

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

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May 30, 2014

MEMORANDUM FOR: ALL POTENTIAL APPLICANTS

FROM: Laura A. Whittall-Scherfee, Deputy Director
Division of Financial Assistance

**SUBJECT: NOTICE OF FUNDING AVAILABILITY – \$6 MILLION
HOME INVESTMENT PARTNERSHIPS PROGRAM
TENANT BASED RENTAL ASSISTANCE FOR
DROUGHT ASSISTANCE**

The Department of Housing and Community Development (HCD) is pleased to announce a Notice of Funding Availability (NOFA) for the HOME Investment Partnerships Program (HOME). This NOFA is for Tenant-Based Rental Assistance for Drought Assistance only. \$6 million is available for this NOFA. Additional funding may become available from disencumbrances of existing contracts. **The deadline for receipt of complete applications is June 20, 2014.**

If you have any questions, please contact Tom Bettencourt at (916) 263-1020.

Attachment

HOME INVESTMENT PARTNERSHIPS PROGRAM

**2014
Notice of Funding
Availability**



**State of California
Governor Edmund G. Brown Jr.**

**Randall A. Deems, Acting Director
Department of Housing and Community Development**

**Division of Financial Assistance
P.O. Box 952054
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(916) 263-2939**



DIVISION OF FINANCIAL ASSISTANCE

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**NOTICE OF FUNDING AVAILABILITY (NOFA)
HOME INVESTMENT PARTNERSHIPS (HOME) PROGRAM
DROUGHT TENANT-BASED RENTAL ASSISTANCE
May 30, 2014**

Anticipated Funding Level: \$6 Million

I. OVERVIEW

A. The Department of Housing and Community Development (the “Department”) is pleased to announce the availability of \$6 Million in federal HOME Investment Partnerships (HOME) Program funding and Senate Bill 104 funding for Tenant-Based Rental Assistance as partial mitigation of the effects of the 2014 California Drought Disaster, as declared by Governor Brown in Executive Order B-21-13.

B. The application is due **June 20, 2014**. The application materials for all activities are available on the State HOME website at www.hcd.ca.gov/fa/home. Please review these documents carefully before submitting an application.

There will be no workshop. Potential applicants should direct their questions to Tom Bettencourt, tom.bettencourt@hcd.ca.gov, at (916) 263-1020.

HOME funds are available to eligible local governments (State Recipients) only.

C. Eligible Activities

HOME funds may be used for Tenant-Based Rental Assistance (TBRA) only.

D. Funding Announcements and Standard Agreements

HCD intends to send award letters by July 1, 2014. Standard Agreements will follow approximately one week later.

To aid in your planning, updates on planned award and contract status will be provided through the “HCD List” e-mail system. To be added to this list, go to http://www.hcd.ca.gov/fa/DFA_Subscriber.html. Scroll down to the HOME Program and select the email alert lists you wish to receive.

II. REGULATORY AUTHORITY

A. HOME Regulations and NOFA Suspension/Amendment: All applications are governed by the State HOME Regulations as amended and the federal Final HOME Rule. If the federal or State statutes or regulations governing the program or its funding are modified by Congress, the Department of Housing and Urban Development (HUD), the State Legislature, or HCD prior to completion of work, the changes may become effective immediately and apply to funded activities.

- B. 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 interested parties.
- C. This NOFA does not include the text of all applicable regulations that may be important to particular projects. For proper completion of the application, HCD encourages potential applicants to consult the State and federal HOME Program regulations, and other federal cross-cutting regulations (referred to in Subpart H of the federal HOME regulations). Rental project applicants should also consult the State Uniform Multifamily Regulations (UMRs), which apply to all HOME-funded rental projects.

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

For your convenience, hyperlinks to the HOME Regulations and UMRs are provided below:

State HOME Regulations

http://www.hcd.ca.gov/fa/home/State_HOME_Regulations_10-10-12.pdf

Federal HOME Regulations

[eCFR — Code of Federal Regulations](#)

III. APPLICATION PROCEDURES, FINAL FILING DEADLINE, AND AWARD ANNOUNCEMENTS

- A. One original application and one copy must be received by HCD no later than 5:00 p.m. on June 20, 2014.

