

# **HOME Investment Partnerships Program**

## **HOME Supplement to the Universal Application for Rental Projects**



Gavin Newsom, Governor  
State of California

Alexis Podesta, Secretary  
Business, Consumer Services and Housing Agency

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The Department of Housing and Community Development (Department or HCD) strongly recommends that rental new construction applications submit this self-score checklist to aid in the application scoring process.

SELF-SCORING SUMMARY WORKSHEET  
HOME **RENTAL NEW CONSTRUCTION PROJECT** COMPETITION

FACTOR	SUBFACTOR	SCORING SUMMARY	For a full description see referenced page of NOFA or HOME Supplement (HS)	SELF SCORE	MAX POINTS AVAILABLE
Housing Element		Found to be in substantive compliance as of The NOFA application due date	NOFA: p. 30		50
Formula Allocation		Decline a direct HUD HOME grant	NOFA: p. 30		50
Rural		Project is located in a rural area	HS: p. 14-16		50
CAPABILITY	Similar Project Experience last 5 years	1 project, 100 points 2 projects, 150 points 3 projects, 200 points	NOFA: p. 30		200
CAPABILITY	Housing & Community Development Experience last 7 years	For program activities claimed in this category, 10 points awarded for each completed line showing at least 2 units/yr. For projects claimed in this category, each project equals 10 points, up to 50 points total	NOFA: p. 30 HS: p. 43		50
CAPABILITY	Performance Point Deductions		NOFA: p. 31	All apps start with 200 points	Maximum 200 point deduction

<b>FACTOR</b>	<b>SUBFACTOR</b>	<b>SCORING SUMMARY</b>	<b>For a full description see referenced page of NOFA or HOME Supplement (HS)</b>	<b>SELF SCORE</b>	<b>MAX POINTS AVAILABLE</b>
CAPABILITY	Performance Factor #1: Project Reporting Deadlines	Deduct points for missed milestones, e.g., 10 points for each missed Project Set-up deadline. Indicate if the project is eligible for restored points per pages 38 of the NOFA.	NOFA: p. 31		Maximum 200 point deduction
	Performance Factor #2: Applicant Reporting	For each late report due 1/1/2015 – 12/31/19, deduct 5 points for each late monthly report, 5 points for each late Quarterly Program Income Report. Deduct 25 points if the Annual Report due in 2019, was submitted late. Deduct 20 points for each late project completion report that was required to be submitted during this time period.	NOFA: p. 31		Maximum 50 point deduction
	Performance Factor #3: Material Misrepresentation	Deduct points only if you receive Department notification by the NOFA issuance date, of Material Misrepresentation.	NOFA: p. 31		Maximum 200 point deduction
	Performance Factor #4: Monitoring Noncompliance	Two subcategories: 1) deduct points only if you receive Department notification by the NOFA issuance date, of noncompliance with monitoring requirements, and 2) for reports due 1/1/2015–12/31/19 for occupied State Recipient rental projects, deduct 10 pts for each late Annual Monitoring Report; for occupied CHDO rental projects, deduct 10 pts for each late Annual Operating	NOFA: p. 32		Maximum 100 point deduction for these 2 parts

<b>FACTOR</b>	<b>SUBFACTOR</b>	<b>SCORING SUMMARY</b>	<b>For a full description see referenced page of NOFA or HOME Supplement (HS)</b>	<b>SELF SCORE</b>	<b>MAX POINTS AVAILABLE</b>
		Budget and each late Annual report, including financial audit.			
COMMUNITY NEED			See Appendix C, for scores		250
PROJECT FEASIBILITY	Project Feasibility Self Scoring Worksheet	Self-Evaluation Worksheet properly prepared and submitted.	NOFA, p. 32 HS p. 44-51		195
PROJECT FEASIBILITY	Percentage of total units which are HOME Assisted (point scoring varies depending on whether applicant is a SR or CHDO)	Five scoring levels: 1, 2, 3, 4 or 5 points SR: 20%, 35%, 50%, 70%, 100%  CHDO: 20%, 24%, 30%, 35%, 49%  e.g., a SR project with 50% receives 3 points.	NOFA, p. 32		5
PROJECT READINESS	Project Development Plan (PDP): Market Study	Recently Prepared/Included in Application ("Recent/Included").  Points are awarded for this and all other Project Development Plan items for including in the Application a "recent" report as defined in the HOME Supplement and meeting basic requirements.	See HS for PDP items, starting p. 52		35
PROJECT READINESS	PDP: Appraisal	Recent/Included	HS: p. 55		10
PROJECT READINESS	PDP: Phase I//II	Recent/Included	HS: p. 56		35
PROJECT READINESS	PDP: Floodplain Analysis	Recent/Included	HS: p. 58		25

FACTOR	SUBFACTOR	SCORING SUMMARY	For a full description see referenced page of NOFA or HOME Supplement (HS)	SELF SCORE	MAX POINTS AVAILABLE
PROJECT READINESS	PDP: Cost Estimate	Recent/Included	HS: p. 58		5
PROJECT READINESS	PDP: Soils Report	Not Required for Scoring <b>**but will be required prior to construction loan closing</b>	HS: p. 58		N/A
PROJECT READINESS	PDP: Relocation	Recent/Included	HS: p. 59		30
PROJECT READINESS	Zoning	Adequate zoning in place	HS: p. 69		40
PROJECT READINESS	Zoning	Verification of Water and Sewer: Both services are available	HS: p. 72		5
PROJECT READINESS	Local Government Approvals	Local Government Approval form	HS: starting p. 68-72		80
PROJECT READINESS	Design Progress	Input scoring from Design Progress section of this Application	HS: p. 73		10
PROJECT READINESS	Permanent Financing	Rental New Construction  0-10% of non-HOME financing = 0 pts 10-19% = 5 pts 20-49% = 10 pts 50-100% = 25 pts	HS: starting p. 74		25
STATE OBJECTIVES	Other Financing Committed and/or Noncompetitive	100% of non-HOME funding committed by the NOFA application due date	HS: p. 76 NOFA: p. 33		85
STATE OBJECTIVES	Overcoming Impediments to Fair Housing	Insert score resulting from process described at HS, p. 76-77	HS: p. 76-77 NOFA: p. 33		35

FACTOR	SUBFACTOR	SCORING SUMMARY	For a full description see referenced page of NOFA or HOME Supplement (HS)	SELF SCORE	MAX POINTS AVAILABLE
STATE OBJECTIVES	Special Needs Homelessness  Or  Access to Opportunity	30 - 100% = 80 (points) 25 - 29% = 65 20 - 24% = 52 15 - 19% = 39 10 - 14% = 26 5 - 9% = 13  Or  80 points will be awarded for projects located in high and highest areas of opportunity within the TCAC Opportunity Map.	HS: p. 77 NOFA: p. 34		80
TOTAL SELF SCORE					1550

\* Note: the content of the “Scoring Summary” column is intended to summarize the factor, not to substitute for the full explanation found in the HOME NOFA or Supplement. See the referenced pages for the full explanation.

APPLICANT COMMENTS:

The Department strongly recommends that rental rehabilitation applications submit this self-score checklist to aid in the application scoring process.

SELF-SCORING SUMMARY WORKSHEET  
HOME **RENTAL REHABILITATION PROJECT** COMPETITION

FACTOR	SUBFACTOR	SCORING SUMMARY	For a full description see referenced page of NOFA or HOME Supplement (HS)	SELF SCORE	MAX POINTS AVAILABLE
Housing Element		Found to be in substantive compliance as of The NOFA application due date	NOFA: p. 30		50
Formula Allocation		Decline a direct HUD HOME grant	NOFA: p. 30		50
Rural		Project is located in a rural area	HS: p. 14-16		50
CAPABILITY	Similar Project Experience last 5 years	1 project, 100 points 2 projects, 150 points 3 projects, 200 points	NOFA: p. 30		200
CAPABILITY	Housing & Community Development Experience last 7 years	For program activities claimed in this category, 10 points awarded for each completed line showing at least 2 units/yr. For projects claimed in this category, each project equals 10 points, up to 50 points total	NOFA: p. 30 HS: p. 43		50
CAPABILITY	Performance Point Deductions		NOFA: p. 31	All apps start with 200 points	200



<b>FACTOR</b>	<b>SUBFACTOR</b>	<b>SCORING SUMMARY</b>	<b>For a full description see referenced page of NOFA or HOME Supplement (HS)</b>	<b>SELF SCORE</b>	<b>MAX POINTS AVAILABLE</b>
CAPABILITY	Performance Factor #1: Missed Project Deadlines	Deduct points for missed milestones, e.g., 10 points for each missed Project Set-up deadline. Indicate if the project is eligible for restored points per pages 38 of the NOFA.	NOFA: p. 31		Maximum 200 point deduction
	Performance Factor #2: Monthly, Quarterly, Annual Reporting, and PCRs	For each late report due 1/1/2015 – 12/31/19 deduct 5 points for each late monthly report, 5 points for each late Quarterly Program Income Report. Deduct 25 points if the Annual Report due in 2019, was submitted late. Deduct 20 points for each late project completion report that was required to be submitted during this time period.	NOFA: p. 31		Maximum 50 point deduction
	Performance Factor #3: Material Misrepresentation	Deduct points only if you receive Department notification by the NOFA issuance date, of Material Misrepresentation.	NOFA: p. 32		Maximum 200 point deduction
	Performance Factor #4: Monitoring Requirements	Two subcategories: 1) deduct points only if you receive Department notification by the NOFA issuance date, of noncompliance with monitoring requirements, and 2) for reports due 1/1/2015–12/31/19 for occupied State Recipient rental projects, deduct 10 pts for each late Annual Monitoring Report; for occupied CHDO rental projects, deduct 10 pts for each late Annual Operating	NOFA: p. 32		Maximum 100 point deduction for these 2 parts

<b>FACTOR</b>	<b>SUBFACTOR</b>	<b>SCORING SUMMARY</b>	<b>For a full description see referenced page of NOFA or HOME Supplement (HS)</b>	<b>SELF SCORE</b>	<b>MAX POINTS AVAILABLE</b>
		Budget and each late Annual report, including financial audit.			
COMMUNITY NEED			See Appendix C, for scores		250
PROJECT FEASIBILITY	Project Feasibility Self Scoring Worksheet	Self-Evaluation Worksheet properly prepared and submitted.	HS: starting ....p. 44		195
PROJECT FEASIBILITY	Percentage of total units which are HOME Assisted (point scoring varies depending on whether applicant is a SR or CHDO)	Five scoring levels: 1, 2, 3, 4 or 5 points SR: 20%, 35%, 50%, 70%, 100%  CHDO: 20%, 24%, 30%, 35%, 49%  e.g., a SR project with 50% receives 3 points.	NOFA, p. 32		5
PROJECT READINESS	Project Development Plan (PDP): Market Study	Recently Prepared/Included in Application ("Recent/Included").  Points are awarded for this and all other Project Development Plan items for including in the Application a "recent" report as defined in the HOME Supplement and meeting basic requirements.	See HS for PDP items, starting p. 63		10
PROJECT READINESS	PDP: Appraisal	Recent/Included	HS: starting p. 63		30
PROJECT READINESS	PDP: Lead-based paint, asbestos, and mold.	Recent/Included	HS: starting p. 64		25
PROJECT READINESS	PDP: Floodplain Analysis	Recent/Included	HS: p. 64 and 58		25

<b>FACTOR</b>	<b>SUBFACTOR</b>	<b>SCORING SUMMARY</b>	<b>For a full description see referenced page of NOFA or HOME Supplement (HS)</b>	<b>SELF SCORE</b>	<b>MAX POINTS AVAILABLE</b>
PROJECT READINESS	PDP: Cost Estimate	Recent/Included	HS: starting p. 65		20
PROJECT READINESS	PDP: Soils Report	Not Required for Scoring			N/A
PROJECT READINESS	PDP: Relocation GIN and Relocation Study/Plan	Recent/Included	HS: starting p. 67		75
PROJECT READINESS	PDP: Physical Needs Assessment	Adequate zoning in place	HS: p. 65		74
PROJECT READINESS	Local Government Approvals	Local Government Approval form	HS: p. 68, 71		1
PROJECT READINESS	Design Progress	Input scoring from Design Progress section of this Application	HS: p. 73		5
PROJECT READINESS	Permanent Financing	Rental Rehab  0-10% of non NHTF financing = 0 pts 10-19% = 5 pts 20-49% = 20 pts 50-100% = 35 pts	HS: p. 74-75		35
STATE OBJECTIVES	Other Financing Committed and/or Noncompetitive	100% of non-HOME funding committed by the application due date.	NOFA: p. 33 HS: p. 76		85

FACTOR	SUBFACTOR	SCORING SUMMARY	For a full description see referenced page of NOFA or HOME Supplement (HS)	SELF SCORE	MAX POINTS AVAILABLE
STATE OBJECTIVES	Overcoming Impediments to Fair Housing	Insert score resulting from process described at HS, p. 79-80	NOFA: p. 33 HS: p. 76-77		35
STATE OBJECTIVES	Special Needs Homelessness  Or  Access to Opportunity	<p>30 - 100% = 80 (points)  25 - 29% = 65  20 - 24% = 52  15 - 19% = 39  10 - 14% = 26  5 - 9% = 13</p> <p>Or</p> <p>80 points will be awarded for projects located in high and highest areas of opportunity within the TCAC Opportunity Map.</p>	NOFA: p. 34 HS: p. 77		80
TOTAL SELF SCORE					1550

\* Note: the content of the “Scoring Summary” column is intended to summarize the factor, not to substitute for the full explanation found in the HOME NOFA or Supplement. See the referenced pages for the full explanation.

