California Department of Housing and Community Development

HOME 2020-2021 NOFA
PROGRAM ACTIVITIES
APPLICATION WORKSHOP
WEBINAR
HOME Program Activities Team

Jay Cortese
HOME Program Manager

Tony Noia
Jaime Gonzalez
Celina Castilleja
Nicole’ McCay

Vicki Balanco
Paul Monson
Section Chief
Before We

- Consultations

- Office Hours
Program Overview
- Funding and Goals

Program Requirements Part I
- Eligible Applicants
- Eligible Activities
- Expenditure Rates

Program Requirements Part II
- Use of Funds and Forms of Assistance
- Underwriting
- Property Standards

Application Scoring and Evaluation
- Threshold and Minimum Requirements
- 50 percent rule
- Factors
- State Objectives
OVERVIEW

$28.8 Million in 2020 and 2021 Federal Funds

Low-Income Households earning at or below 80% AMI
Very-Low Income Households earning at or below 50% AMI

Increase the Supply of Affordable Housing
Expand Homeownership Opportunity and Improve Existing Housing
Provide Homeless Assistance
Prevention Services
NOFA Deadlines

Application Submittal Period

December 16, 2021, 8:00 a.m. PST through March 10, 2022, 5:00 p.m. PST
HOME Applications must be accessed, starting December 16, 2021, through the eCivis Grants Network Portal – Programs Available for Solicitation page at:

https://gn.ecivis.com/GO/gn_redir/T/vyjsqf2kekyx

- eCivis Grants Management System User manual
- eCivis Grants Management System External User Webinar

All links are available on our HOME website
## New This Year

<table>
<thead>
<tr>
<th>2019 NOFA</th>
<th>2020/2021 NOFA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paper Applications</td>
<td>Online Application via eCivis Portal</td>
</tr>
<tr>
<td>$500,000 Maximum Program Activities application amount for most, and up</td>
<td>$700,000 Maximum Program Activities application amount for most, and up to</td>
</tr>
<tr>
<td>to $1M for best recent spenders</td>
<td>$2M for best recent spenders</td>
</tr>
<tr>
<td>Only cities, counties and CHDOs could apply for HOME Program Activities</td>
<td>Tribal Entities may also apply for Program Activities, under AB 1010 provisions</td>
</tr>
<tr>
<td>funds</td>
<td></td>
</tr>
<tr>
<td>2.5% General Admin for all activities</td>
<td>Bonus 9.5% General Admin for TBRA, for total of 12% General Admin, up to $200K aggregate bonus</td>
</tr>
</tbody>
</table>
Still In Effect

Homebuyer Education Training

- All homebuyer education training MUST be facilitated by a HUD-certified housing counselor employed by a HUD-certified housing counseling service, as of August 1, 2021.

# Still In Effect

## Program Income Requirements

- Reporting Changes
- Committing PI Deadlines

## Recapture Requirements

- Submitting Documentation
Still In Effect

- We can disencumber all or part if unreasonably low expenditure
- Applicants responsible for informing of Authorized Rep and contract changes
- Reporting history will be evaluated and documented by applicant
Still In Effect

<p>| | |</p>
<table>
<thead>
<tr>
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<tbody>
<tr>
<td></td>
<td>• All Program Income and Recaptured Funds must be in interest-bearing account and interest is Program Income</td>
</tr>
<tr>
<td></td>
<td>• If exempt from requirements of the 2 CFR 200.512 Single Audit Report, must provide copy of letter (sent to SCO) with HOME application.</td>
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</table>
PROGRAM REQUIREMENTS

(Part 1)

Eligible Applicants
Eligible Activities
ELIGIBLE APPLICANTS

Eligible HOME Applicants

- Cities and Counties
- CHDOs
- Native American Entities

Consistent with applicable state and federal requirements
ELIGIBLE APPLICANTS

Cities and Counties

- With no direct HOME allocation (not a PJ)
- That are not part of an urban county agreement with a PJ
- That are not participating in a HOME Consortium
The Department intends to utilize the authority of AB 1010 (Chapter 660, Statutes of 2019) waivers to include in the definition of eligible Applicants any duly constituted governing board of an Indian Reservation, rancheria or tribally designated-housing entity (TDHE).

- Native American Entities may apply as a Local Agency or Local Public Entity (addressed on our next slide)
- Periods of affordability for projects developed on Indian Reservations or Native American Lands will be for 50 years or as needed to meet the regulatory requirements.
NOFA Overview Definitions

• “Local agency” means a city, county, city and county, or duly constituted governing body of an Indian Reservation or rancheria and includes any governmental agency or local public entity.