Applications sent using private carriers or delivered in person must be received by the HOME Program no later than 5:00 p.m. on **June 20, 2014**. If applications are personally delivered, the receptionist will date stamp and provide a receipt as proof of delivery. The delivery address is:

Department of Housing & Community Development
Division of Financial Assistance
HOME Program
2020 West El Camino Avenue, 5th floor
Executive Suite – Reception Area
Sacramento, CA 95833

Applications that do not meet the filing deadline requirements will not be eligible for funding. Applications must be on HCD forms and cannot be altered or modified by the Applicant.

B. Application Form

After the application deadline, HOME staff may contact applicants for assistance in locating specific information in the application. In addition, HCD may, in its sole discretion, request an applicant to supply clarifying information, provided that such information does not affect the competitive rating and ranking of the application. No information, whether written or oral, will be accepted if the provision of such information would result in a competitive rating point advantage to the applicant or a competitive rating point disadvantage to other applicants. **In the event an Applicant's completed HOME Application form or exhibit is incomplete or incorrect, HOME will consider all information within the application to determine if there is sufficient information to assign the score.**

IV. ELIGIBLE APPLICANTS

A. Applications will only be accepted from:

- cities and counties that have not been designated as Participating Jurisdictions by HUD;
- cities that are not participants in an urban county agreement with a county that is a HUD Participating Jurisdiction;
- cities and counties that are not participants in a HOME consortium; and

B. Eligible Applicants

Applicants must both be on the list of eligible jurisdictions for FY 2014, as are listed in Appendix A of the NOFA and be located in one of the 24 counties identified by the Department of Social Services as having a disproportionately high economic impact from the drought: Amador, Butte, Colusa, Fresno, Glenn, Kern, Kings, Lake, Lassen, Madera, Merced, Modoc, Monterey, San Benito, San Joaquin, Santa Cruz, Sierra, Siskiyou, Stanislaus, Sutter, Tehama, Yolo and Yuba. If the city or county is not listed in Appendix A, but you believe it should be, submit a copy of the consortium or urban county agreement for your county indicating that your city or county is not a participant for FY 2014 consortium or urban county funding by the application deadline.

HOME funds may be used to assist Indian tribes consistent with applicable State and federal requirements. However, pursuant to federal HOME regulations and State HOME Regulation 8204, only cities and counties, may submit a HOME application. Indian tribes are not eligible applicants.

C. Minimum Expenditure Requirement for Program Activities (50 Percent Rule)

Pursuant to State HOME Regulation Section 8204(b), applicants with current HOME Program activity contracts are eligible to apply for HOME Program activity funds only if they have expended, by the application due date at least 50 percent of the total of all program activity funds originally awarded in their current HOME contracts. Potential applicants with no open HOME Program Activity contracts are not affected by this Rule. A current HOME contract is one where the expenditure deadline has not yet occurred by **June 20, 2014** (i.e., generally a contract with numbering starting,

“11-HOME”, “12-HOME” or “13-HOME” and ending with a unique 4-digit contract number).

Notes:

- If an earlier contract has been extended and has not yet reached its extended expenditure deadline, it will count for this 50 percent Rule.
- If an eligible jurisdiction is unable to apply pursuant to this NOFA because of the 50 percent rule, it may request re-programming of their existing grant(s) to serve drought victims. See HOME Management Memo 14-03.

"Expended" funds are the total of all valid draws received at HCD by the application deadline. Additionally, a valid draw is limited to the amount needed for reimbursement of actual expenses for work that has been completed ("work completed"). The definition of "work completed" varies by activity as follows:

- FTHB activities: escrow has closed;
- Tenant Based Rental Assistance (TBRA) activities: the amount expended is the rental assistance amount multiplied by the number of months in the individual tenants' TBRA rental assistance agreements;
- Owner Occupied Rehabilitation (OOR) activities: the amount expended is the amount of construction/rehabilitation payments that were made for work completed and inspected.

D. Compliance with OMB A-133 Audit Submission Requirements

This requirement is waived for this special NOFA. However, applicants must describe in their application the status of submittal of their A-133 audit, and will be required to reach compliance during the term of the new Standard Agreement.

V. **ELIGIBLE ACTIVITIES**

The only eligible activity is Tenant-Based Rental Assistance, which is defined as follows:

Funds provided to a HOME-eligible city or county to administer a program to provide rent subsidies and/or security deposits to eligible households. This NOFA limits the term of rental assistance to an eligible household to six months. 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.

VI. **INELIGIBLE USES OF FUNDS**

- See 24 C.F.R. 92.214 of the federal regulations for a list of ineligible activities.

