

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF FINANCIAL ASSISTANCE
HOME and HOMEOWNERSHIP SECTION**

Joe Serna, Jr. Farmworker Housing Grant Program
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**NOTICE OF FUNDING AVAILABILITY
JOE SERNA, JR. FARMWORKER HOUSING GRANT PROGRAM
SINGLE- FAMILY COMPONENT**

Serna Program Funds: \$7.5 Million

April 19, 2010

PROGRAM DESCRIPTION

A. Introduction

The California Department of Housing and Community Development ("HCD") is pleased to announce that it is accepting applications under the Joe Serna, Jr. Farmworker Housing Grant Program ("Serna Program") for home purchase or rehabilitation. This Notice of Funding Availability (NOFA) makes Seven Million Five Hundred Thousand Dollars (\$7,500,000) available from the proceeds of the sale of bonds authorized by Proposition 1C. Applications will be accepted on an "over the counter" basis until available funds are exhausted subject to the following procedures:

Applications will be accepted beginning at 8 a.m., on Monday, May 3rd, 2010 and until 5 p.m., Monday, May 2nd, 2011 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. **HCD reserves the right, at its sole discretion, to suspend, amend, or modify the provisions of this NOFA. If such an action occurs, HCD will notify all interested parties.**

B. Program Summary

The purpose of the Serna Program is to provide grants or loans, or both for the development, construction and/or rehabilitation of housing for agricultural households. This NOFA is for the purpose of providing grants to assist agricultural households in the purchase of a home or rehabilitating a home which they already own.

This NOFA will be governed by regulations available on HCD's website at www.hcd.ca.gov. Accordingly, applications should be completed pursuant to the requirements as stated in the regulations text.

The Serna Program is subject to the requirements of Health and Safety Code Section 50517.5 et seq. ("Program Statutes") and the Joe Serna, Jr. Farmworker Housing Grant Regulations ("Program Regulations") as set forth in California Code of Regulations, Title 25, commencing with Section 7200 et seq. All section numbers listed in this NOFA are references to section numbers included in the Program Regulations unless otherwise stated. Applicants should fully familiarize themselves with these statutes and regulations.

C. Eligible Project Sponsors

To be eligible to apply for funding, the applicant shall be a local public entity, a nonprofit corporation, a limited liability company, or a limited partnership. The applicant, except for local public entities, shall demonstrate to HCD's satisfaction that the applicant is independent from any directions of, or control by, a for-profit entity and shall meet the requirements of Section 7205.1. Individual agricultural households are not eligible to apply for assistance through this NOFA.

D. Eligible Uses of Funds

Funds may be used for costs related to housing development including: land acquisition, predevelopment activities, site development, owner-occupied rehabilitation programs, and homeownership opportunities, including self-help housing programs. A full list of eligible uses of funds may be found in Section 7209.5 (a) and (b).

E. Ineligible Uses of Funds

Funds shall not be used for a recipient's project organization or planning costs including, but not limited to, administrative costs or developer's fees Section 7209.5 (c).

To be eligible to receive a commitment of funds to provide direct grants to agricultural households for the purchase of a new conventionally constructed home, or rehabilitation of an existing owner-occupied home, the applicant shall demonstrate to HCD's satisfaction that it is sponsoring and supervising the construction or rehabilitation program.

F. Eligible Projects

Projects, with the exception of scattered-site homeownership and owner-occupied rehabilitation projects are limited to **single sites** and **single activities**. Separate applications must be submitted for multiple sites or for multiple activities at the same site. Each application will be considered on its own merits without regard for "related" applications.

G. Maximum Grant Amounts

The per-grant limit for this NOFA, including all eligible activities, is One Million Five Hundred Thousand Dollars (\$1,500,000). All funds used in the development of a subdivision must subsequently be granted in the form of mortgage roll-over assistance to individual agricultural households. The subdivision development grant request must not exceed the total that will be subsequently granted to eligible agricultural households.

HCD reserves the right to reduce the requested amount of funding for any given project based upon Staff's analysis of the project's financing structure. This analysis includes the amount of funds necessary for the project to be financially feasible; the amount necessary to meet HCD's underwriting requirements; and site and design criteria, as outlined in Sections 7205, 7209 (b), 7209.5 and 7210.

