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COUNTY OF SAN DIEGO  
DEPARTMENT  
OF  
HOUSING AND COMMUNITY DEVELOPMENT

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**Notice of Funding Availability (NOFA)**  
**For**  
**Affordable Housing Construction, Acquisition and Rehabilitation**  
  
**and**  
  
**Project Based Vouchers**

**Release Date: April 21, 2016**

**Submission Date: Open Until Further Notice**

Sources of Financial Assistance:

HOME Investment Partnerships Program (HOME)

Section 8 Project Based Vouchers (PBV)

*Todd Henderson*  
*Director*

# COUNTY OF SAN DIEGO

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# GENERAL INFORMATION

In releasing this Notice of Funding Availability (NOFA), the goal of the County of San Diego Department of Housing and Community Development (HCD) and the Housing Authority of the County of San Diego (HACSD) is to facilitate construction, acquisition, and rehabilitation of affordable multi-family rental housing for very-low and low-income households by providing gap financing with HOME Investment Partnership (HOME) and Project-Based Vouchers (PBV). Proposed projects must be leveraged with other funding sources, such as private equity loans from lending institutions; funds from federal, state or local programs, such as Low-Income Housing Tax Credits, Tax-Exempt Multi-family Housing Revenue Bonds, the U.S. Department of Housing and Urban Development's (HUD) Senior Preservation Rental Assistance Contracts; or the State of California's Multi-family Housing Program, Affordable Housing and Sustainable Communities Program or Veteran Housing and Homeless Prevention Program.

Each qualified project will be evaluated for suitability for PBVs and/or HOME funding and may be offered PBVs and/or HOME funding based on resource availability and HCD preferences.

We encourage all applicants under this NOFA to explore capital funding opportunities under the MHSA/Special Needs Housing Program, as well as any competitive Request for Proposals (RFP) from the County of San Diego Behavioral Health Services (BHS) for intensive case management services. For more information on the MHSA/ Special Needs Housing Program and other County Behavioral Health Services MHSA Housing documents, please go to <http://sandiego.camhsa.org/housing.aspx>. For more information on the procurement process for intensive case management services, please sign up for the County's online procurement system to receive notifications at <https://buy.net.sdcounty.ca.gov/>.

Qualified housing developers who demonstrate their ability to 1) construct, acquire, and/or rehabilitate affordable housing developments and 2) maintain affordable housing developments are encouraged to submit applications. The proportion of rent restricted units to the total number of units in the project must, at a minimum, equal the proportion of HCD/HACSD investment in the project's total development cost. Unrestricted units are not eligible for HOME subsidy. Restricted units must remain affordable for a minimum of 55 years. Project-based vouchers are secured under contract for up to 15 years, subject to funding availability.

The County of San Diego's *Live Well, San Diego* initiative strives to achieve healthy, safe and thriving communities throughout the region. The San Diego region is thriving when residents are engaging (building community awareness and cohesion), connecting (filling gaps and ensuring equal access to basic needs) and flourishing (exceeding basic needs). For more information on *Live Well, San Diego*, please visit [www.livewellsd.org](http://www.livewellsd.org). HCD/HACSD is seeking applications that tie into and accentuate all aspects of *Live Well, San Diego*.

All HOME applications must include smoke-free policies which must prohibit the use of cigarettes, electronic cigarettes, and marijuana (including use for medicinal purposes). Preferences will be given to projects serving special needs populations as identified in the County of San Diego Consortium 2015-19 Consolidated Plan. Additional preference will be given to projects serving veterans or providing an aging-in-place component. Applications that incorporate energy-efficient and/or on-site energy generation components are encouraged. HCD/HACSD also encourages applications to preserve unincorporated area affordable housing developments at-risk of conversion to market rate housing.

NOFA applications will be accepted on a continuous basis, until further notice. Applications must consist of a signed original and one copy of the complete application packet. Each application must be in a three-ring binder with individual tabs identifying the application requirements and attachments. In addition, applicants must submit one scanned PDF copy submitted on a CD. Faxed copies will not be accepted.

**Prior to May 23, 2016**

Please Deliver Applications to:  
Department of Housing and Community Development  
Attn: Community Development  
3989 Ruffin Road  
San Diego, CA 92123

**On or After May 23, 2016**

Please Deliver Applications to:  
Department of Housing and Community Development  
Attn: Community Development  
780 Bay Blvd. Ste. 200  
Chula Vista, CA 91910

**HOME AVAILABILITY**

By releasing this NOFA, HCD is announcing the funding availability of approximately \$2.7 million through the HOME program for affordable multi-family rental housing developments located within the HOME Consortium. The HOME Consortium consists of the Urban County and the cities of Carlsbad, Encinitas, La Mesa, San Marcos, Santee and Vista. The Urban County consists of the unincorporated areas of the County of San Diego and the cities of Coronado, Del Mar, Imperial Beach, Lemon Grove, Poway and Solana Beach. Applications for funding outside of these areas may be considered only if the local jurisdiction commits a substantial financial contribution to the development and the project serves a “special needs” population benefiting the HOME Consortium (see Targeting section of the NOFA Proposal Requirements for more information about “special needs”). HCD is encouraging housing development proposals located in the unincorporated areas of the County of San Diego. Proposals located in an unincorporated area community will receive special consideration.

**PBV AVAILABILITY**

By releasing this NOFA, HACSD is announcing the opportunity for an allocation of Section 8 Rental Assistance PBVs for multi-family rental housing developments. A maximum of 190 vouchers will be available. Housing developments allocated PBVs may be located within the Urban County (as identified above) and the additional cities of Chula Vista, El Cajon, Escondido, La Mesa, San Marcos, Santee or Vista. Allocations of PBVs will be awarded to multi-family rental housing developments that will be occupied by qualified, very-low income, special needs households with incomes at or below 50 percent of the Area Median Income.

**CDBG FUNDING**

Subject to availability at the time of funding, Community Development Block Grant (CDBG) program funds may also be allocated through this NOFA. Housing developments allocated CDBG funds must be located within the Urban County (as defined above). Eligible uses of CDBG funds for housing projects are addressed under [24 CFR §570](#).

**HOME FUNDING**

The goal of the HOME program is to provide funds to expand the supply of affordable housing for very-low-income and low-income persons as defined under [24 CFR §92](#). HUD published a Final Rule in the Federal Register on July 24, 2013 ([Vol. 78 No. 142](#)), to amend the HOME program regulations. These amendments to the HOME regulations represent the most significant changes to the HOME program in 17 years. This NOFA does not include the text of all applicable regulations that may be important to rental housing projects. For proper completion of the application, HCD encourages potential applicants to consult the federal HOME program regulations, and other federal cross-cutting regulations (referred to in Subpart H of the federal HOME regulations). Several of the terms used in the HOME program have specific meanings defined by federal HOME regulations. **When reviewing this NOFA and the application forms, carefully**

**review the regulations for definitions and terms.** Please refer to Attachment A, which includes highlights of the HOME Final Rule.

A portion of HOME program funds must be reserved for specific activities to be undertaken by a special type of non-profit called a Community Housing Development Organization (CHDO). **Preferences may be given to CHDO's with eligible projects.** A qualified CHDO is a private non-profit, community-based service organization that has staff with demonstrated capacity to develop affordable housing for the community it serves. Refer to Attachment K for additional information regarding CHDOs. Non-profit organizations that are not currently certified as CHDOs, but believe they would qualify as CHDOs, are encouraged to submit applications. Please contact Kelly Salmons at [Kelly.Salmons@sdcounty.ca.gov](mailto:Kelly.Salmons@sdcounty.ca.gov), or (858) 694-4806, to request CHDO certification documents.

## ***PROJECT BASED VOUCHER (PBV) FUNDING***

The PBV component of the Housing Choice Voucher (HCV) Program allows rental assistance to be attached to a specific unit in a housing development instead of to a particular eligible assisted family. HACSD may allocate, for a term to be identified by HACSD and in accordance with all current applicable guidelines and regulations, up to 190 Housing Choice Vouchers through the Section 8 Project-Based Housing Choice Voucher Program. The regulations that cover PBVs are found in [24 CFR §983](#) and are also subject to the terms in the HACSD's Administrative Plan. PBVs allow housing developments to receive market rate rents in affordable housing units occupied by eligible families selected off a Housing Authority of the County of San Diego (HACSD) waiting list.

The project may be owned by any individual, corporation, trust, partnership, or non-profit entity excluding those sanctioned from participation.

HACSD may issue project-based vouchers in limited increments and in a manner consistent with a varied geographical distribution. These increments will be targeted to special needs populations within the HACSD jurisdiction as defined in the County of San Diego Consortium 2015-2019 Consolidated Plan.

### **SPECIAL PREFERENCE**

Additional preference will be provided for affordable housing developments that meet the following criteria:

1. Project will be owned, developed, or sponsored by a CHDO;
2. Project will be located in the unincorporated area of the County of San Diego; or
3. Project will preserve unincorporated area affordable units at-risk of conversion to market rate housing.

## ***SPECIAL CONSIDERATION***

Preferential consideration may be provided for affordable housing developments with the following conditions:

1. Project will serve a special needs group, as identified in the County of San Diego Consortium 2015-19 Consolidated Plan;
2. Project will include a veterans housing component;
3. Project will include a homeless housing component;
4. Project will include independent living and aging-in-place components for the elderly and/or disabled;<sup>1</sup>
5. Project will include a supportive services component;
6. Project wait list will include a preference for one or more of the special needs groups identified the County of San Diego Consortium 2015-19 Consolidated Plan; or
7. Project will incorporate green building and resource-efficient technologies exceeding current standards.

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<sup>1</sup> The Center for Disease Control and Prevention defines **Aging-in-Place** as "the ability to live in one's own home and community safely, independently, and comfortably, regardless of age, income, or ability level." Livability can be optimized through the incorporation of universal design principles, supportive services, telecare and other assistive technologies. Assistive technologies include communications, health and wellness monitoring, home safety and security.

## **AFFORDABILITY PERIOD**

HCD imposes affordability restrictions for 55 years for all HOME and CDBG-funded NOFA projects.

PBVs do not have an affordability period, but an initial contract must be executed. The initial contract may be for a period of up to 15 years and may be renewable for up to an additional 15 years at the discretion of HACSD.

HUD minimum affordability requirements for HOME and CDBG follow:

CDBG - Real property that was acquired or improved in whole or in part using CDBG funds in excess of \$25,000 must be operated in accordance with CDBG affordability requirements until five years after the closeout of the grant from which the assistance to the property was provided.

HOME - Minimum affordability periods are shown below.

<b>Rental Housing Activity</b>	<b>Minimum Years of Affordability</b>
Rehabilitation or acquisition of existing housing per unit amount of HOME funds:	
Under \$15,000	5
\$15,000 to \$40,000	10
Over \$40,000 or rehabilitation involving refinancing	15
New construction or acquisition of newly constructed housing	20

## **DEVELOPER CAPACITY**

Developer capacity to perform administrative, managerial and operational functions and to oversee the work necessary for successful completion of the proposed project will be evaluated.

To be eligible for financing, an applicant must:

1. Exhibit prior work resulting in successful development of affordable rental housing. Successful development may include operation, construction, acquisition, acquisition with rehabilitation or any combination of accomplishments that created or preserved affordable rental housing.
2. Possess control of the proposed development site through fee title, an option to purchase, a disposition and development agreement with a public agency, a land sales contract, a leasehold with development provisions or any other enforceable instrument approved by HCD/HACSD.
3. Provide full disclosure of all associations between partners, contractors, and sub-contractors. Conflict of interest laws and regulations will be strictly applied.

## **CONDITIONS**

HCD/HACSD reserves the right to negotiate and award an allocation of funds to multiple applicants and request additional information from applicants. By the act of submitting a proposal, applicants acknowledge and agree to the terms and conditions of this NOFA and to the accuracy of the information they submit. HCD/HACSD reserves the right to reject any and all submittals, waive any irregularities in the submittal requirements, or cancel this NOFA at any time. All submittal packages become the property of HCD/HACSD. All requirements of the HOME program (CDBG and PBV programs, as applicable) apply under this NOFA. HOME program regulations are available at [24 CFR §92](#). CDBG program regulations are available at [24 CFR §570](#). PBV program regulations are available at [24 CFR §983](#).

***COST RECOVERY AND ANNUAL COMPLIANCE MONITORING FEES FOR HOME FUNDED PROJECTS***

HCD will require full reimbursement for actual staff hours and costs incurred to prepare, review and/or amend any loan documents and execute subordination agreements for existing affordable housing NOFA projects. This includes, but is not limited to, refinancing requests and assignment/assumption requests. Failure to submit payment would result in a Notice of Default being issued by HCD.

An annual compliance monitoring fee of \$4,000 will be due and payable to HCD at the beginning of each operational year. The compliance monitoring fee will increase annually at a rate of one percent. Failure to submit payment will result in a Notice of Default being issued by HCD. Compliance monitoring fees must be incorporated into the proposal’s operating pro forma.

***TECHNICAL ASSISTANCE, CLARIFICATION AND ADDENDA***

Requests for clarification regarding the HOME sections of this NOFA should be directed to: Kelly Salmons, Department of Housing and Community Development, 3989 Ruffin Road<sup>2</sup>, San Diego, CA 92123, or (858) 694-4806, or [Kelly.Salmons@sdcounty.ca.gov](mailto:Kelly.Salmons@sdcounty.ca.gov). Request for clarification regarding the PBV sections of this NOFA should be directed to Anthony McCall at (858) 694-4828, or [Anthony.Mccall@sdcounty.ca.gov](mailto:Anthony.Mccall@sdcounty.ca.gov).

Following review, HCD/HACSD may request County Board of Supervisors’ support for the project.

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<sup>2</sup> HCD is temporarily moving to 780 Bay Blvd.Ste.200, Chula Vista, CA 91910 effective May 23, 2016.

# **NOFA APPLICATION**

# APPLICATION CHECK LIST

Please complete the following checklist and submit this form with the application.

All pages 8.5 x 11 inches.

One master copy and one copy, both signed, in three-ring binders.

One scanned PDF copy submitted on a CD.

## GENERAL REQUIREMENTS FOR SUBMITTAL

- NOFA Application and Project Summary
- Attachments Summary
- Development Forms (Rental Income Form, Operating Expense, Development Costs, Sources and Uses of Funds, Multi-year Cash Flow and Development Pro Forma)

## ATTACHMENTS and SUPPORTING DOCUMENTATION:

- Articles of Incorporation and By-Laws
- Audited Financial Statements/Single Audit (less than one year old)
- Board Resolution
- Certifications:
  - For CHDOs, a copy of CHDO certification
  - For non-profit organizations, proof of 501(c)(3) status and an up-to-date roster of the applicant's board of directors.
- Community Review Documentation
- Crime-Free Multi-family Housing Element
- Evidence of Funding Source Commitments
- Evidence of Site Control
- Evidence of Supportive Services to be provided for Special Needs Population (if applicable)
- Evidence of Intent: Smoke-free Housing
- Evidence of Compatibility with *Live Well, San Diego*
- Documentation of Aging-in-Place Design Components and Assistive Technologies (if applicable)
- Phase 1 Hazardous Waste Assessment, Environmental Review Compliance
- Location Map, Site Plan, Floor Plan, Photos
- Appraisal dated within 60 days of the final purchase offer
- "As-Built" Appraisal for New Construction Proposals
- Market Study
- Partnership Agreement (if applicable)
- Physical Needs Assessment (if applicable)
- Rehabilitation Estimate (including any required testing of major building systems that may be required) (if applicable)
- Testing for Asbestos, Lead and Residual Pesticides (if applicable)
- Relocation Plan and Relocation Contract (if applicable)
- Relocation Noticing (if applicable)
- Replacement Reserve Analysis
- Tax Credit Application with date of submission (if applicable)
- Tenant Characteristics Form (if applicable)
- Project Timeline
- Voluntary Acquisition Notice (if applicable)
- Affirmative Fair Housing Marketing Plan
- Insurance Policies
- Management Plan
- Preliminary Title Report
- Copies of Other Leveraged Source Loan Documents (if applicable)
- Evidence Applicant is not on Excluded Parties List (Debarment-SAM.gov/EPLS Print-out)

The application and its supporting documentation have been reviewed for completeness using the checklist above.

