

**DEPARTMENT OF  
HOUSING AND COMMUNITY DEVELOPMENT (HCD)**

**Neighborhood Stabilization Program 1  
(NSP1)**

**Affordable Rental Housing Component**

**NOTICE OF FUNDING  
AVAILABILITY**



**July 23, 2009**

**Notice of Funding Availability (NOFA)**

**NEIGHBORHOOD STABILIZATION PROGRAM 1 (NSP1)  
Tier 3  
AFFORDABLE RENTAL HOUSING**

<b>TIMETABLE FOR MHP APPLICATIONS</b>	
NOFA Issued:	July 23, 2009
Workshops:	See Section E
Application Forms Available (on or about):	July 23, 2009
Applications Accepted Beginning	August 26, 2009
Final Application Deadline:	October 30, 2009
Awards Announced:	Continuously
Contracts Executed Beginning:	November 2009

# NSP1 AFFORDABLE RENTAL HOUSING

## NOTICE OF FUNDING AVAILABILITY

July 23, 2009

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**ATTACHMENT(S)**

- Attachment 1: Application Review and Scoring Process**
- Attachment 2: Eligible Jurisdictions/Areas of Greatest Need**
- Attachment 3: Chart of Eligible Activities**
- Attachment 4: Application Workshop Registration Form**

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

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**NEIGHBORHOOD STABILIZATION PROGRAM 1  
Tier 3  
AFFORDABLE RENTAL HOUSING  
NOTICE OF FUNDING AVAILABILITY (NOFA)  
July 23, 2009  
Program I Funding: \$36,267,877**

**PROGRAM DESCRIPTION****A. Introduction**

The California Department of Housing and Community Development (hereinafter "HCD" or "Department") is announcing the availability of no less than \$36,267,877 for the Affordable Rental Housing component of the State of California Neighborhood Stabilization Program (NSP1). In the event that the State receives additional funds from the Department of Housing and Urban Development (HUD) for the purpose specified in this NOFA, the total amount of funds available may be adjusted. Funding for this Notice of Funding Availability is provided under Title III of Division B of the Housing and Economic Recovery Act of 2008 (HERA) for the purpose of assisting in the purchase and redevelopment of abandoned and foreclosed homes and residential properties under the Emergency Assistance for Redevelopment of Abandoned and Foreclosed Home heading, referred to throughout this NOFA as the Neighborhood Stabilization Program (NSP1).

As part of the funding permitted under the Neighborhood Stabilization Program (NSP1), the Department of Housing and Urban Development (HUD) allocated approximately \$384.5 million to 46 Community Development Block Grant (CDBG) entitlement cities and counties in California and \$145,071,506 to the State of California. According to HUD's guidelines for the distribution of these funds, states receiving grants for the NSP1 must target the funds toward areas of greatest need, identified as having the following conditions:

1. The greatest percentage of home foreclosures;
2. The greatest percentage of homes financed by a sub-prime mortgage related loan; AND
3. Likely to face a significant rise in the rate of home foreclosure.

HERA provides under a rule of construction that, unless it is otherwise stated, the loans are to be considered Community Development Block Grant (CDBG) funds. The Catalog of Federal Domestic Assistance (CFDA) number for CDBG loans made under NSP1 is 14.228.

Eligible NSP1 activities may include the following:

- A. Establish financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties, including such mechanisms as soft-second, loan loss reserves, and shared-equity loans for low- and moderate-income homebuyers.
- B. Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties.
- C. Establish land banks for homes that have been foreclosed upon.
- D. Demolish blighted structures.
- E. Redevelop demolished or vacant properties.

In accordance with HERA Section 2301(f)(3)(A)(i) and (ii), not less than 25 percent of NSP1 funds shall be used for the purchase and redevelopment of abandoned or foreclosed upon homes or residential properties that will be used to house individuals or families whose incomes do not exceed 50 percent of Area Median Income (AMI).

The funds awarded under this NOFA will be allocated to multifamily rental housing projects which specifically target households with incomes at or below 50 percent AMI as beneficiaries of this funding.

The Department will make NSP1 funds available under Eligible Use A, *Financing Mechanisms*. Therefore, the funds being offered through this NOFA are available as loans for the acquisition, rehabilitation, and redevelopment of foreclosed upon homes and residential properties in order to provide permanent affordable multifamily rental housing developments.

For the purpose of this NOFA "homes" is interpreted as any type of permanent residential dwelling unit, such as detached single family structures, townhouses, condominium units, and multifamily rental units (covering the entire property). "Residential properties" includes all of the above plus vacant land that is currently designated for residential use, e.g. through zoning.

Foreclosed is defined as a point when, under state or local law, the mortgage or tax foreclosure is complete. A foreclosure will not be considered complete until after the title for the property has been transferred from the former owner under some type of foreclosure proceeding or transfer in lieu of foreclosure, in accordance with state and local law.

Temporary or transitional housing projects are not eligible to receive funding under this NOFA.

Information on these funding opportunities is available on the Department's website at <http://www.hcd.ca.gov/fa/NSP1/index.html>

## **APPLICATION PROCEDURES AND DEADLINE**

### **B. Application Packaging and Submittal**

Applications will be accepted on an over-the-counter basis beginning on August 26, 2009. The final application deadline is October 30, 2009. Applications will be date-stamped and processed in the order in which they are received until all funds have been exhausted. Applications received after 5:00 P.M. on October 30, 2009 will be returned to the applicant, regardless of the postmark date. Facsimile or electronic applications will not be accepted. In the event that an insufficient number of applications are received to allow for 100 percent allocation of available funds, the final application Deadline may be extended at the Department's sole discretion. If at any time, the amount of eligible application requests received exceeds the amount of funds available, the applications will be scored as specified in Section C(2) and Attachment 1, Application Review and Scoring Process.

