HOME American Rescue Plan (HOME-ARP)

HOME-ARP Rental Housing

Rental Housing Program
NOFA and Application Workshop

with Tribal Key Components

State of California
Department of Housing and Community Development

HOME American Rescue Plan Workshop Webinar Housekeeping

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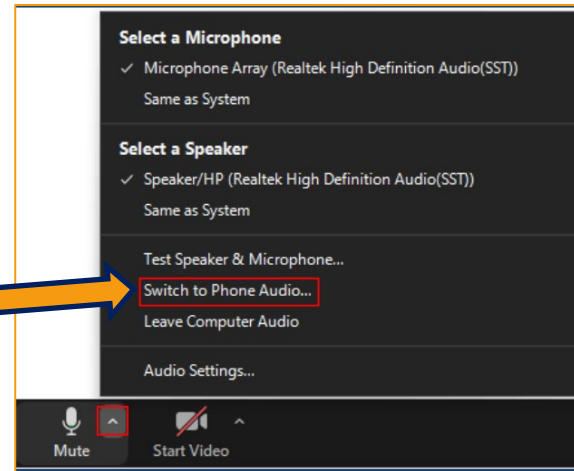
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HOME American Rescue Plan Workshop Webinar Housekeeping

Before We Start…..

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Welcome and Introductions

The HOME-ARP Team

Jason L. Bradley - Section Manager
Ethan Wieser - Rental Housing Program Manager
Kelly Underwood - HPSP Program Manager
Tamara Guy - Program Specialist II
Cheryl Jeffreys - Program Specialist I
Alma Rissa Salaver - Program Representative
Tammy Gauthier - Program Representative
Sam Lilly - Program Representative
Kory Vance - Program Representative
Jared Moore - Program Representative

Today's Agenda

- **Introduction**
- **HOME-ARP Rental Housing Program Overview**
- **Key Components for Tribal Entities Overview**
- **Eligibility**
- **Program Requirements**
- **Disbursement of Funds, Minimum Compliance Period, and Monitoring Fees**
- **Two-Part Application Process**
- **Minimum Requirements (Threshold) & Scoring Criteria**
- **Project Feasibility & Environmental Review**
- **Application Navigation & Submittal: Neighborly Software System**
- **Award Process, Important Documents & Standard Agreements**
- **Q & A**

HOME American Rescue Plan

Background

- To address the need for homelessness assistance and supportive services the U.S. Congress appropriated $5 billion in funding from the American Rescue Plan Act of 2021 (ARP).

- The U.S. Department of Housing and Urban Development (HUD) allocated $155 million to The California Department of Housing and Community Development to administrator the HOME-ARP Program in compliance with HUD notice CPD-21-10 on behalf of the state.

- Program funds are intended to primarily benefit qualifying individuals and families who are homeless, at risk of homelessness, or other vulnerable populations.

HOME American Rescue Plan
Community Informed Tribal Outreach Efforts

HCD held a series of one-on-one consultations and focus groups with Tribes across the state to address the needs of the qualifying populations within Tribal communities.

These one-on-one consultations were held as virtual meetings from October 2021 through September 2022 between HOME-ARP staff and Tribal representatives.

HCD's HOME-ARP staff presented a short overview of the HOME-ARP Program and listened to feedback on how HOME-ARP funding might best address the needs of individuals in the Tribal qualifying populations

HOME-ARP Rental Housing Program Tribal Key Components

HOME American Rescue Plan
Key Components for Tribal Entities

- **Funds for Tribes**

  ➢ Tribal Projects can apply for up to $20 million per project (Program Maximum)

- **Funding Targets—Tribal Projects do not have to Compete with Non-Tribal Projects until the target is fulfilled**

- **Application Timeline Extended**

  ➢ Tribal application due date has been extended an additional 22 calendar days

HOME American Rescue Plan
Key Components for Tribal Entities

- The HOME-ARP Rental Housing NOFA is subject to **AB 1010** however, AB 1010 is not applicable to modify or waive federal requirements

- Native American entity projects located on Native American land are exempt from specific accessibility requirements pursuant to Native American Housing Assistance and Self Determination Act (NAHASDA) as recognized and applied by the Department to its funding programs

HOME American Rescue Plan
Key Components for Tribal Entities

- **Leasehold Interest for Projects on Native American Land**
  - The Department may accept a leasehold interest acquired by a Native American Entity through execution of a Ground Lease, after approved by the BIA for Projects located on Native American Land (this requirement is a modification to 25 CCR 8316)

- **Larger Scale for Proximity to Destination Scoring Component**
  - Project proximity to services and destination where services are rendered is extended to 15 miles

- **Design Approval**
  - A self certified letter will be accepted to receive full points for Design Approval where a Tribal project is located on Native American Land

HOME American Rescue Plan
Key Components for Tribal Entities

- **Modified Environmental Requirements**
  - Where a project is located on Native American Trust Land, CEQA compliance is the responsibility of the Department.
- **Environmental Resources**
  - Native American Entity Projects may utilize Department Resources to meet project environmental requirements (on a case-by-case basis)
  - Environmental questions can be emailed to **NEPA@HCD.ca.gov** and copy **Kirsten.Larsen@HCD.ca.gov**

HOME American Rescue Plan
Key Components for Tribal Entities

- **No Housing Element Requirement for Projects on Native American Land**

  ➤ Projects developed on Native American land are exempt from demonstrating compliance with the Housing Element requirements

- **Non-applicable Housing First Requirements**

  ➤ Housing First Core Components will not be applicable when using Indian Block Grant (IHBG) and Tribal Admission and Occupancy Standards (TAOS) pursuant to NAHASDA Sections 203 & 207 CFR 1000.104 through 110.

HOME-ARP Rental Housing
PROGRAM OVERVIEW

Timeline
Funding
Loans & Grants
Geographic Targeting

HOME-ARP Rental Housing
Program Timeline

NOFA Release

October 30, 2023

Application Due Dates

February 12, 2024 (Non-Tribal Applicants)

March 6, 2024 (Tribal Applicants)

Awards

Anticipated Award Announcements August 2024

HOME-ARP Rental Housing Program
Funding and Funding Limits

➢ **Maximum Loan or Loan & Grant Amount**

The **maximum** HOME-ARP amount that can be requested is **$20 million**, including capital loans or grants and capitalized operating subsidy reserve (COSR) grants.

