



HOME NOFA WORKSHOP FOR PROJECTS



**California Department of Housing and
Community Development**





WELCOME



HOME NOFA INQUIRIES AND CONTACTS

NOFA APPLICATION INQUIRIES

For consistency and transparency, questions must be submitted to the HOME NOFA email.

Questions will be reviewed, researched and answered.

FAQ's will be posted to the HCD website.

Email to HOMENOFA@hcd.ca.gov



HOME Project Team

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NOFA Deadlines

Application Submittal Period

December 16, 2021, 8:00 a.m. PST

through

March 10, 2022, 5:00 p.m. PST



Presentation Overview

- **NOFA Overview and What's New**
 - eCivis Application Portal
 - Funding Availability
 - Application Limits
- **Threshold Requirements**
- **Rating and Ranking**
- **Project Feasibility**
 - Financial Feasibility
 - National Environmental Policy Act (NEPA)
 - Relocation



eCivis Application Portal

HOME Applications must be accessed, starting December 16, 2021, 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](#)



NOFA Overview

Funding Availability

- \$72 million available (approximately)
 - 55% for rental projects = \$39.6 million
 - 5% FTHB projects = \$3.6 million
 - 40% for Program Activity = \$28.8 million
- 50% reserved for rural areas
- 15% reserved for CHDO's
 - 2021 Only = \$6.3 million

**Highest scoring NAE Application will be awarded subject to passing threshold



New This Year

2019 NOFA	2020/2021 NOFA
Paper Applications	Online Application via eCivis Portal
\$5,000,000 Max HOME loan amount plus Admin, ADC, CHDO Ops	\$7,000,000 Max HOME loan amount plus Admin, ADC, CHDO Ops
Developer allowed to apply Rental New Construction, Rehab, and FTHB Projects	Developer may not apply for FTHB Projects
Max CHDO Ops = \$100K Max SR Admin = \$50K	Max CHDO Ops = \$200K Max SR Admin = \$150K (SRs may apply for up to \$100K in Admin funds PLUS \$50K in ADC funds)
FTHB application amount calculated at \$80K/assisted unit	FTHB application amount calculated at up to 50% of the HUD allowed unit subsidy



New This Year

2019 NOFA	2020/2021 NOFA																										
<p>9% Tax Credit NOT allowed</p>	<p>4% and 9% Tax Credits Allowed Note: – Deep Targeting, 9% credits are NOT allowed</p>																										
<table border="1" data-bbox="289 758 784 1025"> <thead> <tr> <th colspan="2">Table 8 – Monitoring Fees</th> </tr> <tr> <th>Number of Units</th> <th>2019</th> </tr> </thead> <tbody> <tr> <td>12 or fewer</td> <td>\$5,624</td> </tr> <tr> <td>13 to 60</td> <td>\$11,248</td> </tr> <tr> <td>61 or more</td> <td>\$16,866</td> </tr> </tbody> </table>	Table 8 – Monitoring Fees		Number of Units	2019	12 or fewer	\$5,624	13 to 60	\$11,248	61 or more	\$16,866	<table border="1" data-bbox="1151 715 1559 1076"> <thead> <tr> <th colspan="2">Table 8 – Monitoring Fees</th> </tr> <tr> <th>Number of Units</th> <th>2021</th> </tr> </thead> <tbody> <tr> <td>12 or fewer</td> <td>\$5,900</td> </tr> <tr> <td>13 to 24</td> <td>\$9,600</td> </tr> <tr> <td>25 to 36</td> <td>\$11,700</td> </tr> <tr> <td>37-48</td> <td>\$12,000</td> </tr> <tr> <td>49-60</td> <td>\$14,350</td> </tr> <tr> <td>61 or more</td> <td>\$16,800</td> </tr> </tbody> </table>	Table 8 – Monitoring Fees		Number of Units	2021	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
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<p>15% CHDO Set-aside</p>	<p>15% CHDO Set-aside base on 2021 funds only</p>																										



New This Year

2019 NOFA	2020/2021 NOFA
CHDO Certification required every two years	<ul style="list-style-type: none">• CHDOs must be certified every year they submit an application• Certification request must be submitted prior to March 10, 2022



NOFA Overview

Application Limits

Only 1 HOME application pursuant to this NOFA for no more than 2 activities:

- 1 Rental Project and 1 FTHB Project, or
- 1 Rental Project and any combination of Program activities, or
- 1 FTHB Project and any combination of Program Activities, except FTHB Program



