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DIVISION OF FEDERAL FINANCIAL ASSISTANCE
FEDERAL COMMUNITY DEVELOPMENT BRANCH**

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December 1, 2021

MEMORANDUM FOR: ALL POTENTIAL APPLICANTS
FROM: Geoffrey M. Ross, Deputy Director
Division of Federal Financial Assistance
SUBJECT: HOME Investment Partnerships Program

Notice of Funding Availability

The California Department of Housing and Community Development (Department) is pleased to announce the release of this Notice of Funding Availability (NOFA) for approximately \$72 million in 2020/2021 federal funds for the HOME Investment Partnerships Program (HOME). The funding level may change due to the factors listed in the NOFA Overview paragraph A. This funding provides loans or grants to eligible HOME Applicants serving low-income (at or below 80 percent of Area Median Income (AMI)) and very low-income (at or below 50 percent of AMI) households. This NOFA is subject to state and federal HOME regulations.

State Recipients, as defined by state HOME regulations section 8201(ii), and nonprofit Community Housing Development Organizations (CHDOs) are eligible to apply for HOME funding for rental projects, First-Time Homebuyer (FTHB) projects, and Program Activities. Developers can apply directly for HOME funding for rental projects.

In addition, the Department intends to utilize the authority of AB 1010 (Chapter 660, Statutes of 2019) waivers to include in the definition of eligible Applicants any duly constituted governing board of an Indian Reservation, rancheria or Tribally Designated Housing Entity (TDHE). This waiver will provide to those entities the ability to apply for funds to operate a First-Time Homebuyer (FTHB) Program, Owner-Occupied Rehabilitation (OOR) Program, and/or a Tenant-Based Rental Assistance (TBRA) Program, in addition to currently-eligible rental project activities.

Eligible activities are separated into Project Activities and Program Activities. Project activities include multifamily rental projects to fund the acquisition with new construction or rehabilitation of multifamily properties and FTHB subdivision development projects. Program Activities include programs to fund individual FTHB gap assistance, including infill new construction or rehabilitation; OOR; and TBRA.

Funding under this NOFA will be awarded on a competitive basis. To be considered, the Applicant must submit a complete application with required documentation via the eCivis Grant Management System Portal. The completed application package must be submitted **no later than 5:00 pm** Pacific Standard Time (PST) on **March 10, 2022**.

HOME Investment Partnerships Program Notice of Funding Availability

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The Department will begin accepting applications received through the eCivis Grants Management System portal beginning **December 16, 2021**. The application submission period is intentionally longer than 60 days to allow applicants extra time if needed to address unanticipated submission issues utilizing the new Grants Management System.

NOFA Deadlines

NOFA Release	November 29, 2021
Application submittal period	From December 16, 2021, 8:00 a.m. PST through March 10, 2022, 5:00 p.m. PST

Applicants are encouraged to set-up their profiles in the eCivis portal located at <https://portal.ecivis.com/#/login> as early as possible. Profile set-up instructions can be found on the HOME webpage at <https://www.hcd.ca.gov/grants-funding/active-funding/home.shtml#funding>. Applicants are encouraged to begin the application process early to ensure successful submission before application deadlines. If you have any trouble logging into the portal or have questions on how to complete the online application, please contact the Department at HOMENOFA@hcd.ca.gov.

The Department will hold a series of webinars in December 2021 to review the NOFA and application process. A link to the eCivis portal, along with a list of webinar dates, times and how to register, is available on the Department's HOME webpage at <https://www.hcd.ca.gov/grants-funding/active-funding/home.shtml>. Assistance setting up a profile, submitting an application, and managing awards through the eCivis portal is available under the Training and Technical Assistance tab on the Department's website at <https://www.hcd.ca.gov/grants-funding/active-funding/home.shtml>.

Additionally, a series of office hours will be offered during the application period to assist Applicants with questions regarding the application and application process.

Paper applications will not be accepted.

Links to the eCivis portal, supplemental application forms, regulations, and program information are available at [the Department HOME webpage](#). To receive HOME NOFA FAQs and other program information and updates, please be sure you are subscribed to the federal programs email list at https://www.hcd.ca.gov/i-am/sub_email.shtml

If you have any questions regarding the NOFA, please direct them to the HOME program at: HOMENOFA@hcd.ca.gov.

Attachment

**HOME INVESTMENT PARTNERSHIPS PROGRAM
Notice of Funding Availability**



**Gavin Newsom, Governor
State of California**

**Lourdes M. Castro Ramírez, Secretary
Business, Consumer Services and Housing Agency**

**Gustavo Velasquez, Director
California Department of Housing and Community Development**

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December 1, 2021

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HOME INVESTMENT PARTNERSHIPS PROGRAM NOTICE OF FUNDING AVAILABILITY

I. Overview

A. Notice of Funding Availability

The California Department of Housing and Community Development (Department) is pleased to announce the release of this Notice of Funding Availability (NOFA) for approximately \$72 million in 2020/2021 federal funds for the HOME Investment Partnerships Program (HOME).

The amount of funding available could be increased, or even greatly exceed the announced amount in this NOFA, depending on several factors. These factors may include, but are not limited to, the Department's administrative determination of need, changes in legislation directing the Department to make additional funds available, new emergency allocations of funding, or newly available funding from the disencumbrance of previous awards. If additional funding becomes available, the Department will continue evaluating the list of eligible Applicants and make awards up to the additional funding amount available.

These funds may be used in conjunction with other state rental housing programs to assist the same units in the development, not to exceed the per unit subsidy limit for each funding source.

These funds will be used to meet the following statewide goals in accordance with the Department's 2020-25 Consolidated Plan for low-income households earning at or below 80 percent of Area Median Income (AMI) and very low-income households earning at or below 50 percent of AMI:

- Increase the supply of affordable rental housing
- Expand homeownership opportunities and improve existing housing
- Provide homeless assistance and prevention services

B. Timeline

Table 1 –Timeline	
NOFA release	December 1, 2021
Application due date	March 10, 2022, by 5:00 p.m. Pacific Standard Time (PST)
Award announcements	August 2022

The application submission period is intentionally longer than 60 days to allow applicants extra time if needed to address unanticipated submission issues utilizing the new Grants Management System.

C. Authorizing legislation and regulation authority

This NOFA should be read in conjunction with the following regulations, which establish state and federal HOME requirements:

- State HOME regulations
<http://www.hcd.ca.gov/grants-funding/active-funding/home.shtml>
- State Uniform Multifamily Regulations (UMR) (November 2017 version)
<http://www.hcd.ca.gov/grants-funding/already-have-funding/uniform-multifamily-regulations.shtml>
- Federal HOME regulations
<https://www.hudexchange.info/programs/home/home-laws-and-regulations/>

All regulatory references are to the state and federal HOME regulations unless otherwise noted.

Note: Any inconsistencies between this NOFA and state or federal HOME regulations will be resolved in favor of the applicable regulations unless a waiver was approved by the Director that complies with the requirements of AB 1010 (Chapter 660, Statutes of 2019); in those instances, the waiver will prevail when not in conflict with the federal HOME regulations.

This NOFA does not include the text of all regulations that may be applicable and/or important to individual projects. For proper completion of the application, potential Applicants should consult the regulations linked above and other cross-referenced regulations such as, but not limited to, the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at [PART 200 – UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS](#). Multifamily rental project Applicants should also consult the state Uniform Multifamily Regulations (“UMR” or “UMRs”), which apply to all HOME-funded multifamily rental projects. All UMR references herein shall mean the November 2017 UMRs.

Several of the terms used in HOME have specific meanings defined by state and/or federal HOME regulations. When reviewing this NOFA and the application forms, carefully review the regulations for definitions and terms. State HOME definitions are found in Sections 8201 and 8217 of the state HOME regulations.

If state or federal statutes or regulations, or other laws, policies, or procedures, governing HOME or its funding, are modified by Congress, the U.S. Department of Housing and Urban Development (HUD), the State Legislature, or the Department prior to completion of work to be done pursuant to awards made in connection with this NOFA, the changes may become effective immediately and apply to funded activities.

The Department reserves the right, at its sole discretion, to suspend, amend, and/or supplement the provisions of this NOFA from time to time. If such action occurs, the Department will notify interested parties through the Department’s HOME Listserv.

D. Definitions

“Special Needs Populations” means the same as defined under Section 7301 of the Multifamily Housing Program guidelines: agricultural workers, individuals living with physical or sensory disabilities and transitioning from hospitals, nursing homes, development centers, or other care facilities; individuals living with developmental disabilities, serious mental illness or substance abuse disorders; individuals who are survivors of domestic violence, sexual assault, and human trafficking; individuals who are experiencing homelessness; individuals with HIV; homeless youth as defined in Government Code (GC) §129571(2); families in the child welfare system for whom the absence of housing is a barrier to family reunification, as certified by a county; frequent users of public health or mental health services, as identified by a public health or mental health agency; frail elderly persons; or other specific groups with unique housing needs as determined by the Department. “Special Needs Populations” do not include seniors unless they otherwise qualify as a Special Needs Population.

