

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

DIVISION OF FINANCIAL ASSISTANCE

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August 26, 2016

MEMORANDUM FOR: ALL POTENTIAL APPLICANTS

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

SUBJECT: **NOTICE OF FUNDING AVAILABILITY (NOFA): CalHome
Program Disaster Assistance for the September 2015
Butte and Valley Wildfires**

The State Department of Housing and Community Development is pleased to announce the availability of \$7,200,000 in State CalHome Program funds for Disaster Rehabilitation Assistance and First Time Homebuyer Mortgage Assistance (including reconstruction) to nonprofits for activities in counties impacted by the September 2015 Valley and Butte wildfires.

If you have any questions, please contact Jon Diedesch at Jon.Diedesch@hcd.ca.gov or (916) 263-2561.

Attachment

Notice of Funding Availability
CalHome Program Disaster Assistance for September 2015 Butte and Valley Wildfires
Owner-Occupied Rehabilitation/Replacement and Mortgage Assistance
August 25, 2016

PROGRAM DESCRIPTION

A. Introduction

The Department of Housing and Community Development (HCD) is pleased to announce the availability of \$7.2 million under the CalHome Program for Disaster Assistance for eligible nonprofit applicants in Calaveras and Lake counties. **CalHome Regulation 7749 (b)(1)** permits HCD to issue a separate Notice of Funding Availability (NOFA) and direct funding awards to designated local program types such as disaster assistance in a specific geographic area. HCD has allocated both the CalHome and CDBG Disaster NOFAs by the proportion of homes damaged or destroyed based on each county's ability to feasibly meet both CalHome and CDBG threshold and eligibility requirements. If HCD determines a county's nonprofit applicants do not meet CalHome threshold and eligibility requirements, then that county's allotted CalHome amount will be added to the other county's nonprofit total allocation and the funds will be distributed as explained later in this NOFA.

The September 2015 Butte and Valley wildfires destroyed more than 2,000 homes and structures in Calaveras and Lake counties respectively. In the immediate aftermath of the fire, President Obama declared a Federal Disaster in Calaveras and Lake Counties [**DR-4340-CA NR 016**] directing the U.S. Federal Emergency Management Agency (FEMA) to lead response efforts in the counties. In October 2015, Governor Brown issued an Executive Order regarding the Calaveras and Lake County wildfires. This Executive Order ordered State agencies to "utilize and employ state personnel, equipment, and facilities for the performance of any and all activities consistent with the direction of the Governor's Office of Emergency Services and the State Emergency Plan." The Executive Order also states that "rapid action needs to take place in order to assist the disaster survivors, locate housing, rebuild the communities, repair and restore the environment, and mitigate the hazards for future disasters".

In response to both the declared Federal Disaster and the Governor's Executive Order and in response to the wildfires which have occurred in these counties including and since the 2015 Butte and Valley wildfires, HCD is making CalHome funds available to eligible nonprofits in Calaveras and Lake counties for two activities:

- Mortgage downpayment assistance loans to low- or very low-income households who were formerly renters displaced by the September 2015 Butte and Valley wildfires, or subsequent wildfires, in Calaveras and Lake counties in order to assist them in purchasing newly constructed and existing homes and become owner-occupants in Calaveras and Lake Counties (homes must be ready for occupancy);

- Rehabilitation (including reconstruction) loans for homes in Calaveras and Lake counties, which were damaged or destroyed by the September 2015, or subsequent, wildfires in Calaveras and Lake counties. All such loans may only be made to low- or very low-income households in connection with which the borrowers will be owner-occupants.

Applications will be accepted starting the first business day following the publication of this NOFA, until all funds are awarded as described elsewhere in this NOFA. HCD reserves the right, at its sole discretion, to suspend, amend, or modify the provisions of this NOFA for the following reasons:

- The final deadline for acceptance of applications. If such an action occurs, HCD will notify all interested parties, including applicants, and will provide an opportunity, if appropriate, for applicants to amend applications prior to the final deadline for accepting applications. Such provisions include, but are not limited to, the maximum CalHome loan amount and the maximum CalHome Activity Delivery Fee amount.

B. Program Summary

This NOFA has two purposes:

- To provide mortgage downpayment assistance loans to low- or very low-income households who were formerly renters displaced by the September 2015 Butte and Valley wildfires, or subsequent wildfires, in Calaveras and Lake counties in order to assist them in purchasing newly constructed and existing homes and become owner-occupants in Calaveras and Lake counties (homes must be ready for occupancy);
- To provide rehabilitation, including reconstruction, loans for homes in Calaveras and Lake Counties, which were damaged or destroyed by the September 2015 Butte and Valley wildfires, or subsequent wildfires, in Calaveras and Lake counties. All such loans may only be made to low- or very low-income households in connection with which the borrowers will be owner-occupants.

