

# HOME NOFA WORKSHOP FOR FIRST-TIME HOMEBUYER (FTHB) PROJECTS

California Department of Housing and  
Community Development



WELCOME



# Webinar Poll

Facilitator to conduct quick  
poll of the audience



## **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\*\*](mailto:HOMENOFA@hcd.ca.gov)



# HOME Project Team

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# NOFA Deadlines

## Application Submittal Period

**February 12, 2024, 8:00 a.m. PDT**

through

**April 9, 2024, 5:00 p.m. PDT**



# Presentation Overview

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



# eCivis Application Portal

HOME Applications must be accessed, starting February 12, 2024, through the eCivis Grants Network Portal – Programs Available for Solicitation page at:

[https://gn.ecivis.com/GO/gn\\_redir/T/vyjsqf2kekyx](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

- \$120 million available (approximately)
  - 55% for rental projects = \$66 million
  - 5% FTHB projects = \$6 million
  - 40% for Program Activity = \$48 million
- 50% reserved for rural areas = \$60 million
- 15% reserved for CHDO's = \$18 million
- Federally Declared Disaster Area Target = \$18 million
- 20% for Native American Target = \$24 million



# New This Year

2022-2023

- Recovery Assistance for natural disaster survivors.
- 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, unless the city has an ordinance in effect that specifically allows contracts to be signed by an officer other than the mayor or mayor pro tempore.



# New This Year

2022-2023

- CHDO Applicants must meet all the requirements found at 24 C.F.R. § 92.2 at the time of application submittal and be certified by the Department prior to any project activity or program activity funding award through this NOFA.
- Updated State Objectives now include Extremely Low-Income households.



# CHDO Requirements

2022-2023

- The CHDO must demonstrate capacity for each role (Owner or Sponsor) it intends to undertake.
- **ALL** CHDO applicants **MUST** submit a complete CHDO Certification application with all exhibits and attachments by April 9, 2024.
- Must submit a CHDO Certification Application as described in HOME 2022-2023 NOFA Appendix B Community Housing Development Organization (CHDO) Certification Documents.
- CHDO Certification will be for Projects and/or Program Activities awarded as a result of this NOFA solicitation Only.



# New This Year

2020-2021	2022-2023
<p>Funding Limits by Project Activity:            SR/CHDO/Developer: \$7M not including            Admin, ADC, or CHDO Ops            FTHB \$7MM</p>	<p>Funding Limits by Project Activity:            SR/CHDO/Developer: \$12 million not including            Admin, ADC, or CHDO Ops</p> <p>First Time Home Buyer (FTHB): \$3 million</p>
<p>Max SR Admin = \$150,000</p> <p>ADC = \$50,000 (now Project Related Soft            Costs)</p>	<p>Administrative Funds: State Recipients</p> <ul style="list-style-type: none"> <li>--\$125,000 Administrative funds for projects              applying \$6,000,000 or more</li> <li>--\$75,000 Administrative funds for projects              applying for less than \$6,000,000</li> </ul> <p><b>PLUS</b></p> <ul style="list-style-type: none"> <li>--\$75,000 Project Related Soft Costs (formerly              Activity Delivery Costs)</li> </ul>



# New This Year

2020-2021	2022-2023
Activity Delivery Costs (ADC)	Now referred to as Project Related Soft Costs
Max CHDO Ops = \$200,000	Max CHDO Ops = \$150K --\$150,000 CHDO Operating funds for projects \$6,000,000 or more --\$100,000 CHDO Operating funds for projects less than \$6,000,000 Applies to FTHB Projects
Minimum funds into project \$1,000	Minimum funds per project \$5,000



# New This Year

2020-2021	2022-2023
15% CHDO Set-aside based on 2021 funds only	15% CHDO Set-Aside based on both 2022 & 2023 allocations
CHDOs must be certified every year they submit an application  Certification request must be submitted prior to March 10, 2022	The CHDO must demonstrate capacity for each role (Owner, Developer, or Sponsor) it intends to undertake.  Must submit a CHDO Certification Application as described in HOME 2022-2023 NOFA Appendix B Community Housing Development Organization (CHDO) Certification Documents



# New This Year

## 2020-2021

Table 8 – Monitoring Fees	
Number of Units	2021
12 or fewer	\$5,900
13 to 24	\$9,600
25 to 36	\$11,700
37-48	\$12,000
49-60	\$14,350
61 or more	\$16,800

## 2022-2023

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





# NOFA Overview Definitions

- To meet the definition of an **eligible jurisdiction**, Applicants must meet the following criteria:
  - Have not been designated as a “participating jurisdictions” 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; and
  - 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, a county’s unincorporated area, or an Indian Reservation, rancheria, or service area of a tribally designated housing agency.



