HOME 2024 NOFA APPLICATION WEBINAR FOR MULTIFAMILY RENTAL PROJECTS

February 6, 2025, via Zoom

California Department of Housing and Community Development

WELCOME

HOME Projects Team

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NOFA APPLICATION INQUIRIES

For consistency and transparency, questions must be submitted to the HOME NOFA email inbox.

Questions will be reviewed, researched, and answered.

Email to HOMENOFA@hcd.ca.gov



A Few Housekeeping Items...

The chat is disabled for participants, so please put your questions in the Q&A.

We are taking questions only in the Q&A and will answer them at the end of each section.

We will take one break of approximately 10 minutes about midway through.

NOFA Deadlines

Application Submittal Period

January 24, 2025, 8:00 a.m. PST

through

May 22, 2025, 5:00 p.m. PST

Presentation Overview

- NOFA Overview and What's New
 - eCivis Application Portal
 - Funding Availability
 - Application Limits
- Threshold Requirements
- Scoring and Ranking
- Project Feasibility
 - Financial Feasibility
 - National Environmental Policy Act (NEPA)
 - Relocation

eCivis Application Portal

HOME Applications can be accessed, starting January 24, 2025, through only 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

NOFA Overview Funding Availability

In round numbers:

- \$35 million available (approximately)
 - 55% for rental projects = \$19.9 million
 - 5% FTHB projects = \$1.8 million
 - 40% for Program Activities = \$14.5 million
- 50% reserved for rural areas = \$17.6 million
- 15% reserved for CHDOs = \$5.3 million
- 20% for Native American Entities Target = \$7 million.



OVERVIEW

In round numbers...

Estimated \$16 million - \$20 million for non-Tribal Program Activities

\$16 million is available for initial awards, and up to \$4 million more could be available for late awards

New This Year

2022-2023 NOFA	2024 NOFA
Funding Limits by Project Activity: Rental: \$12 million	Funding Limits by Project Activity: Rental: \$4.5 million
First-Time Homebuyer (FTHB): \$3 million	First-Time Homebuyer (FTHB): \$2 million
Max State Recipient General Admin: \$150,000	General Administrative Funds (State Recipients only): \$50,000
Project-Related Soft Costs (formerly "ADC"): \$50,000	Plus Project-Related Soft Costs (State Recipients only): \$50,000

New This Year

2022-2023 NOFA	2024 NOFA
Scoring factors all listed in NOFA	Scoring factors all in new NOFA Appendix D
Maximum CHDO Operating Funds = \$200,000	Maximum CHDO Operating Funds = \$75,000

New This Year

2022-2023 NOFA

2024 NOFA

Table 8 – Monitoring Fees		
Number of Units	2023	
12 or fewer	\$6,077	
13 to 24	\$9,888	
25 to 36	\$12,051	
37-48	\$12,360	
49-60	\$14,781	
61 or more	\$17,304	

Table 10 – Estimated 2025 Monitoring Fees		
Number of HOME Units	Annual Fee	
12 or fewer	\$ 6,447	
13 to 24	\$10,491	
25 to 36	\$12,740	
37 to 48	\$13,113	
49 to 60	\$15,681	
61 or more	\$18,358	



Important Reminders

 Pursuant to Government Code Sections 40601 and 40602, the Mayor or Mayor pro tempore must sign all written contracts and conveyances made or entered into by a city, <u>unless the city has an ordinance in effect</u> that specifically allows contracts to be signed by an officer other than the mayor or mayor pro tempore.



NOFA Overview - Eligible Applicants

- State Recipients = Local Agency or Local Public entities, defined as:
 - Cities and Counties on NOFA Appendix A (List of State HOME-eligible jurisdictions)
 - Native American Entities (NAE) that are federally recognized Tribes and that apply as State Recipients rather than as developers

Eligible Applicants

- State Recipients (continued)
 - May not designated as a HOME Participating Jurisdiction
 (PJ) by HUD
 - Are not participating in an Urban County Agreement with a county designated as a PJ
 - Are not participating in a HOME Consortium
 - Project or Program Activities must be located within the Applicants' defined service area
 - Eligible city and county jurisdictions for 2024 federal
 HOME funds are listed in Appendix A of current NOFA

Eligible Applicants (continued)

- CHDO Community Housing Development Organization
 - May participate as Owner, Developer, or Sponsor.
 - > CHDO Applicants must meet all the requirements found at 24 C.F.R. § 92.2.
 - Must apply, with Project application, to be certified for the Project by the Department.

NOFA Overview Definitions

- To meet the definition of an **eligible jurisdiction**, Applicants must meet all of the following criteria:
 - Have not been designated as a "participating jurisdiction" by HUD
 - Are not participants in an urban county agreement with a county that is designated as a HUD entitlement jurisdiction
 - Are not participants in a HOME consortium
 - Are proposing projects or programs that will be located or carried out in the Applicant's defined service area. Generally, this will be within the Applicant's city limits or a county's unincorporated area.

HOME-Eligible Projects

➤ All Projects must be in an area listed in HOME 2024 NOFA Appendix A (State HOME-eligible areas)

State Recipients, CHDOs, & Developers:

- Multifamily Rental New Construction Projects
- Multifamily Rental Rehabilitation Projects (with or without acquisition)
- Multifamily Rental Acquisition-Only Projects (only if no rehabilitation is needed)

State Recipients and CHDOs only:

• First-Time Homebuyer Projects – webinar is Tuesday 2/11/25



NOFA Overview

Application Combination and Limits (1 of 2) (NOFA pages 25-27)

E. Activity Combination and Limits

State Recipients (excluding Developers and CHDOs) may apply for multiple eligible activities as follows:

- One rental Project and one FTHB Project; or
- One rental Project and any combination of eligible program activities; or
- One FTHB Project and any combination of eligible program activities, except for a FTHB program.

NOFA Overview

Application Combination and Limits (2 of 2) (NOFA pages 25-27)

CHDOs may apply for multiple eligible activities as follows:

- or
- One rental Project and one FTHB Project; or
- One rental FTHB Project and one FTHB program activity for infill new construction.

<u>Developers</u> (not applying through a State Recipient) may submit one application pursuant to this NOFA.

