California Department of
Housing and Community Development

HOME 2024 NOFA PROGRAM ACTIVITIES (Non-Tribal) APPLICATION WORKSHOP WEBINAR

January 30, 2025

Welcome and Remarks from Division of Federal Financial Assistance Leadership

Willa Darley Chapin
Housing Policy & Program Administration Branch Chief

Nicole "Niki" McCay
Housing and Community Development Manager II

HOME Program Activities Team

Kelly Underwood
HOME Program Manager

Vicki Balanco   Celina Castilleja

Jaime Gonzalez   Paul Monson

Tony Noia
HOME Program Activities Representatives

Jay Cortese
HOME Program Senior Specialist

Before We Start ▶

Technical Assistance Consultations

➢ We're happy to meet anytime on Teams before applications are due.

➢ E-mail <u>HOMENOFA@hcd.ca.gov</u> to request a call to schedule one.

Today's Agenda

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

– Scoring and Ranking Factors

– eCivis application overview for Program Activities

OVERVIEW

Estimated $35 Million overall in this NOFA

For:

Low Income Households earning at or below 80% AMI

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

To:

Increase the supply of Affordable Housing

Expand Homeownership Opportunity and Improve Existing Housing

Assist Renters with Initial and Monthly Cost

NOFA Overview
Funding Availability

In round numbers:

- $35 million available (approximately)
    - 55% for rental projects = $19.9 million
    - 5% for 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

Non-Tribal applications will be competitive, but Tribal applications will be over-the-counter

Application Deadline for Non-Tribal (attendees of this workshop): May 22nd, 2025

Application Deadline for Tribal Entities: September 24th, 2025

OVERVIEW

Estimated $11.6 - $14.5 million for non-Tribal Program Activities

$11.6 million is available for initial awards, and up to $2.9 million more will be available for late awards

NOFA Deadlines

Application Submittal Period

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

through

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

eCivis Application Portal

HOME Applications must be accessed, starting January 24, 2025, 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

2022-2023 NOFA	2024 NOFA
Tribal Entities 20% Target, but same application deadline	Tribal Entities over-the-counter, so much later application deadline
Scoring factors were in the NOFA	Scoring factors are in the new NOFA Appendix D
Bonus 7.5% General Admin for TBRA, for total of 10% General Administration (with overall cap)	Same, but no overall cap, so even lower scorers will receive bonus 7.5% General Admin for TBRA, if awarded!
No requirement for applicant to provide evidence of HUD accepting refusal of HOME 2024 funding award	Applicant is required to provide evidence of HUD accepting refusal of HOME 2024 funding award

Relatively New…

2019 NOFA	Starting with 2022-2023 NOFA
Any position named on Authorizing Resolution could sign HOME Contract	Mayor must sign HOME contract unless city ordinance allows another position to sign city's contracts.
CHDOs under a 3-year HCD certification could apply without submitting a CHDO certification package.	CHDOs must always submit a CHDO certification application with a NOFA application, for Programs or Projects.
HCD checked the applicant's Single Audit status with the State Controller's Office	Cities and counties must upload their exemption letter to SCO or else their Single Audit (due March 31 each year, for the prior FY), to show compliance with 2 CFR section 200.512. Also, any outstanding findings in the audit report may impact the ability for us to award funds.

Important Reminders

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.

  https://apps.hud.gov/offices/hsg/sfh/hcc/hcs.cfm?webListAction=search&searchstate=CA

Important Reminders

eCivis is our NOFA application portal

- We last accepted e-mailed applications in the HOME 2019 NOFA. This is our third NOFA in which applications must be submitted through eCivis. The link to the HCD solicitations page in eCivis is on our HOME webpage, in the Notice of Funding section.

Important Reminders

Program Income Requirements

- Quarterly reporting required for HOME PI and PI Admin Expenditures, in addition to APRs
- Committing PI Deadlines (FY after receipt)

PI True-Up Project

- Please get them in!

Important Reminders

FTHB Restoration Project

- Please get them in, to HOMEFTHB@hcd.ca.gov, ASAP! E-mail us there, as well, if you want to request a copy of the last e-mail that we sent out in November.