# NOFA Overview

## Definitions

**“Native American Entity” (“NAE”)** means an “Indian Tribe” or a “Tribally Designated Housing Entity” that is any of the following: a) Applicant meets the definition of Indian Tribe under Section 4103(13)(B) of Title 25 of the United States Code; b) Applicant meets the definition of Tribally Designated Housing Entity under 25 U.S.C. 4103(22); or c) If Applicant is not a federally recognized tribe as identified above, Applicant is either: (1) Listed in the Bureau of Indian Affairs Office of Federal Acknowledgment Petitioner List, pursuant to 25 C.F.R. Part 83.1; or (2) 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 GC Section 65352.3, and 3) has formed and controls a special purpose entity in compliance with 25 C.C.R. § 8313.2.



# NOFA Overview

## Definitions

**“Native American Entity – Federally Recognized Tribe (“NAE-FRT”)** means any Tribal Government which is a federally recognized tribe as defined at 25 U.S.C. section 4103(13)(B) and includes a duly constituted governing body of an Indian Reservation or Rancheria as Health and Safety Code section 50077 and 50079; or is a Tribally Designated Housing Entity under 25 U.S.C. section 4103(22).



# NOFA Overview

## Definitions

**“Native American Entity – Non-Federally Recognized Tribe” (“NAE-NFRT”)** means any Tribal Government which is an Indian Tribe located in California that is not a federally recognized tribe and is either: (1) listed in the Bureau of Indian Affairs Office of Federal Acknowledgment Petitioner List, pursuant to 25 C.F.R. Part 83.1, and has formed and controls a special purpose entity in compliance with 25 C.C.R. § 8313.2; or (2) listed on the contact list maintained by the California Native American Heritage Commission for the purposes of consultation pursuant to Government Code (GC) § 65352.3, and (3) has formed and controls a special purpose entity in compliance with 25 C.C.R. § 8313.2.



# NOFA Overview

## Definitions

**“Native American Lands”** means real property located within the State of California that meets the following criteria: (1) is trust land for which the United States holds title to the tract or interest in trust for the benefit of one or more tribes or individual Indians, or is restricted Indian land for which one or more tribes or individual Indians holds fee title to the tract or interest but can alienate or encumber it only with the approval of the United States; and the land may be leased for housing development and residential purposes under federal law; or (2) lands outside the jurisdiction of tribal government owned or co-owned by a Native American Entity in accordance with 25 C.C.R. § 8201(y).



# NOFA Overview

## Definitions

**“Native American Entity (NAE) Service Area”** means the area where the Project is located within the NAL and includes lands outside the NAE tribal government jurisdiction up to 100 miles from the boundary of the NAE trust or restricted land as defined at 25 U.S.C. 2201 that is within non-entitlement jurisdictions.



# 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



# NOFA Overview - Eligible Applicants

- State Recipients - Local Agency or Local Public entities defined as:
  - Cities
  - Counties
  - Native American Entities (NAE)\*
  - State HOME eligible jurisdictions
    - NOFA Appendix A
- State-certified CHDO
- ❖ Developers are **not** eligible Applicants on FT HB





# Eligible Applicants

- State Recipients
  - May not be 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 should be located within the Applicants' defined service area.
  - Eligible city and county jurisdictions for 2022 and 2023 federal HOME funds are listed in Appendix A of current NOFA.



# Eligible Applicants (continue)

- CHDO – Community Housing Development Organization
  - ❖ May participate as Owner or Sponsor.
- CHDO Applicants must meet all the requirements found at 24 C.F.R. § 92.2. [eCFR: 24 CFR 92.2 -- Definitions.](#)



# Eligible Projects

## First-Time Homebuyer Projects

CHDOs only:

- Must be certified in county where the CHDO is certified to operate
- Must be certified in the jurisdiction where project is located

State Recipients:

- Project located within a city's incorporated area
- Project located within a county's unincorporated area

**Please note:**

Developers:

- Ineligible for FT HB projects



# NOFA Overview

## Application Limits

### Project Activity Funding Limits:

- FTTHB Projects: \$3,000,000

*Only 1 HOME* application pursuant to this NOFA for no more than 2 activities:

- 1 Rental Project and 1 FTTHB Project, or
- 1 Rental Project and any combination of Program activities, or
- 1 FTTHB Project and any combination of Program Activities, except for a FTTHB Program



# NOFA Overview

## Administrative, Project Related Soft Costs, and CHDO Operations Funds Limits

- State Recipients:
  - **\$125,000** Administrative funds for projects applying for \$6,000,000 or more
  - **\$75,000** Administrative funds for projects applying for less than \$6,000,000

**Plus**

  - **\$75,000** Project Related Soft Costs (formerly Activity Delivery funds)
- CHDO:
  - **\$150,000** CHDO Operating funds for projects \$6,000,000 or more
  - **\$100,000** CHDO Operating funds for projects less than \$6,000,000



# Threshold Requirements

## California Department of Housing and Community Development



# FTHB Threshold Factors

Application received by *April 9, 2024*

## Eligible Applicant

- State Recipient (SR)
- Native American Entity (NAE)
- Community Housing Development Organization (CHDO)
- List of Eligible Jurisdictions;
  - Referred to Appendix A



# FTHB Threshold Factors

## Eligible Project Location

- CHDOs only:
  - Must be certified in county where the CHDO is certified to operate
  - Must be certified in the jurisdiction where project is located
- State Recipients:
  - Project must be located within an eligible jurisdiction

### NOTE:

- **Projects for acquisition only are not eligible for funding.**
- **NO transitional housing allowed.**





# FTHB Threshold Factors

## Eligible Activity

Construction financing must include the following:

- 100 percent of the HOME investment must roll over to permanent financing to eligible first-time homebuyers and must be sold to eligible homebuyers.



# FTHB Threshold Factors

## Eligible Activity (continued)

Construction financing must include the following:

- New construction to develop homes on specific site(s).
- Homebuyer mortgage assistance only (no HOME construction financing) in a project that is being constructed or acquired and rehabilitated with other funds to then be sold to eligible first-time homebuyers.



# FTHB Threshold Factors

Application must include:

- Market Comparables
- Appraisal
- Phase I/II



# FTHB Threshold Factors

- No pending litigation for project.
- 2 CFR 200.512 Single Audit Report (State Recipients only) filed with State Controller's Office.
- Housing Element Compliance (State Recipients only)
- Site Control



# FTHB Site Control

- Property must be held in Fee Title
- 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:
  - Purchase Agreements
  - Option Agreements
  - Disposition and Development Agreements (DDA)
  - Exclusive Right to Negotiate
  - Conditional Contracts



# Acceptable Forms of Site Control

1. Purchase or Lease Agreement
2. Option Agreement
3. Purchase Agreement Conditional Upon NEPA Review – under limited circumstances only

## **Please note:**

For Purchase Agreement or a Disposition and Development Agreement (DDA), refer to HUD Memo: Guidance on Option and Conditional Contracts for Purchase of Real Property for Environmental Reviews Conducted by a Responsible Entity, under 24 CFR 58, dated August 26, 2011.



# Acceptable Forms of Site Control

(continued)

There are four acceptable forms of site control that avoid “choice-limiting” NEPA problems.

1. Site purchase or long-term lease must be consistent with the UMR requirements, prior to submitting the HOME application.
2. 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.

- CPD Notice May be found at:  
<https://archives.hud.gov/offices/cpd/affordablehousing/lawsandregs/notices/98-1.pdf>
- Memo may be found at: update link  
<https://files.hudexchange.info/resources/documents/HUD-Memo-Guidance-on-Options-and-Conditional-Contracts-for-Purchase-of-Real-Property-for-Environmental-Reviews-Conducted-by-a-Responsible-Entity-under-24-CFR-58.pdf>



# Rating and Ranking Scoring

## California Department of Housing and Community Development



# 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
<b>TOTAL APPLICABLE POINTS</b>	<b>1550</b>



**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 *declines* the funding to preserve their state HOME eligibility shall be awarded the full 50 points.
- 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

- Applicant must demonstrate experience implementing local, state, or federal affordable housing and/or community development projects.
- Needs to be during the last 7 calendar years (1/1/2017 – 12/31/2023).



# CAPACITY

(continued)

## Prior Development Team Experience up to 200 Points

- 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 (1/1/2019 – 12/31/2023).



# Capacity

(continued)

## 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 1/1/2019 – 12/31/2023.





# Capacity

(continued)

## 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

The Departments look back period will be 1/1/2019 – 12/31/2023.