NOFA Overview

Rental Project Limits

- Rental New Construction Projects up to \$7,000,000
- Deep Affordability Targeting (new construction only) up to additional \$1,000,000
- Rental Rehab with or without Acquisition up to \$7,000,000
 - \$4,000,000 for Projects that **do not** meet the following requirements
 - 80% of units restricted to tenants with income <50% AMI at initial occupancy after rehab.; or
 - 80% of units have project based rental assistance, tenant incomes <50%



NOFA Overview

Deep Affordability Targeting (DAT) Limits

- Up to \$1M additional funds,
- To reduce or eliminate permanent conventional debt, and
- To reduce rents on all or some units to 50% AMI or below.
- Projects must meet periods of affordability
- Two sets of Application documents required for DAT



NOFA Overview

Administrative, Activity Delivery and CHDO Operations Funds Limits

- State Recipients:
 - **\$100,000** Administrative funds for projects \$5,000,000 or more
 - **\$75,000** Administrative funds for projects less than \$5,000,000Plus
 - **\$50,000** Activity Delivery funds
- CHDO:
 - **\$200,000** CHDO Operating funds for projects \$5,000,000 or more
 - **\$150,000** CHDO Operating funds for projects less than \$5,000,000



NOFA Overview

Eligible Applicants

- State Recipients - Local Agency or Local Public entities defined as
 - Cities
 - Counties
 - Native American Entities*
 - State HOME eligible jurisdictions
 - NOFA Appendix A
- State-certified CHDO
- Developers



*Native American Entities

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).

- Native American Entities may apply as a Local Agency or Local Public Agency
- Periods of affordability for projects developed on Indian Reservations or Native American Lands will be for 50 years or as needed to meet the regulatory requirements.



NOFA Overview

Definitions

- **“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



NOFA Overview Definitions

- 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 agency.



Eligible Projects

- Rental New Construction Projects
- Rental Rehabilitation Projects
- First-Time Homebuyer Projects

State Recipients:

- Project located within a city's incorporated area
- Project located within a county's unincorporated area

CHDOs:

Must be certified in county where the CHDO is certified to operate

Must be certified in the jurisdiction where project is located



CHDO Requirements New in 2020-2021

ALL CHDO applicants **MUST** submit a complete CHDO Certification application with all exhibits and attachments by March 10, 2022

Must have received CHDO Certification approval prior to the award of the HOME funding

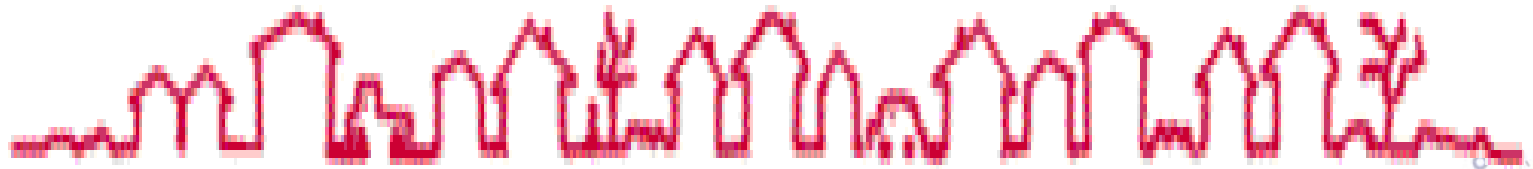
CHDO Certification will be for projects and/or Program Activities awarded as a result of this NOFA solicitation only



Webinar Poll

**Francisco Arnaiz to conduct
quick poll of the audience**

Threshold Requirements



**California Department of Housing and
Community Development**





Threshold Factors

- Application received by **March 10, 2022**
- Eligible Applicant
 - State Recipient (SR)
 - Native American Entity (NAE)
 - Community Housing Development Organization (CHDO)
 - Developer
 - Appendix A; List of Eligible Jurisdictions
- Eligible Project Location
 - CHDOs only:
 - Must be certified in county where the CHDO is certified to operate
 - Must be certified in the jurisdiction where project is located
 - State Recipients and Developers:
 - Project must be located within an eligible jurisdiction



Threshold Factors

- Eligible Activities

- Rental new construction

- Development of a specific multifamily project on a specific site by a specific Developer.
- Rental new construction projects may be with or without acquisition

- Rental rehabilitation project

- Funds provided to rehabilitate a specific rental project with or without property acquisition.

