



## CalHFA/HCD Budget and Reserve Disbursement Webinar Q&A's

### What if property's CalHFA number of restricted units is different from HCD?

The projects that require a bifurcation of expenses and income they do not overlap. So, if it is a MPLH project you will put it under restricted units if it's a project that has MHSA or SNHP you would put that number in tab 2 under restricted units. 811 program does not require budgets to be submitted. (Cristina/Raymond)

OK so it was just stated that 811 projects do not need to submit a budget. We have HCD funds in addition to 811 and have historically submitted HCD a budget is this no longer required?

HCD will still require it. (Raymond)

### Can you explain the current year 8-month actual tab again, column E please?

This is what each project is going to have to come up with for the Current Year 8-month actuals. So, if your FYE is January to December, at the end of August that's what you would put as far as your running total for rent revenue, tenant assistance (and the rest of the GL codes). This is going to give us a better idea because then it's going to translate that eight-month actual income. It's going to translate that into a full 12-month projection and then we're going to be able to review a based on your information for actuals 8 months it's going to extrapolate it out for a 12-month annualized figure verses what you put in the budget. So, what we are trying to get by having projects enter 8 months actuals is a better idea of the year over year decrease or increase in one of those line items. (Raymond)

### What is the threshold when requiring a variance increase explanation?

10% (Cristina/Stephanie)

### Can you go over that section at the bottom of tab 3?

At the bottom would be Miscellaneous Revenue. Any time you enter an item in miscellaneous revenue you will notice at the top it is whited out so you can't put anything in there. The reason why it's doing that is because it's pulling it down from down here (itemized account below). So, if you do have some type of miscellaneous revenue for each



## CalHFA/HCD Budget and Reserve Disbursement Webinar Q&A's

account below, total account will flow above. Same thing will happen on tab 4; typically, it's an explanation of the miscellaneous item(s). (Raymond)

**If you're completing this on an annual basis for example 2024 then the current 8 months are from the last trailing 8 months from when you are completing this form?**

Yes, once again I will use January to December as your fiscal year. For the January and December those are due November of the prior year so you're going to use the first 8 months of that fiscal year. For a great example you would use the January through August actuals for 2024, and you will put that total in column E and then it will go ahead and generate the projected actuals for a 12-month period to give us a truer variance between what you are projecting for 2025 based on the 8-month actuals from 2024.

(Raymond/Cristina)

**What if there's an out of the ordinary expense during those 8 months, will that be taken into consideration when calculating?**

Absolutely, if they put it in the comment section it should clarify that onetime expense.

(Raymond/Cristina)

**Should management use the projects monthly financials to generate the 8-month actuals?**

Yes (Cristina)

**What's the threshold for comments?**

If it's a dollar amount anything above 10% on expenses, we'd want to see an explanation, very generic information. We will call you out for what we think is most important, but we do appreciate your comments on variances. (Raymond)

**Does the comment section wrap?**

Kind of. You can reach out your rep or you can put "see email for explanation". (Raymond)



## CalHFA/HCD Budget and Reserve Disbursement Webinar Q&A's

Tab 4 payroll and real estate line items is the increase being capped at the 2.56%?

No that was just the example that Raymond used on this form. (Cristina)

What level of detail do we need to drill down on the miscellaneous expense category?

Don't say "miscellaneous cost" for \$1000 for example. We would like to see a very generalized explanation. If we have questions about the miscellaneous items, we will reach out. (Raymond)

Will there be a different budget worksheet for projects with MHSA?

No this is the budget you will be using for MHSA (Cristina)

Will we be using the same form for the end of the year commentary or audit results?

This is just the budget. Your audit will be your audit. If you're referring to MHSA/SNHP deals we do have the supplemental audit form that will be submitted with the audit not the budget. (Raymond/Cristina)

Just to reconfirm column E is for actual full year?

That's the 8-month actuals, but it will translate it to column J to the 12-month. (Raymond)

Can we override supportive services related expenses to allocate 100% to assisted units or are all those expense items treated based on prorate?

I think that's going to be based on the program that you are putting this budget towards. Because for HCD programs there are levels of caps you need to put in there. I do think there is probably a way to get around that, I would need to see examples but if you put a comment to the right, we may be able to recognize that. (Cristina/Raymond)

Will there be a separate worksheet to calculate the allowable MOSR draw for CalHFA MHSA projects?

No, you would still use this form. The projected cash flow where it says restricted units that's where the calculations will be that is the number that we will use to that distribution



## CalHFA/HCD Budget and Reserve Disbursement Webinar Q&A's

whether it be COSR, SCOSR, MOESR, SOER for that year. For MPLH we do not do any type of advances on the COSR that amount is determined at the end of the fiscal year via the audit but with the same information. That's why MPLH sales require the audit.

