

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

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October 30, 2023

**MEMORANDUM FOR:** All Potential Applicants

**FROM:** Sasha Hauswald, Deputy Director  
Division of Federal Financial Assistance

**SUBJECT:** **Notice of Funding Availability  
HOME American Rescue Plan Program  
Multifamily Rental Housing Development**

The California Department of Housing and Community Development (Department or HCD) is pleased to announce the availability of approximately \$89 million of HOME Investment Partnerships Program – American Rescue Plan (HOME-ARP) funding to assist individuals and families who are Homeless, at Risk of Homelessness, or other vulnerable populations, by providing funding for affordable rental housing through this Notice of Funding Availability (NOFA). This NOFA establishes the program requirements for funds appropriated under section 3205 of the American Rescue Plan Act of 2021 (P.L. 117-2) (“ARP”).

On March 11, 2021, President Biden signed the American Rescue Plan into law, which provided over \$1.9 trillion in relief to address the continued impact of the COVID-19 pandemic on the economy, public health, state and local governments, individuals, and businesses. Of the \$1.9 trillion, Congress appropriated \$5 billion in HOME-ARP funds to reduce homelessness and increase housing stability.

The American Rescue Plan authorized the U.S. Department of Housing and Urban Development (HUD) to allocate HOME-ARP funds to states, units of general local government, insular areas, and consortia of units of general local government that qualified for an allocation of HOME funds in Fiscal Year (FY) 2021, pursuant to section 217 of the Cranston-Gonzalez National Affordable Housing Act of 1990, as amended (42 U.S.C. 12701 et seq.) (“NAHA”). On April 8, 2021, HUD allocated HOME-ARP funds to 651 grantees nationwide using the HOME formula established at 24 CFR 92.50 and 92.60. Of the 651 grantees, 99 grantees are in California. The Department was allocated a total \$155 million in HOME-ARP funding to serve California’s non-entitlement jurisdictions. In accordance with the Department’s approved [HOME-ARP Allocation Plan](#), \$89 million of the total allocation is available for multifamily rental projects.

A complete list of California HOME-ARP grantees can be found at the following link:  
<https://www.hud.gov/sites/dfiles/CPD/documents/HOME-ARP.pdf>

The Department will accept applications on a competitive basis through the Neighborly Software System. To be considered for funding, applicants must set up a profile in the Neighborly Software System portal in order to submit a completed electronic application.

All required application documentation must be uploaded through the Neighborly Software System. Each completed application package must be submitted no later than 5:00 pm Pacific Standard Daylight Time on **February 12, 2024, for Non-Tribal Applicants, and March 6, 2024, for Tribal Applicants.**

Applicants are encouraged to set-up their profiles in the Neighborly Software System portal located at [California HCD \(neighborlysoftware.com\)](https://www.californiahcd.com/neighborlysoftware) as early as possible. Applicants are also encouraged to begin the application process and upload supporting documentation early to ensure successful submission before application deadlines.

The Department will hold a series of webinars and workshops to review the HOME-ARP NOFA and application process. To be notified of upcoming HOME-ARP webinars and workshops, visit the HOME-ARP webpage, or sign up for the HCD Federal Programs Listserv at:  
<https://www.hcd.ca.gov/contact-us/email-signup>

If you have any questions, please submit them to [HOMEARP-NOFA@HCD.CA.GOV](mailto:HOMEARP-NOFA@HCD.CA.GOV)

**HOME - American Rescue Plan Program  
2023 Rental Housing Notice of Funding Availability**



**Governor Gavin Newsom  
State of California**

**Lourdes M. Castro Ramírez, Secretary  
Business, Consumer Services and Housing Agency**

**Gustavo Velasquez, Director  
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**HOME AMERICAN RESCUE PROGRAM**  
**RENTAL HOUSING NOTICE OF FUNDING AVAILABILITY**

**SECTION 1 - PROGRAM OVERVIEW**

**100 – Notice of Funding Availability (NOFA)**

The California Department of Housing and Community Development (Department) is pleased to announce the release of this Notice of Funding Availability (NOFA) for approximately \$89 million of federal funds for the HOME-ARP Program. The HOME-ARP Program provides funds for individuals and families who are Homeless, At Risk of Homelessness, or other vulnerable populations, under the HOME statute of Title II of the National Affordable Housing Agreement (NAHA) (42 U.S.C. 12721 et seq.). It authorizes the Secretary of U.S. Department of Housing and Urban Development (HUD) to waive or specify alternative requirements for any provision of NAHA or regulation for the administration of the HOME-ARP program upon a finding that the waiver or alternative requirement is necessary to expedite or facilitate the use of HOME-ARP funds. Waivers may not affect requirements related to fair housing, civil rights, nondiscrimination, labor standards, and the environment.

This HOME-ARP NOFA will fund affordable rental housing projects. Funds must be used to acquire, rehabilitate, and/or construct affordable rental housing primarily for occupancy by households of individuals and families that meet the definition of one or more of the Qualifying Populations (See Section 103 of the NOFA). On a project-by-project basis, no less than 70 percent (70%) of funded units must be occupied by members of the Qualified Population (QP), and no more than 30 percent (30%) of HOME-ARP Assisted Units may be occupied by low-income individuals or families (as further explained in Section 210 herein). Eligible Projects may either be stand-alone projects where HOME-ARP Assisted Units' makeup 100 percent (100%) of total units, or larger projects where HOME-ARP Assisted Units' makeup a portion of the total units.

**101 – Authorizing Legislation and Applicable Law**

This NOFA is subject to the Federal HOME regulations, State HOME Regulations, HUD Notice CPD-21-10: Requirements for the Use of Funds in the HOME-ARP Program, and HUD's Waivers and Alternative Requirements for Implementation of the HOME-ARP Program. As such, this NOFA establishes the terms, conditions, forms, procedures, and other mechanisms that the Department deems necessary to exercise its powers and to perform its duties pursuant to the HOME-ARP Program. This NOFA does not include all applicable requirements and should be read in conjunction with the following HOME-ARP program documents and guidance:

[HUD Notice CPD-21-10: Requirements for the Use of Funds in the HOME-ARP Program](#) (the HOME-ARP Notice)

[Waivers and Alternative Requirements For Implementation of the HOME-ARP Program](#)

[Federal HOME Regulations](#)

## State HOME Regulations

The Uniform Multifamily Regulations (UMR) (Cal. Code Regs., tit. 25, § 8300 et seq.), effective November 15, 2017, and as subsequently amended, are incorporated by reference as if set forth in full herein, with the exception of any UMR provision that would be inconsistent with CPD-21-10 and/or HUD's HOME-ARP guidance, as a matter of legal preemption. The UMRs can be located [here](#).

In all cases where California's statute, regulations and/or NOFA conflict with HUD Notice CPD-21-10, the Waivers and Alternative Requirements for Implementation of the HOME-ARP Program and/or HUD's HOME-ARP guidance, the project must defer to the HOME-ARP Notice, the Waivers and Alternative Requirements for Implementation of the HOME-ARP Program and/or HUD's HOME-ARP guidance.

If state or federal statutes; regulations; or other laws governing HOME-ARP or its funding are modified by Congress; HUD; the state Legislature; or the Department prior to the end of the HOME-ARP compliance period, the changes may become effective immediately and apply to funded activities.

The Department reserves the right, at its sole discretion, to suspend, amend, or supplement the provisions of this NOFA from time to time. If such action occurs, the Department will notify interested parties through the Federal Programs Listserv. You may sign up to receive these emails [here](#).

All other criteria and matters set forth within this NOFA shall also govern Tribal Entity applications submitted under this NOFA, unless and except to the extent expressly provided to the contrary by terms set forth within this NOFA and subject to any potential modification or waiver under or pursuant to Assembly Bill No. 1010 (Stats.2019, c. 660), which is set forth in Health and Safety Code (HSC) section 50406, subdivision (p).

This NOFA is subject to AB 1010 (Chapter 660, Statutes of 2019), HSC section 50406, subdivision (p). Accordingly, and pursuant to HSC section 50406, subdivision (p): (1) where the provisions of tribal law, tribal governance, tribal charter, or difference in Tribal Entity or legal structure would cause a violation or not satisfy the requirements of this solicitation, said requirements may be modified as necessary to ensure HOME-ARP program compatibility; and (2) where provisions of tribal law, tribal governance, tribal charter, or difference in Tribal Entity legal structure or agency create minor inconsistencies (as determined by the Director of the Department or a duly authorized designee thereof) with the requirements set forth in this NOFA, the Department may waive said requirements, as deemed necessary, to avoid an unnecessary administrative burden. Matters set forth or otherwise provided for in this NOFA that may be modified or waived include, without limitation, threshold scoring requirements and any other matters set forth in HSC section 50406, subdivision (p)(2). Eligible Tribal Entity Applicants are accordingly encouraged to discuss any such potential modifications or waivers and their options in that regard during any pre-application technical assistance communications or meetings.

## 102 – Purpose and Program Objectives

The purpose of the HOME-ARP Rental Housing Program is to provide development entities with funds to acquire, construct, and/or rehabilitate rental housing to assist individuals or households who are:

- Homeless
- At Risk of Homelessness
- Fleeing or Attempting to Flee Domestic Violence, Dating Violence, Sexual Assault, Stalking, or Human Trafficking
- In Need of Services or Housing Assistance to Prevent Homelessness; and
- At Greatest Risk of Housing Instability.

HUD approved the State of California’s HOME-ARP Allocation Plan (Plan), which outlines the Department’s strategy to deploy funds. The Plan includes a summary of the state’s consultation activities in developing the Plan, estimates of the size and demographic composition of the QPs within the state, an assessment of unmet needs and service gaps for the QPs, and a description of the planned uses of the state’s HOME-ARP funds for eligible activities.

The Department conducted an extensive consultation process between October 2021 and September 2022. This process included numerous one-on-one consultations, three focus groups, and a community survey. HCD engaged Continuums of Care (CoCs), Homeless service providers, domestic violence service providers, veterans’ services groups, public housing authorities, and nonprofit agencies that address the needs of the QPs. HCD also consulted with public and private organizations that address fair housing, civil rights, and the needs of persons with disabilities. The focus of the consultation process was to identify the highest priority needs and critical gaps in shelter, housing, and services among individuals in the Qualified Populations in communities across California. This outreach served as the basis for the Plan. The HOME-ARP Allocation can be accessed on the Department’s website [here](#).

## 103 – Qualifying Population

HOME-ARP funds must be used to primarily benefit the HOME-ARP Qualified Populations as defined Section IV.A of the HUD Notice CPD 21-10: Requirements for the Use of Funds for the HOME-ARP Program (hereinafter CPD-21-10):

- 1) Homeless, as defined in Section A.1 of CPD-21-10.
- 2) At Risk of Homelessness, as defined in Section A.2 of CPD-21-10.
- 3) Fleeing, or Attempting to Flee, Domestic Violence, Dating Violence, Sexual Assault, Stalking, or Human Trafficking, as defined in Section A.3 of CPD-21-10.
- 4) Other Populations, requiring services or housing assistance to prevent homelessness; at greatest risk of housing instability as defined in Section A.4 of CPD-21-10.

*For more details on Qualifying Populations see “Qualifying Populations” in HUD’s [Notice CPD-21-10: Requirements for the Use of Funds in the HOME-ARP Program](#)*

## 104 – Program Timeline

HOME-ARP rental housing funds will be available to Eligible Applicants on a competitive basis. The following table summarizes the anticipated HOME-ARP Program timeline:

*Table 1: HOME-ARP Rental Housing NOFA and Application Timeline*

Rental Housing NOFA Release	October 30, 2023
Application Due Date (Non-Tribal Applicants)	February 12, 2024
Application Due Date (Tribal Applicants)	March 6, 2024
Anticipated Award Announcements	August 2024

The Department reserves the right to modify the projected timeline at any time.

## 105 – Application Submission Process

The Department will be accepting applications on a competitive basis beginning **October 30, 2023**. The proposed Project must meet the program’s minimum requirements identified in Section - 301 to be considered for funding. Applicants should review all program requirements prior to submitting an application. Instructions for submitting an application can be found on the [HOME-ARP website](#).

The complete application and all required attachments must be uploaded and submitted in the **Neighborly Software System** no later than 5:00 p.m. Pacific Standard Time (PST) on **February 12, 2024, for Non-Tribal Applicants and March 6, 2024, for Tribal Applicants**.

Application packages that are incomplete or that do not meet the filing requirements will not be considered for funding. Applicants must use the Department’s forms, where applicable, and forms cannot be altered or modified by the Applicant. Excel forms must be submitted in Excel format, not as a PDF document.

The Department requires full disclosure in each application of all pending and proposed applications for other Department funding for the same Project, regardless of who is applying for funding (e.g., city, county, developer, Sponsor, etc.)

The application is a public record which is available for public review pursuant to the California Public Records Act (CPRA) (Chapter 1, part 2 (commencing with Section 7920.000) of Division 10 of Title 1 of the Government Code). As such, any materials provided will be disclosed to any person making a request under the California Public Records Act.

After final HOME-ARP awards have been issued, the Department may disclose any materials provided by the Applicant to any person making a request under the CPRA. The Department cautions Applicants to use discretion in providing information not specifically requested, including but not limited to, bank account numbers, personal phone numbers, and home addresses. By providing this information to the Department, the Applicant is hereby waiving and relinquishing any claim of confidentiality and consents to the disclosure of submitted material upon the Department’s receipt of a PRA request.

## **106 – Pre-Application Consultation, Workshops and Technical Assistance**

### I. Pre-Application Consultation

The Department encourages all potential Applicants to request a pre-application consultation appointment prior to submitting an application. Pre-application consultations are intended to increase familiarity with the NOFA and HOME-ARP Rental Housing Program requirements. Pre-application consultations will allow potential Applicants to discuss their proposed Project with program staff to determine if the Project is compatible with the program.

Application consultations will be available beginning **November 8, 2023** and may be requested by emailing [HOMEARP-NOFA@hcd.ca.gov](mailto:HOMEARP-NOFA@hcd.ca.gov). Subject line: Request Consult.

### II. Application Workshops

The Department will hold one HOME-ARP Application webinar and three in-person workshops. To be notified of upcoming HOME-ARP webinars and workshops visit the HOME-ARP webpage or sign up for the HCD Federal Programs ListServ [here](#).

### III. Technical Assistance

HOME-ARP staff will also be available to assist in setting up a profile for application submittal through the Neighborly Software System and to answer general program questions.

Technical assistance can be requested by emailing [HOMEARP-NOFA@hcd.ca.gov](mailto:HOMEARP-NOFA@hcd.ca.gov)

## SECTION 2 - PROGRAM REQUIREMENTS

### 200 – Eligible Applicants

A HOME-ARP Eligible Applicant (Applicant) is an organization, agency (including a public housing agency) Tribal Entity, for profit entity, or nonprofit entity that applies to receive HOME-ARP funding from the Department as an owner or developer on its own or with another entity (such as a for-profit or nonprofit corporation, or another Local Public Entity). Such entity or entities may also be the Sponsor as defined in UMR Section 8301 (s).

To be eligible for funding, an Applicant must demonstrate experience and capacity relevant to owning and developing affordable rental housing.

All Applicants must be in good standing with the laws, regulations, guidelines, and programs of the Department, and all State of California agencies and departments thereof. By way of example and not limitation, if an Applicant is a business entity, such entity must be qualified to do business in California and currently in good standing with the California Secretary of State and the California Franchise Tax Board.

### 201 – Eligible Jurisdictions

In addition to meeting the criteria of Eligible Applicant, HOME-ARP funding will only be distributed to Applicants who intend to acquire, rehabilitate, and/or construct affordable rental housing Projects located in Eligible State HOME-ARP Jurisdictions. To meet the definition of an Eligible State HOME-ARP Jurisdiction, the locale must meet each of the following:

- 1) Must not have received a HOME-ARP allocation directly from HUD;
- 2) Is not a participant in an urban county agreement with a county that has received a HOME-ARP allocation from HUD; and
- 3) Is not a participant in a HOME consortium.

Eligible State HOME-ARP Jurisdictions are located in Addendum I of this NOFA, or at: [HOME ARP Eligible Jurisdictions \(ca.gov\)](#).

### 202 – Tribal Entities

A Tribal Entity Applicant is any of the following:

- 1) Applicant meets the definition of Indian Tribe under United States Code (U.S.C.) Title 25 U.S.C. § 4103(13)(B).
- 2) Applicant meets the definition of Tribally Designated Housing Entity under Title 25 U.S.C. 4103(22).
- 3) If not a federally recognized Tribe, either:
  - a. Applicant is listed in the Bureau of Indian Affairs Office of Federal Acknowledgement petitioner list pursuant to Title 25 C.F.R. § 83.1, and that has formed and controls a special purpose entity in compliance with UMR Section 8313.2; or
  - b. Applicant is 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 § 65352.3 of the Government Code and that has formed and controls a special purpose entity in compliance with UMR Section 8313.2.

For information on Tribal land documentation and Tribal Entity Waivers, see Section 401.II and 401.III of this NOFA.



### 203 – Eligible Use of Funds

HOME-ARP funds in the form of a capital loan or grant may be used to acquire, rehabilitate, or construct affordable rental housing as “housing” is defined in 24 C.F.R. § 92.2. HOME-ARP funds can only be invested in units restricted for qualifying households or Low-Income Households as defined by Section VI.B.1.b. of CPD-21-10. Funds may also be awarded in the form of a Capitalized Operating Subsidy Reserve grant (COSR). Applicants applying for a COSR must also apply for a capital loan or grant.

Acquisition of vacant land or demolition must be undertaken only with respect to a particular housing project intended to provide HOME-ARP rental housing within the timeframes provided in Section VI.B of the HOME-ARP Notice.

Eligible HOME-ARP rental housing includes “housing” as defined at 24 C.F.R. § 92.2, including but not limited to manufactured housing, single room occupancy (SRO) units, and Permanent Supportive Housing. Emergency shelters, hotels, and motels (including those currently operating as non-congregate shelters), facilities such as nursing homes, residential treatment facilities, correctional facilities, halfway houses, and housing for students or dormitories are not eligible for HOME-ARP funds. However, HOME-ARP funds may be used to acquire and rehabilitate such structures into eligible HOME-ARP rental housing.

HOME-ARP funds may be used to assist five or more units in a Project. Only the eligible development costs of the HOME-ARP Assisted Units may be charged to the HOME-ARP program. Cost allocation in accordance with 24 C.F.R. § 92.205(d)(1) is required if the Assisted and non-Assisted Units are not comparable. After Project completion, the number of HOME-ARP Assisted Units in a Project cannot be reduced.

### 204 – HOME-ARP Funding Targets

The Department seeks to ensure all Eligible State HOME-ARP Jurisdictions throughout the state have an equitable opportunity to apply for HOME-ARP funds. Based on the number of Qualifying Populations residing in HOME-ARP Eligible Jurisdictions and the need to reduce homelessness and housing instability across the state, the Department has divided HOME-ARP funding in three geographic target areas. Additionally, in an effort to ensure Tribal applicants have access to HOME-ARP Rental Housing funding, the Department established a Tribal target.

