



**CHIEF EXECUTIVE OFFICE
HOMELESS INITIATIVE**

QUESTIONS AND ANSWERS

FOR

REQUEST FOR STATEMENT OF INTEREST:

**IDENTIFICATION OF NONPROFIT OR FOR-PROFIT ENTITIES TO APPLY
JOINTLY WITH THE COUNTY OF LOS ANGELES FOR HOMEKEY
ROUND 2 NOTICE OF FUNDING AVAILABILITY**

November 5, 2021

NO. CFCI-CEO-2021-04

QUESTIONS AND ANSWERS

RFSI #CFCI-CEO-2021-04

1. QUESTION: Is this a bid for another PRK program titled Home Key round 2?

RESPONSE: Homekey Round 1 built on the success of Project Roomkey (PRK), which is a program that provided temporary housing for people experiencing homelessness who are vulnerable to serious illness or death if infected by Covid-19. Both Homekey Rounds 1 and 2 are separate programs from PRK. You may find more information about the Homekey Program in the link below:

[Background | Homekey \(ca.gov\)](#)

2. QUESTION: What is the direct link to this bid?

RESPONSE: Visit <https://camisvr.co.la.ca.us/LACoBids/>;
Click 'Open Solicitations' link; and
Type "CFCI-CEO-2021-04" in the search bar

Or click below for RFSI #CFCI-CEO-2021-04 document itself:

https://homeless.lacounty.gov/wp-content/uploads/2021/10/RFSI_CFCI-CEO-2021-04.pdf

3. QUESTION: We have just reviewed the RFSI and think that our property management company may be able to help with some of this project. I wanted to know if we would be able to qualify for this. We manage several building, throughout Los Angeles County. Please let me know so I can proceed with submitting the Statement of Interest.

RESPONSE: Required respondent qualifications are included in the RFSI. The CEO welcomes responses from qualified entities.

4. QUESTION: For permanent housing projects

- Can we have SROs apply (bathroom down the hall) or do we need to convert to one-BR?
- For our properties for which we are adding units, can we covenant only the new units if they are on the same parcel? In other words, what if we want to do mixed use?
- Can we apply for funding for the existing hotels that were already acquired with Homekey 1 (eg. For PSH conversion)?

RESPONSE:

- SROs are considered eligible units.
- All Interim Housing, Transitional Housing, and Congregate Shelter projects must be encumbered with a 15-year covenant. All Permanent Housing Projects must be encumbered with a 55-year covenant. Mixed use developments will be considered.

- c. Existing Homekey Assisted Units, previously awarded under the first round of Homekey funding, are ineligible for funding under the Homekey Round 2 NOFA.

5. QUESTION: For transitional housing projects:

- a. Do shelters qualify?
- b. Can we use houses with bedrooms? If so, do we count number of rooms or number of beds?

RESPONSE:

- a. Interim housing, transitional housing and congregate shelters are eligible to apply for Homekey funding.
- b. Houses with bedrooms are eligible to apply for funding. A “door” at the time of acquisition would be considered a room or a unit, not the number of beds in a bedroom.

6. QUESTION: Site control:

- a. What evidence is needed 11/12/21 vs 1/24/22?
- b. Has the county identified properties or can we identify properties or both?
- c. Is ownership with the agency or joint with the county or what?

RESPONSE:

- a. No evidence of site control must be submitted with a respondent’s application to this RFSI. However, it is welcome if a respondent already has site control at the time of submission to the County’s RFSI. Evidence of site control at the time that the County and Co-applicants apply for funding from HCD is required. HCD’s acceptable forms of site control include: 1) Fee title/leasehold interest; 2) Option agreement/sales contract; 3) Exclusive negotiating agreement; or 3) Letter of Intent.
- b. The CEO welcomes independently identified properties in a respondent’s submission to this RFSI.
- c. Ownership by either the Eligible Applicant or Co-applicant is allowable by the state. The County is considered the Eligible Applicant and may apply for Homekey funding jointly with a nonprofit or for-profit corporation as co-applicants, as stated in this RFSI. Through this RFSI the County is seeking co-applicants who are interested in owning the properties, but a final determination regarding the ownership structure of properties acquired through a joint application with the County will be made after co-applicants have been selected.

