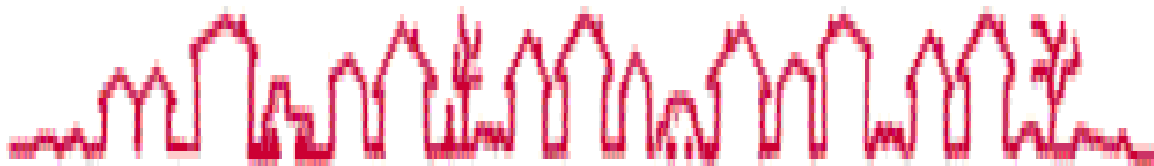


California Department of
Housing and Community Development

**HOME 2022-2023 NOFA
PROGRAM ACTIVITIES
APPLICATION WORKSHOP
WEBINAR**





HOME Program Activities Team

Jay Cortese

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Before We

Start



Technical Assistance Consultations

- We're happy to meet anytime on Teams before applications are due.
- E-mail HOMENOFAC@hcd.ca.gov to request a call to schedule one.

Webinar Poll

Facilitator to conduct quick
poll of the audience





Today's Agenda

Program Overview

- Funding and Goals

Program Requirements Part I

- Eligible Applicants
- Eligible Activities
- Expenditure Rates

Program Requirements Part II

- Use of Funds and Forms of Assistance
- Underwriting
- Property Standards

Application Scoring and Evaluation

- Threshold and Minimum Requirements
- 50 percent rule
- Factors
- State Objectives



OVERVIEW

Estimated \$29.5 Million in mostly 2022 and 2023 Federal HOME Funds

Low Income Households earning at or below 80% AMI

Very-Low Income Households earning at or below 50% AMI

Increase the supply of Affordable Housing
Expand Homeownership Opportunity and Improve
Existing Housing

Assist Renters with Initial and Monthly Cost



NOFA Deadlines

Application Submittal Period

**February 14, 2024, 8:00 a.m. PST
through
April 9, 2024, 5:00 p.m. PST**



eCivis Application Portal

HOME Applications must be accessed, starting February 14, 2024, through the eCivis Grants Network Portal – Programs Available for Solicitation page at:

https://gn.ecivis.com/GO/gn_redir/T/vyjsqf2kekyx

- [eCivis Grants Management System User manual](#)
- [eCivis Grants Management System External User Webinar](#)

All links are available on our HOME website



New This Year

2019 NOFA	2022-2023 NOFA
Paper Applications	Online Application via eCivis Portal
\$500,000 Maximum Program Activities application amount for most, and up to \$1M for best recent spenders	\$500,000 Maximum Program Activities application amount for most, and up to \$1,500,000 for best recent spenders
Only cities, counties and CHDOs could apply for HOME Program Activities funds	Native American Entities may also apply for Program Activities, under AB 1010 provisions
2.5% General Admin for all activities	Bonus 7.5% General Admin for TBRA, for total of 10% General Administration



New This Year (cont.)

2019 NOFA	2022-2023 NOFA
<p>Any position named on Authorizing Resolution could sign HOME Contract</p>	<p>Mayor must sign HOME contract unless city ordinance allows another position to sign city's contracts.</p>
<p>CHDOs under a 3-year HCD certification could apply without submitting a CHDO certification package.</p>	<p>CHDOs must always submit a CHDO certification application with a NOFA application, for Programs or Projects.</p>
<p>HCD checked the applicant's Single Audit status with the State Controller's Office</p>	<p>Cities and counties must upload their exemption letter to SCO or else their Single Audit (due March 31, for FY 2022-2023), to show compliance with 2 CFR section 200.512. Also, any outstanding findings in the audit report may impact the ability for us to award funds.</p>



Still In Effect

Homebuyer Education Training

- All homebuyer education training MUST be facilitated by a HUD-certified housing counselor employed by a HUD-certified housing counseling service, as of August 1, 2021.