“Homeless” means the same as defined under the federal Continuum of Care Program, Code of Federal Regulations (CFR), Title 24 CFR § 578.3, as may be amended and renumbered from time to time. “Homeless” includes “chronically homeless” and “homeless with a disability.”

“Local agency” means a city, county, city and county, or duly constituted governing body of an Indian Reservation or rancheria and includes any governmental agency or local public entity.

“Local public entity” means any county, city, city and county, the duly constituted governing body of an Indian Reservation or rancheria, Tribally Designated Housing Entity as defined in Section 4103 of Title 25 of the United States Code and Section 50104.6.5, redevelopment agency organized pursuant to Part 1 (commencing with Section 33000) of Division 24, or housing authority organized pursuant to Part 2 (commencing with Section 34200) of Division 24.

II. Program Requirements

The following is provided as only a summary and is not to be considered a complete representation of the entirety of the eligibility, threshold, or other requirements or terms and conditions of the HOME program.

A. Eligible Applicants

Eligible HOME Applicants include State Recipients, otherwise known as a local agency or local public entity defined above, Developers, and Community Housing Development Organizations (CHDOs), consistent with applicable state and federal requirements.

1. Eligible jurisdictions

To meet the definition of an eligible jurisdiction, Applicants must meet the following criteria:

- Have not been designated as “participating jurisdictions” by HUD;
- Are not participants in an urban county agreement with a county that is designated as a HUD entitlement jurisdiction;
- Are not participants in a HOME consortium; and
- Are proposing projects or programs that will be located or carried out in the Applicant’s defined service area. Generally, this will be within the Applicant’s city limits, a county’s unincorporated area, or an Indian Reservation, rancheria or service area of a Tribally Designated Housing Entity.

Eligible city and county jurisdictions for 2020/2021 federal HOME funds are listed in **Appendix A**. If a city or county is not listed in Appendix A, but believe they are eligible to apply to the Department for HOME funds, the jurisdiction must submit a copy of the consortium or urban county agreement indicating that the jurisdiction is **not** a participant of a FY 2020-21 or FY 2021-22 consortium or urban county funding. The copy must be submitted no later than **March 10, 2022**, to the Department’s HOME NOFA email: HOMENOF@hcd.ca.gov.

2. CHDOs

a) Certification

CHDOs proposing to complete a project funded with the CHDO set-aside under this HOME NOFA utilizing a 2020 or 2021 federal allocation must submit a complete CHDO Certification application with all exhibits and attachments by the NOFA application due date of **March 10, 2022, and must have received CHDO Certification approval prior to the award of the HOME funding. CHDO Certification will be for projects and/or Program Activities awarded as a result of this NOFA solicitation only.**

The CHDO Certification application is available at <https://www.hcd.ca.gov/grants-funding/active-funding/home.shtml#certification>. For assistance with the CHDO Certification process, contact HOMENOF@hcd.ca.gov.

b) Site Control

Projects being funded through this NOFA with the CHDO set-aside are required to be “owned, developed, or sponsored” by an eligible state certified CHDO:

“Owned, developed, and sponsored” are defined at 24 CFR § 92.300 of the HOME Final Rule as:

- **Owner:** The CHDO is required to own (in fee simple absolute or long-term ground lease meeting the requirements of UMR Section 8316) the HOME project during development and throughout the period of affordability. As owner, the CHDO is required to oversee all aspects of the development process. In instances where the CHDO lacks Developer capacity, the CHDO

may own the project and hire a qualified project manager or contract with a development contractor to oversee all aspects of development. This option is available to CHDOs having experience and capacity to own and operate affordable rental housing but lack the experience or capacity to develop the project. This option is not available if the project is owned by a limited partnership entity (see Sponsor paragraph below).

- Developer: The CHDO may act as Developer if the CHDO owns the HOME project (in fee simple absolute or long-term ground lease meeting the requirements of UMR Section 8316). As Developer, the CHDO must be in sole charge of all aspects of the development process, including obtaining zoning and other approvals, securing financing, selecting contractors, overseeing work progress, and determining reasonableness of costs. The CHDO must own the project during development and for multifamily rental projects throughout the period of affordability. This option is not available if the project is owned by a limited partnership entity (see Sponsor paragraph below).
- CHDOs are not allowed to act as Developer in projects where the CHDO does not have a long-term ownership interest and contractual relationship with the project owner (i.e., a Development Services Agreement) to develop the project.
- Sponsor: The HOME Final Rule provides two definitions of “sponsor” of HOME-assisted rental housing:
 - a. A CHDO “sponsors” a project when the property is “owned” or “developed” by:
 - An affiliated subsidiary of the CHDO, which is wholly owned by the CHDO;
 - A limited partnership in which the CHDO or its wholly owned affiliated subsidiary is the sole general partner; or
 - A limited liability company in which the CHDO or its wholly owned affiliated subsidiary is the sole managing member.
 - b. A CHDO may “sponsor” a project in situations where the CHDO owns the property (in fee simple absolute), develops the housing, and agrees to convey the housing to a different private nonprofit organization at a predetermined point in time after completion of the development. The nonprofit to which the project will be conveyed does not need to be a CHDO but must be identified and approved by the Department prior to commitment of HOME funds. Additionally, this nonprofit cannot be created by a governmental entity. If for any reason the project is not transferred to this nonprofit, the CHDO remains liable for the HOME funds and project for the term of the affordability period.
 - c. If awarded, CHDOs must obtain all necessary permanent project financing, including the permanent financing for the required period of affordability, and execute a Standard Agreement with the Department pursuant to Section 8217(b)(1) of the state HOME regulations.

B. Additional HOME eligibility criteria

1. Minimum expenditure requirement for Program Activities (50 Percent Rule):

Pursuant to state HOME regulations section 8204(b), Applicants with current HOME Program Activities contracts, or with Program Activities awards from the last HOME Program NOFA, are eligible to apply for HOME Program Activities funds only if they have expended, by the application due date of **March 10, 2022**, at least 50 percent of the aggregate total of funds originally awarded. Potential Applicants with no open HOME Program Activities contracts are not affected by this rule. A current HOME contract is a contract or award with an expenditure deadline that has not yet occurred by **March 10, 2022**.

Note: The Rule also applies to contracts for which the contract period was extended and has not yet reached its extended expenditure deadline.

“Expended” funds are the total of all valid Administrative and Project Drawdown Requests (PDR) or, for Tenant-Based Rental Assistance (TBRA), future commitments on Project Setup Reports received by the Department by the NOFA application deadline. Additionally, for FTHB and Owner-Occupied Rehabilitation (OOR), a valid PDR is limited to the amount needed for reimbursement of actual expenses for work that has been completed (Work Completed). Work Completed varies by activity as follows:

- a) FTHB activity: escrow has closed, as evidenced by a final HUD Settlement Statement;
 - b) OOR activity: construction completed and inspected;
TBRA activity: rental payment assistance amount multiplied by the number of months in the individual tenants’ TBRA agreements, to the extent those funds are available in existing TBRA grants.
2. As applicable, Applicants, excluding CHDOs and Developers, must be in compliance with 2 CFR §200.512 Single Audit Report submission requirements on the application due date.

To be eligible for funding, the Applicant must comply with the submission requirements of the 2 CFR §200.512 Single Audit Report. Single Audit reporting packages are due to the California State Controller’s Office (SCO) nine months after the entity’s fiscal year ends pursuant to 2 CFR § 200.512. For most California entities, the reporting package is due March 31 of each year. Entities with approved extensions on file must submit their reporting package by the due date indicated in their approved extension letter. Applicants are responsible for making the determination as to the applicable due date for the Single Audit reporting packages.

The Department will determine the status of 2 CFR § 200.512 Single Audit reporting compliance as of the application due date, **March 10, 2022**, by consultation with SCO. Jurisdictions that are exempt from filing a 2 CFR §200.512 Single Audit report, because their federal funding falls below the federal threshold, are required to submit a copy of the letter notifying SCO of the exemption status. The letter must be included in their HOME application.

Applicants must be in good standing with the State of California and all agencies and departments thereof. By way of example and not limitation, if an Applicant is a business entity, such entity must be qualified to do business in California and currently in good standing with the California Secretary of State and the California Franchise Tax Board.

C. Eligible activities

The state HOME program will fund only the following types of Projects and Programs. Rental and homebuyer projects with multiple sites must have common ownership and financing.

1. Rental projects

Rental new construction project – Funds provided to develop a specific multifamily project on a specific site by a specific Developer. Rental new construction projects may be with or without acquisition; or

Rental rehabilitation project – Funds provided to rehabilitate a specific rental project with or without property acquisition.

Per Section 92.205(a) of the federal HOME regulations, “acquisition” is considered a transfer of real property between unaffiliated third parties. Therefore, a “rehabilitation with acquisition project” is eligible only if there will be an acquisition of real property. A title or vesting change of current ownership is not acquisition of property, whether or not monies were exchanged.

Applicants requesting project funding for a rental project consisting of multiple sites must be in compliance with UMR Section 8303(b).

Note: Projects for acquisition only are not eligible for funding.