# Capacity

(continued)

## 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

The Department's look back period will be 1/1/2019 – 12/31/2023.



# Capacity

(continued)

## 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.

The Department's look back period will be 1/1/2019 – 12/31/2023 for all subfactors above.



# Capacity

(continued)

## Prior Performance

### 4. Monitoring Noncompliance

100 points

- There are two noncompliance categories
  - **Monitoring** will be deducted if any applicant has failed to remedy any HOME monitoring findings and concerns.
  - **Late Reports** – points will be deducted 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 (10 points)
    - State Recipients – Annual Report (10 points)
    - CHDOs – Annual Operating Budget (10 points)
    - CHDOs – Annual Report (10 points)

The Departments look back period will be 1/1/2019 – 12/31/2023.



# Community Need and Project Feasibility

Max 450 points

## Community Need

250 points

Up to 250 points will be awarded by activity type based on the date in [Appendix C](#) found on the HOME NOFA webpage.

<https://view.officeapps.live.com/op/view.aspx?src=https%3A%2F%2Fwww.hcd.ca.gov%2Fsites%2Fdefault%2Ffiles%2Fdocs%2Fgrants-and-funding%2Fhome%2Fhome-2022-2023-nofa-appendix-c.xlsx&wdOrigin=BROWSELINK>



# 2022-2023 Appendix C – FTHB

## Rating Points for First-Time Homebuyer Projects by Jurisdiction

(110 pts)

Appendix C Community Need Data for All State HOME Eligible Jurisdictions For 2022-2023 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 -					
	85 Points MAX		25 Points MAX		110 Max Points
Jurisdiction	Owners in Poverty	Points Awarded	Owners Overcrowded	Points Awarded	Total Points Awarded
Alpine County, California	5.42%	51	1.25%	18	69
Amador County, California	3.74%	51	0.44%	15	66

FTHB Data by Jurisdiction



# 2022-2023 Appendix C – FTHB

Rating Points for First-Time Homebuyer Projects by County

(140 pts)

For 2022-2023 HOME NOFA FTHB Projects only				
Data are from HUD'S current HOME Homeownership Value Limits for <u>Newly-Constructed</u> Housing				
and from the State Median Income Limits, 2023				
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 Project (140 MAX)
Alpine	\$401,000	\$96,125	4.17	90
Amador	\$401,000	\$91,688	4.37	95
Butte	\$398,000	\$82,438	4.83	100
Calaveras	\$399,000	\$95,313	4.19	90
Colusa	\$356,000	\$82,438	4.32	90

FTHB Proj County Data



# Community Need and Project Feasibility

(continued)

Max 450 points

## Project Feasibility

200 Points

- Self-Evaluation Worksheet (150 pts)  
State and federal requirements
- Highest percentage of HOME-assisted units (50 pts)  
 $\text{HOME Units} / \text{Total Units} = \%$





# Project Readiness

## Project Development Plan (PDP)

### First Time Home Buyers - Project 300 Points

Market Comparables/Market Study	40 Points
Property Appraisal	10 Points
Phase I/II	30 Points
Floodplain Analysis	55 Points
Construction Cost Estimate	5 Points
Zoning Verification	10 Points
Local Government Approval	75 Points
Construction Financing Commitments	35 Points
Design Progress	10 Points
Impact Fees	30 Points



# State Objective Points

For the state objective 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 Projects located in federally-declared disaster areas pursuant to the HUD memorandum dated May 17, 2023.
- <https://www.fema.gov/disaster/4699>
- <https://www.fema.gov/disaster-federal-register-notice/dr-4683-ca-public-notice-001>



# State Objective Points

(continued)

## 3. Policy objectives 70 Points

### – 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.

-- OR --



# State Objective Points

(continued)

## 3. Policy objectives (continued)

### - 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.

-OR-



# State Objective Points

(continued)

## 3. Policy objectives (continued)

### - 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.

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



# Break





# Rating and Raking: Information & Documentation

**California Department of Housing  
and Community Development**

2022-2023 HOME NOFA First Time  
Home Buyer Projects Webinar



# Project Readiness

Max 300 points

- Start with HOME 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



# Project Readiness PDP Items

- Market Study
- Appraisal
- Phase I/II
- Floodplain Analysis
- Construction Cost Estimate
- Relocation



# PDP: Market Study/Comparables

- An analysis of comparable properties in the market area of the proposed project.
- Prepared by a licensed real estate broker (or appraiser) having no identity of interest with the Sponsor, the partners of the Sponsor, the intended partners of the Sponsor, or the general contractor
- Prepared and signed no earlier than January 2023.
- Contains comparable actual sales data from at least 10 other single-family homes in the market area of the proposed project.



