not being replaced immediately. The assessment shall also include a schedule of reserve contributions needed to fund those replacements.</p>
Phase I or Phase II environmental assessments	Every application must include a Phase I Environmental Assessment which must follow the standards outlined in the American Standards of Testing and Materials (ASTM) standards (E 1527-05) to discover the potential presence of onsite and neighboring property contamination, (including but not limited to lead-based paint, asbestos, and methane) and will have been completed within the last six months. If a project’s Phase I Environmental Assessment indicates the need for further assessment, a Phase II report must be submitted. The applicant must include a cost estimate for any required remediation.

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Lead-based paint/Asbestos	All rehabilitation projects and new construction projects, which involve demolition of existing structures in advance of the rehabilitation or new construction, must submit an asbestos assessment and lead-based paint report completed within the past twelve months. For new construction projects where there is complete demolition of all existing structures, the applicant may submit a letter in lieu of a lead test report indicating that he/she will assume the presence of lead and follow the appropriate (federal, state, and local) lead hazard abatement protocols. For occupied sites, assessment must include minimally-invasive sampling and readily-accessible surfaces. Testing for asbestos shall be subject to AQMD standards. As it relates to lead-based paint, testing and compliance shall be consistent with those standards outlined in HUD’s “Guidelines for the Evaluation and Control of Lead-Based Paint Hazards in Housing” (June 1995), including chapter 7- Lead-Based Paint Inspection (1997 Revision), which are the industry standard. If the assessment determines that lead is present, (except for new construction with complete existing structure demolition as indicated above), a Lead Abatement Plan must be submitted with application.
Soils report	All new construction projects must submit a soils report completed within the last twenty-four months for the purpose of evaluating the geo-technical engineering characteristics of the on-site subsurface soils relative to the anticipated development. The report shall include the description of the field exploration and laboratory tests performed; evaluation of soil liquefaction potential; conclusions and recommendation relating to construction of the proposed residential development based upon the analyses of data from exploration and testing programs; and knowledge of the general and site-specific characteristics of the subsurface soils. Reports for sites occupied by structures must include subsurface investigations that are conducted in compliance with, and subject to, Napa County’s Department of Building and Safety standards and/or City of Napa Community Development Department standards.
Pest report	All applications for rehabilitation projects must submit a pest report completed within the previous 6 months. If the report shows repairs necessary, these costs must be included in the construction budget and scope, and a clear pest report will be required at the conclusion of construction. The pest report must be prepared by a company licensed by the State of California Pest Control Board.

End.