This NOFA will be governed by CalHome Program regulations, (**California Code of Regulations (CCR), Title 25, Division 1, Chapter 7, Subchapter 8**, commencing with **Section 7715**) available on HCD's website at [HCD CalHome Regulations](#). Accordingly, applications need to be completed pursuant to the requirements stated in the regulations. This NOFA is subject to the requirements of CalHome Program authorized by **Chapter 6** (commencing with **Section 50650**) of **Part 2 of Division 31 of the Health and Safety Code**.

APPLICATION PROCEDURE AND DEADLINES

A. Application Packaging and Submittal

One hard copy application must be submitted with original signatures as well as one copy of the application on a compact disc or USB flash-drive with signatures. Applications must meet all CalHome nonprofit eligibility requirements and propose to serve Calaveras and Lake counties exclusively. See Federal Disaster [DR-4340-CA NR 016]. No facsimiles,

late, incomplete, revised, electronically transmitted, or sponsor walk-in application will be accepted.

Applications must be received using an express mail carrier for overnight delivery, such as U.S. Postal Service, UPS, Fed Ex or other carrier services that provide date stamp verification confirming delivery. All applications must be received by **5:00 pm, Monday, November 28, 2016, ninety-four days after the release of this NOFA.**

Example

CalHome applications will be due by 5:00 p.m. Monday, November 28, 2016. An application submitted to a local express mail carrier by that deadline for overnight delivery, will be accepted by HCD even though the application will arrive in the Sacramento office the morning of Tuesday, November 29, 2016. HCD staff will confirm that the application package was delivered to the express mail carrier in time by reviewing the delivery paperwork.

Problems or Questions

HCD will contact the applicant with any questions regarding the express mail service submittal time and date. Where the submittal time is unclear from the package documentation, the applicant will be required to produce an online delivery service log or other verifiable proof of timely submittal. HCD will not hold the applicant responsible for any performance failures by the express mail delivery service. However, in such cases, HCD will seek clear evidence that the applicant performed in good faith. HCD strongly urges applicants to provide ample time for delivery of applications.

ELIGIBILITY

A. Eligible Applicants

Only nonprofit corporations are eligible to apply for this NOFA; Local public agencies cannot apply for this NOFA. Eligibility depends on the type of nonprofit organization as follows:

| Type of Organization | Geographic Eligibility | Housing Rehabilitation Experience (required to apply for this activity) | Mortgage Assistance Experience (required to apply for this activity) |
|-----------------------|--|--|---|
| Nonprofit Corporation | Limited to a county in which it has developed a project or operated a housing program in the county in which it is applying, within the past four years or in a county for which the nonprofit corporation has an existing 523 Self-Help Technical Assistance Grant Agreement with United States Department of Agriculture (USDA). | Applicants shall have successfully administered a local owner-occupied rehabilitation program for a <u>minimum of two years within the four years</u> immediately preceding the application (applies to both local government and nonprofit corporations.) | Applicants shall have successfully administered a homebuyer program for a <u>minimum of two years within the four years</u> immediately preceding the application (applies to both local government and nonprofit corporations) |

Nonprofit corporations must also meet these requirements:

1. To be eligible for funding, the nonprofit applicant shall demonstrate to HCD's satisfaction that it has sufficient organizational stability and capacity to carry out the activity for which it is requesting funds;
2. In order to demonstrate organizational stability, the applicant shall have been operating as a housing developer or housing program administrator for a minimum of two years prior to the date of application;
3. A nonprofit corporation must be a corporation whose exempt purposes for the two years prior to the date of application have included the activity for which it is applying;
4. A nonprofit corporation shall also demonstrate financial stability to HCD's satisfaction through audited financial statements submitted for HCD review as part of its application for funding; and
5. A nonprofit applicant shall also meet the additional stability and capacity requirements set forth in the HCD CalHome Regulations for the specific activity for which it is applying.

B. Eligible Activities

The eligible activities are the provision of CalHome Program loans to low- or very low-income owner-occupants (also referred to as "Borrowers" or "Households") for mortgage assistance and rehabilitation, including reconstruction. Manufactured housing is also eligible, whether located in a mobilehome park or elsewhere. (However, note that the loan terms are different for mobilehomes located in parks.)