Note: Projects for acquisition only are not eligible for funding. **NO transitional housing allowed.**



Threshold Factors

- Application must include:
 - Market Study
 - Appraisal
 - Phase I/II (New Construction only)
 - Physical Needs Assessment (Rehab only)
 - Lead-Based Paint & Mold (Rehab only)
 - Asbestos (Rehab only)
- Applicant has not missed 3 project deadlines as of December 31, 2021



Threshold Factors

- No pending litigation for project
- 2 CFR 200.512 Single Audit Report (State Recipients only) filed with State Controller's Office.
- Article XXXIV Compliance
- Housing Element Compliance (State Recipients only)
- Site Control



Site Control

- Property must be held in Fee Title
- Long-term Leasehold Minimum 50 years
- Must provide:
 - Purchase Agreements
 - Option Agreements
 - Disposition and Development Agreements (DDA)
 - Exclusive Right to Negotiate
 - Conditional Contracts



Acceptable Forms of Site Control

1. Purchase or Lease Agreement
2. Option Agreement
3. Purchase Agreement Conditional Upon NEPA Review – under **limited** circumstances only

Please note: A Purchase Agreement or a Disposition and Development Agreement (DDA) may be considered a choice limiting action if the intent was to use federal funds, even if executed prior to the submittal of the HOME application.

Refer to HUD Memo: Guidance on Option and Conditional Contracts for Purchase of Real Property for Environmental Reviews Conducted by a Responsible Entity under 24 CFR 58 dated August 26, 2011.



Acceptable Forms of Site Control

- There are four acceptable forms of site control that avoid “choice-limiting” NEPA problems.
 1. Site purchase or long-term lease must be consistent with the UMR requirements, prior to submitting the HOME application.
 2. Option to Purchase must be conditioned on the Responsible Entity's determination to proceed with project based on the results of a subsequent environmental review, and the receipt of an “Authority to Use Grant Funds”.
 - The cost to secure the site control document must be a nominal portion of the purchase price.



Acceptable Forms of Site Control

3. Purchase Agreement, DDA, Option to Lease, or Exclusive Right to Negotiate may not be conditioned upon NEPA clearance or any other federal requirement.
4. A conditional purchase contract may be used for an existing single-family home (1 to 4 units) or an existing multifamily residential project.



Acceptable Forms of Site Control

For more information, please refer to HUD's CPD Notice 98-1 and Assistant Secretary Mercedes Marquez' August 26, 2011, memo on HCD's HOME webpage under Resources.

CPD Notice May be found at:

<https://archives.hud.gov/offices/cpd/affordablehousing/lawsandregs/notices/98-1.pdf>

Memo may be found at:

<https://files.hudexchange.info/resources/documents/HUD-Memo-Guidance-on-Options-and-Conditional-Contracts-for-Purchase-of-Real-Property-for-Environmental-Reviews-Conducted-by-a-Responsible-Entity-under-24-CFR-58.pdf>



Rating and Ranking: Scoring



**California Department of Housing and
Community Development**





Scoring Categories

Scoring Category	Maximum Applicable Points
Housing Element	50
Formula reallocation (HUD declined)	50
Rural area	50
Capacity	Up to 450
Community Need	Up to 250
Project Feasibility	Up to 200
Project Readiness	300
State Objectives	200
TOTAL APPLICABLE POINTS	1550



There is a minimum score requirement of 930 points





Housing Element 50 Points

- Cities and Counties are required to be in compliance with State Housing Element Law
- Newly incorporated cities are exempt, until which time city is required to submit the Housing Element to the Department for approval
- CHDO's and projects to be developed on Native American Lands are also exempt



Formula Reallocation

50 points

- A jurisdiction that is eligible to receive **HUD direct HOME allocation** funds but *declines* the funding to preserve their state HOME eligibility shall be awarded the full 50 points.
- No points awarded to all other applicants.

Rural Area

50 Points

- Activities proposed in a rural community shall receive full points.
- No points awarded to non-rural applicants.



Capacity

Max 450 Points

Prior Applicant Experience **50 Points**

- Applicant must demonstrate experience implementing local, state, or federal affordable housing and/or community development projects.
- Needs to be during the last 7 calendar years (1/1/2015 – 12/31/2021).



Capacity (continued)

Prior Development Team Experience 200 Points

- The Development team needs to show project experience developing the same or similar type of subsidized projects.
- Needs to be during the last 5 calendar years (1/1/2017 – 12/31/2021).



Capacity (Continued)

Prior Performance

200 Points

All applicants start with **200 points** in this category.

- Points may be deducted, if applicable, from the following four sub-factor categories once review of the application takes place.
 1. Project Reporting Deadlines
 2. Applicant Reporting
 3. Material Misrepresentation
 4. Monitoring Noncompliance
- The Department's look back period will be 1/1/2016 – 12/31/2020.