H. Match Requirements

Applicants must demonstrate to the satisfaction of HCD that they can and will provide a "matching share" of funds in an amount at a minimum, equal to the requested grant or loan. "Matching share" means the proceeds of local, State, and Federal grants and/or loans; private loans; cash investments; in-kind contributions; or local government fee waivers that have been committed to the total development or rehabilitation costs of the housing development. Applicants with rehabilitation projects who are proposing the use of in-kind contributions consisting of the value of existing structures as their matching share will have the valuation of those improvements closely scrutinized by HCD and should present adequate data about the pre-rehabilitation value of the property. The Serna Program may be used in combination with other HCD homeownership programs, including the CalHome Program, BEGIN (Building Equity and Growth in Neighborhoods Program), HOME (HOME Investment Partnership Program), and CDBG (Community Development Block Grant Program).

I. Market Analyses

A market analysis which supports the need for the proposed housing and includes the characteristics of the person(s) eligible for occupancy including income and estimates of the number of eligible agricultural workers willing and able to occupy the proposed housing shall specifically address the demand for agricultural housing and the ability of local agricultural workers to pay the housing costs proposed in the application, Section 7217(c) (10).

J. Grant Terms and Security

Sponsors who make use of funds during predevelopment and development phases, will be required to execute and record a Serna Program Regulatory Agreement against the entire subdivision for the purposes of securing performance of the grant conditions. Agricultural households assisted with grant funds will be required to execute and record a Homeowner Grant Lien Agreement. The lien position(s) occupied by the Serna Program Regulatory Agreement and Homeowner Grant Lien Agreement are subject to the approval of HCD.

Rehabilitation and homeownership grants have a term of twenty (20) years for conventionally-constructed ownership housing or manufactured housing placed on a permanent foundation. If the home is sold within ten years from the date of execution of the Serna Program Regulatory Agreement, the total amount of the grant must be repaid and returned to HCD. If the home is sold more than ten years after the date of execution of the Serna Program Regulatory Agreement, repayment will equal the total amount of assistance minus ten percent (10%) for each additional year that the home is occupied by the assisted agricultural household until the expiration of the regulatory period.

K. Occupancy Restrictions

Eligible occupants of Serna Farmworker Grant assisted housing are individuals or households with at least one person who derives, or prior to retirement or disability derived, a substantial portion of their income from agricultural employment.

L. Prevailing Wage Requirements

Projects awarded grants under this NOFA may be defined as “public works” and thus be subject to the payment of State Prevailing Wages under Section 1720 of the California Labor Code. If the project is a self-help housing project, it may be exempt from the requirement to pay State Prevailing Wages per California Labor Code Section 1720 (c) (6) (A). Any questions or interpretation requests regarding the Labor Code should be addressed to the Director of the State of California, Department of Industrial Relations, which has jurisdiction in these matters.

M. Timeframes for Use of Serna Program Funds

Successful applicants shall enter into a Standard Agreement with HCD for a term of three (3) years. The Standard Agreement will require a recipient to meet, or provide evidence of progress in meeting, certain pre-disbursement requirements and any special conditions during the first twelve (12) months of the contract. Failure to meet this requirement may result in the disencumbrance of funds and cancellation of the Standard Agreement.

APPLICATION PROCEDURES

N. Application Review and Evaluation

Applications will be reviewed and analyzed in the order in which they are received. However, applications will not be scheduled for presentation to the Local Assistance Loan and Grant Committee (“the Committee”) until the application is deemed complete by HCD, the amount of the proposed subsidy is deemed appropriate, and the project meets all underwriting, site and design criteria, as outlined in Sections 7204, 7206, 7208, 7209 (b), 7209.5 and 7210.

Serna Program funds may only be expended for housing developments that meet the following criteria: (a) the housing development must contain assisted units to be occupied by agricultural households; (b) to the greatest extent possible assisted units are to be occupied by lower-income agricultural households; (c) to the greatest extent possible, any non-assisted units are to be occupied by agricultural households; (e) when grant funds are to be used for homeownership purposes, assisted units shall be newly constructed and are to be made available to lower-income households at a total monthly housing costs not to exceed 35% of monthly net income, Section 7204. All proposed uses of Serna Program funds must be eligible per Section 7206. The Serna Program may conduct its eligibility review within forty five (45) calendar days following receipt of the application. Applicants will be promptly notified in writing of the results of this initial review.