This application may consist of only one eligible activity as follows:

- One rental rehabilitation Project, with or without acquisition; or
- One rental new construction Project, with or without acquisition.

NOTE: Using both HOME FTHB project activity funds and HOME FTHB program activity funds for the same Project is not permitted.

NOFA Overview Application Amount Limits

Rental Project Limit: \$4,500,000

- Rental New Construction Projects
- Rental Rehab with or without Acquisition
- Rental Acquisition-Only Projects

First-Time Homebuyer Project Limit: \$2,000,000



NOFA Overview

Administrative, Project Related Soft Costs, and CHDO Operating Funds Limits

- State Recipients:
 - \$50,000 General administrative funds
 plus
 - \$50,000 Project-Related Soft Costs (formerly Activity Delivery funds)
- CHDOs:
 - \$75,000 CHDO Operating Funds





Questions?

(we'll address questions in the Q&A)



California Department of Housing and Community Development



☐ Application submitted via eCivis by May 22, 2025, by 5 p.m. (Pacific Time)

Eligible Applicants:

- 1) State Recipients
 - Cities and Counties on NOFA Appendix A, as State Recipients (SRs):
 - Not designated as a HOME Participating Jurisdiction (PJ) by HUD
 - Not participating in an Urban County Agreement with a county designated as a PJ
 - Not participating in a HOME Consortium
 - ✓ Project or Program Activities must be located within an Applicant's defined service area.

Eligible Applicants (continued):

- 2) Developers:
 - Cannot apply for HOME FTHB Projects
- 3) CHDOs (Community Housing Development Organizations):
 - Non-profit corporations that meet all HUD CHDO certification requirements.
 - Must be the Project Owner, Sponsor, or Developer
- 4) Native American Entities

- Eligible Project Location
 - Project must be located within a State HOME-eligible jurisdiction on NOFA Appendix A, or on Tribal trust land, for Tribal applicants
 - Cities may apply for Projects within only their city limits, and Counties may apply for projects within only their unincorporated areas.
- Eligible Activities
 - Rental new construction
 - Development of a specific multifamily project on a specific site by a specific Developer
 - Rental new construction projects may be with or without acquisition

NOTE: Transitional housing is <u>not</u> allowed.

- Eligible Activities (continued)
 - Rental rehabilitation project
 - Funds provided to rehabilitate a specific rental project on a specific site by a specific Developer, with or without acquisition of the property.
 - Rental Acquisition-Only project
 - Acquisition of a specific multifamily rental Project that meets all HOME requirements including property standards.

NOTE: Again, transitional housing is <u>not</u> allowed.



Eligible Activities (continued)

- First-Time Homebuyer Project
 - Construction financing must include the following:
 - New construction to develop homes on specific site(s)
 - 100 percent of the HOME investment must roll over to permanent financing to eligible first-time homebuyers

NOTE: Developers are not eligible for this activity, unless applying to do so as an HCD-certified CHDO

- Application must include:
 - Market Study (All Rental Project Applicants)
 - Appraisal (All Applicants)
 - Phase I/II Environmental Review (New Construction only)
 - Physical Needs Assessment (Rehab, Acquisition-Only)
 - Lead-Based Paint & Mold (Rehab, Acquisition-Only)
 - Asbestos (Rehab, Acquisition-Only)
 - Market Comparables (FTHB)

- The Applicant must demonstrate its capacity for carrying out activities assisted with HOME funds.
- Applicant's Site Control must be documented.
- Cities, Counties, local public housing authorities, and certain Tribal entities must provide documentation satisfactory to the Department that they comply with the federal Single Audit submittal requirements at 2 CFR section 200.512.
 Outstanding findings may impact the Department's ability to grant an award through this NOFA.

- There must be no pending litigation for project.
- Applicant and any member of its program or project team must not be on the list of federallydebarred contractors.
- Applicant must have no unresolved audit findings pursuant to 25 C.C.R. § 8204(a)(1)(D)(ii) and (2)(C)(i).



Site Control

IMPORTANT!

When applying for project activities, the Applicant (not the ultimate borrower) must demonstrate documented site control of the Project at the time of application.



Site Control

- Property must be held in Fee Simple or Leasehold
- Long-term ground lease must meet the requirements of 25 C.C.R. § 8316 for rental to low-income families in accordance with 24 C.F.R. § 92.252.
- Must provide:
 - Grant Deed (if applicable)
 - Purchase or Lease Agreement (with Amendments)
 - Option Agreements
 - Disposition and Development Agreements (DDAs);
 - Exclusive Right to Negotiate
 - Conditional Contracts

Acceptable Forms of Site Control

There are five acceptable forms of site control that avoid "choice-limiting" NEPA problems.

- 1. Site purchase or long-term lease <u>must</u> be consistent with the UMR requirements, prior to submitting the HOME application.
- Option to Purchase must be conditioned on the Responsible Entity's determination to proceed with project, based on the results of a subsequent environmental review, and the receipt of an "Authority to Use Grant Funds".
 - The cost to secure the site control document must be a nominal portion of the purchase price.

Acceptable Forms of Site Control (continued)

- 3. Purchase Agreement, DDA, Option to Lease, or Exclusive Right to Negotiate may not be conditioned upon NEPA clearance or any other federal requirement.
- 4. A conditional purchase contract may be used for an existing single-family home (1 to 4 units) or an existing multifamily residential project.
- 5. A leasehold interest on the Project property must comply with all Program requirements, including compliance with 25 C.C.R. § 8316;

Acceptable Forms of Site Control (continued)

For more information, please refer to HUD's CPD Notice 98-1 and Assistant Secretary Mercedes Marquez' August 26, 2011, memo on HCD's HOME webpage under Resources.