Capacity (Continued)

Prior Performance

1. Project Reporting Deadlines

- Any HOME Project contract awarded that failed to meet project deadlines will be deducted points.
 - Permanent Financing Deadline
 - Project Set-Up Deadline
 - Construction Loan-Closing Deadline
 - Completing Deadline
 - Expenditure Deadline

The Departments look back period will be 1/1/2016 – 12/31/2020.



Capacity (continued)

Prior Performance

2. Applicant Reporting

- HOME Projects that failed to submit the following reports will have up **50 points** deducted.
 - Monthly Reports
 - Annual reports
 - Quarterly Program Income (PI) reports
 - Project Completion reports

The Department's look back period will be 1/1/2017 – 12/31/2021.



Capacity (continued)

Prior Performance

3. Material Misrepresentation

- Any omission or misrepresentation made by an applicant, that could jeopardize the Department from funding a project or place the Department at risk of a HUD monitoring finding shall have a **200-point** deduction.

The Department's look back period will be 1/1/2016 – 12/31/2020 for all subfactors above.



Capacity (continued)

Prior Performance

4. Monitoring Noncompliance

- There are two noncompliance categories
 - **Monitoring – 100 points** will be deducted if any applicant has failed to remedy any HOME monitoring findings and concerns.
 - **Late Reports** – points will be deducted for any 2020/2021 NOFA Project applications that the Applicant, owner, and managing general partner failed to submit timely reports
 - State Recipients – Annual Monitoring Report (10 points)
 - CHDOs – Annual Operating Budget (10 points)
 - CHDOs – Annual Report (10 points)

The Departments look back period will be 1/1/2017 – 12/31/2021.



Community Need and Project Feasibility

Max 450 points

- **Community Need**

- Up to 250 points will be awarded by activity type based on the date in Appendix C found in HOME NOFA webpage.

<https://www.hcd.ca.gov/grants-funding/active-funding/home.shtml#funding>

- **Project Feasibility**

- Self-Evaluation Worksheet (195 pts)
 - State and federal requirements (including UMRs for rental projects)
- Highest percentage of HOME-assisted units (5 pts)
 - HOME Units/Total Units = %



2020-2021 Appendix C - RNC

Appendix C							
Community Need Data for All State HOME Eligible Jurisdictions							
For HOME 2020-2021 NOFA							
Data are from the U.S. Census Bureau, American Community Survey							
Rating points for Rental New Construction							
Jurisdiction	70 Points MAX		70 Points MAX		110 Points MAX		250 Max Points
	Renters in Poverty	Points Awarded	Renters Overcrowded	Points Awarded	Rental Vacancy Rate	Points Awarded	Total Points Awarded
Alpine County, California	26.47%	49	0.00%	35	50.00%	55	139
Amador County, California	16.06%	42	0.12%	35	10.18%	55	132
Butte County, California	23.43%	49	1.25%	42	6.89%	77	168
Calaveras County, California	21.13%	49	0.77%	42	6.62%	77	168
Colusa County, California	22.82%	49	4.55%	49	4.54%	88	186
Del Norte County, California	31.92%	56	2.99%	42	1.86%	110	208
El Dorado County, California	12.48%	42	0.99%	42	5.31%	88	172
Glenn County, California	34.57%	56	0.95%	42	1.29%	110	208
Humboldt County, California	21.46%	49	1.47%	42	3.12%	99	190
Imperial County, California	37.81%	56	3.43%	42	4.04%	88	186
Inyo County, California	18.33%	42	0.34%	35	5.20%	88	165
Kings County, California	24.20%	49	2.89%	42	3.22%	99	190
Lake County, California	26.08%	49	1.56%	42	5.43%	88	179
Lassen County, California	20.05%	49	0.12%	35	6.00%	77	161
Madera County, California	33.09%	56	5.28%	49	4.20%	88	193
Mariposa County, California	23.24%	49	0.69%	42	15.53%	55	146
Mendocino County, California	25.11%	49	2.19%	42	2.82%	99	190
Merced County, California	29.72%	56	3.09%	42	3.90%	99	197
Modoc County, California	24.02%	49	0.41%	35	0.00%	110	194
Mono County, California	11.92%	42	2.33%	42	36.30%	55	139

Scoring Key

Rental New Constr.