7. QUESTION: Is there someone to assist us in applying for this RFP?

RESPONSE: The CEO does not provide assistance in preparing responses to the RFSI. However, as described in the RFSI, selected co-applicants will have two consultations with the CEO to review questions about the Homekey application(s).

8. QUESTION: Is the 300 square feet per unit gross square footage or interior space?

RESPONSE: 300 square feet of floor area.

- 9. QUESTION:** for a transitional project are you accepting a new construction project to be delivered in the timeframe that is stated in the NOFA
- RESPONSE:** Eligible projects include new construction, rehabilitation of existing residential units, and adaptive reuse of nonresidential structures. Please see Section 201 Eligible Uses and Section 202 Eligible Projects in the Homekey Program, Round 2 NOFA for a detailed list. All eligible projects, including transitional projects, must be delivered within the timeframe stated in the NOFA.
- 10. QUESTION:** Regarding the max # of units for each SPA for Family Interim and TAY interim, do those indicate the preferred # units per site or for the entire SPA?
- RESPONSE:** These numbers reflect the target number of units at each site. As they are preferred features, other unit counts will also be considered.
- 11. QUESTION:** Are properties in the City of Los Angeles eligible for submission to this RFP as well?
- RESPONSE:** The CEO welcomes properties in any area across all the County of Los Angeles, including sites within the City of Los Angeles.
- 12. QUESTION:** Does LACDA have specific sites/properties identified or is LACDA looking for respondents to propose sites/properties?
- RESPONSE:** Respondents may submit proposed sites in their applications. The CEO has released a list of property owners and brokers interested in working with potential co-applicants. It can be found at the following link:
- <https://homeless.lacounty.gov/wp-content/uploads/2021/11/Broker-and-Owner-List-for-Public-Distrib.pdf>
- 13. QUESTION:** Can Homekey Round 1 owner operators apply for operating subsidy through this RFSI for conversion of Homekey Round 1 properties from interim housing to PSH?
- RESPONSE:** Existing Homekey Assisted Units, previously awarded under the first round of Homekey funding, are ineligible for funding under the Homekey Round 2 NOFA.
- 14. QUESTION:** Are the funds a grant or a loan?
- RESPONSE:** Homekey Round 2 funds are considered grants for multifamily affordable housing development.
- 15. QUESTION:** Can rent be collected on the properties? If yes, how much?
- RESPONSE:** Rent is anticipated to be collected at Homekey properties. Respondents should review the Homekey program regulations for rent restrictions applicable to proposed properties. The CEO shall work with the selected respondents to identify non-Homekey rental or operating subsidies.

16. QUESTION: If we are a builder in need of a youth subpopulation partner (THP-NMD or THPP-like) for Homekey, is there anyone interested? We have a nearly shovel-ready project for northern LA County in Agua Dulce, but our max possible score according to the state would be 117 (need 120). Our CCL-discussed plan would qualify for THP-NMD if we had the MSW staff. According to HCD, we qualify for at least 24 doors buildable in the first timeframe with another 30 ready for the 2022-2023 NOFA timeframe. So we need to get an ops partner to help us make our application competitive. Can you help us find that partner?

RESPONSE: The CEO welcomes responses from qualified entities and will work with selected co-applicants to develop competitive Homekey applications.

17. QUESTION: Must all applicants for Project Homekey Round 2 have direct housing development experience or shelter/transitional housing operation experience?

RESPONSE: Selected applicants must meet the minimum experience requirements outlined in Attachment II FINAL of the RFSI to be eligible for consideration.

18. QUESTION: Can an applicant with experience providing supportive services partner with an organization with direct housing development experience or shelter/transitional housing operation experience to submit an application?

RESPONSE: The CEO welcomes responses from qualified entities. Housing development teams may include external service providers.

19. QUESTION: Is this program a grant or a financing program?

RESPONSE: Homekey Round 2 funds are considered grants for multifamily affordable housing development.

20. QUESTION: What would the covenant conditions be?

RESPONSE: All Interim Housing, Transitional Housing, and Congregate Shelter Projects must be encumbered with a 15-year affordability covenant; all permanent supportive housing projects must be encumbered with a 55-year affordability covenant.