All activities funded pursuant to this NOFA must meet the following requirements:

- All reconstructed or newly built homes must meet the resiliency standards of all applicable laws, including without limitation the applicable laws set forth in **California Building Code, Chapter 7a**, Materials and Construction Methods for Exterior Wildfire Exposure.
- All assisted units must have sales prices (for mortgage assistance) or after-rehabilitation (reconstruction) values at or below the current local median sales price of a single family home. Although Grantees (or "Recipients") can request HCD approval to use different limits based on a local calculation of median values, Grantees may also use the most recent median sales price, by county, at the California Association of Realtors website at <http://www.car.org/marketdata/data/countysalesactivity/>.
- As of late July 2016, the current median sales prices, according to the California Association of Realtors, are as follows:
 - Calaveras County: \$291,000
 - Lake County: \$245,250
- Grantees must obtain title insurance in the amount of the CalHome Program loan at close of escrow.

- Grantees shall meet these fire/flood insurance requirements:
 - Borrowers must maintain insurance on the property in an amount at least equal to the replacement value of the improvements;
 - Grantee must be named as additional loss payee on the policy; and
 - Borrowers must meet all qualifications and requirements of the CalHome Program.

C. Allocation of CalHome Funds

CalHome funds have been allocated by county based initially in 2015 on the proportion of destroyed single-family homes in each county, as identified by [FEMA](#):

| Factor | Calaveras | Lake |
|---|-------------|-------------|
| Number of destroyed single family homes | 475 | 1,280 |
| Percentage of destroyed single family homes | 27% | 73% |
| CalHome allocation | \$1,950,000 | \$5,250,000 |

Funds will be reserved for each above-designated county by proportion of homes damaged in the September 2015 Butte and Valley wildfires (and these funds may be used by the nonprofit applicants for the 2015, or any subsequent, wildfires in Calaveras and Lake Counties) for a period of ninety-four days following the date of release of this NOFA. After the ninety-four days period, ending on Monday, November 28, 2016, if one of the above counties is undersubscribed and there are remaining CalHome funds, those remaining funds will be distributed to the eligible unfunded or underfunded non-profits which have applied from the other county in descending order from highest to lowest ranking (based on the rating and ranking criteria set forth in Appendices B and C of this NOFA). Eligible non-profit applicants are encouraged to apply for as much funding as each may reasonably use, and if there are excess funds available after ninety-four days, HCD will award funds in the manner prescribed in Appendices B and C and elsewhere in this NOFA.

D. Eligible Uses of Funds

Grant funds provided to nonprofits must be used by individual households as loans in a manner consistent with the purposes described in Section B. Program Summary above, as well as with the CalHome Regulations and applicable statutes. However, financial assistance provided to individual households to rehabilitate or repair, or replace, manufactured housing located in a mobilehome park and not permanently affixed to a foundation shall be in the form a conditional grant, which must also be made in a manner consistent with the CalHome Regulations and applicable statutes.

E. Maximum CalHome Loan and Activity Delivery Fee Amounts

The minimum CalHome loan to an individual household will be \$1,000. The maximum CalHome loan to an individual household will be \$60,000. Notwithstanding the foregoing, however, as much as one-third of CalHome funds may be used to provide CalHome loans

above \$60,000 (to the extent project costs exceed \$60,000), up to a maximum of \$80,000 per loan.

Financial assistance provided as a downpayment to an individual to purchase homes shall be in the form of deferred payment loans, repayable upon sale or transfer of the homes, when they cease to be owner-occupied, or upon the loan maturity date, whichever occurs first. The loan may be up to a 30-year term. The interest rate is set by the applicant, up to 3 percent per annum.

Financial assistance provided to individual households to rehabilitate or repair, or replace manufactured housing located in a mobile home park and not permanently affixed to a foundation shall be in the form of a conditional grant.

In the reasonable discretion of the Department, Activity Delivery Fee expenses, up to 10 percent of the loan amount may be provided as a grant to the Grantee. This may be in addition to the maximum CalHome loan per unit.

6. Low- or Very Low-Income Household Criteria

Eligible owner occupant Borrowers must be low- or very low-income households, as defined by the following chart, which is updated each year at HCD's Division of Housing Policy Development's [website](#).

| Calaveras County | Number of Persons in Household | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|-------------------------|--------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|
| 2016 Area Income Limits | Annual Income Limit | \$39,350 | \$44,950 | \$50,550 | \$56,150 | \$60,650 | \$65,150 | \$69,650 | \$74,150 |

| Lake County | Number of Persons in Household | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|-------------------------|--------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|
| 2016 Area Income Limits | Annual Income Limit | \$33,000 | \$37,700 | \$42,400 | \$47,100 | \$50,900 | \$54,650 | \$58,450 | \$62,220 |

Also, assisted households must occupy the units as their principal place of residence for the term of the loan.

