HOME Investment Partnerships Program (HOME)

Tribal Pre-NOFA Listening Session

January 13, 2021

California Department of Housing and Community Development

HOUSING IS KEY

AB-1010 Overview

AB-1010 Survey Results
Tribal Housing Needs

Top Identified Housing-Related Needs [31 total surveys]

- New Housing [28]

- Upgrade Existing Housing [23]

- Developing Subsidized Housing [19]

- Low-income Homeownership Opportunities [18]

- Housing w/ Ongoing Support Services [18]

- Support Services (medical, educational, etc) [12]

- Homeless Shelters [10]

Welcome from Federal Programs Branch Chief Janice Waddell

California Department of Housing and Community Development (HCD) Goals

HOME Specific

- Discuss changes to the 2021 HOME NOFA made possible by AB-1010
- Identify needs and barriers to utilizing the HOME Program various activities
- Time to Plan - For Tribes and HCD Staff
- Provide tribes with the support they need to successfully submit applications and be awarded HOME funds

Overarching

- Begin relationship building with tribes for long term engagement in Federal Funding Programs
- Build HCD understanding of tribes' various needs, capacities and challenges with using HOME and other HUD CPD funding

Agenda

- Introductions
- HOME Projects Overview
  - Projects Questions
- HOME Programs Overview
  - Programs Questions

    Break

- Identifying Barriers
- Q & A and Next Steps

Introductions

Tribal Members and Partners

- Name

- Role

- Organization

- Is your Tribe Federally Recognized?

Introductions

HCD Staff

- Janice Waddell, Federal Programs Branch Chief
- Tawny Macedo, Housing Policy Specialist and Tribal Liaison
- Nicole McCay, HOME and NHTF Section Chief
- Jay Cortese, HOME Programs Manager
- Robert Rystad, HOME Projects Manager

Additional HCD Tribal Representatives:

- Virginia Correa, HCD Program Representative
- Melissa Harty-Swaleh, HCD Program Representative

- HOME funds are federal funds, from HUD, and as such, are subject to federal program regulations, at 24 CFR Part 92 (The HOME "Final Rule")

  (https://www.ecfr.gov/cgi-bin/text-idx?SID=b6fb0099a5138313f1182ecda68b52e5&mc=true&node=pt24.1.92&rgn=div5)

- The HOME Final Rule requires HUD Income Limits, Homeownership Value Limits, and Per-Unit Subsidy Limits, which affect both Projects and Programs, and Rent Limits, which affects only Multifamily Projects.

  (https://www.hcd.ca.gov/grants-funding/income-limits/state-and-federal-income-limits.shtml#cdbg)

HOME Foundational Concepts (Slide 2 of 3)

- HOME funds are also subject to federal overlays regarding:
  - ➤ Relocation Benefits
  - ➤ Lead-Based Paint
  - ➤ NEPA (Environmental Review)
  - ➤ Affirmative Marketing
  - ➤ Accessibility Requirements
  - ➤ Nondiscrimination and Equal Access
  - ➤ Employment and Contracting (including Labor Standards)
  - ➤ Site and Neighborhood Standards.

HOME Foundational Concepts (Slide 3 of 3)

- Program Income/Recaptured Funds
  - Any HOME funds that are repaid or are proceeds related to a HOME-funded project are called Program Income or Recaptured Funds, subject to re-use by the lender of the HOME funds on another HOME-eligible project or program.

HOME Investment Partnerships Program (HOME)

PROJECTS OVERVIEW

California Department of Housing and Community Development

Current Eligibility and Forms of Assistance

Eligibility

State regulations currently require Tribes to apply as a developer.

Assistance

HOME assistance in the form of loans to be repaid

Eligible Activities
Two Rental Project Types

Rental New Construction

Multifamily projects may be with or without acquisition.

Rental Rehabilitation

Provided to rehab-specific rental projects with or without acquisition.

Eligible Activities
Current Activity Combinations

State Recipients and CHDOs may apply for <u>TWO</u> activities

- One rental project and one FTHB project

- One rental project and any combination of eligible program activities

- One FTHB project and any combination of eligible program activities except for a FTHB program

Eligible Activities
Current Activity Combinations (Cont.)