APPLICANT COMMENTS:



## **HOME-Specific Instructions for Completing Worksheets in the Universal Application**

Complete all worksheets in the Universal Application (UA) in the same order as the questions and worksheets that are provided. Many cells are linked and skipping around will likely give you error messages that will cause figures to calculate incorrectly due to the information not being provided in the correct order. Guidance and instructions for some of the worksheets are provided below as well as on the UA Instructions Worksheet.

### **A. General Worksheet**

CHDO Operations – CHDOs requesting Operations funds should put the amount requested in the box labeled “HOME Admin Amount”.

“Name of HCD Funding” – Select “**HOME-Home Inv. Part.**” from the drop-down menu to activate the 20 yr. Cash Flow Analysis and fill in the HOME Activity, Administration, and Activity Delivery Amounts where noted. Note: Administration/CHDO Operations and Activity Delivery amounts are on top of/in addition to the HOME loan amount.

Rural Census Tracts If you think your proposed project is in a rural census tract, please type the word “rural” in the census tract box after listing the census tract number. Projects in rural census tracts must document that their project is located in a rural area. Follow the steps outlined below to determine if your proposed project is located in a rural area, and to document this rural area status.

### **I. Non-Metropolitan Counties**

Projects located in the following counties do not have to provide documentation of their rural status, and will be considered rural applicants:

Alpine, Amador, Calaveras, Colusa, Del Norte, Glenn, Humboldt, Inyo, Lake, Lassen, Mariposa, Mendocino, Modoc, Mono, Nevada, Plumas, Sierra, Siskiyou, Tehama, Trinity, and Tuolumne.

If your project is not located in one of the above counties, follow one of the processes below to document that the project is located in a rural area.

### **II. Rural Community Determination**

1) Provide a current letter from the project’s local USDA agency evidencing that it is in a Rural Housing Service Section 515 designated area. This letter must specify that the project is in a Section 515 designated area; **eligibility for USDA Rural Programs is not sufficient**. Attach this letter as Exhibit 11.

**OR**

2) Go to: <http://www.treasurer.ca.gov/ctcac/2019/methodology.pdf>

Proceed as follows:

- a) Scroll down to Exhibit B and review the “USDA Sec. 515 Designated Place List”
- b) Check your project’s location against locations on the PDF file list.
- c) Submit a printout of the page in the designated places list with the location of your project highlighted, and evidence of your project’s location within the designated place. Attach this information as **Exhibit 11**.
- d) If your project’s location is not listed on the Section 515 Designated Places List, contact USDA to determine whether or not the area is eligible for the Section 515 program. If the area is eligible for the Section 515 program according to USDA, the applicant must provide a current letter from the USDA Multifamily Housing Program Director stating that the project is located in an area eligible for the Section 515 program.

USDA Contact for Section 515 Designated Places List:  
Debra Moretton, Multifamily Housing Program Specialist  
United States Department of Agriculture, Rural Development, Auburn  
Office  
11661 Blocker Drive, Suite 120  
Auburn, CA 95603

Phone: 530-217-6248  
[debra.moretton@ca.usda.gov](mailto:debra.moretton@ca.usda.gov)  
[www.rd.usda.gov/ca](http://www.rd.usda.gov/ca)

**OR**

1) Go to the State Department of Finance E-1 population table at:  
<http://www.dof.ca.gov/Forecasting/Demographics/Estimates/E-1/>

to verify the jurisdiction’s latest population estimate in the E-1 City/County Table. (If you are asked for a username and password, click "cancel" until the file comes up.) If your project is located in a city of more than 40,000, stop. Your project is not located in a rural area.

If your project is located in a city of 40,000 or less or in an unincorporated area, print the page of Table E-1 which shows this population figure, and go to Step 2.

**2) Go to the American FactFinder at the US Census Bureau website:**  
<http://factfinder2.census.gov/main.html>

- a) Click on "Advanced Search", then "Show Me All"
- b) Select "Topics" in the left-hand menu
- c) At the bottom of the "Topics" drop-down menu click "Dataset" to reveal this drop-down menu
- d) Scroll down this menu and select "2010 SF1 100% Data" under "Dataset"
- e) Scroll up again and above "Dataset", click on "Product Type" to reveal this drop-down menu
- f) Select "Detailed Table" under "Product Type". ("2010 SF 1 100% Data" and "Detailed Table" should now be listed in the "Your Selections" box (top left))
- g) Select "Geographies" in the left-hand menu
- h) On the next screen, click the button for "Most requested Geographic Type"
- i) In the drop-down menu for "Select a geographic type", select Census Tract, then select California, and your county, and then the Census tract where your proposed project will be located by clicking on the Census tract, and then clicking "Add to Your Selections". Close the "Select Geographies" window.
- j) In the Topic or Table Name box, type Urban and Rural. Select Table P2 or P002 from the drop-down menu. Then select the "Urban and Rural" box for this table in the list that follows. Then click "View".

3) If the table indicates that the total population of the census tract is rural or inside urban clusters, the site will be considered rural. If the proposed project site meets these qualifications, print the Census tract table provided, and submit this and your population figure from the E-1 table as **Exhibit 11**.

4) If the table indicates that the total population of the census tract is at least 50.01 percent rural or inside an Urban Cluster(s), the site will be considered rural. If the proposed project site meets these qualifications, print the Census tract table provided, and submit this and your population figure from the E-1 table as **Exhibit 11**.

If you follow this process and as a result the evidence shows that your project is not rural but you believe that it should be considered rural, or if you have other questions, problems, or concerns in determining rural designation pursuant to the above process, please direct them to [HOMENOFA@hcd.ca.gov](mailto:HOMENOFA@hcd.ca.gov).



## **B. Narrative Worksheet**

In addition to providing the information requested in the instructions to this worksheet, if you are providing supportive services in addition to the social services coordinator, please provide an explanation of the costs associated with these services, and your long term plan for meeting these costs.

### **B1. Contacts Worksheet**

List the contact information for the Managing General Partner in the box labeled “Owner Partner or Member #1. List the contact information for other general partner (if any) in the box labeled “Owner Partner Member #2”.

## **C. Site and Units Worksheets**

Site control - There are four acceptable forms of site control that avoid “choice-limiting” NEPA problems. Please see Section VII. A. 1 of the HOME NOFA.

Amenities – Complete the Amenities section of this Worksheet to the extent known at this stage in the development of your project.

## **D. Miscellaneous Worksheet**

Utility Allowance Schedule – Please complete this table using either the HUD Utility Schedule Model at <http://huduser.org/portal/resources/utimodel.html> or the California Energy Commission California Utility Allowance Calculator (CUAC). Provide a copy of this utility allowance schedule as Exhibit 4 of your Application. The information provided in the table and in the utility allowance schedule must match. The Department reserves the right to make adjustments to the utility allowance schedule in consultation with the applicant.

**Financial Information** must be included in the following worksheets: Rents, Subsidies, Development Sources, Development Budget, Permanent Sources and Uses, Operating, and Cash Flow

Project forms must demonstrate compliance with UMR requirements such as adequate cash flow (debt service coverage ratios and operating costs coverage), reserves, vacancy rates, trending rate assumption, construction contingencies, development cost limits, developer fees, and cash flow uses. The information provided on these worksheets should be consistent with the other components of your application and accurately represent the nature of the project.

## **E. Rents Worksheet**

**HOME or other rents** – For projects where the most restrictive rents at the particular AMI level are required by HOME or a funding source other than TCAC, CDLAC, CalHFA, or MHP, enter those rents at the bottom of the Rents Worksheet and note what program the rent limitation comes from (e.g. HOME Low HOME rent, USDA rents, etc.). These rents will transfer to the top of the worksheet and appear in the Maximum Net Rent column. For each of the AMI levels where the rents have been entered at the bottom of the Rents Worksheet, select “Other” under the “Rent Limit Calc. Formula” column.

Current HOME rent limits are found at: <http://www.hcd.ca.gov/grants-funding/income-limits/state-and-federal-income-limits.shtml>. Note that the prescribed HOME rent limits are maximum rents, and include tenant utility allowance and any tenant-based rental subsidy.

The Department will generally underwrite and restrict projects, (either Deep Affordability Targeting or non-Deep Affordability Targeting), at the Maximum Net Rent for the particular Area Median Income (AMI) level; however, if rents are proposed which are lower than the Maximum Net Rents, HOME will evaluate project feasibility under both rent scenarios, Maximum Net Rents and Proposed Net Rents. The project must meet UMR Debt Coverage Ratio or Cash Flow limits in order to be considered at rent levels lower than the Maximum Net Rents.

**Managers Units** – If the manager’s unit will be an income-restricted unit, display this unit by bedroom size on lines 18-24 of the UA. If the manager’s unit will be restricted, but you are not charging rent for this unit, leave the “Rent Limit Calc Formula” cell blank. Fill in only the AMI level and the number of units by bedroom size. Also note in your project narrative that the manager’s unit will be a restricted unit. HOME does not recommend making the manager’s unit a restricted unit.

If the manager’s unit/s will be an unrestricted unit, display this unit by bedroom size on lines 121 -123 of the UA. If you are not charging rent for this unit/s, leave Column H for these rows blank. Fill in only the number of units by bedroom size (Columns C and D).

**Unrestricted Units** – In the table labeled “unrestricted units”, you will enter any market rate unit rents. Generally, the manager’s unit is unrestricted, so the manager’s unit will also be entered here where it says Manager Unit.

**Proposed Net Rent Column** – If the rents you propose will be lower than the permitted Maximum Net Rents, indicate these lower amounts in this column. The Department will underwrite and restrict projects at the Maximum Net Rent for the particular AMI level; however, if rents are proposed which are lower than the Maximum Net Rents, HOME will evaluate project feasibility under both rent scenarios, Maximum Net Rents and

Proposed Net Rents. The project must meet UMR Debt Coverage Ratio or Cash Flow limits in order to be considered at rent levels lower than the Maximum Net Rents.

## **F. Subsidies Worksheet**

Use this worksheet only if you have project-based rental assistance. If you are completing this worksheet, and on the Rents Worksheet you have proposed rents lower than the Maximum Net Rents, you must include with the printed copy of your application a copy of the Subsidies Worksheet with the “Restricted Rents” button clicked, and an additional copy with the “Proposed Rents” button clicked.

Section 8 Vouchers - Units with Section 8 voucher holders are permitted only to collect from all sources the lower of the applicable State rent, or Federal HOME rent. For example, a unit with a Section 8 voucher holder is restricted at a MHP 35 percent AMI rent of \$439 but the housing authority allows a rent of \$600; not only must \$439 be used for underwriting, the owner may not collect more than \$439 from all sources.

Project-Based Rental Assistance - Units with federal or state project-based rental subsidy that are occupied by families who have incomes below 50 percent of AMI and pay no more than 30 percent of their adjusted income toward rent, may go up to the maximum rent allowable under the project-based rental subsidy program. However, check with the Department for specific guidance based on your project requirements.

To show Section 8 project-based rental assistance on the UA, enter the maximum gross rent of the most restrictive funding source according to the directions on the Rents Worksheet.

On the UA Subsidies Worksheet, in the “Gross Monthly Contract Rent” column, enter the Fair Market Rent or Payment Standard for that AMI level and unit size, and fill in the number of units. Make sure the “Restricted Rents” button is clicked on both the Subsidies Worksheet and the Cash Flow Worksheet.

For example, the HOME maximum rent for a one-bedroom 50 percent AMI unit is \$523. The Section 8 payment standard for that AMI level and unit size is \$723. After filling in the number of units, the form will calculate the difference between the Gross Monthly Contract Rent and the Maximum Net Rent from the Rents Worksheet. Preparing your application in this manner will enable the Department to evaluate all projects with project-based rental assistance in the same way.

Applicants proposing use of Section 8 project-based rental assistance should submit documentation with their Rents Worksheet that substantiates the Fair Market Rent or Payment Standard for their county for each AMI level and unit size under the particular program.

For applicants proposing HUD 202 or RD rental assistance: Prepare your UA according to the above instructions for Section 8 projects. However, the Department understands that programs providing any amount of operating subsidy needed may require that the project proforma show zero cash flow every year. If the project is feasible and scores high enough to be considered for an award, a proforma will be prepared that fulfills this requirement, even though the built in formulas in the UA form don't enable you to show this kind of budget balancing.

## **G. Development Sources Worksheet**

Waived Fees, Land Donations -The amounts attributable to waived local agency fees, deferred developer fees, and the value of land donations may be shown on your development sources worksheet. Doing so will require that you factor these amounts into your Total Development Cost, and show them as Sources on your Sources and Uses Worksheet. This will also enable you to count these amounts toward your percentage of committed permanent financing.

Equity Investor Amounts – This fund source is most commonly used as a permanent financing source, not as a construction period source. Do not list equity investor information under “Construction Period Sources” unless equity financing will be utilized during construction.