Applications must be submitted on forms provided or approved by HCD. Application forms must not be modified. A complete original application, plus one copy, must be received by the Department no later than **5:00 p.m. on, October 30, 2009**. Applications must meet all eligibility requirements upon submission. Incomplete applications and applications which fail to meet minimum threshold requirements, (see Section C), will be returned to the applicant. Applications may be corrected and resubmitted until 5:00 p.m. on October 30, 2009; however, resubmissions will be processed in the order that a completed application is received.

Application forms will be available on or about July 23, 2009. In order to receive an application package please visit HCD's website after this date, or contact NSP1 Affordable Rental Housing Program Staff at (916) 323-3178, or [multifamilyhousingsection@hcd.ca.gov](mailto:multifamilyhousingsection@hcd.ca.gov). Applications must be delivered to one of the following addresses:

**U.S. Mail**

Rental Housing Development Section  
Attn: NSP1  
Department of Housing and  
Community Development  
Division of Financial Assistance  
P.O. Box 952054  
Sacramento, CA 94252-2054

**Private Carrier**

Rental Housing Development Section  
Attn: NSP1  
Department of Housing and  
Community Development  
Division of Financial Assistance  
1800 Third Street, Room 460  
Sacramento, CA 95811

It is the applicant's responsibility to ensure that the application is clear, complete and accurate.

**C. Threshold Eligibility and Ranking**

1. Applications considered for funding under this NOFA must meet minimum threshold eligibility as follows:

- a) Eligible Applicant (see Section H)
- b) Eligible Activity/Use of Funds (see Section I)
- c) Eligible Project (see Section J)
- d) Readiness (see Section K)

2. Applications under this NOFA will be considered on an over-the-counter basis until available funds are exhausted. The amount of funds requested by eligible applicants will be continuously tabulated to determine the total of funds requested and funds remaining throughout the application period. If on any date, the number of eligible applications received exceeds the amount of available funds remaining, the Department shall rank those applications according to the following criteria:

- a) Area of Greatest Need
- b) Project Readiness
- c) Deeper Income Targeting
- d) Leveraging of Other Funds

[See Attachment 1, Application Review & Scoring Process for details.]

**D. Timetable for NOFA, Applications, Workshops, and Award Notification**

<b>TIMETABLE FOR NSP1 APPLICATIONS</b>	
NOFA Issued:	July 23, 2009
Workshops:	See Section E
Application Forms Available (on or about):	July 23, 2009
Applications Accepted Beginning	August 26, 2009
Final Application Deadline:	October 30, 2009
Awards Announced:	Continuously as Approved
Contracts Executed:	Beginning November 2009

**E. Application Workshops**

To assist applicants in preparing their applications, the Department will conduct five-application workshops. During the workshops, the Department will review the Application, Threshold Eligibility Requirements, Calculation of Loan Limits, Timing Constraints, and Scoring. There will be time for answering individual applicant questions.

If you are unable to attend the workshop and have questions about the application process, please contact the NSP1 program staff. The workshop sessions are scheduled as follows:

<b>Date</b>	<b>Location</b>	<b>Time</b>
July 28, 2009	<b>Department of Housing &amp; Community Development 1800 Third Street, Room 183 Sacramento</b>	10:00 AM – 12:00 PM
July 29, 2009	<b>City of Merced 678 West 18<sup>th</sup> Street Merced</b>	11:00 AM – 1:00 PM
August 4, 2009	<b>Elihu Harris State Building 1515 Clay Street Oakland</b>	9:00 AM- 11:00 PM
August 5, 2009	<b>Department of Housing &amp; Community Development 3737 Main Street, 2<sup>nd</sup> Floor Highgrove Conference Room Riverside</b>	10:00 AM – 12:00 PM
August 6, 2009	<b>Ronald Reagan State Building 300 South Spring Street Auditorium Los Angeles</b>	10:00 AM – 12:00 PM

**ADVANCE REGISTRATION FOR THE WORKSHOPS IS REQUESTED.** Please complete the attached registration form and return via email to [bstolk@hcd.ca.gov](mailto:bstolk@hcd.ca.gov) or fax to (916) 445-0117, attention Barbara Stolk, at least 24 hours before the workshop.

**F. Program Summary**

NSP1 for Affordable Rental Housing provides 25 year, zero-interest, forgivable loans to eligible applicants (See Section H and Attachment 2) for the development of permanent, multifamily, affordable housing for households with incomes at or below 50 percent AMI, and which are located in areas of greatest need. Funds available under this NOFA may be used for multifamily rental housing projects involving acquisition, rehabilitation, or redevelopment of foreclosed upon homes or residential properties. (See Section I) Eligible applicants must demonstrate how the proposed project contributes to the existing community redevelopment plan, and that the project addresses an identified local housing need.

Leveraging of funds with other resources, including local government funds, low-income housing tax credits, tax-exempt bond financing and private debt financing is not required, but is strongly encouraged. Leveraging will be one factor considered if the amount of funds requested by eligible applicants exceeds the amount of funds available on any given date.