*Table 2: HOME-ARP Target Distribution*

<b>Target Categories</b>	<b>Funding Amount</b>	<b>Percentage</b>	<b>Target Area</b>
Region I	\$31,150,000	35%	Northern/Central (Non-Rural)
Region II	\$31,150,000	35%	Southern/Central (Non-Rural)
Rural Target	\$17,800,000	20%	Rural Areas
Tribal Target	\$8,900,000	10%	Tribal Communities
<b>NOFA Total</b>	<b>\$89,000,000</b>	<b>100%</b>	

## I. Regional Targets

Regions I and II were determined using the estimated number of California's Qualifying Population in each Eligible State HOME-ARP Jurisdiction. Projects must be located within an Eligible State HOME-ARP Jurisdiction. Both Region I and II targets will receive \$31,150,000.

A map of Eligible State HOME-ARP Jurisdictions by region can be found [here](#) and is also posted on the HOME-ARP Website.

## II. Rural Targets

The HOME-ARP Rental Housing Program will target \$17,800,000 of funds available through this NOFA for affordable housing projects in Rural Areas. Any project in a Rural Area applying for funds must demonstrate that the HOME-ARP Project is Rural. Rural status refers to Projects located in a non-metropolitan county, a rural housing service eligible area, and/or in a city with small city status, as listed under Health and Safety Code (HSC) § 50199.21.

A list of Rural Areas, as well as the methodology to determine Rural or Non-Rural status, can be found on [TCAC's Website](#).

## III. Tribal Entities Target

The HOME-ARP Rental Housing Program will target \$8,900,000 of funds available through this NOFA for affordable housing projects developed, owned, and/or operated or by, or in partnership with, Tribal Entities. The Tribal Entity target is not included in HOME-ARP's regional or rural targets.

## IV. Awarding of Applications

It is the Department's intent to award funding to the highest-ranking application in each target category. After the highest-ranking application within each target is determined, the Department will utilize unused funding within each target to fund applications based on score, the ability to fully fund an application, and geographic equity, irrespective of an applications' target category.

### **205 – Capital Loans and Grants**

At the discretion of the Applicant, HOME-ARP Capital Funding may be awarded in the form of a loan or grant as described below:

#### I. Loans

All Loans must include terms that are consistent with the following:

- 1) Loans must not exceed the maximum per Unit subsidy as published in this NOFA under which the Applicant applied for HOME-ARP funding;
- 2) The loan will not bear interest unless requested by the Applicant;
- 3) Upon request the loan may be a residual receipt loan and contain periodic payment requirements; and
- 4) Loans must have a term equal to the minimum compliance period.



## II. Loan Forgiveness

Upon the Applicant's request the loan may be forgiven by the Department at the end of the loan term, with no residual receipts or periodic payment requirements during the life of the loan, as long as all of the following are true:

- 1) The Recipient remains in good standing with the California Secretary of State; and
- 2) The Project is not in default under the terms of any of the Department's loan documents for that project.

## III. Loan Repayment

The HOME-ARP loan shall be repaid in accordance with its periodic payments or if, during the HOME-ARP compliance period, the Project is:

- 1) Sold or refinanced with a distribution of net equity;
- 2) The Sponsor is not in good standing with the California Secretary of State; and/or
- 3) The Project is in default under the terms of any of the Department's loan documents for that Project or the HOME-ARP Notice.

## IV. Grants

Grants must have an initial term equal to the HOME-ARP compliance period, with no residual receipts or periodic payment requirements during the life of the grant, as long as all of the following are all true, as determined by the Department in its sole and absolute discretion:

- 1) Grants must not exceed the maximum per Unit subsidy as published in this NOFA under which the Applicant applied for HOME-ARP funding; and
- 2) The Project is not in default under the terms of any of the Department's loan documents for that Project.

## **206 – Funding Limits**

The total maximum HOME-ARP amount that can be requested per project is **\$20 million**, including capital loans or grants and capitalized operating subsidy reserve (COSR) grants.

### I. Maximum Per-Unit Subsidy Limitations on Costs

The maximum per-unit subsidy amounts shall be equivalent to the [California Tax Credit Allocation Committee's 2023](#) Threshold Basis Limit which can be found [here](#) or in Addendum III of this NOFA.

### II. Maximum COSR Amount

Projects must have a capital loan or grant to qualify for a COSR grant. The maximum COSR amount will be calculated as 40 percent (40%) of the capital loan or grant amount requested. The total award amount for both the COSR grant and capital loan or grant may not to exceed \$20 million.

The Department shall award operating cost assistance in accordance with CPD-21-10 in the form of a COSR Grant. The amount of the operating cost assistance award shall be determined by the Department. COSR amounts shall be based on need, as demonstrated by the deficit between Operating Expenses and income (exclusive of any debt service).

### III. Minimum Number of HOME-ARP Units and Assistance Per Project

Projects must have a minimum of five (5) HOME-ARP Assisted Units per rental project. The minimum amount of HOME-ARP funds that must be invested is \$1,000 times the number of Assisted Units in the Project as established in 24 CFR 92.205(c)

#### **207 – Minimum Compliance Period**

Pursuant to section VI. B. 18 of the CPD-21-10 Notice, HOME-ARP-Assisted Units must comply with the requirements of this Notice for a minimum HOME-ARP federal affordability period of 15 years. An additional 15-year state compliance period will be required (for a total of 30 years), unless the Project Owner can demonstrate via an Affordable Housing Covenant, Regulatory Agreement, or other mechanism that the project is not at risk for converting to market rate during years 15 through.30. Upon request the minimum compliance period may be up to 55 years.

#### **208 – Development Costs**

##### I. Eligible Development Hard Costs (CPD-21-10)

The actual costs of constructing or rehabilitating housing defined in 24 C.F.R. § 92.206(a) are eligible, including:

- 1) For new construction projects, costs to meet the new construction standards in 24 C.F.R. §92.251;
- 2) For Rehabilitation, costs to meet the property standards for Rehabilitation projects in 24 C.F.R. § 92.251 and the [Departments' Rehabilitation Standards for Multifamily Housing Projects](#);
- 3) For both new construction and Rehabilitation projects, costs:
  - a. To demolish existing structures,
  - b. To make utility connections including off-site connections from the property line to the adjacent street; and
  - c. To make improvements to the Project site that are in keeping with improvements of surrounding, standard projects. Site improvements may include on-site roads and sewer and water lines necessary to the development of the project. The Project site is the property, owned by the Project Owner, upon which the Project is located;
- 4) For both new construction and Rehabilitation of multifamily rental housing projects, costs to construct or rehabilitate laundry and community facilities that are located within the same building as the housing, and which are for the use of the project residents and their guests; and/or
- 5) Costs to make utility connections or to make improvements to the Project site, in accordance with the provisions of 24 C.F.R. § 92.206(a)(3) (ii) and (iii) are also eligible in connection with acquisition of standard housing.

##### II. Acquisition

The costs of acquiring improved or unimproved real property, supported by an appraisal completed no longer than 12 months before the date of application.

### III. Related Soft Costs

Other reasonable and necessary costs incurred by the Applicant and associated with the financing, or development (or both) of new construction, Rehabilitation, or acquisition of housing with Assisted Units, as defined in 24 C.F.R. § 92.206 (d), include, but are not limited to:

- 1) Architectural engineering, or related professional services required to prepare plans, drawings, specifications, or work write-ups. The costs may be paid if they were incurred not more than 24 months before the date that funds are committed to the project;
- 2) Costs to process and settle the financing for a project, such as private lender origination fees, credit reports, fees for title evidence, fees for recordation and filing of legal documents, building permits, attorneys fees, private appraisal fees and fees for an independent cost estimate, builders, or developers fees;
- 3) Costs of a project audit, including certification of costs performed by a certified public accountant;
- 4) Costs to provide information services such as affirmative marketing and fair housing information to prospective tenants as required by 24 C.F.R. § 92.351;
- 5) For new construction or Rehabilitation, the cost of funding an initial operating deficit reserve, which is a reserve to meet any shortfall in project income during the period of project rent-up (not to exceed six months) and which may only be used to pay project Operating Expenses, scheduled payments to a replacement reserve, and debt service. With approval from the Department, any HOME-ARP funds placed in an operating deficit reserve that remain unexpended after the period of project rent-up may be retained for project reserves;
- 6) For both new construction and Rehabilitation, costs for the payment of impact fees that are charged for all Projects within a jurisdiction; and
- 7) Costs of environmental review and release of funds in accordance with 24 C.F.R. part 58 which are directly related to the Project.

### IV. Relocation Costs

As defined in 24 C.F.R. § 92.206(f) (Displacement, relocation, and acquisition requirements are found in 24 C.F.R. § 92.353) relocation costs include:

- 1) Relocation benefits include replacement housing payments, payments for moving expenses, and payments for reasonable out-of-pocket costs incurred in the temporary relocation of persons; and
- 2) Other relocation assistance costs can include staff and overhead costs directly related to providing advisory and other relocation services to persons displaced by the project, including timely written notices to occupants, referrals to comparable and suitable replacement property, property inspections, counseling, and other assistance necessary to minimize hardship.

### **209 – Capitalized Operating Subsidy Reserves**

Operating cost assistance will be in the form of a Capitalized Operating Subsidy Reserve (COSR) grant for Assisted Units.

Eligible Operating costs on an Assisted Unit for the Qualifying Population include the following:

*Table 3: Eligible Operating Costs and Project Administrative Expenses*

<b>Eligible Operating Costs</b>	<b>Project Administrative Expenses</b>
Administrative Expenses	Gross Salaries and Wages
Property Management Fees	Payroll Taxes
Insurance	Employee Compensation
Utilities	Employee Benefits
Property Taxes	Employee Education
Maintenance	Training
	Travel
	Advertising
	General Administrative Costs

Supportive Services Costs, HOME-ARP Low-Income units, and units with project-based rental or operating assistance are not eligible for a COSR.

Refer to [Section VI.B.5](#) of [Notice CPD-21-10: Requirements for the Use of Funds in the HOME-ARP Program](#) (PDF)

Only Projects that apply for a capital funding for acquisition, new construction, and/or Rehabilitation in the same round are eligible to apply for a COSR;

COSRs for HOME-ARP Assisted Units will have the following terms:

- 1) COSR accounts must be held by the Project Owner in a separate interest-bearing account;
- 2) Funds can only be drawn to address operating deficits associated with HOME-ARP Assisted Units restricted for occupancy by the Qualifying Population;
- 3) Funds from the COSR account may not be used to assist Low-Income Assisted Units;
- 4) The Project Owner must request written approval from the Department prior to drawing funds from the COSR account;
- 5) The amount of the COSR grant cannot exceed the amount determined by the Department to be necessary to provide operating cost assistance for Assisted Units restricted for occupancy by Qualifying Households for the HOME-ARP minimum compliance period; and
- 6) The final HOME-ARP expenditure date of September 30, 2030, does not apply to funds in COSR accounts. COSR funding will remain available for at least 15 years unless funds are fully expended to cover eligible operating costs during that time period. Unexpended COSR funds remaining at the end of the 15-year period must be returned in accordance with CPD-21-10:
  - a. If all Assisted Units in the Project continue to operate in accordance with the HOME-ARP requirements and serve Qualifying Households beyond the HOME-ARP 15-year federal compliance period, as demonstrated by enforceable restrictions imposed, the Project can retain any remaining COSR funds to address any operation deficits associated with the HOME-ARP Assisted Units occupied by Qualifying Households.
  - b. If the Project will not continue to operate in accordance with the HOME-ARP

requirements beyond Year 15 and the HOME-ARP grant has expired or is closed out, the remaining funds in the reserve account must be deposited in the Department's local HOME account and recorded as HOME Program Income receipt as defined under 24 C.F.R part 92.2 in the Integrated Disbursement and Information System and used for eligible cost (s?) under 24 C.F.R. part 92.

## **210 – Targeting and Occupancy Requirements**

### I. Targeting

Eligible Projects may either be stand-alone projects where HOME-ARP Assisted Units' make up 100 percent (100%) of total units, or larger projects where HOME-ARP Assisted Units' make up a portion of the total units. HOME-ARP activities must primarily benefit households in the Qualifying Populations. To improve the feasibility and maintain the long-term viability of Projects with Assisted Units for Qualifying Households, a Sponsor may invest HOME-ARP funds in units that are not restricted for occupancy solely for Qualifying Populations, but rather are available to Low-Income Households . Projects must restrict occupancy for Qualifying Households or Low-Income Households as follows:

- 1) Not less than 70 percent (70%) of the HOME-ARP Assisted Units in the Project acquired, rehabilitated, or constructed must be occupied by households in the Qualifying Populations;
- 2) Not more than 30 percent (30%) of the HOME-ARP Assisted Units rental units in a Project assisted may be restricted to Low-Income Households as defined by 24 C.F.R. § 92.2. These rental units do not have to be restricted for occupancy by Qualifying Households. Rental units restricted to Low-Income Households are only permitted in Projects that include Assisted Units for Qualifying Households; and
- 3) The Units occupied by Low-Income Households must operate under the regulations applicable to HOME rental units at 24 C.F.R. § 92.2 (i.e., be occupied by Low-Income Households and bearing a rent not greater than the lesser of the Fair Market Rent for existing housing for comparable units in the area, as established by HUD, or a rent equal to 30 percent (30%) of the adjusted income of a family with an annual income at 65 percent (65%) of median income for the area, as determined by HUD, with adjustments for the number of bedrooms in the unit).

### II. Occupancy Requirements for Qualified Households

Assisted Units restricted for occupancy by Qualifying Households must be occupied by households that meet the definition of a Qualifying Population at the time of admission to the Assisted Unit. A Qualifying Household after admission retains its eligibility to occupy an Assisted Unit restricted for Qualifying Populations, irrespective of the Qualifying Household's changes in income or whether the household continues to meet the definition of a Qualifying Population. As such, a unit restricted for a Qualifying Household remains in compliance with the Assisted Unit restriction as long as the Unit is occupied by a Qualifying Household that met the definition of a Qualifying Population at the time of admission.

### III. Occupancy Requirements for Low-Income Households

At initial occupancy, Units restricted for Low-Income Families must be occupied by households that meet the definition of Low-Income Families in [24 C.F.R. § 92.2](#). If a tenant's income

increases above the applicable low-income limit during the compliance period, the unit will be considered temporarily out of compliance. Noncompliance requires action in accordance with the rent and unit mix requirements in CPD-21-10 Section VI.B.18.

## **211 – Preferences, Referral Methods, and Subpopulations**

### I. Preferences and Limitations

#### **Projects proposing preferences or limitations MUST attain pre-approval PRIOR to application submittal through a pre-application consultation.**

The HOME-ARP rental housing program does not establish preferences or limitations for particular populations beyond eligible HOME-ARP Qualifying Populations. If an individual project seeks to establish preferences or limitations for certain HOME-ARP subpopulations, the Applicant is required to schedule a pre-application consultation with Department staff. In this consultation, the Applicant may discuss the need for a preference or limitation. Department staff will evaluate the proposed preference or limitation for compliance with all relevant state and federal laws, as well as HOME-ARP policies.

Project preferences and/or limitations will require the Department to amend its HOME-ARP Allocation Plan. HUD's allocation plan amendment process will take no less than 60 calendar days which will delay the Standard Agreement execution.

Preferences and/or limitations may not violate any fair housing laws. Additionally, any Project with a preference may not exclude any members of the Qualifying Populations from occupying the HOME-ARP units.

Sponsors may limit admission to or provide a preference for HOME-ARP rental housing to households who need the specialized Supportive Services that are provided (e.g., domestic violence services). However, no otherwise eligible individuals with disabilities or families including an individual with a disability who may benefit from the services provided may be excluded on the grounds that they do not have a particular disability.

Please see [HOME-ARP Policy Brief: Preferences, Methods of Prioritization, and Limitations](#) for more information on HOME-ARP preferences and limitations.

### II. Referral Method and Project-Specific Waitlist

To select Qualified or Low-Income Households for Assisted Units, the HOME-ARP Sponsor must use a project-specific waitlist that reviews tenant applicants in chronological order of when they joined the waitlist. If a preference has been established according to Section I above, members of the preference population may be evaluated prior to those who are members of the Qualified Population but do not meet the requirements of the preference.

Families and individuals must be able to join the waitlist directly with the HOME-ARP Sponsor or the HOME-ARP Sponsor's partner. A HOME-ARP Sponsor may also take referrals from multiple sources, including a Continuum of Care's (CoC) Coordinated Entry System (CE) to place families and individuals on the project-specific waitlist.

A HOME-ARP Sponsor must use a project-specific waitlist to select households to occupy units restricted for occupancy by Low-Income Households in accordance with the tenant selection requirements of 24 CFR 92.253(d).

The HOME-ARP Sponsor must demonstrate to the Department's satisfaction the ability of its referral sources and project-specific waitlist to serve all persons of the Qualified Population. For example, a HOME-ARP Sponsor may not exclusively take referrals from a CoC's CE to add to the waitlist if that would result in only having referrals for families or individuals currently experiencing homelessness, while excluding members of the Qualified Population from the other three definitions in CPD-21-10. HOME-ARP Sponsors are encouraged to use a variety of referral sources to the waitlist to ensure all members of the Qualified Population have access.

The HOME-ARP Sponsor must comply with all applicable nondiscrimination and equal opportunity laws and requirements listed in 24 C.F.R. § 5.105(a) and any other applicable fair housing and civil rights laws and requirements.

For more detail on referral methods review Section IV. of CPD-21-10.

### III Tenant Selection Policies

A Sponsor must adopt and follow written tenant selection policies and criteria for HOME-ARP units that:

- 1) Limit eligibility to households that meet at least one of the HOME-ARP Qualifying Populations definitions or Low-Income Households in accordance with HOME-ARP requirements. Preference for households must comply with the Department's preferences, policies, and procedures for applying the preferences, if any, and must not violate nondiscrimination requirements in 24 CFR 92.350;
- 2) Do not exclude an applicant with a voucher under the Section 8 Housing Choice Voucher Program (starting with 24 CFR 982.1); or an applicant participating in a HOME; HOME-ARP; or other federal, state, or local tenant-based rental assistance program because of the status of the prospective tenant as a holder of such a certificate, voucher, or comparable tenant-based assistance document;
- 3) Limit eligibility or give a preference to a particular Qualifying Population or segment of the Qualifying Population if permitted in its written agreement with the Department (and only if the limitation or preference is described in the Department's HOME-ARP allocation plan). A preference for households in one or more of the HOME-ARP Qualifying Populations must comply with the Department's determined preference(s) and the Department's policies and procedures for applying the preference(s), if any;
- 4) Any limitation or preference must not violate nondiscrimination requirements in 24 CFR 92.350. If the Department requires the use of a project-specific waitlist to select Qualifying Households and/or Low-Income Households for occupancy of HOME-ARP units, the selection of households must be from a written waiting list in the chronological order of their application, insofar as is practicable;
- 5) Give prompt written notification to any rejected applicant of the grounds for any rejection; and
- 6) Complies with the VAWA requirements as described in 24 CFR 92.359.
- 7) Notwithstanding the foregoing, Tribal Entity applicants may implement a tribal preference for tenant selection if the Project is located on Native American Lands.



## **212 – Appraisal and Market Study**

### I. Appraisal

All Projects must provide a property appraisal dated within one year of the HOME-ARP application submission deadline.

The property appraisal must determine the value of the land and/or improvements upon which the proposed Project will be developed and if the land is leased, the appraisal must include the fair market value of the lease payments; this includes Native American Lands and Native American Fee Lands as applicable.