HUD's CPD Notice 98-01

- CPD Notice may be found at: https://archives.hud.gov/offices/cpd/affordablehousing/lawsandreg/s/notices/98-01.pdf
- Memo may be found at:

https://www.hud.gov/sites/dfiles/CPD/documents/HUD-Memourkers/Guidance-on-Options-and-Conditional-Contracts-for-Purchase Real-Property-for-Environmental-Reviews-Conducted pdf



California Department of Housing and Community Development

HOME 2024 NOFA Multifamily Rental Projects Webinar



As mentioned in What's New, all scoring factors are in the new NOFA Appendix D, rather than in the body of the NOFA



Scoring Categories

Scoring Category	Maximum Applicable Points
Housing Element	50
Formula reallocation (HUD declined)	50
Rural area	50
Capacity	Up to 450
Community Need	Up to 250
Project Feasibility	Up to 200
Project Readiness	300
State Objectives	200
TOTAL APPLICABLE POINTS	1550



There is a minimum score requirement of 930 points

Housing Element - 50 Points

- Cities and Counties are required to be in compliance with State Housing Element Law
- Newly-incorporated cities are exempt, until which time city is required to submit the Housing Element to the Department for approval
- CHDOs and projects to be developed on Native American Lands are also exempt

Formula Reallocation - 50 points

- A jurisdiction that is eligible to receive HUD direct HOME allocation funds but <u>declines</u> the funding to preserve their state HOME eligibility shall be awarded the full 50 points.
- NEW in 2024 NOFA: Applicants must upload to eCivis, as proof, a HUD acknowledgement of applicant declination of a HOME 2024 allocation
- No points awarded to all other applicants.

Rural Area 50 Points

- Activities proposed in a rural community shall receive full points.
- No points awarded to non-rural applicants.

Capacity Max 450 Points

Prior Applicant Experience

50 Points

- NEW! Applicants must complete new "Applicant Experience" chart in the Rental Project Application Supplement
- Applicant must demonstrate experience implementing local, state, or federal affordable housing and/or community development projects it was awarded.
- Needs to be during the last 7 calendar years (1/1/2018 12/31/2024, plus 2025 year-to-date).

Prior Development Team Experience up to 200 Points

- NEW! Applicants must complete new "Development Team Experience" chart in the Rental Project Application Supplement
 - The Development team needs to show project experience developing the same or similar type of subsidized projects.
 - Needs to be during the last 5 calendar years (1/1/2020 12/31/2024, plus 2025 year-to-date).

Prior Performance

200 Points

All applicants start with **200 points** in this category.

- Points may be deducted, if applicable, from the following four sub-factor categories once review of the application takes place.
 - 1. Project Reporting Deadlines
 - 2. Applicant Reporting
 - 3. Material Misrepresentation
 - 4. Monitoring Noncompliance
- The Department's look-back period will be January 1, 2020, through December 31, 2024, for these four factors:



Prior Performance

1. Project Reporting Deadlines

Any HOME Project contract awarded that failed to meet project deadlines will be deducted points.

- -Permanent Financing Deadline
- Project Set-Up Deadline
- -Construction Loan-Closing Deadline
- -Project Completion Deadline
- -Expenditure Deadline

Prior Performance

2. Applicant Reporting

HOME Projects that failed to submit the following reports will have up **50 points** deducted.

- –Monthly reports
- –Annual reports
- -Quarterly Program Income (PI) reports
- –Project Completion reports

Prior Performance

3. Material Misrepresentation

Any omission or misrepresentation made by an applicant that could jeopardize the Department from funding a project or place the Department at risk of a HUD monitoring finding shall have a **200-point** deduction.

Prior Performance

4. Monitoring Noncompliance per HCD's Asset Management Compliance Section

- There are two noncompliance categories
 - Monitoring 100 points will be <u>deducted</u> if any applicant has failed to remedy any HOME monitoring findings and concerns.
 - Late Reports points will be <u>deducted</u> for any 2022/2023 NOFA Project applications where the Applicant, owner, and managing general partner failed to submit timely reports
 - State Recipients Annual Monitoring Report
 - State Recipients Annual Report
 - CHDOs Annual Operating Budget
 - CHDOs Annual Report

(**10** points)

(**10** points)

(**10 point**s)

(10 points) MUNI



Community Need and Project Feasibility Max 450 points

Community Need

 Up to 250 points will be awarded by activity type based on the data in <u>Appendix C</u> found on the HOME NOFA webpage.

https://www.hcd.ca.gov/sites/default/files/docs/grants-and-funding/home/home-2024-appendix-c-community-need-scores.xlsx

Project Feasibility

- Self-Evaluation Worksheet (150 pts)
 - State and federal requirements (including UMRs for rental projects)
- Highest percentage of HOME-assisted units (50 pts)
 - HOME Units/Total Units = %

2024 NOFA Appendix C – RNC

Appendix C
Community Need Data for All State HOME Eligible Jurisdictions
For 2024 HOME NOFA

Data are from the U.S. Census Bureau, American Community Survey

Rating points for Rental New Construction							
	70 Point	70 Points MAX		70 Points MAX		110 Points MAX	
Jurisdiction	Renters in Poverty	Points Awarded	Renters Overcrowded	Points Awarded	Rental Vacancy Rate	Points Awarded	Total Points Awarded
Alpine County, California	10.26%	42	0.00%	35	27.27%	55	132
Amador County, California	6.54%	35	3.77%	49	4.32%	88	172
Butte County, California	23.46%	49	1.64%	42	6.91%	77	168
Calaveras County, California	14.26%	42	0.64%	42	4.75%	88	172
Colusa County, California	17.84%	42	2.50%	42	3.77%	99	183
Del Norte County, California	26.67%	49	0.83%	42	0.00%	110	201
El Dorado County, California	16.56%	42	1.55%	42	6.70%	77	161
Glenn County, California	29.09%	56	0.92%	42	7.29%	77	175
Humboldt County, California	19.82%	42	2.72%	42	2.90%	99	183
Imperial County, California	33.68%	56	4.46%	49	3.23%	99	204
Inyo County, California	13.03%	42	1.08%	42	3.46%	99	183
Kings County, California	21.62%	49	3.48%	42	1.65%	110	201
Lake County, California	24.53%	49	2.40%	42	2.87%	99	190
Lassen County, California	19.07%	42	0.56%	42	5.14%	88	172
Madera County, California	31.42%	56	6.24%	56	3.54%	99	211
Mariposa County, California	28.41%	49	0.69%	42	10.56%	55	146
Mendocino County, California	22.39%	49	2.76%	42	2.34%	99	190
Merced County, California	25.49%	49	3.45%	42	3.19%	99	190
Modoc County, California	25.20%	49	0.00%	35	0.00%	110	194
Mana Caushi California	47 400/	40	0.000/	25	0E 740/	55	422