Authorized Signature: \_\_\_\_\_ Title: \_\_\_\_\_ Date: \_\_\_\_\_

Initial applications are subject to a preliminary review for completeness; applicants submitting incomplete or ineligible proposals will be notified and a deadline for submission imposed. The selection procedure will include an evaluation of the total financing proposed in the NOFA application and the project pro forma. A determination will also be made concerning the consistency of the proposal with the strategy and priorities developed by the County of San Diego for the use of NOFA program funds. Proposals must comply with the regulations of the HOME and/or PBV programs and other HCD/HACSD programs, as applicable.

## PROJECT SUMMARY

Project Name:		
Name of Applicant:		
Applicant Address:		
Contact Name:		
Phone:	Fax:	
Email:		
Organizational Status (Check all that apply): <input type="checkbox"/> Non-profit <input type="checkbox"/> CHDO <input type="checkbox"/> Private Entity		
Project Address:		
Project Assessor's Parcel Number (APN):		
Amount of HOME Funds Requested (if applicable):		
Amount of CDBG Funds Requested (if applicable):		
Number of PBVs Requested (if applicable):		
Type(s) of Special Needs Population(s) (if applicable):		
Number of Units/Bedroom Sizes: ( ) studio units with 0 bedrooms; ( ) units with 1 bedrooms; ( ) units with 2 bedrooms; ( ) units with 3 bedrooms; ( ) units with 4 bedrooms ( ) total units		
Total Development Cost:		
Percentage of Area Median Income of Restricted Units	At or below 30% AMI _____ At or below 50% AMI _____ At or below 60% AMI _____ Other: _____	
Estimated HOME Rent Range per unit (Use Attachment A):		Market Rents (from appraisal):
1 Bedroom:		
2 Bedroom:		
3 Bedroom:		
4 Bedroom:		
Number of Currently Occupied Units:		
Income Level of Current Households:		
Number of Potential Relocation Households:		
Expected Date of:		
Acquisition:		
Rehabilitation/Construction Start:		
Rehabilitation/Construction Completion:		
Occupancy:		

## **PROPOSAL REQUIREMENTS**

Responsive proposals must include and/or adequately address each of the following sections. Identify attachment numbers, as applicable.

### **General Project Information**

**Attach pages as necessary to describe the following:**

- A. Provide a detailed description of the project. Address the following, as appropriate:
- (1) How will the project maintain, increase, or improve housing affordability or the provision of services? What service(s) will be provided and how will they be provided?
  - (2) Are there other housing developments, facilities or services that address the same need in the area?
  - (3) If applicable, how will the project promote the coordinated delivery of housing and/or supportive services?
  - (4) If applicable, how will the project empower families and individuals toward greater self-sufficiency?
  - (5) If applicable, how will the project incorporate aging-in-place components? Describe the use of universal design principles, supportive services, telecare and other proposed assistive technologies.
  - (6) Detail sustainability features for the proposed development.
  - (7) Provide documentation demonstrating that rents will be at least 10% below market rents. Attach a market study documenting supply and demand for the proposed development. Data must be recent (within the last six months), for at least three rental housing developments similar in size and amenities to the proposed development.
  - (8) Attach an outline of the project's Crime-Free Multi-family Housing Program.
  - (9) Attach documentation that specifies how the project will implement a smoke-free program on site, including evidence of intent to commit to smoke-free housing such as sample lease, or house rules. All proposed projects must include smoke-free policies which include prohibiting the use of cigarettes, electronic cigarettes, and marijuana (including use for medicinal purposes).
  - (10) List proposed conditions that conform to the Special Considerations located on page five.
- B. Provide a detailed description of the project location and of the existing uses at the site. Attach detailed street map(s) identifying the project and neighborhood boundaries, preliminary site plan(s), photos and floor plans of housing units. Address the following questions, as appropriate:
- (1) Will the project require the relocation of households or businesses? If so, describe the circumstances (number of vacant units, number of units potentially subject to relocation, etc.) and attach a relocation plan and relocation consultant contract to the application. Attach a copy of current tenant rents rolls and income levels.
  - (2) How accessible is the project to public transportation, concentrated areas of job opportunities, convenience shopping, food shopping, public schools, etc.?
  - (3) Describe the availability of, and accessibility to, medical care (e.g., emergency, outpatient, acute, and extended care) and social services that are commonly needed for the individuals who will be residing at the development.
  - (4) How will the project not overly concentrate low-income housing in the community?
  - (5) Is the project consistent with the project site zoning, General Plan designation, and the local community plan?
  - (6) List all necessary land use, zoning, and building plan approvals and their status.
  - (7) Describe all Community Planning/Sponsor Group action related to this project.

### Targeting

**Attach pages as necessary to describe how the project will target the following populations and include a description of the number of units by population served:**

A. The term "low-income households" encompasses both individuals and families.

B. Below is a list of special needs and disabled populations in accordance with the [County of San Diego Consortium 2015-2019 Consolidated Plan/2015-16 Annual Funding Plan](#).

- The frail elderly
- Persons with physical disabilities
- Persons with developmental disabilities
- Persons with severe mental illness
- Persons with substance abuse problems
- Persons with HIV/AIDS
- Military personnel and veterans
- At-risk youth
- Survivors of domestic violence
- Persons experiencing homelessness or at risk of homelessness

If supportive services will be provided for the populations listed above, describe the type and level of supportive services to be provided. Note that HOME funding may support special needs rental housing projects. However, the use of services by residents may not be imposed on a mandatory basis. HOME requires that supportive services be made available on a voluntary basis.

If preference for selection from the established waiting list will be given to any of the above mentioned special needs populations, describe which population(s) will receive priority.

### Applicant Experience

**Attach pages as necessary to describe the following:**

A. Organization—Describe the following for the organization:

- (1) Mission Statement
- (2) Past activities/experience
- (3) Administrative structure / organizational chart

B. Technical Capacity

- (1) Describe the organization's capability to manage the project as proposed.
- (2) Describe the project team's experience in rehabilitation, construction and/or management.
- (3) Attach resumes of staff specifically assigned to this project. Include the credentials of the project team members.
- (4) Describe your organization's ability to deliver high-quality services to the target resident population.
- (5) Describe your organization's ability to successfully develop and manage the real estate component of the project.

\_\_\_\_\_ Number of rental housing developments/units completed.

\_\_\_\_\_ Number of rental housing developments/units currently owned.

\_\_\_\_\_ Number of rental housing developments/units currently managed.

\_\_\_\_\_ Number of rental housing developments/units in development phase (funding committed but not ready for occupancy).

C. Participation of DVBEs and MWBEs

In accordance with County of San Diego Board Policy B-39a, all recipients must ensure that every effort is made to provide equal opportunity to Disabled Veterans Business Enterprises (DVBEs) and to encourage the participation of minority and women business enterprises (MWBEs) as contractors and

subcontractors. Please describe efforts that will be made to encourage the utilization and participation of DVBEs and MWBEs.

### Financial Feasibility

**Attach pages as necessary to explain the following:**

- A. Describe other funding sources and their terms, and the status of those commitments to the proposed development. HCD must be advised if the applicant will be requesting that HCD subordinate financial interests. HCD will require senior lenders to subordinate to HCD's regulatory restrictions.
- B. Discuss measures to be taken to promote energy efficiency in the proposed development. An Energy-Efficiency Based Utility Allowance schedule is available to qualified projects. Please indicate if you plan to utilize the Energy Efficiency-Based Utility Allowance schedule.
- C. Describe any in-kind contributions to the project. Include the name(s) of the contributors, the items or services that are being contributed and the value of the contribution.
- D. Describe a plan for repayment of the requested amount of HCD NOFA funds.
- E. If funding for the proposed project is in part dependent upon the award of Low-Income Housing Tax Credits or one of the State of California housing programs, describe how the project will be implemented in the event financing is denied. Be specific as to the amount, sources, likelihood and timing of alternative funding, as well as how the project will be scaled down, if necessary.
- F. If applying for PBVs only, please demonstrate in detail why HOME funding is not suitable as a funding source for the proposed project.

### Collaboration & Site Amenities

**Attach pages as necessary to explain the following:**

- A. Describe the extent to which the proposed project will involve other community organizations.
- B. Describe any amenities or programs that may be beneficial to the project's residents.

### Innovation

**Attach pages as necessary to explain the following:**

- A. Describe the extent to which the proposed development involves a new or innovative approach (either physical, financial or managerial) to meet the housing needs of low-income and/or special needs residents.
- B. Describe and provide evidence to support how the proposed development aligns with [Live Well, San Diego](#) components; Building Better Health, Living Safely, and Thriving.

## **GENERAL PROGRAM REQUIREMENTS**

**Responsive proposals will include and/or adequately address each of the following sections.**

### A. Board Resolution

Applicants must submit a resolution of its Board of Directors authorizing the submittal of a proposal, specifying the maximum loan amount and identifying who is authorized to execute loan documents. (Refer to Attachment C).

### B. Certifications

- For CHDOs, a copy of the CHDO certification

- For Non-profit organizations, proof of 501(c)(3) status and an up-to-date roster of the applicant's board of directors.

C. Community Review and Land Use Approvals

Applicants must have all applicable local land use approvals at the time of NOFA submittal or must present a reasonable plan and timeline detailing how the developer will obtain any discretionary approvals for the project. Examples of such approvals include, but are not limited to, general plan amendments, rezoning and conditional use permits. Local land use approvals that are not required to be submitted at the time of application include design review, environmental study variances and development agreements.

Whether or not discretionary permits are necessary, applicants submitting proposals involving new construction, acquisition or change of use must present the proposal to the appropriate Community Planning/Sponsor Group and request its vote on the project, prior to submittal of the NOFA application. The application must provide documentation of the Planning/Sponsor Group's response to the presentation and/or vote on the proposal, if one was taken.

**FEDERAL REQUIREMENTS**

**Attach pages as necessary to describe proposal compliance with the following areas:**

A. Accessibility

Section 504 and the Fair Housing Act are applicable to the HOME Program. In general, when triggered, the Fair Housing Act requires a greater number of accessible units than Section 504.

The Fair Housing Act applies to all newly-constructed multi-family rental housing with four or more units:

- Entrances, common spaces, and all ground floor dwelling units of non-elevator buildings, and all units of elevator buildings must be made accessible in accordance with the Fair Housing Act standard.

Section 504 requires full accessibility in accordance with the Uniform Federal Accessibility Standards, or "UFAS." Section 504 applies to all federally-assisted newly constructed housing of five or more units, and substantially rehabilitated housing of 15 or more units:

- Under Section 504, HOME-assisted rental housing developments must provide full accessibility for persons with mobility impairments in at least five percent (but no less than one) of the units.
- In addition, at least two percent (but no less than one) of the units must be made fully accessible to persons with sensory (hearing or vision) impairments.
- Entrances and common areas must also be fully accessible.

B. Acquisition and Relocation Requirements

Projects are subject to the Uniform Acquisition and Relocation Act of 1970 (URA) as revised, and Section 104(d) of the Housing and Community Development Act of 1974, as amended.

C. Affirmative Fair Housing Marketing Plan

An Affirmative Fair Housing Marketing Plan (AFHMP) (refer to Attachment D) shall outline methods of informing potential tenants about fair housing laws and contractor policies. An AFHMP must also contain a plan outlining how the contractor will affirmatively market the assisted units. In addition, an AFHMP must contain a plan outlining the special outreach actions to inform persons who would not be likely to apply for the assisted housing without special outreach efforts.

D. Affordability

Income levels are listed in Attachment E and HOME rent limits are listed in Attachment A. "Median income" is defined and published periodically by HUD for the San Diego Metropolitan Statistical Area. Currently, the median household income for a family of four is \$73,500.

E. Applicant and Contractor Debarment

All applicants, construction contractors and sub-contractors must not be on the Federal Debarred Contractors List. Housing developers must verify compliance before awarding the construction contract. No award or contract shall be made with any organization that is debarred or suspended or is otherwise excluded from or ineligible for participation in federal assistance programs under Executive Order 12549, "Debarment and Suspension." Prior to award of any contract or subcontract, applicant must provide proof of compliance, to include exclusion records from the System for Award Management (SAM).

F. Appraisal

An appraisal must meet the definition of an appraisal found at 49 CFR §24.2(a)(3) and the URA provisions at 49 CFR §24.103. An appraisal is required for all acquisition, rehabilitation and new construction projects. New construction applicants are required to submit a land-only and an "as-built" appraisal, along with market studies to assist in establishing value. A review appraisal, in accordance with 49 CFR §24.104 of the Uniform Relocation Act, will be required for an "Involuntary Acquisition."

G. Audited Financial Statements and Single Audit, As Applicable

Submitted audited financial statements must be current (within the last 12 months) and must include a Financial Statement indicating surplus or deficits in operating accounts, a detailed itemized listing of income and expenses and the amounts of any fiscal reserves. The audit must be certified by an independent certified public accountant licensed in California. In accordance with Office of Management and Budget (OMB) Circular A-133, any non-federal entity, including states, local governments and non-profit organizations, that expend \$750,000 (effective 12/26/2013) or more in a year in federal awards shall have an OMB Circular No. A-133 single audit conducted for that year.

As applicable, provide a copy of the A-133 audit and written notification of the results of the A-133 audit. In addition, in compliance with all federal requirements, provide HCD with the corrective action plan for any deficiencies identified in the A-133 audit and the latest status of the corrective action plan.

H. Competitive Bidding Requirements

Housing developers must obtain competitive bids or estimates for all materials purchased and work to be accomplished by contractors or sub-contractors. Documentation of such competition must be maintained for review during monitoring visits. In order for work to be accomplished by construction contractors or sub-contractors, a formal Request for Bids (RFB) package and advertisement must be prepared and submitted for pre-approval. The RFB package must include a copy of the Federal Labor Standards Provisions, form HUD-4010, and the current Davis-Bacon Act wage determination.

I. Consistency with the County of San Diego Consortium Consolidated Plan

Applicants are required to demonstrate that the proposed project is consistent with the current HUD-approved Consolidated Plan for the County of San Diego, and if applicable, for the jurisdiction where the project is located. The current FY 2015-19 Consolidated Plan may be downloaded from the following link: [County of San Diego Consortium 2015-2019 Consolidated Plan/2015-16 Annual Funding Plan](#).

J. Conflict of Interest

Strict federal and state non-conflict of interest laws and regulations apply to all County and/or sub-recipient agency (i.e., participating cities, developers, non-profit agencies, etc.) staff who are engaged in implementing funded activities. In brief, these requirements prohibit all County and/or sub-recipient agency staff, their families or family/business ties from obtaining any financial interest in a funded contract if they participated in or had inside information about the contract.

K. Crime-Free Multi-family Housing

Proposals must contain an element designed to provide Crime-Free Multi-family Housing. This provision is included in order to ensure a crime free environment for residents. The element should provide for special services in apartment developments to decrease all types of illegal activities, and should include an educational component for owners and renters, physical inspections to improve lighting and landscaping and information sharing to establish neighborhood identity. These services are supported by the County [Sheriff's Department Crime-Free Multi-Housing program](#). The Sheriff's local Crime Prevention Specialist provides informational sessions on how to cut crime in multi-family neighborhoods. Expenses associated with the Crime-Free Multi-family Housing program for the proposed project should be covered in the project budget. An outline of the project's Crime Free Multi-family Housing program must be submitted with the application. In addition, a full description of the project's Crime Free Multi-family Housing program must be included in the Management Plan. (Refer to Attachment E).

L. Development Forms

Applicants must submit: Rental Income Form, Operating Expense, Development Costs, Sources and Uses of Funds, Multi-year Cash Flow and Development Pro Forma.

Applicant's estimated Rental Income Form will be used to determine financial feasibility and affordability of the project (use Attachments A and E to make the necessary calculations). Proposals with high levels of affordability will be given preferential consideration. HOME program regulations require the number of HOME-restricted units in a development be at least proportional to the amount of HOME funds invested when compared to the total development cost.

M. Energy Efficiency

Proposals involving construction of new housing are expected to take specific measures to make the units energy efficient. Examples of energy efficient measures include, but are not limited to, solar photovoltaic panels, dual glazed low-e windows, water efficient appliances, Energy Star rated appliances, durable building products, solar assisted water system or water efficient landscape irrigation. Rehabilitation projects should also propose to increase energy efficiency or energy savings in the housing project. An Energy Efficiency-Based Utility Allowance (EEBUA) schedule is available to qualified projects.

