

CalHome Disaster Relief NOFA 2018 - Round 1
Frequently Asked Questions and Answers
Updated 5/16/2018

#	Category	Question	Response
1	CDBG Program Income	If we have current CDBG program Income on hand do we need to use this first? We are in the process of submitting waivers for the use of our Program Income Funds.	No.
2	Data Collection	Section II. C. 5. - required data collection – can we rely on the borrower to provide or will staff be required to provide? If borrower provides data, what if data isn't complete? Amount of data seems burdensome for reporting, especially with low ADF.	The Grantee/Recipient must demonstrate sufficient due diligence in collecting the information noted on pg. 4 of the NOFA from the Owner-Occupant Borrower at the time of the loan application. The purposes of collecting this are to: 1) verify that there is no duplication of benefits and that CalHome funds are not filling gaps for borrowers who could have gotten money through FEMA and/or SBA but didn't bother to register, and 2) start collecting data for HCD's program planning purposes, to help inform post disaster needs for recovery and issues related to resiliency.
3		Will need to collect info for Appendix B – disaster resiliency long-term planning. Get data from PRMD?	Yes, this data will need to be collected at the local level, and borrowers will be required to comply with all applicable laws.
4	Eligibility Requirements	<p>What if the eligible homeowner doesn't initially need to apply and starts construction, but finds unforeseen issues that require a change order that exceeds their available funds and makes their rebuild no longer financially feasible? I worry that by August 2018 we'll have lost population that would have qualified, but didn't have the resources to stay and rebuild, so they have already moved out of the area. Those that have the resources may have started before we have funding and/or perform outreach.</p> <p>Homeowners who stayed in Sonoma County and have moved into the rental market may have used some insurance money to meet immediate daily expenses (job loss due to fires, etc.) before they find out about this program and wouldn't be eligible with current restrictions. The CalHome funds would be more useful if we could demonstrate that funds were only used in a critical need situation.</p>	Due to a variety of reasons, the Department was unable to foresee all possible scenarios when developing this NOFA. While the purpose of this program is to increase homeownership, encourage neighborhood revitalization and maximize the use of existing homes for low and very-low income households, there are some limitations to these funds. This feedback is being provided to our Program Design and Development team for consideration in future NOFA's.
5		<p>Eligibility requirements are that applicants shall have successfully administered a local owner-occupied rehabilitation program for a minimum of two years within the four years immediately preceding the application.</p> <p>Does the rehabilitation of 50 homes thru the NSP program count?</p>	If possible, please document the local owner-occupied rehabilitation program experience with NSP showing completed projects in 2 of the last 4 years so that experience could count in the Capacity score on pg. 9 of the application.

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6		I noticed the current NOFA indicates rehab only. Are you aware of any provisions to allow new construction for these funds or are you aware of any NOFA's coming up for new construction?	The NOFA states that reconstruction is an eligible activity, when certain requirements are met. Refer to Section 7716(II) on pg. 8 in the Definitions section of the CalHome Regulations for more information.
7	Eligible Activities	<p>There were several homes within the fire area that were manufactured units, many of who are the lowest income households. The NOFA states that the funds can be used for replacement of manufactured homes and conditional grants can be given to replace manufactured housing located in a mobile home park and not permanently affixed to a foundation. The fire was in the foothills of Yuba County and did not include mobile home parks.</p> <p>Are replacement of manufactured housing that are NOT within a mobile home park (also not permanently affixed to a foundation) only eligible for a loan and not a grant?</p>	Replacement of manufactured housing that are NOT within a mobile home park are only eligible for a loan, not a grant. For more information, refer to Health and Safety Code 50560.3(c)(2).