**G. Program Regulations and Legal Authority**

The Neighborhood Stabilization Program (NSP1) is authorized under Title III of Division B of the Housing and Economic Recovery Act of 2008 (HERA) for the purpose of assisting in the redevelopment of abandoned and foreclosed homes under the Emergency Assistance for Redevelopment of Abandoned and Foreclosed Home heading, referred to throughout this Notice of Funding Availability (NOFA) as the Neighborhood Stabilization Program (NSP1). In accordance with HERA Section 2301(f)(3)(A)(i) and (ii), not less than 25 percent of NSP1 funds shall be used for the purchase and redevelopment of abandoned or foreclosed upon homes or residential properties\* that will be used to house individuals or families whose incomes do not exceed 50 percent AMI.

*\*Because the Department is providing loans under Eligible Use A, all projects will be restricted to the purchase and redevelopment of foreclosed upon homes and residential properties. "Abandoned" is not applicable to funds available under this NOFA.*

HERA (Public Law 110-289) provides under a rule of construction that, unless HERA states otherwise, the grants are to be considered Community Development Block Grant (CDBG) funds. The grant program under Title III is commonly referred to as the Neighborhood Stabilization Program (NSP1).

HERA authorizes HUD to specify alternative requirements to any provision under Title 1 of the Housing and Community Development Act of 1974, as amended<sup>1</sup>, except for requirements related to fair housing, nondiscrimination, labor standards, and the environment (including lead-based paint), in accordance with the terms of section 2301 of HERA and for the sole purpose of expediting the use of grant funds. Alternative requirements are identified in the Federal Register [Docket No. FR-5255-N-01]. All section references in this NOFA refer to the NSP1 requirements unless otherwise noted.

## **H. Eligible Applicants**

Per Title III of Division B of the Housing and Economic Recovery Act of 2008 (Public Law 110-289, Section 2301 (c) (2)), the state or unit of general local government that receives amounts pursuant to this section shall in distributing such amounts give priority emphasis and consideration to those metropolitan areas, metropolitan cities, urban areas, rural areas, low- and moderate-income areas, and other areas with the greatest need, including those:

- A. With the greatest percentage of home foreclosures;
- B. With the highest percentage of homes financed by a sub-prime mortgage related loan; and
- C. Identified by the state or local unit or local government as likely to face a significant rise in the rate of home foreclosures.

In complying with NSP1 requirements, the Department has evaluated these factors and compiled two lists of eligible jurisdictions, referred to hereafter as Tier 1 and Tier 2. Other eligible jurisdictions are those which are receiving direct allocations from HUD.

Cities, counties, and non-profit organizations proposing projects which are located within any of the eligible jurisdictions, and which can meet HUD's requirement for housing targeted to households at or below 50 percent AMI, may apply. Applicants must demonstrate sufficient experience and capacity to undertake and complete the project within the prescribed timelines.

At a minimum, applicants must have successfully developed at least three affordable multifamily housing rental projects, comparable in size and scope to the proposed project, within the last ten years.

## **I. Eligible Uses of Funds and Eligible Activities**

NSP1 funds made available under this NOFA may be used in accordance with HERA Section 2301 to fund acquisition, rehabilitation, demolition, and redevelopment activities as described below. NSP1 funds must be attributable to the costs of "restricted" units which will be subject to a long-term regulatory

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<sup>1</sup> Title 1 of the Housing and Community Development Act of 1974 as amended. 42 U.S.C. 5301 et seq., Federal Omnibus Budget Reconciliation Act of 1981 (Public Law 97-35).

agreement with rents restricted at or below 50 percent AMI rent levels. All NSP1 activities must comply with the California Environmental Quality Act (CEQA) and National Environmental Protection Act of 1969 (NEPA) (see Item Q).

1. Acquisition of residential properties which have been foreclosed upon, for the purpose of rehabilitation or redevelopment of permanent, affordable, multifamily rental housing. Acquisition with the intent to "bank" the land is prohibited. Foreclosed is defined as follows: A property has been "foreclosed upon" at the point that, under state or local law, the mortgage or tax foreclosure is complete; generally, after the title for the property has been transferred from the former property owner under some type of foreclosure proceeding or transfer in lieu of foreclosure, in accordance with state or local law.

- Section 2301(d)(1) of HERA requires any purchase of a foreclosed-upon residential property under NSP1 be discounted from the current market-appraised value. Such discount shall ensure that purchasers are paying below-market value for the property. The purchase discount shall be one percent from the current-market value.
- Previously purchased, foreclosed upon residential properties are subject to the one percent purchase discount from current market value, regardless of the date of purchase.
- In order to determine the amount of the discount, applicants must provide a current appraisal, not more than 60 days old.

2. Rehabilitation of residential properties which have been foreclosed upon shall be to the extent necessary to meet, at a minimum, the Section 8 Housing Quality Standards, applicable building codes, zoning ordinances, and cost-effective energy conservation standards. Rehabilitation which incorporates modern, green building and energy-efficiency improvements is strongly encouraged.

3. Demolition of existing structures is allowed only to the extent that the structures are blighted. Any type of structure that is blighted (e.g. commercial, industrial, residential, and other types of structures) may be demolished using NSP1 funds.

*Blighted structure:* A structure is blighted when it exhibits objectively determinable signs of deterioration sufficient to constitute a threat to human health, safety, and public welfare. This definition is consistent with California Health & Safety Code, Section 17920.

- NSP1 applicants will NOT be required to meet the requirements of 42 U.S.C. 5304(d) as implemented at 24 CFR 42.375, which mandates one-

for-one replacement of low- and moderate-income units that are demolished.