## **H. Development Budget Worksheet**

### **HOME Costs** –

HOME funds cannot be used to pay for the construction or rehabilitation of things such as a laundry room or community room if those facilities are located in separate buildings from tenant units, or if those facilities can be used by members of the general public who are not project residents or their guests.

HOME funds cannot be used to pay for the UMR-required capitalized operating reserves, or replacement reserves.

Environmental Remediation –If the current environmental reports reveal any Recognized Environmental Conditions (REC) or other hazardous conditions, the Department will look for an amount in the environmental remediation line item in the Development Budget. These costs should be thoroughly identified and explained in the “Additional Applicant Comments on Development Budget” section, and these costs should be supported by the information in your environmental studies.

Commercial Expenses – The Development Budget contains a column for itemizing commercial expenses if the project will have commercial space. These costs must be thoroughly explained in the “Applicant Comment” column or in the “Additional Applicant Comments” section that follows.

**Acquisition Costs** See the chart below to determine the amount of acquisition costs which can be charged to the project. For purposes of determining this amount, the HOME applicant, developer, owner, MGP and any affiliated entities are considered related parties. In all cases, reasonable carrying costs and the costs of capital improvements made by the developer or other related parties can be charged to the project and paid for with HOME funds.

<b>Seller and Buyer</b>	<b>Land Values</b>	<b>Cap on Acquisition Costs Paid by HOME</b>	<b>Increment Above Appraised Value</b>	<b>Reasonable Carrying Costs and Capital Improvements</b>
Related Party	Decreased	Current appraised value or purchase price of last arm's length transaction	Paid for with tax credit equity or junior public financing with no mandatory debt service	Can be paid with HOME or other funds
Related Party	Increased	Amount of last arm's length transaction	Can't be paid by anyone	Can be paid with HOME or other funds
Unrelated Party	Increased or Decreased	Current appraised value or purchase price	Paid for with tax credit equity or junior public financing with no mandatory debt service	Can be paid with HOME or other funds

**Construction Contingency** – See UMR Section 8310 (j). Any amount above these minimums should be explained in the “Applicant Comments” section of the Development Budget. For purposes of this calculation, “Total Construction Cost” includes only site work, structures, environmental remediation, General Requirements, Contractor O&P and off-site improvements. It does not include liability insurance.

**Capitalized Operating Reserve** – See UMR Section 8308. If you are capitalizing the operating reserve at a higher amount than the minimum required amount, provide an explanation in the “Applicant Comments” section of the Development Budget for why the higher amount is needed.

**Replacement Reserves** – See UMR Section 8309.

**HOME Initial Operating Deficit Reserve** - HOME funds cannot be used to fund the UMR-required capitalized operating reserve or replacement reserve. However, HOME funds can be used for the cost of funding an initial operating deficit reserve, (rent-up reserve) which is a reserve to meet any shortfall in project income during the period of project rent-up (not to exceed 18 months) and which may be used only to pay project operating expenses, scheduled payments to a replacement reserve, and debt service. If you anticipate needing such a reserve, please make sure the reserve is sized only for the amount you think you will need. Your calculations for the size of this reserve must be

thoroughly explained in the “Additional Applicant Comments on Development Budget” section.

Note also that all reserves are assets of the project but must stay with the property upon transfer of ownership or partner substitutions.

Transition Reserve – HOME funds cannot be used to capitalize a transition reserve; however, the Department may require that a project have a transition reserve if loss of project-based rental subsidy income is projected. This transition reserve must be sized so that the rent for subsidized tenants in both HOME and non-HOME units remains the same for a two-year period after the project-based rental assistance ends. Note: For one-year USDA rental subsidy commitments, the Department will generally assume that these commitments will be renewed, but will also evaluate this issue on a case-by-case basis, should the project rank high enough to be funded.

Consistent with federal relocation requirements prohibiting economic displacement and Section 92.353 of the Federal HOME Regulations, if rents for existing tenants in both HOME and non-HOME units will increase as a result of rehabilitation, rents for these tenants must be maintained at the higher of 30 percent of their income or the rent at the time of “Initiation of Negotiations”, not including regular increases in expenses, for as long as they live in the project. Reasonable rent increases to cover normal cost of living increases are allowed. A transition reserve may be required for this purpose. In establishing the size of this reserve, reasonable turnover assumptions may be made. Your calculations for the size of this reserve must be thoroughly explained in the “Additional Applicant Comments on Development Budget” section.

You are not required to budget for a reserve as discussed above if the rents for existing tenants will not rise at all as a result of the rehab project. Include specific facts in your relocation plan to explain why this transition reserve will not be needed.

Activity Delivery, Administration, and CHDO Operations Funds - HOME Activity Delivery funds are available for staff and overhead costs directly related to carrying out a project. Administration funds are for general management, oversight, and coordination costs. Activity Delivery and Administration funds are only available to State Recipients. CHDO Operations funds are for reasonable and necessary costs for the operation of the CHDO, including things such as employee salaries, training, travel, office rent, equipment, and supplies. They cannot be used for project-specific costs.

Activity Delivery, Administration, and CHDO Operations are a grant from the HOME program and are not part of the HOME loan amount. The amount available for Activity Delivery, Administration, and CHDO Operations is in addition to the maximum loan amount; so it cannot be turned down in order to get a higher HOME loan.

### Syndicator/Investor Fees & Expenses versus Financial Consulting Fees

Syndicator/Investor Fees should reflect expenses related to only services to the equity investor. Financial Consulting Fees are for expenses for financial consultants not specifically serving the equity investor.

## **I. Operating Worksheet**

On-site Employees Free Rent Box - Do not show free rent as an expense. Click the “No” button in this box.

Operating “Safeharbors” - It is recommended that projects have an operating cost per-unit per month of a minimum of the higher of the required minimum for TCAC or \$300, and a maximum of no more than \$400. This amount excludes property taxes/assessments, replacement reserve deposits, on-site service coordinator, deferred developer fee and asset mgmt./partnership fees). If you go above or below this safeharbor range, you may be asked to provide audited financials from other similar projects which demonstrate that the operating costs for the proposed project are feasible. Note: the applicable TCAC operating minimums can be found at <https://www.treasurer.ca.gov/ctcac/2019/operating-expense-minimums.pdf>.

Vacancy Rate - Use the vacancy rate assumptions in UMR Section 8310.

Social Services Costs - should be shown on Line 102 to 107. These expenses are considered part of the project’s operating expenses pursuant to UMR Section 8301 (k).

Fees - Pursuant to 24 CFR 92.214, fees such as processing fees, inspection fees, or other fees related to the cost of administering HOME funds cannot be charged to low-income beneficiaries except such reasonable and customary fees that are expressly authorized by the Department pursuant to the requirements of this section. Rental project owners may charge (i) Reasonable application fees to prospective tenants; (ii) Parking fees to tenants only if such fees are customary for rental housing projects in the neighborhood; and (iii) Fees for services such as bus transportation or meals, as long as the services are voluntary and fees are charged for services provided.

## **J. Cash Flow Worksheet**

If you are proposing rents lower than the Maximum Restricted Net Rents, you must include with the printed copy of your application a copy of the Cash Flow Worksheet with the “Restricted Rents” button clicked, and a copy with the “Proposed Rents” button clicked.

## **K. Experience Worksheet**

Using the UA worksheets; complete the Previous Participation Certification and Schedule A to report experience of Applicant, Developer, Owner and/or Managing General Partner, indicating the specific “role” in Schedule A, column 3. Enter the date

of the Recorded Notice of Completion as the “Ended Date”. It is not necessary to report **all** previous projects, as only those completed within the last five years will be used for scoring purposes. Specifically, this will be used to determine points for the Capability scoring category “Similar Project Experience last 5 years”

**L. Legal Status Worksheet**

Complete this form as instructed.

Note: This form and the HOME Pending Lawsuits Certification are not the same. Both of these items must be submitted with the application. See the HOME Supplement Application Checklist (Item 27) for more information on the HOME Pending Lawsuits Certification.



## UNIVERSAL APPLICATION CHECKLIST OF EXHIBITS

Check if Attached	Attachment #	Attachment	Acceptable (for agency use only)
	1	Proof of site control meeting the requirements of UMR Section 8303 and federal HOME requirements discussed in Section VII. A. 1. the NOFA. Site control must be held by the Sponsor as defined in UMR Section 8301.	
	2	Current Title Report for the project site. The title report must be prepared no earlier than 2019.	
	3	Relocation Plan with estimated costs required for tenant relocation. <u>See HOME PDP Requirements for this item.</u>	
	4	Utility Allowance Schedule (See instructions on p. 17.)	
	5	Organizational charts for the Borrower, Sponsor, Developer, and each affiliated member or organization. <u>Please submit with the actual names of the individuals currently occupying each position.</u>	
	6	Signed Legal Status Questionnaire and Explanation of Positive Responses. Note: this is not the same as the HOME Pending Lawsuits Certification. (Attachment 27 below)	
	7	Previous Participation Certifications and Schedule A's for the Applicant, Developer, Owner and/or Managing General Partner.	
	8	a) Developer Capacity Form (See Excel file.)  b) <b>2018 Audited Financials</b>	

## **HOME APPLICATION SUPPLEMENT CHECKLIST**

<b>Check if Attached</b>	<b>Attachment #</b>	<b>Attachment</b>	<b>Acceptable (for agency use only)</b>
	9	Evidence of commitments for permanent sources of funds including loans, grants, or capital contributions.	
	10	Market Study, Index, and Rent Comparability Matrix (meeting CTCAC's and HOME's current requirements prepared no earlier than 2019). Do not also provide this in PDP I exhibit.	
	11	Rural Area Designation Information (if applicable)	
	12	If project is requesting additional funds for Deep Affordability Targeting, submit additional documentation requested on the "Deep Affordability Targeting Documentation Checklist" (New Construction only)	
	13	Application Summary Form	
	14	Applicant Commitment of Responsibility, Authorizing Resolution, and Authorized Signatory Designation Form	
	15	HOME General Eligibility Self-Evaluation Checklist	
	16 a.	HOME General Project Information Worksheet	
	16 b.	Resumes of Staff Working on the Proposed Project	
	17	HOME Units Worksheet	
	18	Housing and Community Development Experience Worksheet	
	19	Financial Feasibility Self-Evaluation Worksheet	
	20	Project Development Plan (PDP) Worksheet and accompanying documents. (Label as PDP 1, 2, 3, etc, except if already included earlier in the application) Note: the items on the PDP Worksheet with an asterisk (*) are now required to be submitted with your HOME application.  Do not include a second copy of the Market Study here. Include the Market Study as Attachment 10.	
	21	Local Government Approvals Worksheets including local impact fee and Water/Sewer Availability forms.	
	22	Reserved for future use	
	23	Design Progress Documents	
	24	Status of Plans and Specifications	
	25	Financing Commitments Worksheet	
	26a.	State Objective Points Worksheet	

Check if Attached	Attachment #	Attachment	Acceptable (for agency use only)
	26b.	Deeper Affordability Excel Scoring Chart (New Construction only) .	
	26c.	Minority Concentration State Objective Excel chart  and  Minority Concentration State Objective Census Table DP-1 for you project Census Tract and Project County (two separate tables).	
	27	Pending Lawsuits Certification - submit a letter discussing whether there are any pending lawsuits that will prevent implementation of the proposed project. Note: This is <u>not</u> the same as the TCAC Legal Status Questionnaire. (Attachment 6 above.)	
	28	Article XXXIV Information. See Section VII. B 1. of the NOFA.	
	29	Developer Fee Worksheet (either for Tax Credit or non-Tax Credit projects) (Excel File)	
	30	CHDO Documentation of Effective Project Control (CHDO applicants only). See Question 9 in the Project Information section of this application to determine what to submit.	
	31	CHDO recertification documents set forth in NOFA Appendix B.  All existing CHDOs must include their Department CHDO approval letter.	
	32	Aerial photos (e.g. from Google) showing project site in relationship to surrounding land uses at three different scales (100, 200, and 500 feet scales). Please print these in color if possible. Mark the project site.	
	33	Optional: Architectural elevations if available. Please print these in color if possible.	
	34	Single Audit Report 2 CFR 200.512 Exemption Letter (State Recipients Only, if applicable). See Section VII. A. 5. of the NOFA for more information.	
	35	Housing First Certification – See Section VII.B.2. of the NOFA	
	36	Pet Friendly Certification- See Section VII.B.3. of the NOFA	

**Application Summary****HOME Investment Partnerships Program****I.A. Application Information**

Application Number: (For Department Use Only)

Requesting Deep Affordability Targeting Funds: ☐ No ☐ Yes, Amount Requested: \$

Total HOME Funding Requested: \$

**I.B. Applicant Information**Name: \_\_\_\_\_  
**Data Universal Numbering  
System (DUNS) Number:**  
**Employer Identification  
Number:** \_\_\_\_\_**I.C. Authorized Representative Information**Mr. ☐ Mrs. ☐ Ms. ☐ Mayor ☐ Other: \_\_\_\_\_