N. Environmental Review and Hazardous Waste Assessment

(1) A housing development proposal (acquisition, rehabilitation or new construction) must have, at a minimum, an approved Phase I Hazardous Waste Assessment Report. This report is to be submitted with the NOFA application. A hazardous materials (asbestos, lead paint) inspection report may also be required. In addition, testing for asbestos, residual pesticides, mold and water damage may be required. In certain situations, a Phase II and Phase III Environmental Assessment may be necessary. Time requirements for these reviews vary substantially, depending upon the potential for environmental impact.

(2) Proposed projects must complete the California Environmental Quality Act (CEQA) and National Environmental Policy Act (NEPA) environmental review. Normally, CEQA processing will occur as a part of the land development process required by the local jurisdiction. County staff will assist with preparation of NEPA documentation and coordination with the CEQA process as appropriate.

Applicants will be apprised of the progress of the environmental processing and anticipated date of HUD's release-of-funds.

From the time the application has been submitted, the applicant must not commit funds or take any choice limiting actions (including, but not limited to, contracts for excavation, filling, construction, rehabilitation, or other physical activities) until completion of the environmental processing and HUD's formal Release-of-Funds, regardless of whether the work would be accomplished with federal funds or other matching funds. Failure to comply will jeopardize the availability of HUD funds for the project. An environmental review under NEPA must be completed before a contract is executed. The County conducts this review using information provided in the application.

O. Equal Opportunity

Equal opportunity is encouraged in procurement and contract award. Toward this end, proposals from disabled veteran-owned businesses, women-owned businesses, minority-owned businesses, Section 3 businesses and local firms are strongly encouraged. Prime contractors are encouraged to subcontract or joint venture with these firms.

P. Evidence of Funding Commitments

Letters of intent from other lenders must include the name, title and telephone number of the responsible contact person. Applicants must advise if they intend to request that HOME and/or CDBG funding will be subordinate to other funding sources. Senior lenders must subordinate to the County's regulatory restrictions.

Q. Evidence of Site Control

Applicants must possess control of the proposed development site through fee title, an option to purchase, a disposition and development agreement with a public agency, a land sales contract, leasehold with development provisions or any other enforceable instrument.

R. Evidence of Supportive Services

Applicants must specify the type and level of supportive services to be provided to special needs populations. In addition, applicants must provide evidence of commitment for the supportive services proposed. Note that HOME funding may support special needs rental housing projects. However, the use of services by residents may not be imposed on a mandatory basis. HOME requires that supportive services only be made available on a voluntary basis.

S. Insurance

Specific insurance requirements will be provided based on the final scope of work for an approved NOFA submission. (Refer to Attachment G).

T. Lead-Based Paint Compliance

Proposals involving buildings constructed prior to 1978 may be adversely affected by strict regulations requiring the remediation/removal of lead-based paint and asbestos-containing building materials, making rehabilitation of older buildings infeasible in some cases. Lead-based paint regulations, effective September 15, 2000, appear in [24 CFR §35](#). Further information on lead-based paint hazard reduction can be obtained from the [HUD Office of Lead Hazard Control and Healthy Homes](#).

U. Location Map and Plans

Applicants must provide a location map, site plan, floor plan and project renderings/photos.

V. Management Plan

The developer will be required to submit a Management Plan for review and approval. The applicant's attention is called to HOME program regulations [24 CFR §92.253](#), which require certain tenant protections for all rental housing funded by the HOME program and to the HCD requirement for a crime-free element in the Management Plan. A copy of the sample lease agreement and any addenda are also required. (Refer to Attachment F).

W. Market Study

Applicant must submit a market needs study that examines neighborhood market conditions to ensure adequate need for the project for which HOME funds are to be used. The market assessment should include the following: market trends, market area, demand, supply and a competitive analysis.

X. Match Requirements for HOME

HOME funds require a minimum 25 percent match for acquisition, substantial or moderate rehabilitation activities and new construction.

Y. Partnership Agreement

As applicable, applicant must provide partnership agreements entered into for the development.

Z. Physical Needs Assessment

Proposals involving rehabilitation or acquisition/rehabilitation must contain specific information on the physical condition of the structure(s), as well as the estimated cost for the rehabilitation work, and may require testing of major building systems. A Physical Needs Assessment (PNA) conducted by an independent third party must be submitted for proposals involving rehabilitation activities. The PNA must include the repair or replacement of major building systems to extend the service life of the property improvements for a minimum of 15 years and the estimated cost for the rehabilitation work. Refer to Section KK for more information on Replacement Reserve requirements. Applicants are encouraged to obtain a PNA prior to making a final offer for purchase of a property. To avoid delays, applicants must provide a termite report for any acquisition project. In addition, testing for asbestos, residual pesticides, mold and water damage may be required.

AA. Pre-construction Conference

A "pre-construction conference" will be held with the bid winning contractor and sub-contractors following contract award and before commencement of construction. The pre-construction conference must announce that Federal Labor Standards and Davis-Bacon Act requirements apply, and that contractors must submit copies of weekly payrolls to the assigned project manager for verification that appropriate wage rates were paid. In addition, the preconstruction conference must announce that the requirements of Section 3 apply. The project administrator must promptly review all such payrolls upon receipt, sign and date the payroll following verification and maintain such payrolls on file for review during monitoring visits. Minutes of the pre-construction conference that document the discussion of federal regulations must be kept in the project files.

BB. Preliminary Title Report

Applicant must provide a preliminary title report.

CC. Prevailing Wage Rates/Davis Bacon

Generally, the use of public funds in housing development initiates compliance with the Davis Bacon Act and requires payment of federal Davis Bacon Wage rates or state prevailing wages to construction workers. Applicants must use the required wage rates in the calculation of project development costs. The Davis-Bacon Wage Act (40 U.S.C. 276a – 276a-5) requires the payment of wages to laborers and mechanics at a rate not less than the minimum wage determination specified by the U.S. Secretary of Labor. Wage determinations are available at <http://www.wdol.gov/>. CDBG, HOME and PBV projects must comply when:

- CDBG: Rehabilitation of residential property contains eight (8) or more units
- HOME: The rehabilitation or new construction of a housing development includes twelve (12) or more units assisted with HOME Funds.
- PBV: Development (including rehabilitation) of a project comprises of nine (9) or more Section 8-assisted units or for construction (including rehabilitation) contracts in excess of \$2,000.

Weekly review of certified payroll reports is required. The applicant must use either the Department of Labor's WH-347 payroll form or any other type of payroll form that contains all the information required on the WH-347 form. The applicant shall conduct compliance reviews of the project by conducting employee interviews as required by Davis Bacon labor standards. Form HUD-11 (Record of Employee Interview) must be used to conduct employee interviews and records must be stored in a secure location. The applicable Davis-Bacon Wage Decision, including modifications, and the Federal Labor Standards Provisions must be included in the project bid documents and/or contract specifications for any work subject to Davis-Bacon prevailing wage requirements.

DD. Priorities and Underwriting Criteria

- The proposed financing structure and operating pro forma will be evaluated to determine feasibility during the affordability period. Projects proposing the use of Low-Income Housing Tax Credits shall demonstrate financial feasibility for a minimum 17-year term.
- Loan terms/underwriting are subject to change at HCD's sole discretion. HCD reserves the right to impose additional and/or revised conditions in the final documentation of the transaction and as are reasonably necessary to protect the interests of HCD and fulfill the intent of this NOFA.

EE. Project Location

- HOME-only funded projects must be located within the jurisdiction of the HOME Consortium (as previously defined) or serve residents of the HOME Consortium. Affordable housing activities located outside the eligible areas may be considered only for those proposals that clearly demonstrate a regional benefit to "special needs" residents of the HOME Consortium. In addition, there must be a substantial contribution by the local jurisdiction involved and a proportional sharing of affordable housing credits. Local jurisdiction's commitment for funding should be evidenced at the time of submission.
- PBV-only funded projects must be located within the Urban County (as previously defined) and the additional cities of Chula Vista, El Cajon, Escondido, La Mesa, San Marcos, Santee or Vista.
- CDBG-only funded projects must be located within the Urban County (as previously defined).
- Projects that receive through this NOFA approval for funding from more than one program must be located in those areas that are eligible for all funding programs.

FF. Reasonable Developer Fee

Developer's fees typically do not exceed 10 to 12 percent of the total development cost.

GG. Rehabilitation Estimate

All HCD-funded developments involving acquisition must include the repair or replacement of major building systems to extend the service life of the property improvements for a minimum of 15 years. Testing of major building systems may be required. Applicants must obtain a Preliminary Cost Estimate prior to making a final offer for purchase of a property.

HH. Rehabilitation Standards

Rehabilitation activities must conform to the local written Rehabilitation Standards of the County of San Diego found in Attachment H. Note that the 2013 HOME Final Rule requires that HOME rehabilitation and acquisition projects conform to the Uniform Physical Condition Standards (UPCS). The UPCS are uniform national standards established by HUD for housing that is decent, safe, sanitary, and in good repair, pursuant to [24 CFR §5.703](#). The implementation date for UPCS has not yet been confirmed by HUD. Once these revisions go into effect and HUD guidance has been issued, the Rehabilitation Standards will be modified accordingly.

II. Relocation Plan

NOFA applications involving relocation of residents (residential or commercial) shall include an anti-displacement/relocation plan in compliance with relocation laws. Developers are strongly encouraged to contract with a relocation consultant to manage the relocation process. The California Relocation Assistance Act or Uniform Acquisition and Relocation Act of 1970 (URA), as revised, and Section 104(d) of the Housing and Community Development Act of 1974, as amended, may apply. Proposed relocation plans must budget for all relocation and displacement costs, including costs for temporary relocation during construction or rehabilitation. Relocation Plans must include a current copy of rent rolls, as of the date of submission, detailing family income, household characteristics and current rent paid per household in the proposed project.

JJ. Relocation Noticing

Upon submission of the NOFA application, tenants (residential or commercial) must receive a written General Information Notice, (see Attachments I1 – I2) notifying tenants of their rights under the Uniform Relocation Act, as revised. New rental applicants to the proposed project must also receive a written notification “Notice to Prospective Tenant” (refer to the sample in Attachment I4) informing them of the proposed acquisition/rehabilitation of the property. All notices must be hand delivered or sent via U.S. Certified Mail. Developer must document the manner of delivery and provide delivery receipts.

KK. Replacement Reserve Analysis

An adequate 15-year replacement reserve analysis will identify the current condition of all building elements in the development (the roof, plumbing, exterior, interior, etc.) and indicate any repairs that may require immediate attention. The analysis should indicate the year built, the expected useful life of the system, the remaining life expectancy and the year requiring replacement. The analysis should indicate the estimated annual expenditures required to maintain the property and provide a funding plan summarizing the annual replacement reserve contribution necessary to meet future expenditure requirements.

All units in the development must meet the new construction or rehabilitation replacement reserve underwriting standards, not just the HCD HOME-assisted units. For all rehabilitation developments, HCD underwriting standards require that developers budget a minimum of \$720 per unit, per year in the replacement reserve. For all new construction developments, HCD underwriting standards require that developers budget a minimum of \$375 per unit, per year in the replacement reserve. HCD reserves the right to require higher replacement reserves based on a capital needs assessment that includes an analysis of all major systems, their remaining useful life, and projected replacement needs.

LL. Section 3 Requirements

Recipients, sub-recipients, contractors and sub-contractors administering or working on projects funded through this NOFA must comply with Section 3 regulations, as applicable. The purpose of Section 3 of the Housing and Urban Development Act of 1968 is to ensure that employment and other economic opportunities generated by HUD financial assistance are directed to lower-income workers/trainees, and to businesses which provide economic opportunities to lower-income persons. Lower-income persons who are residents of San Diego County are defined as Section 3 Residents. Preference should be given to hiring Section 3 Residents and to awarding contracts that benefit Section 3 Businesses from the neighborhood receiving the financial assistance. Contractors are required to complete Section 3 forms.

MM. Tax Credit Application (if applicable)

Applicants must provide copies of the Tax Credit application and note the date of submission.

NN. Tenant Characteristics Form

If the proposed development is currently occupied, a Tenant Characteristics Form is required to determine the extent of relocation. (Refer to Attachment J).

OO. Timeline for Closing and Loan Disbursement of Funds

Time is of the essence to expend committed funds. Upon approval of a loan commitment or PBV commitment, funds and/or PBVs will be reserved for the project for a maximum of one year, but may be withdrawn earlier if satisfactory progress is not demonstrated.

Projects selected for PBVs must meet regulatory requirements specific to the types of projects prior to the execution of the Agreement to enter a Housing Assistance Payment (AHAP) contract, such as environmental review and subsidy layering review. For new construction or rehabilitation projects, the Housing Assistance Payments (HAP) contract must be entered into no later than six months after the award of PBVs. For existing projects not being rehabilitated, the HAP contract must be entered into no later than 60 days after the award of PBVs. In extraordinary circumstances, requests for time extensions may be approved if accompanied by appropriate justification. HACSD, in its sole discretion, may approve or deny such requests.

After execution of a PBV contract for up to 15 years, PBV rental assistance is provided on a unit-by-unit basis upon selection of a qualified tenant from the HACSD PBV waiting list. Once a qualified applicant is approved through the eligibility process, the HACSD will inspect the selected unit for compliance with HUD Housing Quality Standards (HQS). If the unit meets HQS, the landlord will execute a lease with the applicant and monthly rental assistance payments based on the unit's rent and utilities, the current payment standard and the applicant's income will be paid to the landlord. After initial approval, annual HQS inspections may be required. As outlined elsewhere, lead-based paint, displacement, prevailing wages, environmental review, as well as other program requirements may apply.

Recipients of HOME/CDBG funds will be required to execute a promissory note, deed of trust, regulatory agreement, and other related loan and construction documents. Loan funds will not be disbursed until the loan is closed through escrow and, if the proposal includes relocation of residents or businesses, the developer's relocation consultant has submitted a Relocation Plan and has issued all appropriate Uniform Relocation Act required notices and any other informational requirements to all existing tenants. Loan funds will be disbursed for work completed following approval in a form prescribed by HCD. Fund control may be required by HCD. Verifiable documentation of expenses must be submitted with all payment requests.

HCD reserves the right to reallocate HOME/CDBG funds from one approved project to another or to new activities, or to cancel fund reservations at its discretion, if projects are not proceeding satisfactorily (in the sole opinion of HCD) towards commencement of the proposed activity.

PP. Title Insurance

A California Land Title Association (CLTA) or an American Land Title Association (ALTA) policy insuring the County of San Diego is required.

QQ. Voluntary Acquisition Notice

A Voluntary Acquisition Notice (refer to Attachment I3) must be delivered to the seller of the property prior to making an offer, entering into a purchase agreement, and submittal of the NOFA application. Evidence of the manner and proof of delivery must be included with the NOFA application.

# CERTIFICATION

The undersigned certifies under penalty of perjury that all statements made in this proposal are true and correct to the best of the undersigned's knowledge.

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Authorized Signature	Typed Name
Title	Date Signed

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Prior to May 23, 2016 return one scanned PDF copy submitted on a CD, one signed original and one copy (each in a three-ring binder) of the NOFA General Application and Attachments to:

**Department of Housing and Community Development  
County of San Diego  
Attn: Community Development  
3989 Ruffin Road  
San Diego, CA 92123-1815**

On or after May 23, 2016, submit proposals to HCD's temporary office site located at:

**Department of Housing and Community Development  
County of San Diego  
Attn: Community Development  
780 Bay Blvd. Ste. 200  
Chula Vista, CA 91910-5260**

# **NOFA ATTACHMENTS**

## **ATTACHMENT A**

### **HOME PROGRAM BASICS**

This information is highly abridged and is applicable only to this NOFA. Applicants are responsible for reviewing and adhering to the complete HOME program regulations at [24 CFR §92](#). The summary that follows intends to highlight key modifications under the 2013 HOME Final Rule.