- If an applicant intends to demolish any low- and moderate-income units, the following information shall be provided with the application: a) The number of low- and moderate-income units expected to be demolished; b) The number of low- and moderate-income units which will be made available to low-, moderate- and middle-income households; and c) The number of units which will be made available for households whose incomes do not exceed 50 percent AMI.
4. **Redevelopment** of demolished or vacant properties, including rehabilitation, new construction, and infrastructure is an eligible use. In order for a property to be “redeveloped”, it must have been previously developed and is now vacant. Raw land would not be eligible. Applicants must demonstrate, to the satisfaction of the Department, that the land has been previously developed. “Vacant” can refer to either land which is vacant, or vacant buildings on the land.

Please refer to Attachment 3 of this NOFA for more detailed descriptions of the eligible activities, correlated eligible activities from the CDBG entitlement regulations, and ineligible uses of NSP1 funding.

#### **IMPORTANT NOTICE TO APPLICANTS:**

To the extent that NSP1 funds will be used for only one eligible activity, the eligible uses described above can be viewed as severable and discrete. However, the provisions become cumulative if an applicant proposes multiple activities. For example, if an applicant proposes acquisition, demolition, and redevelopment activities, the property must have been foreclosed-upon the structures must be blighted (demolition), and the land must have been previously developed (redevelopment).

*The Department is providing loans under Eligible Use A (see Section G), therefore, all eligible uses must be performed **only** on foreclosed upon homes and residential properties, regardless of whether NSP1 funds will be used for acquisition. All acquisitions are subject to the one percent discount rate.*

#### **J. Eligible Projects**

Projects which are eligible for funding under this NOFA shall be located within areas of greatest need, as defined in Section H and Attachment 2 of this NOFA. Proposed projects shall be permanent, multifamily rental housing projects with not less than ten (10) units, which are restricted to rents at or below 50 percent AMI rent levels.

Under this NOFA “unit” is defined as a studio (zero bedroom) or larger residential unit which includes a kitchen or kitchenette, and private, full bath. Individual bedrooms within one house are not “units” under this NOFA.

Scattered site projects are eligible provided that all sites are located within a 2.5 mile radius of the center-most geographic point, the applicant currently provides service and monitoring to one or more projects which are substantially similar to the proposed project, and the applicant can demonstrate the capacity and ability to adequately monitor and service additional scattered site projects.

Applicants must demonstrate that the proposed project addresses a serious local housing need as identified in a specific local policy document.

Projects are ineligible if construction has commenced as of the application due date.

#### **K. Readiness Threshold**

1. **Site Control.** At the time of application, the applicant must have control of the proposed property in the applicant’s name, or an entity controlled by the applicant, by one of the following means:

- a) fee title;
- b) a leasehold interest on the project property with provisions that enable the lessee to make improvements on and encumber the property provided that the terms and conditions of any proposed lease shall permit, prior to loan closing, compliance with all Department requirements;
- c) an enforceable option to purchase or lease which shall extend through the anticipated date of the NSP1 Award; or
- d) a disposition and development agreement with a public agency.

2. **Timing.** Applicant must provide evidence, e.g. environmental reports, design approvals, architect’s certifications, and so forth, which demonstrate the applicant’s ability to perform within the timing constraints of the NSP1 requirements.

3. **Ability to Secure Necessary Financing.** For projects which are not seeking 100 percent NSP1 financing, applicants must provide a proposed financing plan and evidence that sufficient financing will be secured to allow construction to begin no later than six months after receipt of an NSP1 award.

#### **L. Loan Limits**

NSP1 funds may be used to fund up to 100 percent of the project development costs. The maximum loan amount per “NSP1 restricted unit” is \$186,000 for acquisition and rehabilitation projects and \$325,000 for new construction, as adjusted by county. The maximum loan per project is \$10,000,000. The loan

amount will be the **lesser of:** the total development cost, the loan amount based on the number of NSP1 restricted units, or \$10,000,000.

Costs must be reasonable and consistent with the proposed eligible activity or scope of work.

#### **M. Loan Terms and Security**

Loans will have a 25-year term and shall bear no interest. There will be a 20-year "Use Period", beginning upon date of project completion, as evidenced by a recorded Notice of Completion or other documentation acceptable to the Department. During this period, the Project Owner shall ensure that the Project's NSP1 funded rental units remain affordable to households earning at or below 50 percent AMI. The last five years of the loan term shall be the "Period of Ongoing Affordability". For each year of ongoing affordability, the loan balance shall be reduced by 20 percent.

If the Project is sold or refinanced, the outstanding unpaid balance of the loan shall be repaid in full unless the Project continues to be operated in compliance with the Department's Regulatory Agreement. If the Project is sold, the Department may require the new owner to formally assume the obligations of the Regulatory Agreement.

NSP1 loan documents will include a promissory note, deed of trust, and regulatory agreement.

The NSP1 loan shall be secured by the fee or a leasehold interest in the property acceptable to the Department. The term of a leasehold interest must be at least 25 years from the date of project completion, as evidenced by a recorded Notice of Completion.

#### **N. Time Limits**

Due to the short timeframe for using/expending NSP1 funds, as identified in the NSP1 requirements, the Department will strictly enforce the following minimum milestones:

##### Use/Obligation of Funds

- 75 percent of all NSP1 funding must be used/obligated within nine months of the Department's NSP1 contract execution with HUD. The specific date is December 31, 2009.
- 100 percent of all NSP1 funding must be used/obligated within 12 months of the Department's NSP1 contract execution with HUD. The specific date is March 31, 2009.

