

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF FINANCIAL ASSISTANCE**

1800 Third Street, Suite 390
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(916) 322-1560
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April 19, 2010

TO ALL POTENTIAL APPLICANTS:

**Notice of Funding Availability (NOFA)
CalHome Program
Homeownership Project Development NOFA \$20 MILLION**

The California Department of Housing and Community Development (HCD) is pleased to announce that it is accepting applications under the CalHome Program authorized by Chapter 6 (commencing with Section 50650) of Part 2 of Division 31 of the Health and Safety Code. Funding was provided by Proposition 1C, the Housing and Emergency Shelter Trust Fund Act of 2006. This is the first Homeownership Project Development NOFA for the CalHome Program funded by Proposition 1C funds. The attached NOFA and application are governed by CalHome Program Regulations (Title 25 California Code of Regulations Division 1, Chapter 7, Subchapter 9 commencing with Section 7715).

This NOFA provides funds to cities, counties, cities and counties and nonprofit housing corporations. These can be used to fund the following eligible activity:

- Homeownership Development Projects

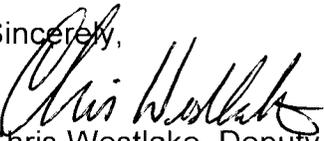
Applications under this NOFA will be considered on an “**over-the-counter**” basis until all available funds are exhausted. Application will be accepted beginning at 8 a.m., on Monday, April 26th, 2010 or until such time that HCD has received what it determines to be a sufficient number of applications to reasonably use all funds currently available.

Copies of this CalHome Program NOFA, application and the Application Training Manual will be available on HCD's website at www.hcd.ca.gov no later than April 28th, 2010. You may also contact the CalHome Program staff for either the NOFA or application form.

If you have any questions regarding the NOFA or require assistance in completing your application, please contact CalHome Program staff at (916) 327-3646.

Thank you for your interest in the CalHome Project Development Loan Program.

Sincerely,


Chris Westlake, Deputy Director
Division of Financial Assistance

Enclosure

CalHome Program
Department of Housing and Community Development
Notice of Funding Availability (NOFA)

Homeownership Project Development NOFA

April 19, 2010

The California Department of Housing and Community Development (HCD) is pleased to announce the availability of \$20 million for Homeownership Project Development Loans available under the CalHome Program. Applicants may only apply for a maximum \$60,000 per unit in a development project. These funds will be in the form of a conditional award of a development loan to the applicant to be used for land acquisition, predevelopment costs and on-site improvements (unit construction is not an eligible expense). The funds will then convert into individual mortgage assistance loans to eligible lower income first-time homebuyers. Development loans will be funded pursuant to the development loan terms defined in Section 7746 of the CalHome Program Regulations.

The CalHome Program was established by SB 1656 (Alarcon); see the California Health and Safety Code commencing with Section 50650. The CalHome Program is a homeownership program designed to make funds available to “local public agencies” (localities), and non-profit corporations. A locality is a city, county, or city and county, or local public entity within the State of California that has been delegated substantial housing functions as defined in Section 7716 (c) and Section 7716 (w) in the CalHome Program Regulations.

This NOFA makes approximately \$20 million available from the proceeds of Proposition 1C, the Housing and Emergency Shelter Trust Fund Act of 2006.

This NOFA will be referred to as a “Project” NOFA. Applications under this NOFA will be considered on an “**over-the-counter**” basis until all available funds are exhausted. Applications will be accepted at the address listed on page 11. Applications that are substantially complete and pass Application Requirements, as defined in the Section 7750, will be eligible for funding. Eligible applications shall be funded in the order of receipt of a substantially complete application, subject to geographic distribution targets set forth on page 7. Applications will be accepted beginning at 8 a.m., on Monday, April 26th, 2010 or until such time that HCD has received what it determines to be a sufficient number of applications to reasonably use all funds currently available.