2. FTHB projects

a. Construction financing must include the following:

- New construction or acquisition/rehabilitation/ conversion to develop homes on specific site(s).
- 100 percent of the HOME investment rolls over to permanent financing to provide mortgage assistance to eligible first-time homebuyers when the units are sold to eligible homebuyers.

b. Homebuyer mortgage assistance only (no HOME construction financing) in a project that is being constructed or acquired and rehabilitated with other funds to then be sold to eligible first-time homebuyers.

3. Program Activities

Eligible HOME Program Activities are as follows:

a) First-Time Homebuyer (FTHB) program

- Acquisition-only down payment assistance – Funds awarded to a HOME-eligible Applicant to provide loans to homebuyers for acquisition of a modest dwelling that the homebuyer selects from the open market. CHDOs are ineligible for this activity.

- Acquisition with rehabilitation – Funds provided to a HOME-eligible Applicant, or CHDO, to perform acquisition with rehabilitation activities. **To be considered a CHDO-eligible activity, the CHDO must assume the role of Developer and own the property, completing the rehabilitation of the unit prior to selling the home to an eligible homebuyer.**
- Infill new construction – Funds provided to an eligible Applicant, or CHDO, to provide assistance for the new construction of dwellings on scattered sites, with no more than four dwellings per vacant site. Pursuant to federal National Environmental Policy Act (NEPA) requirements, an environmental assessment (EA) will be required if more than four units, regardless of the funding source, are developed within 2,000 feet of one another. To be considered a CHDO-eligible activity, the CHDO must assume the role of Developer, own the property during construction, and sell the home to an eligible homebuyer within nine months of completion. All dwellings must be situated on land held in fee simple, leasehold, or another manner approved in writing by the Department, and be affixed to a permanent foundation.

Pursuant to state HOME regulations, Section 8207, the FTHB primary mortgage loan must be fully amortized and have a fixed interest rate that does not exceed the current market rate, as recognized by the 90-day “posted yield” for 30-year fixed rate loans, established by Fannie Mae. Rates are available at <https://singlefamily.fanniemae.com/pricing-execution/historical-daily-required-net-yields>.

For projects with costs that exceed 100 percent of the appraised value, this activity is eligible only if the application clearly documents the availability of grant funds or building sites currently owned by the Applicant or Developer. For example, if the project includes a development grant as a funding source, then the Applicant shall provide a commitment letter from the funding source in form and content acceptable to the Department in its sole discretion.

b) Owner-Occupied Rehabilitation (OOR) program

Funds to a HOME-eligible Applicant to assist owners whose primary residence is in need of repairs, improvements, or reconstruction necessary to meet federal, state, or local building codes, and for correction of any health and safety deficiencies.

“Reconstruction” means the rebuilding, on the same residential lot. This includes homes destroyed by natural causes. HOME funds must be committed within 12 months of the date of destruction.

c) Tenant-Based Rental Assistance (TBRA) program

For funds provided to a HOME Applicant to administer a program to provide rent subsidies and/or security deposits to eligible households, the minimum term of rental assistance to an eligible household is six months; however, the tenant must be initially offered a one-year lease. TBRA funds may be used to assist tenants to reside in any HOME-eligible jurisdiction within the county where the TBRA funds were awarded.

For example, TBRA funds awarded to the City of Winters can also be used for units located in Woodland, West Sacramento, or the unincorporated areas of Yolo County, since all of these jurisdictions are state HOME eligible within Yolo County, but may not be used in Davis, which is not state HOME eligible.

Additionally, all program participants will be required to coordinate with their local Continuum of Care to ensure that TBRA funds are used only after all other emergency rental assistance funds currently available have been provided to potential TBRA beneficiaries and the Department has approved the assistance to the beneficiary. Documentation in the beneficiaries’ files must be maintained to demonstrate that this action has taken place.

D. Ineligible use of funds includes, but is not limited to, the following:

At HUD’s discretion, funds used to refinance mortgage loans are not allowed and are considered ineligible use of HOME funds, in accordance with [the HOME Final Rule](#), Section 92.206(b).

Pursuant to federal HOME regulations section 92.206(a)(4), HOME funds cannot pay for the costs associated to construct or rehabilitate laundry and/or other community facilities located in separate buildings containing no residential units, unless the facilities exclusively serve the residents and their guests. In other words, the space cannot be available for use by the general public.

Pursuant to federal HOME regulations section 92.214, HOME funds cannot be used for the initial deposits to the operating and replacement reserve required by state UMR sections 8308 and 8309. Therefore, in a project where HOME is the only source of financing, or if other lenders/equity partners will not pay for these costs, the Developer must pay them.

Additionally, HOME funds cannot provide a duplication of benefit or supplant any other federal, state or local funds previously committed to the project.

Only eligible activities will be scored and ranked. If an application contains two activities, one of which is an ineligible activity, then the eligible activity will be scored.

For further ineligible uses of HOME funds, refer to [the HOME Final Rule](#).

E. Activity combinations and limits

Eligible Applicants (excluding Developers and CHDOs) may apply for two activities as follows:

1. One rental project and one FTTHB project, or
2. One rental project, and any combination of eligible Program Activities, or
3. One FTTHB project and any combination of eligible Program Activities, except for a FTTHB program.

A separate application must be submitted for each project and for Program Activities. Projects and Program Activities are rated and ranked separately.

CHDOs may apply for two activities as follows:

1. One rental project and one FTTHB project, or
2. One rental project or FTTHB project and FTTHB Program Activity of infill new construction or Acquisition with Rehabilitation.

Developers applying with an eligible Applicant as defined above may submit only one independent application pursuant to this NOFA. An application may consist of one activity as follows:

1. One Rental rehabilitation with or without an acquisition project
2. One Rental new construction project

F. Allocation of funding

Funding made available by this NOFA will be allocated in accordance with the state HOME regulations cited below. The utilization of COVID-19 waivers will reduce the CHDO set-aside and increase the amount the state will utilize for administrative costs:

Allocation of Funding
<u>Section 8212.1(a)</u>
<ul style="list-style-type: none"> * 40 percent for Program Activities * 55 percent for rental projects (includes CHDO set-aside) * 5 percent for FTHB projects
<u>Sections 8212.1 and 8213</u>
<ul style="list-style-type: none"> • The top-ranked project and Program Activity application, respectively, submitted by an Indian Reservation, Rancheria, or Tribally Designated Housing Entity that passes threshold and meets the HOME program requirements will be awarded HOME funds. • A minimum of 50 percent will be reserved for Rural areas as defined in Section 50199.21 of the California Health & Safety Code (HSC).

State HOME regulations, section 8213(d) specifies that, in the event there are insufficient monies to fund an Applicant’s entire program, the Applicant may be offered a lower amount of funding. The lower amount of funding may be offered only if the funding is sufficient to complete a portion of the application activities, which, if evaluated separately, would have been awarded. If the amount of funding available is insufficient, the available funds may be allocated to feasible applications in other allocations.

Over-the-Counter (OTC) HOME funding is available only if the amount requested by all Applicants competitively is lower than demand. The Department will notify all parties through a “HCD Listserv” announcement if there will be an additional OTC HOME NOFA funding opportunity.

G. Activity funding amounts and limits

The loan limits stated below do not include funds for administration or CHDO operations. Limits apply to the combined amount of funds requested through this NOFA and HOME program income and recaptured funds.

For example, an eligible Applicant (excluding Developers) may request up to \$7 million for a project (i.e., a \$7 million loan and grant for administration expenses or CHDO Operating Funds limited to the maximum in the NOFA Section II, K). **Developers are not eligible for reimbursement of administration costs.**

Projects may propose to utilize either four percent (4%) or nine percent (9%) tax credits to fund their project and may exercise flexibility post award to determine the type of tax credits they will use. The HOME award amount must remain the same for either type of tax credits proposed. Tax credits cannot be used to replace awarded HOME funds.

For administration/CHDO operation funds and activity delivery amounts, see NOFA Sections II.K. and II.L

Rental new construction project loan limits: \$7 million

Rental rehabilitation with or without acquisition loan limits: \$7 million

Prior to the issuance of the Award letter, the Department will evaluate the financial feasibility of each project and may, as necessary for project feasibility, or to prevent

over subsidizing a project per the UMRs, decrease the HOME loan amount. This also applies to Rental rehabilitation with or without acquisition projects.

Homebuyer project loan limits

1. Down payment assistance cannot exceed 50 percent of the proposed unit sales price plus closing costs. Applicants will need to consider their pool of potential Applicants' income levels to determine the amount of HOME funds needed to complete the project and ensure each beneficiary is provided HOME down payment assistance based on need and remain within the HOME Program per-unit subsidy limits.
2. The federal per-unit subsidy and HOME Value Limits still apply. All loan amounts will be verified by a subsidy layering analysis, and loan amounts will be reduced if the amount requested exceeds what is needed.

Note: Using HOME homebuyer project funds, HOME homebuyer program funds, and/or any HOME program income ("PI") and recaptured funds ("RF") in the same homebuyer project, is not permitted except in limited circumstances and at the sole discretion of the Department.