<https://apps.hud.gov/offices/hsg/sfh/hcc/hcs.cfm?webListAction=search&searchstate=CA>



Still In Effect

Program Income Requirements

- Reporting Changes
- Committing PI Deadlines

Recapture Requirements

- Submitting Documentation



Still In Effect

- We can disencumber all or part if unreasonably low expenditure
- Applicants responsible for informing of Authorized Rep and contract changes
- Reporting history will be evaluated and documented by applicant



Still In Effect

- All Program Income and Recaptured Funds must be in interest-bearing account and interest is Program Income
- If exempt from requirements of the 2 CFR 200.512 Single Audit Report, must provide copy of letter (sent to SCO) with HOME application. Again, the new requirement is uploading your Single Audit and submission evidence, if not exempt.



PROGRAM REQUIREMENTS

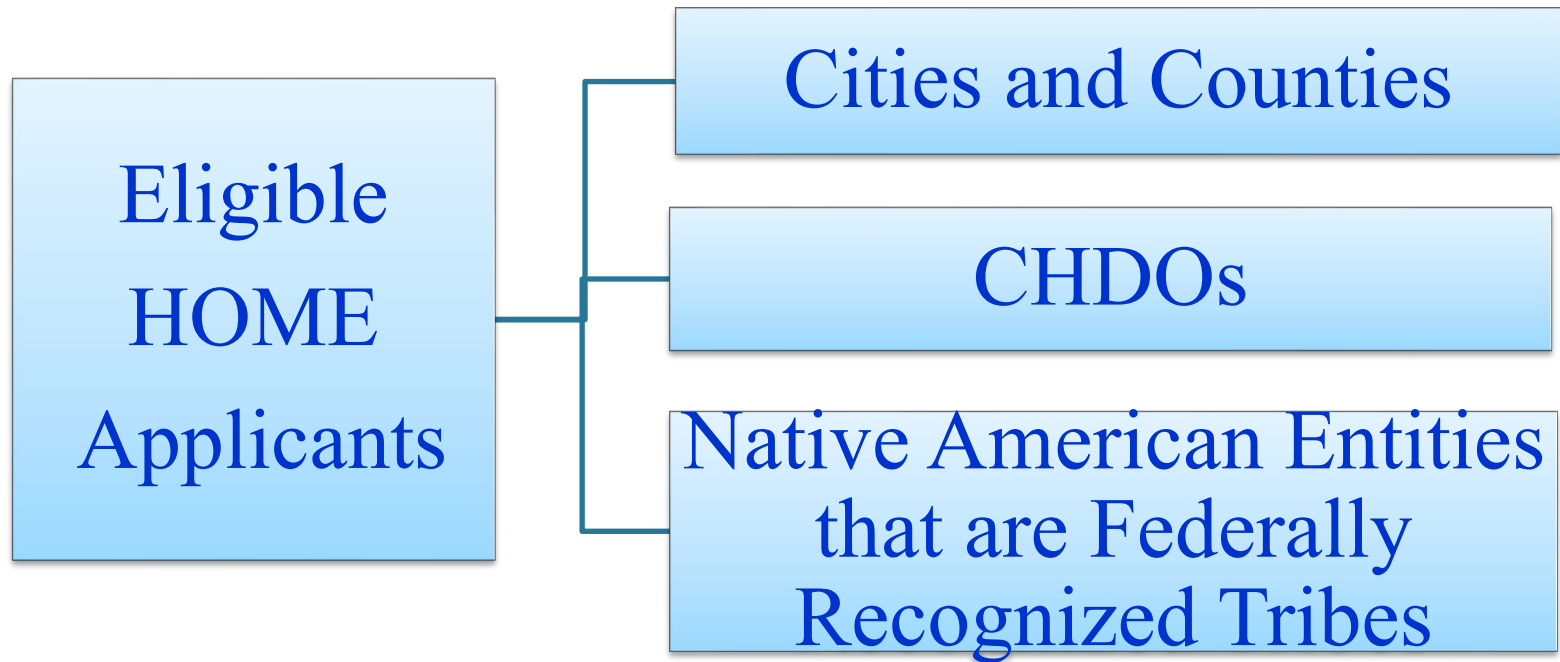


(Part 1)

Eligible Applicants
Eligible Activities



ELIGIBLE APPLICANTS



Consistent with applicable
state and federal requirements



ELIGIBLE APPLICANTS

Cities and
Counties

With no direct HOME allocation
(not a PJ)