First Name: \_\_\_\_\_ MI: \_\_\_\_\_ Last Name: \_\_\_\_\_

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

Address: \_\_\_\_\_

City: \_\_\_\_\_ State: CA Zip Code: \_\_\_\_\_

Phone: \_\_\_\_\_ Ext: \_\_\_\_\_ Fax: \_\_\_\_\_ Ext: \_\_\_\_\_

E-mail: \_\_\_\_\_

**I.D. Applicant Contact Information**Mr. ☐ Mrs. ☐ Ms. ☐ Mayor ☐ Other: \_\_\_\_\_

First Name: \_\_\_\_\_ MI: \_\_\_\_\_ Last Name: \_\_\_\_\_

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

Address: \_\_\_\_\_

City: \_\_\_\_\_ State: CA Zip Code: \_\_\_\_\_

Phone: \_\_\_\_\_ Ext: \_\_\_\_\_ Fax: \_\_\_\_\_ Ext: \_\_\_\_\_

E-mail: \_\_\_\_\_

**I.E. Unit Information** (Enter target population(s) served from the list below.)

A. Activity	B. Home Assisted Units	C. Total Units	D. Target Population
Rental New Construction Project:			
Rental Rehabilitation with or without Acquisition:			
<b>Target Populations:</b>			
1. Physically Disabled	7. Families	13. Victims of Domestic Violence	
2. Persons with Aids	8. Farm Workers	14. Dually-Diagnosed	
3. Youths	9. Seniors	15. Homeless	
4. Single Adults	10. Mentally Ill	16. Other	
5. Single Men	11. Veterans		
6. Single Women	12. Substance Abusers		

## II. Proposed Additional Funding Sources

A. Name of HOME Activity	B. Name of Source (Union Bank, County of Santa Cruz, etc. NOT "private bank")	C. <a href="#">Funding Source Codes*</a>	D. Source Type (City or County, -, State HCD, State Other, Federal, Tax Credit, Private, or Other (Specify)	E. Match Yes, No, or Partial	F. Total Dollar Amount
					\$
					\$
					\$
					\$
					\$
					\$
					\$
					\$
					\$
					\$

**Total Amount of Other Funding Sources: \$**\_\_\_\_\_

\* Ctrl/Click on hyperlink for funding source codes and click on General Program Documents and select HOME-3

## **Instructions for HOME Governing Board Resolution**

An executed resolution must be included with every application submitted to the Department no later than the application deadline. The resolution must authorize:

- submittal of the application and the execution of the HOME Standard Agreement;
- the activity(ies) being proposed in the application;
- the amount of HOME funds being requested
- reference the October 2019 HOME NOFA; and
- signature authority for HOME documents.

A sample resolution is included for your use on the following pages. We suggest you either use this resolution or incorporate all elements of the sample resolution into your own resolution that is on organization letterhead. The resolution should be dated after the issuance date of the NOFA, and should reference the October 2019 HOME NOFA. **The resolution must specifically include the amount of HOME funds being requested (\$). This is a mandatory element of the resolution.** The resolution must also identify the position(s) **(and for CHDOs the position and current occupant of the position)** that will be authorized to sign reports and drawdown requests. The person attesting to the validity of the resolution cannot be the same individual as the one granted the authority in the resolution. If the application is submitted unsigned, or signed by someone other than the individual authorized in the resolution, the Department may, at its sole discretion, reject the application.

If the resolution allows for a designee, and the designee signs the application on behalf of the authorized signer, a letter signed by the authorized signer identifying the designee must accompany the resolution and dated prior to or on the date the application is signed.

## **Applicant Certification and Commitment of Responsibility**

As the official designated by the governing body, I hereby certify that if approved by the California Department of Housing and Community Development (Department) for a HOME funding allocation the \_\_\_\_\_ (applicant name) assumes the responsibilities specified in the HOME regulations and certifies that:

1. It possesses the legal authority to apply for the allocation and to execute the proposed program or project;
2. It has resolved any audit findings for prior Department or federally funded housing or community development projects or programs to the satisfaction of the Department or federal agency by which the finding was made;
3. It is not currently suspended or debarred from receiving federal funds;
4. It is currently in compliance with the submittal requirements of 2 CFR 200.512;
5. There are **no** pending lawsuits that would impact the implementation of this program or project;
6. It will follow the State Relocation Plan and the federal Uniform Relocation Act requirements;
7. It will comply with all statutes and regulations governing the HOME Program;
8. It will comply with State and Federal requirements;
9. It has staff available or has committed to hiring staff able to operate a local HOME program or project and oversee the work of an administrative subcontractor, if any;
10. It will use HOME funds as grants solely for authorized activities;
11. If a CHDO, that it is currently certified or that it has submitted an application for certification, and that its organization is currently in compliance with section 8204.1 of the State HOME Regulations including:
  - its certified service areas include the jurisdiction for which their proposed activity is located;
  - its board composition complies with and will continue to comply with the requirements for CHDOs in the definition contained in 24 CFR Section 92.2;
  - the purpose of the organization complies with 24 CFR 92.2; and
  - it is not a public body nor is it controlled by, or under the direction of, a public body, or individuals or entities seeking to derive profit or gain from the organization;



12. If a CHDO, it will maintain effective project control in its role as sole developer, sole owner or managing general partner in the administration of the proposed activity/ies;
13. The information, statements, and attachments contained in this application are, to the best of my knowledge and belief, true and correct.

I authorize the Department of Housing and Community Development to contact any agency, whether or not named in this application, which may assist in determining the capability of the Applicant. All information contained in this application is acknowledged to be public information. (This certification must be signed by the person authorized in the Resolution.)

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

Type Name: \_\_\_\_\_ Date: \_\_\_\_\_

(SAMPLE) GOVERNING BOARD RESOLUTION

RESOLUTION NO. \_\_\_\_\_

THE GOVERNING BOARD OF

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*[Name of Applicant]*

**HEREBY AUTHORIZES:** Submission of the 2019 HOME Investment Partnerships Program application to the California State Department of Housing and Community Development for funding in the amount of \$XXX; and if awarded, the execution of a standard agreement, any amendments thereto, and other related documents necessary to participate and comply with in the HOME Investment Partnerships Program.

**WHEREAS:**

- A. The California Department of Housing and Community Development (the "Department") is authorized to allocate HOME Investment Partnerships Program ("HOME") funds made available from the U.S. Department of Housing and Urban Development ("HUD"). HOME funds are to be used for the purposes set forth in Title II of the Cranston-Gonzalez National Affordable Housing Act of 1990, in federal implementing regulations set forth in Title 24 of the Code of Federal Regulations, part 92, and in Title 25 of the California Code of Regulations commencing with section 8200.
- B. On \_\_\_\_\_, the Department issued a Notice of Funding Availability announcing the availability of funds under the HOME program (the "NOFA").
- C. In response to the October 2019 HOME NOFA, \_\_\_\_\_ *[insert name of applicant]* a \_\_\_\_\_ *[insert the legal form of entity, e.g., municipal corporation, subdivision of the State of California, nonprofit corporation]* (the "Applicant"), wishes to apply to the Department for, and receive an allocation of, HOME funds.

**IT IS THEREFORE RESOLVED THAT:**

- 1. In response to the October 2019 HOME NOFA, the Applicant shall submit an application to the Department to participate in the HOME program and for an allocation of funds not to exceed \_\_\_\_\_ Dollars (\$\_\_\_\_\_) for the following activities and/or programs:  
*[Briefly describe the proposed activities and/or programs]*  
to be located in \_\_\_\_\_ *[activity/program location(s)]*.

2. If the application for funding is approved, then the Applicant hereby agrees to use the HOME funds for eligible activities in the manner presented in its application as approved by the Department in accordance with the statutes and regulations cited above. The Applicant may also execute a standard agreement, any amendments thereto, and any and all other documents or instruments necessary or required by the Department or HUD for participation in the HOME program (collectively, the required documents).
3. The applicant authorizes \_\_\_\_\_ *[position title(s) of person(s) authorized]* or his/her designee(s) to execute, in the name of the applicant, the required documents.

**PASSED AND ADOPTED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_ 20\_\_, BY THE FOLLOWING VOTE:**

**AYES:**\_\_\_\_\_ **NAYS:**\_\_\_\_\_ **ABSTAIN:**\_\_\_\_\_ **ABSENT:**\_\_\_\_\_

The undersigned \_\_\_\_\_ *[title of officer]* of the applicant does hereby attest and certify that the foregoing is a true and full copy of a resolution of the governing board of the applicant passed and adopted at a duly convened meeting on the date set forth above, and said resolution has not been altered, amended, or repealed.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

1. This is intended to be a sample resolution authorizing submittal of an application to the Department and execution of various required documents. An applicant may use another format if it contains a reference to the year of the NOFA, the dollar amount of the application and all of the authorizations contained in this sample.

2. CHDO applicants also must submit an authorizing resolution with their applications, modified as appropriate to their corporate structure, and containing the dollar amount of the application and all of the authorizations contained in this sample.

3. The person attesting to the signing of the resolution cannot be the same person authorized to execute documents in the name of the applicant.

4. CHDO applicants must name the **title and current occupant** in the resolution. If the person occupying the position changes, the CHDO must submit meeting notes or some other official documentation evidencing the change in persons occupying the authorized position. The additional documentation evidencing the name and title of authorized signatories need not be HOME- specific, but may provide general authority evidencing the name and title of individuals authorized to legally bind the governing body.

5. If the resolution allows for a designee, and the designee signs the application on behalf of the authorized signer, a letter signed by the authorized signer identifying the designee must accompany the resolution and dated prior to or on the date the application is signed.

**Authorized Signatories Designation Form**  
(for State Recipient applicants only)

For every position/title authorized in the Authorizing Resolution submitted with the HOME Application, the Department requires that the name of the person(s) currently occupying that/those position(s)/title(s) be kept on file at the Department. This allows the Standard Agreement to be signed by the current occupant(s) of the named position(s)/title(s) to sign on behalf of the applicant. Please provide this information in the spaces below.

**Note:** If the information provided below changes, update this form and send it to your HOME Representative along with a copy of meeting notes or some other official documentation evidencing the change in persons occupying the authorized position(s)/title(s). The additional documentation evidencing the name and position(s)/title(s) of authorized signatories need not be HOME-specific, but may provide general authority evidencing the name(s) and position(s)/title(s) of individuals authorized to legally bind the governing body.

**State Recipient:** \_\_\_\_\_

**HOME Application Year or Contract Number:** \_\_\_\_\_

Authorized Signatory Position/Title	Name of Person Currently Occupying this Position

Submitted by (must not be a person named above):

**Printed Name:** \_\_\_\_\_

**Signature:** \_\_\_\_\_

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

**Date:** \_\_\_\_\_

## **Deep Affordability Targeting Documentation Checklist** **(Rental New Construction Projects Only)**

Applicants requesting additional HOME funds for Deep Affordability Targeting must submit the following:

\_\_\_ 1. One complete application reflecting project information at the regular (for example, \$5.0million) maximum HOME funding level, with all required attachments (e.g., UA, HOME Supplement to UA, and all required attachments listed on the Attachment Checklist).

### **Additional Documentation - Submit as Exhibit 12 of your application.**

\_\_\_ 2. A copy of the UA reflecting project financials and other information if the project receives additional funds for Deep Affordability Targeting. You can omit the following worksheets when submitting this copy of the UA: the Contacts Worksheet, the Experience Worksheet, the Certifications Worksheet, and the Legal Status Worksheet. All other worksheets must be included, and updated as necessary to reflect differences in the project if funded with additional funds for Deep Affordability Targeting.

If proposing Deep Affordability Targeting rents lower than the maximum restricted rents, include copies of the Subsidies Worksheet (if applicable) and the Cash Flow Worksheet with the "Proposed Net Rent" button clicked.

\_\_\_ 3. A copy of the "Proposed Other Funding Sources" page from the HOME Application Supplement reflecting other financing sources and amounts with the additional HOME funds for Deep Affordability Targeting.

\_\_\_ 4. A copy of the page "HOME Unit Sizes and Rents" from the HOME Supplement reflecting information on HOME Units if the project is funded with additional funds for Deep Affordability Targeting.

\_\_\_ 5. A copy of the "HOME Financial Feasibility Analysis - Self Evaluation" worksheets from the HOME Supplement reflecting compliance with HOME underwriting requirements with the additional HOME funds for Deep Affordability Targeting.

\_\_\_ 6. A copy of the "Permanent Financing Commitments" page from the HOME Supplement reflecting HOME permanent financing amounts with the additional HOME funds for Deep Affordability Targeting.

\_\_\_ 7. Financing Commitment letters reflecting reduced commitments from other private mandatory debt lenders if the project receives a specified additional amount of funds from HOME for Deep Affordability Targeting.

**Put "DT" in the exhibit name for all documents submitted under the Deep Affordability Targeting (for example, \$5.5 million) scenario. For additional information on Deep Affordability Targeting, see Section II. F. of the NOFA.**

For rent below 50 percent AMI, consult the rent limits in the chart located at:

<http://www.hcd.ca.gov/grants-funding/docs/2019MTSPRegularLimits.pdf>

## **HOME General Project Information**

1. Project Activity - Check the proposed HOME project type.

- ☐ New Construction
- ☐ Rental Rehabilitation with or without Acquisition
- ☐ 4% tax credit/tax exempt bond project
- ☐ 9% tax credit/tax exempt bond project only if developed on Native American Lands and receives a Native American apportionment within TCAC's rural set-aside competition within 12 months of a HOME award.