This NOFA is issued subject to Health and Safety Code section 50650 et seq. (the “CalHome Program Statutes”) and California Code of Regulations, Title 25, Section 7715 et seq. (the “CalHome Program Regulations”). These CalHome

Program Regulations are available on HCD's website at:
<http://www.hcd.ca.gov/fa/calhome>

All sections referenced in the NOFA refer to these CalHome Program Regulations unless otherwise noted.

Regulations and Definitions:

Several of the terms used in the CalHome Program have specific meanings defined by the Program Regulations. For proper completion of the application, HCD urges potential applicants to review the regulations, application appendices and to contact the CalHome Program with any questions. These regulations, the application form and the application appendices will be available on-line shortly after this NOFA is released.

Eligible Applicants:

Subject to the more detailed requirements described in this NOFA, any California local public agency or nonprofit corporation that is authorized to engage in the development of new housing and to operate a mortgage assistance housing program for lower income persons and households is eligible to apply. Applicants may apply in response to this NOFA and in response to the CalHome Program General Funding NOFA that is expected to be released in April 2010. There can be only one CalHome loan per household. Only one application may be submitted per organization in response to this NOFA.

Applicants shall have successfully developed a minimum of two similar projects within the last four years (Section 7742), and the applicant shall have been operating as a housing developer or housing program administrator during the two years prior to the date of application Section 7717.

Since site control is a threshold requirement at time of application for a homeownership development project loan, the applicant is responsible for showing acceptable site control. See Section 7744 for a description of the acceptable forms of site control for a homeownership project development loan applicant. No other forms of site control other than those itemized in the regulations are acceptable.

Recipients will be the beneficiaries of loans they originate to homebuyers using CalHome Program funds. Therefore, applicants must demonstrate the capacity to manage a portfolio of homeowner loans over an extended period of time.

Nonprofit corporations may only propose projects in a county in which they have operated a housing program or developed a project within the past 4 years, or in a county for which the nonprofit housing corporation has an existing Section 523 Technical Assistance Services Agreement with the United States Department of

Agriculture (USDA). Nonprofit corporations may only apply pursuant to this Project NOFA for one project per county.

Maximum and Minimum Application Amounts:

The application amount requested in a Development Project application (Attachment 3) is dependent on the number of units proposed for qualifying first time, lower-income homebuyers in the proposed project. The application amount may not exceed \$60,000 (i.e., the maximum CalHome Program subsidy per unit) times the number of applicable units. The minimum application amount is \$180,000 and the maximum is \$1,500,000. These funds will be in the form of a development loan to the recipient for uses that include but are not limited to the following: land acquisition, predevelopment costs and/or on-site improvements (not to include unit construction) which will convert to mortgage assistance to the homebuyer.

HCD will allow layering of CalHome Program funds awarded pursuant to this NOFA with other Prop 1C single-family programs to determine the degree to which layering is needed and the degree to which layering would result in a significant reduction in the projected number of beneficiaries. The Department will evaluate the results of this NOFA and reserves the right to prohibit layering of Prop 1C single-family programs on the same project in subsequent NOFAs. As a practical matter, this means that funds made available from this NOFA may be combined on the same unit with Serna and BEGIN funds, as well as Reuse Use Income from CalHome Program loans

When considered with other available financing and assistance, the CalHome Program loan must not exceed the minimum amount necessary to ensure affordable monthly mortgage payments in accordance with CalHome Program underwriting requirements.

CalHome Activity Delivery:

CalHome grant funds may be used to pay for Activity Delivery expenses. Activity Delivery costs is included in the \$60,000 per unit limit. See Sections 7729 and 7743 of the CalHome Program Regulations.

The source of funds for this NOFA comes from the sale of general obligations bonds. General obligation bond law requires funds to be expended for “the costs of construction or acquisition of a capital asset.” Historically, no funds for the local administration of bond funded programs have been allowed. General obligation bond proceeds used in the CalHome Program may not be used for a recipient’s general administrative or operating costs, but they may be used for the following:

- a. Self-help technical assistance costs to the extent the costs can be differentiated from the Recipient’s general administrative costs.