That are not part of a HUD urban
county agreement with a PJ

That are not participating in a
HOME Consortium



HOME RULES

HOME Limits

- HOME Income Limits
- HOME Homeownership Value Limits
- HOME Maximum Per-Unit Subsidy Limits

Federal Overlays

- NEPA (details later in this webinar)
- Procurement (Admin Subs) vs. Subrecipients
- 2 CFR Part 200 (Uniform Admin. Requirements)



ELIGIBLE ACTIVITIES (Overview)

- First-Time Homebuyer (FTHB)
 - Acquisition Only
 - (Acquisition with Rehab is no longer HOME-eligible)
 - Infill New Construction
- Owner-Occupied Rehabilitation (OOR)
- Tenant-Based Rental Assistance (TBRA)

Note: CHDOs can apply for only FTHB



ELIGIBLE ACTIVITIES

First-Time Homebuyer (FTHB) *Acquisition Only*

- Down payment and closing cost assistance (“gap”)
- Must cause borrower payment to be within debt-to-income ratio minimums/maximums
- HOME loan cannot be more than first mortgage amount
- Must not exceed HOME Per-Unit Subsidy Limits



ELIGIBLE ACTIVITIES

First-Time Homebuyer (FTHB) *Acquisition Only*

- 2021 change: No longer must be modest home (3/2 unless overcrowding would occur)
- Must be “standard” home (no health & safety or code issues at closing)
- Home price must not exceed current HOME Homeownership Value Limit in your county

CHDOs are not eligible for this activity



ELIGIBLE ACTIVITIES

First-Time Homebuyer (FTHB) Program Infill New Construction

- This is building homes within built-out neighborhoods.
- Scattered sites with no more than four dwellings within 2000 feet of one another due to NEPA.
- Application must document availability of grant funds or building sites currently owned by applicant if costs will exceed appraised value.



ELIGIBLE ACTIVITIES

Owner-Occupied Rehabilitation (OOR) program

- Must be owner-occupied
- Must be primary residence
- Must start as “substandard” (health & safety and/or code violation(s) and be made into “standard”)
- Limits General Property Improvements to 15%
- HOME Test for Reconstruction approval required if cheaper than R&R to repair.



ELIGIBLE ACTIVITIES

Tenant-Based Rental Assistance (TBRA)

- Rental subsidies (beyond 30% of adjusted household income under the certificate model, or 10-40% of gross income under the voucher model)
- Security Deposit Assistance (can't exceed 1 month rent per CA law change effective July 1, 2024, in most cases)
- Utility Deposit Assistance
- Rent plus Utility Allowance can't exceed Rent Standard (90-110% of HUD FMR)
- At least 90% of households must be at or below 60% of Area Median Income (AMI)



ELIGIBLE ACTIVITIES

Tenant-Based Rental Assistance (TBRA) Continued...

- Must document “Rent Reasonableness” (comparable)
- Must perform Housing Quality Standards (HQS) inspection and clear the unit
- Must use adjusted income, not gross income, for gap calculation purposes
- Must recertify income annually, and whenever income changes



ELIGIBLE ACTIVITIES

Tenant-Based Rental Assistance (TBRA) Continued...

- May not exceed 24 months. Renewable, though.
 - Must offer 12 months minimum, but could have as short as a 6-month agreement with evidence in file this is applicant's request.
-
- Must execute Lease Addendum and a VAWA (Violence Against Women Act) Addendum, for tenant protection



PROGRAM ACTIVITIES

FUNDING LIMITS

- Maximum Application Amount = \$1,500,000
(\$500,000 for most)
- Minimum Application Amount = \$500,000

Including Administration and Activity
Delivery Costs subject to the following:



PROGRAM ACTIVITIES

EXPENDITURE RATES

Maximum Application Amount	Expenditure rate for Applicant's 2016, 2018 and 2019 HOME Program Activities contracts
\$1,500,000	60 percent or more
\$1,000,000	55 – 59.99 percent
\$ 500,000	50 – 54.99* percent



Questions?