Any appraisal required by the Department shall be prepared at the Applicant/Project Owner/developer expense by an individual or firm which:

- 1) Has the appropriate license and the knowledge and experience necessary to competently appraise Low-Income residential rental property;
- 2) Is aware of, understands, and correctly employs those recognized methods and techniques that are necessary to produce a credible appraisal;
- 3) In reporting the results of the appraisal, communicates each analysis, opinion and conclusion in a manner that is not misleading as to the true value and condition of the property; and
- 4) Is an independent third party having no identity of interest with the Project Owner, the partners of the Project Owner, the intended partners of the Project Owner, or with the general contractor.

### II. Market Study

A market study is not required for Projects where 100 percent (100%) of the units are for occupancy by the HOME-ARP Qualified Populations. Rather, the Applicant can demonstrate that there is unmet need among Qualifying Populations for the type of housing proposed through a gap analysis, CoC data, public housing and affordable housing waiting lists, point-in-time surveys, housing inventory count, or other relevant data on the need for Permanent Housing for the Qualifying Populations. A Market study in accordance with 24 C.F.R. § 92.250(b)(2) is required for Projects containing units restricted for occupancy by Low-Income Households or market-rate households.

Market studies required by the Department shall conform to the market study guidelines adopted by TCAC and be prepared at the Project Owner's expense by an individual or firm that:

- 1) Has the knowledge and experience necessary to conduct a competent market study for Low-Income residential rental property;
- 2) Is aware of, understands, and correctly employs those recognized methods and techniques that are necessary to produce a credible market study;
- 3) In reporting the results of the market study, communicates each analysis, opinion and conclusion in a manner that is not misleading as to the true market needs for Low-Income residential property; and
- 4) Is an independent third party having no identity of interest with the Project Owner, the partners of the Project Owner, the intended partners of the Project Owner, or with the general contractor.



## **213 – Timing of Funds Disbursement**

### I. Related Soft Costs

Disbursements of funds for the reimbursement of eligible related soft costs as defined in 24 C.F.R. § 92.206(d) may be made at the time of construction closing. Architectural, engineering, and related professional services costs may be paid if they were incurred not more than 24 months before the date that HOME-ARP funds are committed to the Project (i.e., execution of the Standard Agreement.)

### II. Acquisition Costs

Disbursements for acquisition costs may be made at the time of construction closing.

### III. Development Hard Costs

During the construction period, disbursements for development hard costs shall be made on a reimbursement basis, based on percentage complete, with 10 percent (10%) retained until project completion, as evidenced by submission to the Department of all Project Completion and Permanent Closing Requirements as set forth in the Standard Agreement, Construction Loan Agreement (also known as Disbursement Agreement), and the HOME-ARP NOFA.

Ten percent (10%) of the development hard costs will be retained and released after the Department approves the Project Completion and Loan Closing Requirements in the Standard Agreement, such as, but not limited to the following:

- 1) the final audited cost certification completed by an independent certified public accountant;
- 2) project completion report with the final sources and uses and tenant demographics;
- 3) recorded notice of completion; and
- 4) final certificate of occupancy.

The Department reserves the right to release the loan retention after approving the conversion to permanent financing and closing on the permanent loan.

**Note:** Final beneficiary and budget information must be submitted within 90 days of the final disbursement of funds.

### IV. Conditions of Disbursement

HOME-ARP program funds shall be disbursed to the Project Owner after the Standard Agreement between the Project Owner and the Department is fully executed and the Department has received a request for funds from the Project Owner. The Standard Agreement will set forth the general conditions of disbursement, any conditions precedent to disbursements (e.g., documentation requirements for pre-Standard Agreement expenditures) and the Department's remedies upon an event of default. The Standard Agreement will also identify the payee. Where Co-Sponsors wish to receive the funding outside of escrow, they must identify, and memorialize in the Standard Agreement, which Co-Sponsor will serve as the designated payee for all award amounts. HOME-ARP funds awarded to an Applicant may not be transferred to another entity to expend on an eligible use unless that other entity is a signatory on the Standard Agreement.

## 214 – Monitoring Fees

Pursuant to 24 CFR 92.214(b)(1)(i), CPD-21-10 and this NOFA, the Department charges fees to cover the cost of ongoing monitoring and physical inspection of rental projects during the period of affordability. The Department charges an annual monitoring fee, as follows:

*Table 4: Monitoring Fees*

<b>2023 Monitoring Fees*</b>	
<b>Number of Assisted Units</b>	<b>Annual Fee</b>
12 or fewer	\$6,077
13 to 24	\$9,888
25 to 36	\$12,051
37 to 48	\$12,360
49 to 60	\$14,781
61 or more	\$17,304

\*To cover inflation, this annual monitoring fee is projected to increase by 3 percent (3%) annually unless the Department determines that its monitoring costs are increasing at a lower rate. Financial assumptions in the application shall be based on the rate that will be effective at the time of initial occupancy.

Annual monitoring fees are mandatory payments. The first payment shall be prorated based upon the total number of days from permanent loan closing to the last day of the first fiscal year. Payments made must be pursuant to the Regulatory Agreement.

## 215 – Program Overlays

### I. Local, State, and Federal Laws

Project Owners must abide by all local, state, and federal laws applicable to the Project. These may include, but are not limited to, the following: zoning ordinances, building and housing codes; planning; historical preservation, environmental, tenant occupancy and relocation; and applicable federal requirements. Failure to comply with local, state, and federal overlays could result in significant project cost increases and/or rejection of the HOME-ARP application.

Notwithstanding the foregoing, Project Owners do not have to comply with the following state and local laws if the Project is located on Native American Lands: zoning ordinances, building and housing codes, planning, historical preservation, environmental, tenant occupancy, and relocation. For Projects located on Native American Lands, Project Owners must abide by building codes and health and safety standards of the Indian Tribe exercising jurisdiction over the Project provided said building codes and health and safety standards are at least as stringent as state or local law. If the Indian Tribe exercising jurisdiction over the Project does not have building codes or health and safety standards, the Project Owner must abide by building codes and health and safety standards from another jurisdiction provided they are at least as stringent as state or local law. However, Projects located on Native American Lands must comply with applicable federal law, including historical preservation, environmental, tenant occupancy, and relocation.

## II. State Prevailing Wages

Program funds awarded under this NOFA may be subject to state prevailing wage law, as set forth in Labor Code § 1720 et seq. and require the payment of prevailing wages unless the project meets one of the exceptions of Labor Code 1720(c) as determined by the Department of Industrial Relations (DIR). The DIR can be contacted directly via their [website](#). Applicants are urged to seek professional advice as to how to comply with state prevailing wage law. For Projects located on Native American Lands, Project Owners may implement tribally-determined prevailing wages in accordance with the Native American Housing Assistance and Self Determination Act of 1996 (NAHASDA).

## III. Federal Labor Standards

Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) and implementing regulations established at 24 CFR Part 75 apply to HOME-ARP-assisted Projects. Section 3 creates economic opportunities for Low- and Very Low-Income persons.

For Projects with 11 or more HOME-ARP Assisted Units the requirements in 24 CFR 92.354 apply to HOME-ARP activities: Davis Bacon Act (40 U.S.C. §276a to 276a-7), the Copeland Act (40 U.S.C. §276c and 18 U.S.C. §874), and the Contract Work Hours and Safety Standards Act (40 U.S.C. §327- 333). Projects must comply with the provisions, as applicable, regarding labor standards for federally assisted construction sub-agreements.

## IV. HUD NEPA Reviews and Environmental Clearances

HUD's environmental review requirements as specified in 24 CFR 92.352 and CPD-21-10 apply to all HOME-ARP eligible activities under this NOFA. The environmental effects of each activity carried out with HOME-ARP funds must be assessed in accordance with the provisions of the National Environmental Policy Act of 1969 (NEPA) (42 U.S.C. 4321 et seq.) and the related authorities listed in HUD's implementing regulations at 24 CFR part 58.

Per NEPA (and its implementing regulations in 40 CFR Parts 1500 to 1508) and 24 CFR Part 58, the Responsible Entity (RE) is required to ensure that the environmental review process is complete before decisions are made and actions taken. To achieve this, 24 CFR Part 58 prohibits the commitment or expenditure of federal and non-federal funds until the environmental review process has been completed.

Any action in which a Project commits or expends HUD or non-HUD funds on activities for a HUD-assisted project that reduce or eliminate the project's opportunity to choose alternatives is a choice limiting action. Choice-limiting includes actions to acquire, dispose, rehabilitate, demolish, convert, transfer, remove, lease, or construct properties (including entering into contracts or other written commitments). Choice limiting actions performed prior to environmental clearance can result in regulatory or statutory violations that can jeopardize HUD funding of the project.

Designated by HUD as a "Participating Jurisdiction," HCD is the RE for the NEPA environmental assessment of HOME-ARP Developer and Tribal sponsored projects. HCD will work with the Developer or Tribal Applicant or their designated environmental consultant to prepare all environmental review documents and notices, including consultation with all relevant organizations and regulatory agencies and obtaining HUD's final approval.

## V. Pet Friendly Act

Project Owner certifies that residents of the housing development will be authorized to own or otherwise maintain one or more common household pets pursuant to the Pet Friendly Housing Act of 2017 (Health and Safety Code § 50466), and pet owner policies must not include charging tenants pet rent.

Notwithstanding the foregoing, Tribal Entity Applicants do not have to comply with the Pet Friendly Act of 2017 if the proposed project is located on Native American Lands.

## VI. Housing First

All projects must implement Housing First requirements consistent with the core components set forth in Welfare and Institutions Code, Division 8, Chapter 6.5 § 8255 subsection (b), and basic tenant protections established under federal, state, and local law including, but not limited to the following:

- 1) Tenant selection practices that promote the acceptance of Applicants regardless of their sobriety or use of substances, completion of treatment, or agreement to participate in services;
- 2) Applicants are seldom rejected on the basis of poor credit or financial history, poor or lack of rental history, or minor criminal convictions;
- 3) Applicants are assisted in making application for tenancy and reasonable accommodation requests;
- 4) Assistance shall be provided in obtaining Permanent Housing as rapidly as possible and without preconditions, such as participation in services, length of stay, or successful completion of a transitional housing program. Upon exit to Permanent Housing, follow up services shall be provided for no less than six months to ensure that tenants retain Permanent Housing; and
- 5) Services must be voluntary.

Notwithstanding the foregoing, Tribal Entity Applicants do not have to comply with the Housing First core components if the proposed project is located on Native American Lands.

## VII. Housing Element

Applicants that meet the definition of a Local Public Entity (cities and counties) are required to be in substantive compliance with state Housing Element Law at the time of award. Newly incorporated cities are exempt from this factor, until which time the city is required to submit the housing element to the Department for approval. It is the responsibility of the cities and counties to know their reporting requirements. If unsure, please send an email inquiry to the HOME-ARP NOFA unit at [HOMEARP-NOFA@hcd.ca.gov](mailto:HOMEARP-NOFA@hcd.ca.gov).

Tribal Entities and Projects to be developed on Native American Lands are exempt from this requirement. For more information on the Housing Element Law please visit the [Planning and Community Development Webpage](#).

## SECTION 3 - APPLICATION REVIEW AND AWARD PROCESS

### **300 – Two-Part Application Process**

Applications will be received and reviewed as a two-part process as follows:

#### I. Part I – Threshold and Scoring

Applicants must submit an application through the Neighborly Software System to determine threshold and scoring. The Department will review submitted applications to determine threshold and scoring pursuant to NOFA Section 301 - Minimum Requirements (Threshold) and NOFA Section 302 - Application Scoring Criteria.

After the minimum requirements have been met (passing threshold), Applicants scoring high enough to be eligible for available funding will be invited to continue to Part II – Feasibility. An Applicant will have no less than 45 calendar days from the date of notification to submit the feasibility Excel workbook and required documentation.

The Department anticipates notifying Applicants that forward to Part II in March 2024.

#### II. Part II – Feasibility

Applications that pass financial feasibility review pursuant to NOFA Section 303 - Financial Feasibility, will be recommended for funding.

The Department may request clarifying information and/or inquire as to where in the application specific information is located, provided that such information does not affect the competitive rating of the application.

No information, whether written or verbal, will be solicited or accepted if this information would result in a competitive advantage to an Applicant or a competitive disadvantage to other Applicants. If the Department deems the application incomplete, or it fails to meet the program's minimum requirements, the Applicant may be given an opportunity to appeal the determination pursuant to NOFA Section 304 - Appeals.

### **301 – Minimum Requirements (Threshold) and Additional Application Requirements**

To be eligible to receive funding, the Department must receive the application by the deadline specified in this NOFA, AND the Applicant must adhere to all minimum requirements in this section.

#### I. Minimum Requirements Overview

To be eligible to receive funding, Applicants must:

- 1) Provide all certifications under section II;
- 2) Demonstrate site control;
- 3) Demonstrate adequate developer experience;
- 4) Demonstrate adequate owner and operator experience;
- 5) Demonstrate adequate property management experience;
- 6) Demonstrate compliance with the Resident Services requirements in section VIII;
- 7) Demonstrate compliance with the Supportive Services requirements in section IX.; and
- 8) Meet all additional requirements as determined by the Department.

## II. Certifications

Applicant must certify to items 1 through 7 below:

- 1) Applicants that meet the definition of a Local Public Entity (cities and counties) are required to be in substantive compliance with state Housing Element Law prior to award date. Newly incorporated cities are exempt from this factor, until which time the city is required to submit the housing element to the Department for approval. It is the responsibility of the cities and counties to know their reporting requirements. Developers and projects to be developed on Native American Lands are exempt from this requirement;
- 2) Assisted Units must serve persons qualifying as members of the Qualified Population or Low-Income Households as identified in Section VI.B.1.b of CPD-21-10;
- 3) The Applicant must be an Eligible Applicant as defined in Section 200;
- 4) Neither the Applicant nor any member of the development team is currently federally debarred or suspended;
- 5) Applicants must have resolved any open audit finding(s), for any state or federally funded housing or community development project or programs to the satisfaction of the Department or federal agency by which the finding was made;
- 6) Applicants must not have any pending or threatened litigation that could affect implementation of the proposed project, and
- 7) Borrower must assure that the Project's commercial space is not used, in whole or in part, for any Disapproved Use. A "Disapproved Use" of the Project includes, but is not limited to, a liquor store/bar, adult store/film, veterinarian office/kennel, funeral home, video arcade/pool hall, bowling alley, music, dancing, manufacturing, repair facility, vehicle related, service stations, hazardous materials, storage or warehousing facilities, tattoo and/or piercing establishment, pawn shop, check cashing or paycheck advance business, passive activity (e.g., switching station), nuisances, medical marijuana, and/or other Disapproved Use determined by the Department.

## III. Site Control

The Applicant must have site control of the proposed property, and such control shall not be contingent on the approval of any other party. The status and nature of the Applicant's title and interest in the property shall be subject to the Department's approval.

Site control may be evidenced by one of the following:

- 1) Fee title evidenced by a current title report (within 90 days of application) showing the Applicant holds fee title;
- 2) A leasehold interest on the property with provisions that enable the lessee to make improvements on and encumber the property provided that the terms and conditions of any proposed lease shall permit, prior to loan closing, compliance with all program requirements, including compliance with 25 C.C.R. § 8316;
- 3) Enforceable option to purchase or lease\*;
- 4) An executed disposition and development agreement (DDA) with a public agency or irrevocable offer of dedication to a public agency\*;

- 5) An agreement with a public agency that gives the Applicant exclusive right to negotiate\*;
- 6) Land sales contract\*;
- 7) For tribal trust land, a title status report (“TSR”) or an attorney’s opinion regarding chain of title and current title status; or
- 8) For Projects located on land held in trust by the Bureau of Indian Affairs (“BIA”) that are subject to a leasehold interest created through a long-term ground lease that is approved (or will be approved) by BIA pursuant to 25 C.F.R. Part 162, the ground lease must conform to the requirements of 25 C.C.R. § 8316(a) and all of the following:
  - a. Landlord, lessee, and the Department must execute a lease rider that encumbers the tribal trust land, and such lease rider must have superior rights to any other instrument(s) that may encumber the Project’s leasehold interest; and such lease rider must be approved (or will be approved) by BIA prior to disbursement of funds;
  - b. Landlord, lessee, and the Department must execute a Declaration of Restrictive Covenants or a Regulatory Agreement that runs with the land so that the Department may enforce the requirements of this NOFA;
  - c. Landlord and lessee must record the lease, lease rider, Declaration of Restrictive Covenants (or Regulatory Agreement) against the tribal trust land with the BIA Land Title and Records Office that has the appropriate jurisdiction, and, in the appropriate official records in the county of which the Project is located, as may be applicable;
  - d. The Department reserves the right to require any other documents or provisions to secure the Department’s interest, which may include the granting of third-party beneficiary rights to the Department; and
  - e. Tribal Entities that are Recipients must provide the Department with a limited waiver of sovereign immunity in the Department’s Standard Agreement, and all other Department loan and transaction documents, including but not limited to, a lease rider and a Declaration of Restrictive Covenant (or Regulatory Agreement). The Tribal Entity may accomplish this by executing and referencing a separate instrument that provides the Department and the State of California with a limited waiver of sovereign immunity.

**\*Warning:** In compliance with 24 CFR Part 58.22: Limitations on activities pending clearance, neither a Recipient nor any participant in the development process may commit any HUD or non-HUD funds to a project until it’s been determined whether the project would have an adverse environmental impact or limit the choice of reasonable alternatives, and HUD has approved the RE’s Request for Release of Funds (RROF) by issuing an Authority to Use Grant Funds (AUGF).

Per 24 CFR 58.22(d): An option agreement on a proposed site or property is allowable prior to the completion of the environmental review if the option agreement is subject to a determination by the Recipient on the desirability of the property for the project as a result of the completion of the environmental review in accordance with this part and the cost of the option is a nominal portion of the purchase price.

For more information, please see HUD’s 2011 memo: [Guidance on Options and Conditional Contracts for Purchase of Real Property for Environmental Reviews Conducted by a Responsible Entity under 24 CFR 58](#)

#### IV. Developer Experience

The development team (developer, co-developer, and/or general partner) shall demonstrate the following minimum experience requirements relevant to developing affordable rental housing projects comparable to that of the proposed project:

- 1) Must have developed at least three affordable housing projects within the past 10 years comparable in size and scope to that of the proposed Project;
- 2) At least one of the projects must be HCD or TCAC regulated; and
- 3) At least one projects serving Homeless, Chronically Homeless or Special Needs Populations.

#### V. Applicant Owner and Operator Experience

**Note:** The Applicant MUST also be the Project Owner.

To satisfy experience requirements, the Eligible Applicant may include the experience of its controlled affiliated entities or its principals (e.g., employed by, and under the control of the Project Owner and responsible for managing development activities), but not the experience of non-management board members. Experience among partners shall not be aggregated. Any change in the ownership that reduces the Applicant's role shall require prior written approval by the Department.