F. Timeframes for Use of CalHome Program Funds

Proposed projects are ineligible to receive CalHome funds if construction work has begun or will begin prior to the date that HCD makes an award of CalHome funds.

Construction work includes grading, site preparation (with the exception of demolition or clearing properties) or site improvements intended for public dedication.

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 CalHome Regulation 25 CCR, Section 7755 (a).

G. Commitment to Long Term Resiliency Standards:

Applications must commit to meet immediate and long-term resiliency standards in rebuilding homes destroyed by the wildfires identified in this NOFA. See Appendix B.

H. Mortgage Assistance Activities

All mortgage assistance borrowers must be provided homebuyer education as required by **25 CCR, Section 7722**. The cost of providing homebuyer education is an eligible Activity Delivery Cost.

APPLICATION PROCEDURES

A. Threshold Criteria

All applications will be reviewed to determine if they meet eligibility and threshold requirements. Those that pass will be evaluated by the below Evaluation Criteria.

B. Eligibility Criteria

Applications shall not be considered for funding unless the application is received by the deadline as stated in the NOFA and demonstrates that all of the following conditions exist:

- The applicant is an eligible nonprofit corporation;
- The activities are eligible;
- The proposed use of funds is eligible;
- The application was received by HCD on time;
- The application is complete;
- The application has not been altered or modified except to accommodate computer software;
- The application is signed by the party authorized in a complete and proper Resolution;
- The applicant does not have any unresolved audit findings for prior Department or federally-funded housing or community development projects or programs; and
- The applicant has no pending lawsuits that would impede the implementation of the program.

C. Evaluation Criteria

All applications passing Eligibility and Threshold criteria will be evaluated on the following factors. If there are more eligible applicants than can be funded, HCD will award funding by descending order of points. For more detail on each of the rating factors, please see **Appendix B** and **25 CCR 7751 (b)**.

| Evaluation Criteria: | Maximum Points |
|---------------------------------|----------------|
| Capability | 400 |
| Community Need | 150 |
| Feasibility | 250 |
| Community Revitalization | 100 |

D. Tie-Breaker

In the event of over-subscription of funds, or if multiple applications are received on the same day, a tie-breaker process will be used. This NOFA has two tie-breakers: the first is based on a first-come first-served criteria, and the second is based on the total number of both rehabilitation and mortgage assistance units the nonprofit applicant has developed within the county they are applying. For further details regarding the tie-breakers, see Appendix C.

E. Performance Penalty

Applicants that have previously received a CalHome grant will be reviewed for performance **25 CCR, Section 7751 (c)**.

Failure to have expended at least 95 percent of the most recently awarded grant by the 36th month of the prior CalHome contract will result in a 50-point penalty deduction from the score of the application (**25 CCR, Section 7755(a)(1)(B)**).

If an applicant has been penalized in the prior NOFA round, the penalty will not be deducted in the current round.

F. Application Submission

Applications 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.

Applications will be at HCD's website at [CalHome website](#) on the date this NOFA is published. Applications must be delivered by courier service (no in-person delivery) to:

Department of Housing and Community Development
2020 West El Camino Ave, Suite 500
Sacramento, CA 95833
Hours of Operation: 8:00 am – 5:00 pm

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

G. Release of Funds

Funds may not be obligated to a Recipient prior to the date a Standard Agreement contract is fully executed between the successful Grantee and HCD.

Funds will be released by the CalHome Program only after the Recipient submits the following items and those items have been reviewed and approved by CalHome staff:

- 1) Loan Servicing Plan;
- 2) Program Guidelines;
- 3) Loan Document templates;
- 4) Homebuyer Education Plan (Mortgage Assistance activity only);
- 5) Fully executed 20-year Monitoring Agreement; and
- 6) If a Recipient contracts with a third party for these functions, the Recipient must submit a current copy of the contract for HCD review.

Funds may be requested as either a reimbursement or as an advance. Advances are limited to 25 percent of the grant amount. Documentation showing usage of at least two-thirds of the funds previously released must be submitted before another advance request can be processed.

H. Timeframes for Performance

The Standard Agreement allows a maximum of 36 months from the date of Award Letter to expend funds. All documentation to support the Grantee's expenditure of funds must be received within this timeframe. At the end of 36 months, the Standard Agreement expires. Recipients remain subject to the terms of the audit provisions of the Standard Agreement and the terms of the twenty-year Monitoring Agreement.

