

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

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August 27, 2018

**MEMORANDUM FOR: ALL POTENTIAL APPLICANTS****FROM:** Niki Dhillon, Branch Chief  
Division of Financial Assistance**SUBJECT: AMENDMENT #1 NOTICE OF FUNDING AVAILABILITY  
HOME INVESTMENT PARTNERSHIPS PROGRAM**

The Department of Housing and Community Development (HCD) is announcing revisions to the Notice of Funding Availability (NOFA) dated June 5, 2018 regarding the availability of approximately \$72 million in funding for the Home Investment Partnerships (HOME) Program as set forth below. A strikeout/underline version of the changes is included as an attachment. All other provisions remain in effect.

**III. State and federal requirements****C. Timeframes for use of funds**

Recipients of HOME funds are subject to progress deadlines and expenditure deadlines that are defined in the state and federal regulations and specified in the Standard Agreement. Failure to meet applicable deadlines may potentially result in the assessment of penalties, potential recapture of HOME funds (spent and/or unspent), and point deductions from future NOFA applications:

<b>Table 5 - HOME Commitment and Expenditure Deadlines</b>		
<u>Deadlines</u>	<u>2017 Funds</u>	<u>2018 Funds</u>
Commitment (executed Standard Agreement with HCD)	October 2019	October 2020
Expenditure (program completed)	November 2021	November 2021
Expenditure (project completed)	March 2022	March 2022

**Projects**

When committing HOME funds to rehabilitation or new construction projects, HCD must ensure that: 1) all necessary financing is secured, 2) a budget and schedule

has been established, 3) underwriting by HCD is complete, and 4) and construction is scheduled to start within 12 months. In addition, HCD must enter this project set-up information in HUD's IDIS system.

If a project fails to meet one or more of the deadlines outlined in state HOME regulations 25 CFR section 8217, the applicant (city, county, developers applying directly, or CHDO), as well as the project's developer, owner, and managing general partner, may receive a performance penalty on the next project application in which they are involved. If a project fails to meet three or more deadlines, the applicant shall be held out of future project funding rounds until that project is completed, occupancy is obtained, all expenditures are made, and all necessary HOME funds are drawn.

#### **IV. Award Announcements and Contracts**

##### **B. Contracts**

Awardee(s) will enter into a Standard Agreement with HCD. 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. All projects are required to close all permanent loans by March 2022. The Standard Agreement will contain deadlines that are consistent with federal requirements; 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 timely provide HCD with all entity resolutions and other entity documentation (e.g., bylaws, articles of incorporation, 501(c)(3) certification, certificate of good standing), which evidences that Awardee has the legal authority to contract with HCD.

A condition of award will be that a Standard Agreement must be executed by the awardee(s) within 90 days (Contracting Period) of HCD's issuance of the award letter. Failure to execute the Standard Agreement(s) within the Contracting Period may result in award cancellation. The awardee(s) shall remain a party to the Standard Agreement for the entire term of the Standard Agreement; removal of the awardee(s) shall be prohibited.

Additionally, consistent with the communication sent though HCD's listserv, the application due date has been extended from August 6, 2018 to August 30, 2018.

If you have any questions, contact NOFA Manager, Charles Gray at (916) 263-1014 or [charles.gray@hcd.ca.gov](mailto:charles.gray@hcd.ca.gov).

## **B. Physical needs assessment**

Pursuant to 24 CFR 92.251, housing that is constructed or rehabilitated with HOME funds must meet all applicable local codes and rehabilitation standards at the time of project completion. Projects involving rehabilitation must do sufficient rehabilitation to ensure the long-term viability of these projects. Pursuant to state UMR section 8309(b)(2), HCD requires RR project applicants to submit a third-party physical needs assessment.

## **C. Timeframes for use of funds**

Recipients of HOME funds are subject to progress deadlines and expenditure deadlines that are defined in the state and federal regulations and specified in the Standard Agreement. Failure to meet applicable deadlines may potentially result in the assessment of penalties, potential recapture of HOME funds (spent and/or unspent), and point deductions from future NOFA applications:

<u>Deadlines</u>	<u>2017 Funds</u>	<u>2018 Funds</u>
Commitment (executed Standard Agreement with HCD)	October 2019	October 2020
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### Projects

**When committing HOME funds to rehabilitation or new construction projects, HCD must ensure that 1) all necessary financing is secured, 2) a budget and schedule has been established, 3) underwriting by HCD is complete, and 4) and construction is scheduled to start within 12 months. In addition, HCD must enter this project set-up information in HUD's IDIS system.**

If a project fails to meet one or more of the deadlines outlined in state HOME regulations 25 CFR section 8217, the applicant (city, county, developers applying directly, or CHDO), as well as the project's developer, owner, and managing general partner, may receive a performance penalty on the next project application in which they are involved. If a project fails to meet three or more deadlines, the applicant shall be held out of future project funding rounds until that project is completed, occupancy is obtained, all expenditures are made, and all necessary HOME funds are drawn.

### Program activities

All program activities funds must be expended by the end of the 36th month following the award date. For example, if awards are made in December 2018, the expenditure deadline will be November 2021. Grantees must cease the processing of applications well in advance of the expenditure deadline to ensure that all work is completed prior to the expenditure deadline. Exceptions will be considered only if the state recipient shows

## D. Disclosure of application

Information provided in the application will become a public record available for review by the public pursuant to the California Public Records Act (Chapter 1473, Statutes of 1968). As such, any materials provided will be disclosed to any person making a request under this Act. HCD cautions applicants to use discretion in providing information not specifically requested, including but not limited to, bank account numbers, social security or taxpayer identification numbers, and personal phone numbers and home addresses. By providing this information to HCD, the applicant is waiving any claim of confidentiality and consents to the disclosure of submitted material upon request.

## VI. Award Announcements and Contracts

### A. Award Announcement

HCD intends to send award letters in December 2018 for all successful applicants. If a Standard Agreement is not ready for a construction loan closing, then the borrower and other construction lenders or any other party associated with the project must rely on the issuance of an estoppel letter that will be issued (if requested) at the construction loan closing stage.

Updates on planned awards and contract status will be provided through the HCD Listserv system. To be added to this list, go to <http://www.hcd.ca.gov/hcd-subscribe.html>, scroll down to the HOME Program and select the email alert lists you wish to receive.

### B. Contracts

Awardee(s) will enter into a Standard Agreement with HCD. 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. ~~Projects must meet an October 2019 construction loan closing deadline or funding will no longer be available. There will be no exceptions. In addition, All projects are required to close all permanent loans by~~ March 2022. The Standard Agreement will contain deadlines that are consistent with federal requirements; 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 timely provide HCD with all entity resolutions and other entity documentation (e.g., bylaws, articles of incorporation, 501(c)(3) certification, certificate of good standing), which evidences that Awardee has the legal authority to contract with HCD.

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