The Eligible Applicant shall demonstrate the following minimum experience and capacity requirements:

- 1) Must have owned and operated at least three affordable housing projects in-service for at least three years, and no more than 10 years prior to the HOME-ARP application due date. Projects must be comparable in size and scope to that of the proposed Project.
- 2) At least one of the projects must be HCD or TCAC regulated.
- 3) At least one of the projects serving Homeless, Chronically Homeless or Special Needs Populations; and
- 4) Have the current capacity to own and operate the proposed Project. For purposes of satisfying this requirement, an Applicant has "capacity" if it has adequate staff, capital, assets, and other resources to efficiently meet the operational needs of the Project; to maintain the Fiscal Integrity of the Project; and to satisfy all legal requirements and obligations in connection with the Project. Evidence of capacity must demonstrate the Applicant has adequate financial management systems and sufficient financial resources to carry the project to completion.

#### VI. Property Management Company Experience

The Property Manager shall demonstrate the following minimum experience requirements:

- 1) Experience managing four projects in service for at least three years. If not currently in service, experience must be no more than seven years prior to the HOME-ARP application due date. Projects must be comparable in size and scope to that of the proposed project;
- 2) At least two of the projects must be HCD or TCAC regulated; and



- 3) At least two projects serving Homeless, Chronically Homeless, or Special Needs Populations.

#### VII. Resident Services Requirement

Project must have a Resident Services coordinator on site. Applicant must provide evidence of an agreement or memorandum of understanding with, or commitment letter from, a Resident Services provider regarding the proposed Supportive Services scope of work, staffing and budget.

Applicant must provide a Resident Services plan that includes a 0.25 full-time equivalent (“FTE”) dedicated on-site services coordinator or staff for every 50 Units in the Project (0.25:50), and information adequate to determine the feasibility of the Resident Services during the term of the Regulatory Agreement.

#### VIII. Supportive Services Requirement

Projects applying for funds where Supportive Services are provided to Assisted Units must have a Lead Service Provider (LSP) with a minimum of two years’ experience serving the Homeless or At Risk of Homelessness population. A Supportive Services plan and memorandum of understanding must be submitted with the application and a signed agreement between the developer and the LSP must be provided to the Department by the construction loan closing date.

#### IX. Additional Application Requirements

In addition to the minimum requirements listed in Sections 301 I to 301 IX , all Applicants must provide the following information and documentation in the HOME-ARP Rental Housing Application:

- 1) Project Narrative/Details, Construction Scope of Work and Financing. The narrative should provide a brief summary of the proposed Project, and should include, but not be limited to, the following:
  - a. Name of the Applicant and development team;
  - b. Name and location;
  - c. Specify if Project is located in a Rural Area, or on Native American Lands or Native American Fee Lands;
  - d. Assessor’s Parcel Number(s);
  - e. Assembly Member, State Senator, U.S. Senators, and Congressional Representative;
  - f. Zoning details;
  - g. Site Acreage;
  - h. Construction Scope of Work;
  - i. Type of construction: new construction or Rehabilitation;
  - j. Design and architectural features of the buildings;
  - k. Landscape plan;
  - l. Number of buildings and elevators;

- m. Number of parking spaces for vehicles, motorcycles, and bicycles (detailed information of the number of accessible open and covered spaces, and garages);
  - n. Confirm Project is on a permanent foundation. Federal, state, and local requirements. All Assisted Units and other Units of the Project must be on a permanent foundation and must meet all applicable federal, state, and local requirements pertaining to rental housing, including, but not limited to, requirements for minimum square footage and requirements related to maintaining the property in a safe and sanitary condition;
  - o. Gross residential square feet of building (Units, leasing office, and common areas);
  - p. Gross commercial square feet for mixed used buildings and plans for commercial tenants;
  - q. Number of Units and their size (# of bedrooms, # of bathrooms, and Unit square footage);
  - r. Detailed Unit mix, including affordability levels, funding sources, layering, and if any, market rate units;
  - s. List of amenities and services offered at the Project's site; and
  - t. List and map of amenities and services offered within the proximities listed in Section 302 (Application Scoring Criteria) of this NOFA;
- 2) Project milestones;
  - 3) Construction costs supported by third party cost estimates as may be requested by the Department;
  - 4) Information adequate to determine if the Project and Applicant will meet the requirements of an Eligible Recipient (Applicants), Eligible Uses, Project Requirements, Underwriting, Management and Maintenance, Application and Award Process, Application Minimum Requirements and Selection Criteria (Rating, Ranking, and Eligibility for Funding for Competitive Allocations);
  - 5) Copies of all firm written financial commitments for the Project; and,
  - 6) Detailed information of the Applicant adequate to determine the experience and capacity of the Applicant with other federal, state, or local housing or community development programs, including but not limited to:
    - a. Identification of all members of the Project team;
    - b. A description of the roles, financial structure and all legal relationships of the Applicant, developer, owner(s), managing general partner, Administrative Subcontractor, and all other partners in the construction of the Project;
    - c. Description of ownership entity, including an organizational chart that includes the percentage ownership interest of each party in the borrower;
    - d. Audited financial statements for the previous two years and information indicating if the Applicant or any member of its Project team has any unresolved audit findings;
    - e. Applicant's audited financial statements must comply with 2 C.F.R. Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards;

- f. Tax documents to include Form 990 (nonprofits) or Form 941 (for profits) and other related tax information as may be requested by the Department;
- g. Information indicating if the Applicant and any member of its program or Project team is or has been suspended or debarred from participation in any federal or state housing or community development program;
- h. Information on any pending litigation affecting the Applicant's ability to carry out the activity;
- i. Information adequate to determine the experience of the Applicant in developing the same type of subsidized Project as proposed by the application;
- j. Governing Board Resolution(s);
- k. Tribal Constitution and/or Charter, and it's Tribe or Tribal Council Resolution(s) that identify and designate the Tribal official authorized to bind the Tribe;
- l. Limited Partnership Agreement (including any amendments) – fully executed;
- m. Limited Partnership federal ID number; and
- n. Organizational documents for all ownership interests.

### 302 – Application Scoring Criteria

Applications that meet the minimum program requirements (Threshold) outlined in NOFA Section 301 – Minimum Requirements (Threshold) will move to the scoring phase of the application review process in Part I. Those with the highest scores will then be invited to submit Part II – (feasibility) of the application. Scoring will be based on the following:

*Table 5: Applicant Scoring*

Categories	Evaluation Criteria	Max Points
<b>Readiness</b>	<p>a. <b>Organizational Documents – 10 Points</b>            Ultimate borrowing entity and all affiliated entities are fully- formed and all required organizational documents are submitted with the application.</p> <p>Submit organizational documents supporting the Resolution submitted with the application. Include Organizational Chart, Signature Block and Payee Data Record STD-204.</p> <p><u>Corporation organizational documents</u></p> <ul style="list-style-type: none"> <li>• Articles of Incorporation (Corp. Code §154, 200 and 202) as certified by the CA Secretary of State.</li> <li>• Bylaws and any amendments thereto (Corp. Code §207(b), 211 and 212)</li> <li>• Certificate of Amendment of Articles of Incorporation (Corp. Code §900-910 (general stock), §5810-5820 (public benefit and religious corporations), §7810-7820 (mutual benefit corporations), or §12500-12510 (general cooperative corporations)) as applicable.</li> </ul>	<b>45</b>

	<ul style="list-style-type: none"> <li>• Restated Articles of Incorporation (Corp. Code §901, 906, 910 (general stock), §5811, 5815, 5819 (public benefit and religious corporations), §7811, 7815 and 7819 (mutual benefit corporations) and §12501, 12506 and 12510 (general cooperative corporations)) as applicable.</li> <li>• Statement of Information (CA Secretary of State form SI-100 or SI-200)</li> <li>• Shareholder Agreements (Corp. Code §186) if applicable.</li> <li>• Certificate of Good Standing certified by Secretary of State.</li> </ul> <p><u>Limited Liability Company organizational documents</u></p> <ul style="list-style-type: none"> <li>• Articles of Organization (CA Secretary of State form LLC-1)</li> <li>• Certificate of Amendment (CA Secretary of State form LLC-2) if applicable.</li> <li>• Restated Articles of Organization (CA Secretary of State form LLC-10) if applicable.</li> <li>• Certificate of Correction (CA Secretary of State form LLC-11) if applicable.</li> <li>• Statement of Information (CA Secretary of State form LLC-12 or LLC-12NC)</li> <li>• Operating Agreement (Corp. Code §17707.02(s) and 17701.10.)</li> <li>• Certificate of Good Standing certified by Secretary of State.</li> </ul> <p><u>Limited Partnership organizational documents</u></p> <ul style="list-style-type: none"> <li>• Certificate of Limited Partnership (CA Secretary of State form LP-1)</li> <li>• Amendment to Certificate of Limited Partnership (CA Secretary of State form LP-2) if applicable.</li> <li>• Certificate of Correction (CA Secretary of State form LP-2) if applicable.</li> <li>• Limited Partnership Agreement (CA Corp. Code §15901.02(x) and 15901.10)</li> <li>• Certificate of Good Standing certified by Secretary of State.</li> </ul> <p><b>b. Land Use – Up to 10 Points</b>  Obtain all necessary and discretionary public land use approvals, except building permits and other ministerial approvals, or documented to be an eligible project under AB 2162.</p> <p><u>Sub Factor #1</u> - All Land use applications have been approved = <b>10 Points</b></p> <p><u>Sub Factor #2</u> - All or remaining applications submitted for approval = <b>5 Points</b></p>	
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	<p><b>c. Design Approvals – 5 Points</b></p> <ul style="list-style-type: none"> <li>• Obtain local design review approval to the extent such approval is required.</li> <li>• Letter or other evidence documenting design review is not applicable.</li> </ul> <p>For new construction Projects submit an executed agreement with the architectural firm for the design (through working drawings) of this project</p> <p><b>d. Non-Tax Credit Projects-Committed Funding – Up to 20 Points</b></p> <p>This scoring category is for non-tax credits projects only. If a tax-credit is a part of the Project’s construction or permanent financing, the project receives zero points in this category.</p> <p>To receive points in this category Enforceable Funding Commitments (EFCs), plus the requested HOME-ARP award must equal 50% or more of the Total Development Cost.</p> <p>EFCs as defined in Section 5 of this NOFA must be submitted with the application.</p> <p><u>Sub Factor #1</u> – 90 to 100% = <b>20 points</b></p> <p><u>Sub Factor #2</u> – 70 to 89% = <b>10 points</b></p> <p><u>Sub Factor #3</u> – 50 to 69% = <b>5 points</b></p>	
<p><b>Project Characteristics</b></p>	<p><b>a. Utilization of non-HOME-ARP Operating Subsidy Assistance – Up to 20 Points</b></p> <p>Percentage of HOME-ARP QP Units with non-HOME-ARP Operating Subsidy Assistance</p> <p><u>Sub Factor #1</u> – 51 – 100% = <b>20 Points</b></p> <p><u>Sub Factor #2</u> – 25 - 50% = <b>15 Points</b></p> <p><u>Sub Factor #3</u> – 5 - 24% = <b>5 Points</b></p> <p><u>Sub Factor #3</u> – Less than 5% or no Operating Subsidy = <b>0 Points</b></p>	<p><b>30</b></p>

	<p>b. <b>Tenant Relocation – 5 Points</b></p> <p>Projects that do not require tenant relocation.</p> <ul style="list-style-type: none"> <li>Projects that do not require residential tenants to be displaced or move temporarily or permanently from real property as a direct result of rehabilitation, demolition, or acquisition of real property.</li> </ul> <p>c. <b>Small Projects – 5 Points</b></p> <p>No more than 30 total units in the project</p>	
<p><b>Unit Types</b></p>	<p>a. <b>HOME-ARP Assisted Family Units – Up to 10 Points</b></p> <p>Family units designated for HOME-ARP Qualified Populations meeting one or more sub factors below:</p> <p><u>Sub Factor #1</u> – 2 Bedroom Units Two points for each 2-bedroom unit = <b>Up to 4 points</b></p> <p><u>Sub Factor #2</u> – 3 Bedroom Units Three points for each 3-bedroom unit = <b>Up to 6 points</b></p>	<p><b>10</b></p>
<p><b>Location Efficiency and Access to Destinations</b></p>	<p>a. <b>Local Access and Proximity to Destinations – Up to 20 Points</b></p> <p>Local Access refers to reasonable access and proximity to amenities, services, and public transportation that allows members of the Qualified Populations to have choices in accessing resources for independent living. Points may be awarded cumulatively across the categories below up to a total of 20 points. To achieve points in this section the site must be within 1 mile for non-rural projects, 3 miles for rural projects, and 15 miles for Tribal projects.</p> <p>Applicants must provide a map demonstrating proximity to be eligible for the respective points.</p> <p><u>Sub Factor #1</u> – Public Transit = <b>4 Points</b> For Rural Tribal projects, if public transit is not available, full points may be awarded where van or dial-a-ride service is provided to tenants, and the operating schedule is either on demand by tenants or a regular schedule is provided.</p> <p><u>Sub Factor #2</u> – Full Scale Grocery Store/Supermarket = <b>2 Points</b></p> <p><u>Sub Factor #3</u> – Hospital/Med Clinic (must accept Medicare/Medi-Cal) = <b>2 Points</b></p> <p><u>Sub Factor #4</u> – Public School = <b>2 Points</b></p>	<p><b>20</b></p>

	<p><u>Sub Factor #5</u> – Child Care Provider = <b>2 Points</b></p> <p><u>Sub Factor #6</u> – Pharmacy (may be in grocery store or med clinic) = <b>2 Points</b></p> <p><u>Sub Factor #7</u> – Public Park or Community Center = <b>2 Points</b></p> <p><u>Sub Factor #8</u> – Library = <b>2 Points</b></p> <p><b>b. Projects in Disaster Impacted Jurisdictions – 2 Points</b></p> <p>Projects located in Disaster Declared Areas pursuant to the HUD memorandum dated May 17, 2023, referencing the federal disaster declaration under title IV of the Stafford Act, DR-4699-CA dated April 3, 2023, as may be amended (<a href="https://www.fema.gov/disaster/4699">https://www.fema.gov/disaster/4699</a>) are eligible for 2 bonus points: <i>See Table 9 below for disaster eligible counties.</i></p>	
<b>Supportive Services</b>	<p><b>a. Supportive Services – Up to 20 Points</b></p> <p>Supportive Services with a lead service provider having at least <u>two (2) years' experience</u> serving the Homeless or At Risk of Homelessness population. Must provide a SS Plan and MOU = <b>20 Points</b></p> <p>(a signed agreement must be provided by construction close date)</p>	<b>20</b>
<b>TOTAL POINTS</b>		<b>125</b>

In the event of program oversubscription or tied points, priority will be given to the following projects in this order:

- 1) Non-tax credit projects where EFCs and the requested HOME-ARP funding amount equals the highest percentage of the Total Development Costs;
- 2) Projects with approved Project based rental or operating assistance (other than HOME-ARP);
- 3) Received maximum points for Readiness to Proceed; and then
- 4) Total number of units in project between 10-30.

The Department will review and score based on information provided in the application. If there is a departure from the application during the application review, the Department will re-evaluate the Project's score.

Table 6: Disaster Declared Counties

DR-4683 & DR-4699 IA-Declared Counties	
Amador (County)	Nevada (County)
Butte (County)	Sacramento (County)
Calaveras (County)	San Benito (County)
Kern (County)	San Bernardino (County)
Madera (County)	San Joaquin (County)
Mariposa (County)	San Luis Obispo (County)
Mendocino (County)	Santa Barbara (County)
Merced (County)	Santa Clara (County)
Mono (County)	Santa Cruz (County)
Monterey (County)	Tulare (County)
	Tuolumne (County)

### 303 – Project Feasibility

#### I. Underwriting

In accordance with 24 C.F.R. 92.250, the Department will perform underwriting analysis in Part II of the application process to assess the Project’s financial feasibility, as well as cost allocation and subsidy layering analyses to determine the appropriate amount of the HOME-ARP capital and/or operating funds.

The Department shall underwrite all Projects that receive HOME-ARP funds to determine if:

- 1) Projects will be feasible under 25 C.C.R. § 8310 for a minimum of 15 years;
- 2) Projects’ development costs will be reasonable under 25 C.C.R. § 8311;
- 3) Projects will be in compliance with the Department’s Transition Reserve Policy Administrative Memorandum dated January 1, 2023, as may be amended from time to time, and any other related Department Transition Reserve Policy administrative memoranda that the Department may adopt, as applicable;
- 4) Projects will return a reasonable level of profit for the Recipient; and
- 5) The Department will provide only enough HOME-ARP funds for the Project, alone or in combination with other governmental assistance, that is necessary to provide quality affordable housing.

Additionally, the Department shall examine all the sources and uses of funds for the Project (including any operating cost assistance, COSR, or project-based rental assistance that will be provided to the Project) and assess the current market demand in the neighborhood the Project will be located, the experience of the Recipient, the amount and quality of the Recipient’s employees, the financial capacity of the Recipient, and firm written financial commitments for the Project.



## II. Special Environmental Assessments

If an Applicant proposes to develop site(s) formerly used for agricultural, industrial, manufacturing, or commercial purposes, or the site is situated adjacent to, or in close proximity to, rail yards, airports, dumpsites, or other potentially contaminated properties, whether abandoned or operating, the Department may require a Phase II environmental site assessment, or other soil assessment and testing. If not submitted with the application, these reports will be required after award as part of the NEPA process.

If the Applicant has any indication that these conditions may exist, the Department highly recommends that Applicants complete an assessment, soil sampling, or other appropriate testing methodology, prior to submitting the application. The results should be submitted as part of the application documentation, and any additional costs the project may incur must be included in the project budget and Sources and Uses Form.

Failure to include these items can increase the project costs such that the project is unfeasible, resulting in being noncompetitive for an award. For this reason, it is incumbent upon the Applicant to present verifiable and documented information in the application to prevent any unknown or uncertain project costs.

## III. Displacement, Relocation, and Acquisition

Projects must comply with the federal displacement, relocation, and acquisition requirements at 24 C.F.R. § 92.353 and [HUD's 1378 Handbook](#) and applicable state and local laws, whichever are more stringent.

If the project results in displacement or temporary relocation, the Applicant must adhere to the following:

- 1) All tenants of a property who are displaced or temporarily relocated as a direct result of the development of a HOME-ARP Project must be provided relocation benefits and assistance as provided in 24 C.F.R. § 92.353; and,
- 2) The Applicant must prepare a relocation plan conforming with the provisions of 24 C.F.R. § 92.353. For loans underwritten by the Department, the relocation plan or other relocation documentation is subject to the review and approval by the Department prior to the beginning of construction.

If the project of the Applicant does not result in displacement or temporary relocation of tenants, the Applicant must provide:

- 1) Self-Certification on company letterhead providing a narrative and certification that relocation is not applicable, including pictures of the site (i.e., high overview map with property lines.)

For projects that involve acquisition, the application must include a signed copy of a [voluntary acquisition letter](#) signed by both the owner and seller.

Notwithstanding the foregoing, Projects located on Native American Lands do not have to comply with state relocation laws – but federal relocation requirements are still applicable.

## 304 – Appeals

### I. Basis of Appeals

- 1) Applicants may appeal HCD’s written determination that an application is incomplete, has failed threshold review, or has otherwise been determined to provide an insufficient basis for an award (including point scoring and tie breaker);
- 2) At the sole discretion of the Department, the Department’s written determination may include a request for clarifying and/or corrective information. For purposes of this section, “clarifying information” includes information and/or documentation that resolves ambiguities in any application materials that will inform the Department’s threshold, scoring and feasibility determinations;
- 3) No Applicant shall have the right to appeal a decision of HCD relating to another Applicant’s application (e.g., eligibility, award);
- 4) Any request to appeal HCD’s decision regarding an application shall be reviewed for compliance with the Guidelines and this NOFA. All decisions rendered shall be made by the Program Manager or his/her designee. The decision shall be final, binding, and conclusive, and shall constitute the final action of HCD; and
- 5) The appeal process provided herein applies solely to decisions of HCD made pursuant to this NOFA.