(Cristina/Raymond)

### What's commercial proposed mean?

If you had a commercial income or expenses that you were proposing (vacancy rates) you would just simply enter it in. (Raymond)

### Is the restricted unit's section only for CalHFA or do we also list the MHP units there?

For our purposes, you would not. This is where it gets program by program. If you're trying to determine a specific expense for the restricted units, you would use this formula the 80 over the 20 for example. MHP its 100 % everything is restricted so it be 100 over 100 so everything in this example on cost would be on this. (Raymond)

### How often can you submit that replacement reserve request?

Depends on what's in your regulatory agreement. Your regulatory agreement might say once a year or might say every quarter please check your regulatory agreement to see when you can submit your replacement reserve request. No later than 45 days after the end fiscal year we definitely need to see the reserve request by 45 days. We cannot go too far into the fiscal year. (Cristina/Raymond)

### What is typically the minimum balance that should be held in that account?

It's stated on the form that we want to keep it at \$1000 per unit, but we will review it on a case-by-case basis. Any project that has a HUD/Risk Share on it will be required to have the \$1000 per unit. (Cristina/Raymond)

### Does HCD require copies of invoices along with the copies of checks?

We would like to get the approval before you make your payment just in case it's not an allowable expense. (Raymond)



## CalHFA/HCD Budget and Reserve Disbursement Webinar Q&A's

### If you want invoices does this mean you are not requiring a preapproval?

If you want to get a preapproval, you can if you're sure the expense like a carpet expense will be approved. If it's something in the gray, I would definitely reach out to HCD agent. (Raymond)

### What's the process for submitting disbursement form?

HCD is deferring to CalHFA for the reserve process and you do not need to send the request to both if both are in the deal. If you have CalHFA and HCD you submit the disbursement request to CalHFA if you have only CalHFA you submit to CalHFA if you only have HCD you submit only to HCD. (Stephanie/Raymond)

### When will the replacement reserved guidelines be updated to mirror the information on this form?

Soon. Vast majority of the information in the replacement reserve guidelines is still accurate. We definitely want to get there with the updates, but it has to go through an approval process, and we would like to have it memorialized soon. (Raymond)

### Are there no longer pre-approval requirements?

There are. For bids, if you have work that's being done for non-Risk Share or Section 8 or PRA 811 Developments if work is being done and it's less than \$20,000 pre-approval is not needed. If it's over \$20,000 to below \$50,000 requires 1 bid for preapproval. For \$50,000 or more, we require 2 bids. If its Risk Share, anything \$10,000 or above needs 3 bids for approval. (Cristina)

### Do these bids need to be sent to CalHFA and HCD throughout the year prior to starting the project?

If the work order is within those amounts, bids need to be submitted and approved before the work and start. (Cristina)



## CalHFA/HCD Budget and Reserve Disbursement Webinar Q&A's

What if R&R request was filed in time and some line items were denied would the revised request be accepted after the 45 days?

If there's a line item that has been denied, you'll see in the blue section where it says agency approved amount. We would not put that amount there. A revised disbursement form would not be required. We would just not approve it. The total amount would be at the bottom where it says agency approval and that is what would be dispersed. (Cristina)

In the event there are more invoices than lines available, how should we submit the form?

You can use two forms and put it into one workbook. (Cristina)

Do you still need copies of the bids to be submitted?

Yes, based on the dollar amount. (Cristina/Raymond)

What is the difference between sending a replacement request to the property's lender versus CalHFA and HCD?

So based on your regulatory agreement, it will tell you if you need to have agency approval and which agency you will need it from and that's why you must submit this form to get our approval before. Whether its CalHFA or HCD. Additionally, the partnership agreement may have restrictions on approvals as well. So, you can use this form and submit it to whomever the entity is that needs to review that's their requirements that's not our requirement. For our purposes we're going to review and approve. If that other entity doesn't like it, or if they approve and we don't then we need to talk. For the most part everyone is typically on the same page. (Cristina/Raymond)

Who do we submit the request to?

For CalHFA analyst you can submit the RFR or budget to our general email box and you can submit it there and it will get directed to your analyst and they will reach out to you with any questions and approvals. For HCD we have a general inbox that you can send information request to. (Cristina/Raymond)



## CalHFA/HCD Budget and Reserve Disbursement Webinar Q&A's

As auditors look for the RR approvals from CalHFA and HCD can we obtain a statement from HCD that states we defer to CalHFA for properties that have both agencies?

That information should be spelled out in the regulatory agreement. Also to state the disbursement form says CalHFA and HCD so it should cover you with a CPA.

(Raymond/Cristina)

Can you please define the term restricted units?

Restricted units depend on which agency you're referring to. CalHFA you would use that restricted units for MHSA/SNHP deals that would be your COSR SCOSR MOESR projects. For HCD purposes this is in the Budget. We may be updating this for the MPLH projects that have a COSR and for the upcoming other programs that probably will have COSRs as part of the program. MHP, Capitalized Operating Subsidy Reserve, we may need to update the form to make it better tuned to what we are trying to do on a budget. For now, I think the only one this would apply to is annuity program that are within our HCP that really utilize this to determine the beginning of the year negative cash flow. So, it shows it bifurcating the cost and income less expenses for those and that would give us an estimated amount of how much we would need to pull from that annuity. (Cristina/Raymond)

Will we still submit the MHSA requisition for disbursement of operating subsidy funds form?

Yes, that's the COSR request form please submit that with it. (Cristina)

Do we still need to complete the MHSA rent roll form for the budget?

Yes. (Cristina)

Is the SRI still required by HCD?

Yes. (Stephanie)