#### **USE OF HOME FUNDS OUTSIDE HOME CONSORTIUM**

HCD may only invest its HOME funds in eligible projects within its boundaries, or in jointly funded projects within the boundaries of contiguous local jurisdictions which serve residents from both jurisdictions. The 2013 HOME Final Rule amended 24 CFR §92.201(a)(2) to provide guidance about what constitutes a “joint project.” It states that a joint project is one in which both jurisdictions make a financial contribution to the project. The contribution can be in the form of a grant, loan or relief of a significant tax or fee (such as waiver of impact fees, property taxes or other taxes or fees customarily imposed on projects within the jurisdiction) and must contribute to the feasibility of the project.

#### **SITE AND NEIGHBORHOOD STANDARDS**

HCD provides HOME funds for housing that furthers compliance with civil rights laws and that promotes greater choice of housing opportunities. Proposed project sites of projects involving new construction of rental housing must meet site and neighborhood standards prior to a funding commitment.

#### **PROPERTY STANDARDS**

Housing that is newly constructed with HOME funds must meet applicable state and local codes, ordinances, and zoning requirements. HOME-assisted new construction projects must meet state or local residential and building codes, as applicable or, in the absence of a state or local building code, the International Residential Code or International Building Code (as applicable to the type of housing) of the International Code Council. The housing must meet the applicable requirements upon project completion. In addition, the following apply:

- The housing must meet the accessibility requirements of 24 CFR §8, which implements Section 504 of the Rehabilitation Act of 1973 and Titles II and III of the Americans with Disabilities Act implemented at 28 CFR §35 and §36, as applicable. Covered multi-family dwellings, as defined at 24 CFR §100.201, must also meet the design and construction requirements at 24 CFR §100.205, which implements the Fair Housing Act.
- Where relevant, the housing must be constructed to mitigate the impact of potential disasters (e.g., earthquakes, hurricanes, flooding and wildfires), in accordance with state and local codes, ordinances or other state and local requirements, or such other requirements HUD may establish.
- The construction contract(s) and construction documents must describe the work to be undertaken in adequate detail so that thorough inspections can be conducted. HCD will review and approve written cost estimates for construction and determine whether costs are reasonable.
- HCD must conduct progress and final inspections of construction to ensure that work is done in accordance with the applicable codes, the construction contract and construction documents.

HOME rehabilitation standards set forth the requirements the housing must meet upon project completion. HCD’s standards detail required rehabilitation work, including methods and materials. The standards address the following:

- Identification of life-threatening deficiencies (must be addressed immediately in occupied housing).
- Major systems, such as structural support; roofing; cladding and weatherproofing (e.g., windows, doors, siding and gutters); plumbing; electrical; and heating, ventilation, and air conditioning. The

standards require an estimate (based on age and condition) of the remaining useful life of these major systems, upon project completion of each major system. For multi-family housing projects of 26 units or more, the standards require determination of the useful life of major systems through a capital needs assessment of the project. For rental housing, if the remaining useful life of one or more major system is less than the applicable period of affordability, the standards require a replacement reserve and monthly payments made to the reserve that are adequate to repair or replace the system(s) as needed.

- All units in the development must meet the new construction or rehabilitation replacement reserve underwriting standards, not just the HCD HOME-assisted units.
- For all rehabilitation developments, HCD underwriting standards require that developers budget a minimum of \$720 per unit, per year in the replacement reserve.
- For all new construction developments, HCD underwriting standards requires that developers budget a minimum of \$375 per unit, per year in the replacement reserve. HCD reserves the right to require higher replacement reserves based on a capital needs assessment, to include an analysis of all major systems, their remaining useful life, and projected replacement needs.
- The standards must require the housing to meet the lead-based paint requirements at 24 CFR §35.
- The standards must require the housing to meet the accessibility requirements in 24 CFR §8, which implements Section 504 of the Rehabilitation Act of 1973 and Titles II and III of the Americans with Disabilities Act implemented at 28 CFR §35 and §36, as applicable. Covered multi-family dwellings, as defined at 24 CFR §100.201, must also meet the design and construction requirements at 24 CFR §100.205, which implements the Fair Housing Act. Rehabilitation may include improvements that are not required by regulation or statute that permit use by a person with disabilities.
- Where relevant, the standards must require the housing to be improved to mitigate the impact of potential disasters (e.g., earthquake, hurricanes, flooding and wildfires) in accordance with state and local codes, ordinances and requirements.
- The standards must require the housing to meet all applicable state and local codes, ordinances and requirements or, in the absence of a state or local building code, the International Existing Building Code of the International Code Council.
- The standards must be such that, upon completion, the HOME-assisted project and units will be decent, safe, sanitary and in good repair as described in 24 CFR §5.703. HUD will establish the minimum deficiencies that must be corrected under HCD's rehabilitation standards based on inspectable items and inspected areas from HUD-prescribed physical inspection procedures (Uniform Physical Conditions Standards) pursuant to 24 CFR §5.705.
- For multi-family rental housing projects of 26 or more total units, HCD must determine all work that will be performed in the rehabilitation of the housing and the long-term physical needs of the project through a capital needs assessment of the project.
- HCD must ensure that the work to be undertaken will meet the rehabilitation standards. The construction documents (i.e., written scope of work to be performed) must be in sufficient detail to establish the basis for a uniform inspection of the housing to determine compliance with the standards. HCD must review and approve a written cost estimate for rehabilitation after determining that costs are reasonable.
- HCD must conduct an initial property inspection to identify the deficiencies that must be addressed. HCD must conduct progress and final inspections to determine that work was done in accordance with work write-ups.

Existing housing that is acquired with HOME assistance for rental housing that was newly constructed or rehabilitated less than 12 months before the date of commitment of HOME funds, must meet the property standards noted above for new construction and rehabilitation projects. HCD must document this compliance based upon a review of approved building plans and Certificates of Occupancy, and an inspection that is conducted no earlier than 90 days before the commitment of HOME assistance. All other existing housing that is acquired with HOME assistance for rental housing must meet the rehabilitation property standards

requirements above. HCD must document this compliance based upon an inspection that is conducted no earlier than 90 days before the commitment of HOME assistance. If the property does not meet these standards, HOME funds cannot be used to acquire the property unless it is rehabilitated to meet the standards noted above.

**VACANT LAND**

Acquisition of vacant land or demolition with HOME funds may be undertaken only for a particular affordable housing project on which construction will begin within 12 months. HOME funds may not be used to acquire property or demolish structures on land for which there is not an immediate, planned HOME-eligible use.

**REFINANCING**

HOME funds can be used for refinancing only in projects where rehabilitation is the primary activity. For refinancing to be an eligible cost, the rehabilitation cost must exceed the amount of debt that is refinanced with HOME funds. Refinancing alone is not an eligible HOME activity and HOME funds may not be used to refinance existing debt of projects unless rehabilitation is the primary activity taking place.

**HOME-ASSISTED UNITS**

Only units receiving HOME funds are considered "HOME-assisted units." HOME per unit subsidy limits, rent limits, and HOME occupancy requirements apply only to "HOME-assisted units."

**HOME SUBSIDY LIMITS**

The minimum HOME investment in rental housing is \$1,000 times the number of HOME-assisted units as described in the HOME regulations at 24 CFR §92.205(c). Effective November 18, 2015, HOME participating jurisdictions are subject to the Maximum Per Unit Subsidy Limits below, based on the Section 234 Elevator-Type limits after applying the 240 percent HCP (High Cost Percentage):

<b>Bedrooms Size</b>	<b>Maximum HOME Subsidy Per Unit (11/15/15)</b>
0 Bedrooms	\$140,107
1 Bedrooms	\$160,615
2 Bedrooms	\$195,304
3 Bedrooms	\$252,662
4+ Bedrooms	\$277,344

**HOME AFFORDABILITY REQUIREMENTS**

HOME-assisted units must be affordable at initial occupancy and over an established "affordability period." Within six months from the date of project completion, if a rental unit remains unoccupied, HCD must provide to HUD information about current marketing efforts and, if appropriate, an enhanced plan for marketing the unit so that it is leased as quickly as possible. Within 18 months from the date of project completion, if efforts to market the unit are unsuccessful and the unit is not occupied by an eligible tenant, HUD will require repayment of all HOME funds invested in the unit. A unit that has not served a low- or very low-income household has not met the purposes of the HOME program. Therefore, the costs associated with the unit are ineligible.

**OCCUPANCY REQUIREMENTS FOR HOME-ASSISTED UNITS**

HOME-assisted units must be initially occupied by families who have annual incomes that are 60 percent or less of San Diego's Area Median Income. In projects of five or more HOME units, at least 20 percent of the HOME-assisted units must be continually occupied by families who have annual incomes that are 50 percent or less of San Diego's Area Median Income. See **Attachment E** for income limits.

**MAXIMUM INITIAL RENTS FOR HOME-ASSISTED RENTAL UNITS**

Every HOME-assisted unit is subject to rent controls called "HOME rents." For properties of five or more units, there are two HOME rents established for every project: "High HOME rents" and "Low HOME rents." Refer to

the HOME regulations at 24 CFR §92.252 for a full definition. HOME rent limits include both the rent and utilities (or utility allowances). Review and approval of rents for each HOME-assisted rental project is required *each year* to ensure that rents comply with the HOME limits and do not result in undue increases from the previous year. For a full description, please refer to the HOME website.

*Effective 3/2015	Efficiency	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom	5 Bedroom	6 Bedroom
LOW HOME RENT	708	759	911	1053	1175	1296	1417
HIGH HOME RENT	931	999	1202	1379	1519	1657	1796

### UTILITY ALLOWANCES

A new provision at §92.252(d) will require HCD to determine an individual utility allowance for each HOME rental project, either (1) by using the HUD Utility Schedule Model, or (2) by otherwise determining the allowance based upon the specific utilities used at the project. Upon issuance of HUD guidance, this new provision will apply. The HUD Utility Schedule Model was developed by HUD and enables the user to calculate utility schedules by housing type after inputting utility rate information. The IRS uses this model to determine utilities for the LIHTC program.

The model can be found at: <http://huduser.org/portal/resources/utilmodel.html>. As more projects are constructed or rehabilitated to higher energy-efficiency standards, the use of a standard utility allowance may not represent actual utility costs and is difficult to justify. Until HUD instructs HCD otherwise, HOME grantees are still permitted to use a single utility allowance (such as that established by the local Public Housing Authority) for every HOME-assisted rental project.

### HOME-ASSISTED UNIT RESTRICTIONS

- The affordability period for HCD projects is 55 years.
- Tenant incomes and rents are strictly controlled during the affordability period. Owners are required to examine tenant incomes annually to ensure that tenants meet the HOME income requirements.
- The rent and occupancy restrictions will be incorporated into a regulatory agreement and will bind the project for the full term of the regulatory agreement regardless of prepayment, sale or transfer. In order to be effective, affordability restrictions will be recorded in the regulatory agreement.
- Leases are required for all HOME-assisted rental units, consistent with §92.209(g). The lease term must be for a period of at least one year, unless a shorter period is mutually agreed upon.

### INCOME DETERMINATIONS

The 2013 HOME Final Rule imposes a number of changes for income determinations. Below is a summary of the changes:

- Examination of at least two months of source documentation (e.g., wage statements, interest statements or unemployment compensation documentation) is required to determine household income for all potential HOME beneficiaries.
- Either the income definition in HUD’s regulations at 24 CFR §5 (often referred to as “the Section 8 definition”) or the definition of adjusted gross income of the IRS must be used.
- A single definition of income must be used for each HOME-assisted rental housing project to ensure equitable treatment for all applicants.
- When determining the annual income of a household to establish eligibility for HOME assistance, the income of *all* persons in the household must be counted, including nonrelated individuals.

## **PROPERTY INSPECTION REQUIREMENTS**

Projects must be inspected at completion and throughout the affordability period to ensure that the units meet the required property standards. On-site inspections must occur within 12 months after project completion and at least once every 3 years thereafter during the period of affordability. Inspections must be based on a statistically valid sample of units appropriate for the size of the HOME-assisted project, as set forth by HUD. For projects with one-to-four HOME-assisted units, the participating jurisdiction must inspect 100 percent of the HOME-assisted units and the inspectable items (site, building exterior, building systems and common areas) for each building housing HOME-assisted units.

## **LOW-INCOME TAX CREDIT AND HOME**

Qualified LIHTC units must not exceed LIHTC rent limits. HOME-assisted units must meet High and Low HOME rent requirements.

*Combining HOME and tax credit affects rental properties in various complex ways and developers are urged to consult a subject expert prior to submitting their proposal.*

## **FEES CHARGED BY PROJECT OWNERS**

Project owners may not charge fees to tenants that are not reasonable or customary, such as a monthly fee for access to laundry facilities. Fees that are allowable include parking fees in neighborhoods where such fees are customary and the cost of non-mandatory services such as meal or bus service (as long as the services are voluntary). Note that HOME funding may support special needs rental housing projects. However, the use of services by residents may not be imposed on a mandatory basis. HOME requires that supportive services are made available on a voluntary basis.

## **RENTAL COMPLIANCE MONITORING FEES**

HCD will charge fees to cover the cost of ongoing monitoring and physical inspection of HOME projects during their 55 year period of affordability. Compliance and monitoring fees must be included in the cost of the project as part of project underwriting. HCD fees are based upon the average actual cost of monitoring HOME-assisted rental property. An initial compliance monitoring fee of \$4,000 will be due and payable to HCD at the time of initial occupancy. Subsequent payments will be due on the anniversary date of initial occupancy and the monitoring compliance fee will increase annually at a rate of one percent. Failure to submit annual payments will result in a Notice of Default being issued by HCD.

## **PROJECT COMMITMENT AND COMPLETION**

Commitment of NOFA HOME funds is defined as full execution of the HCD loan documents. HCD will not commit HOME funds to a new construction or rehabilitation project until:

- All necessary financing is secured.
- A budget and production schedule is established. Use of HOME funds must be clearly identified by line item.
- Underwriting and subsidy layering reviews are completed.
- Market assessment is completed.
- Assessment of the experience and financial capacity of the developer is completed.
- Construction is expected to start within 12 months.

Projects must be fully occupied within four years from the date the written agreement is executed (project commitment). A project will be terminated if not completed within four years and repayment of the HOME funds will be triggered. In the event that a project is not completed within the four-year timeframe, HCD may request a 12-month extension from HUD. The request should provide information about the status of the project, steps being taken to overcome obstacles to completion, proof of adequate funding to complete the project, and a schedule with milestones for completion of the project.

## **ATTACHMENT B**

### ***Project Based Voucher Program Basics***

All applications requesting PBV allocations will be reviewed for the following criteria:

- The Project's contributions to the geographical distribution of affordable housing throughout the jurisdiction, promoting the de-concentration of poverty and furthering fair housing objectives;
- Demonstrated community support for the project; and,
- The level of supportive services provided to special needs populations, as demonstrated through the submittal of supporting documentation.

Qualified housing developers who can demonstrate their ability to construct, acquire, rehabilitate, or operate affordable housing developments are encouraged to submit an application proposal. Approved projects may receive a PBV allocation of up to 25 percent of the total number of units in the project. The PHA may not pay housing assistance under a PBV HAP contract for more than 25 percent of the number of dwelling units in a project unless the units are:

- In a single-family building;
- Specifically made available for elderly or disabled families; or
- Specifically made available for families receiving supportive services as defined by the PHA. At least one member must be receiving at least one qualifying supportive service.

New construction projects are subject to an environmental review under the National Environmental Policy Act or are subject to a determination of being exempt or excluded from the requirements of the Act. Projects applying for PBVs are also subject to a subsidy layering review.

In order to ensure that the projects meet the appropriate level of Housing Quality Standards (HQS), the project must be inspected for compliance with Section 8 HQS prior to the execution of the PBV Contract (Contract) with the project owner or designee. The PBV rent limits and specific Contract terms shall be based upon the project's characteristics, fair market rent, the Housing Choice Voucher payment standard at time of Contract execution, and an analysis of "rent reasonableness". An analysis of the proposed PBV rents will be conducted to determine "rent reasonableness" based upon a comparison of rents for comparable unassisted units in the local market.

#### **Waiting List**

Separate waiting lists may be maintained by the HACSD for project-based assistance.

In-place tenants will be given an absolute preference for selection off of the HACSD's waiting list for the project. A preference may be given for services offered at a particular project and a preference may be given to persons with disabilities whose disabilities significantly interfere with their ability to obtain and maintain themselves in housing; who, without such services will not in the future be able to maintain themselves in housing; and for whom such services cannot be provided in a non-segregated community. Families will be selected off the waiting list in accordance with HACSD-established selection preferences. Families selected off the waiting list will be processed for eligibility in conformance with the regulations and the HACSD Section 8 Administrative Plan.