2024 Appendix C – Rehab

Appendix C

Community Need Data for All State HOME Eligible Jurisdictions
For 2024 HOME NOFA

Data are from the U.S. Census Bureau, American Community Survey

Rating points for Rental Rehab Projects					
	140 Poir	nts MAX	110 Points MAX		250 Max Points
Jurisdiction	Renters in Poverty	Points Awarded	Renter- occupied units built pre-1980	Points Awarded	Total Points Awarded
Alpine County, California	10.26%	84	51.25%	77	161
Amador County, California	6.54%	70	53.46%	77	147
Butte County, California	23.46%	98	54.18%	77	175
Calaveras County, California	14.26%	84	47.11%	77	161
Colusa County, California	17.84%	84	52.05%	77	161
Del Norte County, California	26.67%	98	45.12%	77	175
El Dorado County, California	16.56%	84	49.70%	77	161
Glenn County, California	29.09%	112	61.34%	88	200
Humboldt County, California	19.82%	84	64.50%	88	172
Imperial County, California	33.68%	112	43.32%	66	178
Inyo County, California	13.03%	84	71.15%	99	183
Kings County, California	21.62%	98	41.86%	66	164
Lake County, California	24.53%	98	48.31%	77	175
Lassen County, California	19.07%	84	56.07%	77	161
Madera County, California	31.42%	112	46.93%	77	189

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2024 Appendix C – FTHB (1 of 2)

Appendix C

Community Need Data for All State HOME Eligible Jurisdictions
For 2024 HOME NOFA

Data are from the U.S. Census Bureau, American Community Survey

For total Community Need Score for FTHB Project, add score from "FTHB Proj County Data" tab; for total Community Need Score for FTHB Program add score from "TBRA & FTHB Progr County Data" tab

Rating Points for FTHB Homebuyer Project or Program - jurisdiction part

	85 Points MAX		25 Points	110 Max Points	
Jurisdiction	Owners in Poverty	Points Awarded	Owners Overcrowded	Points Awarded	Total Points Awarded
Alpine County, California	6.25%	60	1.13%	15	75
Amador County, California	3.84%	51	0.58%	15	66
Butte County, California	4.80%	51	0.51%	15	66
Calaveras County, California	6.90%	60	0.80%	15	75
Colusa County, California	4.61%	51	0.33%	15	66
Del Norte County, California	2.85%	43	0.46%	15	58
El Dorado County, California	3.38%	51	0.38%	15	66
Glenn County, California	3.59%	51	0.67%	15	66
Humboldt County, California	6.87%	60	0.92%	15	75
Imperial County, California	8.32%	60	2.52%	20	80
Inyo County, California	10.08%	68	0.30%	15	83
Kings County, California	7.42%	60	1.10%	15	75
Lake County, California	4.84%	51	1.13%	15	66
Lassen County, California	8.79%	60	0.16%	15 0	75
Madera County, California	6.90%	60	1.79%	18	78



2024 Appendix C – FTHB (2 of 2)

Appendix C

Maximum Purchase Price/After-Rehab Value Limits ("Value Limits") and Median HH Income
For 2024 HOME NOFA FTHB Projects only
Data are from HUD'S HOME Maximum Purchase Price/After-Rehab Value Limits for
Newly-Constructed Housing
and from the State Median Income Limits, 2024

Rating Points for FTHB Homebuyer Project - county part

County Name	HOME Value Limit for New One-Family Structure	Median Income for Household of Four	Ratio of HOME Value Limit to Median Income for Household of Four	Total Points Awarded for FTHB <u>Project</u> (140 MAX)
Alpine	\$414,000	\$105,688	3.92	90
Amador	\$399,000	\$100,813	3.96	90
Butte	\$392,000	\$90,625	4.33	100
Calaveras	\$404,000	\$94,625	4.27	100
Colusa	\$392,000	\$87,875	4.46	105
Del Norte	\$392,000	\$87,875	4.46	105
El Dorado	\$554,000	\$117,875	4.70	110
Fresno	\$394,000	\$87,875	4.48	105
Glenn	\$392,000	\$87,875	4.46	105
Humboldt	\$409,000	\$88,313	4.63	110
Imperial	\$392,000	\$87,875	4.46	105
Invo	\$392,000	\$87 875	4 46	105



Project Development Plan (PDP) Rental New Construction Project 300 Points

Market Study	35 Points
Property Appraisal	10 Points
Phase I/II	35 Points
Floodplain Analysis	25 Points
Preliminary Construction Cost	5 Points
Zoning	40 Points
Relocation General Information Notice and Relocation Plan	30 Points
Local Approval	80 Points
Water/Sewer	5 Points
Permanent Financing Commitments	25 Points
Design Process	10 Points

Project Development Plan (PDP) Rental Rehab Project 300 Points

Market Study	10 Points	
Property Appraisal	30 Points	
Floodplain Analysis	25 Points	
Preliminary Construction Cost	20 Points	
Lead/Mold/Asbestos Reports	25 Points	
Relocation General Information	75 Points	
Notice and relocation plan	75 FUITES	
Local Approval	1 Points	
Physical Assessment	74 Points	
Permanent Financing Commitments	35 Points	
Design Process	5 Points	

Project Development Plan (PDP) Rental Acquisition-Only Project 300 Points

Market Study	35 Points
Property Appraisal	40 Points
Phase I/II Environmental Report	45 Points
Floodplain Analysis	25 Points
Property Standards Certification	5 Points
Relocation General Information	30 Points
Notice and relocation plan	30 Points
Zoning Verification	40 Points
Water/Sewer available	5 Points
Permanent Financing Commitments	75 Points



State Objectives Points

For the state objectives scoring, there are three sub-factors for which Applicants can receive points, up to 200 points maximum. As applications are reviewed and rated, points will be awarded for the following objectives:

- 1. Committed financing
- 2. Recovery Assistance for Natural Disaster Survivors
- 3. Policy objectives
 - Special Needs Populations
 - Homelessness
 - Extremely Low-Income



State Objective Points (continued)

1. Committed Financing – Up to 100 points

- Applications will be scored based on the percentage of non-HOME permanent financing committed to the Project by the application due date (10 points will be awarded for each 10 percent (10%) increment).
 - For Projects anticipating applying for any type of tax credits, a
 future tax credit award will not be considered as committed
 financing and are thus not eligible for these points.
 - However, if the Applicant has 50 percent (50%) of its non-HOME permanent financing committed to the Project by the application due date and intends to also apply for tax credits in the future, the application will receive 50 points out of a possible 100 points.