## Actual Expenditures

- 100 percent of all NSP1 eligible expenses must be incurred no later than June 30, 2012 and reimbursement requests must be received no later than July 31, 2012.
- Failure to comply with the stated milestones may result in the Department disencumbering NSP1 funds.

### **O. Developer Fees**

NSP1 funds may be used to pay reasonable developer fees.

### **P. Geographic Distribution**

Funds available under this NOFA shall be distributed to projects located in areas of greatest need throughout the state. To the extent possible, the Department will try to achieve reasonably equitable distribution of funds among three geographic areas described as Central Valley, Southern California, and Northern California. The Central Valley area includes those eligible jurisdictions located in the counties of San Joaquin, Stanislaus, Merced, Madera, Fresno, Tulare, and Kings. The Southern California area includes those eligible jurisdictions located in the counties of San Luis Obispo, Kern, and San Bernardino and all counties to the south. All remaining counties are located in the Northern California area.

### **Q. Environmental Review**

The NSP1 requirements do not provide any waivers with regard to compliance with the National Environmental Protection Act (NEPA) or the California Environmental Quality Act (CEQA). All applicants will be required to conduct the proper environmental reviews (NEPA and CEQA) for **all** proposed activities in the NSP1 application. No activity funds will be available until the proper review is completed and accepted by the State NSP1 staff and a formal release of funds letter is received by the applicant.

Failure to conduct the proper environmental reviews and obtain State release of NSP1 funds **prior** to the start of the proposed activity will cause the activity to become ineligible. NSP1 NEPA guidance, with updated forms, is posted on the NSP website:

[http://www.hcd.ca.gov/fa/nsp/NSP Environmental Guidance and Forms.doc](http://www.hcd.ca.gov/fa/nsp/NSP_Environmental_Guidance_and_Forms.doc), and additional information may be found in Chapter 3 of the current State CDBG Grant Management Manual for guidance on the proper process and required forms for submittal: <http://www.hcd.ca.gov/fa/cdbg/manual/>

**NEPA Choice Limiting Actions:** If NSP1 funds pay for purchase of real property or construction work on a site, the applicant must ensure they do not take a choice limiting action, as defined under the National Environmental Protection

Act (NEPA), prior to obtaining release of NSP1 funds for the proposed activity. Examples of choice limiting actions include executing a sales contract for purchase of land (an option to purchase is acceptable) or executing a construction contract prior to State release of NSP1 funds.

**R. Relocation and Anti-Displacement Requirements**

The federal regulations relating to relocation and anti-displacement require grantees receiving any NSP1 funds, regardless if the activity will cause displacement or not, to certify that they have made public and adopted a proper Anti-displacement and Relocation Plan. An acceptable plan and certification form will be required as a special condition for funding.

Jurisdictions that receive federal funds in the form of a NSP1 contract are required to inform all potentially affected persons, prior to submitting an application for NSP1 assistance, of the possibility for relocation as a result of the federally funded project. Potentially affected persons must also be informed of their rights to relocation assistance in the event relocation is triggered by the funded activity. This noticing requirement can be performed using a properly completed General Information Notice (GIN). The GIN can be found in the U.S. Department of Housing and Urban Development's (HUD) Relocation Handbook 1378. (For additional relocation information, refer to HUD website: HUDClips -> Tenant Assistance, Relocation and Real Property Acquisition (1378.0))

Applicants engaging in project-specific activities that may or will cause the relocation and displacement of persons must also provide a project-specific relocation plan. This plan must outline how the Applicant will manage the relocation and displacement activities for the project and estimate what relocation benefits will be required. When operating a single-family rehabilitation or acquisition program, which could cause temporary relocation of persons, the Applicant must also provide a locally adopted temporary relocation plan that outlines relocation benefits for owner occupants and tenants.

**S. Procurement**

Any goods or services that are paid for with NSP1 funds must be obtained by following either federal procurement requirements or local purchasing policies, whichever is more stringent. The Department will monitor the procurement processes for goods and services to ensure compliance with these federal requirements including equal opportunity provisions.

**T. Prevailing Wage Requirements**

Any NSP1 funds that are used for construction projects must comply with federal Davis-Bacon prevailing wage requirements and State prevailing wages. In addition, construction projects must be procured through a competitive bidding process in which the bid documents must contain specific language. Furthermore, the

construction contract must contain all required State and federal contract clauses.

During the construction period, all contractors and subcontractors must be monitored to ensure that all workers have been paid the appropriate prevailing wages on a weekly basis. Contractors and subcontractors will be required to submit weekly certified payrolls to the awarding agency for review. Additional reporting requirements include the Section 3 Report which addresses employment opportunity laws and prevailing wage laws.

The following documents may be used as references to prevailing wage requirements:

- State CDBG Grant Management Manual, Chapter 5 (Labor Standards)  
<http://www.hcd.ca.gov/fa/cdbq/manual/Chapter5LaborStandards.doc>
- U.S. Department of Housing and Urban Development  
<http://www.hud.gov/offices/cpd/communitydevelopment/toolkit/files/Module-3-Contents-WEB.pdf>  
  
<http://www.hud.gov/offices/adm/hudclips/guidebooks/HUD-LR-4812/4812-LR.pdf>  
  
<http://www.hud.gov/offices/adm/hudclips/guidebooks/HUD-LR-4813/4813-LR.pdf>  
  
<http://www.hud.gov/offices/cpd/communitydevelopment/toolkit/files/Module3-Top11KeysLaborStandards.pdf>

#### **U. Federal Debarment and Suspension**

Pursuant to Title 24 Code of Federal Regulations, Part 24, all NSP1 recipients are required to verify that any/all persons, contractors, consultants, businesses, sub-recipients, etc. that are conducting business with the recipient (including the city/county) are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in the covered transaction or in any proposal submitted in connection with the covered transaction.