# PDP: Appraisal

- Prepared no earlier than 2023 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: Appraisal

(continued)

An appraisal is required for all projects EXCEPT where there are no land costs included in the development budget and there are no financial consequences which would require that the Department assess the value of the land (i.e. the developer is not calculating a higher percentage of permanent financing committed due to land donation). Not required if land is donated.

The appraisal must also show the unrestricted fair market value of each model proposed to be sold.



# PDP: Appraisal

(continued)

- The home cannot be sold for more than its value, i.e. the total of all loans secured by the property cannot exceed its value.
- If no appraisal has been submitted because land costs are not being charged to the project, the market comparables in PDP #1 should be primarily relied upon to determine the feasibility of the proposed home sales prices.





# PDP: Phase I/VES and Phase II Site Assessments

- Phase I/VES
  - Prepared no earlier than 2022
  - ASTM Standard E1527-21
- Phase II (if required by Phase I)
  - Prepared no earlier than 2022
  - ASTM Standard E1903-19



# PDP: Floodplain Analysis

- Flood cert required on ALL projects (regardless if property is in a Flood zone)
- FEMA Flood Hazard Determination Form OMB No. 1660-0040 (or later)
- Prepared in 2023
- Must be prepared by a flood certification service or other qualified 3<sup>rd</sup> party



# PDP: Floodplain Analysis

- If any portion 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.



# PDP: Preliminary Cost Estimate

- Prepared in 2023
- 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: Relocation General Information Notice (GIN) & Plan

- One copy of actual GIN
- Tenant Notification List
- Proof of Delivery
- Relocation Plan
  - Prepared/Updated in 2023



# 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 only completes the project information
- If an item is not applicable, an explanation must be included
- Signed by Developer and Local Official



# 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)





# 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.

## Rental 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



# Project Feasibility: Financial Feasibility

**California Department of Housing  
and Community Development**

2022-2023 HOME NOFA First Time  
Home Buyer Projects Webinar



# Determining the Loan Limit

FTHB application amount calculated at up to 50% of the Maximum HOME Homeownership Value Limits or the HUD allowed per unit subsidy (whichever is lower)



# Example 1 High-Cost County

Napa County HOME Value Limit

\$684,000 (Sales Price)

50% \$342,000

\$342,000

3-Bedroom Subsidy Limit \$312,005

4-Bedroom Subsidy Limit \$342,482

Max Down Payment Assistance (3-Bedroom) \$312,005

Max Down Payment Assistance (4-Bedroom) \$342,000



# Example 2 Low-Cost County

Lassen County HOME Value Limit

\$356,000 (Sales Price)

50% \$178,000

\$178,000

3-Bedroom Subsidy Limit \$312,005

4-Bedroom Subsidy Limit \$342,482

Max Down Payment Assistance (3-Bedroom) \$ 178,000

Max Down Payment Assistance (4-Bedroom) \$ 178,000



# 2021 HOME Program Homeownership Value Limits/ Sales Price Limit

<b>2023 HOME Program Single-Family Homeownership Value Limits for Development or Acquisition of Newly-Constructed Housing - Effective July 1, 2023 (Built within 12 months of acquisition)</b>	
<b>County</b>	<b>One-Unit 95% Median Sales Price Limit</b>
Alameda	\$736,000
Alpine	\$401,000
Amador	\$401,000
Butte	\$398,000
Calaveras	\$399,000
Colusa	\$356,000
Contra Costa	\$678,000
Del Norte	\$356,000
El Dorado	\$539,000



# 2023 HOME Program Per Unity Subsidy Limits

(Effective April 7, 2023)

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

County Name	0 Bedroom	1 Bedroom	2 Bedrooms	3 Bedrooms	4 & 5 Bedrooms
All Counties	\$173,011	\$198,331	\$241,176	\$312,005	\$342,482