State Objective Points (continued)

2. Recovery Assistance for Natural Disaster Survivors- Up to 30 points

Full points shall be awarded for any of the following:

- Project located in state-declared disaster areas directly impacted by the Borel Fire (Kern County); or
- Project located in the state-declared disaster areas directly impacted by the Park Fire (https://www.fema.gov/disaster/5519), as may be amended. The state-declared disaster areas are Butte and Tehama counties; or
- Projects located in federally-declared disaster areas receiving Individual Assistance ("IA") pursuant to the HUD memorandum dated May 17, 2023; or
- Project has been issued an award or conditional award from the Department's 2017 or 2018 Disaster Recovery Multifamily Housing Program (DR-MHP)

State Objectives Points (continued)

3. Policy objectives 70 Points

I. Special Needs Populations

Awarded to proposed rental projects with funding commitments that target Special Needs populations, using any of the following funding:

- HUD 811
- HUD Supportive Housing Program
- State Mental Health Services Act (MHSA)
- HCD -No Place Like Home Program
- HCD-Veterans Housing and Homelessness Program
- HCD -National Housing Trust Fund Program
- HCD -- Joe Serna, Jr. Farmworker Housing Grant Program
- May also be awarded to projects that provide project-based rental assistance, under the terms of an MHSA or Veterans Affairs Supportive Housing Voucher (HUD-VASH).

NOTE: If serving Special Needs or Homeless populations, the Projects must include supportive services in accordance with the "Core components of Housing First" under Welfare and Institutions Code § 8255.

State Objectives Points (continued)

Policy objectives (continued)

II. Homelessness

- Points shall be awarded to applications that propose rental Projects primarily serving people experiencing Homelessness and/or those At Risk of Homelessness as defined in at 24 C.F.R. § 578.3.
- NOTE: If serving Special Needs or Homeless populations, the Projects must include supportive services in accordance with the "Core components of Housing First" under Welfare and Institutions Code § 8255.

-OR-

State Objectives Points (continued)

Policy objectives (continued)

III. Extremely Low-Income (ELI)

 Points shall be awarded to applications that propose rental Projects primarily serving Extremely Low-Income Families, which means low-income families whose annual incomes do not exceed 30 percent of the median family income of a geographic area, as determined by HUD with adjustments for smaller and larger families. See table in Appendix D for

NOTE: This scoring category is not applicable to Homebuyer Projects. Homebuyer Projects will automatically receive full points in this category.

State Objectives Points (continued) #3: Policy Objectives - Scoring Chart

Table – Subfactor #3 Scoring Breakdown				
Percent of Units Committed to Special Needs, Homeless, or ELI Families	Points			
51% or more	70			
41-50%	60			
31-40%	50			
26-30%	40			
21-25%	30			
16-20%	20			
10-15%	15			
6-10%	10			
1-5 %	5			





Questions?

(we'll address questions in the Q&A)

Break



Scoring and Ranking: Information & Documentation

California Department of Housing and Community Development



Scoring

New this year:

- Scoring factors are in the new NOFA
 Appendix D, instead of in the body of the NOFA
- The Rental Supplement has been updated, and includes Applicant Experience

Max 300 points

- Start with the <u>updated</u> HOME Rental Supplement document
- There are 5 categories for scoring:
 - Project Development Plan (PDP)
 - Zoning
 - Local Government Approvals
 - Design Progress
 - Permanent Financing



Project Readiness Project Development Plan (PDP)

Points Awarded If PDP Item:

- Included with application
- "Recent" shelf life varies!
- Meets basic requirements
 - Correct standard
 - Qualified preparer
 - Rental New Construction (RNC)
 - Rehabilitation Projects

Project Readiness PDP Items

- Market Study
- Appraisal
- Phase I/II/VES (Rental New Construction only)
- Floodplain Analysis
- LBP/Asbestos/Mold (Rehab only)
- Construction Cost Estimate (Rental New Construction only)
- Scope of Work and Cost Estimate (Rehab only)
- Physical Needs Assessment (PNA) (Rehab only)
- Relocation



PDP: Market Study

- Prepared in 2024
- Meets TCAC 2024 Market Study Guidelines and HCD requirements
 - **Don't lose points!!** "This report prepared in accordance with the 2024 California Tax Credit Allocation Committee Guidelines"

2024 California Tax Credit Allocation Committee Guidelines - 2024 Market Study Guidelines (ca.gov)

PDP: Appraisal

- Prepared no earlier than 2024 for scoring points
- Required for all acquisitions
- Not required if land is donated
 - No land costs in Development Budget
 - Not a capital contribution
- Value of capital contribution supported by appraisal



PDP: Phase I/VES and Phase II Site Assessments

New Construction only

- Phase I/VES
 - Prepared no earlier than 2023
 - ASTM Standard E1527-21
- Phase II (if required by Phase I)
 - Prepared no earlier than 2023
 - ASTM Standard E1903-19



PDP: Floodplain Analysis

- FEMA Flood Hazard Determination Form OMB No. 1660-0040 (or later)
- Prepared in 2024
- Must be prepared by a flood certification service or other qualified 3rd party
- Flood cert required on ALL projects



PDP: Floodplain Analysis

- If <u>any portion</u> of site is in a floodplain:
 - Demonstrate Floodplain Incidental to Project
 - FEMA Flood Hazard Determination Form
 - Indicates NO buildings floodplain
 - Recorded covenants or restrictions required
 - Have obtained FEMA Conditional Letter of Map Revision (CLOMR)
 - Letter included in application
 - Intend to obtain a CLOMR
 - Narrative/explanation of intent included
 - CLOMR required prior to loan closing

PDP: Floodplain Analysis

- Intent to build in the floodplain:
 - Frowned on by HUD!
 - 8-Step Process, which includes
 - Analysis of alternate sites considered and rejected—"no practicable alternatives"
 - Analyze positive and negative impacts of building the project in floodplain, and
 - Describe mitigation measures to minimize negative impacts to people and property,
 - Supporting documentation is required.
 - Yes, this also applies to rehab projects!