➢ **Maximum Per-Unit Subsidy Limitations on Costs**

The maximum per-unit subsidy amounts shall be equivalent to the California Tax Credit Allocation Committee's 2023 Threshold Basis Limits

HOME-ARP Rental Housing Program
Funding and Funding Limits

➢ **Maximum COSR Amount**

Projects must have a capital loan or grant to qualify for a COSR grant. The maximum COSR amount will be calculated as forty percent (40%) of the capital loan or grant amount requested.

➢ **Minimum Number of HOME-ARP Units and Assistance Per Project**

Projects must have a minimum of five (5) HOME-ARP Assisted Units per rental project.

HOME-ARP Rental Housing Program
Capital Loans and Grants

Loans

All Loans must include terms that are consistent with the following:

> ➢ Loans must not exceed the maximum per unit subsidy as published in this NOFA;

> ➢ The loan will not bear interest unless the Department increases this rate pursuant to Health & Safety Code § 50406.7 and

> ➢ Loans must have a term equal to the minimum compliance period

HOME-ARP Rental Housing Program
Capital Loans and Grants

Loan Forgiveness

The loan may be forgiven by the Department at the end of the loan term, with no residual receipts or periodic payment requirements during the life of the loan, as long as:

➢ The Recipient remains in good standing with the California Secretary of State; and

➢ The Project is not in default under the terms of any of the Department's loan documents for that project.

HOME-ARP Rental Housing Program
Capital Loans and Grants

Loan Repayment

The HOME-ARP loan shall be subject to repayment if, during the compliance period, the Project is:

➢Sold or refinanced with a distribution of net equity.

➢The Sponsor is not in good standing with the California Secretary of State;

➢The Project is in default under the terms of any of the Department's loan.

Capital Grants

Grants must have an initial term equal to the compliance period, with no residual receipts or periodic payment requirements during the life of the grant, so long as the following are all true:

➢ Grants must not exceed the maximum per Unit subsidy as published in this NOFA under which the Applicant applied for HOME-ARP funding; and

➢ The Project is not in default under the terms of any of the Department's grant documents for that Project.

HOME-ARP Rental Housing Program
Geographic Targeting

The Department divided HOME-ARP funding in three geographic target areas based on the number of Qualifying Populations residing in eligible jurisdictions and a Tribal Target to ensure Tribal applicants have access to funding

1. **Region I** – Northern and Central California Eligible State HOME-ARP Jurisdictions

2. **Region II** – Southern and Central California Eligible State HOME-ARP Jurisdictions

3. **Rural** – Qualifying Non-Entitlement State HOME-ARP Jurisdictions in Rural Areas

4. **Tribal Entities** - Projects developed, owned, and/or operated or by, or in partnership with, Tribal Entities in California Eligible State HOME-ARP Jurisdictions

HOME-ARP Geographic Target Map

HOME-ARP
Rental Housing Regions

Region I
Northern/Central California

Region II
Southern/Central California

HOME-ARP Rental Housing Program
Geographic Target Funding

Target Categories	Funding Target	Percentage	Target Area
Region I	$31,150,000	35%	Northern/Central
Region II	$31,150,000	35%	Southern/Central
Rural	$17,800,000	20%	Qualifying Rural
Tribal	$8,900,000	10%	Tribal Communities
TOTAL	**$89,000,000**	**100%**	

Awarding of Applications

➢ Funding awards to the highest-ranking application in each target category.

➢ The Department will utilize unused funding within each target to fund applications based on score, the ability to fully fund an application, and geographic equity, irrespective of applications' target category.

Eligibility

and

Eligible Use of Funds

HOME-ARP Rental Housing Program

Eligible Applicant

➢ An organization, agency (including a public housing agency) Tribal Entity, for profit entity, or nonprofit entity that applies to receive HOME-ARP funding from the Department as an owner or developer on its own or with another entity (such as a for-profit or nonprofit corporation, or another local public entity).

➢ Applicants must demonstrate experience and capacity relevant to owning and developing affordable rental housing

HOME-ARP Rental Housing Program
Tribal Entities

A Tribal Entity Applicant is any of the following:

1) Applicant meets the definition of Indian Tribe under United States Cde (U.S.C.) Title 25 U.S.C. § 4103(13)(B).

2) Applicant meets the definition of Tribally Designated Housing Entity under Title 25 U.S.C. 4103(22).

3) If not a federally recognized tribe, either:

   a. Applicant is listed in the Bureau of Indian Affairs Office of Federal Acknowledgement petitioner list pursuant to Title 25 C.F.R. § 83.1, and that has formed and controls a special purpose entity in compliance with UMR Section 8313.2; or

   b. Applicant is an Indian Tribe located in California that is on the contact list maintained by the Native American Heritage Commission for the purposes of consultation pursuant to § 65352.3 of the Government Code and that has formed and controls a special purpose entity in compliance with UMR Section 8313.2.

HOME-ARP Rental Housing Program
Eligible State HOME-ARP Jurisdictions

The locale must meet each of the following:

1. Must not have received a HOME-ARP allocation directly from HUD.

2. Is not a participant in an urban county agreement with a county that has received a HOME-ARP allocation from HUD; and

3. Is not a participant in a HOME consortium

HOME American Rescue Plan Program (HOME-ARP) | California Department of Housing and Community Development

Resources

- HOME-ARP Eligible Jurisdictions List (PDF)
- HOME-ARP Overview Sheet (PDF)
- HUD HOME-ARP Program Webpage
- HUD HOME-ARP Fact Sheets by Topic
- HUD HOME-ARP Allocation Plan Template
- HUD Exchange HOME-ARP Mailing List Sign-up
- HOME-ARP Rental Housing Regions (PDF)
- HOME-ARP Combined Multifamily Rehabilitation Standards (PDF)

Eligible State HOME-ARP Jurisdictions

Eligible jurisdictions are listed below. If a jurisdiction is not listed, it is not eligible (e.g. Alameda County, Fresno County, City of Los Angeles) because it received a HOME-ARP allocation directly or the jurisdiction is part of a consortium/urban county that received a direct allocation.