Projects funding maximums	
Rental New Construction or Rehabilitation with or without acquisition	\$7 million
First-Time Homebuyer Project	\$7 million
CHDO Operating funds grant*	\$200,000
Administrative funds grant*	\$150,000

*See NOFA Section II K and L for guidance.

Minimum and maximum amount of funds per project

1. The minimum amount of HOME funds that must be invested in a rental or homeownership housing project is \$1,000 for each HOME-assisted unit in the project. This requirement does not apply to TBRA funding.

For example, a project with 30 units, of which 15 units are HOME-assisted, requires a minimum HOME investment of \$15,000.
2. The maximum amount of HOME funds invested in a project, including activity delivery costs, shall not exceed the lower of:
 - a) Per-unit subsidy limits, established by HUD (updated annually), under 24 CFR §92.250; or
 - b) The development cost of HOME-assisted units compared to all units in the project and the size of the HOME units compared to all other units in the project, pursuant to 24 CFR §92.205(d)(1); and
3. The maximum amount of HOME funds invested in a project (when combined with other financing and assistance), must accomplish the following:

- a) Enable the project as proposed to be developed and to operate in compliance with all HOME requirements, including the subsidy-layering requirement at 24 CFR §92.250. For more information, see [HUD's CPD Notice 98-01](#).
- b) For rental projects of five or more units, achieve a debt-service coverage ratio in accordance with UMR section 8310.

The current income and rent limits must be used in these calculations. They are located on the Department's website at: <http://www.hcd.ca.gov/grants-funding/income-limits/state-and-federal-income-limits.shtml>.

The current HUD per-unit subsidy limits are located on the Department website at: <http://www.hcd.ca.gov/grants-funding/income-limits/state-and-federal-income-limits.shtml>.

FTHB and OOR activities are subject to the HOME Value Limits. The current limits can be found at <http://www.hcd.ca.gov/grants-funding/income-limits/state-and-federal-income-limits.shtml>.

Pursuant to federal regulations, a project may receive only one HOME fund award. This prohibits the combination of awards from a State Recipient, and a Developer, or CHDO on the same project, and also prevents the combination of awards from more than one HOME NOFA on the same project.

Pursuant to 24 CFR §92.250, before committing funds to a project, the Department must evaluate the project in accordance with the UMRs and will not invest any HOME funds, in combination with other governmental assistance, than is necessary to provide affordable housing. HOME projects may not receive more subsidy than what is required to make them financially feasible.

Program Activities funding limits

Maximum: \$2 million (including administration and activity delivery costs). Minimum: \$300,000. Applies to HOME-eligible Applicants for all Program Activities, subject to the following chart:

HOME Expenditure Rate* Achieved	
Maximum Application Amount	Expenditure Rate for Applicant's 15-HOME, 16-HOME, and 18-HOME Program Activities Contracts
\$2,000,000	60 percent or more
\$1,500,000	55 – 59.99 percent
\$ 700,000	0 – 54.99 percent

* See "Expended Funds" definition in state HOME regulations § 8204(b).

** Applicants that do not have open HOME Program Activities contracts past the expenditure deadline as of the NOFA application due date may apply for up to \$700,000.

Successful Applicants (awardees) will be evaluated periodically to determine if their rate of expenditure is reasonable. The Department may disencumber all or a portion of the grant if there is an unreasonably low rate of expenditure, as determined by the Department in its sole discretion.

H. Program Income and Recaptured Funds

Federal HOME regulations require that all program income ("PI") and recaptured funds ("RF") on hand must be maintained in an interest-bearing account. Interest earned on those funds is considered PI. To avoid de-committing appropriated grant funds from a specific project, HOME PI and RF may be accumulated throughout the current reporting period (fiscal year) and committed to a project in the next fiscal year.

The PI and RF received during the current reporting period, as well as any anticipated to be received in the next program year, must be reported to the Department to comply with HUD reporting requirements. Additionally, the Applicants must identify how the funds will be used (name the activity and project or Program Activity, and the intended beneficiary type) to ensure timely use of program income funds. All PI and RF must be reported in the Annual Performance Report to the Department.

I. Deep affordability targeting

A total of approximately \$5 million in HOME funds are available as part of the rental project allocation to assist rental new construction projects to reduce or eliminate permanent conventional debt with mandatory debt service for the purpose of lowering rents on some or all of the project's units. Eligible Applicants may apply for up to an additional \$1 million in HOME funds for this purpose.

Eligible projects are rental new construction projects that do not utilize nine percent

(9%) tax credits and set a portion of the units' rents below 50 percent of AMI for the entire regulatory term. Be aware the new flexibility to change tax credits after award will not be applicable for deep affordability projects. Projects also must meet the periods of affordability specified in the following table.

Period of Affordability	
<u>Number of Years</u>	<u>Applicant Type</u>
55 years	Developments on fee land
50 years	Developments on Native American Lands (both fee simple and leasehold)

Applicants for deep affordability targeting funds must submit two sets of application documents as set forth in the Deep Affordability Targeting Documentation Checklist of the HOME Supplement to the Universal Application. This additional documentation must illustrate any differences in proposed project rent levels, financing commitments, and other financials when funded at the deep affordability targeting funding level versus the regular maximum HOME funding level. The additional documentation must also include another "Financial Feasibility Self Evaluation" form. The Department expects to see a reduction in rents, debt service, operating reserve, and permanent conventional financing commitments because of the higher HOME loan amount. However, there must be no difference in total development cost under the regular HOME funding scenario versus the deep affordability targeting funding scenario. The total operating expenses may change based on the population served; however, the amount budgeted for Supportive Services Costs must be consistent with the UMR Section 8314I. Any differences in total operating expenses and required replacement reserve deposits between the two scenarios must be explained in the application.

Although the project rent schedule may change with deep affordability targeting funds, the total number of units and the size of units in the project may not change. In putting together the unit mix under both scenarios, among the HOME-assisted units, no more than four different rent AMI levels shall be used for each bedroom size.

Deep affordability targeting rating factors

The available funds will be allocated to projects that rank high enough to be funded through the normal rating and ranking process and based on the following deep affordability targeting rating factors:

1. The higher the percentage of HOME units restricted below 50 percent AMI, the deeper affordability targeting points that will be awarded; and
2. The lower the average rent of HOME units expressed as a percentage of AMI, the deeper affordability targeting points that will be awarded.

Fifty percent (50%) of deep affordability targeting HOME funds will be made available to projects in counties in which the HOME 50 percent AMI limit for a household of four is below \$39,200 based on the 2021 HUD HOME 50 percent median income limits. Fifty percent of the funds will be made available to projects in counties whose

HOME 50 percent AMI limit for a household of four is \$39,200 or more. Unused funds in one group will be made available for the other group.

If a project does not score high enough on the deep affordability targeting factors to receive deep affordability targeting funds, it will be evaluated for overall HOME rating purposes using the rents that are proposed at the regular maximum HOME funding level.

For assistance on deep affordability targeting applications, submit questions to HOMENOFA@hcd.ca.gov.

J. Forms of assistance

1. HOME loans

HOME assistance shall be in the form of deferred payment loans to be repaid to local HOME accounts controlled by eligible Applicants or the state's local HOME account, except for the uses of funds specifically defined under HOME grants below. Loans provided to homebuyers must meet the requirements set forth in State HOME Regulations § 8205II(i and ii)

2. HOME grants

HOME assistance must be provided in the form of a grant for relocation payments, lead-based paint hazard evaluation and reduction activities, and TBRA. HOME assistance may be provided in the form of a grant for rehabilitation activities performed under an OOR program if necessary, to complete the project when the total of all project indebtedness equals or exceeds the projected after rehabilitation appraised value. The grant amount for OOR activities is limited to 25 percent of the applicable HUD per-unit subsidy limit for the project. This amount is in addition to any grant funds currently permitted for relocation, lead-based paint remediation, and activity delivery costs for the project.

HOME assistance may be used for activity delivery cost grants for eligible Applicants. Activity delivery costs are further defined by the term "related soft costs" in the HOME Final Rule at 24 CFR § 92.206(d), except that customary closing costs for home acquisition activities may be charged as either a loan or part of the grant funding for activity delivery costs.

IMPORTANT: All project-related soft costs associated with an OOR project must be included in the 24 percent funding maximum available for activity delivery costs.

HOME funds for activity delivery costs cannot be drawn down before HOME funds for activity costs are drawn down. If the activity is not completed, and a Project Completion Report for the full amount drawn down is not filed, all HOME funds for that project, including activity delivery costs, must be repaid to the Department.

Project related expenses for NEPA environmental review, and architectural and engineering and other professional services incurred within the 24 months prior to the commitment of funds, may be reimbursed at the sole discretion of the Department after execution of the state's Standard Agreement. On a case-by-case basis, the Department may, in writing and in its sole discretion, permit reimbursement for other expenses incurred after the date of the Award letter, and prior to the effective date of the Standard Agreement, upon the written request of the Applicant.

K. Administrative and CHDO operation funds

The following limits apply to the amount of administrative and CHDO operations funding that Applicants may receive. Developers of a project shall not act as an Administrative subcontractor for the same HOME funded project activity and are not eligible for project administrative costs.