2. Amount of tax credit equity pay-in at which the project has been submitted:  cents.

3. Describe how the subject project will be eligible under Section 10322 (h) (9) of the TCAC Regulations for the upcoming tax credit funding round (build/fill rule)

4. Deep Affordability Targeting

- ☐ Not Requesting Funds for Deep Affordability Targeting
- ☐ Requesting funds for Deep Affordability Targeting in the amount of \$\_\_\_\_\_. Included with this application is the additional information requested in the Deep Affordability Targeting Documentation Checklist. Applicants requesting funds for Deep Affordability Targeting whose application packages do not contain the additional information noted on the Deep Affordability Targeting Documentation Checklist may not get funded. See also Section II. F. of the NOFA for more information on Deep Affordability Targeting.

5. Development Timetable – Provide the dates for the following tasks. Note: your schedule should be consistent with the project deadlines in Section 8217 of the State HOME Regulations.

<b>Task</b>	<b>Date</b>
Request for Release of Funds submitted to the Department	
Davis Bacon Wage Rates Secured	
Tax Credits Secured	
Other Permanent Financing Secured	
Construction Loan Closing	
Start of Construction	
Project Completion	

6. Project Unit Information

\_\_\_\_\_ HOME-assisted Units

\_\_\_\_\_ Other Assisted Units

\_\_\_\_\_ Total Residential Units

The HOME units shall be: (mark one)

\_\_\_\_\_ Fixed          \_\_\_\_\_ Floating. Note: this selection is subject to Department approval.

7. Capacity to Implement the HOME activity

Please answer the following questions and provide the requested attachments.

a) Do you plan to hire an Administrative Subcontractor to assist with the proposed project? Yes\_\_\_\_\_ No\_\_\_\_\_.

i. If Yes, what will be the duties of the Administrative Subcontractor?

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ii. If No, please explain why an Administrative Subcontractor will not be needed.

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b) Do you plan on administering the proposed HOME activity with your own staff, (from HOME award through long-term compliance monitoring, if applicable)?  
Yes\_\_\_\_\_ No \_\_\_\_\_.

c) List each staff person and how much time they will spend per month on average on the HOME funded activity:

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d) Please attach copies of resumes for the staff that will work on this proposed project. Attach as Exhibit 16b.

e) How much will it cost to implement this activity, and will HOME ADC and Administration/CHDO Operations funds be sufficient?

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f) If not, where will the additional funding come from?

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8. Program Income Balances (State Recipients Only. CHDOs skip to question #10.)

- a) HOME PI balance as of June 30, 2019.
  - b) HOME PI received in the last 12 months.
  - c) Please explain how you intend to spend your PI balance before needing to draw down HOME funds for your proposed project.
- 
- 

9. CHDO Effective Project Control (CHDO applicants only)

In order to comply with HUD's requirement that CHDOs have Effective Project Control over projects funded out of the CHDO set-aside, CHDOs must fulfill the role of owner, developer or sponsor, as defined at 24 CFR 92.300 (see CHDO criteria requirements in Section II. A. 2. of NOFA). In order to demonstrate that one of these roles can be met, the following documentation must be submitted for the applicable role.

Owner -Submit a narrative which discusses how the CHDO will satisfy the role of sole owner of the project, with no partnership acting as the long-term owner of the project. Note: as the sole owner, the CHDO must hold valid legal title, in fee simple absolute, or have a long term leasehold interest, as defined at UMR Section 8316.

Developer- Submit a narrative which discusses how the CHDO will satisfy the role of sole developer of the project where the CHDO is in charge of all aspects of the development process and assumes all risks of development.

Note: as the sole developer, the CHDO must own the project in fee simple absolute, or have a long-term leasehold interest, as defined at UMR Section 8316.

Sponsor- Submit a narrative which discusses how the CHDO will satisfy the role of sponsor of the project in one of the following manners:

1) The project will be owned (in fee simple absolute) by a wholly-owned affiliate of the CHDO; or the project will be owned by a limited partnership or limited liability company, of which the CHDO will be the sole managing general partner (if an L.P.) or sole managing member (if an LLC) and will have ultimate decision-making authority with respect to the operation of the property and its long-term management and operation. Include an organizational chart depicting the proposed ownership structure, or, if formed, a copy of the partnership agreement.

2) The project will be owned (in fee simple absolute) and developed by the CHDO and the CHDO will transfer the project to another non-profit at a predetermined time after



project completion. The non-profit to which the project will transfer must be identified and approved by the Department prior to commitment of funds.

Sole (Managing) General Partner - 1) Submit a narrative which discusses how the CHDO will satisfy the role of sole managing general partner. Note: as sole MGP, the CHDO must have ultimate decision-making authority with respect to all of the decisions that must be made over the life of the project which concern its long-term management and operation. If the CHDO is claiming to be the sole managing general partner but will also need financial guarantees from another entity for the proposed project, it is not likely that the CHDO will have the ultimate decision-making authority over all long-term ownership decisions. 2) Submit an organizational chart for the proposed structure of the limited partnership. 3) If formed, included a copy of the limited partnership agreement.

#### 10. HOME Unit Sizes and Rents

Complete the chart below for the HOME-assisted units in your project. This chart is for reporting information on HOME assisted units only. "Very Low" for purposes of this chart means units at 50 percent AMI and below. "Low" for purposes of this chart means units at 80 percent AMI – 51 percent AMI.

Two lines are provided for each bedroom size if your project has different rent levels for the same size unit. Submit an additional page if there are more than two types of rent levels by bedroom size. The proposed monthly unit rent must include the utility allowance and any tenant-based rental assistance.

Applicants requesting funds for Deep Affordability Targeting must submit two copies of this chart; one showing the HOME unit sizes and rents at the regular maximum HOME funding level, and one showing the HOME unit sizes and rents at the Deep Affordability Targeting funding level (for example, \$5.5 million). Label the Deep Affordability Targeting chart: "HOME unit sizes and Rents - Deep Affordability Targeting".

This chart will be compared with the Rents Worksheet in the UA. Generally speaking, HOME will restrict the lowest AMI units in each bedroom size.

Unit Size	Number of HOME Units	Very-Low (VL) or Low Income (LI) Unit?	AMI Level (e.g. 30%, 50%, etc)	Proposed Monthly HOME Rent (including utility allowance)	Per Unit Square Footage
Efficiency					
Efficiency					
1-bedroom					
1-bedroom					
2-bedroom					
2-bedroom					
3-bedroom					
3-bedroom					
4-bedroom					
4-bedroom					
Total					

## Housing and Community Development Experience (Up to 50 points)

In each line below, list the number of units assisted by the HOME applicant (State Recipient, CHDO, or Developer) with specific HOME, local, State or other Federal funding source(s) in one of the seven calendar years, 2013 - 2019 until the application deadline. Do not count the same units in more than one year. List no more than 10 entries on this form. A minimum of 2 units per year for housing program-type activities is required for points (e.g. owner occupied rehabilitation, first-time homebuyer mortgage assistance.)

Also list completed projects (one per line) for other housing and community development activities, such as infrastructure, parks, community centers, multi-family housing projects, etc. Do not list stand-alone studies or public service activities.

Projects that the applicant developed which are listed on the UA Experience Worksheet below must also be listed on this chart in order to receive points for this award on this chart.

List no more than 10 entries. Up to five (5) eligible entries will be counted.

Year	Assisted Units (for housing, a minimum of two units per yr is required for points)	Funding Sources HOME, Federal, State, Local (Provide name of funds)	Program/Project Name and City/County Location

## HOME Financial Feasibility Analysis – Self Evaluation (195 points)

All applicants should prepare this Self Evaluation checklist to ensure that their project meets all requirements.

1. The total of HOME activity and Activity Delivery Costs is the lower of the HOME amounts resulting from the calculations in (a), (b), and (c). Yes \_\_\_\_ No \_\_\_\_

(a) Ratio Test. The ratio of the sum of HOME activity and activity delivery cost (ADC) funds to the total eligible development costs (TDC), not including relocation costs, should be no more than the ratio of HOME units to the total number of units in the project, including the manager's unit. If the HOME financing ratio is higher, HOME is subsidizing non-assisted units.

Number of HOME Units	
Number of Total Units	
<i>HOME Units / Total Units</i>	%

Total HOME request (include ADC, but not admin.)	
TDC	
<i>Total HOME Request / TDC</i>	

(b) HOME Subsidy (including relocation costs) per HOME Assisted Unit:

### Subsidy Limits

	(A) Maximum Subsidy Per Unit	(B) Number of HOME Units	(C) Total Maximum Subsidy Cost (col. A x col. B)
SRO			
1 Bd			
2 Bd			
3 Bd			
4 Bd			
<b>TOTAL</b>			

(c) Cost Allocation Method

	(A) Number of HOME Units	(B) Per unit HOME Square Footage	(C) HOME Resid. Square Feet (col. A x col. B)
SRO			
1 Bd			
2 Bd			
3 Bd			
4 Bd			
<b>TOTAL</b>			

1. Total **Residential** Square Feet (HOME & non-HOME) \_\_\_\_\_
2. **Total Common Area Sq. Ft.** (clubhouse, com. rm., office, etc.) \_\_\_\_\_
3. **Total Project Square Feet** (HOME & non-HOME) \_\_\_\_\_
4. **HOME Common Area Square Feet** \_\_\_\_\_  
= (HOME units/Total units) x Total Common Area Sq. Ft.
5. HOME Square Foot Cost Multiplier= (HOME residential square feet + HOME  
common area square feet) / Total Project square feet  
\_\_\_\_\_ %
6. Total Development Cost (TDC) \$ \_\_\_\_\_
7. **Total HOME Development Cost = (HOME Square Foot Cost Multiplier x TDC)**  
**\$** \_\_\_\_\_

2. The overall unit mix, (see the "Rents" and "Subsidies" Worksheets of the UA), is in compliance with all the known required rent levels.

Yes \_\_\_\_ No \_\_\_\_

3. Except for units with project-based rental assistance, 100 percent of the HOME rents are at or below the high HOME limits and 20 percent of the HOME units are at or below the low HOME limits.

Yes \_\_\_\_ No \_\_\_\_

4. For rehabilitation projects, if rents will increase as a result of the rehabilitation, there is a transition reserve to maintain rents for existing tenants at the higher of 30 percent of their income or the rent at the time of "Initiation of Negotiations" for as long as they live in the project. This transition reserve may not be funded by HOME. Yes \_\_\_\_ No \_\_\_\_

Projects with Project-Based Rent Subsidies

5. The rent subsidy that is listed in any commitment letter or other document is reflected

accurately on the Subsidies Worksheet of the UA.

Yes \_\_\_\_ No \_\_\_\_

6. If the rent subsidy is expected to expire, there is a transition reserve so that the rent for subsidized tenants remains the same over a two-year period after project-based rental assistance ends. This transition reserve may not be funded by HOME. Note: For one-year USDA rental subsidy commitments, the Department will generally assume that these commitments will be renewed, but will also evaluate this issue on a case-by case basis, should the project rank high enough to be funded.

Yes \_\_\_\_ No \_\_\_\_ N/A \_\_\_\_

## Development Budget

- 7a. If the property acquisition is between **two unrelated parties**, the property acquisition price shown in the UA Development Budget for new construction projects or rehabilitation projects is limited to the current appraised value plus approved holding costs, or if above this amount, the difference must be covered by tax credit equity or junior public agency financing that carries no mandatory debt service.

Yes \_\_\_\_ No \_\_\_\_ NA \_\_\_\_

- 7b. If the developer/applicant or any **related party** already owns the land and the property value has **decreased** since the time of purchase, the property acquisition price shown in the UA Development Budget for new construction projects or rehabilitation projects is limited to the current appraised value plus approved holding costs, or if above this amount, the difference must be covered by tax credit equity or junior public agency financing that carries no mandatory debt service. Copies of the most recent purchase contract are also provided.

Yes \_\_\_\_ No \_\_\_\_ NA \_\_\_\_

- 7c. If the developer/applicant or any **related party** already owns the land and the property value has **increased** since the time of purchase, the property acquisition price shown in the UA Development Budget for new construction projects or rehabilitation projects is limited to the amount of the last arms-length transaction plus approved holding costs. Copies of the most recent purchase contract and the purchase contract for the last arm's length transaction are also provided.

Yes \_\_\_\_ No \_\_\_\_ NA \_\_\_\_

8. Costs for any recommended environmental testing or remediation are adequately budgeted for and shown in the Environmental Remediation line item in the Development Budget; (*for example*, costs associated with locating in a flood plain, costs identified in the Phase I/including VES/Phase II Environmental Assessments, and/or costs identified in lead, asbestos, or mold reports).