PDP: Preliminary Cost Estimate

New Construction only

- Prepared in 2024
- Must be uploaded via eCivis Portal
- Estimate must be consistent with Development Budget, or an explanation must be provided to support any differences
- Preparer/Signer not limited to Architect



PDP: Preliminary Cost Estimate

Detailed Scope of Work Rehabilitation Projects only

- Prepared no more than 6 months prior to application due date listed in NOFA
- Project must meet local codes and rehab standards
- Consistent with PNA-identified immediate needs
- Includes work identified in PNA as needed in the first
 5 years of the project
- Use same Cost Estimate form for RNC projects

PDP: Physical Needs Assessment

- Prepared no earlier than 2024
 - Fannie Mae Guidelines
 HUD Mark-to-Market Program
 - Meet Additional HOME requirements
 - For USDA RD projects, the USDA RD Capital Needs Assessment is acceptable
- Appropriately licensed architect or engineer in business of performing PNAs

PDP: Lead, Asbestos & Mold Reports

- All three reports prepared no earlier than 2024
- By a properly-certified or accredited preparer
- To earn points all required reports must be submitted



PDP: Lead-based Paint Report

- If built prior to January 1, 1978
- Prepared by a State-<u>certified</u> lead-based paint inspector/assessor and mitigation must demonstrate compliance with the HOME rehabilitation standards

PDP: Asbestos Report

Rehabilitation Projects only

 Requires analysis from environmental laboratory <u>accredited</u> by the *National Institute* of Standards and Technology Asbestos Program



PDP: Mold Report

- Based on a thorough building inspection
 - Inspect and test "hidden areas" if needed
- Prepared by a third party having sufficient qualifications and expertise to competently prepare the report



PDP: Relocation General Information Notice (GIN) & Plan

- One copy of actual GIN
- Tenant Notification List
- Proof of Delivery
- Relocation Plan
 - Prepared/Updated in 2024



Zoning, Local Approvals, & Fees

- Three forms to upload via eCivis application portal
 - -Verification of Zoning and Other Local Approval
 - -Verification of Local Development Impact Fees
 - -Verification of Water and Sewer Availability
- Applicant completes only the project information; local official completes the remainder
- If an item is not applicable, an explanation <u>must</u> be included
- Signed by Developer <u>and</u> Local Official

Zoning, Local Approvals, & Fees

Points awarded (Rental New Construction):

Zoning Verification 40 points

ALL Local Approvals Obtained* 80 points

Both water and sewer available 5 points

Points awarded (Rental Rehab):

Zoning Verification 40 points **ALL** Local Approvals Obtained* 1 point

Points awarded (Rental Acquisition-Only):

Zoning Verification 40 points **Both** water and sewer available 5 points

Points awarded (First-Time Homebuyer Project):

Zoning Verification 10 points

ALL Local Approvals Obtained* 75 points

Impact Fees 5 points

*NOTE: <u>Expected</u> approval dates do <u>not</u> receive points; approvals must have been received by the time of (and submitted with) the application. Any items that are "not applicable" must be clearly documented.



Design Progress

- Executed agreement with architectural firm
- Letter from architect or construction specialist stating status of plans and specifications:
 - Ready to submit to planning department
 - Preliminary Plans and Specifications
 - Conceptual (Elevation and Floor Plans)



% Non-HOME Financing Committed

Max 25 points New Construction, 35 for Rehab, 75 for Acquisition-Only

- Permanent Financing
 - Enforceable Commitment
 - No conditions or qualifiers (other than standard conditions)
 - Must include borrower's name, project name, address or legal description
 - Must state loan terms

Permanent Financing

Points will be awarded on a sliding scale based on a percentage of committed perm financing committed, as evidenced by enforceable Commitment Letters.

New Construction

<10% = 0 pts 10-19.99% = 5 pts 20-49.99% = 10 pts 50-100% = 25 pts

Rental Rehab

<10% = 0 pts 10-19.99% = 5 pts 20-49.99% = 20 pts 50-100% = 35 pts

Rental Acq.-Only

<10% = 0 pts 10-19.99% = 15 pts 20-49.99% = 40 pts 50-100% = 75 pts







Questions?

(we'll address questions in the Q&A)

Project Feasibility: Financial Feasibility

California Department of Housing and Community Development



Income Limits, Rent Limits, HOME per-unit Subsidy Limits, and FTHB HOME Homeownership Value Limits

The current HOME Income Limits, Homeownership Value Limits, Rent Limits, and Maximum Per-Unit Subsidy limits are located on the Department's website at:

https://www.hcd.ca.gov/grants-and-funding/income-limits/state-and-federal-income-rent-and-loan-value-limits

(in the CDBG, HOME and NHTF/HHC Article I – Income, Value, Subsidy, and Rent Limits folder)