Projects

Applicants eligible to receive administrative funds applying for \$5 million or more in project development costs may request up to \$100,000 for administrative costs. If requesting less than \$5 million in project development costs, Applicants may request up to \$75,000 for administrative costs.

CHDOs applying for \$5 million or more in project development costs may request up to \$200,000 in CHDO operations funds. If requesting less than \$5 million in project development costs, Applicants may request up to \$150,000 in CHDO operation funds. This includes FTHB projects.

Developers are not eligible to apply for administrative funds.

All administrative costs must be reasonable, and Applicant must have detailed records to demonstrate costs are eligible for reimbursement.

Program Activities

All Program Activities Applicants may request up to 2.5 percent of the amount requested in administrative funds. CHDOs undertaking a FTHB program activity will receive CHDO operation funds in lieu of administrative funds at the same 2.5 percent rate.

All administrative costs must be reasonable, and Applicant must have detailed records to demonstrate costs are eligible for reimbursement.

TBRA Applicants may request up to an additional 9.5 percent of the total TBRA application amount for TBRA general administration, for a total of 12 percent of gross TBRA funds for TBRA general administration. Due to state budget constraints, the total amount of administration for this purpose is \$200,000. If there is more demand for TBRA administration funds than available, only the highest-rated TBRA Applicants will receive administration funds in addition to the regular 2.5 percent allocation. All TBRA Applicants will receive at least the basic 2.5 percent amount for Administration.

Actual eligible expenses must be incurred to draw down these funds.

L. Activity delivery funds

Projects

Eligible Applicants of rental and homebuyer projects may receive up to \$50,000 of the contract amount (loan and grant funds) for activity delivery costs (activity delivery funds). Activity delivery funds are grants and not part of the project loan amount. Activity delivery funds may be used at the Applicant's discretion to fund the activity, activity delivery costs, or any combination of the two.

For a description of the types of expenses, which may be charged to activity delivery, see 24 CFR §92.206(d)(6) and 92.206(f)(2). Activity delivery, administration, and CHDO operations funds should not be included in the development budget since the development budget must reflect HOME loan amounts only, not HOME grant funds.

Developers shall not act as an administrative subcontractor for the same HOME funded project activity and are not eligible for project activity delivery costs.

Programs

Except for TBRA activities, Standard Agreements (contracts) will automatically allow the use of up to the maximum amount of activity delivery funds for each specific activity. At the time of set-up (i.e., when the HOME recipient is ready to begin drawing activity funds) an activity delivery funds request may be made for actual expenses:

1. Up to 24 percent of the HOME loan/grant amount for OOR and for the rehabilitation component of acquisition with rehabilitation. Activity delivery costs for rehabilitation projects may exceed the 24 percent limit if documentation of actual eligible costs is provided to the Department with the project set-up. Documentation must be of actual eligible costs; consultant billings, without documentation of underlying actual costs, are not adequate.
2. Up to 6.5 percent of the total acquisition cost for FTHB activities involving acquisition with rehabilitation.
3. Up to 5 percent of the HOME TBRA payment for unit inspection and income determination activities.
4. Up to 6.5 percent of the HOME amount for all other activities.

III. State and federal requirements

Applicants are required to ensure programs and projects development are in compliance with all the state and federal regulations governing this funding. Those to be considered in completing your application are highlighted below.

A. Physical needs assessment

Pursuant to 24 CFR §92.251, housing that is constructed or rehabilitated with HOME funds must meet all applicable local codes and rehabilitation standards at the time of project completion. Projects involving rehabilitation must do sufficient rehabilitation to ensure the long-term viability of these projects. Pursuant to state UMR Section 8309(b)(2), the Department requires rental rehabilitation project Applicants to submit a third-party physical needs assessment.

B. Timeframes for use of funds

Recipients of HOME funds are subject to progress deadlines and expenditure deadlines that are defined in the state and federal regulations and specified in the Standard Agreement. Failure to meet applicable deadlines may potentially result in the assessment of penalties, potential recapture of HOME funds (spent and/or unspent), and point deductions from future NOFA applications:

HOME Deadlines	
	<u>Deadline</u>
Construction loan closing	20 months from award
Expenditure (Program Activities)	48 months from award
Expenditure (project)	40 months from award

Projects

For projects, if a grantee fails to meet one or more of the deadlines outlined in the paragraph above, a performance penalty will be imposed on the next project application submitted by the Applicant, as well as the project's Developer, owner, and managing general partner.

If a grantee gives back their award in lieu of another funding source or tax credits, the Applicant will be held out of the next HOME funding round.

Program Activities

All Program Activities funds must be expended by the end of the 48th month following the award date. Grantees must ensure that work is completed well in advance of the expenditure deadline to ensure funds are fully expended prior to the expenditure deadline.

Exceptions will be considered, at the sole discretion of the Department, only if the Applicant shows there was clear and indisputable evidence that delays were beyond the reasonable control of the borrower and/or the Applicant, or the Department was responsible for the delay, and the Department has the flexibility to do so within federal regulations.

C. Match requirements

HOME match requirements are waived for applications pursuant to this NOFA. However, match must be reported to the Department in each Project Completion Report. The Department continues to track all match funds in projects.

D. Annual monitoring fees for multifamily projects

Pursuant to 24 CFR §92.214(b)(1)(i), participating jurisdictions, such as the state HOME Program, will charge fees to cover the cost of ongoing monitoring and physical inspection of HOME projects during the state period of affordability. The state HOME program will charge these fees as described in this NOFA.

For Developer and CHDO projects

The Department charges an annual monitoring fee as follows:

Table 8 – Monitoring Fees	
<u>Number of Units</u>	<u>2021</u>
12 or fewer	\$5,900
13 to 24	\$9,600
25 to 36	\$11,700
37-48	\$12,000
49-60	\$14,350
61 or more	\$16,800

To adjust for inflation, this fee shall increase by three percent per year unless the Department determines that the monitoring costs are increasing at a lower rate. To determine the beginning monitoring fee, the applicant will estimate the placed in service year and adjust the fee upward from 2021. Financial assumptions in the HOME application shall be based on the rate that will be effective at the time of initial occupancy.

Annual monitoring fees are mandatory payments. The first payment shall be prorated based upon the total number of days after completion within the first fiscal year.

Lump sum payment made from development funds is not allowed for HOME projects. Payments made must be pursuant to the regulatory agreement.

For Eligible Applicants' projects

Applicants may charge their borrower annual monitoring fees to cover the ongoing cost to monitor and conduct physical inspections provided:

1. The monitoring fee charged may be less than, but not exceed, the amount charged for state CHDO and Developer projects;

2. The monitoring fee shall be specifically stated in the Applicant's loan documents with the borrower; and
3. An amount equal to 10 percent of the monitoring fee which is charged to the project will be paid by the Applicant to the Department to cover the Department's costs of monitoring the Applicant's rental project compliance activities.

IV. Application review

A. Minimum application requirements

Applications for the HOME program will not be considered for funding unless the application demonstrates that the following minimum requirements have been met pursuant to Section 8212 of the state HOME regulations:

1. The application was received by the Department by the deadline specified in this NOFA.
2. The Applicant is eligible pursuant to state HOME regulations sections 8204, 8204.1I, and **Appendix A** of the NOFA or by way of the Department's use of the AB 1010 waiver.
3. The Applicant proposes at least one eligible activity pursuant to state HOME regulations section 8205 (other than administration).
4. The use of funds is eligible per state HOME regulations sections 8205 and 8210I.
5. The application is complete pursuant to state HOME regulations section 8211(b).
6. The Applicant has no unresolved audit findings pursuant to state HOME regulations sections 8204(a)(1)(D) (ii) and (2)(C)(i).
7. The Applicant has provided documentation satisfactory to the Department that it complies with the submittal requirements of 2 CFR §200.512 Single Audit reporting requirements.
8. The Applicant and any member of its program or project team is not on the list of debarred contractors at <https://www.sam.gov/SAM/> pursuant to state HOME regulations Sections 8204(a)(1)(D)(iii) and (2)(C)(ii).
9. The total amount of funds requested for both administration activity-specific costs and activity delivery costs does not exceed the limits identified in the NOFA.
10. The application form provided by the Department has not been altered or modified and is complete in all respects.
11. CHDO applications must contain procedures for ensuring effective project control pursuant to 24 CFR §92.300(a)(1) and state HOME regulations Section 8204(a)(2)(D).

B. Rating and ranking

The Department will rate, rank and fund applications based on review of eligible activities for which funds are requested. The application must be submitted using Department forms, and contain all information required pursuant to state HOME regulations Sections 8211I, (d), and I. Scoring for projects is subject to the appeal process described in NOFA Section IV.F. Each project or combination of Program Activities will be evaluated and ranked separately.

The Department requires full disclosure in each application of all pending and proposed applications for other Department applications for the same project, regardless of who is applying for funding (e.g., city, county, Developer, sponsor, etc.).