Families must meet income targeting guidelines in place at the time of selection off the waiting list. Families denied admission to the project will be returned to the waiting list, if eligible, with the appropriate selection preferences and original date and time of application.

Assistance will be paid on behalf of eligible families in eligible project-based units. Assistance will be the difference between 30% of the family's monthly-adjusted income and the lower of either the gross rent or the applicable payment standard.

**CURRENT PBV PAYMENT STANDARDS**

<b>0 BR</b>	<b>1 BR</b>	<b>2 BR</b>	<b>3 BR</b>	<b>4 BR</b>	<b>5 BR</b>	<b>6 BR</b>
<b>934</b>	<b>1130</b>	<b>1395</b>	<b>2016</b>	<b>2097</b>	<b>2412</b>	<b>2725</b>

Please note that payment standards are subject to change.

A Project owner cannot be the spouse of an assisted family member or a relative, as defined under the regulations for the HCV Program at [24 CFR §983](#).

**ATTACHMENT C**  
**SAMPLE BOARD RESOLUTION**

[Letterhead of Applicant]

**RESOLUTION OF BOARD OF DIRECTORS**

**OF**

\_\_\_\_\_

WHEREAS, this entity has a minimum of four directors who constitute a quorum for conducting organization business, the organization conducts at minimum quarterly board meetings, quarterly financial statements are reviewed by the board, and the executive director and other paid staff do not serve as voting board members;

WHEREAS, \_\_ is a \_\_\_\_\_ [Status of Corporation, i.e. A Non-profit Public Benefit Corporation, qualified pursuant to the provisions of Internal Revenue Code Section 501 (c)(3), etc.];

WHEREAS, \_\_\_\_\_, recognizes that the community at large, and especially low-income residents have many diverse needs for social, housing, education and other services;

WHEREAS, \_\_\_\_\_, is committed to effectively serving the communities referenced in the prior recital; and

NOW THEREFORE BE IT RESOLVED as follows:

1. That \_\_\_\_\_ is committed to providing safe, decent and affordable housing for persons of very low-, low- and moderate-income levels;
2. That on or about \_\_\_\_\_ 201\_\_\_\_, the Board of Directors voted to authorize the \_\_\_\_\_ [title of person authorized], or his designee, to apply for and accept assistance of the Project located at \_\_ [address], for the purpose of obtaining financing for the \_\_\_\_\_ [purpose, i.e. acquisition, rehabilitation, refinancing, tenant relocation, construction, etc.] of the Project, in an amount not to exceed \_ (\$\_\_\_\_) from the County of San Diego, Department of Housing and Community Development.
3. That the Board of Directors further voted to authorize the \_\_\_\_\_ [title of person], or his designee, to execute any and all documents required by the County of San Diego, Department of Housing and Community Development, including, without limitation, the Promissory Note, the Deed of Trust, the Regulatory Agreement, Escrow Instructions, and any and all other documents requested by the County of San Diego, Department of Housing and Community Development, to document and secure its loan.
4. That the Board of Directors further authorized the \_\_\_\_\_ [title of person], or his designee, to perform all acts and to do all things necessary, in the opinion of the County of San Diego, Department of Housing and Community Development to implement the funding and making of the Loan.

I, the undersigned, certify that this Resolution was adopted at regularly or specially noticed meeting of the Board of Directors on \_\_\_\_\_, 201\_\_\_\_, at which a quorum of the Board of Directors was present, and at which the requisite percentage of the quorum voted to adopt the Resolution and that the Resolution has not been rescinded, modified or canceled as of the date of my execution of the same and that it

remains in full force and effect as of this date. I further understand that the County of San Diego, Department of Housing and Community Development is relying on the validity of this Resolution in taking the actions to process and approve the application.

I declare under penalty of perjury, under the laws of the State of California that the foregoing is true and correct.

Executed this \_\_\_\_\_ day of \_\_\_\_\_, 201\_\_\_\_, at San Diego, California.

By: \_\_\_\_\_

Title: \_\_\_\_\_

## ATTACHMENT D

Note to all applicants/respondents: This form was developed with Nuance, the official HUD software for the creation of HUD forms. HUD has made available instructions for downloading a free installation of a Nuance reader that allows the user to fill-in and save this form in Nuance. Please see <http://portal.hud.gov/hudportal/documents/huddoc?id=nuancereaderinstall.pdf> for the instructions. Using Nuance software is the only means of completing this form.

### Affirmative Fair Housing Marketing Plan (AFHMP) - Multifamily Housing

U.S. Department of Housing and Urban Development  
Office of Fair Housing and Equal Opportunity

OMB Approval No. 2529-0013  
(exp. 12/31/2018)

<b>1a. Project Name &amp; Address (including City, County, State &amp; Zip Code)</b>	<b>1b. Project Contract Number</b>	<b>1c. No. of Units</b>
	<b>1d. Census Tract</b>	
	<b>1e. Housing/Expanded Housing Market Area</b>	
<b>1f. Managing Agent Name, Address (including City, County, State &amp; Zip Code), Telephone Number &amp; Email Address</b>		
<b>1g. Application/Owner/Developer Name, Address (including City, County, State &amp; Zip Code), Telephone Number &amp; Email Address</b>		
<b>1h. Entity Responsible for Marketing (check all that apply)</b> <div style="display: flex; justify-content: space-around; margin-bottom: 5px;"> <span>Owner</span> <span>Agent</span> <span>Other (specify)</span> </div> Position, Name (if known), Address (including City, County, State & Zip Code), Telephone Number & Email Address		
<b>1i. To whom should approval and other correspondence concerning this AFHMP be sent? Indicate Name, Address (including City, State &amp; Zip Code), Telephone Number &amp; E-Mail Address.</b>		
<b>2a. Affirmative Fair Housing Marketing Plan</b> Plan Type _____ Date of the First Approved AFHMP: _____ Reason(s) for current update: _____		
<b>2b. HUD-Approved Occupancy of the Project (check all that apply)</b> <div style="display: flex; justify-content: space-around; margin-bottom: 5px;"> <span>Elderly</span> <span>Family</span> <span>Mixed (Elderly/Disabled)</span> <span>Disabled</span> </div>		
<b>2c. Date of Initial Occupancy</b>	<b>2d. Advertising Start Date</b> Advertising must begin at least 90 days prior to initial or renewed occupancy for new construction and substantial rehabilitation projects. Date advertising began or will begin _____ For existing projects, select below the reason advertising will be used: <div style="border: 1px solid black; padding: 5px; margin-top: 5px;">                     To fill existing unit vacancies _____                      To place applicants on a waiting list (which currently has _____ individuals)                      To reopen a closed waiting list (which currently has _____ individuals)                 </div>	

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**3a. Demographics of Project and Housing Market Area**  
Complete and submit Worksheet 1.

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**3b. Targeted Marketing Activity**

Based on your completed Worksheet 1, indicate which demographic group(s) in the housing market area is/are *least* likely to apply for the housing without special outreach efforts. (check all that apply)

White	American Indian or Alaska Native	Asian	Black or African American
Native Hawaiian or Other Pacific Islander		Hispanic or Latino	Persons with Disabilities
Families with Children	Other ethnic group, religion, etc. (specify)		

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**4a. Residency Preference**

Is the owner requesting a residency preference? If yes, complete questions 1 through 5.  
If no, proceed to Block 4b.

- (1) Type
- (2) Is the residency preference area:  
The same as the AFHMP housing/expanded housing market area as identified in Block 1e?  
The same as the residency preference area of the local PHA in whose jurisdiction the project is located?
- (3) What is the geographic area for the residency preference?
  
- (4) What is the reason for having a residency preference?
  
- (5) How do you plan to periodically evaluate your residency preference to ensure that it is in accordance with the non-discrimination and equal opportunity requirements in 24 CFR 5.105(a)?

Complete and submit Worksheet 2 when requesting a residency preference (see also 24 CFR 5.855(c)(1)) for residency preference requirements. The requirements in 24 CFR 5.855(c)(1) will be used by HUD as guidelines for evaluating residency preferences consistent with the applicable HUD program requirements. See also HUD Occupancy Handbook (4350.3) Chapter 4, Section 4.6 for additional guidance on preferences.

---

**4b. Proposed Marketing Activities: Community Contacts**  
Complete and submit Worksheet 3 to describe your use of community contacts to market the project to those least likely to apply.

**4c. Proposed Marketing Activities: Methods of Advertising**  
Complete and submit Worksheet 4 to describe your proposed methods of advertising that will be used to market to those least likely to apply. Attach copies of advertisements, radio and television scripts, Internet advertisements, websites, and brochures, etc.

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**5a. Fair Housing Poster**

The Fair Housing Poster must be prominently displayed in all offices in which sale or rental activity takes place (24 CFR 200.620(e)). Check below all locations where the Poster will be displayed.

Rental Office	Real Estate Office	Model Unit	Other (specify)
---------------	--------------------	------------	-----------------

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**5b. Affirmative Fair Housing Marketing Plan**

The AFHMP must be available for public inspection at the sales or rental office (24 CFR 200.625). Check below all locations where the AFHMP will be made available.

Rental Office	Real Estate Office	Model Unit	Other (specify)
---------------	--------------------	------------	-----------------

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**5c. Project Site Sign**

Project Site Signs, if any, must display in a conspicuous position the HUD approved Equal Housing Opportunity logo, slogan, or statement (24 CFR 200.620(f)). Check below all locations where the Project Site Sign will be displayed. Please submit photos of Project signs.

Rental Office	Real Estate Office	Model Unit	Entrance to Project	Other (specify)
---------------	--------------------	------------	---------------------	-----------------

The size of the Project Site Sign will be

The Equal Housing Opportunity logo or slogan or statement will be

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**6. Evaluation of Marketing Activities**

Explain the evaluation process you will use to determine whether your marketing activities have been successful in attracting individuals least likely to apply, how often you will make this determination, and how you will make decisions about future marketing based on the evaluation process.

**7a. Marketing Staff**

What staff positions are/will be responsible for affirmative marketing?

---

**7b. Staff Training and Assessment: AFHMP**

- (1) Has staff been trained on the AFHMP?
- (2) Has staff been instructed in writing and orally on non-discrimination and fair housing policies as required by 24 CFR 200.620(c)?
- (3) If yes, who provides instruction on the AFHMP and Fair Housing Act, and how frequently?
  
- (4) Do you periodically assess staff skills on the use of the AFHMP and the application of the Fair Housing Act?
- (5) If yes, how and how often?

---

**7c. Tenant Selection Training/Staff**

- (1) Has staff been trained on tenant selection in accordance with the project's occupancy policy, including any residency preferences?
  
- (2) What staff positions are/will be responsible for tenant selection?

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**7d. Staff Instruction/Training:**

Describe AFHM/Fair Housing Act staff training, already provided or to be provided, to whom it was/will be provided, content of training, and the dates of past and anticipated training. Please include copies of any AFHM/Fair Housing staff training materials.

**8. Additional Considerations** Is there anything else you would like to tell us about your AFHMP to help ensure that your program is marketed to those least likely to apply for housing in your project? Please attach additional sheets, as needed.

**9. Review and Update**

By signing this form, the applicant/respondent agrees to implement its AFHMP, and to review and update its AFHMP in accordance with the instructions to item 9 of this form in order to ensure continued compliance with HUD's Affirmative Fair Housing Marketing Regulations (see 24 CFR Part 200, Subpart M). I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate. Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (See 18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802).

Signature of person submitting this Plan & Date of Submission (mm/dd/yyyy)

Name (type or print)

Title & Name of Company

For HUD-Office of Housing Use Only	For HUD-Office of Fair Housing and Equal Opportunity Use Only	
Reviewing Official:	Approval	Disapproval
Signature & Date (mm/dd/yyyy)	Signature & Date (mm/dd/yyyy)	
Name (type or print)	Name (type or print)	
Title	Title	

**ATTACHMENT E**

**San Diego County Income Limits  
Effective March 28, 2016**

**Area Median Income (AMI) \$73,500**

<b>Family Size</b>	<b>80% AMI</b>	<b>50% AMI</b>	<b>30% AMI</b>
<b>1</b>	<b>\$47,600</b>	<b>\$29,750</b>	<b>\$17,850</b>
<b>2</b>	<b>\$54,400</b>	<b>\$34,000</b>	<b>\$20,400</b>
<b>3</b>	<b>\$61,200</b>	<b>\$38,250</b>	<b>\$22,950</b>
<b>4</b>	<b>\$68,000</b>	<b>\$42,500</b>	<b>\$25,500</b>
<b>5</b>	<b>\$73,450</b>	<b>\$45,900</b>	<b>\$28,440</b>
<b>6</b>	<b>\$78,900</b>	<b>\$49,300</b>	<b>\$32,580</b>
<b>7</b>	<b>\$84,350</b>	<b>\$52,700</b>	<b>\$36,730</b>
<b>8</b>	<b>\$89,800</b>	<b>\$56,100</b>	<b>\$40,890</b>

## ATTACHMENT F

### MANAGEMENT PLAN CHECKLIST

The developer will be required to submit a Management Plan for review and approval by HCD. HOME program regulations under 24 CFR §92.253 require certain tenant and participant protections for all rental housing funded by the HOME program. In addition, HCD requires a crime-free element in the Management Plan. Also required is a copy of the sample lease agreement and any addenda.

The Management Plan is required to follow the format below.

#### Management

- Role and Responsibility of the Owner and/or Delegation of Authority of the Managing Agent
  - Description of Site/Units
  - Scope of Duties
  - Changes in Management
- Personnel Policy and Staffing Arrangements
  - Hiring and Personnel Policies
  - Projected Staffing (On-Site Manager 16 or more units)
  - Training and Monitoring
  - Hiring of Residents
- Maintaining Adequate Accounting Records and Handling Necessary Forms and Vouchers
  - Accounting Basis
  - Collections and Disbursements
  - Contracting, Purchasing, Cost Controls
  - Compliance and Reporting
  - Vacancies and Rent Losses
  - Security Deposits
- Provisions for Update of Management Plan
- Insurance

#### Occupancy

- Plan and Procedures for Publicizing and Achieving Early and Continued Occupancy
  - Outreach (Affirmative Fair Housing Marketing Plan/Advertising)
  - Resident Selection
  - Waiting List
  - Orientation
- Procedures for Determining Resident Eligibility and for Certifying and Annually Recertifying Household Income and Size
  - Initial Certification
  - Recertification
  - Changes in Eligibility During Occupancy
  - Leasing Procedures
- Rent Collection
  - Rent Payment
  - Late Rents
  - Rent Increases
- Procedure for Appeal, Grievance and Eviction
  - Right to Hearing
  - Eviction Procedures
- Plans for Enhancing Resident-Management Relations
  - Resident Organization(s)
  - Community Room
  - Auxiliary Program
- Tenant Files Management
  - Property Management Software
  - Privacy and Sensitive Information Safeguards

### **Maintenance and Security**

- Construction Follow-Up
- Maintenance Programs
  - Maintenance Duties
  - Maintenance Supervision and Performance
  - Resident Maintenance Requests
  - Resident Neglect and Abuse
  - Reconditioning for New Residents
  - Preventive Maintenance
  - Emergency Maintenance
  - Gardening and Landscape
  - Contract Maintenance
  - Maintenance Stock Control
- Security
- Crime-Free Program

### **Grievance and Appeal Procedure**

- Definitions
- Applicability
- Right to a Hearing
- Types of Hearings
  - Informal Hearing
    - Presentation of Grievance
    - Summary and Answer
    - Request for a Formal Hearing
    - Failure to Request a Hearing
  - Formal Hearing
    - Selection of the Hearing Officer or Hearing Panel
    - Time Limits
    - Fair Hearing
    - Private Hearing
    - Discovery
    - Disputed Carrying Charges or Other Charges
    - Proof
    - Failure to Appear at Hearing
- Decisions of the Hearing Officer or Hearing Panel
  - Binding Effect
  - Proposed Decision
  - Written Decision
  - Costs
- Enforcement of Hearing Officer's or Hearing Panel's Decision
  - Compliance with Decision
  - Failure to Comply with Decision
  - Enforcement of an Eviction Action
- Right to Go to Court

## **ATTACHMENT G**

### ***BORROWER'S INSURANCE REQUIREMENTS***

Without limiting Borrower's indemnification obligations to County under this Regulatory Agreement, Borrower shall provide and maintain for the duration of this Regulatory Agreement, insurance against claims for injuries to persons or damages to property which may arise from or in connection with the Borrower's operation and use of the Property. The cost of such insurance shall be borne by the Borrower.

