ADDENDUM NO. 1

NOTICE OF FUNDING AVAILABILITY
FOR
SUPPORTIVE HOUSING FOR HOMELESS FAMILIES FUND
(Dated September 14, 2012)

FIRST 5 LA

Date of this Addendum: October 5, 2012

Notice: This addendum is issued before the application due date to inform applicants of revisions to the Notice of Funding Availability (NOFA) Documents and is hereby made a part of the NOFA Documents. The following changes, additions, and/or clarifications shall be incorporated into the requirements for the NOFA. In case of a conflict between requirements in the NOFA and this Addendum, this Addendum shall govern. All requirements set forth in the applicable portions in the NOFA Documents remain valid unless otherwise specified under this Addendum. The balance of the NOFA documents remains unchanged.

CHANGES

1. Section 1.2, NOFA Timeline, the following dates are revised to read:

October 18, 2012 – Applications accepted between 9:00am and 3:00pm
October 19 – 2012 – Applications accepted between 9:00am and 12:00pm
APPLICATIONS RECEIVED AFTER 12:00 NOON ON FRIDAY, OCTOBER 19, WILL NOT BE ACCEPTED AND WILL BE RETURNED UNOPENED.
November 13, 2012 – Declination letters sent to Applicants not selected
November 28, 2012 – Last day to appeal

2. Section 2.2.3 Sex Offender Restrictions

Capital Development & Gap Financing Funds

First 5 LA funds may not be used to serve a family where any member of the household is or in the future becomes a registered sex offender. Furthermore, in order to ensure the safety of children pursuant to First 5 LA goal area #3, housing developments funded under the Capital Development or Gap Financing Funds must include a provision in the property management plan which prohibits admission into any unit in the development of a household that includes, at any time while program participants are occupants of the building, a member who is subject to a lifetime registration requirement under a State sex offender registration program (for clarification purposes lifetime registration does not include former registrants that are properly removed from registration by State authorities). Such provision should be consistent with the prohibition on sex offenders for the Section 8 program (found at 24 CFR 982.553(a)(2) and PIH 2012-28 and H 2012-11).

Property managers must perform criminal background checks on all Applicants before leasing to determine whether any household member is subject to a lifetime registration requirement in California or any other State where the household members are known to have resided. Property managers must establish a procedure for verification on a regular basis that no tenants in the building are or have become subject to lifetime registration. All tenant leases must include a provision that the tenant is in
default if a household member is a registered sex offender or if a household member at any time in the future becomes a registered sex offender. Property managers shall take prompt action to evict tenants when these lease defaults are discovered.

Rental Assistance & Service Fund

Service providers or property managers must perform criminal background checks on all Applicants before leasing to determine whether any household member is subject to a lifetime registration requirement in California or any other State where the household members are known to have resided.

3. Section 3.1 Capital Development Fund – Funding Limits

a) The following sentence is added at the end of the first paragraph:

Projects may request up to $200,000 per unit, regardless of unit size. Studios and SROs are excluded from funding as they are inappropriate for families.

b) The following sentence is added to the end of this section:

If supportive service funds are requested, all funds must be fully expended within two years of the Certificate of Occupancy date.

4. Section 3.3 Eligible Uses of Capital Development Funds, first bullet point is revised as follows:

- Acquisition of vacant buildings that require little to no rehabilitation, provided that the project does not involve any relocation costs and can be ready for occupancy within 6 months of contract date.

5. Section 3.4 - Ineligible Uses for Capital Development Funds

The following bullet point is added to ineligible uses:

- Rehabilitation of existing housing currently in operation

6. Section 3.7 Financing Terms, additional bullet point is added as follows:

- Covenants, Conditions, and Restrictions will contain age restrictions related to the age of the children

7. Section 3.8 Design Requirements, second paragraph, first sentence is revised to read:

The design evaluation of new construction and acquisition with substantial rehabilitation projects will take into consideration whether the project has been thoroughly vetted by a public design review body (in addition to the zoning and building and safety requirements) provided this process and its outcome is adequately described in the project design description.
8. **Section 4.1 Funding Limits (Gap Financing Fund)**

a) The following is added at the end of the first paragraph:

Projects may request up to $200,000 per unit, regardless of unit size. Studios and SROs are excluded from funding as they are inappropriate for families. The minimum capital request is $1 million.

b) The following sentence is added to the end of this section:

If supportive service funds are requested, all funds must be fully expended within two years of the Certificate of Occupancy date.