Yes \_\_\_\_ No \_\_\_\_ NA \_\_\_\_

9. An explanation of how the budgeted Environmental Remediation amount was calculated is provided.

Yes \_\_\_\_ No \_\_\_\_ NA \_\_\_\_

10. All prevailing wage and relocation costs have been adequately budgeted for.  
Yes \_\_\_ No\_\_\_ NA\_\_\_
11. The total of contractor overhead, profit, and general requirements does not exceed 14 percent of the total cost of construction, excluding builder's general liability insurance.  
Yes \_\_\_ No\_\_\_
12. For purposes of general requirements, the cost of construction includes offsite improvements, demolition and site work, structures, and prevailing wages. For purposes of builder overhead and profit, the cost of construction includes offsite improvements, demolition and site work, structures, prevailing wages, and general requirements.  
Yes \_\_\_ No\_\_\_
- 13a. For new construction projects, the minimum hard contingency is 5 percent of total construction cost (site work, structures, environmental remediation, General Requirements, Contractor O&P and off-site improvements).  
Yes \_\_\_ No\_\_\_

For new construction projects, if the contingency is over 5 percent, provide an explanation in the Applicant Comments section as to why a greater contingency is needed.

Yes \_\_\_ No\_\_\_ N/A \_\_\_\_\_

- 14a. For rehabilitation projects, the minimum hard contingency is 10 percent of total construction cost (site work, structures, environmental remediation, General Requirements, Contractor O&P and off-site improvements).  
Yes \_\_\_ No\_\_\_
- 14b. For rehabilitation projects, if contingency is over 10 percent, provide an explanation in the Applicant Comments section as to why a greater contingency is needed.  
Yes \_\_\_ No\_\_\_ N/A \_\_\_\_\_

- 15a. Tax credit projects – the operating reserve is capitalized at a minimum of three months of the total of all operating expenses, property taxes, replacement reserves, and debt service.  
OR

Non-tax credit projects – the operating reserve is capitalized at a minimum of four months of the total of all operating expenses, property taxes, replacement reserves, and debt service.

Yes \_\_\_ No\_\_\_

- 15b. If more than three or four months, explain why:

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16. Tax credit projects – The developer fee listed on the Development Budget and Permanent Sources and Uses Worksheets does not exceed what is permitted using the Developer Fee Calculation Worksheet for tax credit projects; OR

Non-Tax Credit projects - The developer fee listed on the Development Budget and Permanent Sources and Uses Worksheets does not exceed what is permitted using the Developer Fee Calculation Worksheet for non-tax credit projects.

Yes \_\_\_\_ No \_\_\_\_

### Permanent Sources and Uses Worksheet

- 17a. There are enough sources specifically identified to pay development costs, including any liens or other conditions associated with the property that are identified in the title report, any demolition costs, etc.

Yes \_\_\_\_ No \_\_\_\_

### Operating Budget

18. Operating expenses are trended at 3.5 percent?

Yes \_\_\_\_ No \_\_\_\_

19. There are no ad valorem property taxes, and all other property taxes and/or assessments are trended at 2 percent.

Yes \_\_\_\_ No \_\_\_\_

20. For new construction or conversion projects, the initial amount of annual deposits to the replacement reserve shall be at least the lesser of 0.6 percent of the structure construction cost, or \$500 per unit. "Structure construction cost" does not include site work, environmental remediation, construction contingency, general contractor profit, overhead, or general requirements.

Yes \_\_\_\_ No \_\_\_\_

If No, explain why:

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21. For rehabilitation projects, if a physical needs assessment has been submitted with the application, the initial amount of annual deposits to the replacement reserve is consistent with the long-term needs identified in the PNA. If a PNA has not been submitted, the initial amount of annual deposits into the replacement reserve is at least \$500 per unit.

Yes \_\_\_\_ No \_\_\_\_

22. The replacement reserve is funded annually at the same amount.

Yes \_\_\_\_ No \_\_\_\_

23. The total annual operating expenses for all units meets the TCAC required operating expense minimums at <https://www.treasurer.ca.gov/ctcac/2019/operating-expense-minimums.pdf>, (if applicable), AND the project has an operating expense per-unit per-month of a minimum of the higher of the required minimum for TCAC or \$300, and a maximum of no more than \$400. This amount excludes property taxes/assessments, replacement



reserve deposits, on-site service coordinator, deferred developer fee, and asset mgmt/partnership fees).

Yes \_\_\_\_ No \_\_\_\_

Total Annual Cost: \$ \_\_\_\_\_ \$ \_\_\_\_\_ Per Unit per month (PUM)

24. If operating costs are outside the TCAC or HOME per unit per month standard as discussed above, audited financials are included from other similar projects which demonstrate that the operating costs for the proposed project are feasible.

Yes \_\_\_\_ No \_\_\_\_

25. For projects with MHP loans, the loan payment of 0.42 percent is included in mandatory debt service.

Yes \_\_\_\_ No \_\_\_\_ NA \_\_\_\_

26. **HOME loan long-term monitoring fees, if any, are included in mandatory debt service.**

Yes \_\_\_\_ No \_\_\_\_

27. If there are any bond issuer monitoring fees, they are included on Line 6890 (Excel Line 124).

Yes \_\_\_\_ No \_\_\_\_

### Cash Flow Worksheet

28. Project Income is trended at 2.5 percent in the 20 year pro forma.

Yes \_\_\_\_ No \_\_\_\_

29. The residential vacancy rate is 5 percent, and the commercial vacancy rate (if applicable) is 50 percent.

Yes \_\_\_\_ No \_\_\_\_

30. The 20-year pro forma supports payments for all loans included in the permanent sources, and all debt service calculations are correct.

Yes \_\_\_\_ No \_\_\_\_

31. If there is an interest rate reset during the term of the primary loan, is the project feasible pursuant to UMR Section 8310 for the entire term of the loan at the ceiling interest rate?

Yes \_\_\_\_ No \_\_\_\_ N/A \_\_\_\_

32. Are any loans fully amortized for less than 30 years?

Yes \_\_\_\_ No \_\_\_\_ N/A \_\_\_\_

33. If yes, why is the shorter amortization period needed for project feasibility?

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34. There is no balloon payment on any of the senior debt.

Yes \_\_\_\_ No \_\_\_\_

35. Are there any balloon payments on junior debt?

Yes \_\_\_\_ No \_\_\_\_ N/A \_\_\_\_

If yes, please explain: \_\_\_\_\_

36. The use of operating income complies with the priority of uses schedule below:

Priority of uses:

- a. Operating expenses
- b. Replacement reserve
- c. Mandatory debt service (including MHP and MHSA fees)
- d. Deferred developer fee
- e. Asset management, partnership, and similar fees
- f. Remaining 50 percent to the sponsor
- g. Remaining 50 percent to the Department or State Recipient. (Department/SR may split this share with other public lenders in proportion to the amount of financing provided to the project.)

Yes \_\_\_\_ No \_\_\_\_

37. Debt coverage ratio is between 1.10 and 1.20, or if the DCR exceeds this amount or there is no mandatory debt, cash flow after debt service and required reserve deposits is equal to or less than 12 percent of operating expenses, or meets the requirements of UMR Section 8310(i), or meets CalHFA's standard underwriting requirements or those of a direct federal lending program; or project a positive cash flow over 20 years, using the assumptions specified in subsection UMR Section 8310(i).

Yes \_\_\_\_ No \_\_\_\_

37b. If "No", please explain: \_\_\_\_\_

38. The project has positive cash flow for at least 20 years and is not trending downward so that it will go negative within the first 30 years of the project.

Yes \_\_\_\_ No \_\_\_\_

39. The total of all partnership management, asset management, and similar fees is no more than \$33,262 per year.

Yes \_\_\_\_ No \_\_\_\_

40. If “No”, a local government commitment letter for the project for non-HOME funds requires the higher allowable fee and the local government proposed loan documents allow the higher fee.  
Yes \_\_\_\_ No\_\_\_\_

Note: Final project loan documents at closing must also require this higher fee.

41. There are no additional fees other than the permitted partnership management and asset management fees. Yes \_\_\_\_ No\_\_\_\_

## **Project Development Plan**

Fill out the chart below for the tasks that have been completed. Evidence the completion by submitting the document as specified in the instructions on the following pages.

Identify the development team member responsible for each task. Indicate "N/A" if the task is not applicable to your project and in the last column explain why the task is "N/A".

If documentation is required, it must be submitted to earn rating points. Read the instructions carefully before completing this section. Note: if the PDP document has already been included earlier as part of the UA (for example, Market Study, or Relocation Plan), reference that attachment number in the Exhibit column below.

### **Rental New Construction (Up to 140 Points)**

<b>Project Development Tasks</b>	<b>Date Completed (Month/Year)</b>	<b>Listed as "Exhibit PDP 1, PDP 2, PDP 3, etc."</b>
Market Study* (35 points)		
Property Appraisal * (10 points)		
Phase I/ /Phase II Site Assessment* (35 points)		
Floodplain Analysis (25 points)		
Itemized Preliminary Construction Cost Estimate (5 points)		
Geotechnical Report (Not required for scoring)		
Relocation GIN and Relocation Study/Plan (30 points)		

## **PDP Documentation Requirements – Rental New Construction**

**PDP items must be: (1) submitted; (2) prepared according to all instructions; and (3) indicate no problems that would affect financial feasibility, or if problems exist that affect financial feasibility, costs are thoroughly itemized and the Development Budget clearly shows these expenses. The methodology for calculating these expenses must also be discussed in the Development Budget in the section “Additional Applicant Comments on Development Budget”.**

**Market Study – (35 points)** – Points will be awarded for a rental market study prepared in no earlier than 2019 in accordance with the current California Tax Credit Allocation Committee (TCAC) 2019 Market Study Guidelines, TCAC Market study Guidelines can be found on the TCAC website at <https://www.treasurer.ca.gov/ctcac/2019/market-study-guidelines.pdf>.

For those projects scoring high enough to proceed to feasibility review, the Market Study must demonstrate that there is a market for the proposed project (the entire project concept, including commercial uses, and proposed unit sizes and rents). In calculating demand, the analyst shall use the applicable incomes and rents in the project's HOME application. Note that TCAC approval of the Market Study does not guarantee Department approval, nor shall the Department be held to TCAC evaluative methods or guideline interpretations. If the Market Study fails to support sufficient need or demand for the project, the project may be considered infeasible.

### **To Avoid Common Errors:**

#### **1) Define Primary Market Area (PMA) Appropriately**

In describing the PMA, if it is larger than the community where the project is located, you must do more than you normally do for a TCAC market study. In particular, the Department will evaluate whether the market study sufficiently demonstrates that people who live or work outside the community will move to the proposed project. In demonstrating that people will move to your proposed project, you may discuss the following factors in your PMA Description.

- a. Actual experience of similar projects in the community where the proposed project is located – Quantify the actual initial and ongoing rent-up of these units to people who lived or work outside the community where the project is located.
- b. Commute Patterns that show that people who work outside the community do choose to live in rental housing in the community where the project is located, or would do this if there was sufficient rental housing. In discussing this, you may provide information that people routinely commute from jobs in the PMA to rental housing in the project community. If possible, you should survey major employers, ideally the actual employees (not just an interview with the company), to determine existing commute patterns, or use other data to show actual commute patterns to rental housing in the community.
- c. Market Perceptions that show that the proposed project is located in the more desirable area of the PMA, i.e. that people will be willing to endure a longer commute to live in this more desirable part of the region.

- d. Experience of Nearby Comparable Developments - If you have made a diligent effort to make the case for a larger PMA, and after demonstrating that you have tried unsuccessfully to find information for your subject community, as a last resort only, you may use the experience of similar projects in similar communities outside of the community within the last five years. In these cases, a larger PMA must have been utilized, and the project must have rented up and continued at high levels of occupancy. If you use this option, we suggest that you provide all information, both positive and negative, addressing the similarity of the projects to your proposed project. For example, if your project is located in a very small rural community with no current rental housing projects and is located 8 miles from a major employer; you may cite the example of a similar very small rural community with these same characteristics.

## **2) Use the Appropriate Comparables**

- a. You should include a minimum of three market rate comparables for each bedroom size within one mile of the proposed project. However, the Department understands that this is not always possible; therefore, when evaluating comparables, the Department will evaluate the comparables used in the rent matrix in the following descending order of quality preference. (Note: comparables will be used only to evaluate the overall feasibility of a project, not as specific point items):
  - 1. Closely comparable units within one mile, with the same number of bedrooms as the proposed project;
  - 2. Closely comparable units within the community (not the expanded PMA), with the same number of bedrooms as the proposed project;
  - 3. Less comparable units (e.g. due to inferior condition/age) which you would not normally consider to be comparable, with the same number of bedrooms as the proposed project, and within one mile (preferably), or within the community (not the expanded PMA);
  - 4. Closely comparable (ideally) or not so comparable units, within a mile or within the same community, but with a different number of bedrooms;
  - 5. Comparables outside the community but within the PMA;
  - 6. Comparables outside the PMA (this is the last resort, and will not be heavily weighted due to the difficulty in evaluating market differences in so many diverse communities).
- b. In rural areas, single family homes in the PMA may be used when there is an insufficient number of comparable 3 and 4-bedroom rental units, provided that the proposed rents are at least 20 percent below the rent for single family homes. Single family homes may not be used as comparables for rental units containing 2-bedrooms or less.
- c. A unit within a duplex or triplex may be used as one comparable. However, proposed project rents must be at least 10 percent below the rent for the duplex/triplex. In some cases, depending on the degree of amenities with the duplex/triplex, we suggest that project rents for these types of units be at least 20 percent below.
- d. Vacancy rates must be included for your comparables, including single family home comparables market-rate comparables, and affordable housing comparables. Do not put

“N/A” for the vacancy rate, even for single family homes. (For single family homes, indicate if the unit is currently vacant or occupied.).