If you have any questions regarding your jurisdiction's eligibility or ineligibility please contact HOMEARP@hcd.ca.gov

Jurisdictions	Jurisdictions	Jurisdictions	Jurisdictions
Alpine County Alpine County **Amador County** Amador County City of Amador Ione Jackson Plymouth Sutter Creek **Butte County** Butte County Biggs Gridley Oroville Paradise **Calaveras County** Calaveras County Angels Camp **Colusa County** Colusa County City of Colusa Williams **Del Norte County** Del Norte County Crescent City **El Dorado County** El Dorado County Placerville South Lake Tahoe	**Fresno County** Coalinga Clovis Firebaugh Huron Orange Cove Parlier San Joaquin **Glenn County** Glenn County Orland Willows **Humboldt County** Humboldt County Arcata Blue Lake Eureka Ferndale Fortuna Rio Dell Trinidad **Imperial County** Imperial County Brawley Calexico Calipatria El Centro Holtville Imperial City Westmorland **Inyo County** Inyo County Bishop	**Kern County** Arvin Delano Maricopa Taft **Kings County** Kings County Avenal Corcoran Hanford Lemoore **Lake County** Lake County Clearlake Lakeport **Lassen County** Lassen County Susanville **Los Angeles County** Artesia Carson Glendora Industry Lakewood Pico Rivera Redondo Beach Vernon West Covina	**Madera County** Madera County Chowchilla City of Madera **Mariposa County** Mariposa County **Mendocino County** Mendocino County Fort Bragg Point Arena Ukiah Willits **Merced County** Merced County Atwater Dos Palos Gustine Livingston Los Banos **Modoc County** Modoc County Alturas **Mono County** Mono County Mammoth Lakes

Monterey County Monterey County Carmel Del Rey Oaks Gonzales Greenfield King City Marina City of Monterey Pacific Grove Sand City Seaside Soledad **Napa County** Napa County American Canyon Calistoga City of Napa St. Helena Yountville **Nevada County** Nevada County Grass Valley Nevada City Truckee **Orange County** Buena Park Fountain Valley La Habra Laguna Niguel Lake Forest Mission Viejo Newport Beach Rancho Santa Margarita San Clemente San Juan Capistrano Tustin	**Placer County** Placer County Auburn Colfax Lincoln Loomis Rocklin Roseville **Plumas County** Plumas County Portola **Riverside County** Calimesa Cathedral City Hemet Indio Lake Elsinore Menifee Palm Desert Palm Springs Perris Rancho Mirage Temecula **Sacramento County** Elk Grove **San Benito County** San Benito County Hollister San Juan Bautista **San Bernardino County** Chino Hesperia Upland Rialto **San Joaquin County** Lodi	**San Luis Obispo County** Grover Beach **Santa Barbara County** Guadalupe **Santa Clara County** Milpitas **Santa Cruz County** Santa Cruz County Capitola Scotts Valley Watsonville **Shasta County** Shasta County Anderson Shasta Lake **Sierra County** Sierra County Loyalton **Siskiyou County** Siskiyou County Dorris Dunsmuir Etna Fort Jones Montague Mt. Shasta Tulelake Weed Yreka **Solano County** Solano County Benicia Dixon Fairfield Rio Vista Suisun City Vacaville	**Sonoma County** Petaluma **Stanislaus County** Riverbank **Sutter County** Sutter County Live Oak Yuba City **Tehama County** Tehama County Corning Red Bluff Tehama **Trinity County** Trinity County **Tulare County** Tulare County Dinuba Exeter Farmersville Lindsay Porterville City of Tulare Woodlake **Tuolumne County** Tuolumne County Sonora **Yolo County** Yolo County Winters Woodland **Yuba County** Yuba County Marysville Wheatland

HOME-ARP Rental Housing Program
Eligible Use of Funds

➢ HOME-ARP funds can only be invested in units restricted for qualifying households or low-income households as defined by Section VI.B.1.b of CPD 21-10.

➢ HOME-ARP funds in the form of a capital loan or grant may be used to **acquire, rehabilitate, or construct affordable rental housing as "housing" is defined in 24 C.F.R. § 92.2:**

➢ Eligible HOME-ARP rental housing may include:

- Single family or multifamily housing
- Transitional or permanent housing
- Group homes
- Manufactured Housing
- Single Room Occupancy (SRO) Units

HOME-ARP Rental Housing Program
Eligible Use of Funds

The following do not constitute housing in the HOME-ARP program; however, _funds may be used to acquire and rehabilitate such structures into HOME-ARP rental housing:_

- ➤ Emergency shelters
- ➤ Motels
- ➤ Nursing homes
- ➤ Residential Treatment and Correctional Facilities
- ➤ Halfway Houses, and
- ➤ Housing for students

Development Hard Costs

- Actual costs of constructing or rehabilitating housing including costs:

  - ➤ To meet <u>New Construction</u> standards (24 CFR 92.251)

  - ➤ To meet property standards for <u>Rehabilitation</u> projects (24 CFR 92.251)

  - ➤ To construct or rehabilitate laundry and community facilities located at same building as the housing and which are for the use of the project residents and their guests.

  - ➤ To make utility connections or site improvements in accordance with 24 CFR 92.206 and in connection with acquisition of standard housing

  - ➤ To acquire improved or unimproved real property (supported by appraisal dated no longer than one year from date of application)

HOME-ARP Rental Housing Program
Eligible Costs

- Related Soft Costs - Reasonable and necessary costs associated with the financing, or development of new construction, rehabilitation, or acquisition of housing with HOME-ARP Assisted Units including but not limited to:

  - ➢ Architectural engineering, or related professional services
  - ➢ Costs to provide information services such as affirmative marketing and fair housing
  - ➢ Costs of environmental review and release of funds in accordance with 24 C.F.R. part 58 which are directly related to the Project.

- Costs relating to payment of loans

- Relocation Costs

HOME-ARP Rental Housing Program
Eligible Use of Operating Assistance

Capitalized Operating Subsidy Reserve (COSR)

➢ Projects must have a capital loan or grant to qualify for a COSR grant.

➢ The amount of the COSR grant cannot exceed <u>the amount determined by the Department</u> to be necessary to provide for the operating cost assistance for the HOME-ARP federal affordability period of 15 years.