### II. Appeals Process and Deadlines

To file an appeal, Applicants must submit to the Department, by the deadline set forth below, a written appeal stating all relevant facts, arguments, and evidence upon which the appeal is based. Furthermore, the Applicant must provide a detailed reference to the area or areas of the application that provide clarification and substantiation for the basis of the appeal. No new or additional information will be considered if this information would result in a competitive advantage to an Applicant. Once the written appeal is submitted to the Department, no further information or materials will be accepted or considered thereafter. Appeals are to be submitted to the Department at [HOME-APR@hcd.ca.gov](mailto:HOME-APR@hcd.ca.gov) according to the deadline set forth in HCD review letters.

### III. Filing Deadline

Appeals must be received by the Department no later than five (5) business days from the date of the Department’s threshold review, or initial score letters, as applicable, representing HCD’s decision made in response to the application.

### IV. Decision

Any request to appeal HCD’s decision regarding an application shall be reviewed for compliance with the Guidelines and this NOFA. All decisions rendered shall be final, binding, and conclusive, and shall constitute the final action of HCD.

## **305 – Award Process and Contracts**

### I. Award announcements

Once project application scoring is complete, Initial Score Letters will be sent out via email to the authorized representative and contact person listed in the application describing the scores and facts upon which those scores were determined.

Recommended awards will go to the Department's Internal Loan Committee for approval. The Department will send Award Letters to successful Applicants. The Department will make its best effort to announce competitive awards by **August 2024**.

### II. Significant Changes in Project After Application

If there are significant changes to the project after scoring, the Department reserves the right to re-evaluate the Project's threshold eligibility and scoring.

### III. Contracts

Awardee(s) must enter into a Standard Agreement with the Department. The Standard Agreement contains all the relevant state and federal requirements, as well as specific information about the award and the work to be performed. The Standard Agreement will contain deadlines that are consistent with HUD's HOME-ARP implementation memo and guidance. Failure to meet these deadlines will be considered a material breach of the Standard Agreement.

**Note:** The Standard Agreement will be delayed if awardee does not promptly provide the Department with all required entity resolutions and other entity documentation (e.g., bylaws, articles of incorporation, 501(c)(3) certification, certificate of good standing), in form and content acceptable to the Department in its sole discretion, which evidence that awardee has the legal authority to contract with the Department.

A condition of award will be that a Standard Agreement is executed by the awardee(s) within 90 days (contracting period) of the awardees' receipt of the Standard Agreement. Failure to execute and return the Standard Agreement(s) to the Department within the contracting period may result in award cancellation. The awardee(s) shall remain a party to the Standard Agreement for the full term of the Standard Agreement; removal of the awardee(s) shall be prohibited.

## SECTION 4 - PROGRAM OPERATIONS

### 400 – Program Oversight

As requested by the Department, Project Owners shall provide construction progress reports of the development plan and any updates to the timeline of the completion of the Project.

The development plan should include the Project's completion milestones and any updates or substantial changes.

### 401 – Legal documents

#### I. Standard Agreement

The Project Owner must execute a Standard Agreement with the Department, formally committing the funds to the project. The Department has no obligation to execute a Standard Agreement with a Sponsor if the Department cancels the Project Owner's award.

This Standard Agreement must meet the written agreement requirements of CPD-21-10.

The Standard Agreement must require compliance with the HOME-ARP NOFA and all applicable state and federal laws.

The Project Owner must provide the Department with copies of all firm written financial commitments for the Project before the Project Owner executes a Standard Agreement with the Department.

Before executing a Standard Agreement, the Department must determine the following consistent with the HOME-ARP NOFA:

- 1) The Project will have and maintain Fiscal Integrity for 15 years;
- 2) The Project will be feasible under 25 C.C.R. § 8310 for 15 years;
- 3) The Project will have development costs that are reasonable under 25 C.C.R. § 8311;
- 4) The Project will be in compliance with the [Department's Transition Reserve Policy](#) Administrative Memorandum dated January 1, 2023, as may be amended from time to time, and any other related Department Transition Reserve Policy administrative memoranda that the Department may adopt, as applicable;
- 5) The Project will return a reasonable level of profit for the Project Owner; and
- 6) The Project will receive only enough HOME-ARP funds, alone or in combination with other governmental assistance, that is necessary to provide quality affordable housing.

The Project Owner and the Department must also comply with the following:

- 1) All loans must be evidenced by a promissory note ("Note") and secured by a deed of trust and assignment of rents with power of sale ("Deed of Trust"), executed by the owner of the fee estate of the real property the Project occupies, naming the Department as beneficiary. The Deed of Trust must encumber the fee estate of the real property the Project occupies and must be recorded in the county the Project is located and must have priority over other liens, encumbrances, and other matters of record on the fee estate except as may be approved by the Department under 25 C.C.R. §§ 8310(f) and 8315;
- 2) If the land where the Project is located is subject to a leasehold, the Department may authorize the Note to be secured by a Deed of Trust, executed by the owner of the

leasehold the Project occupies, naming the Department as beneficiary instead of the landlord. This Deed of Trust must encumber the leasehold and must be recorded in the county in which the Project is located, and must have priority over other liens, encumbrances, and other matters of record on the leasehold except as may be approved by the Department under 25 C.C.R. §§ 8310(f) and 8315;

- 3) The owner of the fee estate in real property the Project occupies must enter into a Regulatory Agreement with the Department governing the ownership, occupancy, management, maintenance, and operation of the Project for a period equal to the minimum compliance period. The Regulatory Agreement must encumber the fee estate in the real property the Project occupies as a lien running with the land and must be binding on all successors-in-interest, assignees, and transferees of the Project Owner. The Regulatory Agreement must be recorded against the fee estate in the real property the Project occupies. The Regulatory Agreement must have priority over other liens, encumbrances, tribal trust land and other matters of record on the fee estate in the real property the Project occupies except as may be approved by the Department under 25 C.C.R. §§ 8310(f) and 8315;
- 4) If the Project occupies a leasehold, the Department may authorize the Project Owner to enter into a Regulatory Agreement that encumbers the leasehold the Project occupies instead of the fee estate in the real property the Project is located on. This Regulatory Agreement must be a lien running with the land and must be binding on all successors-in-interest, assignees, and transferees of the Project Owner. This Regulatory Agreement may be recorded against the leasehold the Project occupies. The Regulatory Agreement must have priority over other liens, encumbrances, and other matters of record on the leasehold the Project occupies except as may be approved by the Department under 25 C.C.R. §§ 8310(f) and 8315; and
- 5) If the Department authorizes the Deed of Trust and Regulatory Agreement to encumber a leasehold, then the lease must conform to the requirements of 25 C.C.R. § 8316(a)(2) and the Department must be a party to the lease. If the Department uses a lease rider to comply with this Subsection, the lease rider must amend the lease and be recorded on the fee estate from which the lease is derived. The lease rider must encumber the fee estate from which the lease is derived, and the fee owner of the real property must execute the Department's form template lease rider without modification.

## II. Projects Located on Tribal Land Subject to Leasehold Interest

For Projects located on tribal trust land that are subject to a leasehold interest created through a long-term ground lease that is approved (or will be approved) by the BIA pursuant to 25 C.F.R. Part 162, the ground lease must conform to the requirements of 25 C.C.R. § 8316(a) and all of the following:

- 1) Landlord, lessee, and the Department must execute a lease rider that encumbers the tribal trust land, and such lease rider must have superior rights to any other instrument(s) that may encumber the Project's leasehold interest; and such lease rider must be approved (or will be approved) by BIA prior to disbursement of funds;

- 2) Landlord, lessee, and the Department must execute a Deed of Trust, Declaration of Restrictive Covenants or a Regulatory Agreement that runs with the land so that the Department may enforce the requirements of the HOME-ARP NOFA; and
- 3) Landlord and lessee must record the lease, lease rider, Deed of Trust, Declaration of Restrictive Covenants, or Regulatory Agreement against the leasehold interest of the tribal trust land with the BIA Land Title and Records Office that has the appropriate jurisdiction and in the appropriate official records in the county of which the Project is located, as may be applicable.

The Department reserves the right to require any other documents or provisions to secure the Department's interest, which may include the granting of third-party beneficiary rights to the Department.

### III. Limited Waivers for Tribal Entities

Tribal Entities that are Project Owners must provide the Department with a limited waiver of sovereign immunity in the Department's Standard Agreement, and all other Department loan and transaction documents, including but not limited to, a lease rider and a Deed of Trust, Declaration of Restrictive Covenant, or Regulatory Agreement. The Tribal Entity may accomplish this by executing and referencing a separate instrument that provides the Department and the State of California with a limited waiver of sovereign immunity.

### IV. Construction Loan Agreement

In order for the Department to disburse HOME-ARP funds during construction, the Project Owner must enter into a construction loan agreement with the Department that governs the disbursement of HOME-ARP funds based on criteria established by CPD-21-10.

### V. Sponsor Operating Guaranty

The Project Owner must execute the Department's sponsor operating guaranty to provide assurance that the Project Owner has the resources and experience to develop, own and manage the Project.

### VI. Additional Agreements

The Project Owner must execute and enter into additional agreements and documents as the Department may require. These additional agreements and documents are subject to the approval of the Department.

### VII. Senior Regulatory Agreement

If the Department is disbursing funds during construction, the Department will record a senior Regulatory Agreement that is superior to all other liens associated with the Project's debt. The senior Regulatory Agreement will include affordability restrictions consistent with 25 C.C.R. § 8310(f) and Supportive Services, when required as a condition of the HOME-ARP award.

### VIII. Deed of Trust with Tax Exempt Affordable Housing Bonds

Notwithstanding 25 C.C.R. § 8315(c)(2), a deed of trust securing a loan from tax exempt affordable housing bonds, and any Regulatory Agreement associated with it, is not a lien of a local government entity.

## IX. Regulatory Agreement

The Regulatory Agreement must include, but is not limited to, the following:

- 1) The Unit number, Unit quantity, Unit size, type, and income level of Assisted and non-Assisted Units in compliance with 25 C.C.R. § 8304, whether the Assisted Units are designated fixed or floating, whether the Units are designated for Qualifying Households or Low-Income Households, and the Unit numbers of accessible housing Units with mobility features and/or Accessible Housing Units with hearing/vision features;
- 2) Standards for tenant selection that comply with the HOME-ARP NOFA;
- 3) Provisions regulating the terms of the rental agreement pursuant to 25 C.C.R. § 8307;
- 4) Provisions related to an annual operating budget approved by the Department pursuant to Section 404 – Annual Operating Budget and Schedule of Rental Income of the HOME-ARP NOFA; Provisions related to an annual operating budget approved by the Department pursuant to Section 404 - Annual Operating Budget and Schedule of Rental Income of the HOME-ARP NOFA;
- 5) Annual Monitoring Fee is set by the Department for the HOME-ARP Assisted Units, this includes a 3 percent (3%) annual increase, and will be detailed in the Department's Regulatory Agreement for the Project;
- 6) Provisions related to a management plan pursuant to Section 408 – Management and Maintenance of the HOME-ARP NOFA;
- 7) Provisions related to a Rent Schedule, including initial rent levels for Assisted Units and non-Assisted Units;
- 8) Conditions and procedures for permitting rent increases;
- 9) Provisions for limitations on Distributions under 25 C.C.R. § 8314; and on Developer Fees under 25 C.C.R. § 8312;
- 10) Provisions relating to annual reports, inspections, and independent audits pursuant to Section 403 – Reporting and Recordkeeping of the HOME-ARP NOFA;
- 11) Provisions regarding the deposit and withdrawal of funds to and from reserve accounts in accordance with 25 C.C.R. §§ 8308 and 8309;
- 12) Provisions regarding the withdrawal or disbursement of COSR funds, if any;
- 13) Assurances that the Project will be maintained in a safe and sanitary condition in compliance with applicable federal property standards, state and local housing codes, and the management plan under Section 408 – Management and Maintenance, of the HOME-ARP NOFA;
- 14) Description of the condition(s) constituting breach of the Regulatory Agreement and remedies available to the parties thereto;
- 15) Provisions governing use and operation of non-Assisted Units and common areas to the extent necessary to ensure compliance with the HOME-ARP NOFA and any applicable state and federal laws;
- 16) Provisions relating to enforcement of the HOME-ARP NOFA and any applicable state and federal laws by tenants;
- 17) Special conditions of loan approval imposed by the Department;
- 18) Provisions specifying that the Regulatory Agreement must be binding on all assigns

and successors in interest of the Project Owner and that all sales, transfers, and encumbrances must be subject to Section 405 – Sales, Transfers, Encumbrances, and Loan Payoff, of the HOME-ARP NOFA;

- 19) Other provisions necessary to assure compliance with the requirements of the HOME-ARP NOFA and applicable state and federal laws; and
- 20) Provisions identifying the modification or waiver of state housing finance requirements for Tribal Entities pursuant to Health and Safety Code § 50406(p).

#### X. Restrictive Covenants

A Declaration of Restrictive Covenants must restrict the use of a Project's land for the development of affordable multifamily housing units in a manner consistent with the HOME-ARP NOFA, CPD-21-10, and 25 C.C.R. § 8300 et seq. A Declaration of Restrictive Covenants runs with the land and is binding on the parties and their successors and assigns throughout the Project's period of affordability.

#### XI. Modifications

The loan and/or grant documents will be made on the Department's Standard Agreement, standard loan and/or grant documents. The Department may, in exercise of its absolute discretion, modify its requirements and terms on the Department's Standard Agreement, standard loan and/or grant documents upon written notice to the Project Owner for the Project. Modifications may be due to HUD publishing new program regulations and/or program guidance that apply to the Sponsor for the Project.

### **402 – Project Set Up and Disbursement of Funds**

#### I. Conditions of Disbursement

Upon notification from the Department to the Project Owner that the Department is ready to set up the Project in the Federal Integrated Disbursement and Information System (IDIS), the following conditions are applicable to the disbursement of HOME-ARP Funds:

- 1) HOME-ARP funds will be disbursed on a reimbursement basis (with the exception of the acquisition costs, which may be disbursed at construction closing, and COSR grants, which are disbursed at permanent loan closing);
- 2) The Project Owner must submit to the Department the Project Set Up report prior to the first disbursement request;
- 3) The Project Owner shall submit no more than one Request for Funds (RFF) each calendar quarter;
- 4) Upon receipt of an RFF the Department must verify that the Project complies with the applicable conditions contained in the Standard Agreement; The Department must withhold disbursements in the event the Project Owner fails to comply with the terms of the Standard Agreement, HUD Notice CPD-21-10, or any other applicable federal and state law;
- 5) Loan Retention. 10 percent (10%) of the development hard costs will be retained and released after the Department approves conversion to permanent financing; and
- 6) The Project Owner must expend HOME-ARP funds drawn from the HOME-ARP Fund for eligible costs within 15 days.



## II. Project Completion Report

To comply with HUD's 120-day deadline to close Projects out in the IDIS after final disbursement, the Project Owner must provide to the Department the Project Completion Report within 90 days of receipt of the final drawdown request for a Project.

If the Project Owner does not comply with this requirement within the 90-day time period, the Department must suspend further Project Set Up or disbursements for the Project Owner until the Project Completion report is received and the project is closed out in IDIS.

### **403 – Reporting and Recordkeeping**

#### I. Monthly Reporting Requirements

After award, and no later than 10 days following the last day of the month, Project Owners must submit a monthly status report to the Department and, for Projects currently under construction, a monthly labor compliance certification, if applicable.

For Tribal Entities, tribally determined wages may be acceptable in place of State of California prevailing wages. It is encouraged that the Project Owner seek counsel on prevailing wage determinations on a Project-by-Project basis.

The Project Owner must continue to submit the monthly status report to the Department until the final Project Completion report is submitted and the project is closed out. The monthly status report must include the following:

- 1) Information to determine the progress of efforts to comply with environmental and labor standards requirements, as applicable;
- 2) Information to determine the progress of efforts to obtain all necessary Project financing;
- 3) Information to determine the progress of efforts to obtain required local government approvals for the Project;
- 4) Information to determine whether there have been any changes in Project site control;
- 5) Information to determine the timeline for completion of the Project; and
- 6) Current contact information for individuals or firms overseeing the development of the Project.

#### II. Quarterly Reporting Requirements

Upon the Department's execution of the Standard Agreement and, at a minimum, no later than 30 calendar days after the end of each calendar quarter, until the final Project Completion report is submitted and the project is closed out in IDIS, Project Owners must submit to the Department a performance report which must include the following information:

- 1) Activities undertaken to implement the Project and to meet milestones contained in the Standard Agreement;
- 2) Anticipated activities in the next quarter to implement the Project and to meet milestones contained in the Standard Agreement;
- 3) Problems in implementing the Project or complaints received during the reporting period, and actions taken to resolve such problems and complaints;
- 4) Financial information related to expenditures of HOME-ARP funds; and

- 5) Any additional information which may be requested by the Department to ensure compliance with the HOME-ARP NOFA and applicable state and federal laws.

### III. Annual Reporting Requirements

No later than 90 days after the end of each Project fiscal year, and until the final Project fiscal year during the State Affordability Period, the Project Owner must submit to the Department the following:

- 1) An independent audit of the Project prepared by a certified public accountant in accordance with Department audit requirements, as periodically updated and incorporated by reference; and
- 2) A complete annual compliance report, including a rent schedule and tenant demographics pursuant to Department defined reporting requirements.

No later than 60 days prior to the end of each Project fiscal year, the Project Owner must submit the proposed financing as detailed in Section 404 - Annual Operating Budget and Schedule of Rental Income.

Project Owners must report annually to the Department on the services provided to residents of these Units, the qualifying characteristics of each resident, and similar information. Project Owners must maintain records as described in CPD-21-10. Project Owners must make all records available to the Department for inspection and review and must provide all records to the Department upon request.

### IV. Cost Certification

At permanent loan conversion, Project Owners must submit to the Department a cost certification performed by a certified public accountant for each Project assisted with HOME-ARP funds.

### V. Miscellaneous Reporting Requirements

The Department may require a Project Owner to provide any report the Department deems necessary to assess whether the Project Owner or Project is in compliance with the HOME-ARP NOFA and applicable state and federal law.