HOME 2024 Income Limits

2024 State HOME Income Limits - Effective June 1, 2024 *Percentages may not be mathematically related to each other due to rounding										
County		Number of Persons in Household								
	Income Category*	1	2	3	4	5	6	7	8	
Alameda	30% Limits	\$32,700	\$37,400	\$42,050	\$46,700	\$50,450	\$54,200	\$57,950	\$61,650	
	Very Low Income 50%	\$54,500	\$62,300	\$70,100	\$77,850	\$84,100	\$90,350	\$96,550	\$102,800	
	60% Limits	\$65,400	\$74,760	\$84,120	\$93,420	\$100,920	\$108,420	\$115,860	\$123,360	
	Low Income 80%	\$84,600	\$96,650	\$108,750	\$120,800	\$130,500	\$140,150	\$149,800	\$159,500	
Alpine	30% Limits	\$22,200	\$25,400	\$28,550	\$31,700	\$34,250	\$36,800	\$39,350	\$41,850	
	Very Low Income 50%	\$37,000	\$42,250	\$47,550	\$52,850	\$57,050	\$61,300	\$65,550	\$69,750	
	60% Limits	\$44,400	\$50,700	\$57,060	\$63,420	\$68,460	\$73,560	\$78,660	\$83,700	
	Low Income 80%	\$59,200	\$67,650	\$76,100	\$84,550	\$91,350	\$98,100	\$104,850	\$111,650	
Amador	30% Limits	\$21,200	\$24,200	\$27,250	\$30,250	\$32,700	\$35,100	\$37,550	\$39,950	
	Very Low Income 50%	\$35,300	\$40,350	\$45,400	\$50,400	\$54,450	\$58,500	\$62,500	\$66,550	
	60% Limits	\$42,360	\$48,420	\$54,480	\$60,480	\$65,340	\$70,200	\$75,000	\$79,860	
	Low Income 80%	\$56,450	\$64,550	\$72,600	\$80,650	\$87,150	\$93,600	\$100,050	\$106,500	
Butte	30% Limits	\$19,050	\$21,800	\$24,500	\$27,200	\$29,400	\$31,600	\$33,750	\$35,950	
	Very Low Income 50%	\$31,750	\$36,300	\$40,850	\$45,350	\$49,000	\$52,600	\$56,250	\$59,850	
	60% Limits	\$38,100	\$43,560	\$49,020	\$54,420	\$58,800	\$63,120	\$67,500	\$71,820	
	Low Income 80%	\$50,750	\$58,000	\$65,250	\$72,500	\$78,300	\$84,100	\$89,900	\$95,700	
Calaveras	30% Limits	\$19 900	\$22 750	\$25 600	\$28 400	\$30,700	\$32 950	\$35 250	\$37 500	



2024 HOME Program Per Unit Subsidy Limits

(Effective February 13, 2024)

The following HOME Program Subsidy Limits apply to all counties in California:

County	O	1	2	3	4 & 5	
Name	Bedroom	Bedroom	Bedrooms	Bedrooms	Bedrooms	
All Counties	\$181,488	\$208,049	\$252,994	\$327,293	\$359,263	

HOME 2024 NOFA Multifamily Rental Projects Webinar

2024 HOME Program Rent Limits

(Effective June 1, 2024)

		Number of Bedrooms							
County	Rent Category	Efficiency	1	2	3	4	5	6	
Alameda	Low HOME Rent Limit	\$1,362	\$1,460	\$1,752	\$2,024	\$2,258	\$2,491	\$2,724	
	High HOME Rent Limit	\$1,699	\$1,821	\$2,187	\$2,519	\$2,790	\$3,060	\$3,329	
	For Information Only:	<u> </u>							
	Fair Market Rent	\$1,825	\$2,131	\$2,590	\$3,342	\$3,954	\$4,547	\$5,140	
	50% Rent Limit	\$1,362	\$1,460	\$1,752	\$2,024	\$2,258	\$2,491	\$2,724	
	65% Rent Limit	\$1,699	\$1,821	\$2,187	\$2,519	\$2,790	\$3,060	\$3,329	
Alpine	Low HOME Rent Limit	\$911	\$990	\$1,188	\$1,373	\$1,532	\$1,691	\$1,849	
-	High HOME Rent Limit	\$911	\$1,005	\$1,321	\$1,752	\$1,935	\$2,117	\$2,299	
	For Information Only:								
	Fair Market Rent	\$911	\$1,005	\$1,321	\$1,862	\$2,168	\$2,493	\$2,818	
	50% Rent Limit	\$925	\$990	\$1,188	\$1,373	\$1,532	\$1,691	\$1,849	
	65% Rent Limit	\$1,183	\$1,269	\$1,524	\$1,752	\$1,935	\$2,117	\$2,299	
Amador	Low HOME Rent Limit	\$882	\$945	\$1,135	\$1,310	\$1,462	\$1,613	\$1,764	
	High HOME Rent Limit	\$1,126	\$1,135	\$1,347	\$1,669	\$1,843	\$2,015	\$2,187	
	For Information Only:								
	Fair Market Rent	\$1,128	\$1,135	\$1,347	\$1,898	\$2,286	\$2,629	\$2,972	
	50% Rent Limit	\$882	\$945	\$1,135	\$1,310	\$1,462	\$1,613	\$1,764	
	65% Rent Limit	\$1,126	\$1,208	\$1,452	\$1,669	\$1,843	\$2,015	\$2,187	
Butte	Low HOME Rent Limit	\$793	\$850	\$1,021	\$1,179	\$1,315	\$1,451	\$1,587	
	High HOME Rent Limit	\$1,013	\$1,086	\$1,306	\$1,499	\$1,653	\$1,805	\$1,957	
	For Information Only:	<u> </u>							
	Fair Market Rent	\$1,049	\$1,091	\$1,428	\$2,012	\$2,423	\$2,786	\$3,150	
	50% Rent Limit	\$793	\$850	\$1,021	\$1,179	\$1,315	\$1,451	\$1,587	
	65% Rent Limit	\$1,013	\$1,086	\$1,306	\$1,499	\$1,653	\$1,805	\$1,957	

2024 HOME Program Homeownership Value Limits (FTHB Sales Price Limit for New Homes)

2024 HOME Program Single-Family Homeownership Value Limits for New Homes (built within 12 months of acquisition) - Effective September 1, 2024				
County	One-Unit 95% Median Sales Price Limit			
Alameda County	\$746,000			
Alpine County	\$414,000			
Amador County	\$399,000			
Butte County	\$392,000			
Calaveras County	\$404,000			
Colusa County	\$392,000			
Contra Costa County	\$712,000			
Del Norte County	\$392,000			
El Dorado County	\$554,000			
Fresno County	\$394,000			
Glenn County	\$392,000			

Note: these apply to only First-Time Homebuyer Projects



Project Feasibility

- The new Multifamily Application Workbook is based on current HOME Loan/Rent limits
- The HOME Rental Project Supplement to the Multifamily Application Workbook must also be completed
- Regulatory Compliance:
 - Uniform Multi-Family Regulations (UMRs)
 - State and Federal HOME Regulations

Determining the loan limit: Subsidy Layering Analysis

- HOME Supplement
- Ratio Test: HOME Units/Total Units = %
- Subsidy Limit: HOME Units x per unit limit
- Cost Allocation: HOME sq. ft. cost multiplier x TDC
- Maximum NOFA limit



New HOME 2024 NOFA Multifamily Application Workbook Tabs (1 of 2)

- Instructions
- HOME Cover Page
- Entity Org Docs
- Project Overview
- Unit Mix
- Contact List
- Development Sources
- Maximum Loan
- Development Budget (Includes Permanent Sources & Uses)
- Operating Budget
- Cash Flow
- Site and Neighborhood Standards



New HOME 2024 NOFA Multifamily Application Workbook Tabs (2 of 2)

- Reserves Calculator
- High-Cost Verification
- Management Certification
- Developer Fee
- Supportive Services Plan
- Supportive Services Costs
- Supportive Services Verification
- HOME Environmental Review
- HOME Scoring
- Sponsor Certification
- Document Checklist Full List
- Workbook Support



New HOME 2024 NOFA Multifamily Application Workbook

Live Demonstration

- New HOME Multifamily Application Workbook
- eCivis

by Joseph McNicholas, Representative II

Caution! HOME Multifamily Application Workbook's Worksheets are Linked!