#### **1. Minimum Scope of Insurance**

Coverage shall be at least as broad as:

- A. Commercial General Liability, Occurrence form, Insurance Services Office Form CG0001.
- B. Automobile Liability covering all owned, non-owned and hired auto, Insurance Services Office form CA0001.
- C. Workers Compensation, as required by State of California and Employer's Liability Insurance.
- D. Property Insurance against all risk or special form perils for both Builders Risk and completed operational property. Builders Risk coverage shall be provided on the work and materials whether in process or manufacture or finished, including "in transit" coverage, and including loading and unloading operations, without deduction for depreciation, including costs of demolition and debris removal. Property coverage shall be in force for the entire term of the Agreement. Such policy or policies of insurance shall include coverage for Borrower's fixtures and any items identified in this Regulatory Agreement as improvements to the Property.

Rental Income Insurance assuring County of receiving the minimum monthly rent from the time the Premises are damaged or destroyed with a minimum period of coverage for one (1) year.

#### **2. Minimum Limits of Insurance**

Borrower shall maintain limits no less than:

- A. Commercial General Liability including Premises, Operations, Products and Completed Operations, Contractual Liability and Independent Contractors: \$1,000,000 per occurrence for bodily injury, personal injury and property damage. The General Aggregate limit shall be \$2,000,000 and shall be a Per Location Aggregate. Fire Damage Limit (Any One Fire) \$300,000 and Medical Expense Limit (Any One Person) \$5,000.
- B. Automobile Liability: \$1,000,000 each accident for bodily injury and property damage. Coverage will include contractual liability.
- C. Employers Liability: \$1,000,000 each accident for bodily injury or disease. Coverage shall include a waiver of subrogation endorsement in favor of County of San Diego.
- D. Property: Full replacement cost with no coinsurance penalty provision.

If the Borrower maintains broader coverage and/or higher limits than the minimums shown above, the County requires and shall be entitled to the broader coverage and/or higher limits maintained. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available.

**3. Deductibles and Self-Insured Retention**

Any liability deductible or self-insured retention must be declared to and approved by County Risk Management. The property insurance deductible shall not exceed \$5,000 per occurrence and shall be borne by Borrower.

**4. Other Insurance Provisions**

The general liability and automobile liability policies are to contain, or be endorsed to contain the following provisions:

**A. Additional Insured Endorsement**

Any general liability policy provided by Borrower shall contain an additional insured endorsement applying coverage to the County of San Diego, the members of the Board of Supervisors of the County and the officers, agents, employees and volunteers of the County, individually and collectively.

**B. Primary Insurance Endorsement**

For any claims related to this Regulatory Agreement, the Borrower's insurance coverage shall be primary insurance as respects the County, the members of the Board of Supervisors of the County and the officers, agents, employees and volunteers of the County, individually and collectively. Any insurance or self-insurance maintained by the County, the members of the Board of Supervisors of the County, its officers, officials, employees, or volunteers shall be excess of the Borrower's insurance and shall not contribute with it.

**C. Notice of Cancellation**

Notice of Cancellation shall be provided in accordance with policy provisions.

**D. Loss Payee Clause**

County of San Diego, Department of Housing & Community Development, shall be named as Loss Payee on the property coverage. The Loss payee clause should read:

County of San Diego, Department of Housing & Community Development,  
3989 Ruffin Road, San Diego, CA 92123

**General Provisions**

**5. Qualifying Insurers**

All required policies of insurance shall be issued by companies which have been approved to do business in the State of California by the State Department of Insurance, and which hold a current policy holder's alphabetic and financial size category rating of not less than A- VII according to the current Best's Key Rating guide, or a company of equal financial stability that is approved in writing by County Risk Management.

**6. Evidence of Insurance**

Prior to commencement of this Regulatory Agreement, but in no event later than the effective date of the Regulatory Agreement, Borrower shall furnish the County with certificates of insurance and amendatory endorsements effecting coverage required by this clause. Renewal certificates and amendatory endorsements shall be furnished to County within thirty days of the expiration of the term of any required policy. Borrower shall permit County at all reasonable times to inspect any required policies of insurance.

**7. Failure to Obtain or Maintain Insurance; County's Remedies**

Borrower's failure to provide insurance specified or failure to furnish certificates of insurance, amendatory endorsements, or failure to make premium payments required by such insurance, shall constitute a material breach of the Regulatory Agreement, and County may, at its option, terminate the Regulatory Agreement for any such default by Borrower.

**8. No Limitations of Obligations**

The foregoing insurance requirements as to the types and limits of insurance coverage to be maintained by the Borrower, and any approval of said insurance by the County are not intended to and shall not in any manner limit or qualify the liabilities and obligations otherwise assumed by Borrower pursuant to the Regulatory Agreement, including, but not limited to, the provisions concerning indemnification.

**9. Review of Coverage**

County retains the right at any time to review the coverage, form and amount of insurance required herein and may require Borrower to obtain insurance reasonably sufficient in coverage, form and amount to provide adequate protection against the kind and extent of risk which exists at the time a change in insurance is required.

**10. Self-Insurance**

Borrower may, with the prior written consent of County Risk Management, fulfill some or all of the insurance requirements contained in this Regulatory Agreement under a plan of self-insurance. Borrower shall only be permitted to utilize such self-insurance if in the opinion of County Risk Management, Borrower's (i) net worth, and (ii) reserves for payment of claims of liability against Borrower, are sufficient to adequately compensate for the lack of other insurance coverage required by this Regulatory Agreement. Borrower's utilization of self-insurance shall not in any way limit liabilities assumed by Borrower under this Regulatory Agreement.

**11. Waiver of Subrogation**

Borrower and County waive all rights to recover against each other or against any other tenant or occupant of the building, or against the officers, directors, shareholders, partners, employees, agents or invitees of each other or of any other occupant or tenant of the building, from any Claims (as defined in the Article entitled "Indemnity") against either of them and from any damages to the fixtures, personal property, Borrower's improvements, and alterations of either County or Borrower in or on the Premises and the Property, to the extent that the proceeds received from any insurance carried by either County or Borrower, other than proceeds from any program of self-insurance, covers any such Claim or damage. Included in any policy or policies of insurance provided by Borrower shall be a standard waiver of rights of subrogation against County by the insurance company issuing said policy or policies.

**12. Contract Bonds**

Prior to execution of the Contract, Contractor shall file with the County on the approved forms, the two surety bonds in the amounts and for the purposes noted below, duly executed by a reputable surety company satisfactory to County, and Contractor shall pay all premiums and costs thereof and incidental thereto, as security for payment of persons named in California Civil Code Section 3181 or amounts due under Unemployment Insurance Code with respect to Work or Labor performed by any such claimant. All alterations, time extensions, extra and additional work, and other changes authorized by the Specifications, or any part of the Contract, may be made without securing consent of the surety or sureties on the contract bonds. Each bond shall be signed by both Contractor and the sureties.

- A. The Payment Bond for public works shall be in an amount of one hundred percent (100%) of the Contract price, as determined from the prices in the bid form, and shall insure to the benefit of persons performing labor or furnishing materials in connection with the work of the proposed Contract. This bond shall be maintained in full force and effect until all work under the Contract is completed and accepted by the County, and until all claims for materials and labor have been paid.
- B. The Performance Bond shall be in an amount of one percent (100%) of the Contract price as determined from the prices in the bid form, and shall insure the faithful performance by the Contractor of all work under the Contract. It shall also insure the replacing of, or making acceptable, any defective materials or faulty workmanship.
- C. Qualification of Sureties. Should any surety or sureties be deemed unsatisfactory at any time by the County, notice will be given Contractor to that effect, and Contractor shall substitute a new surety or sureties satisfactory to the County. No further payment shall be deemed due or will be made under the contract until the sureties qualify and are accepted by the County.

## **ATTACHMENT H**

### **REHABILITATION STANDARDS**

The 2013 HOME Final Rule requires that HOME rehabilitation and acquisition projects conform to the Uniform Physical Condition Standards (UPCS). The UPCS are uniform national standards established by HUD for housing that is decent, safe, sanitary, and in good repair, pursuant to 24 CFR §5.703. The implementation date for UPCS has not yet been confirmed by HUD. Once these revisions go into effect and HUD guidance has been issued, HCD will modify the Rehabilitation Standards below accordingly. All units in the development must meet the new construction or rehabilitation replacement reserve underwriting standards, not just the HCD HOME-assisted units. For all rehabilitation developments, HCD underwriting standards require that developers budget a minimum of \$720 per unit, per year in the replacement reserve. For all new construction developments, HCD underwriting standards require that developers budget a minimum of \$375 per unit, per year in the replacement reserve. HCD reserves the right to require higher replacement reserves based on a capital needs assessment, which includes an analysis of all major systems, their remaining useful life, and projected replacement needs.

#### **I. Introduction**

The following rehabilitation standards shall be the basis for all rehabilitation activities undertaken as part of the following programs:

- HOME Investment Partnerships (HOME) program;
- Neighborhood Stabilization program (NSP);
- Community Development Block Grant (CDBG) program; and
- Housing Opportunities for Persons with Aids (HOPWA).

Upon completion of a project, the property must comply with the rehabilitation standards established for these programs.

#### **II. Applicable Laws and Regulations**

HCD has established standards for rehabilitation work to bring substandard housing into compliance with the following statutory and regulatory requirements:

- HOME Program Regulations (24 CFR §92);
- HUD Lead-Based Paint Regulations (24 CFR §35);
- Federal Housing Code: Housing Quality Standards;
- Federal Fair Housing Act;
- Section 504 of the Rehabilitation Act of 1973 (applicable to certain HOME projects); and
- Federal Labor Standards Regulatory Requirements (Davis-Bacon Related Acts).

In addition, every unit rehabilitated under the programs must meet one of the following standards:

- Local Housing Codes: Any applicable local housing codes; or
- Uniform Building Code, National Building Code, or the Standard Building Code; or
- The Council of American Building Officials (CABO) one or two family code; or
- The Minimum Property Standards (MPS) in 24 CFR §200.925 or §200.926.

The scope of rehabilitation, at a minimum, must incorporate these Rehabilitation Standards to address the physical deficiencies of a unit, and it must result in the elimination of all serious health and safety hazards. HCD reserves its right to request modifications to a proposed scope of rehabilitation in cases where it is determined that the Rehabilitation Standards established for the program are not being followed.

#### **III. SITE IMPROVEMENTS**

##### **Paving and Walkways**

**Repair Standard:** Badly deteriorated essential paving, such as front walkways, must be rehabilitated. Non-essential deteriorated paving such as sidewalks that are unnecessary, must be removed and appropriately landscaped.

- Asphalt Driveway Repair and Sealing: Fill all visible cracks and potholes. If any holes need filling, use a cold patch or black top patch. The hole should be cleaned out of all loose asphalt pieces and undercut so that the patch will bond and not pop-out. Follow manufacturer's instructions, filling the hole and tamping it to compress the material. After filled and dried, seal the entire driveway with a good, durable sealant for an even, uniform appearance.
- Asphalt Driveway (Topping Repair): Provide and install 1½" asphalt topping over existing driveway/parking area. Include patching of holes, weak spots and broken edges, prior to application of top coat. Compact asphalt with a two ton roller or appropriate hand tools. Surface to be free from depressions and sloped to drain. Edges to be tapered and compacted. After asphalt has been installed and set, apply sealer over entire surface.
- Concrete Driveway/Walkway Repair (Cracks): Before repair, remove oil and grease stains if any. Break away any loose or cracked concrete. Clean loose material from the crack, and then remove loose dust and concrete particles. For cracks

up to 3/8" wide, use liquid cement filler (repair kit) or ready-mixed concrete patch. For larger cracks/holes, apply thin layer of bonding adhesive and trowel latex patching compound, making it even with the surrounding surface.

**Replacement Standard:** Essential walkways and driveways shall be replaced with concrete.

- **Concrete Driveway:** Demo existing, form and pour new driveway. Concrete to be a minimum of 3 1/2". Concrete to be a minimum of 2500 PSI reinforced with #6x6x10/10 mesh placed 3" below the surface. Concrete surface sloped to drain. Control joints to be installed every 10 LFT. Edges to be finished smooth and the surface broom finished. Allow for proper curing.
- **Concrete Walkway Replacement or Installation:** Demo existing, form and pour new walkway; or install concrete walkway. Replacement or installation to take into account leveling, raking and tamping the ground for a firm smooth surface and to fill in any low areas. Form up sides of walkway, stake a minimum of 4' apart and screw stakes to boards. Pour concrete into the forms of walkway. Level (or screed) the concrete before it hardens. Float, trowel between concrete and form, create joints where needed (4' intervals) and broom finish. Allow for proper curing before removing forms.

## Grading

**Repair Standard:** Any deficiencies in proper grading adjacent to the building shall be corrected to assure surface drainage away from the foundation.

**Replacement Standard:** N/A

## Drainage

**Repair Standard:** Surface drainage must flow away from walkways or foundation of the house.

- **Installation of a French Drain:** Install a French drain to move water away from walkway and house. French drain to be 18-24" deep by 6" wide. Tamp down any loose soil. Lay down a perforated pipe (holes side down to avoid being filled with gravel). Once installed, cover the pipe with 1" or large, washed rounded gravel to within 1" of the surface. Cover with sod, rock or appropriate mulching material.

**Replacement Standard:** N/A

## Retaining Wall

**Repair Standard:** Deteriorated retaining wall that requires minimal structural corrections and does not pose a health or safety hazard should be repaired.

**Replacement Standard:** A dilapidated retaining wall that poses a health or safety hazard should be replaced, or it must be provided where necessary to protect the structure, driveway and walls and to prevent soil erosion.

- **Retaining Wall Replacement or Installation:** Construct a concrete block retaining wall using proper footing, reinforcing bar and 8x8x16 concrete block. Apply 2 coats of water proofing sealant to wall per manufacturer's recommendations. Wall to be solid grout, properly sealed with weep holes. Include concrete cap.

## Fences and Gates

**Repair Standard:** Wood fences which lean or have missing pickets, boards or panels may have missing parts replaced with suitable materials to match the existing. Sagging gates may be braced and those dragging on the ground may be re-hung.

**Replacement Standards:** Dilapidated wood fencing which poses a health and safety hazard should be replaced.

- **Wood Fence:** Provide and install new "dog eared" fence. Fence to be constructed using 4"x4" galvanized posts set in concrete every 8 lineal feet with 2"x4" top and bottom rails between posts. Provide 1/2" spacing between 6' cedar up right. All hardware to be galvanized. Provide and install 2 wood gates to replace existing at both sides of unit.

## Trees

**Repair Standard:** Trees that are too close to the structure and are undermining the structural integrity of the unit shall be safety-pruned or removed.

**Replacement Standard:** N/A

## IV. EXTERIOR SURFACES

### Exterior Steps and Decks

**Repair Standard:** Steps, stairway, and porch decks will be structurally sound, reasonably level with smooth and even surfaces.

**Replacement Standard:** All unsafe or unsound porch decks and steps will be removed and/or replaced and protected from deterioration with paint or other acceptable finish. New steps and stairways shall be constructed of preservative treated lumber in conformance with local codes, or of masonry. Porch decks shall be replaced with tongue and groove pine.

## **Exterior Railings**

**Repair Standard:** Handrails will be present on one side of all interior or exterior steps or stairways with more than two risers, and around porches or platforms over 30" above ground level.

**Replacement Standard:** Railings shall be wrought iron or preservative treated lumber.

## **Exterior Hardware**

**Repair Standard:** N/A

**Replacement Standard:** Every unit will have a mailbox, or a mail slot, and a minimum 3" high address numbers at the front of the unit.

## **Bricks**

**Repair Standard:** Replace all missing or damaged bricks with new bricks to match existing. Clean out all loose mortar joints and tuck points with new mortar.