CHDOs and Developers (who are not applying through a State Recipient) may apply for only <u>one</u> activity as follows:

- One rental rehabilitation with or without an acquisition project
- One rental new construction project
- One FTHB project

Activity Funding Amount

Rental New Construction Project Limit

- $5,000,000: Projects requesting funds for deep affordability targeting can request up to an additional $1,000,000.

Rental Rehab with or without Acquisition

- $2,000,000
- $5,000,000 if a project and **either:**
  - 80 percent of units restricted to incomes at 50 percent of Area Median Income (AMI) **or**
  - 80 percent of all units in the project will have project-based rental assistance and the rental assistance contract is renewable.

Current Administration and CHDO Limits
(subject to change each NOFA year)

Applicant Limit

City and County Applicants **up to** $1,000,000

City and County Applicants $1,000,000 **or more**

CHDO Applicants **up to** $1,000,000

CHDO Applicants $1,000,000 **or more**

Allowed Funding Limits

Up to $25,000 for administrative funds

Up to $50,000 for administrative funds

Up to $75,000 for operations funds

Up to $100,000 for operations funds

Affordability Requirements

Rental New Construction and Rental Rehabilitation Activities

50 Years Indian Reservation and American Lands

Rental Rehabilitation without Acquisition

Amount of HOME Assistance per Unit:	Minimum Period of Affordability:
More than $40,000	20 Years
$15,000 to $40,000	15 Years
Less than $15,000	10 Years

Per-Unit Subsidy Limits

- State and Federal Income, Rent, and Loan/Value Limits

- Income limits, rents, and loan-to-value limits are determined according to each development's financing and the rules that pertain to that financing.

- The current HUD per-unit subsidy limits for the HOME Program are located on the Department website at

 http://www.hcd.ca.gov/grants-funding/income-limits/state-and-federal-income- limits.shtml.

Uniform Multifamily Regulations (UMR's)

- State Uniform Multifamily Regulations (UMR)

  (November 2017 version)

In conjunction with State and Federal HOME Regulations

http://www.hcd.ca.gov/grants-funding/already-have-funding/uniform multifamilyregulations.shtml

Here's Some Things to Consider….
We Want Your Thoughts!

- Monitoring Obligations:
  - Monitor an affordable rental project annually
  - Come in as state recipient
  - Come in as developer

- Loan vs. Grant

- Technical Consulting Expertise Needs

Project Questions?

Resources:

https://www.hudexchange.info/trainings/building-home/

https://ndconline.org/

HOME Investment Partnerships Program (HOME)

PROGRAM ACTIVITIES OVERVIEW

**Department of Housing
and Community Development**

Forms of Assistance

LOANS

- HOME assistance shall be in the form of loans to be repaid to local HOME accounts controlled by State Recipients or State's HOME account.

- The HOME funds are for <u>REIMBURSEMENT ONLY</u>

- "deferred" means no payments required for the life of the loan; however, there is a balloon payment required at the end of the deferred period.

- Deferred payments and interest received are considered Program Income (PI)

GRANTS

- Tenant-Based Rental Assistance (TBRA)

- Relocation Payments

- Lead-Based Paint Hazard Evacuation and Reduction

- HOME rehabilitation beyond available equity

Forms of Assistance

Grants - Owner-Occupied Rehabilitation (OOR)

- Maximum 100% combined loan-to-value

- Maximum rehab grant is 25% of HOME per unit Subsidy Limit

- HCD approval is required on each project

Eligible Activities
First-Time Homebuyer (FTHB)

- Acquisition Only

- Acquisition With Rehabilitation

- Infill New Construction

Eligible Activities
First-Time Homebuyer (FTHB) Acquisition Only

- Downpayment and closing cost assistance ("gap")

- Must cause borrower payment to be within debt-to-income ratio minimums/maximums

- HOME loan cannot be more than first mortgage amount

- Must not exceed HOME Per-Unit Subsidy Limits

Eligible Activities
First-Time Homebuyer (FTHB) Acquisition Only

- Must be modest home

- Must be "standard" home (no health & safety or code issues at closing)

- Home price must not exceed current Homeownership Value Limit

First-Time Homebuyer (FTHB) Program Acquisition with Rehabilitation

- Same as Acquisition Only, but home is substandard at closing, and is repaired after acquisition

- Must be made standard

- For State Recipients, repair money is escrowed at purchase closing, and may be HOME and/or other funds.