➢ Operating cost assistance can only be used for Assisted Units restricted for occupancy by Qualifying Households

➢ Operating cost assistance cannot be used for qualifying households with *Project Based Vouchers*

HOME-ARP Rental Housing Program
Operating Cost Assistance

Operating Costs include reasonable and necessary :

Administrative Expenses

- Payroll

- Employee education, training and travel

- Housing administration goods and services

Property Management Fees

- Day-to-day management of HOME-ARP QP Units

Insurance

Utilities

Maintenance

Advertising

General Admin Costs

HOME-ARP Rental Housing Program

Operating Cost Assistance

- The Capitalized Operating Subsidy Reserve (COSR) must be :
  - ➢ A separate interest-bearing account
  - ➢ Sized based on analysis of project operating deficits after anticipated rents from QP units are applied

- Any balance remaining in the operating cost assistance reserve at the end of the 15-year minimum compliance period must be returned to HCD **unless** the project will continue to serve qualifying populations

Program Requirements

Qualifying Populations
&
Targeting and Occupancy

HOME-ARP Rental Housing Program
Qualifying Populations

1. Homeless;

1. At risk of Homelessness;

2. Fleeing, or Attempting to Flee, Domestic Violence, Dating Violence, Sexual Assault, Stalking, or Human Trafficking;

3. Housed due to temporary or emergency assistance to prevent homelessness;

4. Housed, have annual income that is less than or equal to 30% AMI, and is experiencing severe cost burden; or

5. Housed, have annual income that is less than or equal to 50% AMI, and meets one conditions of the "At risk of homeless" definition.

HOME-ARP Rental Housing Program
Targeting and Occupancy

Stand-Alone Projects
- 100% HOME-ARP assisted units, **or**
- Larger projects make up a portion of HOME-ARP assisted units

A Sponsor may invest HOME-ARP funds in units that are not restricted for occupancy solely for Qualifying Populations, but rather are available to low-income households to:

- Improve feasibility
- Maintain long-term viability with Assisted Units for qualifying households

HOME-ARP Rental Housing Program
Targeting and Occupancy

Projects must restrict occupancy for qualifying households or low-income households as follows:

➢ Not less than 70% of the HOME-ARP Assisted Units in the Project acquired, rehabilitated, or constructed must be occupied by households in the Qualifying Populations;

➢ Not more than 30% of the total number of rental units assisted with HOME-ARP funds may be restricted to Low-Income Households.

➢ Rental units restricted to Low-Income Households are only permitted in Projects that include Assisted Units for Qualifying Households.

HOME-ARP Rental Housing Program

Qualifying Households

- Assisted Units restricted for occupancy by QP's must be occupied by households meeting the definition of a QP at time of admission to assisted unit.

- Qualifying Households are eligible based solely on meeting one of the HOME-ARP definitions of QP's

- Initial income determination of household income not required to be eligible to occupy QP unit, except:

  ➢ As necessary to determine affordable household contribution to rent or
  ➢ To establish eligibility for another funding source

Low-Income Households

- At initial occupancy, units restricted for low-income households must be occupied by households that meet the definition of low-income as defined in 24 CFR 92.2 (*Families whose annual incomes do not exceed 80 percent of the area median income (AMI) as determined by HUD*)

- The HOME-ARP Assisted Units occupied by Low-Income households must not exceed high HOME Rent limits

Note: Projects with HOME-ARP Low-Income Assisted Units are **only** permitted in projects that include HOME-ARP QP Assisted Units

Referrals, Preferences, Limitations
&
Tenant Selection

Referrals

➢ A project specific waitlist must be used to select QP tenants in chronological order from when they joined the waitlist.

➢ Referrals may be taken from Continuum of Care's (CoC) or Coordinated Entry System (CE) to place families and individuals on a project specific waitlist.

➢ Referral method must be consistent with HOME-ARP requirements

HOME-ARP Rental Housing Program
Referrals, Preferences, & Limitations

Preferences

➢ Preferences are used to establish the order in which applicants are admitted to housing

➢ A preference provides a priority in the selection of applicants for a project or activity among QPs

➢ Preferences do not make anyone eligible who was not otherwise eligible for HOME-ARP assistance

➢ A Preference does not exclude a certain QP or Subpopulation of a QP

HOME-ARP Rental Housing Program
Referrals, Preferences & Limitations

Limitations

➢ Unlike the adoption of one or more preferences which establish priorities among QP's or for subpopulations of QP's, limitations exclude certain QPs or subpopulations of QPs from eligibility for a project.

➢ A limitation will not be imposed unless necessary to address a greater gap in effective housing that cannot be addressed through a preference.

➢ If a HOME-ARP rental housing project is limited to a specific subpopulation of a qualifying population, it must ensure all the following fair housing, civil rights, and nondiscrimination requirements listed in 24 CFR 5.105(a) are met

Fair Housing Act   Title VI of the Civil Rights Act
HUD's Equal Access Rule   Section 504 of Rehabilitation Act
Americans with Disabilities Act

HOME-ARP Rental Housing Program
Referrals, Preferences & Limitations

The HOME-ARP rental housing program <u>does not</u> establish preferences or limitations for populations beyond eligible HOME-ARP Qualifying Populations.

Projects seeking to establish preferences must make a consultation appointment with the Department by emailing HOMEARP-NOFA@hcd.ca.gov, Subject Line: **Request Consult**

For more information on Preferences, Referrals and Limitations please access the HUD-HOME-ARP Policy Brief on the HOME-ARP Home Page at hcd.ca.gov

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HOME-ARP Rental Housing Program
Tenant Selection Policies

A Sponsor must adopt and follow written tenant selection policies and criteria for HOME-ARP units that:

➢ Limit eligibility to households that meet at least one of the Qualifying Populations definitions or Low-Income Households in accordance with HOME-ARP requirements.

➢ Do not exclude an applicant with a voucher under the Section 8 Housing Choice Voucher Program or an applicant participating in a HOME; HOME-ARP; or other federal, state, or local tenant-based rental assistance program

➢ Give prompt written notification to any rejected applicant of the grounds for any rejection; and

➢ Complies with the VAWA requirements as described in 24 CFR 92.359.