RR Project

OOR

TBRA Data by Jurisdiction

FTI



Project Readiness

Project Development Plan (PDP) New Construction Project 300 Points

Market Study	40 Points
Property Appraisal	10 Points
Phase I/II	30 Points
Floodplain Analysis	55 Points
Preliminary Construction Cost	5 Points
Zoning (page 20)	75 Points
Local Approval (page 20)	30 Points
Form complete (Page 20)	10 Points
Permanent Financing Commitments (page 25)	35 Points
Design Process	10 Points



State Objective Points

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:

- 1. Committed financing**
- 2. Overcoming impediments to fair housing**
 - Access to Opportunity
- 3. Policy objectives**
 - Special Needs Populations
 - Homelessness



State Objective Points Continued

1. Committed financing – 85 points

- Must have 100% of Non-State permanent financing committed by application due date.

2. Overcoming impediments to fair housing – Access to Opportunity - 35 points

- Points shall be awarded for projects located in high- and highest-areas of opportunity within the TCAC Opportunity Map,
 - <http://www.treasurer.ca.gov/ctcac/opportunity.asp>



State Objective Points Continued

3. Policy objectives – Special Needs Populations or Homelessness – 80 Points

Awarded to proposed rental projects with funding commitments that target Special Needs populations, using any of the following funding:

- 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

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).

-- or --

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.



Break



Rating and Raking: Information & Documentation



California Department of Housing and
Community Development





Project Readiness

Max 300 points

- Start with HOME Supplement document
- There are 5 categories for scoring:
 - Project Development Plan (**PDP**)
 - Zoning
 - Local Government Approvals
 - Design Progress
 - Permanent Financing



Project Readiness Project Development Plan

- Points Awarded If PDP Item:
 - Included with application
 - “Recent” – shelf life varies!
 - Meets basic requirements
 - Correct standard
 - Qualified preparer
 - Rental New Construction (RNC)
 - Rehabilitation Projects



Project Readiness

PDP Items

- Market Study
- Appraisal
- Phase I/II/VES (RNC Only)
- Floodplain Analysis
- LBP/Asbestos/Mold (Rehab Only)
- Construction Cost Estimate (RNC Only)
- Scope of Work and Cost Estimate (Rehab Only)
- Physical Needs Assessment (PNA) (Rehab Only)
- Relocation



PDP: Market Study

- Prepared in 2021
- Meets TCAC 2021 Market Study Guidelines and HCD requirements
 - ***Don't lose points!!*** *"This report prepared in accordance with the 2021 California Tax Credit Allocation Committee Guidelines"*

2021 California Tax Credit Allocation Committee Guidelines
[2021 Market Study Guidelines \(ca.gov\)](#)



PDP: Appraisal

- Required for all acquisitions
- Not required if land is donated
 - No land costs in Development Budget
 - Not a capital contribution
- Value of capital contribution supported by appraisal



PDP: Phase I/VES and Phase II Site Assessments

New Construction Only

- Phase I/VES
 - Prepared no earlier than 2020
 - ASTM Standard E1527-13 or E1527-21
- Phase II (if required by Phase I)
 - Prepared no earlier than 2020
 - ASTM Standard E1903-19
- Older reports not required for scoring



PDP: Floodplain Analysis

- FEMA Flood Hazard Determination Form
OMB No. 1660-0040 (or later)
- Prepared in 2021
- Must be prepared by a flood certification service or other qualified 3rd party



PDP: Floodplain Analysis

- If any portion of site is in a floodplain:
 - Demonstrate Floodplain Incidental to Project
 - FEMA Flood Hazard Determination Form
 - Indicates NO buildings floodplain
 - Recorded covenants or restrictions required
 - Have obtained FEMA Conditional Letter of Map Revision (CLOMR)
 - Letter included in application
 - Intend to obtain a CLOMR
 - Narrative/explanation of intent included
 - CLOMR required prior to loan closing



PDP: Floodplain Analysis

- Intent to build in the floodplain:
 - Frowned on by HUD!
 - “Mini-8 Step Analysis”
 - Analysis of alternate sites considered and rejected—
“no practicable alternatives”
 - Analyze positive and negative impacts of building the project in floodplain, and
 - Describe mitigation measures to minimize negative impacts to people and property,
 - Supporting documentation is required.
 - Yes, this also applies to rehab projects!