21. QUESTION: Are they going to be rehab funds attached the to acquisition or do agencies have to fundraise for themselves?

RESPONSE: Homekey funds may be expended for rehabilitation and acquisition as stated in section 201 in the Homekey Round 2 NOFA. The County may have additional funds available to support rehabilitation of the acquired properties.

22. QUESTION: 3.3Aic asks for a development plan that supports site acquisition and funds expenditure by the Homekey deadlines; 3.3C requests a description of the proposed implementation plan with a timeline reflective of Homekey deadlines for acquisition and construction. Should these be the same document or is there something specific (and different) that is being required for each?

RESPONSE: Section 3.3Aic of the RFSI asks for evidence of strong organizational and financial capacity to develop the project. Otherwise, the same information is requested in 3.3C and the same document may be referenced to meet this requirement.

23. QUESTION: When will awarded funds be made available? At acquisition or perhaps before?

RESPONSE: Capital funds will be disbursed after the Standard Agreement has been fully executed and approved by HCD unless the Standard Agreement specifies conditions precedent to disbursement. To avoid any expenditure delays, funds may be issued directly to an escrow company that has been approved by HCD if the full award is to be used toward acquisition. Bonus operating awards may be reimbursed after awardees show proof of meeting the expedited full occupancy timeline with a rent roll (if applicable).

24. QUESTION: Can a respondent use the experience of a team member to demonstrate development experience?

RESPONSE: Experience from a staff member does not satisfy the requisite experience. The co-applicant is the organization and experience must be demonstrated by the organization's prior experience. The development, ownership, or operation experience requirements may be achieved with any of the organization's prior affordable housing experience.

25. QUESTION: We're interested in applying for \$30k-\$60k operating funding to purchase common area and in-unit furniture for Permanent Supportive Housing. Can the operating funding/subsidy be provided as a loan that is paid back at later date? Can funding be provided as a lump sum?

RESPONSE: All Homekey funds are grants. Please see Section 206 of the Homekey Round 2 NOFA to understand the prerequisites for receiving operating funds and qualifying expenses.

26. QUESTION: Do projects applying for operating funding/subsidy have to be constructed using prevailing wage?

RESPONSE: Applicant's contemplated use of Homekey funds is subject to California's prevailing wage law. Please see Section 506 of the Homekey Round 2 NOFA for more information.

27. QUESTION: Does the County intend to purchase the properties identified in the applicants RFSI and then transfer ownership to the applicant or does the County intend for the applicant to purchase the site with the awarded funds OR does the County intend for the applicant to purchase the site and then be reimbursed after awarded?

RESPONSE: The County intends to use the Homekey funds for acquisition costs. The County does not anticipate owning the selected Homekey properties. However, ownership of the property will be discussed in an early consultation with selected co-applicants. HCD capital funds will be disbursed after the Standard

Agreement has been fully executed and approved by HCD unless the Standard Agreement specifies conditions precedent to disbursement. To avoid any expenditure delays, funds may be issued directly to an escrow company that has been approved by HCD if the full award is towards acquisition.

28. QUESTION: Once a site is acquired will the County use their sovereignty to support entitling the project?

RESPONSE: The County does not anticipate owning the Homekey properties. Properties are subject to local zoning and land use regulations.

29. QUESTION: are congregate care facilities allowed for (a) Permanent Housing, and/or (b) At Risk Youth?

RESPONSE: Interim Housing, Transitional Housing, and Congregate shelters are considered temporary shelters, not permanent housing. Homeless Youth and Youth at Risk of Homelessness projects may be Interim Housing, Transitional Housing, Congregate Shelters or Permanent Supportive Housing projects.

30. QUESTION: If a building undergoing rehab will be delivered by the Seller completed at the time of sale (so no additional rehab or development left to be done), does a developer with the required experience need to be part of the team?

RESPONSE: As described in Attachment II of the RFSI, the respondent needs to demonstrate experience for a project similar in scope and size. If the proposal does not include rehabilitation, then the experience of the co-applicant does not need to include rehabilitation as it is not a part of the scope of the proposal.