- b. The direct expense of homebuyer education provided to individuals who also receive home purchase funds in the amount of \$350.
- c. Loan processing activity delivery fees, pursuant to regulation Sections 7729 (d) for homebuyer mortgage assistance loans, as reimbursement to the recipient for the activities directly associated with the making of the loan to the borrower. Fees are reimbursable only to the extent of actual costs incurred in making the individual loan not to exceed the amount normally and customarily charged in relation to similar loans by other lenders. Fees may only be paid for CalHome loans that have closed and been funded.

Eligible Uses of Funds:

Projects are only eligible if construction work (as further defined below) has not begun prior to the date that HCD awards a commitment of program funds. Construction work includes: (1) site improvements intended for public dedication, (2) site preparation, or (3) grading.

Note: All assistance to homebuyers shall be in the form of deferred payment loans repayable to the applicant's separately maintained reuse account, which will be governed by a reuse plan approved by HCD.

Ineligible Uses of Funds:

- (1) Administrative costs other than those allowed in Sections 7737, 7740, and or development costs other than those defined in Section 7743.
- (2) Refinancing of existing loans or debt, excepting site acquisition bridge loans with a term of 36 months or less on homeownership development projects.
- (3) Offsite improvements (i.e., improvements outside the boundaries of the subdivision or individual parcels for scattered site development).
- (4) Unit construction costs.

Eligibility for Homebuyer:

Eligible homebuyers must be low-income households whose incomes shall not exceed 80 percent (80%) of the county median income adjusted for family size. The current limits are listed on the HCD website at:

www.hcd.ca.gov/hpd/hrc/rep/state/incNote.html

Homebuyers must be first-time homebuyers as defined in the CalHome Program Regulations, Section 7716 (m). All assisted households shall occupy the units purchased as their principal place of residence for the term of the loan.

Homeowners Loan Amounts Requirements:

The maximum CalHome Program loan amount per units is \$60,000. The \$60,000 amount includes any activity delivery costs.

Underwriting Criteria:

Loans to first-time homebuyers shall meet the underwriting criteria specified in Section 7731.

Homeownership project development loans will be funded pursuant to the development loan terms specified in Section 7746.

Sales Price:

“Maximum Sales Price” is the maximum allowable sales price of a home assisted with a CalHome project loan. This shall be set at 100% of the current median sales price of a single family home in the county [See 7716 (aa)] in which the CalHome project is located.

Performance Goals for Use of CalHome Funds:

Successful applicants shall enter into a Standard Agreement with HCD. The term of the Standard Agreement shall be for 36 months from the date of the award letter. Recipients shall be required to meet the performance goals pursuant to Section 7755 (b). More specifically, this performance goal is: unit construction must be completed and CalHome Program mortgage assistance loans closed within thirty-six (36) months of the award of funds by HCD.

Penalty for not meeting performance goals for previous CalHome contracts

Failure to meet the performance goals, including failure to provide the number of units committed in the application, will result in funds being disencumbered and/or a penalty point reduction on future applications. The 36 month term includes the time involved to prepare and fully execute the Standard Agreement between HCD and the Recipient.

Geographic Distribution Targets:

CalHome’s enabling statute requires the program to “ensure a reasonable geographic distribution” of funds. To prevent an extreme imbalance of funding (provided there are sufficient applications in each area that pass funding threshold):

45% of the funds shall be reserved for awards in Southern California
30% of the funds shall be reserved for awards in Northern California
10% of the funds shall be reserved for awards in rural areas

If there are insufficient eligible applications in the southern, northern, or rural areas, and the entire amount of any distribution target percentage is not used, the balance of that distribution target percentage and the remaining funds not assigned will be used to fund eligible applications in any area of the State based on highest ranking order. See "Evaluation Criteria" for more information.