• “Local public entity” means any county, city, city and county, the duly constituted governing body of an Indian Reservation or rancheria, tribally designated housing entity as defined in Section 4103 of Title 25 of the United States Code and Section 50104.6.5, redevelopment agency organized pursuant to Part 1 (commencing with Section 33000) of Division 24, or housing authority organized pursuant to Part 2 (commencing with Section 34200) of Division 24.
# ELIGIBLE ACTIVITIES

<table>
<thead>
<tr>
<th>First-Time Homebuyer (FTHB)</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Acquisition Only</td>
</tr>
<tr>
<td>• Acquisition With Rehabilitation</td>
</tr>
<tr>
<td>• Infill New Construction</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CHDOs cannot apply for OOR or TBRA</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Owner-Occupied Rehabilitation (OOR)</td>
</tr>
<tr>
<td>• Tenant-Based Rental Assistance (TBRA)</td>
</tr>
</tbody>
</table>
## First-Time Homebuyer (FTHB) Acquisition Only

- Down payment and closing cost assistance ("gap")
- Must cause borrower payment to be within debt-to-income ratio minimums/maximums
- HOME loan cannot be more than first mortgage amount, unless HOME Program Manager approves a programmatic exception based on need
- Must not exceed HOME Per-Unit Subsidy Limits
## First-Time Homebuyer (FTHB) Acquisition Only

- **2021 change:** No longer must be modest home (3/2 unless overcrowding would occur)
- **Must be “standard” home** (no health & safety or code issues at closing)
- **Home price must not exceed current HOME Homeownership Value Limit in your county**

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**CHDOs are not eligible for this activity**
## ELIGIBLE ACTIVITIES

### First-Time Homebuyer (FTHB) Program

- **Acquisition with Rehabilitation**
  - Same as Acquisition Only, but home is substandard at closing, and is repaired after acquisition.
  - Must be made standard.
  - For State Recipients, repair money is escrowed at purchase closing, and may be HOME and/or other funds.
**ELIGIBLE ACTIVITIES**

**First-Time Homebuyer (FTHB) Program Acquisition with Rehabilitation**

- For CHDOs, CHDO buys and rehabs with own funds, and we assist homebuyer at escrow closing and pay ADC then.

- Not limited to just health and safety, but General Property Improvements are limited to 15%.
ELIGIBLE ACTIVITIES

First-Time Homebuyer (FTHB) Program

Infill New Construction

| • This is building homes within built-out neighborhoods. |
| • Scattered sites with no more than four dwellings within 2000 feet of one another due to NEPA. |
| • Application must document availability of grant funds or building sites currently owned by applicant if costs will exceed appraised value. |
## Owner-Occupied Rehabilitation (OOR) program

- Must be owner-occupied
- Must be primary residence
- Must start as “substandard” (health & safety and/or code violation(s) and be made into “standard”
- Limits General Property Improvements to 15%
- HOME Test for Reconstruction approval required if cheaper than R&R to repair.
## Tenant-Based Rental Assistance (TBRA)

- Rental subsidies (beyond 30% of household income)
- Security Deposit Assistance
- Utility Deposit Assistance
- Rent plus Utility Allowance can’t exceed Rent Standard (90-110% of HUD FMR)
- At least 90% of households must be at or below 60% of Area Median Income (AMI)
## Tenant-Based Rental Assistance (TBRA) Continued...

- Must document “Rent Reasonableness” (comparable)

- Must perform Housing Quality Standards (HQS) inspection and clear the unit

- Must use total net income, not just gross income, for gap purposes

- Must recertify income annually, and whenever income changes
ELIGIBLE ACTIVITIES

Tenant-Based Rental Assistance (TBRA) Continued…

- May not exceed 24 months. Renewable, though.
- Must offer 12 months minimum, but could have as short as a 6-month agreement with evidence in file this is applicant’s request.

- Must execute Lease Addendum and a VAWA (Violence Against Women Act) Addendum, for tenant protection
## PROGRAM ACTIVITIES

### FUNDING LIMITS

- **Maximum Application Amount** = $2,000,000 ($700,000 for most)

- **Minimum Application Amount** = $300,000

Including Administration and Activity Delivery Costs subject to the following:
# PROGRAM ACTIVITIES

## EXPENDITURE RATES

<table>
<thead>
<tr>
<th>Maximum Application Amount</th>
<th>Expenditure rate for Applicant’s 2015, 2016 and 2018 HOME Program Activities contracts</th>
</tr>
</thead>
<tbody>
<tr>
<td>$2,000,000</td>
<td>60 percent or more</td>
</tr>
<tr>
<td>$1,500,000</td>
<td>55 – 59.99 percent</td>
</tr>
<tr>
<td>$ 700,000</td>
<td>50 – 54.99* percent</td>
</tr>
</tbody>
</table>
Questions?