HOME-ARP Rental Housing Program
Tenant Selection Policies

➢ If a preference or limitation has been PRE-APPROVED by the Department, a Sponsor must adopt and follow written tenant selection policies and criteria for HOME-ARP Units that Limit eligibility or give a preference to a particular Qualifying Population

➢ **Tribal Entity applicants** may implement a tribal preference for tenant selection if the Project is located on Native American Lands.

Disbursement of Funds
Minimum Compliance Period &
Monitoring Fees

HOME-ARP Rental Housing Program
Disbursement of Funds

➢ Disbursement of funds for the reimbursement of eligible pre-development soft costs and acquisition costs may be made at the time of construction closing per 24 CFR § 93.201(d).

➢ During the construction period, disbursement for construction costs shall be made on a reimbursement basis based on percentage complete, with 10 percent (10%) retained until project completion,

➢ HOME-ARP program funds shall be disbursed to the Project Owner after the Standard Agreement between the Project Owner and the Department is fully executed and the Department has received a request for funds from the Project Owner.

➢ Final disbursement including retention will occur at permanent closing.

HOME-ARP Rental Housing Program
Minimum Compliance Period

➢ HOME-ARP assisted units must comply with the requirements of Notice CPD 21-10 for a minimum HOME-ARP federal affordability period of **15 years**.

➢ An additional 15-year state compliance period will be required (for a total of 30 years) unless the project owner can demonstrate via an Affordable Housing Covenant, Regulatory Agreement or, other mechanism that the project is not at risk for converting to market rate during years 15 through 30.

➢ If a project-based rental assistance Housing Assistance Payments (HAP) contract is awarded to a HOME-ARP rental project, the minimum compliance period shall be the greater of 15 years or the term of the HAP contract (generally 20 years).

HOME-ARP Rental Housing Program
Monitoring Fees

Pursuant to 24 CFR 92.214(b)(1)(i), CPD-21-10 and this NOFA, the Department charges fees to cover the cost of ongoing monitoring and physical inspection of rental projects during the period of affordability. The Department charges an annual monitoring fee, as follows:

2023 Monitoring Fees*	
Number of Assisted Units	**Annual Fee**
12 or fewer	$6,077
13 to 24	$9,888
25 to 36	$12,051
37 to 48	$12,360
49 to 60	$14,781
61 or more	$17,304

Two-Part Application Process

**Part I
Threshold & Scoring**

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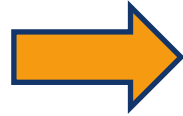
**Part II
Feasibility &
Environmental Review**

HOME-ARP Rental Housing Program
Two-Part Application Process

Applications will be received and reviewed as a two-part process

Part I: Minimum Requirements (Threshold) and Scoring

- Applications submitted through the Neighborly System
- Threshold review by staff
- Those meeting minimum requirements will be scored
- Highest scores will move to Part II-Feasibility

Applicants will have the opportunity to appeal threshold and scoring decisions. Please see the NOFA page 34 Section 304.I *Basis of Appeals*

HOME-ARP Rental Housing Program
Two-Part Application Process

Part II: Feasibility and Environmental Review

- Highest scoring applications will be invited to complete Part II Feasibility

- Applicants will have 45 days to submit Part II (Excel Workbook and required documentation) in Neighborly

- Staff will review projects for financial and environmental feasibility

- Applications passing feasibility & environmental review will be recommended for funding in accordance with Section 204 IV. of the NOFA

HOME-ARP Rental Housing
Minimum Requirements

HOME-ARP Rental Housing Program
Minimum Requirements

To be eligible for funding, an Applicant must demonstrate experience relevant to owning and developing affordable rental housing and:

1. Provide all certifications required under Section II of the NOFA

2. Demonstrate Site Control

3. Demonstrate adequate developer experience

4. Demonstrate adequate owner and operator experience

5. Demonstrate adequate property management experience

6. Demonstrate compliance with the resident services requirements

7. Demonstrate compliance with the Supportive Services requirements and

8. Meet all additional requirements as determined by the Department.

HOME-ARP Rental Housing Program
Minimum Requirements

Certifications

All applicants must certify to the following:

1. If a local public entity, applicant is in compliance with the state Housing Element

2. All Assisted Units will be occupied by QP's or Low-income households

3. That the Applicant is eligible as defined in the NOFA

4. That the Applicant or member of development team is not debarred or suspended

5. Applicant has no unresolved audit findings

6. Applicant has no pending or litigation that could affect implementation of proposed project

7. If applicable, the projects commercial space is not for any disapproved use

HOME-ARP Rental Housing Program
Site Control

At application submittal, Applicant must demonstrate Site Control in accordance with Uniform Multifamily Regulation (UMR) §8303

Must be in the name of the Sponsor OR entity controlled by the Applicant demonstrated by:

➢ Fee title

➢ Leasehold interest

➢ Enforceable option to purchase

➢ Disposition and development agreement

➢ Agreement giving the Applicant exclusive rights to negotiate for acquisition

➢ Land sales contract

HOME-ARP Rental Housing Program
Site Control Specific to Tribes

- For tribal trust land, a title status report ("TSR") or an attorney's opinion regarding chain of title and current title status; or,

- For Projects located on Native American Lands that are subject to a leasehold interest created through a long-term ground lease that is approved (or will be approved) by the U.S. Department of Interior's Bureau of Indian Affairs ("BIA") pursuant to 25 C.F.R. Part 162, the ground lease must conform to the requirements of 25 C.C.R. § 8316(a)

Detailed information on site control for Tribes can be found in the rental housing NOFA

HOME-ARP Rental Housing Program
Developer Experience

Project Team Member	Criteria
Developer, co-developer, and/or general partner	Developed at least three affordable housing projects within the past 10 years
	At least one project HCD or TCAC regulated
	At least one project serving Homeless, chronically homeless or special needs population

Projects must be comparable in size and scope to proposed project
Experience must be documented through: A professional resume reflecting developing affordable housing projects during the past 10 years. Resume must include the three projects listed in the experience section and must include the regulatory agency (if applicable), population served, project scope and size and housing type.

HOME-ARP Rental Housing Program
Owner/Operator Experience

Project Team Member	Criteria
Applicant (must also be the project owner)	Owned and operated at least three affordable housing projects in service for at least 3 years and no more than 10 years prior to application due date
	At least one project HCD or TCAC regulated
	At least one project serving Homeless, chronically homeless or special needs population
Projects must be comparable in size and scope to proposed project	Must have capacity to own and operate project. Capacity means adequate staff, capital, assets and other resources to meet operational needs of project and maintain fiscal integrity.