31. QUESTION: For a hotel conversion, we anticipate that the 300 square feet per unit minimum will be difficult to achieve for all units. Can the 300 square foot minimum be an average, or will the County be able to waive this minimum size requirement for permanent housing? It appears that the minimum unit size requirement does not apply to interim housing or TAY units. Is this correct?

RESPONSE: As per the RFSI, the 300 square feet per unit minimum size is preferred for Permanent Supportive Housing units. However, other unit sizes will still be considered. It is also preferred that units in family Interim housing properties be suitably sized for families with two or more members, and it is preferred that TAY interim projects have open space (or the ability to create these spaces through renovation) and office space to adequately service the target population.

32. QUESTION: Given the maximum price per door that the County has published is higher than the State's maximum contribution, will the County be providing the difference in the form of a match? If so, will this be a grant or long term residual receipts loan, or other form of contribution?

RESPONSE: The County expects to provide the capital match in the form of a grant to maximize the State's maximum Homekey contribution. The maximum price per door, as illustrated in the CEO's RFSI, best leverages the maximum HCD Homekey contribution as described in the HCD Homekey Round 2 NOFA.

- 33. QUESTION:** If a principal (owner, founder, Executive Director, etc) of a newer organization has the requisite experience, can that count toward the organization's experience?
- RESPONSE:** Experience from a staff member does not satisfy the requisite experience. The co-applicant is the organization and experience must be demonstrated by the organization's prior experience.
- 34. QUESTION:** Would the county support a mix of TAY and permanent housing (for younger adults who do not meet the age requirement of TAY) in one building?
- RESPONSE:** TAY projects may be either interim or permanent housing. The County will consider a project proposal with a mix of target populations, including TAY, Chronic Homelessness, or Homelessness.
- 35. QUESTION:** For what period of time after site purchase/acquisition is the deed restriction?
- RESPONSE:** Per HCD's Homekey Round 2 NOFA requirements, all Interim Housing, Transitional Housing, and Congregate Shelter Projects must be encumbered with a 15-year affordability covenant; all permanent supportive housing projects must be encumbered with a 55-year affordability covenant. The deed restriction begins when the project is placed-in-service.
- 36. QUESTION:** After the deed restriction expires, who owns the asset?
- RESPONSE:** After the deed restriction expires and drops off the title, ownership will stay with the entity that owns the property at that time, which will most likely be the co-applicant(s).
- 37. QUESTION:** Can Homekey funds be used to refinance debt incurred to pay for costs incurred prior to March 31, 2021 of an existing multifamily project for which site control is already attained?
- RESPONSE:** The County is open to discussing any project that meets or exceeds the Homekey eligibility requirements. Refinancing debt on a Homekey project may be discussed with HCD during a pre-application meeting with a selected co-applicant. Please see section 201. Eligible Uses in HCD's Homekey Round 2 NOFA.
- 38. QUESTION:** For an acquisition, is any rehab required or can it just be an acquisition?
- RESPONSE:** If rehabilitation is not applicable at a project site, it is not a required. Acquisition only capital costs are allowable. Please see Section 201. Program Deadlines in HCD's Homekey Round 2 NOFA.
- 39. QUESTION:** Section 201 states that an eligible use can be "the purchase of affordability covenants and restrictions for units". Does the purchase of affordability covenants have to be an affordability covenant required per a non-Homekey financing source? Suppose it does, assuming we are able to acquire non-Homekey soft financing that comes with affordability requirements but a

paydown of existing debt would be necessary due to the lower income levels, would this be considered an eligible use of Homekey funds?

RESPONSE: While the purchase of affordability covenants and restrictions for units is among the eligible uses of Homekey funds, it is not one of the project types that the RFSI indicates that the County supports. Please review pages one and two of the RFSI for the types of projects the County supports.

40. QUESTION: **Attachment I, Page 1** – are sites in the city of LA eligible to be considered by LA County? The preferred features of potential permanent supportive housing properties implies that a site in all service planning areas regardless of city.

RESPONSE: Please see response to Question 11.