FTHB Materials are at:

- https://www.hcd.ca.gov/grants-and-funding/programs-active/home-investment-partnerships-program

Important Reminders

- 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

Important Reminders

- All Program Income and Recaptured Funds must be in interest-bearing account and interest earned on accounts, and interest received on Recaptured Funds, are both Program Income

- If exempt from requirements of the 2 CFR 200.512 Single Audit Report, must provide copy of letter (sent to SCO) with HOME application. Again, the new requirement is uploading your Single Audit and submitting evidence, if not exempt.
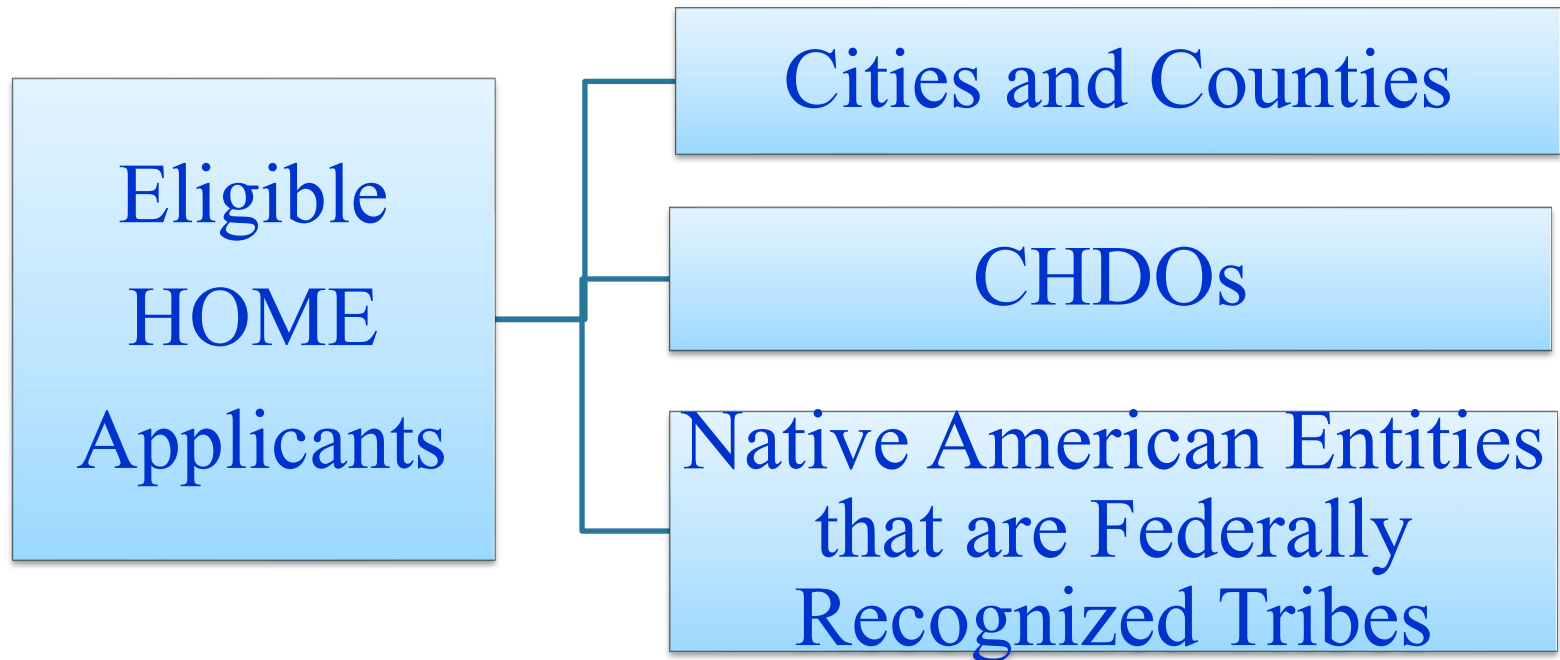
PROGRAM REQUIREMENTS

(Part 1)

Eligible Applicants
Eligible Activities

ELIGIBLE APPLICANTS

Eligible HOME Applicants
- Cities and Counties
- CHDOs
- Native American Entities that are Federally Recognized Tribes

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 a HUD urban county agreement with a PJ

That are not participating in a HOME Consortium

HOME RULES

HOME Limits

- HOME Income Limits

- HOME Homeownership Value Limits

- HOME Maximum Per-Unit Subsidy Limits

Federal Overlays

- NEPA (details later in this webinar)

- Procurement (Admin Subs) vs. Subrecipients

- 2 CFR Part 200 (Uniform Admin. Requirements)

ELIGIBLE ACTIVITIES
(Overview)

- First-Time Homebuyer (FTHB)

  ➤ Acquisition Only

  ➤ (Acquisition with Rehab is no longer HOME-eligible)

  ➤ Infill New Construction

- Owner-Occupied Rehabilitation (OOR)

- Tenant-Based Rental Assistance (TBRA)

  Note: CHDOs can apply for only FTHB

ELIGIBLE ACTIVITIES

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

- Cannot require owner-occupancy beyond federal Period of Affordability

- Assistance amount must not exceed HOME Maximum Per-Unit Subsidy Limits (currently $252,994 for 2-BR, $327,293 for 3-BR, and $359,263 for 4-5 BR)

- Home price must not exceed current HOME Homeownership Value Limits in the city and county areas to be served

ELIGIBLE ACTIVITIES

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)

CHDOs are not eligible for this activity

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 as required by NEPA.