Pursuant to Section 8212(d)(5) of the state HOME regulations, HOME project applications must receive a minimum score of 930 points to be funded based on the following categories:

- Housing Element (50 points)
- Formula Reallocation (50 points)
- Rural Area (50 points)
- State Objectives (200 points)
- Capacity (up to 450 points)
- Community Need (up to 250 points)
- Project Feasibility (up to 200 points)
- Project Readiness (300)

In the case of a tie score, the application demonstrating the highest jurisdictional poverty level will be funded first. If CHDOs and/or Developers are applying from the same jurisdictional area, the lower of the average rent expressed as a percentage of area median income will be funded first. The Department Director will make final funding decisions in his or her sole discretion.

Applications will be funded in descending order based on points earned. Applications that qualify for CHDO, FTHB project, tribal and rural set-asides will be funded first, based on their scores as necessary to meet the minimum set-asides.

Once the set-asides have been achieved and the top-ranked project and top-ranked Program Activity on Native American Lands as defined in Section 8201(x) or by an eligible Native American Entity has been selected, all remaining applications will be funded within their respective allocations pursuant to state HOME regulations Section 8212.1, based on their scores relative to all other applications with the highest-scoring application funded first.

Project application review and analysis

1. In accordance with Section 8212(a)(6) of the state HOME regulations, Section 8310 of the state UMR, and the 2013 HOME Final Rule, Section 92.250 (b), the Department will perform underwriting analysis to substantiate the project is financially feasible for at least 20 years, as well as a subsidy layering analysis to determine the amount of the HOME loan.

To determine the project's feasibility and sustainability, the Department will review the project Sources and Uses Form. When completing the form, Applicants should be sure to include all known and potential project costs, such as those caused by the following:

- Site development issues
- Local government approvals
- Project market
- Prevailing wages
- Elevation above a flood plain
- Relocation
- Environmental remediation
- Mitigation of environmental conditions and hazards
- Any other factors that may impact the project costs and/or schedule

If an Applicant proposes to develop site(s) formerly used for agricultural, industrial, manufacturing, or commercial purposes, or the site is situated adjacent to, or in close proximity to, rail yards, airports, dumpsites, or other potentially contaminated properties, whether abandoned or operating, the Department may require Phase II environmental site assessment, or other soil assessment or testing, and a Floodplain Analysis. If not submitted with the application, these reports will be required after award as part of the NEPA process.

If the Applicant has any indication that these conditions may exist, the Department highly recommends that Applicants complete an assessment, soil sampling, or other appropriate testing methodology, prior to submitting the application. The results should be submitted as part of the application documentation, and any additional costs the project may incur must be included in the project budget and Sources and Uses Form.

Failure to include these items can increase the project costs such that the project is unfeasible, resulting in being noncompetitive for an award. For this reason, it is incumbent upon the Applicant to present verifiable and documented information in the application to prevent any unknown or uncertain project costs.

2. The project has site control pursuant to state UMR section 8303 and must meet HUD requirements regarding acceptable forms of site control.
3. There is no pending or threatened litigation that could affect implementation of the proposed project.
 - a) Rental projects must demonstrate compliance with, or be exempt from, the requirements of Article XXXIV of the California Constitution pursuant to state HOME regulations section 8212(a)(7).
 - b) Relocation certification is required for all projects including vacant site(s). Applicants that assert their project does not require relocation must submit a detailed explanation, including supporting documentation, as to why relocation (of tenants, farms, businesses, etc.) is not required. The Department will review the documentation and make a determination as to whether a relocation plan is necessary. Relocation considerations include the following:
 - Vacant land, which is land that is not developed or being used for agricultural purposes;
 - Property vacated for the project, then relocation applies; and
 - Tenant is someone who is living or storing their belongings on the property with the owner's consent, whether or not the "tenant" pays rent. Squatters are not tenants.

If relocation is not required, the Department will issue a *Certification Regarding Non-application of Relocation Benefits and Indemnification Agreement* (“Non-Relocation Certification”). This Non-Relocation Certification must be executed by the Applicant/borrower/sponsor prior to the Department executing the Standard Agreement, and as a condition thereof. The Non-Relocation Certification substantiates and certifies that there is no displacement including, but not limited to, the displacement of tenants, businesses, and farms; therefore, no relocation is required. Submission of thorough and clear supporting information will lead to a more efficient review and decision.

The following are examples of supporting documentation for the Non-Relocation Certification:

- Background information
- Project information
- Reports from professionals, such as appraisal or soils report
- Purchase information
- Mini relocation plan with pictures of the vacant land
- Summary relocation report
- Scope of Work from the general contractor
- Letter from the project engineer stating the Scope of Work
- Sales contract evidencing the purchase of vacant land
- ALTA survey of (purchased) vacant land
- Property tax assessment for vacant land
- Photographic evidence of vacant land

C. Projects application scoring factors and evaluation

<u>HOME Projects</u> Rental New Construction Rental Rehabilitation First-Time Homebuyer	
Scoring Factors	Points
<p>Factor: Housing Element</p> <p>Applicants that meet the definition of a local public entity (cities and counties) are required to be in substantive compliance with state Housing Element Law, as defined in state HOME regulations Section 8201(t), as of the NOFA application due date. The Current Housing Element Status Report is available at https://www.hcd.ca.gov/community-development/housing-element/index.shtml#status</p> <p>Newly incorporated cities are exempt from this factor, until which time the city is required to submit the housing element to the Department for approval. It is the responsibility of the city to know their reporting requirements. If unsure, please send an email inquiry to the HOME NOFA Unit, HOMENOFA@hcd.ca.gov.</p> <p>CHDOs, Developers, and projects to be developed on Native American Lands, as defined in state HOME regulations Section 8201(y)(1), are exempt from this requirement. These entities shall receive full points for this scoring factor.</p>	50
<p>Factor: HUD direct HOME allocation (declined)</p> <p>A jurisdiction that proposes activities that are eligible to receive HUD direct HOME allocation funds and declines the funding for the purpose to preserve their state HOME eligibility, shall receive full points for this scoring factor.</p>	50
<p>Factor: Rural communities</p> <p>Activities proposed in a rural community shall receive full points for this scoring factor.</p>	50
<p>Factor: Capacity – Prior Applicant Experience</p> <p>Applicants that demonstrate experience implementing local, state or federal affordable housing and/or community development projects, during the last seven calendar years (1/1/2015 – 12/31/2021), shall receive points for this scoring factor.</p> <p>10 points for each project completed creating 2 or more units of affordable housing. List a total of 5 projects in the last 7 calendar years.</p>	50

<p>Factor: Capacity – Prior Developer Team Experience</p> <p>Developers that show the project team has experience developing the same type of subsidized project as proposed in the application, during the last five calendar years (1/1/2017 – 12/31/2021), shall receive points for this scoring factor.</p> <p>1 project completed 100 points 2 projects completed 150 points 3 projects completed 200 points</p>	<p>200</p>
<p>Factor: Capacity – Prior Performance</p> <p>For prior performance scoring, all applications receive the maximum 200 points for the factor. As applications are reviewed and rated, points will be deducted for each of the following sub-factor deficiencies up to a maximum 200-point deduction.</p>	
<p>Sub-factor #1: Project Deadlines</p> <p>If, by the NOFA application due date, an Applicant, Developer, owner, and/or managing general partner of any HOME project contract (rental and FTHB) awarded between 1/1/2016 – 12/31/2020, failed to meet the project deadlines as outlined in their Standard Agreement, unless extended in writing by the Department, points shall be deducted for this scoring sub-factor as follows:</p> <p>Permanent financing deadline (5 points) Project set-up deadline (10 points) Construction loan-closing deadline (10 points) Completion deadline (80 points) Expenditure deadline (20 points)</p>	<p>Maximum 200 point deduction</p>
<p>Sub-factor #2: Applicant Reporting</p> <p>Reporting is an essential condition and a responsibility of accepting HOME grant funds. Because of this, Applicants that were required to submit reports and failed to comply are subject to a reduction of points, up to a deduction of 50 points.</p> <p>This applies to any HOME project monthly, quarterly PI reports, annual reports, and project completion reports, due between 1/1/2017 – 12/31/2021.</p> <p>Late or missing monthly reports, deduct 5 points for each report</p> <ul style="list-style-type: none"> • Late or missing quarterly Program Income Reports, if applicable, deduct 5 points • Late or missing annual reports, deduct 25 points • Late or missing project completion reports, deduct 20 points 	<p>Maximum 50 point deduction</p>