HCD anticipates the processing of application rating and ranking and fund awarding to be completed within 45 days of application submittal.

I. Information and Assistance

Staff is available to answer questions regarding the program or the preparation and submittal of the application. If you have questions, please contact Jon Diedesch at (916) 263-2561.

APPENDIX A

Commitment to Long Term Resiliency Standards

Applications must include the applicant's commitment to meet near and long-term resiliency standards in rebuilding homes destroyed by the wildfires identified in this NOFA.

Commitment to Long Term Resiliency

Resiliency is generally defined as the future ability to resist and recover from future disasters. Applicants must demonstrate commitment to immediate and long-term resiliency through completed, pending or planned actions. Applicants must certify that they will require owner occupant Borrowers to comply with all applicable laws, including those that are designed to enhance resiliency (including without limitation those set forth below) and that they will, in turn, as a condition to HCD providing funding, include in each owner occupant Borrower's loan documents provisions that the Borrower will comply with all applicable State, federal, and local laws, including those that are designed to enhance resiliency and including those (as they may apply) set forth below:

Building Standards: Consistency with Chapter 7(a) of the California Building Code or Other Pertinent Hazard Mitigation Building Codes.

Zoning and Site Planning: Consistency with Government Code Section 66474.02 and applicable regulations adopted by the State Board of Forestry and Fire Protection pursuant to Sections 4290 and 4291 of the Public Resources Code.

Certified Local Ordinances: Local ordinances certified as meeting or exceeding Title 14 SRA Fire Safe Regulations, pursuant to 14 CCR 1270.01 and 1270.03.

APPENDIX B

RATING FACTORS

The list below is a summary. For more specific information, please refer to **Section 7751** in the **CalHome Program Regulations**.

| Criteria Defined | Maximum Points |
|--|----------------|
| <p>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. Capability for this NOFA will be based on experience with Rehabilitation and Mortgage Assistance by unit.</p> <ul style="list-style-type: none"> • Number of Rehabilitation units assisted within the last four years: <ul style="list-style-type: none"> ▪ 5 – 20 ~ 50 points ▪ 21 – 40 ~ 100 points ▪ 41 – 60 ~ 150 points ▪ 60 or more ~ 200 points • Number of Mortgage Assistance units: <ul style="list-style-type: none"> ▪ 5 – 20 ~ 50 points ▪ 21 – 40 ~ 100 points ▪ 41 – 60 ~ 150 points ▪ 60 or more ~ 200 points | 400 |
| <p>Community Need in a geographic area of the proposed local program or project will be based on the following factors:</p> <ul style="list-style-type: none"> • For an owner-occupied rehabilitation application, percentage of the population living at or below the federal poverty level, and the number and percentage of households who are overcrowded, and living in substandard housing as reflected in the 2010 census data. | 150 |
| <p>Feasibility of the proposed program activity is demonstrated by the extent to which the proposed program is responding to community need and demonstrates a likelihood of success. Feasibility for program applications will be determined by the following statistical indicators:</p> <ul style="list-style-type: none"> • For an owner-occupied rehabilitation application, percentage of pre-1980 homes in jurisdiction, and percentage of overcrowded households. | 250 |
| <p>Contributes to Community Revitalization by operating a program/project located in a federally defined Qualified Census Tract.</p> | 100 |
| MAXIMUM TOTAL POINTS | 900 |

Appendix C

Tie-Breaker

In the event of over-subscription of funds, or if multiple applications are received on the same day, a tie-breaker process will be used. This NOFA has two tie-breakers: the first is based on a first-come first-served criteria and the second is based on the total number of both rehabilitation and mortgage assistance units a nonprofit applicant has developed within the county they are applying.

First-come First-serve:

The first tie-breaker is based on first-come first-serve of applications received within the allotted NOFA time frame. Thus, the first applications received on a given calendar day at HCD headquarters will receive tie-breaker preference if their overall score is tied with another applicant. Please refer to application procedures elsewhere in this NOFA for specific instructions on submitting an application.

If there is still a tie between two nonprofit applicants after the first tie-breaker, the second tie-breaker will be used to determine final awards.

Number of Rehabilitation or Mortgage Assistance units developed:

The second tie-breaker is based on the number of units, both rehabilitation or mortgage assistance units combined, that a nonprofit applicant has developed in the last five years within the county they are applying. The nonprofit applicant with the most units developed prevails, and thereafter the applicants, with the next most points in descending order, prevail. Verification of the number of units developed must be provided with the initial application to qualify for this tie-breaker.