If an application is submitted proposing an ineligible use, only that portion of the application proposing eligible uses will be rated and eligible for funds.

VII. FORMS OF HOME ASSISTANCE

- A. **HOME Grants**: HOME assistance must be provided in the form of a grant for tenant-based rental assistance.

HOME assistance may also be used for Activity Delivery Cost grants. Activity Delivery Costs are further defined by the term “related soft costs” in the HOME Final Rule at 92.206(d).

HOME funds for Activity Delivery Costs must be drawn down at the same time 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 HCD. For more information on Activity Delivery Costs, see Section XII.

- B. **Expenses Incurred Prior to Standard Agreement**: On a case-by-case basis, HOME Management may, in writing, 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 request of the applicant.

VIII. MAXIMUM APPLICATION AMOUNT

Applicants may submit only one HOME application pursuant to this NOFA.

Maximum: \$1,000,000 including Administration and Activity Delivery Costs.

Program Income (PI): **Federal HOME regulations require that all PI funds when on hand must be maintained in an interest bearing account. Interest earned on PI funds is also considered Program Income.** PI must be expended prior to drawing down HOME Funds. PI may not be “banked” or set-aside in re-use accounts. This rule applies to all State Recipient HOME applications. Successful applicants may not draw down new HOME funds for project draws if they have PI on hand. State Recipients with PI must consider this when deciding how much to request in this funding round

IX. ADMINISTRATIVE AND CHDO OPERATIONS FUNDS

Applicants may request up to 2.5 percent of the total application amount for Administrative funds.

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

X. ACTIVITY DELIVERY FUNDS

Except for TBRA activities, State 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 Fund request may be made for actual expenses:

Up to 5% of the HOME TBRA payment for unit inspection and income determination activities.

An additional 4.5% of the total HOME grant is available from State SB 104, the Drought Housing Rental Subsidies Program, as supplemental Administration funds. If these funds are awarded, they will be provided in a separate State Standard Agreement.

XI. PROPERTY STANDARDS FOR PROGRAM ACTIVITIES

All housing occupied by tenants receiving HOME tenant-based rental assistance must meet the standards established in 24 CFR 982.401 or the successor requirements as established by HUD.

XII. MATCH REQUIREMENTS

All match requirements are waived for applications pursuant to this NOFA. However, all eligible HOME match that applicants obtain due to their activity's need for other funding, shall continue to be reported in the project Set-up and Completion Reports so that HCD can bank any additional match and continue to waive match. Such match sources include match derived from below-market rate loans (even if these loans are not repaid to the HOME Local Account) State Low Income Housing Tax Credits, property tax waivers, bond financing, fee waivers, grants, and other sources. HCD will review all project Set-up and Completion Report forms to make sure that all reportable match has been included. For a HOME match calculation tool (located under "Additional Resources"), see <http://www.hcd.ca.gov/fa/home/>. The HOME Contract Management Manual also contains additional information and resources on Match, see <http://www.hcd.ca.gov/fa/home/manual/14/>.

XIII. TIME FRAMES FOR USE OF HOME FUNDS

All funds must be expended by the end of the twelfth (12th) month following the award date. HCD expects grantees to cease accepting new applications and processing existing applications in order to meet this deadline. No extensions will be allowed except as noted below. Grantees must cease the processing of applications well in advance of the expenditure deadline to ensure that all work is completed prior to the expenditure deadline. Exceptions will be considered only if the State Recipient shows there was clear and indisputable evidence delays were beyond the control of the borrower and/or the State Recipient or that HCD was responsible for the delay.

XIV. INCOME ELIGIBILITY

The State HOME Program uses the Part 5 (formerly known as Section 8) definition of low-income (24 C.F.R. Part 813), and uses the Part 5 methodology in calculating the income of beneficiaries. Please study the **Income Calculation and Determination Guide for Federal Programs**, at <http://www.hcd.ca.gov/fa/cdbg/GuideFedPrograms.html>.

However, for the activities funded by this NOFA only, a streamlined Income Eligibility process is allowed. Grantees must ask potential beneficiaries to bring to their eligibility interview their paystubs, and print outs that they can readily obtain directly from local EDD and TANF offices showing whether, and how much, assistance is received. If the potential tenants don't bring the EDD/TANF verifications, the Grantee may, with the applicant's written consent, be able to get confirmations quickly from local EDD and TANF offices. The final step is to call the employer to confirm they no longer employ the applicant.