### **404 – Annual Operating Budget and Schedule of Rental Income**

The Project Owner must submit proposed operating budgets and Schedule of Rental Income (“SRI”) to the Department prior to occupancy and annually thereafter. These operating budgets and SRI must be subject to Department approval, be consistent with related and supporting documentation, and comply with the following requirements:

- 1) Before closing the HOME-ARP loan, the Project Owner must submit an initial operating budget, SRI, and other documents as requested to the Department. Such budget and SRI must show all anticipated income; expenses for management, operations, and maintenance; debt service; and reserve deposits for the Initial Operating Year. The initial SRI must show proposed rents for individual Units, gross rent floor date, rental and operating subsidy amounts, and similar information on both individual Units and the Project as a whole;
- 2) For the Initial Operating Year, the borrowing entity must operate the Project in accordance with the initial operating budget and SRI which were approved by the

Department prior to loan closing. Such budget must show all anticipated Operating Income, debt service, Operating Expenses and amount payable to reserves for the Initial Operating Year. Such SRI must set forth the rent roll, which will identify each tenant household (by Unit number or other method of household identification that is acceptable to the Department), as well as the following information in connection with each tenant household: size, income, current rent, and proposed rent adjustments (including utility allowances, if applicable). Such SRI must provide estimated income for Assisted Units, non-Assisted Units, and commercial space or use;

- 3) For as long as deemed necessary by the Department to ensure compliance with the HOME-ARP NOFA and applicable state and federal law, but for no less than the full-term of the Regulatory Agreement, the Project Owner must submit to the Department for its approval, 60 days prior to the end of each Project fiscal year, a proposed operating budget and SRI on forms provided by the Department. The proposed annual operating budget and SRI, together, must set forth the borrowing entity's estimates for the upcoming year of Operating Income, Operating Expenses, debt service, amounts payable to reserves, and proposed rent adjustments. The Department, at its sole discretion, may request in situations, such as, but not limited to, re-syndication, change of ownership, or change of Project fiscal year, submission of limited budget information, such as a proposed rent schedule, proposed management fees, and reserve deposit amounts. The Department may re-impose the requirement for submission of complete operating budgets where necessary to ensure compliance with the HOME-ARP NOFA and applicable state and federal law;
- 4) The initial and subsequent proposed operating budgets must be subject to the approval of the Department based on its determination that the budget line items are reasonable and necessary, considering costs for comparable Projects and prior year budgets. Actual expenditures in excess of the approved budget amount must be subject to Department approval;
- 5) The initial and subsequent proposed SRI must be subject to approval of the Department based on its determination that the proposed rents are in accordance with the HOME-ARP NOFA and any applicable state and federal law; and
- 6) For Projects with non-Assisted Units or commercial space, all budgets submitted pursuant to this Section must show income and uses of income allocated among Assisted Units, Restricted Units, non-Restricted Units, and commercial space. The allocation method used for each budget line item must be subject to Department approval and must apportion income and expenses in a manner that accurately reflects the particular physical, operational, and economic characteristics of the Project. All income from Assisted Units, non-Assisted Units and/or commercial space must be shown in the annual, certified audit as Project revenue, and is subject to Department review and approval.

## **405 – Sales, Transfers, and Encumbrances**

### **I. Sell, Assign, Transfer, or Convey a Project**

A Project Owner must not directly or indirectly sell, assign, transfer, or convey a Project receiving HOME-ARP funds, or any interest therein or portion thereof, without the express prior written approval of the Department. The Department may approve a sale, transfer, or conveyance only if:

- 1) The existing Project Owner complies with the Regulatory Agreement and other loan documents, or the sale, transfer, or conveyance will result in the cure of any existing violations;
- 2) The successor-in-interest to the Project Owner agrees to assume all obligations of the existing Project Owner under the Regulatory Agreement and other loan documents and the program;
- 3) The successor-in-interest is an eligible Project Owner and demonstrates to the Department's satisfaction that it can successfully own and operate the Project and comply with the HOME-ARP NOFA and applicable state and federal law; and
- 4) No terms of the sale, transfer, or conveyance jeopardize either the Department's security or the successor's ability to comply with the HOME-ARP NOFA and any applicable state and federal law.

## II. Approved Sales, Assignments, Transfers, or Conveyance of a Project

If the Department approves a sale, assignment, transfer, or conveyance under the provisions of Subsection (I) above, the Department must grant its approval subject to such terms and conditions as may be necessary to preserve or establish the Fiscal Integrity of the Project. Such conditions may include, but are not limited to:

- 1) The deposit of sales proceeds, or a portion thereof, to maintain required reserves, or to offset negative cash flow;
- 2) The recapture of syndication proceeds or other funds in accordance with special conditions included in any agreement executed by the Project Owner; and/or
- 3) Such conditions as may be necessary to ensure compliance with the HOME-ARP NOFA and applicable state and federal law.

## III. Partnerships and Limited Partnerships

If the Project Owner or its successor-in-interest is a partnership, the Project Owner must not discharge or replace any general partner or amend, modify, or add to its partnership agreement, or cause or permit the general partner to amend, modify, or add to the organizational documents of the general partner, without the prior written approval of the Department.

The Project Owner may not transfer Limited Partnership interests without the prior written approval of the Department.

## IV. Encumbrances

The Project Owner must not encumber, pledge, or hypothecate the Project, or any interest therein or portion thereof, or allow any lien, charge, or assessment against the Project without the prior written approval of the Department. The Department must not permit refinancing of existing liens or additional financing secured by the Project except to the extent necessary to maintain or improve the Fiscal Integrity of the Project, to maintain affordable rents, or to decrease rents and for no other purpose, including, but not limited to, cash payments to the Project Owner, repayment of general partner loans or of limited partner loans, or for limited partner buyouts. Notwithstanding the general provisions in 25 C.C.R. § 8308(g), no Project reserve balance can fund a limited partner buyout or exit.

## V. Loan Pay Off

No loan may be paid off prior to maturity without the prior written consent of the Department in its sole discretion. The Department's consent is subject to conditions deemed necessary to ensure compliance with the HOME-ARP NOFA and applicable state and federal law. All loan documents, including the Regulatory Agreement and Deed of Trust, must continue in full force and effect notwithstanding any prepayment, in whole or in part, of the loan.

### **406 – Defaults and Cancellations**

#### I. Violations

In the event of a breach or violation by the Project Owner of any of the provisions of the Regulatory Agreement, a Declaration of Restrictive Covenants, the Note, the Deed of Trust, the Standard Agreement, or any other agreement between the Department and the Project Owner pertaining to the Project, the Department may give written notice to the Project Owner to cure the breach or violation within a period of not less than 15 days. If the Project Owner does not cure the breach or violation to the satisfaction of the Department within the specified time, the Department, at its option, may declare a default under the relevant document(s) and may seek legal remedies for the default including the following:

- 1) The Department may accelerate all amounts due under the loan and demand immediate repayment thereof. Upon the Project Owner's failure to repay such accelerated amounts in full, the Department may proceed with a foreclosure in accordance with the provisions of the Deed of Trust and state law regarding foreclosures;
- 2) The Department may seek, in a court of competent jurisdiction, an order for specific performance of the defaulted obligation or the appointment of a receiver to operate the Project;
- 3) The Department may terminate the document(s) the Project Owner breached or violated; or
- 4) Any other remedy available under law.

#### II. Amended Agreements

The Department may require the Project Owner to amend any agreement between the Department and the Project Owner if the Department determines that it is necessary for the Project Owner or Project to comply with the HOME-ARP NOFA and applicable state and federal law.

#### III. Cancellations and Reductions

The Department may cancel or reduce an award to a Project Owner under any one of the following conditions:

- 1) The Project Owner or Project is not in compliance or will not comply with the HOME-ARP NOFA and/or applicable state and federal law;
- 2) The Department terminates the Standard Agreement with the Project Owner;
- 3) Implementation of the Project does not, or will not, comply with the project deadlines, time frames, and goals stated in the Project Owner's application or the HOME-ARP NOFA. This includes any failure, whether it be on behalf of the Department or the

Project Owner, to meet the project deadlines. Failure to meet the required environmental clearances will result in cancelling the HOME-ARP award;

- 4) The Project Owner has not fulfilled the special conditions specified in its Project Report or Standard Agreement;
- 5) The Project Owner requests to have its award cancelled;
- 6) There has been a material change, not approved by the Department, in the Project, the Principals or management of the Project Owner or Project;
- 7) If any permanent financing is withdrawn from the Project;
- 8) If the Project Owner made any misrepresentation of any material fact to the Department in connection with its application or concealed any material fact to the Department; or
- 9) HUD reduces or eliminates the Department's HOME-ARP funds and there are not enough funds available for the Project.

Upon the Department's written notification to the Project Owner that the Project Owner's HOME-ARP funding has been terminated, reduced, or cancelled, the Project Owner must:

- 1) Complete all work affected by the Department's termination, reduction, or cancellation that is in progress; and
- 2) Terminate any other activities that were to be paid for with HOME-ARP funds affected by the Department's termination, reduction, or cancellation of the Project Owner's HOME-ARP funds.

#### IV. Penalties

If the Department terminates an agreement or cancels an award under this Section, the Department may penalize the Project Owner, such as assigning it negative points to future applications for Department funds or barring it from applying for Department funds under future NOFAs.

#### V. Repayment

If the Department terminates an agreement or cancels an award under this Section, all required repayments must be returned to the Department within 30 calendar days.

#### VI. Notice and Appeals

At least 15 days before the effective date of the Department's cancellation or reduction of an award, the Department must provide written notice to the Project Owner of the Department's intent to cancel or reduce the award. The Project Owner may appeal the Department's decision to cancel or reduce an award to the Director.

### **407 – Other Terms and Conditions**

#### I. Right to Modify or Suspend

The Department reserves the right, at its sole discretion, to suspend, amend, or modify the provisions of this NOFA at any time, including, without limitation, the amount of funds available hereunder. This includes, but is not limited to, authorizing an increase in funding to any Applicant after the Department makes an award under this NOFA. If such an action occurs, the Department will notify all interested parties via the listserv and will post the revisions to the Department's website. This NOFA is not a commitment of funds to any activity or Applicant.

## II. Conflicts

In all cases where California's statute, regulations and/or NOFA conflict with HUD Notice CPD-21-10, the Waivers and Alternative Requirements for Implementation of the HOME-ARP Program and/or HUD's HOME-ARP guidance, the project must defer to the HOME-ARP Notice, the Waivers and Alternative Requirements for Implementation of the HOME-ARP Program and/or HUD's HOME-ARP guidance.

## III. False, Fictitious, or Fraudulent Claims

Warning: Anyone who knowingly makes a false claim or statement to HUD, or the Department may be subject to civil or criminal penalties under 18 U.S.C. § 287, 1001 and 31 U.S.C. § 3729.

## IV. Federal Whistleblower Protection Act (5 U.S.C. Section 2302(b)(8))

The Federal Whistleblower Protection Act (WPA) protects employees from retaliation for making protected disclosures. The WPA also provides penalties for supervisors who retaliate against Whistleblowers.

- 1) A disclosure is protected under the WPA if the employee discloses information the employee reasonably believes to be evidence of:
  - a. A violation of any law, rule, or regulation;
  - b. Gross mismanagement;
  - c. A gross waste of funds;
  - d. An abuse of authority; or
  - e. A substantial and specific danger to public health or safety;
- 2) In general, an employee or Applicant may make a protected disclosure to anyone, including non-governmental audiences, unless the information is classified or specifically prohibited by law from release. Options for making a protected disclosure include:
  - a. Informing a supervisor or someone higher up in management;
  - b. Submitting a complaint to the OIG by emailing the OIG at [oig@ftc.gov](mailto:oig@ftc.gov); and
  - c. Filing a complaint with the Office of Special Counsel (OSC) <http://www.osc.gov/>

## V. The California Whistleblower Protection Act (Title 2, Division 1, Chapter 6.5, Article 3.5, Gov Code §§ 8548-8548.5)

The California Whistleblower Protection Act authorizes the California State Auditor to receive complaints from state employees and members of the public who wish to report an improper governmental activity. An "improper governmental activity" is any action by a state agency or any action by a state employee directly related to state government that:

- 1) Violates any state or federal law or regulation;
  - 2) Violates an Executive Order of the Governor, a California Rule of Court, or any policy or procedure required by the State Administrative Manual or State Contracting Manual; or
  - 3) Is economically wasteful or involves gross misconduct, incompetency, or inefficiency.
- Complaints received by the State Auditor are confidential, and the identity of the

complainant may not be revealed without the complainant's permission, aside from to an appropriate law enforcement agency conducting a criminal investigation.

A complaint may be filed by:

- 1) Call the Whistleblower Hotline at (800) 952-5665 to file a complaint by talking to one of the State Auditor's employees. The hotline generally is staffed Monday through Friday from 8:00 a.m. to 5:00 p.m. If you call when the hotline is not being staffed, or staff is occupied with other calls, you may leave a voicemail message requesting a return call;
- 2) File a complaint in the form of a letter to the State Auditor addressed as follows:

Investigations  
California State Auditor  
P.O. Box 1019  
Sacramento, CA 95812

- 3) Fax the letter to the State Auditor at (916) 322-2603;
- 4) Complete the electronic version of the complaint form (which is available on the State Auditor website at [auditor.ca.gov](http://auditor.ca.gov)), print it out, and return it by mail or facsimile as stated above.
- 5) Although the State Auditor does not accept complaints by email, you may file a complaint online at <https://www.auditor.ca.gov/contactus/complaint>

The State Auditor will not undertake an investigation unless there is a basis for believing that your complaint has sufficient merit to warrant spending resources on an investigation. Your complaint should therefore include:

- 1) A clear and concise statement of what you are alleging to be improper activity and why you believe it is improper;
- 2) The name or other information that clearly identifies the person you are alleging has acted improperly and the department where that person works;
- 3) The names and contact information for any witnesses who can confirm the truth of what you are saying; and
- 4) Copies of any documents that will support what you are saying. (You should not submit original documents, as they cannot be returned.)

## **408 – Management and Maintenance**

### I. Project Owner Responsibilities

For HOME-ARP Units occupied by the Qualified Population, the Project Owner is responsible for all management functions of the Project, including selection of the tenants, annual recertification of household size and household income, evictions, and collection of rent.



## II. Property Standards

HOME-ARP rental Units must comply with all property standards applicable to rental projects required in 24 CFR 92.251 paragraphs (a) new construction, (b) Rehabilitation projects, (c)(1) and (2) acquisition of standard housing, (e) manufactured housing, and (f) on-going property condition standards.

## III. Repair and Maintenance

The Project Owner is responsible for all repair and maintenance functions of the Project, including:

- 1) Ordinary and routine maintenance;
- 2) Replacement of capital items;
- 3) Repair and maintenance of accessibility features;
- 4) Provision of maintenance of accessibility features provided as a reasonable modification to a resident with a disability; and
- 5) Extraordinary and/or unforeseen repairs and replacement necessary to maintain the health and safety of the Project and residents.

The Project Owner must ensure maintenance of the Units and common areas in accordance with local health, building, and housing codes, and the management plan.

## IV. Minimum Number of Persons in a Household

In accordance with the California Code of Regulations, Subchapter 19, Section 8305, the HOME-ARP Sponsor must rent vacant Units to households with no less than the number of people specified in the table below:

*Table 7: Minimum Number of Persons in Household for Unit Size*

<b>Unit Size</b>	<b>Minimum Number of Persons in Household</b>
SRO	1
0-BR	1
1 BR	1
2-BR	2
3-BR	4
4-BR	6
5-BR	8

The HOME-ARP Sponsor may assign tenant households to units of sizes other than those indicated as appropriate in the table above if the HOME-ARP Sponsor reasonably determines:

- 1) That special circumstances warrant such an assignment;
- 2) The reasons are documented in the tenant's file; and
- 3) There is no violation of any occupancy law or fire law.

The HOME-ARP Sponsor's determination is subject to approval by the Department. Through the tenant selection plan, the HOME-ARP Sponsor must receive advance Department approval of categorical exceptions to the above schedule. Residential occupancy limits must comply with applicable laws.

## V. Determining Household Income

All HOME-ARP units must be restricted for eligible households (i.e., either Qualifying or Low-Income Households) throughout the minimum compliance period. Qualifying Households are eligible for admission to HOME-ARP rental Units solely by meeting the definition of one of the Qualifying Populations (i.e., HOME-ARP does not impose income restrictions on Units restricted for Qualifying Populations). If there is no income requirement in the Qualifying Population's definition, an initial determination of household income is not required except as necessary to determine an affordable rental contribution by the Qualifying Household or to establish eligibility for another funding source in the Unit that imposes income restrictions. Each subsequent year during the compliance period, starting one year after initial occupancy, the HOME-ARP Sponsor must use the definition of annual income as defined in 24 CFR 5.609 to examine the income of Qualifying Households to determine the household's contribution to rent. For Low-Income Households, the HOME-ARP Sponsor must use the definition of annual income as defined in 24 CFR 5.609 to examine the household's income at initial occupancy and each subsequent year during the compliance period to determine the household's ongoing income eligibility and applicable rental contribution.

## VI. Income Determinations for Qualifying Households

For purposes of establishing the Qualifying Household's rental contribution after initial occupancy, the HOME-ARP Sponsor must examine a Qualifying Household's income using 24 CFR 92.203(a)(1)(i) or (iii), starting one year after initial occupancy. Each year during the minimum compliance period, the HOME-ARP Sponsor must examine the household's annual income in accordance with any one of the options in 24 CFR 92.203(a)(1). A Project Owner who re-examines household income through a statement and certification in accordance with 24 CFR 92.203(a)(1)(ii), must examine the income of each household, in accordance with 24 CFR 92.203(a)(1)(i), every sixth year of the compliance period. Otherwise, an owner who accepts the household's statement and certification in accordance with 24 CFR 92.203(a)(1)(ii) is not required to examine the household's income unless there is evidence that the household's written statement failed to completely and accurately state information about the household's size or income.

## VII. Income Determinations for Low-Income Households

In accordance with 24 CFR 92.252(h), the income of each Low-Income Household must be determined initially in accordance with 24 CFR 92.203(a)(1)(i), and each year following the initial determination during the minimum compliance period in accordance with any one of the options in 24 CFR 92.203(a)(1). A HOME-ARP Sponsor who re-examines household income through a statement and certification in accordance with 24 CFR 92.203(a)(1)(ii), must examine the income of each household, in accordance with 24 CFR 92.203(a)(1)(i), every sixth year of the minimum compliance period.

Otherwise, a HOME-ARP Sponsor who accepts the household's statement and certification in accordance with 24 CFR 92.203(a)(1)(ii) is not required to examine the household's income unless there is evidence that the household's written statement failed to completely and accurately state information about the household's size or income.

## VIII. Income Determinations for Households Assisted by Other Programs

Notwithstanding paragraphs Sections VI and V above, if a family is applying for or living in an Assisted Unit, and the Unit is assisted by a federal or state project-based rental subsidy, then a HOME-ARP Sponsor must accept a public housing agency, section 8 Project Owner, or CoC recipient or Subrecipient's determination of the family's annual income and adjusted income under that program's rules and does not need to obtain source documentation in accordance with 24 CFR 92.203(a)(1) or calculate the annual income of the family. If a family is applying for or living in an Assisted Unit, and the family is assisted by a federal tenant-based rental assistance program (e.g., housing choice vouchers) then a HOME-ARP Sponsor may choose to accept the rental assistance provider's determination of the family's annual and adjusted income under that program's rules without need for review under 24 CFR 92.203(a)(1).