9. **Section 4.4 Ineligible Uses of the Gap Financing Fund, the following bullet point is added to ineligible uses:**

- Rehabilitation of existing housing currently in operation

10. **Section 4.8 Financing Terms** is added:

- Interest rate: 3% simple annual
- Term: 30 years or greater, depending on financing structure
- Repayment: Forgivable or residual receipts, depending on financing structure
- Collateral: Deed of trust secured by the land or leasehold interest and improvements
- Covenants, Conditions, and Restrictions will contain age restrictions related to the age of the children

11. **Section 5.3 Eligible Uses of Rental Assistance & Service Fund**

a) the following is added to the list of eligible uses:

- Up to 30 days of reasonable and appropriate motel/hotel vouchers when rental housing has been identified for the family but is not immediately available for move-in, provided there are no appropriate emergency shelter beds available.

b) **Section 5.3.1 Administrative costs** is revised to read:

   Administrative costs are limited to indirect costs associated with the provision of supportive services, which may make up no more than ten percent of the personnel costs excluding fringe benefits. Incurred indirect costs exceeding the ten percent become the responsibility of the contractor.

12. **Section 6.2 Application Submission, first paragraph** is revised to read:

First 5 LA will accept applications on October 18, 2012 from 9:00am to 3:00pm and on October 19, 2012 from 9:00am to 12:00pm. Applications received after 12pm noon on Friday October 19 will not be accepted and will be returned unopened.
13. **Section 6.4, Appeals**, the last paragraph is revised to read:

Applicants must be available to meet with First 5 LA staff to discuss the appeal during the appeal period, currently estimated to be between November 14 and November 28, or the right to appeal will be forfeited. For the purposes of this NOFA, the Friday after Thanksgiving is considered a business day.

14. **Section 8.1.1 Term of Commitment**, the second sentence is revised to read:

During this period, applicants for the Capital Development Fund must obtain all discretionary land use approvals, secure all necessary additional financing and equity contributions, and commence construction.

15. **Section 8.3.1 Data Collection, Reporting & Evaluation**, the following sentence is added:

All projects recommended for funding under this NOFA must participate in other evaluation activities, as First 5 LA deems necessary.

16. **Section 10.2.7 Relocation** is revised to read:

Projects that involve extensive, permanent displacement of existing tenants are discouraged. Acquisition-only projects involving any relocation are not eligible. For projects that do require relocation, applicants must submit a relocation plan along with the current rent roll and cost estimate prepared by a qualified relocation consultant that meets the requirements of Paragraph 6038 of the Title 25 State of California Relocation Regulations 6000 et. seq. along with a current tenant profile. The cost of proposed relocation will be considered in assessing project feasibility.

Projects assisted with First 5 LA funds are subject to the State of California Relocation Act and the Relocation Policies and Procedures of the Community Development Commission of the County of Los Angeles.

All proposers must complete and submit a Relocation Questionnaire (See A.17 of Appendix 1).

17. **Section 11.1 Minimum Score Required**

The table is revised to read:

<table>
<thead>
<tr>
<th>70% minimum for each category</th>
<th>Capital Development Fund</th>
<th>Gap Financing Fund</th>
<th>Rental Assistance and Service Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development Feasibility</td>
<td>280</td>
<td>164.5</td>
<td>N/A</td>
</tr>
<tr>
<td>Supportive Services</td>
<td>266</td>
<td>280</td>
<td>532</td>
</tr>
<tr>
<td>Total Overall Points</td>
<td>700</td>
<td>700</td>
<td>700</td>
</tr>
</tbody>
</table>
18. Section 11.2.1 Readiness

a) 11.2.1.3 Rental Assistance and Service Fund is revised to read:

Points will be awarded based on the ability of applicant to demonstrate the availability of units as evidenced by Letters of Interest from landlords / property managers and/or master leases. Letters of Interest must be signed, dated, and indicate the number of units anticipated to become available annually. Copies of all Letters of Interest and master lease agreements must be included as item B.8 in Appendix 2.

b) The point table is replaced with the following:

<table>
<thead>
<tr>
<th>Description</th>
<th>Maximum Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Development Fund</td>
<td></td>
</tr>
<tr>
<td>Project is acquisition-only to be ready for occupancy within 6 months AND long-term operating subsidy committed</td>
<td>275</td>
</tr>
<tr>
<td>Long-term operating subsidy committed and all construction and permanent financing sources committed with the exception of Low-Income Housing Tax Credits</td>
<td>250</td>
</tr>
<tr>
<td>Local permanent financing subsidy committed</td>
<td>225</td>
</tr>
<tr>
<td>Gap Financing Fund</td>
<td></td>
</tr>
<tr>
<td>Construction is at least 75% complete AND long-term operating subsidy committed</td>
<td>150</td>
</tr>
<tr>
<td>Construction is between 50% and 75% complete</td>
<td>100</td>
</tr>
<tr>
<td>Construction is between 25% and 50% complete</td>
<td>50</td>
</tr>
<tr>
<td>Rental Assistance and Service Fund</td>
<td></td>
</tr>
<tr>
<td>Number of units anticipated to be available, evidenced by landlord Letters of Interest or Master Lease Agreements - divided by - Number of families proposed to be served annually – times 140 = point total</td>
<td>140</td>
</tr>
</tbody>
</table>
19. **Section 11.3.2 Long Term Ownership Experience**, the points table is replaced with the following:

<table>
<thead>
<tr>
<th>Description</th>
<th>No. of Projects</th>
<th>Points</th>
<th>Maximum Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>Affordable, deed-restricted housing projects in operation</td>
<td>1</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>12</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>18</td>
<td></td>
</tr>
<tr>
<td></td>
<td>4+</td>
<td>25</td>
<td>25</td>
</tr>
</tbody>
</table>

20. **Section 11.5 Supportive Services**, fourth paragraph, last two sentences are revised to read:

Responses to questions under J.1 of Appendix 1 and B.2 of Appendix 2 comprise the supportive services plan and are limited to ten pages (including the questions). Any text or information beyond the ten pages will not be considered or reviewed.

21. **Section 11.7.1 Child Care**, points are revised as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Capital Development Fund</th>
<th>Gap Financing Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project will have a licensed child care facility on-site</td>
<td>50</td>
<td>100</td>
</tr>
<tr>
<td>Project is located within ¼ mile of a licensed child care facility</td>
<td>40</td>
<td>80</td>
</tr>
<tr>
<td>Project is located within ½ mile of a licensed child care facility</td>
<td>35</td>
<td>70</td>
</tr>
<tr>
<td>Project is located within 1 mile of a licensed child care facility</td>
<td>20</td>
<td>40</td>
</tr>
</tbody>
</table>

22. **Section 11.7.2 Health Clinic**, points are revised as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Capital Development Fund</th>
<th>Gap Financing Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project is located within ½ mile of a community health clinic serving families</td>
<td>25</td>
<td>50</td>
</tr>
<tr>
<td>Project is located within 1 mile of a community health clinic serving families</td>
<td>15</td>
<td>25</td>
</tr>
</tbody>
</table>

23. **Section 11.9 Negative Points** is added:

- Missing items: All items on the Application Checklist must be submitted with the application to avoid incurring negative points which will be deducted from the Applicant’s total score. Each missing item or each item with incomplete information will incur two (2) negative points.
• Submission of brochures, clippings, or promotional material for an Application Checklist item will be considered as missing item and negative points will be assigned accordingly.

• Substitutions: Any substitution of forms or other documents will incur two (2) negative points and may reduce scoring points if it lacks necessary information to be evaluated.

• Applications that do not follow the application format, are incomplete, out of order, do not include the required number of copies or contain other content errors, inconsistencies, misrepresented information, or deficiencies will also incur negative points at the discretion of First 5 LA.

24. **Section 12.10 Appraisals**, the following sentence is added after sentence 1:

All appraisals must be dated no earlier than 6 months prior to application date.

25. **Appendices**
   a) **Appendix 1 Application for Capital Development Fund and Gap Financing Fund** has been revised:
      i) **Application checklist** has been revised
      ii) **A.10 – Consolidated Plan Certification** has been revised
      iii) **J.1 – Supportive Service Narrative** has been revised
   b) **Appendix 2 Application for Rental Assistance and Service Fund** has been revised:
      i) **Application checklist** has been revised
      ii) **A.9 – Consolidated Plan Certification** has been revised
      iii) **B.1- Program Information** has been revised
      iv) **B.2 – Program Narrative** has been revised
   c) **Appendix 4 Supportive Service Requirements** has been revised
   d) **Appendix 22 Local Hiring Requirements**, document is numbered 22

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**APPROVED BY:**

[Signature]

Antonio Gallardo, PhD.
Chief Program Officer
First 5 LA