- e. Adjustments to your project rents made for amenities must make sense in light of the fact that your project units will be marketed, and must be affordable, to low and very low-income households.

### 3) **Demand Calculations**

- a. The Department suggests that the demographic data used for these calculations be from only the PMA, not the secondary market area or the entire county, unless there is documentation of the population numbers who have moved to the PMA from outside the PMA based on surveys of initial move-in renters of similar type housing projects, with an outline of this survey included as an appendix to the study.
- b. Make sure your demand calculations are consistent with the minimum occupancy requirements required under UMR 8305 (b), and make clear in the Executive Summary of the market study that this standard was used. Your demand data must also demonstrate that you will be able to rent the two-, three-, four-, and five-bedroom units to households with the minimum number of persons required by UMR 8305 (b) as shown below.

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

- c. Capture Rate – Where the capture rate exceeds 25 percent, you must fully explain in this section (TCAC Market Study Item #37, Calculation and Analysis of Capture Rate) how the project will achieve full occupancy in spite of the high capture rate.

**Appraisal (10 points)** – The appraisal must be prepared no earlier than 2019. The appraised value must be the unrestricted fair market value of the land, as required by UMR 8311. If the land has structures on it that will be demolished, the appraised value must exclude the value of these structures and include the expense of the demolition unless it will be done outside of the project development budget. If the land will be leased, the appraised value must be adjusted to reflect the difference in the value of a leasehold estate as compared to an ownership estate interest.

All appraisals should take into consideration all unique aspects of the property and of the proposed project that will affect its value.

Proposed project sites shall not require site development work that is significantly more costly

than that typical for other similar projects in the local market area, unless either: (1) the proposed site acquisition cost together with the site development (and environmental remediation) costs are less than the cost of a typical site together with typical site development costs in the project's market area; or (2) there are no other sites available in the market area with a lower combined cost.

No appraisal is needed if land is being donated to the project, no land costs will be shown in the development budget, and there are no other financial consequences from the land donation which would require that the Department assess the value of the land (e.g. not calculating a higher developer fee or a higher percentage of permanent financing committed due to land donation).

Note the following regarding acquisition costs charged to the project.

<b>Seller and Buyer</b>	<b>Land Values</b>	<b>Cap on Acquisition Costs Paid by HOME</b>	<b>Increment Above Appraised Value</b>	<b>Reasonable Carrying Costs and Capital Improvements</b>
Related Party	Decreased	Current appraised value or last arm's length transaction	Paid for with tax credit equity or junior public financing with no mandatory debt service	Can be paid with HOME or other funds
Related Party	Increased	Amount of last arm's length transaction	Can't be paid by anyone	Can be paid with HOME or other funds
Unrelated Party	Increased or Decreased	Current appraised value or purchase price	Paid for with tax credit equity or junior public financing with no mandatory debt service	Can be paid with HOME or other funds

**Phase I Phase II Site Assessment (35 points)** - Points will be awarded for reports prepared according to the following: a Phase I, site assessment meeting ASTM Standard E1527-13-and a Phase II site assessment, if recommended by the Phase I, meeting ASTM Standard E1903-11. All reports must be prepared according to these ASTM standards, except as discussed below. The Phase I/VES report must be prepared no earlier than 2018, and the Phase II report must be prepared no earlier than 2018. The Phase I/II/VES reports may be prepared by different firms.

**Older reports will not be considered in scoring; however, if the applicant is aware of more than one Phase I, Phase II or VES report for the property, all such reports should be included with the application. Should the project score high enough to be considered for an award, missing reports must be submitted for review prior to the Department's Internal Loan Committee meeting.**

We recommend that you carefully evaluate the Phase I/II to insure that these reports are complete, clear and without deficiencies; and that with the passage of time nothing has changed



on the site. If something on the site or the surrounding area has changed since your Phase I was prepared, you must prepare a new Phase I.

For those projects scoring high enough to proceed to feasibility review, the content of the report(s) will be evaluated. In its evaluation, the Department will consider both positive and negative factors, including but not limited to the following:

Positive Factors:

- (1) If an older Phase I/VES includes a bigger site, the newer Phase I should clearly delineate what issues identified in the older Phase I/VES pertain to the smaller project site;
- (2) The report contains no exceptions, deletions, or deviations unless the report clearly says that these are acceptable pursuant to Section 11.7 of ASTM Standard E1527-13;
- (3) The report concludes that there are no recognized environmental conditions in connection with the property;
- (4) If there are environmental deficiencies but the preparer concludes that one or more of these deficiencies are not RECs, there is a complete explanation as to why these conditions are not considered environmental hazards;
- (5) If the current Phase I/II reveals any RECs or other hazardous conditions, there is an environmental remediation line item in the Development Budget and an explanation as to how this line item was determined;
- (6) Where structures will be or have been demolished, lead and asbestos testing was performed and the results discussed in a Phase II report;
- (7) There is no further action or investigation recommended;
- (8) There are no environmental regulatory concerns;
- (9) The Department is listed as one of the entities to which the report provides reliance;
- (10) The Phase I does not show the likely presence of chemicals of concern in the sub-surface of the target property (TP) caused by the release of vapors from contaminated soil or groundwater either on or near the TP;
- (11) If the Phase I reveals a vapor encroachment condition (VEC) exists, further investigation as recommended has been conducted.

Negative Factors:

- (1) The Summary section of the Phase I or Phase II reports does not disclose all potentially hazardous conditions or instances of contamination (past or present) on the property;
- (2) The Phase I or Phase II is missing information otherwise required in these reports;
- (3) The Phase I or Phase II is not signed by the certified environmental assessor.

The Market Study, Appraisal, and Phase I/Phase II shall be prepared by an individual or firm which: (1) has the appropriate license and knowledge and experience necessary to competently prepare the document; (2) is aware of, understands, and correctly employs those recognized methods and techniques that are necessary to produce a credible and complete document; (3) communicates each analysis, opinion, and conclusion in a manner that is not misleading as to the true market needs for low-income residential property, and the value and condition of the subject property; and (4) is an independent third party having no identity of interest with the applicant, the partners of the applicant, the intended partners of the applicant, or with the general contractor.

## **Floodplain Analysis (25 points)**

**All Applicants** must submit a FEMA Flood Hazard Determination Form, OMB # 1660 - 0040 (or later form number) issued by a flood certification service, or other appropriate independent third party prepared no earlier than 2019.

In addition to the FEMA Form listed above, projects where the buildings are located in a flood hazard area need to submit one of the following:

- a) Any additional documentation necessary to confirm that the floodplain is incidental to the project, or
- b) A FEMA Conditional Letter of Map Revision, or
- c) A narrative explaining your intent to obtain a FEMA Conditional Letter of Map Revision, or
- d) a narrative and supporting documentation with the HOME application which discusses with specificity the following: (1) the sites outside of the floodplain that were considered for the project and the reasons for rejection of these sites; (2) the negative and positive impacts of building in a floodplain; (3) the steps that have been or will be taken to minimize the negative impacts to lives and property of building in a floodplain.

**Note:** all projects located in a 100-year flood plain must carry flood insurance, unless otherwise exempt. The flood insurance policy should be for 80 percent of the replacement cost of the structures. A project can receive an exemption from the flood insurance requirement if the following is done:

**(1) The pad and foundation of the buildings must be elevated above the base flood elevation, or (2) The letter of map revision must be provided to the Department at loan closing. If you are planning on raising your project above the flood plain, these costs must be specifically identified in the Development Budget. Flood insurance costs should also be adequately reflected in the Operating Budget.**

**Preliminary Construction Cost Estimate (5 points)** – On the form that follows, provide an itemized cost estimate. The cost estimate must be prepared no earlier than 2019. The cost estimate must be consistent with the Development Budget, or an explanation must be provided to support any differences.

**Geotechnical Soils Report** – This report is not required for scoring purposes and does not need to be submitted with the application. However, a geotechnical soils engineering report from a State licensed engineering firm, which is specific to the proposed project, and prepared no earlier than 2018 will be required prior to construction loan closing. An update letter will be required if there have been significant changes to the site since the original report (e.g. grading or seismic event), changes in the type of project being developed (e.g. from single-story to 3-story), or there have been other changes in factors that would affect the conclusions of the original report.

## **Relocation General Information Notice and Relocation Plan (30 points)**

Relocation GIN and Relocation Plan (30 points) - Provide a comprehensive narrative covering the history to date of the developer's negotiations with the seller and other funding sources to support the Initiation of Negotiations (ION) date, along with the date of the ION. If the GIN was not provided at the same time as the Initiation of Negotiations, the narrative must explain the corrective actions. In addition, include the following: (1) a copy of the GIN, signed acknowledgement of hand-delivery to each tenant or other proof of delivery (i.e., return receipt requested), and the list of notified tenants to include the apartment unit number; (2) a project-specific relocation study/plan summarizing the estimated cost and methodology for calculating the relocation expenses. The relocation plan must be prepared or updated no earlier than 2019.

If relocation requirements will not be triggered, the application must clearly demonstrate this.

## **Itemized Preliminary Construction Cost Estimate** **(New Construction Projects)**

Estimate Prepared By

Date Prepared:

Basis for Estimated Costs:

The preparer certifies that, to the best of their knowledge, the construction estimates, and trade-item breakdown on this page are complete and accurate.

Signature:

Title:

Employed by:

<b><i>Trade Item</i></b>	<b><i>Amount</i></b>	<b><i>Notes/Descriptions</i></b>
Concrete		
Masonry		
Metals		
Rough Carpentry		
Finish Carpentry		
Waterproofing		
Insulation		
Roofing		
Sheet Metal and Flashing		
Exterior Siding		
Doors		
Windows		
Glass		
Lath & Plaster		
Drywall		
Tile Work		
Acoustical		
Wood Flooring		
Resilient Flooring		
Carpet		
Paint & Decorating		
Specialties		
Special Equipment		
Cabinets		
Appliances		
Blinds & Shades		
Modular/Manufactured		
Special Construction		
Elevators or Conveying Syst.		
Plumbing & Hot Water		
Heat & Ventilation		

Air Conditioning		
Fire Protection		
Electrical		
Accessory Buildings		
Other/misc		
<b>Subtotal Structural</b>		
Earth Work		
Site Utilities		
Roads & Walks		
Site Improvement		
Lawns & Planting		
Geotechnical Conditions		
Environmental Remediation		
Demolition		
Unusual Site Cond		
<b>Subtotal Site Work</b>		
<b>Total Improvements</b>		
General Conditions		
Subtotal		
Builders Overhead		
Builders Profit		
<b>TOTAL</b>		

**Total Square Foot:**

**Residential Square Foot:**

**Total Cost/Total Square Foot:**

**Total Cost/Residential Square Foot:**

## **Rental Rehabilitation With or Without Acquisition (Up to 300 Points)**

Fill out the chart below for the tasks that have been completed. Evidence the completion by submitting the document as specified in the instructions on the following pages.

Identify the development team member responsible for each task. Indicate "N/A" if the task is not applicable to your project and in the last column explain why the task is "N/A".

If documentation is required, it must be submitted to earn rating points, but content will be evaluated for only feasibility determination. Read the instructions carefully before completing this section. Note: if the PDP document has already been included earlier as part of the UA (for example, Market Study, or Relocation Plan), reference that attachment number in the Exhibit column below.

<b>Project Development Tasks</b>	<b>Date Completed (Month/Year)</b>	<b>Listed as "Exhibit PDP 1, PDP 2, PDP 3, etc."</b>
Market Study* (10 points)		
Property Appraisal * (30 points)		
Floodplain Analysis* (25 points)		
Assess lead-based paint, asbestos, and mold* (25 points)		
Itemized Preliminary Construction Cost Estimate and Scope of Work (20 points)		
Physical Needs Assessment (74 points)		
Local Government Approvals (1 point)		
Relocation GIN and Relocation Study/Plan (75 points)		
Design Process (5 points)		
Permanent Financing (35 points)		

\* These documents must be submitted with your application.

## **PDP Documentation Requirements for Rehabilitation with or without Acquisition Projects**

**PDP items must be:** (1) submitted; (2) prepared according to all instructions; and (3) indicate no problems that would affect financial feasibility, or if problems exist that affect financial feasibility, costs are thoroughly itemized and the Development Budget clearly shows these expenses. The methodology for calculating these expenses must also be discussed in the Development Budget in the section “Additional Applicant Comments on Development Budget”.

**Market Study (10 points)** – Requirements are the same as for Rental New Construction. Please refer to Market Study guidance for Rental New Construction projects.

**Appraisal\* (30 points)** – The appraisal must be prepared no earlier than 2019. An appraisal is required for any purchase, if any debt will be assumed, and if any exit taxes or payments are to be paid.

**General Requirements for Appraisals** – All appraisals should take into consideration all unique aspects of the property and of the existing project that affects its value. If the project has existing income and rent-restrictions, then the appraised value should reflect the income and rent restrictions, as well as any deed restrictions for the remainder of the existing regulatory agreement. If actual unit rents are lower than is permitted by the regulatory agreement, appraisal should assume actual project rents increase at no more than 2.5 percent per year. If the project is currently not habitable or is not in good condition, the appraisal should take into account the rehabilitation costs necessary to make it habitable and in good condition.