(Type them or raise your hand)
Break
PROGRAM REQUIREMENTS (Part 2)

USE OF FUNDS
FORMS OF ASSISTANCE
UNDERWRITING
PROPERTY STANDARDS
## ELIGIBLE USES OF FUNDS

### First-Time Homebuyer (FTHB)

- **ADC:** Up to 6.5% of the total acquisition cost for FTHB activities involving acquisition with rehab.

- Up to 6.5% of total development costs for FTHB infill new construction

- 30-year fixed rate mortgage loan only! Must obtain financing from a primary lender in addition to HOME financing.
ELIGIBLE USES OF FUNDS

Owner-Occupied Rehabilitation (OOR)

- **ADC**: up to 24% of the HOME loan/grant amount for OOR.
ELIGIBLE USES OF FUNDS

Tenant-Based Rental Assistance (TBRA)

- **ADC**: up to 5% per household for income certification and unit inspection costs only
INELIGIBLE USE OF FUNDS

• Refinancing existing debt

• Expenses incurred after the Final Expenditure Deadline

• Payment of delinquent property taxes

• Expenses incurred prior to execution of Standard Agreement (except NEPA) if not pre-approved by HOME Manager
# FORMS OF ASSISTANCE

## HOME LOANS

- 0-3% simple interest
- Deferred payments (no payments for life of the loan)
# Forms of Assistance

## Home Grants

- TBRA
- Relocation Payments
- Lead-based Paint Hazard Evaluation and Reduction
### HOME GRANTS
Owner-Occupied Rehab

- Maximum 100% combined loan-to-value
- Maximum rehab grant is 25% of HOME Per Unit Subsidy Limit
- HCD advance written approval is required on each project
FTHB INFILL NEW CONSTRUCTION

Underwriting analysis to include:

- Reasonableness of profit or return to developer
- Project cost reasonableness
- Market analysis
- Experience and financial capacity
- Firm financial commitments in place to fully fund the project
UNDERWRITING STANDARDS

FTHB Acquisition-Only

- Exempt from the market and developer capacity analysis
- Applicant must demonstrate cost reasonableness
## FTHB Acquisition with Rehab

- Underwriting requirement for CHDOs Only

- Same underwriting analysis requirements as stated on the prior slide

- (OOR and TBRA are exempt from these underwriting requirements)
## PROPERTY STANDARDS

### New Construction

- All State & local codes, ordinances, zoning

### Rehabilitation

- Establish rehab standards
- Major Systems
- Each must have remaining useful life of at least 5 years
## PROPERTY STANDARDS

### Down payment Assistance (Acquisition Only)

- Health & Safety and local code compliance

### TBRA

- Must meet Housing Quality Standards (HQS) using HUD checklist
## Manufactured Housing

- **Reconstruction**: requires permanent foundation and utility hookups.
- **Rehab**: requires foundation and anchoring to meet State and local codes
- **Lease period at least equal to Affordability Period for purchase**
NEPA


- No funds may be committed to a HOME activity or project before the completion of the environmental review.
Questions?

(Type them or raise your hand)
Application Review
# APPLICATION EVALUATION

## Minimum Requirements

<table>
<thead>
<tr>
<th>Threshold</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Application received by the deadline</td>
</tr>
<tr>
<td>• Eligible applicant</td>
</tr>
<tr>
<td>• Eligible activity</td>
</tr>
<tr>
<td>• Eligible use of funds</td>
</tr>
<tr>
<td>• Complete Application</td>
</tr>
</tbody>
</table>
## Minimum Requirements

### Threshold

- Has no unresolved audit findings (pursuant to State HOME Regulations)
- Is compliant with submittal requirements of 2 CFR Section 200.512 Single Audit Reporting

*Applicant responsible for verifying submission status with SCO. If exempt, Exemption letter is required with application.*

- Not on the federal list of Debarred Contractors
### Minimum Requirements

**Threshold**

<table>
<thead>
<tr>
<th>Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Amount of funds requested between minimum and maximum</td>
</tr>
<tr>
<td>• Application forms have not been modified</td>
</tr>
<tr>
<td>• CHDO Project Control</td>
</tr>
</tbody>
</table>
**APPLICATION EVALUATION**

### Minimum Requirements

#### 50% Rule

- Applicant has met the 50% Expenditure Requirement

Applicants must have expended at least 50% of currently-open and pending (2018 and 2019) HOME Program Activities Contracts by the application due date of March 10, 2022
### 50% Rule

**What ‘Expended’ means**

- Total amount of all valid draws (for **TBRA**, Project Set-Up reports) received by the application deadline.