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8	Eligible Applicants	<p>I am assisting in applying for the disaster assistance funding offered for Northern California counties impacted by the Oct. 2017 wildfires. I have an eligibility question, In the sample Governing Board Resolution it states on line item A. "A a[political subdivision of the State of California or a nonprofit public corporation] wishes to apply for and receive an allocation of funds through the Cal Home Program"</p> <p>Our organization, the Sonoma County Community Development Commission is a Public Body Corporate and Politic. We have a Cal Home Owner Occupied Rehabilitation Loan Program that rehabilitates LMI Owner occupied SFD and mobile homes within the unincorporated areas of the County of Sonoma with Cal Home funds. The program was approved and adopted by the Sonoma County Board of Supervisors. Does the legal identification of our organization as a Public Body Corporate and Politic, being that it is different from either of the two specific identifications listed in the sample resolution, cause us to be considered ineligible to apply for this funding under this NOFA? Or does the approval and previous adoption of our existing program by the Sonoma County Board of Supervisors show a unification of the Sonoma County Community Development Commission, County of Sonoma and existing Cal Home Program to allow us to move forward with the application? Our board resolution included in the application will state that we are a Public Body Corporate and Politic.</p>	<p>An eligible applicant must meet the definition of a local public agency, as specified on pg. 6, or a nonprofit corporation, as specified on pg. 8 of the CalHome Regulations in Section 7716(w) and (ii), respectively.</p> <p>To be considered an eligible locality, the applicant must provide evidence substantiating that:</p> <ul style="list-style-type: none"> i) it is a public entity, ii) it has been delegated substantially all of the given city's or county's functions for engaging or assisting in the development or operation of low or moderate income housing, iii) the delegation was made prior to the issuance of the NOFA. <p>If the entity satisfies these requirements it would be a local public agency as contemplated by the definition.</p> <p>In addition, to be considered eligible, applicants must satisfy the geographic, stability and capacity, and other requirements as set forth in Sections 7717 and 7732 of the CalHome Regulations.</p>
9		Possible problem with eligibility due to the CDC's legal status as a public body, corporate and politic vs. a political subdivision of the State of California.	
10		We can show that we've been running a successful rehab program for two of the last four years, and the number of loans we have on the books, a statement of qualifications, and an org chart. Why resumes? Should this be for non-profits only?	The NOFA specifies that both localities and nonprofits submit organizational charts, resumes, and statements of qualifications for purposes of establishing sufficient organizational stability and capacity, per pg. 2 of the NOFA.
11		We attended the CalHome NOFA training last week and we are interested in applying. We operate both as Community Development Commission of Mendocino County (CDC), the housing authority for Mendocino County and also as Building Better Neighborhoods, a nonprofit controlled by CDC. Which would be better to be the applicant for this program?	The Department cannot advise how to apply. See the response above for more details about eligible applicants.

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12	Eligible Borrower	<p>The borrower will be 80% AMI, and their property can't have an after improvement value over median sales price for the area. This is a problem for older, fixed income homeowners who may have large parcels or live in an area where the newer large homes have been built and increased the value of homes in their area. Their home value might have exceeded the median sales value before the fire, but their income may make them unable to rebuild or stay in their community without additional financial assistance. I expect we'll have a significant number of homeowners who are income eligible but not median sales price eligible. This is a very likely scenario because Sonoma County land is at a premium.</p> <p>Doesn't allow us to build/purchase housing in another location within our jurisdiction</p>	<p>According to the Regulations, Section 7716(b) "After-rehabilitation value" means the appraised value of the property including completed rehabilitation work. In addition, this program funds replacement housing, whether through rehabilitation or reconstruction.</p>
13	Eligible Uses of Funds	<p>10% activity delivery fee will not cover the required administration of this program, and the CDC will need to supplement. Our department operates with less than 2% General Fund from the County. Also, the County is financially strapped from loss of property taxes and emergency responses during/after the fires.</p> <p>Increased requirements – qualifying bids, all loans through a title company, new data that is required to be captured (Section II. C. 5.) and reported, etc.</p> <p>Will need to track staff time to provide a receipt for ADF.</p>	<p>We acknowledge that the Activity Delivery Fee is lower than expected. It was an executive decision and not likely to change. Grantees/Recipients will need to document their eligible costs when requesting ADF reimbursements, for purposes of accountability.</p>
14		<p>To write a scope of work that can go out to bid and oversee the bidding process for an SFD when the funding might be 25% of the total project or less seems overly burdensome to both the homeowner and the administrator. Huge problem with only 10% ADF.</p>	<p>We recognize that this may require additional administrative oversight, and are obliged to adhere to the requirements of the program.</p>
15		<p>Reimbursements require receipts for all deliverables so we'll need to create a special TimeSaver tracking code.</p>	<p>We recognize there will be some additional tracking required to meet this requirement.</p>