**Replacement Standard:** N/A

## **Exterior Paint**

**Repair Standard:** Siding and trim will be intact and weatherproof. All exterior wood components will have a minimum of two continuous coats of paint, and no exterior painted surface will have any deteriorated paint.

- **Exterior Paint on Stucco:** Water blast stucco. Repair damage to stucco using suitable stucco patch. Finish pattern to blend with existing as closely as possible. Prepare and paint stucco with two coats quality grade paint, guaranteed to cover. After paint has dried, seal area from ground up to 4 feet around house with water sealer that will not stain paint.
- **Exterior Paint on Trim, Fascia, Eaves and Wood Members:** Repair or replace damaged trim, fascia, eaves, wood members, etc. See termite report for recommended or required repairs. All wood to be primed. Prepare all exterior wood, including exterior doors, for painting, using industry approved standards. Paint using two quality coats guaranteed to cover exterior paint. Owner to select color(s).

**Replacement Standard:** Wood siding materials and trim which are broken, split or damaged so as to permit the entrance of weather or which show signs of decay or insect infestation shall be replaced to match existing.

- **Fascia:** Replace or repair any damaged trim, fascia, eaves, or wood members, etc. See termite report for recommended or required repairs. All new wood to be primed. Then, paint all exterior doors and wood with good quality exterior paint guaranteed to cover. Prior to application, assure surfaces are smooth, clean, dry and ready to receive paint. Apply according to manufacturer's recommendations. Owner to select color(s).

## **Gutters, Cornices and Exterior Details**

**Repair Standard:** Repairs to gutters, downspouts, eaves, rafter ends, fascias, soffits and cornices, moldings, trim, etc., shall be made to match existing design and appropriate materials to prevent deterioration.

**Replacement Standard:** Gutters, downspouts, eaves, rafter ends, fascias, soffits and cornices, moldings, trim, etc., showing evidence of deterioration shall be replaced with new materials suitably protected with paint or stain.

## **V. FOUNDATIONS AND STRUCTURE**

### **Foundations**

**Repair Standard:** Foundations shall be sound, reasonably level and free from movement.

**Replacement Standard:** Replacement of foundations must meet building code.

### **Structural Walls**

**Repair Standard:** Structural framing and all masonry or concrete foundation walls shall be free from visible deterioration, rot or serious termite damage. All sagging floor joists or rafters shall be visually inspected, and significant structural damage and its cause shall be corrected and improved to a safe and sound condition.

**Replacement Standard:** Replacement of structural walls must meet building code. All wood foundation posts, sills, girders and plates showing signs of rot, decay, infestation or structural failure shall be replaced with new suitable materials of proper design, where applicable.

## **VI. WINDOWS, DOORS AND OTHER OPENINGS**

### **Exterior Doors**

**Repair Standard:** Doors shall be solid, weather stripped, operate smoothly and include a peep site, a dead bolt and an entrance lock set.

**Replacement Standard:** All replacement doors at the front of the property will be Energy-Star rated. Dead bolt locks shall be installed on all doors.

- **Front Entry Door:** Provide and install solid front entry door. Replace wood trim and jamb as needed. Include new locking door knob and dead bolt lock set keyed alike. Installation to include 3 butt hinges and all necessary hardware. Paint or stain door. Owner to select color.
- **Garage Door:** Provide and install steel non-insulated, solid panel (no windows) roll-up garage door with electric opener system. Replace wood trim and jamb as needed. Installations to include all necessary hardware and minimum 5 (five) year warranty on all components.
- **Security Screen Doors:** Provide and install new security screen door with locking door knob and dead bolt lock set. Install per manufacturer's recommendation and include all necessary hardware. Any gap at bottom of screen door once installed must be closed.

## Chimneys

**Repair Standard:** Chimneys or fireplaces showing signs of deterioration must be repaired or replaced with appropriate materials.

**Replacement Standard:** N/A

## Interior Doors

**Repair Standard:** All bedrooms, baths and closets shall have well-operating doors.

**Replacement Standard:** Interior doors must be hollow core, pressed wood product with brass plated bedroom lockset.

- **Door (Interior):** Provide and install pre-hung hardboard hollow core interior door (minimum 1 3/8" thick). Replace wood trim and jamb as needed. Include new locking door knob. Installation to include 3 butt hinges and all necessary hardware. Paint or stain door. Owner to select color.

## Windows

**Repair Standard:** All single glazed windows shall be replaced with Energy-Star rated windows. Operable windows shall have a locking device and mechanism to remain partially open. Dilapidated lead-containing windows should be replaced.

**Replacement Standard:** All windows must be replaced with energy efficient, dual pane, retrofit vinyl, low-E, Energy-Star rated windows. The windows must have a minimum R-value of 2 (Energy-Star).

- **Window Replacement:** Provide and install new energy efficient, low-E, dual pane, retrofit vinyl windows with screens to replace existing windows. New windows to allow for proper egress, ventilation and natural light to code.
- **Sliding Glass Door:** Provide and install new sliding glass door to replace existing. Sliding glass door to match energy efficiency standards of windows. Bid to include necessary modifications and repairs to adjacent surfaces. Installation per manufacturer's recommendations and to include screen door.

## VII. ROOFING

### Roofs

**Repair Standard:** Missing and leaking shingles and flashing shall be repaired on otherwise functional roofs.

**Replacement Standard:** Dilapidated roofs and flashing shall be replaced to protect the building against leakage.

- **Roof Replacement:** Demo existing roof covering down to sheathing. Inspect and replace damaged sheathing and starter boards per code. Install new fiberglass shingles over 15# domestic felts per manufacturer's instructions. Shingles to carry 25-year manufacturer's warranty and be equal to Johns Manville, Celotex or Owens Corning. Include all metal work, reseal flashings and paint vent pipes/covers with rust inhibitor paint – color to be owner's choice. Provide a 25-year manufacturer's warranty and 5-year workmanship guarantee.
- **Roof - Built Up:** Remove existing hot-mop and rock roof covering down to sheathing. Inspect and replace damaged sheathing and starter boards. Provide and install solid cap over 4ply built up roof comparable to Johns Manville or better. Include all metal work, reseal flashings and paint vent pipes/covers with rust inhibitor paint – color to be owner's choice. Provide a 20-year manufacturer's warranty and 5-year workmanship guarantee.
- **Roof – Cap:** Remove existing hot-mop and rock roof covering down to sheathing. Inspect and replace damaged sheathing and starter boards. Provide and install solid cap over 3ply built up roof comparable to Johns Manville or better. Include all metal work, reseal flashings and paint vent pipes/covers with rust inhibitor paint – color to be owner's choice. Provide a 15-year manufacturer's warranty and 5-year workmanship guarantee.
- **Roof – Shake:** Demo existing wood shake roof down to sheathing. Inspect and replace starter boards. Apply solid sheathing to code. Install new fiberglass shingles over 15# domestic felts per manufacturer's instructions. Shingles to carry 25 year manufacturer's warranty and be equal to Johns Manville, Celotex or Owens Corning. Include all metal work, reseal flashings and paint vent pipes/covers with rust inhibitor paint – color to be owner's choice. Provide a 25-year manufacturer's warranty and 5-year workmanship guarantee.

- **Roof (3-tab):** Demo existing 3-tab roof coverings down to sheathing. Inspect and replace damaged sheathing and starter boards per code. Install new fiberglass shingles over 15# domestic felts per manufacturer's instructions. Shingles to carry 25 year manufacturer's warranty and be equal to Johns Manville, Celotex or Owens Corning. Include all metal work, reseal flashings and paint vent pipes/covers with rust inhibitor paint – color to be owner's choice. Provide a 25-year manufacturer's warranty and 5-year workmanship guarantee.

## VIII. INTERIOR STANDARDS

### Flooring

**Repair Standard:** Flooring in adequate condition with minimal damage may be repaired. Bathroom and kitchen floors shall be rendered smooth and cleanable by being covered with water-resistant vinyl flooring or ceramic tile.

**Replacement Standard:** Floors in areas of the unit which show excessive wear, shrinkage, cupping or other serious damage and poses a health and safety hazard shall be replaced or covered with acceptable finish flooring materials and properly installed. Sound wood floors showing normal wear discoloration may be refinished.

- **Carpet:** Provide and install new carpet and pad (minimum ½") in living areas determined by the owner. Owner to select style and color. Installation to include new baseboard to match existing. Paint baseboard if wood.
- **Vinyl:** Remove and replace current vinyl flooring. Repair/replace underlayment as necessary. Prepare flooring to provide a smooth surface, ready to receive new floor sheet goods. Remove existing baseboards. Furnish and professionally install new owner selected, one-piece linoleum flooring, including new baseboards, sink nails, putty, sand smooth and paint.

### Closets

**Repair Standard:** All bedrooms shall have closets with a door, clothes rod and shelf.

**Replacement Standard:** N/A

### Interior Walls and Ceiling

**Repair Standard:** All holes and cracks shall be repaired to create a continuous surface and any deteriorated paint should be properly repaired or, if applicable, stabilized using lead-safe measures.

**Replacement Standard:** Walls shall be plumb and ceiling level with a smooth finish on at least ½" gypsum.

## IX. ELECTRIC

**Repair Standard:** Electrical service must be adequate to safely supply power to all existing and proposed electrical devices. All entrances will be well lighted and either switched at the interior side of the door or the light will be controlled by a photoelectric cell. Where needed, motion actuated security lighting shall be installed. All switch, receptacle and junction boxes shall have appropriate cover plates. Wiring shall be free from hazard and all circuits shall be properly protected at the pane.

**Replacement Standard:** Replacement of electrical systems, distribution, wiring or services must meet code.

## X. PLUMBING

**Repair Standard:** All Plumbing fixtures must be appropriately supplied with water, connected to an approved drain, waste, vent and supply lines. All leaking, deteriorated or clogged piping shall be replaced or restored to a condition which will provide safe and adequate service for the plumbing fixtures or gas-fired equipment to which they are connected.

**Replacement Standard:** New piping and fittings must meet plumbing code. All water lines shall be replaced with new copper pipe.

## XI. ENERGY CONSERVATION MEASURES

Rehabilitation loans must be used to reduce energy consumption through the installation of:

- Energy efficient windows;
- Attic, floor and wall insulation;
- Energy Star rated appliances;
- Energy efficient water heaters;
- Caulking and weather stripping of doors and windows.

**ATTACHMENT I-1**

HUD Handbook 1378, Change 6  
Appendix 3, [11/2014]

**GUIDEFORM GENERAL INFORMATION NOTICE  
RESIDENTIAL TENANT TO BE DISPLACED**

Grantee or Agency Letterhead

(date)

Dear \_\_\_\_\_:

(City, County, State, Public Housing Authority (PHA), other) \_\_\_\_\_ is interested in (acquiring, rehabilitating, demolishing) \_\_\_\_\_ the property you currently occupy at (address) \_\_\_\_\_ for a proposed project which may receive funding assistance from the U.S. Department of Housing and Urban Development (HUD) under the \_\_\_\_\_ program.

The purpose of this notice is to inform you that you may be displaced as a result of the proposed project. This notice also serves to inform you of your potential rights as a displaced person under a federal law known as the Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA). You may be eligible for relocation assistance and payments under the URA, if the proposed project receives HUD funding and if you are displaced as a result of acquisition, rehabilitation or demolition for the project.

- **This is not a notice to vacate the premises.**
- **This is not a notice of relocation eligibility.**

If you are determined to be eligible for relocation assistance in the future, you may be eligible for: 1) Relocation advisory services including help to you find another place to live; 2) At least 90 days advance written notice of the date you will be required to move; 3) Payment for your moving expenses; and 4) Replacement housing payments to enable you to rent, or if you prefer to purchase, a comparable replacement home. You will also have the right to appeal the agency's determination, if you feel that your application for assistance was not properly considered. The enclosed HUD brochure, "Relocation Assistance to Tenants Displaced from Their Homes" provides an explanation of this assistance and other helpful information.

**(NOTE: Pursuant to Public Law 105-117, aliens not lawfully present in the United States are not eligible for relocation assistance, unless such ineligibility would result in exceptional hardship to a qualifying spouse, parent, or child. All persons seeking relocation assistance will be required to certify that they are a United States citizen or national, or an alien lawfully present in the United States.)**

Please be advised that you should continue to pay your rent and meet any other obligations as specified in your lease agreement. Failure to do so may be cause for eviction. If you choose to move or if you are evicted prior to receiving a formal notice of relocation eligibility you will not be eligible to receive relocation assistance. It is important for you to contact us before making any moving plans.

**Again, this is not a notice to vacate the premises and does not establish your eligibility for relocation payments or assistance at this time.** If you are determined to be displaced and are required to vacate the premises in the future, you will be informed in writing. In the event the proposed project does not proceed or if you are determined not to be displaced, you will also be notified in writing.

If you have any questions about this notice or the proposed project, please contact (name) \_\_\_\_\_, (title) \_\_\_\_\_, (address) \_\_\_\_\_, (phone) \_\_\_\_\_.

Sincerely,

(name and title) \_\_\_\_\_

Enclosure

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NOTES (see next page)

1. The case file must indicate the manner in which this notice was delivered (e.g., personally served or certified mail, return receipt requested) and the date of delivery. (See Paragraph 2-3 I of Handbook 1378.)
2. This is a guide form. It should be revised to reflect the circumstances.
3. Optional paragraphs for displaced residents of public housing projects (may be modified based on the PHA's resident return policy):

“Even though you will be provided all of the assistance the URA requires for a permanent move, the Authority believes that every resident displaced from the site should have the right to reapply for occupancy once this project is complete. For this reason, after project completion, every resident who receives assistance as a “displaced person” will be contacted and offered an opportunity to reapply for occupancy in the newly-revitalized community. Furthermore, because you will be a former occupant who was “displaced” from the site, you will also receive a priority preference to return.

In the event the number of those who request to return and qualify for housing exceeds the number of units available, rating and ranking criteria will be used to identify those who will be offered a unit at the site until all available units are filled. If you do return, the Authority may help defray the costs of the return move. If you have Replacement Housing Payments not yet spent or obligated, you may be asked to forfeit these payments as a condition for returning to public housing, since this assistance will no longer be necessary to meet your housing needs. Such assistance, if not forfeited, must be considered as income and may affect your eligibility and rent.”

**ATTACHMENT I-2**

HUD Handbook 1378, Change 6  
Appendix 2, [11/2014]

GUIDEFORM GENERAL INFORMATION NOTICE  
RESIDENTIAL TENANT NOT DISPLACED  
Grantee or Agency Letterhead

(date)  
Dear \_\_\_\_\_:

(City, County, State, Public Housing Authority (PHA), other) \_\_\_\_\_, is interested in rehabilitating the property you currently occupy at (address) for a proposed project which may receive funding assistance from the U.S. Department of Housing and Urban Development (HUD) under the \_\_\_\_\_ program.

The purpose of this notice is to inform you that you will not be displaced in connection with the proposed project.

If the project application is approved and federal financial assistance provided, you may be required to move temporarily so that the rehabilitation can be completed. If you must move temporarily, suitable housing will be made available to you and you will be reimbursed for all reasonable out of pocket expenses, including moving costs and any increase in housing costs. You will need to continue to pay your rent and comply with all other lease terms and conditions.

Upon completion of the rehabilitation, you will be able to lease and occupy your present apartment or another suitable, decent, safe and sanitary apartment in the same building/complex under reasonable terms and conditions. \*

If federal financial assistance is provided for the proposed project, you will be protected by a federal law known as the Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA). One of the URA protections for persons temporarily relocated is that such relocations shall not extend beyond one year. If the temporary relocation lasts more than one year, you will be contacted and offered all permanent relocation assistance as a displaced person under the URA. This assistance would be in addition to any assistance you may receive in connection with temporary relocation and will not be reduced by the amount of any temporary relocation assistance previously provided. You will also have the right to appeal the agency's determination, if you feel that your application for assistance was not properly considered.

**(NOTE: Pursuant to Public Law 105-117, aliens not lawfully present in the United States are not eligible for relocation assistance, unless such ineligibility would result in exceptional hardship to a qualifying spouse, parent, or child. All persons seeking relocation assistance will be required to certify that they are a United States citizen or national, or an alien lawfully present in the United States.)**

We urge you not to move at this time. If you choose to move, you will not be provided relocation assistance.