- **FTHB and OOR**: A valid draw is limited to amount needed for reimbursement of actual expenses for work that has been completed.
## 50% Rule - What “Expended” means:
“Work completed”

<table>
<thead>
<tr>
<th><strong>FTHB</strong></th>
<th>Escrow has closed</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OOR</strong></td>
<td>The amount of construction/rehab payments made for work completed and inspected</td>
</tr>
<tr>
<td><strong>TBRA</strong></td>
<td>Rental assistance amount multiplied by the number of months in tenants TBRA agreement</td>
</tr>
</tbody>
</table>
### THE 50% RULE

- **Add** all “open” HOME Program Activities contracts
- **Divide** that amount by two
- **Equals** the amount that must be expended
RATING and RANKING
### RATING AND RANKING FACTORS

<table>
<thead>
<tr>
<th>Maximum Points Possible = 950</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Housing Element:</td>
</tr>
<tr>
<td>Local Housing Element in compliance with State Housing Element Law by <strong>March 10, 2022</strong></td>
</tr>
<tr>
<td><strong>Points = 50</strong></td>
</tr>
</tbody>
</table>
LOCAL HOUSING ELEMENT

Housing Element compliance must be established as of the NOFA application deadline.

Paul McDougall
Housing Policy Division
Paul.McDougall@hcd.ca.gov

Link to obtain housing element status can be found on page 24 of the NOFA

https://www.hcd.ca.gov/community-development/housing-element/index.shtml#status
RATING AND RANKING FACTORS

<table>
<thead>
<tr>
<th>Direct Allocation Declined</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jurisdictions that could go directly to HUD but have declined their direct allocation</td>
</tr>
</tbody>
</table>

Points = 50
## RATING AND RANKING FACTORS

### Rural Communities

- Based on the location of the proposed activities
- Submission of the required documents

**Points = 50**
### Applicant Experience

Experience administering HOME and/or other qualified affordable housing or community development programs over last seven years

**Maximum Points Possible = 100**
## Prior Performance Reporting: Factor #1

- **Annual Performance Reports**
  - FY 18-19, 19-20, and 20-21

- **Quarterly Performance Reports**
  - 15-HOME through 18-HOME Program Activities contracts

- **Program Income Statements**
  - All 15-HOME through 18-HOME contracts
  - Points deducted if late or not received, for each

**Maximum Points Deducted = 50**
# RATING AND RANKING FACTORS

## Prior Performance Monitoring: Factor #2

- **Non-Compliance with Monitoring or Contract Requirements identified in the last 5 years**
  
  *(1/1/16 thru 12/31/20)*

- **Maximum Points Deducted = 100**
## Community Need:

Appendix C of the NOFA is based on U.S. Census Data for point scoring by activity type

| Maximum Points Possible = 250 |
RATING AND RANKING FACTORS

Project Feasibility

Activity-Specific Criteria

Up to 75 points

FTHB Program – number of affordable housing units sold in the last 12 months
## RATING AND RANKING FACTORS

### Project Feasibility

#### Activity-Specific Criteria (Continues)

<table>
<thead>
<tr>
<th>Owner-Occupied Rehabilitation Program</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Number of overcrowded households</td>
</tr>
<tr>
<td>• Age of housing stock (U.S. Census Data)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TBRA Program</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Overpayment by low-income households (U.S. Census Data)</td>
</tr>
</tbody>
</table>
### Program Feasibility

Awarded if Exhibit B6 Guidelines Certification submitted

| Points | 25 |
**RATING AND RANKING FACTORS**

**State Objectives**

**Higher (Program) Expenditure Rates:**

- 90 points for expenditure rate of 60% +
- 60 points for expenditure rate of 55% – 59.99%

**Maximum Points = 90**
### Access to Opportunity & Homelessness

#### Access to Opportunity
- Outreach and engagement
- Prioritize and diversify investment
- Encourage housing choices in higher opportunity neighborhoods

#### TBRA or homelessness
- Zoning and land use
- Funding
- Data outreach and coordination

**Maximum Points = 110**
Questions?

(Type them or raise your hand)
Submit HOME Program Inquiries via email to:
HOMENOF@hcd.ca.gov

Jay Cortese, HOME Program Manager
(916) 263-2310
Jay.Cortese@hcd.ca.gov
THANK YOU!