## IX. Rent limitations for Qualifying Households

In no case can the HOME-ARP rents exceed 30 percent (30%) of the adjusted income of a household whose annual income is equal to or less than 50 percent (50%) of the median income for the area, as determined by HUD, with adjustments for number of bedrooms in the unit. HUD will publish the HOME-ARP rent limits on an annual basis. Notwithstanding the foregoing, a unit that receives a federal or state project-based rental subsidy and is occupied by a Qualifying Household that pays as a contribution to rent no more than 30 percent (30%) of the household's adjusted income, may charge the rent allowable under the federal or state project-based rental subsidy program (i.e., the tenant rental contribution plus the rental subsidy allowable under that program). If a household receives tenant-based rental assistance, the rent is the rent permissible under the applicable rental assistance program (i.e., the tenant rental contribution plus the rental subsidy allowable under that rental assistance program). The rent limits for Assisted Units for Qualifying Households include the rent plus the utility allowance established pursuant to Section VI.B.13.d of CPD-21-10.

The Qualifying Household's contribution to rent must be affordable to the Qualifying Household based on a determination of the household's income. If the household is receiving project-based or tenant-based rental assistance, the household cannot be required to contribute more towards rent than the amount permitted by the requirements of the applicable rental assistance program. If a Qualifying Household is not receiving project-based or tenant-based rental assistance and cannot contribute any income toward rent, or the contribution is insufficient to cover the unit rent, the Project Owner may draw from the project's COSR account, with prior approval from the Department, if projected rental revenue minus the operating costs of the Unit results in a deficit. Such deficits(s) must be certified in the annually submitted financial Audit of the project.

## X. Rent limitations for Low-Income Households

HOME-ARP rental units occupied by Low-Income Households must comply with the rent limitations in 24 CFR 92.252(a) (i.e., the lesser of the Fair Market Rent for existing housing for comparable units in the area, as established by HUD, or a rent equal to 30 percent (30%) of the income of a family at 65 percent (65%) of median income for the area, as determined by HUD, with adjustments for number of bedrooms in the unit). Notwithstanding the foregoing, when a household receives a form of federal tenant-based rental assistance (e.g., housing choice vouchers), the rent is the rent permissible under the applicable rental assistance

program (i.e., the tenant rental contribution plus the rent subsidy allowable under the rental assistance program). The rent limits for Low-Income Households apply to the rent plus the utility allowance established pursuant to Section VI.B.13.d of CPD-21-10.

#### XI. Rent limitations for Single Room Occupancy Units

Single Room Occupancy (SRO) Units: A HOME-ARP rental project may consist of SRO units. For the purposes of HOME-ARP rental, an SRO unit is defined as a unit that is the primary residence of the occupant(s) and must at least contain sanitary facilities but may also contain food preparation facilities. A project's designation as an SRO cannot be inconsistent with the building's zoning and building classification. If the SRO units have both sanitary and food preparation facilities, the maximum HOME-ARP rent is based on the zero-bedroom fair market rent. If the SRO unit has only sanitary facilities, the maximum HOME-ARP rent is based on 75 percent (75%) of the zero-bedroom fair market rent. The rent limits for SRO units must also include the utility allowance established pursuant to Section VI.B.13.d of CPD-21-10.

#### XII. Utility Allowance

The Department will accept the utility allowance schedule of the project's local public housing authority, or another utility allowance specifically approved by another funder for the project. The Department will review and approve the HOME-ARP rents proposed by the HOME-ARP Sponsor, subject to the HOME-ARP rent limitations. For HOME-ARP units where the tenant is paying utilities and services (e.g., trash collection), HCD must determine that the rent for the unit does not exceed the maximum rent minus the monthly allowance for utilities and services.

#### XIII. Changes in Income and Over-income Households

A household that met the definition of one of the HOME-ARP Qualifying Populations at initial occupancy and whose annual income at the time of income re-certification is above 50 percent (50%) of median income for the area but at or below 80 percent (80%) of the median income for the area must pay the rent specified in 24 CFR 92.252(a). Assisted Units restricted for Low-Income Households continue to qualify as HOME-ARP rental housing despite a temporary noncompliance caused by increases in the incomes of existing households if actions satisfactory to HUD are taken so that all vacancies are filled in accordance with HOME-ARP requirements until the noncompliance is corrected.

A Qualifying or Low-Income Household that is not Low-Income at the time of income re-certification (i.e., whose income is above 80 percent (80%) of the median income for the area) must pay rent that complies with the over income regulatory requirements at 24 CFR 92.252(i)(2), which includes requirements applicable to HOME-ARP units that also have LIHTC restrictions.

#### XIV. Maintaining Unit Mix

At the time of admission to an Assisted Unit, a household must meet the definition for at least one Qualifying Population or be determined to be a Low-Income Household, depending on the applicable HOME-ARP restriction on the rental unit to which it is being admitted and in accordance with the written agreement.

For HOME-ARP rental units restricted for occupancy by Qualifying Populations, a household that meets the definition of a Qualifying Population at the time of admission retains its eligibility to occupy a HOME-ARP rental unit restricted for occupancy by Qualifying Populations,

irrespective of changes in income or whether the household continues to meet the definition of Qualifying Population after initial occupancy. As an example, a household that qualifies as “Homeless” at admission does not meet the Homeless definition once the household occupies a HOME-ARP unit but remains a Qualifying Household and is eligible to remain in a HOME-ARP rental unit restricted for Qualifying Populations. Income determinations for Qualifying Households are therefore only for purposes of establishing a Qualifying Household’s rental contribution as described in Section VI.B.15 of CPD-21-10 and not for maintaining continued eligibility in the HOME-ARP program. In a project with floating units, HOME-ARP Sponsors may shift the HOME-ARP qualifying population designation to another unit to serve another Qualifying Household if the household’s income subsequently is certified to be at or above 80 percent (80%) AMI and the household no longer meets the definition of any Qualifying Population. For HOME-ARP rental units restricted for occupancy by Low-Income Households, units will be considered temporarily out of compliance if the household’s income increases above 80 percent (80%) of area median income. The requirements for correcting any noncompliance using vacancies or redesignation of units depends on whether the HOME-ARP rental units are fixed or floating, and whether other funding sources impose income or other restrictions on the units. Please note, in accordance with the requirements in 24 CFR 92.253 and in Section VI.B.19.c of CPD-21-10, an increase in a tenant’s income does not constitute good cause to evict or refuse to renew a tenant’s lease, regardless of program requirements associated with other funding sources. In addition, compliance with unit restrictions for Low-Income Households requires adjustment of rents as described in Section VI.B.15 of CPD-21-10.

#### XV. Tenant Protections

Project Owners must verify that each household that occupies a HOME-ARP Assisted Unit has an executed lease that complies with the HOME-ARP tenant protection requirements. The lease must be either be between the Project Owner and the household, or between the Project Owner and a HOME-ARP Sponsor with a sublease between the Qualifying Household and HOME-ARP Sponsor. A HOME-ARP Sponsor is a nonprofit organization that provides housing or Supportive Services to Qualifying Households and facilitates the leasing of a HOME-ARP rental unit to a qualifying household. The HOME-ARP Sponsor may lease a HOME-ARP unit from an owner or execute a master lease with the owner of a HOME-ARP project for Assisted Units restricted for occupancy by Qualifying Households. The HOME-ARP Sponsor may then sublease the HOME-ARP rental unit to the Qualifying Household. The sublease between the HOME-ARP Sponsor and the Qualifying Household must comply with the following rent limitations and tenant protection requirements:

- 1) Lease Requirement: There must be a lease between the Qualifying Household or the Low-Income Household and the Project Owner of the HOME-ARP-assisted project in accordance with 24 CFR 92.253(a), except that a sublease is permitted if a HOME-ARP Sponsor has executed a master lease or lease with the Project Owner for the leasing of the units restricted for occupancy by Qualifying Households in accordance to Section VI B.19.a. of the HOME-ARP Notice;
- 2) Prohibited Lease Terms: The lease between the Low-Income Household, Qualifying Household, or HOME-ARP Sponsor and the Project Owner or the sublease between the HOME-ARP Sponsor and a Qualifying Household may not contain any of the prohibited lease terms specified in 24 CFR 92.253(b); and

- 3) Termination of tenancy: A Project Owner may not terminate the tenancy or refuse to renew the lease of a tenant of an Assisted Unit or of a HOME-ARP Sponsor with a sublease with a Qualifying Household except for serious or repeated violation of the terms and conditions of the lease; for violation of applicable federal, state, or local laws; or for other good cause. Similarly, a HOME-ARP Sponsor may not refuse to renew a sublease with a Qualifying Household except for serious or repeated violation of the terms and conditions of the sublease; for violation of applicable federal, state, or local laws; or for other good cause. An increase in the tenant's or sublessee's income does not constitute good cause.

In addition, if HOME-ARP funds were or are used for a COSR, a Project Owner may not terminate the tenancy or refuse to renew the lease of a Qualifying Household because of the household's inability to pay rent during the minimum compliance period. A Qualifying Household's inability to pay rent shall mean that the Qualifying Household cannot pay more than 30 percent (30%) of the Qualifying Household's income toward rent, based on an income determination made by the HOME-ARP Sponsor in the last 30 days.

The above tenant protections are necessary as HOME-ARP requires the Department to perform underwriting that reviews the operating feasibility of units occupied by Qualifying Households for the compliance period to determine how HOME-ARP funds may address the potential for Qualifying Households to have little to no income to contribute toward rent.

To terminate or refuse to renew tenancy for any household occupying an Assisted Unit, the Project Owner must serve written notice upon the tenant (and the HOME-ARP Sponsor if the lease is between a Project Owner and HOME-ARP Sponsor) at least 30 days before termination of tenancy, specifying the grounds for the action. In the case of a sublease, to terminate or refuse to renew tenancy of a Qualifying Household, the HOME-ARP Sponsor, in accordance with the policy established by the Department, must notify the Department in advance of serving written notice to the Qualifying Household and must serve written notice upon the Qualifying Household at least 30 days before termination of tenancy, specifying the grounds for the action.

## SECTION 5 – DEFINITIONS

The definitions found in Title 24 of the Code of Federal Regulations and California Code of Regulations, HUD Notice CPD-21-10, and 25 C.C.R. § 8300 et seq apply to this NOFA, regardless of whether these authorities capitalize these terms. In addition, the following definitions apply to this NOFA and prevail if they conflict with the definitions in Title 24 of the Code of Federal Regulations and California Code of Regulations, HUD Notice CPD-21-10, and 25 C.C.R. § 8300 et seq.

- 1) "Applicant" or "Eligible Applicant" means an organization, agency (including a public housing agency) Tribal Entity, for profit entity, or nonprofit entity that applies to receive assistance from the Department as an owner or developer on its own or with another entity (such as a for-profit or nonprofit corporation, or another Local Public Entity). Such entity or entities may also be the Sponsor as defined in UMR Section 8301 (s). Upon receiving an award of funds, the Applicant or co-Applicants will, both individually and collectively, be referred to as the "Recipient" in the Department's legal documents relative to an award of a grant, or as "Sponsor" in the Department's legal documents relative to an award of a loan.
- 2) "Affordable Housing Covenant" means a nonpossessory interest in real property imposing limitations, restrictions or affirmative obligations that encourage development or that ensure continued availability of affordable rental housing for low- or moderate-income individual and families.
- 3) "Area Median Income" or "AMI" means the most recent applicable county median family income published by the California Tax Credit Allocation Committee (TCAC) or the Department.
- 4) "Assisted Unit" or "Unit" means a residential housing unit that is subject to rent, occupancy or other restrictions associated with a HOME-ARP site.
- 5) "At Risk of Homelessness" has the same meaning as defined in 24 C.F.R. § 91.5.
- 6) "Chronically Homeless" has the same meaning as defined in 24 C.F.R. § 91.5.
- 7) "City" means a city or city and county that is legally incorporated to provide local government services to its population. A city can be organized either under the general laws of this state or under a charter adopted by the local voters.
- 8) "Continuum of Care" has the same meaning as defined in 24 C.F.R. § 578.3.
- 9) "Department" means the California Department of Housing and Community Development.
- 10) "Eligible State HOME-ARP Jurisdictions" means a locale that must meet each of the following:

- a. Must not have received a HOME-ARP allocation directly from HUD;
- b. Is not a participant in an urban county agreement with a county that has received a HOME-ARP allocation from HUD; and
- c. Is not a participant in a HOME consortium.

Eligible State HOME-ARP Jurisdictions are included as Addendum I and are posted on the HOME-ARP Website [here](#).

- 11) “Enforceable Funding Commitment” means a letter or other document evidencing, to the satisfaction of the Department, a commitment of funds or a reservation of funds by a Project funding source for construction or permanent financing, including, but not limited to, the following:
- a. Private financing from a lender other than a mortgage broker, the Applicant, or an entity with an identity of interest with the Applicant, unless the Applicant is a lending institution actively and regularly engaged in residential lending;
  - b. Deferred-payment financing, residual receipts payment financing, and grants from public agencies;
  - c. Funds awarded by another Department program. Proof of award must be issued prior to final rating and ranking of the Program application;
  - d. A Land Donation in fee for no other consideration that is supported by an appraisal and/or purchase/sale agreement, or some other instrument of title transfer (“Land Donation”), or a local fee waiver resulting in quantifiable cost savings for the Project where those fee waivers are not otherwise required by federal or state law (“Local Fee Waiver”), shall be considered a funding commitment. The value of the Land Donation will be the greater of either the original purchase price or the current appraised value as supported by an independent third-party appraisal prepared by a Member Appraisal Institute-qualified appraiser within one year prior to the application deadline. A funding commitment in the form of a Local Fee Waiver must be supported by written documentation from the local public agency. A below market lease that meets the requirements of UMR section 8316 would be considered a Land Donation (\$1 per year);
  - e. Owner equity contributions or developer funds. Such contributions or funds shall not be subsequently substituted with a different funding source or forgone if committed in the application, except that a substitution may be made for up to 50 percent (50%) of the deferred Developer Fee. The Applicant shall be prepared, upon Department request, to provide evidence that the proposed amount of owner equity or developer funds is actually available at the time of application;
  - f. Enforceable Funding Commitment Letters must contain the following:
    - i. The name of the Applicant or Project Owner;
    - ii. The Project name;
    - iii. The Project site address, assessor’s parcel number, or legal description; and
    - iv. The amount, interest rate (if any), and terms of the funding source; and



- g. The assistance will be deemed to be an Enforceable Funding Commitment if it has been awarded to the Project or if the Department approves other evidence that the assistance will be reliably available. The Enforceable Funding Commitment may be conditioned on certain standard underwriting criteria, such as appraisals, but may not be generally conditional. Examples of unacceptable general conditions include phrases such as “subject to senior management approval”, or a statement that omits the word “commitment”, but instead indicates the lender’s “willingness to process an application” or indicates that financing is subject to loan committee approval of the Project. Contingencies in commitment documents based upon the receipt of tax-exempt bonds or low-income housing tax credits will not disqualify a source from being counted as committed. “Extremely Low-Income Families” means families whose annual incomes do not exceed 30 percent (30%) of the median family income of a geographic area, as determined by HUD, with adjustments for smaller and larger families.
- 12) "Fiscal Integrity" means that the total amount of the Operating Income plus funds released pursuant to the Regulatory Agreement from the operating reserve account or COSR is sufficient to:
- a. Pay all current Operating Expenses;
  - b. Pay all current debt service (excluding deferred interest);
  - c. Fully fund all reserve accounts (other than the operating reserve account) established pursuant to the Regulatory Agreement; and
  - d. Pay other extraordinary costs permitted by the Regulatory Agreement. The ability to pay any or all of the permitted annual Distributions must not be considered in determining Fiscal Integrity.
- 13) "Housing Assistance Payments" means the monthly dollar amount a Public Housing Authority pays directly to the landlord, on behalf of a Section 8 Voucher holder . The amount of the Housing Assistance Payment is the difference between the unit rent and the tenant contribution.
- 14) "HOME-ARP Sponsor" means a nonprofit organization that provides housing or Supportive Services to Qualifying Households and facilitates the leasing of a HOME-ARP rental unit to a Qualifying Household.
- 15) "Homeless" has the same meaning as *Homeless (1) (2) or (3)* as defined in 24 C.F.R. § 91.5.
- 16) "Housing First" has the same meaning as in Welfare and Institutions Code Section 8255, including all of the core components listed therein.
- 17) "HUD" means the U.S. Department of Housing and Urban Development.

- 18) "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, and also includes any state agency, public district, or other political subdivision of the state, and any instrumentality thereof, that is authorized to engage in or assist in the development or operation of housing for persons and families of low or moderate income. "Local Public Entity" also includes two or more local public entities acting jointly.
- 19) "Low-Income Families" means families whose annual incomes do not exceed 80 percent (80%) of the median income for the area, as determined by HUD, with adjustments for smaller and larger families, except that HUD may establish income ceilings higher or lower than 80 percent (80%) of the median for the area on the basis of HUD findings that such variations are necessary because of prevailing levels of construction costs or fair market rents, or unusually high or low family incomes. An individual does not qualify as a Low-Income Family if the individual is a student who is not eligible to receive Section 8 assistance under 24 C.F.R. § 5.612.
- 20) "Low-Income Household" means an individual or family whose annual income does not exceed 80 percent (80%) of the median area income, as determined by HUD. In this NOFA, the term is used to refer to households occupying HOME-ARP Low-Income Units.
- 21) "Native American Lands" means:
- a. All land located in "Indian Country" as defined by 18 U.S. Code (USC) 1151;
  - b. All land within the limits of a Rancheria under the jurisdiction of the United States Government;
  - c. All land held in trust by the United States for an Indian Tribe or individual;
  - d. All land held by an Indian Tribe or individual, and that is subject to a restriction by the United States against alienation;
- 22) "Native American Fee Lands" means "fee lands" located outside the jurisdiction of a tribal government, owned or co owned by a Native American entity located outside of an Indian Reservation or Rancheria."
- 23) "NOFA" is the acronym used for Notice of Funding Availability. This NOFA announces that HOME-ARP funds are available and describes the terms and conditions of awards and requirements for applications that may be submitted.
- 24) "Operating Expenses" means the amount approved by the Department that is necessary to pay for the recurring expenses of the Project, such as administrative

expenses, utilities, maintenance, property management fees, and property taxes of a unit required to be occupied by a Qualifying Household.

- 25) "Permanent Housing" means a housing unit where the landlord does not limit length of stay in the housing unit, the landlord does not restrict the movements of the tenant, and the tenant has a lease and is subject to the rights and responsibilities of tenancy.
- 26) "Permanent Supportive Housing" means housing with no limit on length of stay, that is occupied by the Target Population, and that is linked to onsite or offsite services that assist the supportive housing resident in retaining the housing, improving their health status, and maximizing their ability to live and, when possible, work in the community, as defined at HSC section 50675.14, subdivision (b)(2), except that "Permanent Supportive Housing" shall include associated facilities if used to provide services to housing residents.
- 27) "Project" means a site or sites together with any building (including a manufactured housing unit) or buildings located on the site(s) that are under common ownership, management, and financing and are to be assisted with HOME-ARP funds as a single undertaking under this part. The Project includes all the activities associated with the site and building.
- 28) "Project Owner" means the owner of a Project assisted with HOME-ARP funds.
- 29) "Qualifying Household(s)" means households of individuals and families that meet the definition of one or more of the Qualifying Populations as defined in HUD Notice CPD-21-10.
- 30) "Qualifying Population(s)" means any individual or family who meets the criteria for eligibility to receive assistance or services funded through HOME-ARP without meeting additional criteria (e.g., additional income criteria), as defined in HUD Notice CPD-21-10.
- 31) "Regulatory Agreement" means the written agreement between the Department and the Project Owner that will be recorded as a lien on the Project to control the use and maintenance of the Project, including restricting the rent and occupancy of the Assisted Units.
- 32) "Rehabilitation" means repairs and improvements to a substandard residential structure necessary to bring the property into compliance with the Department's HOME/NHTF Multifamily Rehabilitation Standards. As used in this section, "substandard residential structure" has the same meaning as the term "substandard building," as defined in HSC Section 17920.3. "Rehabilitation" also includes improvements and repairs made to a residential structure acquired for the purpose of preserving its affordability and use by the Qualifying Population.
- 33) "Resident Services" means instructor-led programs such as, and not limited to, after school programs for school age children, financial literacy, computer training,

homebuyer education, General Education Development (“GED”) classes, and resume building classes, English as a Second Language (“ESL”), nutrition classes, exercise classes, health and wellness services and programs, art classes, parenting classes, and on-site food cultivation and preparation classes. Drop-in computer labs do not qualify.