Recipients must do all of the following:

- Check the Excluded Parties Listing System at (website: [www.epls.gov](http://www.epls.gov));
- Print a copy of the screen results; and
- Maintain evidence of the search results in appropriate NSP1 files.

#### **V. Affirmatively Further Fair Housing**

Any jurisdiction that is awarded NSP1 funds must certify that it will affirmatively further fair housing, which means that it will:

- conduct an analysis to identify impediments to fair housing choice within the jurisdiction; and

- take appropriate actions to overcome the effects of any impediments identified through that analysis; and
- maintain records reflecting the analysis and actions in this regard.

**W. Excessive Force**

In accordance with 42 U.S.C 5304 (Protection of individuals engaging in nonviolent civil rights demonstrations), NSP1 funds may not be obligated or expended to any unit of general local government that:

- a. fails to adopt and enforce a policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in nonviolent civil rights demonstrations; or
- b. fails to adopt and enforce a policy of enforcing applicable State and local laws against physically barring entrance to or exit from a facility or location which is the subject of such nonviolent civil rights demonstration within its jurisdiction.

**X. Compliance with Anti-Discrimination Laws**

All NSP1 recipients must certify that the NSP1 loan will be conducted and administered in conformity with Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d), the Fair Housing Act (42 U.S.C. 3601-3619), and implementing regulations.

**Y. Compliance with Lead-Based Paint Procedures**

Any NSP1 activities involving lead-based paint must comply with the requirements of 24 CFR, part 35, subparts A, B, J, K, and R. In addition, if other federal, State, tribal, or local law, ordinance code or regulation are applicable to the NSP1 activity, the more protective definition shall apply.

**Z. Other 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.

Article XXXIV of the California Constitution requires advance voter approval of certain publicly funded and regulated low-income housing projects. Projects receiving NSP1 funds must either have Article XXXIV approval or be exempt from the need for this approval.

**AA. Disclosure of Application**

Information provided in the application will become a public record available for review by the public pursuant to the Public Records Act. As such, any materials provided may be disclosed to any person making a public records request. As such, we caution you to use discretion in providing us with information that is not specifically requested, including but not limited to, bank account numbers, personal phone numbers and home addresses. By providing this information to the Department, the Sponsor is waiving any claim of confidentiality and consents to the disclosure of all submitted material upon request.

Do not hesitate to contact the Department if you should have any questions regarding the NOFA, the application, the application process, or necessary documents at any time during the application preparation period.

Questions should be directed to the NSP1 program staff at (916) 323-3178. Thank you for your interest in the Neighborhood Stabilization Affordable Rental Housing Program.

Sincerely,

A handwritten signature in black ink that reads "Chris Westlake". The signature is written in a cursive, flowing style.

Chris Westlake  
Deputy Director

Attachment(s)

# ATTACHMENT 1

## Summary of Application Review and Approval Process

1. Applications received no later than the Final Application Deadline will be reviewed for minimum threshold eligibility.
2. The amount of funds requested by eligible applicants will be continuously tabulated to determine total of funds requested.
3. If, at any time, the amount of all funds requested exceeds the amount of funds available, applications will be scored and ranked as follows:
  - a). Area of Greatest Need.
  - b). Project Readiness.
    - I) All environmental clearances (NEPA, CEQA, Phase I & II) complete—15 points.
    - II) All necessary and discretionary public land use approvals except building permits and other ministerial approvals received—10 points.
    - III) Design readiness as demonstrated by an executed agreement with an architect and working drawings at least 50 percent complete—10 points.
    - IV) Construction financing commitments—10 points.
    - V) Permanent financing commitments—20 points.
  - c). Leveraging of Other Funds. Applications will be scored based upon the amount of non-NSP1 funding for development costs attributable to units restricted at or below 50 percent AMI, expressed as a percentage of the requested amount of NSP1 funds. Deferred developer fees will not be counted as leveraged funds. One-half point will be awarded for each full five-percentage point increment above 100 percent.
  - d). Deeper Income Targeting. Applications will be scored based upon the percentage of restricted units limited to various income levels:
    - I) 0.75 points for each percentage of units restricted at or below 40 percent AMI
    - II) 1.00 points for each percentage of units restricted at or below 30 percent AMI
    - III) 1.50 points for each percentage of units restricted at or below 25 percent AMI