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16	Loan Terms and Conditions	Can loan terms begin at occupancy? What if occupancy doesn't happen until after grant deadline?	<p>No, the loan terms begin at the time of executing the loan documents. Under Section 7726(c)(6) of the Cal Home Regulations, the maximum term for an owner occupied rehab loan is 30 years. Typically, loan terms run from the date the loan documents are executed until maturity. So the CalHome Grantee/Recipient cannot make loans to the homeowner for a term of 30 years plus the construction period. The 30 years would have to include the construction period and commence running on execution of the loan documents. Rehabilitation loans are, at least in part, like construction loans with the term starting on execution of the documents and interest starting to accrue once the funds are disbursed (or once the first disbursement is made, if there are multiple disbursements), not completion of the construction.</p> <p>Occupancy must happen before the expenditure deadline to have a completed project and to be eligible for reimbursement of CalHome funds.</p>
17		Is this a debt burden SFD homeowners can afford or will want? Only MH's sited in parks are eligible for conditional grant vs. deferred loan for SFD's.	This provision is cited in the statute for manufactured housing located in a mobile home park. It cannot be used to benefit rehabilitation of a single family residence. Refer to Health and Safety Code 50650.3(c).
18		Are we required to put all loans (SFD & MH) through title? Currently, CDC handles all MH loans in-house. MH's sited in parks are personal property, like a car, and the CDC has handled hundreds of these transactions without title. However, the CDC sends all SFD and non-park MH's to title company.	<p>For single family homes, title insurance is required.</p> <p>For manufactured housing (mobile homes) in a park, we do not require title insurance, but the Grantee/Recipient must prove that the applicant is the registered owner, as demonstrated by the certificate of title issued by the Department's Registration and Titling Program.</p> <p>For manufactured housing (mobile homes) not in a park, clear title from the Department's Registration and Titling Program would be required, as well as demonstrated ownership of the land through title insurance.</p>

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19	Minimum Score	<p>During the recent training for the CalHome Disaster NOFA that was issued April 11, 2018 – the County of Nevada sent representation as we are submitting an application for the \$500,000 available to our County. We worked to complete the application prior to our attendance to ensure full compliance and access to the funds. In our review of the NOFA released and outline of point scoring criteria <u>there was no inclusion or mention of a minimum point score to be eligible</u> for applying. At the NOFA training we were informed a point minimum <u>was required</u>.</p> <p>We believe this is a material misrepresentation in the NOFA as it was not included and therefore should not be a part of this project NOFA. The funds are limited to only Disaster Areas with a limited number of applicants. We request this requirement be reviewed and eliminated.</p>	<p>On page 1 of the NOFA, in the Program Summary, it states that the NOFA will be governed by CalHome Program regulations. While the NOFA did not explicitly reference a minimum point score, this provision would not be considered a material misrepresentation, and is included by reference.</p> <p>Because some of the point scoring categories are not applicable to this special-purpose disaster NOFA, the Department will invoke Section 7749(b) of the regulations. With the issuance of this NOFA, the Department will make use of the latitude provided to take into consideration of scoring factors for the purposes of this disaster relief NOFA.</p>
20	Maximum Sales Price	<p>Regarding eligibility requirements C.2, we have lots in Coffey Park with asking prices \$280K+ and rebuilding of the home is likely to cost over \$400K due to labor and material costs. We anticipate asking HCD to approve different limits when the funds start to get utilized.</p>	<p>Unfortunately, the Department does not have discretion to approve different limits. Please refer to section C.2 of the NOFA and Section 7749(a) of the CalHome regulations which state that the Maximum Sales Price/Value Limit shall be set at 100% of the current median sales price of a single family home in the county in which the CalHome Program or project is located. A property with an "After-rehabilitation Value" (as defined by Section 7716(b)) that exceeds this limit would not be considered an eligible project.</p>
21	NSP Experience	<p>Yuba County renovated over 50 homes with Neighborhood Stabilization Program funds, will that experience allow the County to apply for the CalHome Disaster Assistance funds? If not, can Regional Housing Authority use its housing rehabilitation program experience to apply for Yuba County?</p>	<p>If you can document the NSP program experience showing it has been operating as a housing developer or housing program administrator for a minimum of two years prior to the date of application, to satisfy Sections 7717(b)(2) and 7732 of the CalHome Regulations, then that experience would count in the Capacity score on pg. 9 of the application.</p>
22		<p>The County bought, rehabilitated and resold 50 NSP houses. Although, we did give a few owner- occupied First Time Home Buyer loans upon resale, we did not give rehabilitation loans on these properties. If we need to have provided rehabilitation financing assistance, how would the NSP program satisfy this requirement?</p>	