Experience must be documented through: A professional resume reflecting Applicant Owner & Operator experience operating affordable housing projects during the past 10 years. Resume must include the three projects listed in the experience section and must include the regulatory agency (if applicable), population served, project scope and size and housing type.

HOME-ARP Rental Housing Program
Property Management Experience

Project Team Member	Criteria
Property Management Company	Manage four projects in service for at least three years (if not currently in service, no more than 7 years prior to app due date)
	At least two project HCD or TCAC regulated
	At least one project serving Homeless, chronically homeless or special needs population

Experience must be documented through: A professional resume reflecting property management company experience managing affordable housing projects during the past 7 years. Resume must include the four projects listed in the experience section and must include the regulatory agency (if applicable), population served, project scope and size and housing type.

HOME-ARP Rental Housing Program
Resident Services

Project Team Member	Criteria
Resident Services Coordinator (on-site)	Agreement, MOU or letter of commitment from provider outlining supportive services scope of work, staffing and budget
	Plan must include 0.25 full time equivalent (FTE) on-site service coordinator or staff for every 50 units in the project
	Information adequate to determine the feasibility of the resident services during the term of the regulatory agreement

Staff will evaluate the agreement to determine if minimum requirement has been met

HOME-ARP Rental Housing Program
Supportive Services

Project Team Member	Criteria
Lead Service Provider	At least 2 years experience serving the homeless or at risk of homeless population
	MOU submitted with the application
	(Signed agreement between developer and LSP by construction loan closing date)

Supportive Services is not required for a project, however, if a project does have supportive services, the Lead Service Provider must have at least 2 years experience and an MOU, agreement or letter of commitment must be submitted at the time of application submittal to pass threshold

In addition to minimum requirements, applicants must provide the following:

1. Project narrative/details including scope of work and financing

2. Project Milestones

3. Construction Costs

4. Information to determine if all requirements are being met

5. Copies of firm written commitments for the project

6. Adequate information to determine capacity

Application Scoring Criteria

Category	Evaluation Criteria
Readiness **45 Points**	**Organizational Docs – 10 points -** Ultimate borrowing entity and all affiliated entities are fully- formed and all required organizational documents are submitted with the application. Submit organizational documents supporting the Resolution submitted with the application. Include Organizational Chart, Signature Block and Payee Data Record STD-204
	Land Use – **Up to 10 points** All Land use applications have been approved = **10** All or remaining applications submitted for approval = **5**
	Design Approvals – 5 points Obtain local design review approval to the extent such approval is required. Letter or other evidence documenting design review is not applicable.

HOME-ARP Rental Housing Program
Application Scoring Criteria

Category	Evaluation Criteria
Readiness	**Non-Tax Credit Projects – Up to 20 points** This scoring category is for non-tax credits projects only. If a tax-credit is a part of the Project's construction or permanent financing, the project receives zero points in this category. To receive points in this category Enforceable Funding Commitments (EFC's), plus the requested HOME-ARP award must equal 50% or more of the Total Development Cost. EFC's as defined in Section 5 of the NOFA must be submitted with the application.
	90 to 100% = **20 points** 70 to 89% = **10 points** 50 to 69% = **5 points**

HOME-ARP Rental Housing Program
Application Scoring Criteria

Category	Evaluation Criteria
Project Characteristics 30 Points	**Utilization of non-HOME-ARP Operating Subsidy Assistance – Up to 20 Points** Percentage of HOME-ARP QP Units with non-HOME-ARP Operating Subsidy Assistance 51 – 100% = **20 Points** 25 - 50% = **15 Points** 5 - 24% = **5 Points** Less than 5% or no Operating Subsidy = **0 Points**
	Tenant Relocation - Projects that do not require tenant relocation **– 5 Points** **Small Projects –** No more than 30 total units in project - **5 Points**

HOME-ARP Rental Housing Program
Application Scoring Criteria

Category	Evaluation Criteria
Unit Types **10 Points**	**HOME-ARP Assisted Family Units – Up to 10 Points** Family units designated for HOME-ARP qualified populations meeting one or more sub factors below: 2 Bedroom Units Two points for each 2-bedroom unit = **Up to 4 points** 3 Bedroom Units Three points for each 3-bedroom unit = **Up to 6 points**

Category	Evaluation Criteria
Location Efficiency and Access to Destinations 20 Points	**Local Access and Proximity to Destinations – Up to 20 Points** Local Access refers to reasonable access and proximity to amenities, services, and public transportation Applicants must provide a map demonstrating proximity to be eligible for the respective points. Site must be within: **1 mile for non-rural – 3 miles for rural – 15 miles for Tribal** Public Transit = **4 Points (For Tribes, van or dial-a-ride if no public transit)** Full Scale Grocery Store/Supermarket = **2 Points** Hospital/Med Clinic (must accept Medicare/Medi-Cal) = **2 Points** Public School = **2 Points** Child Care Provider = **2 Points** Pharmacy (may be in grocery store or med clinic) = **2 Points** Public Park or Community Cen youter = **2 Points** Library = **2 Points**

HOME-ARP Rental Housing Program
Application Scoring Criteria

Category	Evaluation Criteria
Location Efficiency and Access to Destinations	**Projects in Disaster Impacted Jurisdictions – 2 Points** Projects located in Disaster Declared Areas pursuant to the HUD memorandum dated May 17, 2023 referencing the federal disaster declaration under title IV of the Stafford Act, DR-4699-CA dated April 3, 2023, as may be amended (https://www.fema.gov/disaster/4699) are eligible for 2 bonus points: *See Table 9 for disaster eligible counties.*

Category	Evaluation Criteria
Supportive Services 20 Points	**Supportive Services – Up to 20 Points** Supportive Services with a lead service provider having at least two (2) years' experience serving the homeless or at risk of homelessness population. Must provide a SS Plan and MOU = **20 Points** (a signed agreement must be provided by construction close date)

	TOTAL POINTS	**125**

Project Feasibility and Environmental Review

The Department will underwrite all projects receiving funds to determine the following:

1. Projects will be feasible for the duration of the compliance period
2. Projects meet environmental requirements
3. Projects' development costs will be reasonable under 25 C.C.R. § 8311;
4. Projects will be in compliance with the Department's Transition Reserve Policy
5. Projects will return a reasonable level of profit for the Recipient; and

The Department will provide only enough HOME-ARP funds for the Project, alone or in combination with other governmental assistance, that is necessary to provide quality affordable housing.