<p>Sub-factor #3: Material Misrepresentation</p> <p>If between 1/1/2016 – 12/31/2020, an Applicant, Developer, owner, and/or managing general partner made any material misrepresentation or omission in the HOME application, application documentation, project reports and/or any other document, significant in nature, that could jeopardize the Department HOME investment funding in a project or place the Department at risk of a HUD monitoring finding, up to 200 points shall deducted for this scoring sub-factor. This is evidenced by receipt of a letter from the Department outlining the infraction and the points deduction levied by the Department.</p>	<p>Maximum 200 point deduction</p>
<p>Sub-factor #4: Monitoring Noncompliance (1/1/2017 – 12/31/2021)</p> <p>There are two noncompliance categories for which up to 100 points may be deducted.</p> <ol style="list-style-type: none"> 1. Monitoring. Points will be deducted in this category for any application that the Applicant, owner, and managing general partner have failed to remedy any HOME monitoring findings and concerns, identified by the Department. 2. Late reports. Points will be deducted in this category for any 2020-2021 NOFA project applications that the Applicant, owner, and managing general partner failed to timely submit reports for occupied HOME rental projects. Point deductions shall be as follows: <ol style="list-style-type: none"> a. <u>Local public entity</u> <ul style="list-style-type: none"> • Annual monitoring report (10 points each) • Annual report (10 points each) • (including financial audit. Schedule of rental income, and annual affirmative marketing analysis) b. <u>CHDOs/Developers</u> <ul style="list-style-type: none"> • Annual operating budget (10 points each) • Annual report (10 points each) (including financial audit. Schedule of rental income, and annual affirmative marketing analysis) 	<p>Maximum 100 point deduction</p>
<p>Factor: Community Need</p> <p>The community need point scoring by activity type is based on the data available in Appendix C at the HOME NOFA webpage.</p>	<p>Up to 250</p>
<p>Factor: Project Feasibility</p> <ol style="list-style-type: none"> 1. State and federal requirements (including UMRs for rental projects) (195) 2. Highest percentage of HOME-assisted units (5) 	<p>200</p>

<p>Factor: Project Readiness</p> <ol style="list-style-type: none"> 1. Rental Projects. Project readiness factors are available in the HOME Supplemental Application, found at the Department HOME webpage. 2. Homebuyer Projects. Project readiness factors are available in the Homebuyer Project Application (Part B), available on the Department HOME webpage. 3. Project Development Plan (PDP). Rating points will be awarded if the <u>required</u>* item was prepared and submitted within the applicable timeframes, and meets the minimum requirements specified in the HOME Supplement. The PDP will be reviewed on applications scored high enough for funding. <p>* The Geotechnical report is not required as part of the application and will not be considered for scoring purposes.</p>	300
<p style="text-align: center;">Factor: State Objectives</p> <p>For the state objective scoring, there are three sub-factors for which Applicants can receive points, up to 200 points maximum. As applications are reviewed and rated, points will be awarded for the following objectives:</p> <ol style="list-style-type: none"> 1. Committed financing 2. Overcoming impediments to fair housing 3. Policy objectives <ul style="list-style-type: none"> – Special Needs populations – Homelessness – Access to opportunity 	
<p>Sub- factor #1: Committed Financing</p> <p>Points will be awarded for projects that have 100 percent of the non-state permanent financing committed by the application due date. Projects anticipating applying for any type of tax credits will not be considered as having their financing committed and are thus not eligible for these points.</p>	85
<p>Sub-factor #2: Overcoming Impediments to Fair Housing</p> <p>Points shall be awarded for projects located in <u>high-</u> <u>and</u> <u>highest-</u> areas of opportunity within the TCAC Opportunity Map, http://www.treasurer.ca.gov/ctcac/opportunity.asp</p>	35

<p>Sub-factor #3: Policy Objectives. Special Needs Populations, or Homelessness.</p> <p>Special Needs populations (up to 80 points). See chart below. Points shall be awarded to applications that propose rental projects with funding commitments to target Special Needs populations, using any of the following funding:</p> <ul style="list-style-type: none"> • HUD 811 • HUD Supportive Housing Program • State Mental Health Services Act (MHSA) • No Place Like Home Program • Veterans Housing and Homelessness Program • Housing for a Healthy California Program • Multifamily Housing Program <p>Points may also be awarded to projects that provide project-based rental assistance, under the terms of an MHSA or Veterans Affairs Supportive Housing Voucher (HUD-VASH).</p> <p style="text-align: center;">– or –</p> <p>Homelessness (up to 80 points). Points shall be awarded to applications that propose projects serving people experiencing homelessness. If serving Special Needs or Homeless populations, the projects must include supportive services pursuant to Housing First requirements.</p>	80
TOTAL AVAILABLE POINTS FOR PROJECTS	1550

Percentage of units assisting Special Needs or Homeless Populations or VASH units	
Percent of Units Designated by all <u>Funding Sources as Special Needs Units</u>	<u>Points</u>
51% or more	80
41-50%	70
31-40%	60
26-30%	50
21-25%	35
16-20%	22
10-15%	9
6-10%	5
1-5 %	3

D. Credits and additional point-deduction rules

1. Credit for good performance on the same project with missed deadlines

The deducted points for each specific project shall be restored if all of the following events occur prior to the application due date for the same project:

- a) Project completion. The Department receives the final Certificate of Occupancy and the Notice of Completion is filed at the County Recorder's Office. The Project Completion Report. The Department receives the Project Completion Report showing all HOME units are occupied.
- b) All HOME funds are expended by the original expenditure deadline as stated in the Standard Agreement.

2. Credit for other completed HOME projects

Points will be partially restored to the extent the Applicant, Developer, owner, or managing general partner completed other HOME projects. Five points will be restored for each completed HOME project awarded HOME funds between

June 1, 2017 and December 31, 2021.

For example, one of a Developer's three HOME projects awarded in this timeframe missed the completion deadline, resulting in an 80-point deduction. Two projects awarded HOME funds between June 1, 2017 and December 31, 2021 have been completed. 10 points (two projects X five points) will help to offset the 80-point deduction.

3. Additional point deduction rules

- c) Pursuant to state HOME regulations section 8217, Applicants who disencumbered a project contract between June 1, 2017 and December 31, 2021 and their Developers, owners, and managing general partners, if any, for these projects shall receive point deductions according to the above schedule for the deadlines the project did not meet before the contract was disencumbered.
- d) Point deductions for projects subject to the holdout penalty (see state HOME regulations section 8217(b)(3)). Applicants that have not received a waiver of the holdout penalty, pursuant to state HOME regulations section 8217(c), may be eligible to apply because the project in question meets a specific performance standard identified in the state HOME regulations section 8217(b)(3)(A), which states the project has been completed, occupied, all funds have been expended, and all HOME funds have been drawn. These Applicants are still subject to a performance penalty of up to 50 points on the next HOME application following the holdout penalty, along with the project's Developer, owner, and managing general partner pursuant to state HOME regulations 8217(b)(3)(B).

E. Rental project scoring and notification

Once rental project application scoring is complete, emails will be sent to the authorized representative and contact person listed in the application describing the scores and facts upon which those scores were determined.

F. Appeals

1. Basis of appeals

- a) Upon receipt of the Department's notice that an application has been determined to be incomplete, fail the threshold, or have a reduction to the preliminary point score, Applicants under this NOFA may appeal such decision(s) to the Department pursuant to this section.
- b) No Applicant shall have the right to appeal a decision of the Department relating to another Applicant's eligibility, point score, award, denial of award, or any other matter related thereto.
- c) The appeal process provided herein applies solely to decisions the Department made in this program NOFA and does not apply to any decisions made with respect to any previously issued NOFAs or decisions to be made pursuant to future program NOFAs.

2. Appeal process and deadlines

- d) Process: To lodge an appeal, Applicants must submit to the Department, by the deadline set forth in subsection (b) below, a written appeal which states all relevant facts, arguments, and evidence upon which the appeal is based. Furthermore, the Applicant must provide a detailed reference to the area(s) of the application that provide clarification and substantiation for the basis of the appeal. No new or additional information will be accepted if this information would result in a competitive advantage to an Applicant.

Once the written appeal is submitted to the Department, no further information or materials will be accepted or considered thereafter. Appeals are to be submitted to the Department either via email at HOMENOFA@hcd.ca.gov or at the following address:

California Department of Housing and Community Development
Division of Federal Financial Assistance
HOME Projects Manager
2020 W. El Camino Avenue, Suite 200
Sacramento, CA 95833

The Department will accept appeals through a carrier service that provides date stamp verification of delivery such as the U.S. Postal Service, UPS, or FedEx. Deliveries must be received during Department weekday (non-state holiday) business hours of 9:00 a.m. to 5:00 p.m. PST. Emails to the email address listed above will be accepted if the email time stamp is prior to the appeal deadline.

Filing deadline: Appeals must be received by the Department no later than five (5) business days from the date of the Department's eligibility, threshold review, or preliminary point score determination letters representing the Department's decision made in response to the application.

3. Decision

Any request to amend the Department's decision shall be reviewed for compliance with the state and federal HOME regulations and UMRs (if applicable), the 2020-2021 HOME NOFA and "application for funding", and any subsequent clarifying

documents, such as the HOME program's responses to "Frequently Asked Questions."

It is the Department's intent to render its decision in writing within fifteen (15) business days of receipt of the Applicant's written appeal. All decisions rendered shall be final, binding, and conclusive, and shall constitute the final action of the Department with respect to the appeal.

4. Effectiveness

If the statute, regulations, and/or guidelines governing this program contain an existing process for appealing decisions of the Department with respect to NOFA awards made under such programs, then this section shall be inapplicable and such existing authority shall govern all appeals.