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23		Are grantees required to pay prevailing wage for contracted help assisting with the rebuilding of homes?	<p>CalHome does not require the payment of prevailing wages with owner-occupied rehabilitation projects.</p> <p>According to Labor Code 1720(c)(6)(C), unless otherwise required by a public funding program, the construction or rehabilitation of privately owned residential projects is not subject to the prevailing wage requirement if assistance is provided to a household as either mortgage assistance, downpayment assistance, or for the rehabilitation of a single-family home.</p>
24	Prevailing Wage	We are considering a partnership with our local Habitat for Humanity organization. Will volunteer labor be allowed on projects funded by the CalHome Disaster NOFA funds if awarded to us?	<p>Section 7749(b) of the CalHome Regulations allows local programs to utilize self-help labor and volunteer labor; however, no additional points will be awarded for using volunteer or self-help construction labor. Since the goal of the CalHome Disaster NOFA is to rebuild communities impacted by the wildfires, the Department allowed loans to owner-occupants for rehabilitation as an eligible activity, but excluded Self-Help Technical Assistance Projects as an eligible activity. Restrictions in other funding sources will need to be taken into account. Grantee/Recipient guidelines will need to reflect the requirements for volunteer labor, how it is defined and how it will be utilized in their program.</p> <p>Please note that according to Section 7716(l) of the CalHome Regulations, an "Eligible household" means a low- or very low-income household that is: a first-time homebuyer; an existing owner-occupant of property in need of rehabilitation; a homeowner participant in a shared housing local program; or a first-time homebuyer participant in a self-help construction project. The eligible household shall occupy, or intend to occupy, the property as their principal residence and shall not lease or rent the property (except in the case of a homeowner provider assisted through a CalHome shared housing program in renting a room in their home to a seeker). In addition, according to Health and Safety Code 50692 the following definitions apply:</p> <p>(c) "Self-help rehabilitator" means any person or family who provides all, or a substantial amount, as determined by the department, of the labor necessary to rehabilitate, renovate, or improve that person's or family's principal residence.</p> <p>(d) "Self-help rehabilitation" means the process engaged in by self-help rehabilitators in the rehabilitation, renovation or improvement of their principal residences.</p>

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25		As recommended, I am submitting my question regarding census tracts through this email box. The attachment, which is from the CalHome Application Training Manual, states that the "Santa Rosa Urbanized Area" is an ineligible census tract. In addition, the list of Eligible Census Tracts does not list the tracts that sustained the most damage in the Santa Rosa city limits. Please advise at your earliest convenience if this list is correct for the purposes of the Disaster Relief NOFA.	
26	Rating Factors	<p>Section V: Program Targeting #B asks if the program will be operated ENTIRELY within a federally defined Qualified Census Tract as identified in Appendix B in the CalHome Application Training Manual. Community Revitalization (100 points)</p> <p>Appendix B states Yuba: 401.00,403.00,404.00, which are not in the area of the fire zone, therefore not eligible for this NOFA. The program will not be operated within the defined Census Tract at all, but rather 410.00 and 411.00. Does this make us ineligible for the 100 points? Or does Qualified area change to read the fire zone area at some point?</p>	<p>Since this is a specialized disaster NOFA for designated local program or project types, the Department will invoke Section 7749(b) of the regulations and will evaluate applicants on a case-by-case basis to determine if scoring adjustments may be warranted for the Community Revitalization scoring factor (100 points); this will be done in support of the areas that were affected by wildfires even if they do not appear in the list of Eligible Census Tracts.</p>
27	Rating and Ranking: Performance Penalty	<p>The lack of ability to extend the grant past three years risks borrowers being caught with an unfinished projects and no ability to pay for completion.</p> <p>To remove this restriction (and others noted above) allows the CDC to use this valuable resource to increase housing in the whole community.</p>	<p>The Department does not encourage extensions of expenditure periods. Therefore the grantee must plan and commit their program funds to projects that can be reasonably completed prior to the expenditure deadline. In the event that a grantee obtains an extension, it will result in performance penalty point deductions in a future round.</p>
28	Resolutions	<p>New resolution for each application/award. The cost of our department for each resolution is \$3K+/- . It would be helpful if HCD allowed an application/grant award resolution to be valid for multiple years (3-5).</p>	<p>Applicants must supply a resolution within the application. For localities, be sure to write the resolution to allow for changes in personnel to preclude having to create a new resolution. It is best to identify authority by title rather than name, allow for a designee, and provide a letter identifying the designee signed by the designer.</p>

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29	Re-Use Account	Please advise if a Re-Use account will be required for the Disaster NOFA funds. I know the CalHome regulations require one, but if the restriction on the funds is that the fund may only be used for destroyed units, it seems it would be difficult to predict another disaster that would fit the requirements.	A re-use agreement will be required. The re-use funds can be eligible for any CalHome activity. Refer to Section 7724 in the CalHome Regulations for more details on the Reuse Account requirements.