(we'll address questions in the Q&A)



Break



PROGRAM REQUIREMENTS (Part 2)



**USE OF FUNDS
FORMS OF ASSISTANCE
UNDERWRITING
PROPERTY STANDARDS**



ELIGIBLE USES OF FUNDS

First-Time Homebuyer (FTHB)

- **Project-related soft costs/”ADC”**: Up to 6.5% of the HOME assistance amount for downpayment assistance.
- Soft costs can be up to 6.5% of total development costs for FTHB infill new construction.
- The first mortgage must be 30-year (or 33 year, for USDA) fixed-rate mortgage loan only! Must obtain financing from a primary lender in addition to HOME financing.



ELIGIBLE USES OF FUNDS

Owner-Occupied Rehabilitation (OOR)

- **Project-related soft costs/ADC:** up to 24% of the HOME loan/grant amount for OOR.



ELIGIBLE USES OF FUNDS

Tenant-Based Rental Assistance (TBRA)

- **Project-related soft costs/ADC:** up to 5% per household for income certification and unit inspection costs only, per unit (not overall)



INELIGIBLE USE OF FUNDS

- Refinancing existing debt
- Expenses incurred after the Final Expenditure Deadline
- Payment of delinquent property taxes
- Expenses incurred prior to execution of Standard Agreement (except NEPA) if not pre-approved by HOME Manager



FORMS OF ASSISTANCE

HOME LOANS

- 0-3% simple interest
- Deferred payments (no payments for life of the loan)



FORMS OF ASSISTANCE

HOME GRANTS

- TBRA
- Relocation Payments
- Lead-based Paint Hazard Evaluation and Reduction



FORMS OF ASSISTANCE

HOME GRANTS Owner-Occupied Rehab

- Maximum 100% combined loan-to-value
- Maximum rehab grant is 25% of HOME Per Unit Subsidy Limit
- HCD advance written approval is required on each project



UNDERWRITING STANDARDS

FTHB INFILL NEW CONSTRUCTION

Underwriting analysis to include:

- Reasonableness of profit or return to developer
- Project cost reasonableness
- Market analysis
- Experience and financial capacity
- Firm financial commitments in place to fully fund the project



PROPERTY STANDARDS

Infill New Construction

- All State & local codes, ordinances, zoning

Rehabilitation

- Establish rehab standards
- Major Systems
- Each must have remaining useful life of at least 5 years



PROPERTY STANDARDS

Down Payment Assistance (Acquisition Only)

- Health & Safety and local code compliance

TBRA

- Must meet Housing Quality Standards (HQS) using HUD checklist



PROPERTY STANDARDS

Manufactured Housing

- Reconstruction: requires permanent foundation and utility hookups.
- Rehab: requires foundation and anchoring to meet State and local codes
- Lease period at least equal to Affordability Period for purchase



ENVIRONMENTAL REVIEW

NEPA

- National Environmental Policy Act 24 CFR part 58.
- No funds may be committed to a HOME activity or project before the completion of the environmental review for that project (this is not programmatic, except for General Admin).



ENVIRONMENTAL REVIEW

NEPA (cont.)

- Required forms for General Admin, FTHB, OOR and TBRA are on HUD's Environmental page at: <https://www.hudexchange.info/programs/environmental-review/>.
- General Admin, FTHB and TBRA: use CENST form (“Categorically Excluded Not Subject To...”)
- OOR: use CEST form (“Cat. Excl. Subject To...”)
- We must approve NEPA package on each OOR project prior to commitment of funds to the homeowner.



Questions?

(we'll address questions in the Q&A)

Application Review





APPLICATION EVALUATION

Minimum Requirements Threshold

- Application received by the deadline
- Eligible applicant
- Eligible activity
- Eligible use of funds
- Complete Application



APPLICATION EVALUATION

Minimum Requirements Threshold

- Has no unresolved audit findings (pursuant to State HOME Regulations)
- Is compliant with submittal requirements of 2 CFR Section 200.512 Single Audit Reporting
 - Applicant is responsible for verifying submission status with SCO. If exempt, Exemption letter is required with application. If not, upload your Single Audit with your eCivis application, which is a new requirement this year.
- Not on the federal list of Debarred Contractors



APPLICATION EVALUATION

Minimum Requirements Threshold

- Amount of funds requested between minimum and maximum
- Application forms have not been modified
- CHDO Project Control



APPLICATION EVALUATION

Minimum Requirements 50% Rule

- Applicant has met the 50% Expenditure Requirement

Applicants must have expended at least 50% of currently-open HOME Program Activities Contracts by the application due date of April 9, 2024



APPLICATION EVALUATION

50% Rule

What 'Expended' means

- Total amount of all valid draws (for **TBRA**, Project Set-Up reports) received by the application deadline.
- **FTHB and OOR:** A valid draw is limited to amount needed for reimbursement of actual expenses for work that has been completed.