# ATTACHMENT 2

## Eligible Jurisdictions/Areas of Greatest Need

### HUD Allocations

CA	ALAMEDA COUNTY	\$2,126,927	5.0%
CA	ANAHEIM	\$2,653,455	6.7%
CA	ANTIOCH	\$4,049,228	7.7%
CA	APPLE VALLEY	\$3,064,836	10.3%
CA	BAKERSFIELD	\$8,982,836	8.4%
CA	CHULA VISTA	\$2,830,072	6.2%
CA	COMPTON	\$3,242,817	10.8%
CA	CONTRA COSTA COUNTY	\$6,019,051	4.8%
CA	CORONA	\$3,602,842	7.4%
CA	ELK GROVE	\$2,389,651	6.7%
CA	FONTANA	\$5,953,309	9.9%
CA	FRESNO	\$10,969,169	9.4%
CA	FRESNO COUNTY	\$7,037,465	9.3%
CA	HEMET	\$2,888,473	10.8%
CA	HESPERIA	\$4,590,719	11.2%
CA	KERN COUNTY	\$11,211,385	9.7%
CA	LANCASTER	\$6,983,533	10.4%
CA	LONG BEACH	\$5,070,310	6.8%
CA	LOS ANGELES	\$32,860,870	6.8%
CA	LOS ANGELES COUNTY	\$16,847,672	5.6%
CA	MODESTO	\$8,109,274	10.8%
CA	MORENO VALLEY	\$11,390,116	11.2%
CA	OAKLAND	\$8,250,668	8.1%
CA	ONTARIO	\$2,738,309	9.3%
CA	ORANGE COUNTY	\$3,285,926	4.0%
CA	PALMDALE	\$7,434,301	9.5%
CA	POMONA	\$3,530,825	8.2%
CA	RANCHO CUCAMONGA	\$2,133,397	6.3%
CA	RIALTO	\$5,461,574	11.4%
CA	RICHMOND	\$3,346,105	9.1%
CA	RIVERSIDE	\$6,581,916	9.2%
CA	RIVERSIDE COUNTY	\$48,567,786	8.9%
CA	SACRAMENTO	\$13,264,829	8.9%
CA	SACRAMENTO COUNTY	\$18,605,460	7.3%
CA	SAN BERNARDINO	\$8,408,558	11.8%
CA	SAN BERNARDINO COUNTY	\$22,758,188	9.6%
CA	SAN DIEGO	\$9,442,370	5.0%
CA	SAN DIEGO COUNTY	\$5,144,152	5.2%
CA	SAN JOAQUIN COUNTY	\$9,030,385	10.5%
CA	SAN JOSE	\$5,628,283	4.0%
CA	SANTA ANA	\$5,795,151	8.8%
CA	STANISLAUS COUNTY	\$9,744,482	11.3%
CA	STOCKTON	\$12,146,038	12.3%
CA	VALLEJO	\$2,657,861	9.7%
CA	VICTORVILLE	\$5,311,363	11.1%
CA	VISALIA	\$2,388,331	7.1%

## ATTACHMENT 2

### Eligible Jurisdictions/Areas of Greatest Need

#### State Allocations: Tier 1

<b>California Jurisdiction</b>	<b>County</b>
Merced County	Merced County
Salinas City	Monterey County
Los Banos City	Merced County
Fairfield City	Solano County
Merced City	Merced County
Oxnard City	Ventura County
Tulare County	Tulare County
Pittsburg City	Contra Costa County
Hayward City	Alameda County
Turlock City	Stanislaus County
El Dorado County	El Dorado County
Yuba County	Yuba County
Oceanside City	San Diego County
Inglewood City	Los Angeles County
Norwalk City	Los Angeles County
Carson City	Los Angeles County
Escondido City	San Diego County
Roseville City	Placer County
Santa Maria City	Santa Barbara County
Santa Clarita City	Los Angeles County
Garden Grove City	Orange County
Concord City	Contra Costa County
Madera County	Madera County
Vacaville City	Solano County
Rancho Cordova City	Sacramento County
Citrus Heights City	Sacramento County
West Sacramento City	Yolo County
Chino City	San Bernardino County
Atwater City	Merced County

## ATTACHMENT 2

### Eligible Jurisdictions/Areas of Greatest Need

#### State Allocations: Tier 2

California Jurisdiction	County
<b>Alameda County</b>	
Alameda City	Alameda County
Berkeley City	Alameda County
Fremont City	Alameda County
Livermore City	Alameda County
San Leandro City	Alameda County
Union City	Alameda County
<b>Butte County</b>	
Chico City	Butte County
Oroville City	Butte County
Paradise Town	Butte County
<b>El Dorado County</b>	
South Lake Tahoe City	El Dorado County
<b>Fresno County</b>	
Clovis City	Fresno County
Firebaugh City	Fresno County
Parlier City	Fresno County
<b>Imperial County</b>	
El Centro City	Imperial County
Calexico City	Imperial County
Brawley City	Imperial County
Imperial City	Imperial County
<b>Kern County</b>	
Delano City	Kern County
McFarland City	Kern County
Taft City	Kern County
Wasco City	Kern County
<b>Kings County</b>	
Corcoran City	Kings County
Hanford City	Kings County
Lemoore City	Kings County
<b>Los Angeles County</b>	
Alhambra City	Los Angeles County
Artesia City	Los Angeles County
Baldwin Park City	Los Angeles County

Bellflower City	Los Angeles County
Burbank City	Los Angeles County
Cerritos City	Los Angeles County
Downey City	Los Angeles County
El Monte City	Los Angeles County
Gardena City	Los Angeles County
Glendale City	Los Angeles County
Glendora City	Los Angeles County
Hawthorne City	Los Angeles County
Huntington Park City	Los Angeles County
Lakewood City	Los Angeles County
Lynwood City	Los Angeles County
Montebello City	Los Angeles County
Monterey Park City	Los Angeles County
Paramount City	Los Angeles County
Pasadena City	Los Angeles County
Pico Rivera City	Los Angeles County
Rosemead City	Los Angeles County
South Gate City	Los Angeles County
Torrance City	Los Angeles County
West Covina City	Los Angeles County
Whittier City	Los Angeles County
<b>Madera County</b>	
Chowchilla City	Madera County
Madera City	Madera County
<b>Merced County</b>	
Dos Palos City	Merced County
Gustine City	Merced County
Livingston City	Merced County
<b>Monterey County</b>	
Gonzales City	Monterey County
Greenfield City	Monterey County
King City	Monterey County
Marina City	Monterey County
Seaside City	Monterey County
Soledad City	Monterey County
<b>Orange County</b>	
Buena Park City	Orange County
Costa Mesa City	Orange County
Fountain Valley City	Orange County
Fullerton City	Orange County
Huntington Beach City	Orange County
Irvine City	Orange County
La Habra City	Orange County
Laguna Niguel City	Orange County
Lake Forest City	Orange County