Only applications that are judged eligible will undergo further evaluation by Program Staff to determine whether a positive or negative funding recommendation will be made to the Committee. That evaluation will include a detailed analysis of the financial aspects of the project to determine if the amount of Serna Program funds is appropriate. This analysis will include a consideration of development and permanent financing, including other sources of subsidy and overall cost effectiveness. Additional information may be solicited from the applicant during this process. Following this evaluation, Staff will present their findings to the Committee. All applicants whose projects are to be presented to the Committee will be notified of the date, time, and place of the meeting. Applicants will be notified in writing of the Committee's action. An application recommended for approval by the Committee and then approved by the Director of HCD will receive an award package that contains the procedures, requirements, and any special conditions needed for grant or loan closing. An application rejected by HCD will be sent a letter informing the applicant of the reasons for such rejection and of its rights to appeal the decision.

O. Rating and Ranking Criteria

If, at any time, this NOFA is “over-subscribed,” the rating and ranking process, described below, will be triggered. (“Over-subscribed” in this context means - the amount of funding requested on the applications received exceeds the amount available under this NOFA which is \$7,500,000.).

Applications will be reviewed initially for completeness, eligibility, and compliance with Program Statutes and Program Regulations. No additional information, beyond that which is included in the application, will be solicited from the applicants. Only the information provided with the application will be used to score the application.

Applicants shall demonstrate to HCD's satisfaction that it has the ability to timely proceed with the construction or rehabilitation of the development or program upon commitment of Serna Program funds and it has sufficient experience and organizational capacity to carry out the activity for which Serna Programs funds are being requested Section 7205(b)(1)(2). Additionally, at the time of application for a single-family project, the applicant shall have site control pursuant to Section 7207(b) (c).

Only applications that are eligible will undergo an evaluation by Serna Program Staff to determine whether a positive funding recommendation will be made to the Committee. Applications will be ranked and recommended for funding to the Committee based upon Staff's assessment of whether they meet the following criteria, found in Section 7212(a), "Priorities in Use of Funds":

- (3) The number of dwelling units projected to be occupied by agricultural households and to be regulated as such in the regulatory agreement or grant agreement will be large in relation to the total amount of grant funds requested.
- (5) The plan for development or rehabilitation provides that some or all of the housing units of the housing development will be accessible and adaptable to the needs of the elderly or disabled.
- (6) There are social and economic factors associated with the housing development such as:
 - (A) The housing development is intended to serve households with the greatest need for government assistance in obtaining adequate and affordable housing as measured by the extent to which the development serves agricultural workers at the lowest income levels.
- (8) The housing development will utilize solar and other alternative energy efficient systems.
- (9) The housing development will utilize manufactured housing or other cost-efficient design or construction techniques for the purpose of making housing affordable to lower-income households.

Should an oversubscription occur and Program Staff are unable to make a significant distinction between two or more equally worthy projects, they will use as a "tie breaker" a more in-depth consideration of the priority (6)(A) housing developments intended to serve households with the greatest need for government assistance in obtaining adequate and affordable housing as measured by the extent to which the development serves agricultural workers at the lowest income levels. That in-depth assessment will consider demographic information found in U.S. Census data or local Housing Elements, including level of poverty in the community and percentage of lower income households overpaying for their housing expenses.

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P. Application Packaging and Submittal

Applications are available on HCD's web site: www.hcd.ca.gov/ca/fwhg or by mail when requested.

Applications must be delivered to one of the following addresses:

U.S. Mail

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

Private Carrier

Marilyn Lawson
Department of Housing and Community
Development
Division of Financial Assistance
1800 Third Street, Room 390
Sacramento, CA 95811

Applications are to be submitted in duplicate and must be made on the forms provided by HCD. Application forms shall not be modified. Applications having material internal inconsistencies or lacking essential information will be considered incomplete and will be held pending clarification or correction. In order to assure prompt consideration and correct evaluation, applicants are advised to pay special attention to Section 7217, "Contents of Applications" carefully, being sure to provide all required information and accompanying documentation.

Projects that have already applied to USDA-RD, CalHFA, or other HCD funding sources should submit along with the Serna Program Application, a copy of the application (including all required attachments)

Please direct your requests for applications or more information about this announcement to the above-listed address or contact:

Sharon Sarno, Program Manager, at (916) 327-8255, e-mail to: ssarno@hcd.ca.gov
Rafael Galvan at (916) 327-2890, e-mail to: rgalvan@hcd.ca.gov
Tony Chopelas at (916) 327-8274, e-mail to: tchopelas@hcd.ca.gov
HCD website: <http://www.hcd.ca.gov/ca/fwhg>

Thank you for your interest in the Joe Serna, Jr. Farm worker Housing Grant Program.

Sincerely yours,



Chris Westlake
Deputy Director
Division of Financial Assistance