PDP: Preliminary Cost Estimate

New Construction Only

- Prepared in 2021
- Must be uploaded via eCivis Portal
- Estimate must be consistent with Development Budget, or an explanation must be provided to support any differences
- Preparer/Signer – ***not*** limited to Architect



PDP: Preliminary Cost Estimate

Detailed Scope of Work

Rehabilitation Projects Only

- Prepared in 2021
- Project must meet local codes and rehab standards
- Consistent with PNA-identified immediate needs
- Includes work identified in PNA as needed in the first 5 years of the project
- Use same Cost Estimate form for RNC projects



PDP: Physical Needs Assessment

Rehabilitation Projects Only

- Prepared no earlier than 2021
 - Fannie Mae Guidelines
 - HUD Mark-to-Market Program
 - Meet Additional HOME requirements
 - For USDA RD projects the USDA RD Capital Needs Assessment is acceptable
- Appropriately licensed architect or engineer in business of performing PNAs



PDP: Lead, Asbestos & Mold Reports

Rehabilitation Projects Only

- All three reports prepared no earlier than 2021
- By a properly certified or accredited preparer



PDP: Lead-based Paint Report

Rehabilitation Projects Only

- If built prior to January 1, 1978
- Prepared by a State *certified* lead-based paint inspector/assessor



PDP: Asbestos Report

Rehabilitation Projects Only

- Requires analysis from environmental laboratory accredited by the *National Institute of Standards and Technology Asbestos Program*



PDP: Mold Report

Rehabilitation Projects Only

- Based on a thorough building inspection
 - Inspect and test “hidden areas” if needed
- Prepared by a third party having sufficient qualifications and expertise to competently prepare the report



PDP: Relocation General Information Notice (GIN) & Plan

- One copy of actual GIN
- Tenant Notification List
- Proof of Delivery
- Relocation Plan
 - Prepared/Updated in 2021



Zoning, Local Approvals & Fees

- Three forms to upload via eCivis application portal
 - Verification of Zoning and Other Local Approval
 - Verification of Local Development Impact Fees
 - Verification of Water and Sewer Availability
- Applicant only completes the project information
- Signed by Developer and Local Official



Zoning, Local Approvals & Fees

- Points awarded:
 - Properly zoned 40 points
 - **ALL** Local Approvals Obtained 80 points
 - **Both** water and sewer available 5 points
 - Forms complete and included 10 points



Design Progress

- Executed agreement with architectural firm
- Letter from architect or construction specialist stating status of plans and specifications:
 - Ready to submit to planning dept.
 - Preliminary Plans and Specifications
 - Conceptual (Elevation and Floor Plans)



Design Progress

Rehabilitation Projects

- If using construction specialist
 - May be third party or staff of applicant/administrative sub-contractor
 - Evidence they've been retained
 - Include resume
 - List of comparable projects



Permanent Financing

- Points awarded if all commitments other than tax-exempt bonds, tax credits, Affordable Housing Program grant (AHP) and deferred developer fee are in place.



% Non-HOME Financing Committed

Max 25 points

- **Permanent Financing**
 - Enforceable Commitment
 - No conditions or qualifiers (other than standard conditions)
 - Must include borrower's name, project name, address or legal description
 - Must state loan terms



Project Feasibility: Financial Feasibility



California Department of Housing and
Community Development





Project Feasibility

- Loan/Rent limits
- Mini - Universal Application (modified for eCivis upload)
- HOME Supplement to the UA
- Regulatory Compliance:
 - Uniform Multi-Family Regulations (UMRs)
 - State and Federal HOME Regulations



Determining the loan limit: Subsidy Layering Analysis

- HOME Supplement
- Ratio Test: HOME Units/Total Units = %
- Subsidy Limit: HOME Units x per unit limit
- Cost Allocation: HOME sq. ft. multiplier x TDC
- Maximum NOFA limit



Mini -UA Workbook Tabs

- Max Funds & Unit Mix
- Subsidy Information
- Development Sources
- Development Budget (Includes Permanent Sources & Uses)
- TBL and High Cost Test
- Developer Fee Calculator
- Operating Budget
- Reserves
- 20-Year Cash Flow Analysis
- Experience
- Certifications & Legal Status



Caution!

UA Worksheets are linked!

- Complete Pages in Order
 - Do NOT Overwrite Formulas
 - Do NOT enter in White cells
- UA must be uploaded via eCivis portal ←



UA - Rents/Unit Mix

- Enter Number of Units & AMI Limits
- Proposed Rent —if different from Maximum Rent
- Enter rent for Manager's unit, ONLY if actually charging rent

