

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF FINANCIAL ASSISTANCE**

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MEMORANDUM FOR: State HOME Program Recipients and Interested Parties

FROM: Jay Cortese, HOME Program Manager
Division of Financial Assistance

SUBJECT: Opportunity to add Tenant-Based Rental Assistance to 2016 and 2018 HOME Program Activities Contracts

The California Department of Housing and Community Development (hereinafter "HCD") HOME Program invites 2016 NOFA and 2017-2018 HOME NOFA Program Activities awardees to add Tenant-Based Rental Assistance (TBRA) to their HOME Standard Agreements. The purpose would be initially to help those affected by the COVID-19 health emergency, as well as homeless households, in their vicinities, through rent, deposit, and utility assistance.

HCD recently received the following HUD waivers for COVID-19-related TBRA. HCD anticipates issuing procedures and guidance regarding these waivers within 30 days. Until that time, these HUD TBRA waivers cannot be utilized. The purpose for mentioning them here is to allow grantees to make an informed decision when considering adding TBRA to their 2016 or 2018 HOME contracts:

- Grantees can agree to any term of assistance that ends by December 31, 2020, if using one or more of these waivers.
- Grantees can accept household's self-certification of income, with household's written explanation of economic impact of COVID-19 on household if not homeless.
- Grantees can eliminate Rent Standards and can have tenant contribution to housing costs from 0-30% of household income, with TBRA program paying actual security deposits, rent, and submitted utility bills rather than based on a Utility Allowance Schedule. HUD Fair Market Rents would not be a limiting factor. Full assistance could allow household to be able to pay back rent in arrears.
- No Housing Quality Standards (HQS) inspection required upfront by the grantee, but will require procedures to minimize risks that housing may not meet HQS, and that if pre-1978 construction there is no disturbed lead-based paint.
- No Rent Reasonableness analysis required by grantees.
- Possibly up to 25% of HOME Program Income Admin for COVID TBRA Administration.

- For existing TBRA households, annual TBRA HQS inspections may be deferred to as late as 4/30/2021.
- No lease addendum by grantee necessary when assisting tenant in place (but VAWA addendum is still required).

These HUD TBRA waivers are intended to ease the administrative burden and provide additional flexibility to assist COVID-19 impacted households with TBRA. Unless HUD extends these waivers, TBRA assistance after December 31, 2020, would have to comply with standard HOME TBRA regulations.

The TBRA program can assist tenants in place or tenants seeking housing. For those seeking housing, it can assist them with security deposits and utility deposits.

If a grantee wishes to add TBRA to its 2016 or 2017-2018 HOME NOFA application, it must submit an updated Authorizing Resolution to HCD, along with revised 2016 or 2017-2018 HOME NOFA application documents. The required revised documents are the Part A – Program Activities Application Summary, and the Part B – Program Activities Application, in each applicable NOFA application folder at <https://www.hcd.ca.gov/grants-funding/active-funding/home.shtml#pre>.

The Resolution can be a replacement for the last Resolution submitted in conjunction with the grantee's HOME NOFA application, adding TBRA to any other activity (or activities) previously applied for. The grantee should not remove the original activity (or activities) from the Resolution or from the Part A Application Summary referenced above and should not specify an amount per activity on the Authorizing Resolution.

The Department will grant a 12-month extension to all 2016 NOFA grantees that opt to add TBRA and operate a COVID-19 TBRA program, via an amended Standard Agreement after the receipt of an update Authorizing Resolution.

Grantees without TBRA experience should carefully consider who will provide the administration of this activity. Grantees may want to contract with the entity that administers its local Housing Choice Voucher (Section 8) program, since TBRA is very similar in all respects. Generally, this would be a Public Housing Authority. Additionally, if the grantee employs a subrecipient rather than an administrative subcontractor, federal procurement overlays are not triggered. As is the case with State Recipients, a subrecipient cannot be paid for administrative costs with federal funds from a grantee unless it performs time tracking and submits time and expense documentation to the grantee.

Project-specific Activity Delivery Costs are limited to 5% of assistance amount in the aggregate, and for only income determinations and unit inspections. All other administrative costs can be paid for under a grantee's HOME grant and Program Income General Administration funds, or by grantees' other available administration funds.

It is imperative that each HOME grantee replies as soon as possible in response to this announcement and Memorandum. This opportunity will expire after Friday May 22, 2020, after which time all remaining 2018 HOME Program Activities Standard Agreements will be issued for execution. If a grantee does not want to take advantage of this opportunity and would like its 2018 HOME Standard Agreement processed without adding TBRA, a response is still required.

Please respond via e-mail to jay.cortese@hcd.ca.gov.