Please remember:

- This is not a notice to vacate the premises.
- This is not a notice of relocation eligibility.

You will be contacted soon so that we can provide you with more information about the proposed project. If the project is approved, we will make every effort to accommodate your needs. In the meantime, if you have any questions about our plans, please contact:

(name) \_\_\_\_\_, (title) \_\_\_\_\_,  
(address) \_\_\_\_\_, (phone) \_\_\_\_\_.

Sincerely,

(name and title) \_\_\_\_\_

Enclosure

NOTES

1. The case file must indicate the manner in which this notice was delivered (e.g., personally served or certified mail, return receipt requested) and the date of delivery. (See Paragraph 2-3 I of Handbook 1378.)
2. This is a guide form. It should be revised to reflect the circumstances.

*\*Based on the applicable HUD program regulations, if “reasonable terms and conditions,” are defined, one of the following statements or other language may also be required in this Notice:*

- a. *Under HOME at 24 CFR §92.353(c)(2)(C)(1): “Your new lease will be for a term of not less than one year at a monthly rent will remain the same or, if increased, your new monthly rent and estimated average utility costs will not exceed: 1) If you are low-income, the total tenant payment as defined by HUD (under 24 CFR §5.628), or (2) 30% of the monthly gross household income, if you are not low-income.”*
- b. *Under CDBG at 24 CFR §570.606(b)(2)(D)(1): “Your monthly rent will remain the same or, if increased, your new rent and estimated average utility costs will not exceed 30% of the household’s average monthly gross income.”*
- c. *Under Section 221 Mortgage Insurance Programs under 24 CFR §221.795(i): “Your monthly rent and estimated average utility costs will not exceed the amount approved by HUD.”*

**ATTACHMENT I-3**

GUIDEFORM  
**- VOLUNTARY ACQUISITION -**  
- Informational Notice -  
(Agencies without Eminent Domain Authority)

Grantee or Agency Letterhead

(date)

Dear \_\_\_\_\_:

(Name of Agency/Person) \_\_\_\_\_, is interested in acquiring property you own at (address) \_\_\_\_\_ for a proposed project which may receive funding assistance from the U.S. Department of Housing and Urban Development (HUD).

Please be advised that (Name of Agency/Person) \_\_\_\_\_ does not have authority to acquire your property by eminent domain. In the event we cannot reach an amicable agreement for the purchase of your property, we will not pursue this proposed acquisition.

We are prepared to offer you (\$) \_\_\_\_\_ to purchase your property. We believe this amount represents the current market value of your property. Please contact us at your convenience if you are interested in selling your property.

In accordance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA), owner-occupants who move as a result of a voluntary acquisition are not eligible for relocation assistance.

If you have any questions about this notice or the proposed project, please contact (name) \_\_\_\_\_, (title) \_\_\_\_\_, (address) \_\_\_\_\_, (phone) \_\_\_\_\_.

Sincerely,

(name and title) \_\_\_\_\_

NOTES

1. The case file must indicate the manner in which this notice was delivered (e.g., certified mail, return receipt requested) and the date of delivery.
2. Tenant-occupants displaced as a result of a voluntary acquisition may be entitled to URA relocation assistance and must be so informed per 49 CFR 24.2(a)(15)(iv) – Initiations of negotiations, and 49 CFR 24 Appendix A - 24.2(a)(15)(iv).
3. This is a guide form. It should be revised to reflect the circumstances .

**ATTACHMENT I-4**

HUD Handbook 1378, Change 5  
Appendix 29, [11/2014]

**MOVE-IN NOTICE  
(GUIDEFORM NOTICE TO PROSPECTIVE TENANT)  
Grantee or Agency Letterhead**

(date)

Dear:

On (date), (property owner) submitted an application to the (Grantee) for financial assistance under a program funded by the Department of Housing and Urban Development (HUD). The proposed project involves [acquisition] [rehabilitation] [demolition] and/or [conversion] of the property located at (address). Because federal funds are planned for use in this project, the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (URA) [and/or section 104(d) of the Housing and Community Development Act of 1974, as amended] may apply to persons in occupancy at the time the application was submitted for HUD funding. However, if you choose to occupy this property subsequent to the application for federal financial assistance, as a new tenant you will not be eligible for relocation payments or assistance under the URA [and/or section 104(d)].

This notice is to inform you of the following information **before you enter into any lease agreement and/or occupy the property located at the above address:**

- ◆ You may be displaced by the project.
- ◆ You may be required to relocate temporarily.
- ◆ You may be subject to a rent increase.
- ◆ You will not be entitled to any relocation payments or assistance provided under the URA [and/or section 104(d)]. If you have to move or your rent is increased as a result of the above project, you will not be reimbursed for any such rent increase or for any costs or expenses you incur in connection with a move as a result of the project.

Please read this notification carefully prior to signing a rental agreement and moving into the project. If you should have any questions about this notice, please contact (Grantee) at (address and telephone number). Once you have read and have understood this notice, please sign the statement below if you still desire to lease the unit.

Sincerely,

(name and title)

\*\*\*\*\*

I have read the above information and understand the conditions under which I am moving into this project.

Print Name of Tenant(s)

Signature(s)

Address and Unit Number

Date

NOTE:

This is a guide form. It should be revised to reflect the project circumstances.



**(1) ETHNIC CODES (\*)**

- Race-Head of Household
- 11-White
- 12-Black/African American
- 13-Asian
- 14-American Indian/Alaska native
- 15-Native Hawaiian/Other Pacific Islander
- 16-American Indian/Alaska Native and White
- 17-Asian and White
- 18-Black/African American and White
- 19-American Indian/Alaska Native and Black/African American
- 20-Other Multi Racial

**(2) HANDICAPPED CODES (\*\*)**

"H" = Hearing Impaired      "V" = Visually Impaired      "M" = Mobility Impaired

**(3) SECTION 8 ASSISTANCE (\*\*\*)**

If yes, please identify type: "C" = Certificate      "V" = Voucher

**(4) INCOME LEVELS (\*\*\*\*) (Area Median Income (AMI)) Limits Effective March 28, 2016**

CODE	Family Size:	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
"1"	Extremely Low (<30% AMI)	\$17,850	\$20,400	\$22,950	\$25,500	\$28,440	\$32,580	\$36,730	\$40,890
"2"	Very Low (50% AMI)	\$29,750	\$34,000	\$38,250	\$42,500	\$45,900	\$49,300	\$52,700	\$56,100
"3"	Low-Income (80% AMI)	\$47,600	\$54,400	\$61,200	\$68,000	\$73,450	\$78,900	\$84,350	\$89,800

**(5) INCOME SOURCE (\*\*\*\*\*)**

- Codes:      "1" = Earned Income (Head of Household)      "5"      Social Security
- "2" = Earned Income (Joint)      "6"      Retirement Income (Other Pensions/Annuities)
- "3" = Investment Income (Interest/Dividends)      "7"      Redistributed Income (Unemployment, Welfare, Disability, SSI)
- "4" = Earned Investment (Rental Income)

**ATTACHMENT K  
PROJECT TIMELINE**

Project Title: \_\_\_\_\_ Applicant: \_\_\_\_\_

<u><b>Item</b></u>	<u><b>Projected Date of Completion</b></u>
<b>SITE</b>	
Environmental Review Completed	_____
Site Acquired	_____
<b>LOCAL PERMITS</b>	
Conditional Use Permit	_____
Variance	_____
Site Plan Review	_____
Grading Permit	_____
Building Permit	_____
<b>CONSTRUCTION FINANCING</b>	
Loan Application	_____
Enforceable Commitment	_____
Closing and Disbursement	_____
<b>PERMANENT FINANCING</b>	
Loan Application	_____
Enforceable Commitment	_____
Closing and Disbursement	_____
<b>OTHER LOANS AND GRANTS</b>	
Type and Source:	_____
Application	_____
Closing or Award	_____
Funds Available	_____
<b>OTHER LOANS AND GRANTS</b>	
Type and Source	_____
Application	_____
Closing or Award	_____
Funds Available	_____
Construction Start	_____
Construction Completion	_____
Placed in Service	_____
Occupancy of all Assisted Units	_____

## **ATTACHMENT L**

### ***Community Housing Development Organizations (CHDOs)***

#### **CHDO FAQs**

##### **What is a CHDO?**

A CHDO is a private nonprofit organization with a 501 (c) federal tax exemption. A CHDO's charter, articles of incorporation and bylaws must include as its purpose to provide decent, affordable housing to low-income households. It must serve a specific, delineated geographic area— either a neighborhood, several neighborhoods, or the entire community. Merely serving certain population groups (by ethnicity, race, age, or gender) does not qualify.

##### **Are there requirements for community participation in CHDOs?**

A CHDO must have a formal process for involving potential and actual low-income HOME program beneficiaries in the design, siting, and development of CHDO programs and projects. The more complex standards involve low-income accountability: no less than one-third of the CHDO's governing board must be residents of low-income neighborhoods (defined as at least 51 percent of households with incomes below 80 percent or median), low-income residents of the CHDO's target area, or elected representatives of low-income neighborhood organizations. Some nonprofits may have trouble with both standards: the required board structure may necessitate restructuring or the creation of eligible subsidiaries plus, for CHDO projects, the establishment of project-specific advisory committees.

##### **What kind of experience does a CHDO have to possess?**

A CHDO must demonstrate the capacity to carry out HOME development projects, by displaying a development track record, by hiring experienced development staff, or by hiring experienced consultants with a plan to train the CHDO development staff. The CHDO must also have at least one year of serving its HOME target community prior to receiving HOME funds. Since some CHDOs are likely to be new organizations established specifically for HOME, they can inherit their required one year of community service from a parent organization, such as an existing community development corporation (CDC), a human service organization (such as the local United Way or a United Way affiliate), a community land trust, a mutual housing association (MHA), a church group, etc. Church organizations can create and sponsor CHDOs, but CHDOs must be secular, and CHDO projects must be available to eligible low income households regardless of religious affiliation.

##### **Can for-profit organizations create CHDOs?**

Yes, for-profits can sponsor CHDOs, but there are important limitations. The CHDO must be truly nonprofit and not controlled or directed by people wanting to profit from the CHDO's activities. Like the government prohibition, a for-profit may appoint no more than one-third of the board members of a CHDO, and those members cannot appoint the remainder of the board. Despite its for-profit "parent," the CHDO has to be free to contract with whomever it wants for goods and services. Note: a for-profit real estate builder, developer, or manager CANNOT sponsor a CHDO.

##### **Why should a participating jurisdiction bother with CHDOs?**

If a participating jurisdiction (PJ) fails to contract for and commit its CHDO set-aside, the jurisdiction automatically loses the money, with no appeal. The participating jurisdiction has 18 months to reach a written agreement with a CHDO (or more than one CHDO) to reserve the funds for specific CHDO-sponsored projects and 24 months to commit the funds for specific CHDO project activities. CHDOs producing housing under rental housing production set-aside funds for communities eligible for new construction have 36 months.

##### **Is nonprofit participation limited to the CHDO set-aside?**

The CHDO set-aside is for nonprofit CHDOs only. Other nonprofit developers may participate in the non-CHDO portions of HOME programs.

##### **What can CHDOs do with HOME funds?**

Like any participating nonprofit developer in the HOME program, CHDOs may use the funds for eligible HOME activities: acquisition, rehab, construction, first-time homebuyer assistance, relocation, etc. However, the only HOME activities that qualify for the CHDO set-aside are projects that are developed, sponsored, or owned by the CHDO. That means the CHDO must be the hands-on developer of a HOME project, with the financial risk for the deal, and with effective management control of the fundamental decisions of development. In a federal Low Income Housing Tax Credit rental project, a CHDO or its wholly-owned for-profit subsidiary (also eligible as a CHDO for HOME set-aside purposes) must be the managing general partner or co-managing general partner. CHDO set-aside funds cannot be used for otherwise HOME-eligible tenant-based rental assistance.

### **Can CHDOs do things that other HOME program participants cannot?**

One unusual part of the HOME program concerns new construction. Many jurisdictions are prohibited from using HOME funds for new construction. There are two exceptions: one for special needs housing, the other for new construction in conjunction with neighborhood revitalization efforts. In officially designated neighborhood revitalization areas (not the entire municipality), a CHDO or a public agency may own, develop, or sponsor HOME subsidized new construction projects with the following caveats:

- No less than 51 percent of all the public funds spent on the neighborhood revitalization program during the previous year were spent on rehabilitation of substandard housing.
- The participating jurisdiction must certify that rehabilitation is not the most cost effective way of meeting the affordable housing needs of the neighborhood and affordable housing needs cannot be met solely through rehabilitation.
- The neighborhood must be low-income.
- The jurisdiction must certify that the HOME-assisted new construction will not exceed 20 percent of the total number of HOME-assisted units in the neighborhood revitalization program, or (choose one) 1) the housing will be in severely distressed neighborhood with large expanses of vacant land and abandoned buildings, 2) the neighborhood has an inadequate supply of housing that can be economically rehabilitated to meet needs, or 3) the new construction is essential to accomplish the neighborhood revitalization program.

All those requirements mean that a CHDO-linked neighborhood revitalization program might be the only vehicle for some jurisdictions to carry out new construction.

### **Are there other benefits available to CHDOs?**

A provision of HOME authorizes funding for national and single-state nonprofit intermediary organizations to assist CHDOs. Among eligible uses of HOME technical assistance funding is organizational support for CHDOs; that is, “pass-through” funding for CHDO administrative and operational expenses, housing counseling assistance, and training and technical assistance on nonprofit development and management. However, CHDOs cannot receive funding through the HOME technical assistance category for operating and educational uses if, together with other federal assistance, they add up to more than 5 percent of the CHDO’s total fiscal year operating budget.

### **CHDO Regulations (24 CFR 92.2)**

*Community housing development organization* means a private nonprofit organization that: (1) Is organized under State or local laws; (2) Has no part of its net earnings inuring to the benefit of any member, founder, contributor, or individual; (3) Is neither controlled by, nor under the direction of, individuals or entities seeking to derive profit or gain from the organization. A community housing development organization may be sponsored or created by a for-profit entity, but: (i) The for-profit entity may not be an entity whose primary purpose is the development or management of housing, such as a builder, developer, or real estate management firm. (ii) The for-profit entity may not have the right to appoint more than one-third of the membership of the organization’s governing body. Board members appointed by the for-profit entity may not appoint the remaining two-thirds of the board members; and (iii) The community housing development organization must be free to contract for goods and services from vendors of its own choosing; (4) Has a tax exemption ruling from the Internal Revenue Service under section 501(c) (3) or (4) of the Internal Revenue Code of 1986 (26 CFR 1.501(c)(3)-1); (5) Does not include a public body (including the participating jurisdiction). An organization that is State or locally chartered may qualify as a community housing development organization; however, the State or local government may not have the right to appoint more than one-third of the membership of the organization’s governing body and no more than one-third of the board members may be public officials or employees of the participating jurisdiction or State recipient. Board members appointed by the State or local government may not appoint the remaining two-thirds of the board members; (6) Has standards of financial accountability that conform to 24 CFR 84.21, “Standards for Financial Management Systems;” (7) Has among its purposes the provision of decent housing that is affordable to low-income and moderate-income persons, as evidenced in its charter, articles of incorporation, resolutions or by-laws; (8) Maintains accountability to low income community residents by: (i) Maintaining at least one-third of its governing board’s membership for residents of low-income neighborhoods, other low-income community residents, or elected representative of low income neighborhood organizations. For urban areas, “community” may be a neighborhood or neighborhoods, city, county or metropolitan area; for rural areas, it may be a neighborhood or neighborhoods, town, village, county, or multi-county area (but not the entire State); and (ii) Providing a formal process for low-income program beneficiaries to advise the organization in its decisions regarding the design, siting, development, and management of affordable housing; (9) Has a demonstrated capacity for carrying out activities assisted with HOME funds. An organization may satisfy this requirement by hiring experienced key staff members who have successfully completed similar projects, or a consultant with the same type of experience and a plan to train appropriate key staff members of the organization; and (10) Has a history of serving the community within which housing to be assisted with HOME funds is to be located. In general, an organization must be able to show one year of serving the community before HOME funds are reserved for the organization. However, a newly created organization formed by local churches, service organizations or neighborhood organizations may meet this requirement by demonstrating that its parent organization has at least a year of serving the community.