# 2023 State HOME Income Limits

## 2023 State HOME Income Limits - Effective June 15, 2023

\*Percentages may not be mathematically related to each other due to rounding

County	Income Category*	Number of Persons in Household							
		1	2	3	4	5	6	7	8
Alameda	30% Limits	\$31,050	\$35,500	\$39,950	\$44,350	\$47,900	\$51,450	\$55,000	\$58,550
	Very Low Income 50%	\$51,800	\$59,200	\$66,600	\$73,950	\$79,900	\$85,800	\$91,700	\$97,650
	60% Limits	\$62,160	\$71,040	\$79,920	\$88,740	\$95,880	\$102,960	\$110,040	\$117,180
	Low Income 80%	\$78,550	\$89,750	\$100,950	\$112,150	\$121,150	\$130,100	\$139,100	\$148,050
Alpine	30% Limits	\$20,200	\$23,100	\$26,000	\$28,850	\$31,200	\$33,500	\$35,800	\$38,100
	Very Low Income 50%	\$33,650	\$38,450	\$43,250	\$48,050	\$51,900	\$55,750	\$59,600	\$63,450
	60% Limits	\$40,380	\$46,140	\$51,900	\$57,660	\$62,280	\$66,900	\$71,520	\$76,140
	Low Income 80%	\$53,850	\$61,550	\$69,250	\$76,900	\$83,100	\$89,250	\$95,400	\$101,550
Amador	30% Limits	\$19,250	\$22,000	\$24,750	\$27,500	\$29,700	\$31,900	\$34,100	\$36,300
	Very Low Income 50%	\$32,100	\$36,700	\$41,300	\$45,850	\$49,550	\$53,200	\$56,900	\$60,550
	60% Limits	\$38,520	\$44,040	\$49,560	\$55,020	\$59,460	\$63,840	\$68,280	\$72,660
	Low Income 80%	\$51,350	\$58,700	\$66,050	\$73,350	\$79,250	\$85,100	\$91,000	\$96,850
Butte	30% Limits	\$17,350	\$19,800	\$22,300	\$24,750	\$26,750	\$28,750	\$30,700	\$32,700





# Income Limits, HOME per-unit Subsidy Limits, and HOME Homeownership Value Limits

- The current HOME income limits are located on the Department's website at:  
<https://www.hcd.ca.gov/sites/default/files/docs/grants-and-funding/2023-home-income-limits.pdf>
- The current HOME per-unit subsidy limits are located on the Department website at:  
<http://www.hcd.ca.gov/grants-funding/income-limits/state-and-federal-income-limits.shtml>
- The current HOME Homeownership Value Limits can be found at:  
<https://www.hcd.ca.gov/sites/default/files/docs/grants-and-funding/2023-home-homeownership-value-limits-for-new-construction.pdf>



# FTHB Financing Notes

- Resale Provisions are NOT Allowed
- Loan Agreements are required
- Loan Agreements will detail Recapture Provisions
- Permanent Financing must meet the following requirements:
  - Primary Loan (bank/mortgage company)
  - Terms:
    - Minimum of 30 years
    - Fully amortized (no balloons or negative amortizing loans)
    - “Current Market Rate” = Fannie Mae Rate Plus 100 Basis Points
    - No Temporary Rate Buy-Downs



# First-Time Homebuyer Loan Terms

## HOME Loan:

- HOME Loan is minimum amount necessary for the gap financing
- 0-3% Simple Interest, accrued interest may be forgiven (principle cannot be forgiven)
- Payments are deferred for the loan term



# Procurement Requirements of Administrative Subcontractors

- Must follow a competitive Request for Qualifications (RFQ) / Request for Proposal (RFP) procurement process
- Must receive State approval prior to executing
- Agreement if process becomes Sole-Source
- Alternative to Administrative Sub: Sub-recipient if non-profit or government entity



# Caution!

## FTHB Application Worksheets are linked!

- Complete Pages in Order
- Do NOT Overwrite Formulas
- Do NOT enter in White cells

→ FTHB application worksheets must be uploaded via eCivis portal ←



# Project Feasibility: NEPA

## California Department of Housing and Community Development



# NEPA

- Choice-Limiting Actions (CLA)
  - 24CFR Part 58 Sec. 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, ALL 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 trigger choice-limiting actions
  - NEPA Clearance is required for EACH HUD funding source



# Project Feasibility: Relocation

## California Department of Housing and Community Development

2022-2023 HOME NOFA First Time  
Home Buyer Projects Webinar



# 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 in 2023

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

- Federal Overlays May Apply
  - Labor Standards (Davis-Bacon)  
(12 or more HOME units)
  - Procurement Standards
  - Single Audit Report (State Recipients only)
  - Violence Against Women Act (VAWA), etc.
  - MBE/WBE
  - Affirmative Fair Housing



# 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](mailto:HOMENOFA@hcd.ca.gov)



# Thank You!