- Application must document availability of grant funds or building sites currently owned by applicant if costs will exceed appraised value.

ELIGIBLE ACTIVITIES

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% of costs

- HOME Test for Reconstruction approval required if cheaper to tear down and rebuild than to repair.

ELIGIBLE ACTIVITIES

Tenant-Based Rental Assistance (TBRA)

- Rental subsidies (beyond 30% of adjusted household income under the certificate model, or 10-40% of gross income under the voucher model)

- Security Deposit Assistance (can't exceed 2 months rent per CA law change effective July 1, 2024, in most cases)

- Utility Deposit Assistance (but not alone)

- Rent plus Utility Allowance can't exceed Rent Standard, under the certificate model. Rent Standard must usually be 90-110% of HUD's published area Fair Market Rents, or established Small Area (zip codes) FMRs from HUD

- At least 90% of households must be at or below 60% of Area Median Income (AMI). Up to 10% could be between 60 and 80%

ELIGIBLE ACTIVITIES

Tenant-Based Rental Assistance (TBRA) Continued…

- Must document "Rent Reasonableness" (comparable)

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

- Must use Adjusted Monthly Income, not Gross Monthly Income, for gap calculation purposes

- Must recertify income annually, and whenever informed that income changed by at least a certain percentage.

ELIGIBLE ACTIVITIES

Tenant-Based Rental Assistance (TBRA) Continued…

- May not exceed 24 months, but is renewable

- 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

- Must also execute Written Agreements with Landlord and with Tenant

PROGRAM ACTIVITIES

FUNDING LIMITS

- Maximum Application Amount = $1,000,000 ($500,000 for most)

- Minimum Application Amount = $500,000

Including Administration and Project-Related Soft Costs (AKA "Activity Delivery Costs")

PROGRAM ACTIVITIES

EXPENDITURE RATES	
Maximum Application Amount	**Expenditure rate for Applicant's 2016, 2018, and 2019 HOME Program Activities contracts**
$1,000,000	75 percent or more
$ 700,000	50 – 74.99 percent
$ 500,000	0 – 49.99 percent (but current contracts must meet 50% Expenditure Rule)

Questions?

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

Break

PROGRAM REQUIREMENTS (Part 2)

USE OF FUNDS
FORMS OF ASSISTANCE
UNDERWRITING
PROPERTY STANDARDS

ELIGIBLE USES OF FUNDS

First-Time Homebuyer (FTHB)

- Loan as gap financing behind a 30+ year fixed rate primary mortgage loan only!

- **Project-related soft costs/"ADC":** Up to 6.5% of the HOME borrower assistance amount.

- Soft costs can be up to 6.5% of total development costs for FTHB infill new construction

ELIGIBLE USES OF FUNDS

Owner-Occupied Rehabilitation (OOR)

- Loan/Grant funds to borrowers for rehabilitation or reconstruction of substandard homes.

- **Project-related soft costs/"ADC":** up to 24% of the HOME loan/grant amount for OOR (or higher, with clear time/expense documentation).

ELIGIBLE USES OF FUNDS

Tenant-Based Rental Assistance (TBRA)

- Grant funds to tenants for monthly rental assistance and/or security deposits, and utility deposits.

- **Project-related soft costs/"ADC"**: up to 5% per household for income certification and unit inspection costs only, per unit (not overall)

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

FORMS OF ASSISTANCE

HOME GRANTS
Owner-Occupied Rehab

- Maximum 100% combined loan-to-value

- Maximum rehab grant is 25% of HOME Maximum Per-Unit Subsidy Limit

- HCD advance written approval is required on each project

UNDERWRITING STANDARDS

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 <u>fully</u> fund the project

PROPERTY STANDARDS

Infill 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

PROPERTY STANDARDS

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

ENVIRONMENTAL REVIEW

NEPA

- National Environmental Policy Act 24 CFR part 58.

- No funds may be committed to a HOME activity or project before the completion of the environmental review for that project (this is not programmatic, except for General Admin).

ENVIRONMENTAL REVIEW

NEPA (cont.)

- Required forms for General Admin, FTHB, OOR and TBRA are on HUD's Environmental page at: https://www.hudexchange.info/programs/environmental-review/.
- General Admin, FTHB and TBRA: use CENST form ("Categorically Excluded Not Subject To…")
- OOR: use CEST form ("Cat. Excl. Subject To…")
- We must approve NEPA package on each OOR project prior to commitment of funds to the homeowner.

Questions?

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

Application Review

APPLICATION EVALUATION

Minimum Requirements
Threshold

- Application received by the deadline

- Eligible applicant

- Eligible activity

- Eligible use of funds

- Complete Application

APPLICATION EVALUATION

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 is responsible for verifying submission status with SCO. If exempt, Exemption letter is required with application. If not, upload your Single Audit with your eCivis application, which was a new requirement starting last year.