- Complete Tabs in order
- Do <u>not</u> overwrite formulas
- Do <u>not</u> enter in <u>white</u> cells
- Workbook must be uploaded via eCivis portal

Rents and Unit Mix

- Enter rent for Manager's unit, only if actually charging rent for that unit
- Enter proposed rent, whether or not different from maximum rent
- Enter complete subsidy information for projectbased subsidies only (tenant-based subsidies are not allowed)

Limitations on Senior Debt

- Balloon payments and "sandwich loans" must comply with the 2017 UMR Sections 8310 and 8315.
- Interest rate resets must have a cap and project must remain feasible at the cap rate upon reset.



Development Budget Lesser of Land Cost or Value

Between unrelated parties

- Actual sales price and any amount over appraised value cannot be paid with HOME funds
- Reasonable "Verifiable Carrying Costs" are allowed for reimbursement of holding costs

Development Budget

- Environmental Remediation
- Relocation
- "Other" lines must be specified
- Contractor Overhead, Profit & General Requirements: Not to exceed 14% of construction costs as defined by TCAC

Development Budget

Construction Contingency minimums:

- New Construction minimum of 5% of Total Construction Costs (excluding contractor liability insurance)
- Rehabilitation and Conversion projects minimum of 10% of Total Construction Costs (excluding contractor liability insurance)

Development Budget Replacement Reserves

 Capitalized Replacement Reserves are not permitted for new construction unless required by another funding source



Development Budget Transition Reserve (TR)

Transition Reserve: New Construction and Rehab projects

The Project will maintain an approved transition reserve account established to prevent tenant displacement in the event of the termination of rent subsidies. Borrower may participate the Pooled Transition Reserve.

HOME funds cannot be used to capitalize a transition reserve.

Please refer to the following memo for more information: <u>HCD</u> <u>Transition Reserve Policy - Amended (ca.gov)</u>

Operating Budget Replacement Reserves

- Rental New Construction 0.6% of estimated construction costs or \$500 per unit
- Rental Rehabilitation the deposits shall be consistent with the long-term needs identified in the Physical Needs Assessment or \$500 per unit



Operating Budget Financial Expenses

- Mandatory Debt Service
- MHP/MHSA debt service = .42% payment
- List <u>ALL</u> bond servicing fees under "Miscellaneous Financial Expenses"
- HOME Monitoring Fees



HOME Monitoring Fees

- State Recipients
 - May charge monitoring fees
 - Not to exceed the State HOME monitoring fee
 - Must be stated in Regulatory Agreement
 - 10% of all HOME monitoring fees received must be remitted to the State



Cash Flow Analysis

- Do not change trending formulas!
- First-Year Debt Service Coverage Ratio (DSCR) of 1.10 to 1.20
- If greater than 1.20, cash flow must not exceed 12% of operating expenses
- Must demonstrate positive cash flow for 20 years



Questions?

(we'll address questions in the Q&A)



California Department of Housing and Community Development



NEPA

- Choice-Limiting Actions (CLA)
 - 24 CFR section 58.22
 - Upon contemplation of federal funds, there is a prohibition against any activity which would have an adverse effect on the environment or limit the choices of reasonable alternatives
- Contemplation of Federal Funds = Upon Application

NEPA

- What does this mean?
 - From date of application until the date Authority to Use Grant Funds (AUGF) is issued, <u>all</u> activity involving the project and site must stop.
 - Limitation applies to a broad range of activities, not just to the land itself.
 - Before undertaking any activity, consult with your HOME Representative.

NEPA

- Warnings!!!
 - Allow sufficient time to complete the NEPA review process
 - Mitigation might be required
 - Actions taken by seller can trigger a choice-limiting action
 - Environmental clearance is also required for other federal funding sources



California Department of Housing and Community Development



Relocation Plan

- Uniform Relocation Act
- Section 104(d) of HCD Act of 1974
- Anti-Displacement (economic displacement)
- Establish date of Initiation of Negotiation (ION) and provide ION date in application
- Costs included in Development Budget



Relocation General Information Notice (GIN) & Plan

If Relocation is triggered...

- One copy of actual GIN
- Tenant Notification List
- Proof of Delivery
- Relocation Plan
 - Prepared/Updated within 6 months of application submittal

If Relocation is not applicable, application must clearly state the reasons why it is not applicable

Note: In order to receive the points, you must have all four relocation items.

OTHER FEDERAL OVERLAYS

- Additional Federal Overlays May Apply
 - Labor Standards (Davis-Bacon)
 (12 or more HOME units)
 - Section 3 Labor Compliance
 - 2 CFR Part 200 Procurement Standards
 - Single Audit Report (State Recipients only)
 - Violence Against Women Act (VAWA)
 - MBE/WBE
 - Build America, Buy America Act (BABA)
 - Affirmative Fair Housing





Questions?

(we'll address questions in the Q&A)

Technical Assistance Consultations

➤ We're happy to meet anytime on Teams anytime before applications are submitted

E-mail HOMENOFA@hcd.ca.gov to request a call to schedule a technical assistance consultation

HOME NOFA INQUIRIES AND CONTACTS

NOFA APPLICATION INQUIRIES

For consistency and transparency, questions must be submitted to the HOME NOFA email inbox.

Questions will be reviewed, researched, and answered.

FAQ's will be posted to the HCD website.

Email to HOMENOFA@hcd.ca.gov

Thank You!