HOME-ARP Rental Housing Program
Project Feasibility & Environmental Review

Applicants invited to submit Part II Feasibility and Environmental Review will be provided criteria information and instructions at the time of notification.

Feasibility Review

The Excel Application Workbook will require applicants to enter information regarding:

- Details on the proposed project
- Development Sources and Uses
- Project Unit Mix and Loan Amounts
- Development Budget
- Cash Flow
- Operating Reserve and COSR Calculation
- Additional information as needed to conduct a financial feasibility review

Environmental Requirements

- HUD's environmental review requirements as specified in 24 CFR 92.352 and CPD-21-10 apply to all HOME-ARP eligible activities under the NOFA.

- Designated by HUD as a "Participating Jurisdiction," HCD is the RE for the NEPA environmental assessment of HOME-ARP Developer and Tribal sponsored projects. HCD will work with the Developer or Tribal applicant or their designated environmental consultant to prepare all environmental review documents and notices, including consultation with all relevant organizations and regulatory agencies and obtaining HUD's final approval

Application Navigation
&
Submittal

Application Navigation and Submittal

1. Go to **hcd.ca.gov**
2. Click on 'Grants & Funding'
3. Click on "Programs Active"
4. Click on 'HOME American Rescue Plan'
5. On the HOME-ARP Webpage, click on 'Apply Now'

Application Navigation and Submittal
Getting Started

"Apply Now" Icon will take you to the Neighborly Application Portal, **new users must first register to begin an application.**

Sign In | Register

Neighborly Software requires all email addresses be verified prior to account registration. Please provide the email address to be used for Sign In below, and click Send Verification Code to continue.

Email Address

Send verification code

Welcome to The California Housing & Community Development Participant Portal

New users must first register their account

Application Navigation and Submittal

Once registered users can simply sign in and begin a new application by selecting the "Start Application" button on the bottom of the screen.

Welcome to the California Department of Housing and Community Development's (HCD) Participant Portal.

Prior to beginning an application, all applicants are highly encouraged to review the HOME-ARP Program NOFA located on HCD's website at (insert link). The HOME-ARP Program has an available total amount of $89,000,000 for Rental Housing activities. The Applicant's maximum allowable funding award cannot exceed $20,000,000.

Start a New Application

Application Name	Description	Action
HOME-ARP Rental Housing	Select the "Click here to start a new application" option if you are a Sponsor applying for HOME-ARP funds to develop affordable rental housing. A text box will appear after selecting "Click here to start a new application". Enter the proper name of the project (e.g., Cherry Lane Apartments), then click the "Start Application" button to proceed with filling out the application. Each rental housing project requires a new application to be completed and submitted.	Start Application

Application Navigation and Submittal

Each application will be assigned an Application ID Number.
"Click here to continue" will take you to the HOME-ARP Rental
Application Page

Application Navigation and Submittal

The registered user may add additional users to access and work on the application by selecting "View Users" at the top left of the screen. Adding the email address will allow access.

Application Navigation and Submittal
The Program Overview screen will provide important information on minimum requirements and each section of the application

Application Navigation and Submittal

Section **A. Applicant Information** begins **Part I** of the application submittal process

Applicants will go through each section and enter the requested information. Applicants can either select "Save" to save the information, or "Complete & Continue" to complete the section.

Application Navigation and Submittal
Meeting Minimum Requirements

- To pass Threshold, all Minimum Requirements must be met

- STOP sign indicates a particular requirement has not been met
  - ✓ Reason requirement not met
  - ✓ Review requirements in the NOFA
  - ✓ Applicants may upload a letter of explanation
  - ✓ Moving forward is NOT guaranteed

C.1. At the time of application, does the Sponsor/Applicant, or its wholly controlled affiliate have site control of the property?

○ Yes

◉ No

Site Control Documentation:

○ C.1 Site Control - Letter of Explanation   *Required

Upload File ⬆

Requirement Not Met - This requirement must be met to be eligible for funding. You may continue to complete and submit the application; however, this does not guarantee the application will move forward to the rating and ranking phase of the review process. You may provide a letter of explanation and supporting evidence in the document upload section for Program to review.

Application Navigation and Submittal

Once the application is completed (all sections checked-off in green to the left), applicants can sign and submit the application.

- Once the application deadlines have passed, all applications will be evaluated for Minimum Requirements, and ranked according to score and regional targets. Those with the highest scores will be invited to complete Part II for Feasibility and Environmental evaluation.

- Additional instructions will be given to those applicants moving forward to Part II

Application Navigation and Submittal Tips

Tips: Applicants will want to save often, and before exiting out of the Application

- Up until submittal, Applicants may reopen any completed section to make changes by selecting the "Reopen" button at the bottom of the completed section.

- After submittal, users may not make any changes to the application on their own. However, if the application deadline has not passed, Applicants can contact HCD to reopen any section to make changes. Applicants will need to resubmit the application any time it is reopened.