- For CHDOs, CHDO buys and rehabs with own funds, and we assist homebuyer at escrow closing and pay ADC then.

- Not limited to just health and safety, but General Property Improvements are limited to 15%.

First-Time Homebuyer (FTHB) Program
Infill New Construction

- This is building homes within built-out neighborhoods.

- Scattered sites w/no more than four dwellings within 2000 feet of one another.

- Application must document availability of grant funds or building sites currently owned by applicant if costs will exceed appraised value.

Owner-Occupied Rehabilitation (OOR) program

- Must be owner-occupied

- Must be primary residence

- Must start as "substandard" (health & safety and/or code violation(s) and be made

  into "standard"

- Limits General Property Improvements to 15%

- HOME Test for Reconstruction approval required if cheaper than R&R to repair.

Tenant-Based Rental Assistance (TBRA)

- Rental subsidies (beyond 30% of household income)

- Security Deposit Assistance

- Utility Deposit Assistance

- Rent plus Utility Allowance can't exceed Rent Standard (90-110% of HUD FMR)

- At least 90% of households must be at or below 60% of Area Median Income (AMI)

Tenant-Based Rental Assistance (TBRA)

- Must document "Rent Reasonableness" (comparable)

- Must do Housing Quality Standards (HQS) inspection and clear the unit

- Must use adjusted gross income, not just gross income, for gap purposes

- Must recertify income annually, and whenever income changes

- Must execute Lease Addendum and Violence Against Women Act (VAWA) Addendum for tenant protection

Eligible Uses of Funds

First-Time Homebuyer (FTHB)

- Activity Delivery Cost (ADC): Up to 6.5% of down payment assistance.

- Up to 6.5% of the total acquisition cost for FTHB activities involving acquisition with rehab.

- Up to 6.5% of total development costs for FTHB infill new construction.

- Must obtain financing from a primary lender in addition to HOME financing.

- Primary loan must be 30-year fixed, fully amortized.

Owner-Occupied Rehab (OOR)

- Activity Delivery Cost (ADC): up to 24% of the HOME loan/grant amount for OOR.

Tenant-Based Rental Assistance (TBRA)

- Activity Delivery Cost (ADC): up to 5% per household for income certification and unit inspection costs only.

Ineligible Use of Funds

- Refinancing existing debt

- Expenses incurred after the Final Expenditure Deadline

- Payment of delinquent property taxes

- Expenses incurred prior to execution of Standard Agreement (except NEPA) unless written approval is received in advance.

Programs Questions?

Break Time

Up Next – Discussion on Barriers

Identifying Barriers and Finding Solutions

Participant and Staff Open Discussion

Identifying Barriers (Slide 1 of 6)

Barrier: How to Apply

Things to Consider: Expand role/give option for tribes to be a state recipient to lend funds; Responsibilities; Requirements and capacity needed; Differences from applying as a developer; Benefits such as admin dollars and consultant fees being included in the budget

Feedback/Solution ideas?

Barrier: Lack of Self-Help Housing on Tribal Land

Things to Consider: Providing option for identified tribal members seeking self-help opportunities on tribal land

Feedback/Solution ideas?

Barrier: Management of Program Income

Things to Consider: Capacity, length to hold program income

Feedback/Solution ideas?

Barrier: Competitive Scoring Disadvantages

Things to Consider: Re-define capacity, readiness, and experience criteria for tribes

Feedback/Solution ideas?

Barrier: Project requirements on tribal land vs. non-tribal land

Things to Consider: Explore inspection and non-performance issues and ways to meet these requirements

Feedback/Solution ideas?

Barrier: Annual Apportionment, spectrum of applicants

Things to Consider: Explore policy options

Feedback/Solution ideas?

Q & A
and
Next Steps

Thank you for attending, we appreciate your participation

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