- Not on the federal list of Debarred Contractors

APPLICATION EVALUATION

Minimum Requirements
Threshold

- Amount of funds requested between minimum and maximum

- Application forms have not been modified

APPLICATION EVALUATION

Minimum Requirements 50% Rule
• Applicant has met the 50% Expenditure Requirement
Applicants must have expended at least 50% of currently-open HOME Program Activities Contracts by the application due date of May 22, 2025. This includes 2018 and 2019 grants that have been or will be extended beyond May 22, 2025.

APPLICATION EVALUATION

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.

APPLICATION EVALUATION

50% Rule - What "Expended" means:
"Work completed"

- **FTHB** = Escrow has closed

- **OOR** = The amount of construction/rehab payments made for work completed and inspected

- **TBRA** = Rental assistance amount multiplied by the number of months in tenants TBRA agreement

APPLICATION EVALUATION

THE 50% RULE
• **Add** all "current" HOME Program Activities contracts
• **Divide** that amount by two
• **Equals** the amount that must be expended

SCORING and RANKING

SCORING AND RANKING FACTORS

Maximum Points Possible = 950
Local Housing Element:
Local Housing Element in compliance with State Housing Element Law by **May 22, 2025 (the NOFA application due date)**
Points = 50

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

SCORING AND RANKING FACTORS

Direct Allocation Declined

Jurisdictions that could go directly to HUD
but have declined their direct allocation.

New this year: Applicants must provide evidence of declining a HUD HOME allocation and of HUD acceptance.

Points = 50

SCORING AND RANKING FACTORS

Rural Communities
• Based on the location of the proposed activities
• Submission of the required documents
Points = 50

SCORING AND RANKING FACTORS

Applicant Experience

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

Maximum Points Possible = 100

SCORING AND RANKING FACTORS

Prior Performance Reporting: Factor #1

- Annual Performance Reports
    FY 21-22, 22-23, and 23-24

- Quarterly Performance Reports
    16-HOME through 19-HOME Program
    Activities contracts

- Quarterly Program Income Statements
    All 16-HOME through 19-HOME contracts
- Points deducted if late or not received, for each

Maximum Points Deducted = 50

SCORING AND RANKING FACTORS

Prior Performance Monitoring: Factor #2
Non-Compliance with Monitoring or Contract Requirements identified in the last 5 years **(1/1/20 thru 12/31/24)**
Maximum Points Deducted = 100

SCORING AND RANKING FACTORS

Community Need:

Appendix C of the NOFA is based on U.S. Census Data for point scoring by activity type
https://www.hcd.ca.gov/sites/default/files/docs/grants-and-funding/home/home-2024-appendix-c-community-need-scores.xlsx

Maximum Points Possible = 250

SCORING 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

SCORING AND RANKING FACTORS

Project Feasibility
Activity-Specific Criteria (Continues)

Owner-Occupied Rehabilitation Program

- Number of overcrowded households
- Age of housing stock (U.S. Census Data)

TBRA Program

- Overpayment by low-income households (U.S. Census Data)

SCORING AND RANKING FACTORS

Program Feasibility
Awarded if Exhibit B6 Guidelines Certification submitted
Points = 25

SORING AND RANKING FACTORS
State Objectives

Higher (Program) Expenditure Rates (2016, 2018, and 2019 HOME Program Activities contracts):

- 90 points for expenditure rate of 75% +

- 60 points for expenditure rate of 50% – 74.99%

Maximum Points = 90

SCORING FACTORS
State Objectives

Homelessness or Extremely Low-Income

To get these points, indicate on our form in eCivis that:

1) Applicant is applying for TBRA; or

2) Proposed Program Activity will primarily serve (50% of more) people experiencing homelessness and/or those At Risk of Homelessness as defined in at 24 C.F.R. § 578.3; or

3) Proposed Program activity(ies) will primarily serve (50% or more) 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.

Maximum Points = 110

Questions?

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

eCivis Application Portal

➢ Many struggled last year with our new MAIN/SUB format, so we're providing a demo for you today.

➢ Main takeaway for you: Everyone must complete one MAIN application in eCivis, and a SUB application for each Program Activity being applied for. Many failed to submit any SUB applications last year!

➢ Example: Applying for FTHB and OOR (submit <u>3</u> applications!):

  ➢ Complete one MAIN application (formerly Part A)

  ➢ Complete one SUB application for FTHB

  ➢ Also complete one SUB application for OOR

eCivis Application Overview

by Vicki Balanco

Questions?

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

HOME PROGRAM CONTACTS

Submit HOME Program Inquiries via e-mail to:
HOMENOFA@hcd.ca.gov

Kelly Underwood, HOME Program Manager

(916) 398-6773

Kelly.Underwood@hcd.ca.gov

THANK YOU!