- 34) “Rural Area” has the same meaning as in Health and Safety Code § 50199.21.
- 35) “Single Room Occupancy (SRO) Unit” means a unit that is the primary residence of the occupant(s) and must at least contain sanitary facilities but may also contain food preparation facilities.
- 36) “Special Needs Population(s)” means one or more of the following groups who need Supportive Services to maintain and stabilize their housing:
- a. People with disabilities;
  - b. At Risk of Homelessness;
  - c. Individuals with substance use disorders;
  - d. Frequent users of public health or mental health services, as identified by a public health or mental health agency;
  - e. Individuals who are fleeing domestic violence, sexual assault, and human trafficking;
  - f. Individuals who are experiencing Homelessness and individuals experiencing Chronic Homelessness;
  - g. Homeless Youth as defined in Government Code Section 12957, subdivision (e)(2);
  - h. Families in the child welfare system for whom the absence of housing is a barrier to family reunification, as certified by a county;
  - i. Individuals exiting from institutional settings or at risk of placement in an institutional setting;
  - j. Older adults in need of Supportive Services; or
  - k. Other specific groups with unique housing needs as determined by the Department.

Special Needs Populations does not include “seniors or Veterans” unless they otherwise qualify as a “Special Needs Population” as required by other statutory laws

- 37) “Standard Agreement” means the STD 213, Standard Agreement, and all exhibits thereto.
- 38) “Supportive Services” means social, health, educational, income support, employment, and housing stability services and benefits; coordination of community building and educational activities; individualized needs assessment and case management; and individualized assistance with obtaining services and benefits. (UMR Section 8301(t)).
- 39) “Supportive Services Costs” means the costs associated with HOME-ARP Supportive

Services Activity pursuant to Section IV.D of CPD-21-10.

40) "Tribal Entity" means an Applicant 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 State Code;
- b. Applicant meets the definition of Tribally Designated Housing Entity under 25 USC 4103(22); or
- c. If not a federally recognized Tribe, either:
  - i. Applicant is listed in the Bureau of Indian Affairs Office of Federal Acknowledgement petitioner list pursuant to Section 82.1 of Title 25 of the Federal Code of Regulations and that has formed and controls a special purpose entity in compliance with UMR Section 8313.2; or
  - ii. Applicant is 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 Section 65352.3 of the Government Code and that has formed and controls a special purpose entity in compliance with UMR Section 8313.2.

41) "Very Low-Income Families" means families whose annual incomes are in excess of 30 percent (30%) but not greater than 50 percent (50%) of the AMI of a geographic area, as determined by HUD with adjustments for smaller and larger families. "Very Low-Income Family" also includes any family that resides in a nonmetropolitan area that does not exceed the poverty line applicable to the family size involved.

# Addendum I – Eligible Jurisdictions

## Eligible State HOME-ARP Jurisdictions

Eligible jurisdictions are listed below. If a jurisdiction is not listed, it is not eligible (e.g. Alameda County, Fresno County, City of Los Angeles) because it received a HOME-ARP allocation directly or the jurisdiction is part of a consortium/urban county that received a direct allocation.

If you have any questions regarding your jurisdiction's eligibility or ineligibility please contact [HOMEARP@hcd.ca.gov](mailto:HOMEARP@hcd.ca.gov)

Jurisdictions	Jurisdictions	Jurisdictions	Jurisdictions
<b>Alpine County</b> Alpine County  <b>Amador County</b> Amador County City of Amador Ione Jackson Plymouth Sutter Creek  <b>Butte County</b> Butte County Biggs Gridley Oroville Paradise  <b>Calaveras County</b> Calaveras County Angels Camp  <b>Colusa County</b> Colusa County City of Colusa Williams  <b>Del Norte County</b> Del Norte County Crescent City  <b>El Dorado County</b> El Dorado County Placerville South Lake Tahoe	<b>Fresno County</b> Coalinga Clovis Firebaugh Huron Orange Cove Parlier San Joaquin  <b>Glenn County</b> Glenn County Orland Willows  <b>Humboldt County</b> Humboldt County Arcata Blue Lake Eureka Ferndale Fortuna Rio Dell Trinidad  <b>Imperial County</b> Imperial County Brawley Calexico Calipatria El Centro Holtville Imperial City Westmorland  <b>Inyo County</b> Inyo County Bishop	<b>Kern County</b> Arvin Delano Maricopa Taft  <b>Kings County</b> Kings County Avenal Corcoran Hanford Lemoore  <b>Lake County</b> Lake County Clearlake Lakeport  <b>Lassen County</b> Lassen County Susanville  <b>Los Angeles County</b> Artesia Carson Glendora Industry Lakewood Pico Rivera Redondo Beach Vernon West Covina	<b>Madera County</b> Madera County Chowchilla City of Madera  <b>Mariposa County</b> Mariposa County  <b>Mendocino County</b> Mendocino County Fort Bragg Point Arena Ukiah Willits  <b>Merced County</b> Merced County Atwater Dos Palos Gustine Livingston Los Banos  <b>Modoc County</b> Modoc County Alturas  <b>Mono County</b> Mono County Mammoth Lakes

Jurisdictions	Jurisdictions	Jurisdictions	Jurisdictions
<b>Monterey County</b> Monterey County Carmel Del Rey Oaks Gonzales Greenfield King City Marina City of Monterey Pacific Grove Sand City Seaside Soledad  <b>Napa County</b> Napa County American Canyon Calistoga City of Napa St. Helena Yountville  <b>Nevada County</b> Nevada County Grass Valley Nevada City Truckee  <b>Orange County</b> Buena Park Fountain Valley La Habra Laguna Niguel Lake Forest Mission Viejo Newport Beach Rancho Santa Margarita San Clemente San Juan Capistrano Tustin	<b>Placer County</b> Placer County Auburn Colfax Lincoln Loomis Rocklin Roseville  <b>Plumas County</b> Plumas County Portola  <b>Riverside County</b> Calimesa Cathedral City Hemet Indio Lake Elsinore Menifee Palm Desert Palm Springs Perris Rancho Mirage Temecula  <b>Sacramento County</b> Elk Grove  <b>San Benito County</b> San Benito County Hollister San Juan Bautista  <b>San Bernardino County</b> Chino Hesperia Upland Rialto  <b>San Joaquin County</b> Lodi	<b>San Luis Obispo County</b> Grover Beach  <b>Santa Barbara County</b> Guadalupe  <b>Santa Clara County</b> Milpitas  <b>Santa Cruz County</b> Santa Cruz County Capitola Scotts Valley Watsonville  <b>Shasta County</b> Shasta County Anderson Shasta Lake  <b>Sierra County</b> Sierra County Loyalton  <b>Siskiyou County</b> Siskiyou County Dorris Dunsmuir Etna Fort Jones Montague Mt. Shasta Tulelake Weed Yreka  <b>Solano County</b> Solano County Benicia Dixon Fairfield Rio Vista Suisun City Vacaville	<b>Sonoma County</b> Petaluma  <b>Stanislaus County</b> Riverbank  <b>Sutter County</b> Sutter County Live Oak Yuba City  <b>Tehama County</b> Tehama County Corning Red Bluff Tehama  <b>Trinity County</b> Trinity County  <b>Tulare County</b> Tulare County Dinuba Exeter Farmersville Lindsay Porterville City of Tulare Woodlake  <b>Tuolumne County</b> Tuolumne County Sonora  <b>Yolo County</b> Yolo County Winters Woodland  <b>Yuba County</b> Yuba County Marysville Wheatland

Eligible State HOME-ARP Jurisdictions

## Addendum II – Application Documents

Applications (Applicants?) must submit all applicable documents listed in this addendum on or before the application deadline. They must be submitted through the Neighborly Software system. Documents will not be accepted by email.

### **Organizational Documents**

- Organizational Chart

The Organizational Chart must show each legal entity involved in the Project. For each entity shown in the chart, legal documents must be submitted to demonstrate the entity's legal authority. Below is a summary of documents required by type of entity, as well as by their role in the Project. Some forms may have to be uploaded more than once in Neighborly.

#### Corporation organizational documents:

- Articles of Incorporation (Corp. Code §154, 200 and 202) as certified by the CA Secretary of State.
- Bylaws and any amendments thereto (Corp. Code §207(b), 211 and 212)
- Certificate of Amendment of Articles of Incorporation (Corp. Code §900-910 (general stock), §5810-5820 (public benefit and religious corporations), §7810-7820 (mutual benefit corporations), or §12500-12510 (general cooperative corporations)) as applicable.
- Restated Articles of Incorporation (Corp. Code §901, 906, 910 (general stock), §5811, 5815, 5819 (public benefit and religious corporations), §7811, 7815 and 7819 (mutual benefit corporations) and §12501, 12506 and 12510 (general cooperative corporations)) as applicable.
- Statement of Information (CA Secretary of State form SI-100 or SI-200)
- Shareholder Agreements (Corp. Code §186) if applicable.
- Certificate of Good Standing certified by Secretary of State.

#### Limited Liability Company organizational documents:

- Articles of Organization (CA Secretary of State form LLC-1)
- Certificate of Amendment (CA Secretary of State form LLC-2) if applicable.
- Restated Articles of Organization (CA Secretary of State form LLC-10) if applicable.
- Certificate of Correction (CA Secretary of State form LLC-11) if applicable.
- Statement of Information (CA Secretary of State form LLC-12 or LLC-12NC)
- Operating Agreement (Corp. Code §17707.02(s) and 17701.10.)
- Certificate of Good Standing certified by Secretary of State.

#### Limited Partnership organizational documents:

- Certificate of Limited Partnership (CA Secretary of State form LP-1)
- Amendment to Certificate of Limited Partnership (CA Secretary of State form LP-2) if applicable.
- Certificate of Correction (CA Secretary of State form LP-2) if applicable.
- Limited Partnership Agreement (CA Corp. Code §15901.02(x) and 15901.10)
- Certificate of Good Standing certified by Secretary of State.



Tribal Entities:

- Tribe Formation Documents (Constitution, Charters, etc.)
- Federal Register of Indian Entities Recognized (81 Fed Reg. 26826) if applicable.
- BIA Federal Acknowledgment Petitioner List (CFR Section 83.1 of Title 25) if applicable
- Contact List maintained by the Native American Heritage Commission (GC Section 65352.3) if applicable.

The Owner or Borrower:

For the entity serving as the Owner or Borrower, the following will be required:

- Certificate of Amendment of Limited Partnership (CA Secretary of State form LP-2) if applicable
- EIN Verification
- Limited Partnership Agreement (with all amendments, if applicable)
- Resolution (OF-1 Loan Authorization)
- Signature Block
- STD 204 Payee Data or FI\$CAL TIN Form

Managing General Partner:

- For the entity serving as the Managing General Partner, the following will be required:
- Managing General Partner Operating Agreement
- Resolution (OF-1 Loan Authorization)
- Signature Block
- STD 204 Payee Data or FI\$CAL TIN Form

Administrative General Partner:

- For the entity serving as the Managing Administrative Partner, the following will be required:
- Administrative General Partner Operating Agreement (with all amendments, if applicable)
- Resolution (OF-1 Loan Authorization)
- Signature Block
- STD 204 Payee Data or FI\$CAL TIN Form

**Project Documents**

Enforceable Commitments:

For scoring, include all enforceable commitments for:

- Construction Financing
- Permanent Financing

Site Control:

- Preliminary title report dated within 60 days of application due date.
- Documentation demonstrating site control.

\*See section 301.III for a full list of documents that demonstrate site control

Developer Experience:

- Professional resume reflecting developer experience during the past 10 years

\*Must include the three projects which are also listed as experience in the “Experience” section of the Neighborly Application. The regulatory agency (as applicable), population served, project scope and size, and housing type must be shown for each project.

Owner and Operator Experience:

- Professional resume reflecting owner & operator experience of affordable housing projects during the past 10 years

\*Must include the three projects listed as experience in the “Experience” section of the Neighborly Application. The regulatory agency (as applicable), population served, project scope and size, and housing type must be shown for each project.

Property Management Experience:

- Professional resume reflecting the Property Management Company experience managing affordable and supportive housing projects during the past 7 years

\* Must include the three projects listed as experience in the “Experience” section of the Neighborly Application. The regulatory agency (as applicable), population served, project scope and size, and housing type must be shown

Supportive Services:

- Supportive Services Agreement

Project Summary Documents:

- Methodology for Determining Rural Status
- Relocation Plan (if tenant relocation is required)
- Subsidy commitment letter(s) (if project has Project Based Vouchers or other subsidy types)

Land Use Entitlements and Design Review Information:

- Land Entitlements Workbook (downloadable from Neighborly)
- Land Use Approvals
- Design Review Approvals

Location:

- Map of Location Efficiency and Access to Destinations

Feasibility:

- Project Financials Workbook (downloadable from Neighborly)
- Audited Financial Statements from the Previous Two Years
- Market Assessment

Addendum III – Subsidy Limits

<b>2023 BASIS LIMITS</b>					
<b>COUNTY</b>	<b>SRO &amp; STUDIO</b>	<b>1 BEDROOM</b>	<b>2 BEDROOMS</b>	<b>3 BEDROOMS</b>	<b>4+ BEDROOMS</b>
ALAMEDA	\$473,390	\$545,814	\$658,400	\$842,752	\$938,878
ALPINE	\$352,022	\$405,878	\$489,600	\$626,688	\$698,170
AMADOR	\$352,022	\$405,878	\$489,600	\$626,688	\$698,170
BUTTE	\$319,236	\$368,076	\$444,000	\$568,320	\$633,144
CALAVERAS	\$352,022	\$405,878	\$489,600	\$626,688	\$698,170
COLUSA	\$352,022	\$405,878	\$489,600	\$626,688	\$698,170
CONTRA COSTA	\$473,390	\$545,814	\$658,400	\$842,752	\$938,878
DEL NORTE	\$352,022	\$405,878	\$489,600	\$626,688	\$698,170
EL DORADO	\$331,890	\$382,666	\$461,600	\$590,848	\$658,242
FRESNO	\$307,732	\$354,812	\$428,000	\$547,840	\$610,328
GLENN	\$352,022	\$405,878	\$489,600	\$626,688	\$698,170
HUMBOLDT	\$352,022	\$405,878	\$489,600	\$626,688	\$698,170
IMPERIAL	\$314,634	\$362,770	\$437,600	\$560,128	\$624,018
INYO	\$352,022	\$405,878	\$489,600	\$626,688	\$698,170
KERN	\$307,732	\$354,812	\$428,000	\$547,840	\$610,328
KINGS	\$307,732	\$354,812	\$428,000	\$547,840	\$610,328
LAKE	\$352,022	\$405,878	\$489,600	\$626,688	\$698,170
LASSEN	\$352,022	\$405,878	\$489,600	\$626,688	\$698,170
LOS ANGELES	\$437,727	\$504,695	\$608,800	\$779,264	\$868,149
MADERA	\$307,732	\$354,812	\$428,000	\$547,840	\$610,328
MARIN	\$384,234	\$443,018	\$534,400	\$684,032	\$762,054
MARIPOSA	\$352,022	\$405,878	\$489,600	\$626,688	\$698,170
MENDOCINO	\$352,022	\$405,878	\$489,600	\$626,688	\$698,170
MERCED	\$307,732	\$354,812	\$428,000	\$547,840	\$610,328
MODOC	\$352,022	\$405,878	\$489,600	\$626,688	\$698,170
MONO	\$352,022	\$405,878	\$489,600	\$626,688	\$698,170
MONTEREY	\$387,110	\$446,334	\$538,400	\$689,152	\$767,758
NAPA	\$384,234	\$443,018	\$534,400	\$684,032	\$762,054
NEVADA	\$352,022	\$405,878	\$489,600	\$626,688	\$698,170
ORANGE	\$396,888	\$457,608	\$552,000	\$706,560	\$787,152
PLACER	\$331,890	\$382,666	\$461,600	\$590,848	\$658,242
PLUMAS	\$352,022	\$405,878	\$489,600	\$626,688	\$698,170
RIVERSIDE	\$314,634	\$362,770	\$437,600	\$560,128	\$624,018
SACRAMENTO	\$331,890	\$382,666	\$461,600	\$590,848	\$658,242
SAN BENITO	\$352,022	\$405,878	\$489,600	\$626,688	\$698,170
SAN BERNARDINO	\$314,634	\$362,770	\$437,600	\$560,128	\$624,018
SAN DIEGO	\$353,173	\$407,205	\$491,200	\$628,736	\$700,451
SAN FRANCISCO	\$689,665	\$795,177	\$959,200	\$1,227,776	\$1,367,819
SAN JOAQUIN	\$307,732	\$354,812	\$428,000	\$547,840	\$610,328
SAN LUIS OBISPO	\$387,110	\$446,334	\$538,400	\$689,152	\$767,758
SAN MATEO	\$532,060	\$613,460	\$740,000	\$947,200	\$1,055,240
SANTA BARBARA	\$387,110	\$446,334	\$538,400	\$689,152	\$767,758
SANTA CLARA	\$532,060	\$613,460	\$740,000	\$947,200	\$1,055,240
SANTA CRUZ	\$387,110	\$446,334	\$538,400	\$689,152	\$767,758
SHASTA	\$319,236	\$368,076	\$444,000	\$568,320	\$633,144
SIERRA	\$352,022	\$405,878	\$489,600	\$626,688	\$698,170
SISKIYOU	\$352,022	\$405,878	\$489,600	\$626,688	\$698,170
SOLANO	\$384,234	\$443,018	\$534,400	\$684,032	\$762,054
SONOMA	\$384,234	\$443,018	\$534,400	\$684,032	\$762,054
STANISLAUS	\$307,732	\$354,812	\$428,000	\$547,840	\$610,328
SUTTER	\$331,890	\$382,666	\$461,600	\$590,848	\$658,242
TEHAMA	\$352,022	\$405,878	\$489,600	\$626,688	\$698,170
TRINITY	\$352,022	\$405,878	\$489,600	\$626,688	\$698,170
TULARE	\$307,732	\$354,812	\$428,000	\$547,840	\$610,328
TUOLUMNE	\$352,022	\$405,878	\$489,600	\$626,688	\$698,170
VENTURA	\$387,110	\$446,334	\$538,400	\$689,152	\$767,758
YOLO	\$331,890	\$382,666	\$461,600	\$590,848	\$658,242
YUBA	\$331,890	\$382,666	\$461,600	\$590,848	\$658,242

January 10, 2023