Note: located on the **Max Funds & Unit Mix** Tab on the HOME UA



2021 UA – Max Funds and Unit Mix

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	X	Y	Z	AA	AB	AC	AD	AE	AF	AG	AH	AI	AJ	AK	AL	AM	AN	AO	AP	AQ	AR
1	Unit Mix																														11/2/21													
2	Project Name															County the Project is located																												
3	If the Project is also known under another name(s) or was formerly known under another name(s), provide the name(s).																																											
4	Have you applied, do you plan to apply, or has the Project or Area been awarded other HCD program funds?																																											
5	Other HCD Program(s) Name(s):										Funding Amount					Funding Status					NOFA Date		Award Date/Expected Award Date																					
6																																												
7																																												
8	Maximum Loan Amount																																											
9	0 Bedroom Assisted Units	0 Bedroom Loan Amount	1 Bedroom Assisted Units	1 Bedroom Loan Amount	2 Bedroom Assisted Units	2 Bedroom Loan Amount	3 Bedroom Assisted Units	3 Bedroom Loan Amount	4 Bedroom Assisted Units	4 Bedroom Loan Amount	5 Bedroom Assisted Units	5 Bedroom Loan Amount	Max Loan																															
10	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	\$0																															
11	Project Units													Subsidy Program Name																														
12	# of Bedrms	% of Area Median Income	Total Units	HOME Assisted Units	Total Restricted Units	Total Unrestricted Units	Total Restricted Units	Manager Units	Special Needs Units	Support. Housing Units	Restricted Monthly Rent	Unrestricted Monthly Rent	Proposed Monthly Rent	¹ Monthly Utility Allowance	Monthly Rent Subsidy Amount	Subsidy Units																												
13					0	0					\$0																																	
14					0	0					\$0																																	
15					0	0					\$0																																	
16					0	0					\$0																																	
17					0	0					\$0																																	
18					0	0					\$0																																	
19					0	0					\$0																																	
20					0	0					\$0																																	
21					0	0					\$0																																	



Subsidies

- Project-based rental subsidies:
 - On the **Max Funds & Unit Mix** tab enter the Subsidy Program Name and Monthly Rent Subsidy Amount
- Tenant-based rental subsidies:
 - Do NOT include on **Max Funds & Unit Mix** tab
 - Not included in determination of feasibility



Development Sources

- Calculations Correct and Consistent throughout the UA
- HOME loan term: 55 yrs. @ 3%, residual receipts, 50 yrs. for loans on Native American lands



Limitations on Senior Debt

- Balloon payments and “sandwich loans” must comply with the 2017 UMR Sections 8310 and 8315
- Interest rate resets must have a cap and project must remain feasible at the cap rate upon reset



Development Budget

- “Environmental Remediation”
- “Relocation”
- “Other” lines must be specified
- Contractor Overhead, Profit & General Requirements: Not to exceed 14% of construction costs as defined by TCAC



Development Budget

- **Construction Contingency minimums:**
 - New Construction – minimum of 5% of Total Construction Costs (excluding contractor liability insurance)
 - Rehabilitation and Conversion projects – minimum of 10% of Total Construction Costs (excluding contractor liability insurance)



Development Budget

- Commercial Space
 - Enter the cost attributable to commercial space on each line in the “Commercial” column
 - Provide detailed methodology for allocation of costs



Development Budget Replacement Reserves

- Capitalized Replacement Reserves are not permitted for new construction unless required by another funding source



Development Budget Transition Reserve (TR)

- **Transition Reserve: New Construction and Rehab projects**
 - May be required for feasibility where project-based subsidy contract is expected to end
 - Sufficient to offset rents to previously subsidized tenants for one year



Lesser of Land Cost or Value

- Between unrelated parties
 - Actual sales price and any amount over appraised value cannot be paid with HOME funds
 - Reasonable “Verifiable Carrying Costs” are allowed for reimbursement of holding costs
 - Explain calculation of costs in the Applicant Comment Section



2021 UA – Development Budget

	A	B	C	D	E	F	G	H	I	O	P	Q	R	U
1	11/2/21	Residential Permanent Sources/Uses of Funds												Cor
2	USES OF FUNDS	HCD HOME Loan	0	0	0	0	0	0	0	Private mortgage financing	Deferred costs	Equity Investor	Total Residential Sources/Costs	Source Nar
3														
4	Project Development Costs													
5	LAND COST/ACQUISITION													
6	Lesser of Land Cost or Value													\$0
7	Demolition													\$0
8	Legal													\$0
9	Land Lease Rent Prepayment													\$0
10	Total Land Cost or Value	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11	Existing Improvements Cost or Value													\$0
12	Off-Site Improvements													\$0
13	Total Acquisition Cost	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
14	Total Land Cost / Acquisition Cost	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
15	Predevelopment Interest/Holding Cost													\$0
16	Assumed, Accrued Interest on Existing Debt (Rehab/Acq)													\$0