APPLICATION EVALUATION

50% Rule - What “Expended” means: “Work completed”

- **FTHB** = Escrow has closed
- **OOR** = The amount of construction/rehab payments made for work completed and inspected
- **TBRA** = Rental assistance amount multiplied by the number of months in tenants TBRA agreement



APPLICATION EVALUATION



THE 50% RULE

- **Add** all “open” HOME Program Activities contracts
- **Divide** that amount by two
- **Equals** the amount that must be expended

RATING and RANKING





RATING AND RANKING FACTORS

Maximum Points Possible = 950

Local Housing Element:

Local Housing Element in compliance with
State Housing Element Law by **March 10, 2024**

Points = 50



LOCAL HOUSING ELEMENT

Housing Element compliance must be established as of the NOFA application deadline.

Paul McDougall
Housing Policy Division
Paul.McDougall@hcd.ca.gov

Link to obtain housing element status can be found on page 24 of the NOFA

<https://www.hcd.ca.gov/community-development/housing-element/index.shtml#status>



RATING AND RANKING FACTORS

Direct Allocation Declined

Jurisdictions that could go directly to HUD
but have declined their direct allocation

Points = 50



RATING AND RANKING FACTORS

Rural Communities

- Based on the location of the proposed activities
- Submission of the required documents

Points = 50



RATING AND RANKING FACTORS

Applicant Experience

Experience administering HOME and/or other qualified affordable housing or community development programs over last seven years

Maximum Points Possible = 100



RATING AND RANKING FACTORS

Prior Performance Reporting: Factor #1

- Annual Performance Reports
FY 20-21, 21-22, and 22-23
- Quarterly Performance Reports
16-HOME through 19-HOME Program
Activities contracts
- Program Income Statements
All 16-HOME through 19-HOME contracts
- Points deducted if late or not received, for each

Maximum Points Deducted = 50



RATING AND RANKING FACTORS

Prior Performance Monitoring: Factor #2

Non-Compliance with Monitoring or
Contract Requirements
identified in the last 5 years
(1/1/19 thru 12/31/23)

Maximum Points Deducted = 100



RATING AND RANKING FACTORS

Community Need:

Appendix C of the NOFA is based on U.S. Census Data for
point scoring by activity type

Maximum Points Possible = 250



RATING AND RANKING FACTORS

Project Feasibility

Activity-Specific Criteria

Up to 75 points

**FTHB Program – number of affordable housing units sold in
the last 12 months**



RATING AND RANKING FACTORS

Project Feasibility Activity-Specific Criteria (Continues)

Owner-Occupied Rehabilitation Program

- Number of overcrowded households
- Age of housing stock (U.S. Census Data)

TBRA Program

- Overpayment by low-income households (U.S. Census Data)



RATING AND RANKING FACTORS

Program Feasibility

Awarded if Exhibit B6 Guidelines
Certification submitted

Points = 25



RATING AND RANKING FACTORS

State Objectives

Higher (Program) Expenditure Rates:

- 90 points for expenditure rate of 60% +
- 60 points for expenditure rate of 55% – 59.99%

Maximum Points = 90



RATING AND RANKING FACTORS

State Objectives

Access to Opportunity & Homelessness

Access to Opportunity

- Outreach and engagement
- Prioritize and diversify investment
- Encourage housing choices in higher opportunity neighborhoods

TBRA or homelessness

- Zoning and land use
- Funding
- Data outreach and coordination

Maximum Points = 110



Questions?

(we'll address questions in the Q&A)



HOME PROGRAM CONTACTS

**Submit HOME Program Inquiries via email
to:**

HOMENOFA@hcd.ca.gov

Jay Cortese, HOME Program Manager

(916) 263-2310

Jay.Cortese@hcd.ca.gov

THANK YOU!