For the purposes of these geographic distribution targets, Southern California includes the counties of San Luis Obispo, Kern, San Bernardino, and all counties to the South. Northern California includes all other counties of the State. "Rural" is defined in Section 50199.21 of the Health and Safety Code.

Important Legal Matters:

HCD reserves the right, at its sole discretion, to suspend or amend the provisions of this NOFA. If such an action occurs, HCD will notify all interested parties. This NOFA is subject to the provisions of the CalHome Program Regulations that were amended April 2004. Applicants are urged to carefully review the regulations before submitting an application.

Application Procedures:

The CalHome Program application will not be considered for funding unless the applicant demonstrates the following minimum (threshold) requirements:

As required in the Program Regulations:

- (1) the application contains substantially all of the information required by Section 7750 and contains sufficient information to allow the Department to apply the rating factors described on page 9 of this NOFA;
- (2) the applicant is eligible;
- (3) the applicant proposes an eligible activity;
- (4) the applicant proposes an eligible use of the funds;
- (5) the applicant does not have any unresolved audit findings for prior Department or federally-funded housing or community development projects or programs;
- (6) the applicant has no pending lawsuits that would impact implementation of the program or project for which funding is being requested;
- (7) if the application is for a development project, construction on the project has not yet begun; and
- (8) the proposed program or project is consistent with any special terms and conditions of the NOFA (e.g., maximum amounts for downpayment assistance, sales price, development loan).

As required in this NOFA

- (9) the application was received on time
- (10) the application is complete and signed by the party authorized in the Resolution, and;
- (11) the application has not been altered or modified except to accommodate computer software.

Evaluation Criteria:

After April 26, 2010, each application, in submission order, is reviewed to assure the proposed project will meet and exceed the threshold review for completeness and sufficiency. Those applicants that meet the threshold will receive an award so long as funds are available, and the geographical distribution targets are met.

If there is insufficient funding for all applications received in a single day, these applications will be rated on the criteria listed below. All scores will be totaled and the highest scored application will receive the award. In case of a tie score, the application for an area demonstrating the highest poverty level will be funded first. Funding decisions will be made by the Deputy Director of HCD's Division of Financial Assistance. The decision of the Deputy Director is final.

Application Scoring Criteria and Bonus Point Values:

When it is not possible to fund all applications received on a single day, applications will be scored in the categories noted below in bold type.

Criteria: (The criteria listed below represents a summary. Please refer to Section 7751 in the regulations for more specific information.)	Maximum Points
Capability to operate the program or develop the project by demonstrating prior experience with administration of the program activity proposed or in developing the type of homeownership development project as proposed and prior experience with loan servicing or a plan to provide loan servicing/management capabilities.	400
Community need in a geographic area of the proposed local program or project will be based on the following factors: Poverty level and overpayment for housing by low-income households, age of housing stock in the jurisdiction, numbers and percentages of substandard housing units, overcrowding of housing by tenure (including rental and ownership housing) in the jurisdiction, and percentages of households that are below poverty level and who are overcrowded and living in substandard housing by tenure, as reflected in U.S. Census data; and the ratio between the median home sales price and the median household income in the jurisdiction.	150
Feasibility of the proposed program activity is demonstrated by the extent	200

<p>to which the proposed program is responding to a community need and demonstrates a likelihood of success. For applicants proposing a homeownership development project, readiness of the project, and ability of the project to serve low- and very low-income households will be measured. Feasibility for program applications will be determined by statistical indicators in the following areas:</p> <p>For a mortgage assistance program, the ratio between the median home sales price and median household income in the jurisdiction, and the percentage of low-income homeowners.</p>	
<p>Contributes to community revitalization by operating a program/project located in a federally defined Qualified Census Tract or in a designated redevelopment area under the jurisdiction of the local Redevelopment Agency.</p>	100
<p>Extent to which contributed labor is utilized in homeownership project for new construction. A minimum of 500 hours of onsite contributed construction labor per assisted unit must be provided. Points will be awarded comparatively, based on the number of contributed construction labor hours guaranteed, with additional weight given to the amount of contributed labor being provided by the homebuyer.</p>	50
<p>Maximum Baseline Points</p>	900

Up to 50 points may be deducted for missing performance deadlines as described in this NOFA and in the CalHome Program Regulations.

