



Disaster Recovery Multifamily Housing Program Policies and Procedures

Version 2 – Summary of Changes

Section 1.2 - Program Timeline

- Updated program timeline.
- Added final date for HCD to issue Notices to Proceed

Section 1.3 - Terms and Definitions

- Added “Development Agreement Rider”
- Corrected the definition of “Disability”
- Added “DR-MHP Assisted Unit”
- Added “Due Diligence”
- Added “Grants Network”
- Removed “NOFA”
- Added “Notice to Proceed”
- Added “Program Portal”
- Added “Regulatory Agreement”

Section 2.1 - Eligible Applicants

- Revised procedure to reflect Master Standard Agreement (MSA) and due diligence.

Section 2.2 - Eligible Activities

- Clarified eligible activities to include new construction in accordance with Federal Register Notice 83 FR 5844, published February 9, 2018.

Section 2.3 - Project Eligibility

- Removed use of MID as priority since that is already addressed through the DR-MHP funding allocations.
- Updated the title of HCD Multifamily Housing Program Guidelines to reflect 2019.
- Updated funding commitments and environmental review requirements.
- Added language to clarify and better align with CDBG regulation at 24 CFR 570.483(b)(3) and the CDBG-DR Policy Guide from HUD.
- Figure 1 updated to reflect new HOME subsidy limits, effective June 2020.

Section 2.4 - Project Priority Criteria

- Clarified and updated the project priority criterion, “projects providing a greater ratio of affordable rent units to total units” to state, “Projects providing a greater

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ratio of affordable rent units to total units (i.e. a project where 51% or more of the total units are affordable)”.

- Removed use of MID as priority since that is already addressed through the DR-MHP funding allocations.
- Revised language about HCD approval of highest ranked projects.

Section 2.5 - Verifying Eligible and Ineligible Costs

- Clarified “land acquisition costs” to state “land and building acquisition costs”.
- Removed maximums for developer fee and A&E costs. Those maximums were not defined in the Action Plan. Guidance on developer fee maximum is provided in Appendix B.

Section 2.6 - Forms of Assistance

- Updated procedures to reflect the Master Standard Agreement (MSA) and Notice to Proceed (NTP).

Section 2.7 – Calculating Duplication of Benefits

- Enhanced existing policy concerning calculation of benefits for clarity.

Section 2.8 – Verifying Program Income

- Revised program income remittance requirement from every year to every quarter and at the expiration of the master standard agreement to align with Grant Administration Manual and Master Standard Agreement.

Section 2.9 - Allocation Methodology

- Adjusted the Multifamily Recovery Allocation “Figure 2” table to reflect the Action Plan, as amended.

Section 2.10 - Applying Construction Standards/Requirements

- Included additional language explaining the Minority and Women Business Enterprise (M/WBE) requirements of 2 CFR 200.321 that apply to DR-MHP funds.
- Included additional information explaining the HUD floodplain management requirements in accordance with HUD monitoring checklist 6-3.
- Removed HOPA provision since it was an amendment to the Fair Housing Act, which is addressed in this section already.
- Revised Eminent Domain policy to align with 83 FRN 40314

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Section 2.13 - Meeting a National Objective

- Added language to clarify and better align with CDBG regulation at 24 CFR 570.483(b) and DR Policy Guide.

Section 2.14 - Completing Environmental Review

- Revised procedure to reflect phased review.
- Included additional language relative to obtaining Authority to Use Grant Funds or clearance letter before making any “choice limiting” decisions.

NEW Section 3.4 - Article XXXIV

- Added a new Section to explain the Department’s Article XXXIV policy.

Section 3.5. - Project Submissions

- Clarified timing of program implementation and project submissions.

Section 3.6. - Evaluating Applications

- Revised sequencing for clarity.

Section 3.7. - Underwriting Analysis

- Added threshold to procedures.

Section 3.9. - Project Approval and Rejections

- Changed section title from Project Approval and Notice to Proceed to Project Approval and Rejections
- Added section pertaining to Conditional Approval and Commitment
- Added section pertaining to Firm Approval and Commitment
- Added section pertaining to Department/ILC review

Section 4.1 - Legal Documents

- Revised to state that HCD will provide Subrecipient with the DR-MHP Rider and Regulatory Agreement. Those documents will not be included as a part of the Master Standard Agreement, and instead will be issued with each Notice to Proceed.

NEW Section 4.2 - Agreements with Developers, Contractors and Other Parties

- Added a new section to explain the Subrecipients’ requirements for agreements with Developers, Contractors and Other Parties, including retainage requirement.

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Section 4.8 – Reporting Requirements

- Added a new section requiring the Developer to provide the Subrecipient with an annual audit of the project, and to report any findings to HCD.

Section 4.10 - Monitoring and Compliance

- Revised to include the appeals process and Subrecipient's ability to charge a monitoring fee.

NEW Section 4.11 – Over-Income Tenants at Recertification

- Added provisions consistent with 24 CFR 92.252(h) in the HOME program to address over-income tenants at recertification and the steps required to remedy temporary noncompliance with the affordability requirements.

Appendix B

- Clarified Review Criteria Item 27 for development underwriting to indicate the developer fee is limited to the maximum allowable fee permitted by the California Tax Credit Allocation Committee for a 9% or 4% Tax Credit Project, or, for developments that are not Tax Credit Projects, the developer fee limited to the maximum allowable fee permitted by Section 8312 of the State of California Uniform Multifamily Regulations.
- Clarified Review Criteria Item 32 to include a minimum requirement for operating reserves, in line with the California Tax Credit Allocation Committee requirements.