Application Navigation and Submittal

- For assistance with the Neighborly application system select the "?" icon at the bottom of the screen at anytime, and a help menu will open.
- For program related question email the HOME-ARP team at HOMEARP-NOFA@hcd.ca.gov
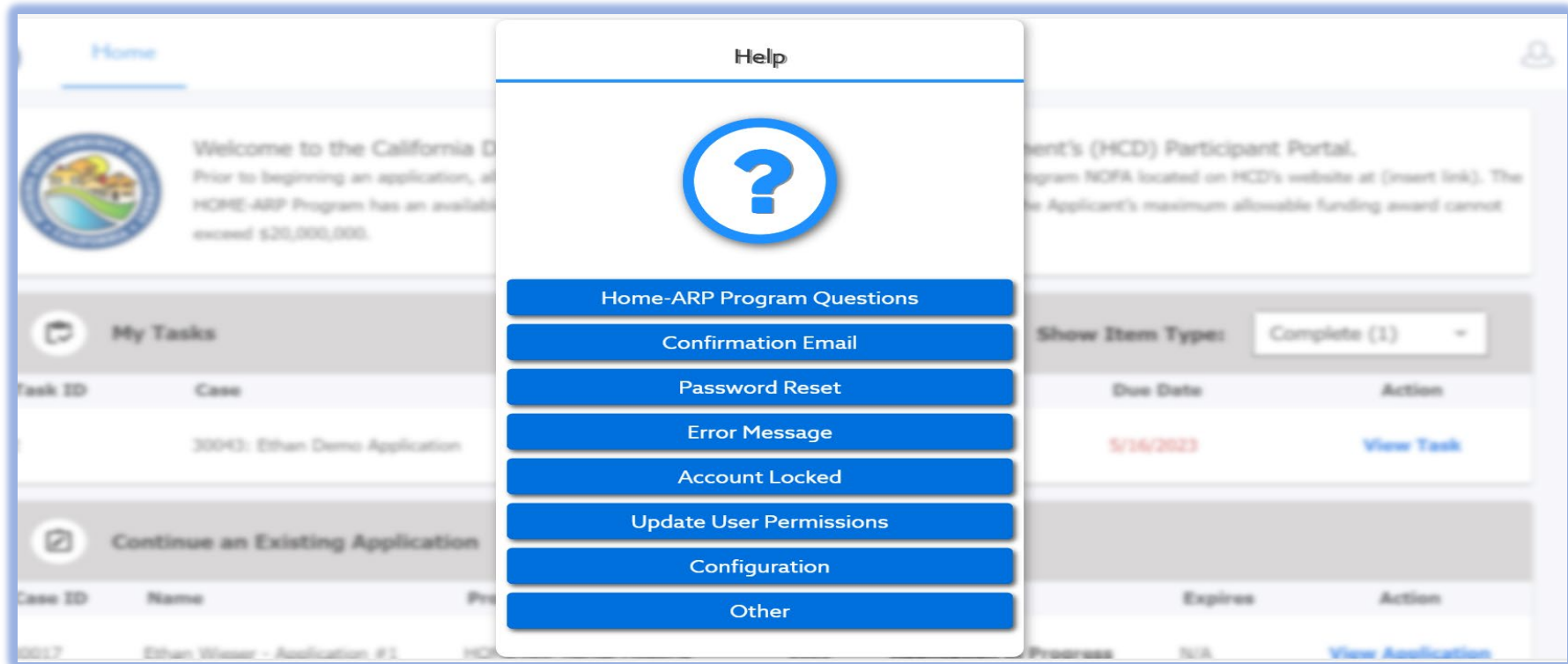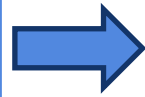
Award Process,
Important Documents &
the Standard Agreement

Award Process and Steps to Standard Agreement

1. Application Review & Scoring

2. Scoring Letters Sent – Highest Rated Apps Move Forward

3. Feasibility Review and Project Report Development

4. Recommended Projects to the Internal Loan Committee for Approval

5. Award Notification Letters Sent

6. Standard Agreements Generated

7. Standard Agreements Signed and Executed

HOME-ARP Rental Housing Program
The Standard Agreement

➤ Awardee(s) must enter into a Standard Agreement with the Department. The Standard Agreement will contain:

- State and federal requirements,

- Specific information about the award

- The work to be performed

- Deadlines consistent with HUD's HOME-ARP implementation memo

➤ General components include:

- Applicable Sponsor

- Award Amounts

- Number of HOME-ARP assisted units

- Commitment Deadlines

- Expiration Dates

- Period of affordability (compliance)

- Loan Closing Conditions

HOME-ARP Rental Housing Program
Important Documents

The following documents are required at application:

➢ Governing Resolution

➢ Payee Data Record

➢ Entity documentation including bylaws, articles of incorporation and certificate of good standing

Failure to provide these documents will delay the standard agreement process

HOME-ARP Rental Housing Program
Application Resolution

➢ Authorized Representatives
- – Government: Use title only; back up documentation is needed on letterhead to substantiate the person in that position.
- – Private entities: Name the person and the position

➢ Make sure the Authorized Representative is not the person who attests to the resolution.

➢ Provide the correct name/title of signatory and dollar amounts.

➢ Complete Vote Counts (including "0" or "NONE")

HOME-ARP Rental Housing Program
Payee Data Record

HOME-ARP Rental Housing Program
Organizational Documents

Corporation
1) Articles of Incorporation, including all amendments and restatements
2) By Laws, including all amendments
3) Authorizing Resolution or Loan Authorization
4) Certificate of Good Standing by Sec of State (dated within 30 days of application due date)
5) Signature Block
6) Payee Data Record (STD 204)
7) Evidence of tax-exempt status from IRS (if applicable)
8) Evidence of tax-exempt status from FTB (if applicable)

HOME-ARP Rental Housing Program
Organizational Documents

Limited Liability Company
1) Articles of Organization, (LLC-1) including restatements
2) Certificate of Amendment (LLC-2) (if applicable) including all applicable amendments
3) Operating Agreement including all amendments
4) Authorizing Resolution or Loan Authorization
5) Certificate of Good Standing by Sec of State (dated within 30 days of application due date)
6) Organization documents for Manager of LLC
7) Signature Block
8) Payee Date Record (STD 204)

HOME-ARP Organizational Documents Rental Housing Program

Limited Partnership
1) Certificate of Limited Partnership (LP-1)
2) Amendments to Limited Partnership (LP-2) (if applicable)
3) Authorizing Resolution or Loan Authorization
4) Certificate of Good Standing by Sec of State (dated within 30 days of application due date)
5) Limited Partnership Agreement and all amendments
6) Signature Block
7) Payee Date Record (STD 204)

HOME-ARP Rental Housing Program
Report Changes

Report all changes in authorized individuals, contact names and email addresses, or changes in organizational structure BEFORE the standard agreement process to:

HOMEARP-NOFA@hcd.ca.gov

Stay in the know: Sign up for HCD email at www.hcd.ca.gov

Follow HCD on social media

Like us on Facebook: /CaliforniaHCD

Follow us on Twitter: @California_HCD

Follow us on LinkedIn: /company/californiahcd