All applications will also have the opportunity to gain bonus points for pursuing the policy goals included in this NOFA.

New Policy Objectives – Development Loans Criteria	Bonus Points Value
<p><u>Targeting energy efficient homeownership:</u> Bonus points will be given in the scoring of this application for applicants that use their mortgage assistance loans exclusively for transactions where the units purchased are energy efficient. The Department is encouraging the use of Green Building features. Applicants will self certify their activity on Form 3A and confirm that items 2, 3, 4, 5, 6, 7, 10, 11, 12, & 13 are included in the units to be constructed, and that at least two of the remaining items 1, 8, & 9 will also be included in the units to be constructed. (Attach as Bonus Exhibit A)</p>	50

Targeting homeownership units that meet universal design standards:

Bonus points will be given in the scoring of this application for applicants that use their mortgage assistance loans exclusively for home purchase transactions where the units purchased are developed by meeting the following universal design standards:

- Provide at least one no-step entrance with beveled threshold. This may be at the front, side or back of unit.
- Make doorways throughout the unit at least 32 inches wide and hallways at least 36 inches clear width.
- Reinforce wall around the toilet, bathtub and shower stall in order that grab bars may be added at a later time, if needed.
- Install light switches and electrical controls no higher than 48 inches and electrical plugs no lower than 15 inches above the floor.
- Install lever handles on all doors and plumbing fixtures.
(Attach as Bonus Exhibit B)

50

Application Submission:

Application must be made on the forms provided by HCD. Applicants may submit only **one** application in response to this NOFA. Application forms must not be modified.

CalHome Program staff will be holding three Application Workshop, please refer to the attached Application Workshop Registration form.

Applications will be available at the application workshops and will also be available at HCD's website on the date this NOFA is released or you may contact program staff at (916) 327-3646. Applications must be delivered to one of the following addresses:

U.S. Mail

Department of Housing and
Community Development
CalHome Program
Division of Financial Assistance
P.O. Box 952054
Sacramento, CA 94252-2054

Private Courier

Department of Housing and
Community Development
CalHome Program
Division of Financial Assistance
1800 3rd Street, Room 390-2
Sacramento, CA 95811

It is the applicant's responsibility to ensure that the application is clear, complete and accurate. CalHome staff may request clarifying information provided that such information does not affect the rating of the application. No information will be solicited or accepted if this information would result in an advantage to the applicant. No applicant may appeal HCD staff's evaluation of another applicant's submission.

Information and Assistance:

Staff is available to answer questions regarding the program or the preparation and submittal of the application. Please call the CalHome Program staff at (916) 327-3646.

Green Building Self-Certification Check List Form 3A

The Department is encouraging the use of Green Building features. A new bonus category has been added to this NOFA to reward developers that use energy efficient products that will enhance new units. Therefore, this new bonus opportunity has been developed and included in this NOFA.

Applicants must self certify that items 2, 3, 4, 5, 6, 7, 10, 11, 12, & 13 are included in the units to be constructed, **and** that at least two of the remaining items (1,8 & 9) will also be included in the units to be constructed.

Additionally, appliances that are customarily provided with the units, such as hot water heaters and dishwashers, or heating/cooling systems, should all meet the ENERGY STAR® standards.