Operating Budget Replacement Reserves

- New Construction - 0.6% of estimated construction costs or \$500 per unit
- Rehabilitation - the deposits shall be consistent with the long-term needs identified in the Physical Needs Assessment or \$500 per unit



Operating Budget Financial Expenses

- Mandatory Debt Service
- MHP/MHSA debt service = .42% payment
- List ALL bond servicing fees under “Miscellaneous Financial Expenses”
- HOME Monitoring Fees



HOME Monitoring Fees

- State Recipients
 - May charge monitoring fees
 - Not to exceed CHDO fees
 - May be mandatory, priority distribution or other
 - Must be stated in Regulatory Agreement
 - 10% of all HOME monitoring fees received must be remitted to the State



Cash Flow Analysis

- Don't change trending formulas
- First Year Debt Coverage Ratio of 1.10 to 1.20, or
- If greater than 1.2, cash flow is no more than 12% of operating expenses
- Must demonstrate positive cash flow for **20 years**

Project Feasibility: Article XXXIV



California Department of Housing and
Community Development





Article XXXIV

- Article XXXIV - **All applicants must provide Legal Opinion**
 - If Community has Article XXXIV authority
 - Provide copy of
 - Voter-approved referendum (either for the specific project or blanket) and
 - Vote count, must demonstrate the number of units which have been used, showing that there are still authorized units left
 - State Recipient –
 - Department will generally defer to opinion of local government counsel if;
 - » Legal counsel's opinion letter fully analyzes project's compliance with or exemption from Article 34, and
 - » Conclusion is supported by specific facts and specific legal theory that is supported by Constitution, statute, and/or case law.



Article XXXIV

- CHDOs and Developer Applicants
 - Legal opinion letter from either local government counsel or from CHDO/Developer Legal Counsel supporting project is exempt from Article XXXIV
 - » If Department does not concur with the CHDO Legal Counsel letter, then no more than 49% of units can be restricted by HCD through MHP or HOME. Meaning a project requiring more than 49% of development costs will need Article XXXIV authority.
- *Project qualifies for the rehabilitation exemption.*

Note: Generally, the Department does not consider CHDO projects exempt from Article XXXIV because of the detailed nature of the State's regulatory agreement for MHP and HOME. HCD considers these projects as being developed by HCD within the meaning of Article XXXIV and therefore may not have HCD restrictions exceeding 49% of units.



Project Feasibility: NEPA



**California Department of Housing and
Community Development**





NEPA

- Choice-Limiting Actions
 - 24CFR Part 58 Sec. 58.22
 - Upon contemplation of federal funds; Prohibition against any activity which would have an adverse effect on the environment or limit the choices of reasonable alternatives
- Contemplation of Federal Funds
 - Upon Application



NEPA

- What does this mean?
 - From date of application, until the date Authority to Use Grant Funds (AUGF) is issued, ALL activity involving the project and site must stop.
 - Limitation applies to a broad range of activities, not just to the land itself.
 - Before undertaking any activity, consult with your HOME Representative.



NEPA

- Warnings!!!!!!
 - Allow sufficient time to complete NEPA process
 - Mitigations may be required
 - Actions taken by seller trigger a choice actions
 - NEPA Clearance is required for EACH HUD funding source



Project Feasibility: Relocation



California Department of Housing and
Community Development





Relocation Plan

- Uniform Relocation Act
- Section 104(d) of HCD Act of 1974
- Anti-Displacement (economic displacement)
- Establish date of Initiation of Negotiation (ION) and provide ION date in application
- Costs included in Development Budget



Relocation General Information Notice (GIN) & Plan

If Relocation is triggered...

- One copy of actual GIN
- Tenant Notification List
- Proof of Delivery
- Relocation Plan
 - Prepared/Updated in 2021

If Relocation is not applicable, application must clearly state the reasons why it is not applicable

Note: In order to receive the points, you must have **all four** relocation items.



OTHER FEDERAL OVERLAYS

- Federal Overlays May Apply
 - Labor Standards (Davis-Bacon)
(12 or more HOME units)
 - Procurement,
 - Single Audit Report,
 - Violence Against Women Act (VAWA), etc.
 - MBE/WBE
 - Affirmative Fair Housing



HOME NOFA INQUIRIES AND CONTACTS

NOFA APPLICATION INQUIRIES

For consistency and transparency, questions must be submitted to the HOME NOFA email.

Questions will be reviewed, researched and answered.

FAQ's will be posted to the HCD website.

Email to HOMENOFA@hcd.ca.gov



Thank You!