Mission Viejo City	Orange County
Orange City	Orange County
Rancho Santa Margarita City	Orange County
San Clemente City	Orange County
San Juan Capistrano City	Orange County
Tustin City	Orange County
Westminster City	Orange County
Yorba Linda City	Orange County
<b>Placer County</b>	
Lincoln City	Placer County
Rocklin City	Placer County
<b>Riverside County</b>	
Calimesa City	Riverside County
Coachella City	Riverside County
Palm Desert City	Riverside County
Palm Springs City	Riverside County
Rancho Mirage City	Riverside County
<b>San Bernardino County</b>	
Chino Hills City	San Bernardino County
Redlands City	San Bernardino County
Upland City	San Bernardino County
<b>San Diego County</b>	
Carlsbad City	San Diego County
El Cajon City	San Diego County
Encinitas City	San Diego County
La Mesa City	San Diego County
National City	San Diego County
San Marcos City	San Diego County
Santee City	San Diego County
Vista City	San Diego County
<b>Santa Clara County</b>	
Gilroy City	Santa Clara County
Milpitas City	Santa Clara County
Santa Clara City	Santa Clara County
Sunnyvale City	Santa Clara County
<b>Shasta County</b>	
Anderson City	Shasta County
Redding City	Shasta County
Shasta Lake City	Shasta County
<b>Solano County</b>	
Benicia City	Solano County
Dixon City	Solano County
Rio Vista City	Solano County
Suisun City	Solano County
<b>Sonoma County</b>	

Petaluma City	Sonoma County
Santa Rosa City	Sonoma County
<b>Sutter County</b>	
Live Oak City	Sutter County
Yuba City	Sutter County
<b>Tulare County</b>	
Dinuba City	Tulare County
Exeter City	Tulare County
Farmersville City	Tulare County
Lindsay City	Tulare County
Porterville City	Tulare County
Tulare City	Tulare County
<b>Ventura County</b>	
Camarillo City	
San Buenaventura (Ventura) City	Ventura County
Simi Valley City	Ventura County
Thousand Oaks City	Ventura County
<b>Yuba County</b>	
Marysville City	Yuba County

# ATTACHMENT 3

## Chart of Eligible Activities

NSP1-eligible uses	Correlated eligible activities from the CDBG entitlement regulations
(A) Establish financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties, including such mechanisms as soft-seconds, loan loss reserves, and shared-equity loans for low- and moderate-income homebuyers.	<ul style="list-style-type: none"> <li>• As part of an activity delivery cost for an eligible activity as defined in 24 CFR 570.206.</li> <li>• Also, the eligible activities listed below to the extent financing mechanisms are used to carry them out.</li> </ul>
(B) Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties.	<ul style="list-style-type: none"> <li>• 24 CFR 570.201(a) Acquisition</li> <li>(b) Disposition,</li> <li>(i) Relocation, and</li> <li>(n) Direct homeownership assistance (as modified below);</li> <li>• 570.202 eligible rehabilitation and preservation activities for homes and other residential properties (HUD notes that rehabilitation may include counseling for those seeking to take part in the activity).</li> </ul>
(C) Establish land banks for homes that have been foreclosed upon	24 CFR 570.201(a) Acquisition and (b) Disposition
(D) Demolish blighted structures	24 CFR 570.201(d) Clearance for blighted structures only
(E) Redevelop demolished or vacant properties	24 CFR 570.201(a) Acquisition (b) Disposition, (c) Public facilities and improvements, (e) Public services for housing counseling, but only to the extent that counseling beneficiaries are limited to prospective purchasers or tenants of the redeveloped properties, (i) Relocation, and (n) Direct homeownership assistance (as modified below). <ul style="list-style-type: none"> <li>• 204 Community based development organizations.</li> </ul>

# ATTACHMENT 4

## NSP1 Tier 3 Affordable Rental Housing Workshop July-August, 2009 Registration Form

The Neighborhood Stabilization (NSP1) Affordable Housing Workshop is designed to provide training on the NSP1 application and technical assistance for applicants. It is strongly recommended that you attend. If you plan to attend, please complete and submit this single page (no cover sheet needed) to the NSP1 program staff.

- Please RSVP at least 24 hours before the workshop date by filling out this document and submitting it to [bstolk@hcd.ca.gov](mailto:bstolk@hcd.ca.gov) or FAX (916) 445-0117.
- Refer registration questions and forms to HCD Staff at (916) 323-3178.

<b>Name of Attendee(s):</b>	
<b>Organization's Name:</b>	
<b>Address:</b>	
<b>City, Zip Code:</b>	
<b>E-mail:</b>	
<b>Phone Number:</b>	
<b>Fax:</b>	

Workshop Location: (please check one)

- Sacramento
- Merced
- Oakland
- Riverside
- Los Angeles