XV. COMPLIANCE WITH OTHER FEDERAL REQUIREMENTS

All activities funded with HOME funds or HOME PI are required to comply with HOME's federal "overlay" requirements found in Section 92.350 and following of the HOME Final Rule, including, but not limited to, compliance with requirements concerning NEPA, Equal Opportunity and Fair Housing, Affirmative Marketing, Section 504 and the Americans with Disabilities Act, Section 3 (employment of low income persons), and OMB Circular A-133 audit. Failure to comply with federal overlays could result in significant cost increases to your project, rejection of your HOME application, or loss of points in current or future HOME funding rounds. Below is a brief discussion of overlay issues relevant to the application.

Procurement Requirements for State Recipients Using Administrative Subcontractors

State Recipients may contract directly with a Subrecipient, i.e. a non-profit corporation or a unit of government, without a procurement process. An RFP/RFQ process is required if the State Recipient contracts with a private organization not considered a Subrecipient. However, considering the emergency nature of this activity, a shortened timeframe of as short as five working days may be used for the solicitation phase.

XVI. STATE RECIPIENT OMB A-133 AUDIT DOCUMENTATION

Local governments that expend in excess of \$500,000 in federal funds during the fiscal year are required to submit an OMB A-133 Single Audit Report package to the California State Controller's Office (SCO). The 2012-13 audit package was due by **March 31, 2014**. The normal HOME threshold requirement for compliance is not applicable to this NOFA. However, applicants must describe in their application the status of submittal of their A-133 audit, and will be required to reach compliance during the term of the new Standard Agreement

You may check your jurisdiction's OMB A-133 compliance status at <http://sco.ca.gov/Files-AUD/SingleAud/statusreport.pdf>.

Questions regarding compliance with the submittal requirements of OMB A-133 can be directed to Nicole McCay at pmccay@hcd.ca.gov. HCD will only answer the question of whether a jurisdiction is in compliance according to SCO's A-133 Status Report. Technical questions related to why the jurisdiction is deemed not in compliance must be directed to SCO.

XVII. APPLICATION EVALUATION

A. Minimum Requirements: Applications for the HOME Program are not considered for funding unless the application demonstrates that the following minimum requirements have been met pursuant to Section 8212 of the HOME Regulations:

1. The application was received by the deadline specified in this NOFA.
2. The applicant is eligible pursuant to Sections 8204, 8204.1(c) and Appendix A of the NOFA.
3. The applicant proposes at least one eligible activity pursuant to Section 8205 (other than administration).
4. The use of funds is eligible per Sections 8205 and 8210(c).
5. The application is complete pursuant to Section 8211(b).
6. The applicant has no unresolved audit findings pursuant to Section 8204(a) (1) (D) (ii) and (2) (C) (i).
7. The applicant has provided documentation satisfactory to HCD that it is in compliance with the submittal requirements of OMB A-133, Single Audit Act pursuant to Sections 8204(a)(1)(D)(iv) and (2)(C)(iii). For more information, see Section XXI.
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/portal/public/SAM/> pursuant to Sections 8204(a)(1)(D)(iii) and (2)(C)(ii).
9. The total amount of funds requested for both administration and activity-specific costs does not exceed the limits identified in the NOFA.
10. The application form provided by HCD has not been altered or modified except to accommodate computer software.

B. Application Selection: If the total amount requested exceeds available funding, the Department will allocate funding according to the jurisdiction's relative proportion of persons in poverty and unemployed persons compared to the total for all applicants. In this calculation, poverty will be weighted 60% and unemployment weighted 40%. For example, if 10 cities and counties apply for \$7 Million, with a total number of persons in poverty of 100,000 and a total number of unemployed persons of 200,000, the weighted number is calculated as follows:

- 100,000 X 60% = 60,000
- 200,000 X 40% = 80,000
- Total of 140,000

In this example, one City has 10,000 persons in poverty and 20,000 unemployed persons. Their weighted number is calculated as follows:

- $10,000 \times 60\% = 6,000$
- $20,000 \times 40\% = 8,000$
- Total of 14,000

This City would then receive 10% of available funds, or \$600,000, as follows:

- $14,000 \text{ divided by } 140,000 = 10\%$
- $10\% \times \$6 \text{ Million} = \$600,000$