41. QUESTION: **Attachment I, Page 2** – Will LA County require the use of a CASp consultant? If so, is sign off from the CASp consultant at project completion acceptable, or will LA County have additional CASp reviews related to accessibility?

RESPONSE: The County requires the use of CASp consultant under most circumstances. The County will engage in a dialogue with selected co-applicant(s) to assess whether additional CASp reviews are needed.

42. QUESTION: **Attachment I, Page 2** – Are the Homekey funds treated as a soft loan from HCD or LA County to the project? If so, what are the proposed terms of the loan? Or, are the Homekey funds treated as a grant to the project?

RESPONSE: Please see response to Question 14.

43. QUESTION: **Attachment I, Page 2** – How long are the operating subsidies if the project is for single adults? This section on page 2 is titled “ Operating Subsidies for Permanent Supportive Housing”, but the first bullet point only mentions Family Interim Housing and not PSH

RESPONSE: The County is seeking to commit non-Homekey operating funding to permanent supportive housing projects (including for single adults) for four or more years, which will enable the County to draw down HCD’s Homekey operating subsidy for three years.

More broadly, HCD’s Homekey Round 2 NOFA indicates that both Permanent Supportive Housing and Interim Housing projects must submit funding commitments or other reasonable assurance to cover operations and service costs with specific funding sources for the proposed project for 5 years and submit a budget to cover operations and services costs through year 15 from the recordation of the use restriction. Please see Section 206. Operating Subsidies and Match, Section 301. Permanent Housing Requirements, and Section 302. Interim Housing Requirements in HCD’s Homekey Round 2 NOFA.

44. QUESTION: **Attachment II, Section 3.3.A. and 3.3.C.** – The stated purpose of the RFSI is “to identify qualified nonprofit or for-profit entities to apply jointly with the County of Los Angeles for the Homekey Round 2 program. Respondents to this RFSI

that are selected as co-applicants will acquire, rehabilitate, provide property management, and in some cases, provide permanent supportive housing for the Target Population”. The narrative required under 3.3 implies that respondents need to apply to the RFSI with a specific Homekey development site. If a potential qualified developer / respondent doesn’t have a specific Homekey development site, please clarify how developers should respond under section 3.3.A. and 3.3.C. Further, will LA County only consider respondents that submit a specific development site?

RESPONSE: Respondents may submit proposed sites in their applications, although it is not required that they have specific sites identified or under site control at the time of RFSI submission. The CEO will work with selected co-applicants on project sites. The CEO has released a list of property owners and brokers interested in working with potential co-applicants. It can be found at the following link:

<https://homeless.lacounty.gov/wp-content/uploads/2021/11/Broker-and-Owner-List-for-Public-Distrib.pdf>

45. QUESTION: **Attachment II, Section 3.0, 3.3.A., 3.3.C.** – Can funds be used to acquire a site that is still under construction with the understanding that acquisition of the project under construction would need to be completed with 8 months of award, and construction of the project would need to be complete within 12 months of award.

RESPONSE: Homekey funds can be used for site acquisition costs. As long as the project meets HCD’s deadline requirements, it would be satisfactory. Please see Section 204. Program Deadlines in HCD’s Homekey Round 2 NOFA.

46. QUESTION: **Attachment II, Section 3.4.B.** – Please clarify what the Administrative Fee is expected to cover. The first sentence seems to imply the fee is available only if we secure other funding sources, but the second sentence says the fee is for providing all “services” for proposed projects. Please define “services”.

RESPONSE: Administrative Fees for Homekey 2 will be reviewed in compliance with the State’s Housing and Community Development’s guidance and requirements for administrative fees. The County will review administrative fees proposed.

47. QUESTION: Can the RFSI be submitted with a link to download submission attachments (via OneDrive, Dropbox, etc)? I am concerned the file sizes might be too large to email.

RESPONSE: The County will issue instructions for entities wanting to submit via link.

48. QUESTION: For clarification, do the agencies have to find and identify the properties to be used, will a list of properties be supplied?

RESPONSE: The CEO has released a list of property owners and brokers interested in working with potential co-applicants. It can be found at the following link:

<https://homeless.lacounty.gov/wp-content/uploads/2021/11/Broker-and-Owner-List-for-Public-Distrib.pdf>