G. Program Activities application scoring factors and evaluation

HOME Program Activities Rating Factors	
Scoring Factors	Points
<p>Factor: Housing Element</p> <p>Cities and counties are required to be in substantive compliance with state Housing Element Law, as defined in state HOME regulations section 8201(t), as of the NOFA application due date. Housing Element Annual Progress Reports are available at https://www.hcd.ca.gov/community-development/housing-element/index.shtml#status. Newly-incorporated cities are exempt from this factor, until which time the city is required to submit the housing element to the Department for approval. It is the responsibility of the city to know their reporting requirements. If unsure, please send an email inquiry to the HOME NOFA Unit, HOMENOF@hcd.ca.gov.</p> <p>CHDOs are exempt from this requirement and shall receive full points for this scoring factor.</p>	50
<p>Factor: HUD direct HOME allocation (declined)</p> <p>A jurisdiction that proposes activities that is eligible to receive HUD direct HOME allocation funds and declines the funding for the purpose to preserve their state HOME eligibility shall receive full points for this scoring factor.</p>	50
<p>Factor: Rural communities</p> <p>Activities proposed in a rural community shall receive full points for this scoring factor.</p>	50
<p>Factor: Capacity – Applicant Experience</p> <p>Applicants that demonstrate experience administering HOME and/or other local, state, or federal affordable housing and/or community development projects, during the last seven calendar years (1/1/2015 – 12/31/2021), plus 2022 year-to-date, shall receive full points for this scoring factor.</p>	100
<p>Factor: Capacity – Prior Performance</p> <p>For prior performance scoring, all applications receive 150 points. As applications are reviewed and rated, points will be deducted for each of the following sub-factor deficiencies, up to a maximum 150-point deduction.</p> <ul style="list-style-type: none"> • Reporting noncompliance • Monitoring noncompliance 	

<p>Sub-factor #1: Reporting</p> <p>Reporting is an essential condition and responsibility of accepting HOME grant funds. Because of this, Applicants required to submit reports and who failed to comply are subject to a reduction of up to 50 points.</p> <p>In assigning these points, the Department will review the Applicant’s history of submitting quarterly reports and quarterly PI reports (for both Program Activities and Projects contracts numbered 15-HOME through 18-HOME), and Annual Performance Reports for FY 18-19, 19-20, and 20-21. The Department reserves the right to deduct points even if the Annual Report is on time but prepared inaccurately.</p>	<p>Maximum 50-point deduction</p>
<p>Sub-factor #2: Monitoring Noncompliance (1/1/2016 – 12/31/2020)</p> <p>Points will be deducted for noncompliance with monitoring or contract requirements identified in the last five calendar years.</p>	<p>Maximum 100-point deduction</p>
<p>Factor: Community Need</p> <p>The community need point scoring by activity type is based on data available in Appendix C, available on the Department HOME webpage.</p>	<p>250</p>
<p>Factor: Project Feasibility</p> <p>Project feasibility scoring has two scoring categories: activity type and program guidelines, described as follows:</p> <ol style="list-style-type: none"> 1. Activity type scoring criteria (up to 75 points): <ol style="list-style-type: none"> a. FTHB program scoring is determined by the number of units sold in the city or county in the last 12-month period that are affordable to lower-income families. b. OOR program scoring is determined by the number of overcrowded households by tenure, and the age of the housing stock by tenure, in the city or county as reflected in U.S. Census data. c. TBRA program scoring is determined by the number of overpayments by renter households as reflected in U.S. Census data. 2. Program guidelines will be evaluated by the extent they reflect state and federal requirements (up to 25 points). 	<p>100</p>
<p>Factor: State Objectives</p> <p>For state objective scoring, Applicants can receive up to 200 points maximum. As applications are reviewed and rated, points will be awarded for the following objectives:</p> <ol style="list-style-type: none"> 1. Expenditure rates 2. Access to opportunity and homelessness 	

<p>Sub-factor #1: Expenditure Rates</p> <p>Applicants that have higher expenditure rates (i.e., expenditure rates of 55 percent and above) for all 2015-2018 HOME Program Activities contracts shall receive state objectives points as follows:</p> <ul style="list-style-type: none"> • Expenditure rate at or above 60 percent. (90 points) • Expenditure rate between 55 percent to 59.99 percent. (60 points) <p>Expenditure rates will be calculated in accordance with the “Expended Funds” definition in Section II.A of this NOFA.</p>	90
<p>Sub-factor #2: Access to Opportunity and Homelessness</p> <p>Points shall be awarded for access to opportunity and homelessness actions. These points will be awarded to Applicants with local governments that:</p> <ol style="list-style-type: none"> 1. Identified at least one activity in each of the three access to opportunity categories: <ol style="list-style-type: none"> a. Outreach and engagement b. Prioritize and diversify investment c. Encourage housing choices in higher opportunity neighborhoods 2. Either applied for TBRA, or has identified in homelessness strategies at least one action in each of the following three categories: <ol style="list-style-type: none"> a. zoning and land use b. funding c. data outreach and coordination <p>To receive these points, Applicants must complete and submit the HOME State Objective Worksheets with their application.</p>	110
TOTAL POINTS FOR PROGRAMS	950

H. Disclosure of application

Information provided in the application will become a public record available for review by the public pursuant to the California Public Records Act (Chapter 1473, Statutes of 1968). As such, any materials provided will be disclosed to any person making a request under the California Public Records Act. The Department cautions Applicants to use discretion in providing information not specifically requested, including but not limited to, bank account numbers, social security or taxpayer identification numbers, and personal phone numbers and home addresses. By providing this information to the Department, the Applicant is waiving any claim of confidentiality and consents to the disclosure of submitted material upon request.

V. Award Announcements and Contracts

A. Award announcements

Subject to the availability of funds, the Department intends to send Award letters in August of 2022 for all successful Applicants. If a Standard Agreement is not ready for a construction loan closing, then the borrower and other construction lenders, or any other party associated with the project, must rely on the issuance of an estoppel letter that will be issued (if requested) by the Department at the construction loan closing stage.

Updates on planned awards and contract status will be provided through the Department Listserv system. To be added to this list, go to https://www.hcd.ca.gov/i-am/sub_email.shtml, scroll down to the HOME program and select the email alert lists you wish to receive.

B. Contracts

Awardee(s) must enter into a Standard Agreement with the Department. The Standard Agreement contains all the relevant state and federal requirements, as well as specific information about the award and the work to be performed. The Standard Agreement will contain deadlines that are consistent with state and federal HOME regulations. Failure to meet these deadlines will be considered a material breach of the Standard Agreement.

Note: The Standard Agreement will be delayed if awardee does not timely provide the Department with all required entity resolutions and other entity documentation (e.g., bylaws, articles of incorporation, 501(c)(3) certification, certificate of good standing), in form and content acceptable to the Department in its sole discretion, which evidences that awardee has the legal authority to contract with the Department.

A condition of award will be that a Standard Agreement is executed by the awardee(s) within 90 days (contracting period) of the awardees' receipt of the Standard Agreement. Failure to execute and return the Standard Agreement(s) to the Department within the contracting period may result in award cancellation. The awardee(s) shall remain a party to the Standard Agreement for the full term of the Standard Agreement; removal of the awardee(s) shall be prohibited.

VI. Recent State Overlays

In addition to existing regulations, both state and federal, the following state regulations have recently been adopted as applicable to the HOME program.

A. Pet-Friendly Housing Act of 2017

This funding is subject to the Pet-Friendly Housing Act of 2017 (HSC, § 50466).

Each Applicant for a rental project is required to submit a signed and dated certification that residents of the housing development will be authorized to own or otherwise maintain one or more common household pets. Pursuant to this statute, "common household pet" means a domesticated animal, such as a dog or cat that is commonly kept in the home for pleasure rather than for commercial purposes. The certification must be included with the application. Submission of the certification is a prerequisite to the granting of an award under this NOFA.

B. Climate adaptation

California Executive Order B-30-15 addressed the need for climate adaptation and ordered that:

1. All state agencies with jurisdiction over sources of greenhouse gas emissions shall implement measures, pursuant to statutory authority, to achieve reductions of greenhouse gas emissions to meet the 2030 and 2050 greenhouse gas emissions reductions targets.
2. State agencies shall consider climate change in their planning and investment decisions and employ full life-cycle cost accounting to evaluate and compare infrastructure investments and alternatives.

In response to the Governor's Executive Order, the Department strongly encourages HOME recipients to implement projects and Program Activities in a manner that reduces greenhouse gas emissions and adapts to climate change.

VII. Other terms and conditions

A. Right to modify or suspend

The Department reserves the right, at its sole discretion, to suspend, rescind, amend, modify, or supplement the provisions of this NOFA at any time, including without limitation, the amount of funds available hereunder. If such an action occurs, the Department will notify all interested parties via Listserv and will post the revisions to the Department website. Be sure to https://www.hcd.ca.gov/i-am/sub_email.shtml.

B. Conflicts

In the event of any conflict between the terms of this NOFA and either applicable state or federal law or regulation, the terms of the applicable state or federal law or regulation shall control. Applicants are deemed to have fully read and understand all applicable state and federal laws, regulations, and guidelines pertaining to the HOME Program, and understand and agree that the Department shall not be responsible for any errors or omissions in the preparation of this NOFA.