	Current Requirement	Applicant Certification Check Off Column
Site		
1. Use plant and tree species that require low water use in sufficient quantities and install irrigation system using only low-flow drip, bubblers, or low-flow sprinklers.	Two of three of items #1, 8, or 9 must be met for Bonus Consideration	
Materials and Resources		
2. Use engineered lumber a. Beams and Headers b. Wood I-Joists or web trusses for floors and ceilings	Essential for Bonus Consideration	
3. Use Oriented Strand Board (OSB) a. Floor, Wall and Roof sheathing.	Essential for Bonus Consideration	
4. Provide effective air sealing. a. Seal sole plates. b. Seal exterior penetrations at plumbing, electrical and other penetrations. c. Seal top plate penetrations at plumbing, electrical, cable and other penetrations. d. Weather-strip doors and attic access openings. e. Seal penetrations in interior equipment closets and rooms. f. Seal around bathtub drain penetrations in raised floors.	Essential for Bonus Consideration	
5. Install and flash windows in compliance with window installation protocols.	Essential for Bonus Consideration	
6. Exterior Doors a. Insulated or solid core. b. Flush, paint or stain grade shall be metal clad or have hardwood faces. c. Factory primed on six sides with a one year warranty.	Essential for Bonus Consideration	
7. Select durable non-combustible roofing materials which carry a three-year contractor installation guarantee.	Essential for Bonus Consideration	

<u>Energy Efficiency</u>		
8. Install ENERGY STAR® Ceiling Fans in living areas and all bedrooms; install a whole house fan with insulated louvers; or install an economizer.	Two of three of items #1, 8, or 9 must be met for Bonus Consideration	
9. Install ENERGY STAR® appliances in each unit, including but not limited to; a. Dishwashers b. Refrigerators c. Clothes washers	Two of three of items #1, 8, or 9 must be met for Bonus Consideration	
10. Install gas storage water heater with an Energy Factor (EF) of 0.62 or greater and a capacity of at least 30 gallons for one- and two-bedroom units and 40 gallons for three-bedroom units or larger.	Essential for Bonus Consideration	
<u>Water Efficiency</u>		
11. Use water saving fixtures or flow restrictors. a. Kitchen and Service Areas < 2 gallons per minute (gpm). b. Bathroom Sinks < = 1.5 gallons per minute (gpm). c. Showers and Bathtubs < = 2.5 gallons per minute (gpm).	Essential for Bonus Consideration	
<u>Indoor Environmental Quality</u>		
12. Use Low-VOC paint and stain. a. Flat interior wall/ceiling paints & stains < 50gpl VOCs. b. Non-flat wall/ceiling paints & stains <150gpl VOCs.	Essential for Bonus Consideration	
13. Floor coverings a. Light and medium traffic areas shall have vinyl or linoleum at least 3/32" in thickness. b. Heavy traffic areas shall have vinyl or linoleum at least 1/8" in thickness. c. Carpet shall comply with U.S. Department of Housing and Urban Development/Federal Housing Administration UM 44C, or alternatively, cork, bamboo, linoleum, or hardwood floors shall be provided in all other floor areas.	Essential for Bonus Consideration	

CALHOME
2010 APPLICATION WORKSHOP REGISTRATION
Homeownership Project Development NOFA

Fax this form to (916) 322-2904 No cover page is necessary.

NOTE: The session will provide training on the CalHome Project Development NOFA.
(Please RSVP at least 5 days before the workshop date)

Organization: _____

Attendee's Name: _____ Phone: _____

E-mail: _____

Please indicate if you would like to attend:

Sacramento: Tuesday, April 27, 2010, 8:30 a.m. – 2:00 p.m.
_____ HCD Headquarters, 1800 3rd Street, Room 183, Sacramento, CA 95811

Visalia: Thursday, April 29, 2010 9:00 a.m. – 3:00 p.m.
_____ Self-Help Enterprises, 8445 W. Elwin, Visalia, CA 93291

Upland: Tuesday, May 4, 2010 9:00 a.m. – 3:00 p.m.
_____ Carnegie Library, 123 East "D" Street, Upland, CA 91786

Please list any other program people planning to attend:

Name: _____ Phone: _____
Email: _____

Name: _____ Phone: _____
Email: _____