Note the following regarding acquisition costs charged to the project.

<b>Seller and Buyer</b>	<b>Land Values</b>	<b>Cap on Acquisition Costs Paid by HOME</b>	<b>Increment Above Appraised Value</b>	<b>Reasonable Carrying Costs and Capital Improvements</b>
Related Party	Decreased	Current appraised value or last arm's length transaction	Paid for with tax credit equity or junior public financing with no mandatory debt service	Can be paid with HOME or other funds
Related Party	Increased	Amount of last arm's length transaction	Can't be paid by anyone	Can be paid with HOME or other funds
Unrelated Party	Increased or Decreased	Current appraised value or purchase price	Paid for with tax credit equity or junior public financing with no mandatory debt service	Can be paid with HOME or other funds

No appraisal is needed if land is being donated to the project, no land costs will be shown in the development budget, and there are no other financial consequences from the land donation which would require that the Department assess the value of the land (e.g. not calculating a higher percentage of permanent financing committed due to land donation).

**Floodplain Analysis\* (25 points)** – Requirements are the same as for Rental New Construction. Please refer to guidance beginning on page 58.

**Assess Lead-Based Paint, Asbestos, and Mold\* (25 points)** –For scoring, all reports submitted pursuant to this task must be prepared no earlier than 2019 by an entity properly certified or accredited as noted below.

For projects scoring high enough to proceed to feasibility review, the Department will evaluate the contents of the report(s), considering both positive and negative factors. The lead-based paint assessment need to be prepared for only buildings constructed prior to January 1, 1978. If the property was constructed after December 31, 1977, indicate this in the PDP chart above.

If the reports identify any environmental hazards, you are you are required to have a remediation plan to correct any identified hazards, and the cost for remediation has to be shown in the development budget. Note also that if there are inconsistencies between the PNA findings, and the findings of the lead, asbestos, and mold reports, this will be cause for concern.

Lead-Based Paint Assessment (for buildings constructed prior to January 1, 1978) - provide a report from an inspector/assessor certified by the California Department of Public Health. Federal lead regulations generally require that unless the presence of lead is presumed, paint testing must be conducted on all deteriorated painted surfaces or surfaces that will be disturbed or replaced. It is our expectation that most developers will presume the presence of lead after inspecting only a few units with positive results for lead.

Lead hazard reduction or abatement activities must be conducted in accordance 24 CFR Part 35. If you are presuming lead-based paint in all deteriorated painted surfaces or surfaces that will be disturbed or replaced, note this in your lead report, and discuss what remediation measures will be undertaken in accordance with Part 35.

Asbestos Report - provide an "Asbestos-Containing Material Report" based on an analysis from an environmental laboratory accredited by the National Institute of Standards and Technology Asbestos Program. In preparing the report, at least 50 percent of the units must be inspected, including all units believed to be most at-risk for asbestos-containing material. A mitigation plan must be included with each report if necessary.

Mold Report – The mold report must be based on a thorough building inspection, and if necessary, physical inspections and testing in hidden areas. The report must thoroughly discuss the design of the building envelope and the types of failures that could result, or are resulting, in condensation, floods, and water leaks. Where there is any basis to believe that there could be mold inside walls or otherwise inaccessible areas (e.g., such as mold odor and/or moisture intrusion), physical inspections must be performed by opening up the hidden area. If mold is found, it must be evaluated and tested. In preparing the report, at least 50 percent of the units must be inspected, including all units believed to be most at-risk for mold. The remediation plan



to correct any identified mold shall include remediation of the mold source (e.g., moisture intrusion and/or inadequate ventilation).

Testing is required if there is any basis to believe that there could be mold inside walls or otherwise inaccessible areas (e.g., such as mold odor and/or moisture intrusion). If it is your determination, in consultation with construction experts, after a thorough building inspection and if necessary after physical inspections, that there is no basis to believe that there could be mold inside walls or otherwise inaccessible areas, then no testing would be required. There must be a definitive statement in the mold report that there is no basis to believe there could be mold inside walls or otherwise inaccessible areas. If this statement is qualified or conditional in any way, then testing is required.

Mold testing should identify the type and quantity of mold(s) present. The mold report should discuss whether the mold present is of the type and quantity normally found in the indoor or outdoor air, or is otherwise potentially hazardous.

The Market Study, Appraisal, and lead, asbestos, and mold reports shall be prepared by an individual or firm which: (1) has the appropriate license and knowledge and experience necessary to competently prepare the document; (2) is aware of, understands, and correctly employs those recognized methods and techniques that are necessary to produce a credible and complete document; (3) communicates each analysis, opinion, and conclusion in a manner that is not misleading as to the true market needs for low-income residential property, and the value and condition of the subject property; and (4) is an independent third party having no identity of interest with the applicant, the partners of the applicant, the intended partners of the applicant, or with the general contractor.

**Preliminary Rehabilitation Cost Estimate and Detailed Scope of Work (20 points)** – The application must contain an itemized cost estimate and detailed scope of work that was prepared not more than six months prior to the application due date listed in the NOFA. If a project scores high enough to be evaluated for feasibility, the Department will evaluate the scope of work relative to the PNA and its own on-site inspection and may require modifications to the scope of work prior to recommending the project for funding. Pursuant to 24 CFR 92.251, housing that is constructed or rehabilitated with HOME funds must meet all applicable local codes, and rehabilitation standards at the time of project completion. Projects involving rehabilitation must do sufficient rehabilitation to ensure the long-term viability of these projects.

Note also that if a PNA is submitted with the application, we recommend that the Preliminary Rehabilitation Cost Estimate, Scope of Work, and Development Budget be consistent with the immediate needs identified in the PNA. The amount of the annual deposit into the replacement reserve should also be sized consistent with the long-term needs identified in the PNA.

**Physical Needs Assessment (74 points)** - Prepare a PNA dated no earlier than 2019 meeting the requirements of Fannie Mae's "Physical Needs Assessment, Guidance to the Property Evaluator" found at:

[https://www.fanniemae.com/content/guide\\_form/iii-12.pdf](https://www.fanniemae.com/content/guide_form/iii-12.pdf) \*(copy and paste url instead of clicking)

For projects proposing to use USDA Rural Development funds, you may use the USDA Rural Development Capital Needs Assessment form found at:

<https://www.rd.usda.gov/files/RDUL-CNA%20Process.pdf>

In addition, the PNA/CNA must meet the following requirements:

(A) The PNA/CNA shall include a narrative of Property Evaluator's findings, opinions, and recommendations along with photographs of the physical needs assessment inspection. The narrative shall include a summary of the Physical Needs Over Time, including the: (1) quantity, (2) unit cost, (3) total cost and (4) comments about each item necessary to maintain the project for 20 years.

(B) The PNA/CNA shall be prepared by a Property Evaluator that: (1) has the appropriate license as an architect or engineer and must be regularly in the business of performing PNAs/CNAs for lender or investor clients; (2) is aware of, understands, and correctly employs those recognized methods and techniques that are necessary to produce a credible and complete report; (3) communicates each analysis, opinion and conclusion in a manner that is not misleading as to the true condition of the subject property; and (4) is an independent third party having no identity of interest with the applicant, the partners of the applicant, the intended partners of the applicant, or with the general contractor.

(C) The Property Evaluator shall visit the project to perform the PNA/CNA, and shall inspect at least 30 percent of the project units, including a minimum of one (1) unit per building, one unit per floor, one unit per bedroom size, all handicapped accessible units, and all building common areas, roof areas, mechanical systems, plumbing, electrical systems, site drainage, asphalt, landscaping (including slope maintenance), irrigation, walkways, site lighting and security systems.

(D) The PNA/CNA shall include an evaluation without an inflation factor and one with an inflation factor for a 20-year projection.

(E) The PNA/CNA shall identify the quantity of items that need to be immediately replaced or repaired, the unit cost, the total cost, and comments about each item. These items include, but are not limited to: flooring, refrigerator, range, hood, dishwasher, kitchen sink, disposal, kitchen cabinets, kitchen plumbing fixtures, low flow toilets, bathroom plumbing fixtures, tubs and showers, tub and shower enclosures, smoke detectors, heating and air conditioning units, water heaters, window treatments, closet doors, interior lighting, screens, windows, doors, GFIs, floor and window coverings and drywall repairs. Any additional items in need of immediate repair shall also be identified.

(F) The amounts shown in the Operating Budget for replacement reserves must be consistent with the amount required in the PNA/CNA for replacement reserves with inflation factor.

(G) The Preliminary Rehabilitation Cost Estimate, Scope of Work, and Development Budget must also be consistent with immediate needs identified in the PNA/CNA.

**Relocation General Information Notice and Relocation Plan (75 points)** - Provide a comprehensive narrative covering the history to date of the developer's negotiations with the seller and other funding sources to support the Initiation of Negotiations (ION) date, along with the date of the ION. If the GIN was not provided at the same time as the Initiation of Negotiations, the narrative must explain the corrective actions. In addition, include the following: (1) a copy of the GIN, signed acknowledgement of hand-delivery to each tenant or other proof of delivery (i.e., return receipt requested), and the list of notified tenants to include the apartment unit number; (2) a project-specific relocation study/plan summarizing the estimated cost and methodology for calculating the relocation expenses, and (3) a certified Rent Roll on the ION date showing unit number, household size, household income, tenant name, move in date, last income certification date (as appropriate), tenants receiving a rental subsidy (i.e., Section 8 vouchers, etc.), and rent (at ION and current). These documents should be no older than six month prior to the application due date listed in the NOFA. The relocation plan must be prepared or updated. The plan must include a description of the transition reserve required by the Department to maintain the rents for existing tenants as long as they live in the project.

All owners must insure that the property management files for all tenants at the ION date are complete before taking possession of the property. Be aware, that all original tenants, whether still in the project or not, may have to be re-noticed, i.e., receive another GIN if the original GIN is determined to lack all required GIN information.

If relocation requirements will not be triggered, the application must clearly demonstrate this.

## **Instructions for Completing the Verification of Zoning and Other Required Local Approvals, the Verification of Local Development Impact Fees and the Verification of Water and Sewer Availability forms.**

1. Applicant completes only the project information portion of each form, then gives the form(s) to the applicable local government department/agency to complete the zoning, local approvals, and fee portion of the forms;
2. The local official completing the forms must have the knowledge and authority to complete the verifications. It may be necessary for one or more Local Officials to complete the forms. If multiple officials, make copies of the forms for each official.
3. On the Verification of Local Approvals, for any item that is not required, the local official should check the applicable box on the chart and, on a separate sheet, provide a written explanation as to why it is not needed (simply stating that the requirement is "N/A" is not sufficient). **All verification forms must be signed by the appropriate certifying local official and the developer.**

### **Rental New Construction**

A total of **125 points** are possible for Zoning and Local Approvals.

- a. Zoning: **40 points** will be awarded if the project, as proposed, is zoned for the intended use, complies with the general plan, and with conditional use requirements, if any.
- b. Local Approvals Obtained: **80 points** will be awarded if **ALL** required local approvals have been obtained.
- c. Water and Sewer Availability: **5 points** will be awarded if **both** services are currently available with sufficient capacity to serve the project as proposed.

Points will be awarded if the both the Verification of Zoning and Other Required Local Approvals, the Verification of Local Development Impact Fees and the Verification of Water and Sewer Availability forms are complete and included with the application.

### **Rental Acquisition/Rehabilitation**

The Rental Rehabilitation Local Approvals form must be correctly completed and included in the application for a total of **1 point**.

***To receive points, the verification forms must be signed by the Local Official AND the Developer.***

**Department of Housing and Community Development**  
**HOME PROGRAM**  
**Verification of Zoning and Other Required Local Approvals**  
**Rental New Construction**

**To the applicant:** Complete only the project information portion, then submit this form to the local government department having knowledge and authority to provide this verification. The local official is to complete Section I & II.

Applicant Name: \_\_\_\_\_  
 Project Name: \_\_\_\_\_  
 Address /Site: \_\_\_\_\_  
 City & County: \_\_\_\_\_  
 Assessor Parcel Number(s): \_\_\_\_\_

**To the jurisdiction completing this verification:** The applicant named above has applied for project funding under the state HOME Program, a competitive lending program. Project Readiness is an important factor in the Departments' project rating process. To assist in this review, please provide the information requested in Section I and II below.

**Section I: Zoning.** The parcel indicated above is zoned \_\_\_\_\_, which allows for multi-family development of no more than \_\_\_\_\_ units per acre. The project, as proposed, is zoned for the intended use, complies with the general plan, and with conditional use requirements, if any.

**Section II: Required Local Approvals**

Check All Required Items		Actual Approval Date or Expected Approval Date	Check if the Item is Not Required
<input type="checkbox"/>	CEQA		
<input type="checkbox"/>	Conditional Use Permit		
<input type="checkbox"/>	Site Plan		
<input type="checkbox"/>	Design Review		
<input type="checkbox"/>	Variances		
<input type="checkbox"/>	Planned Unit Development		
<input type="checkbox"/>	Specific Plan		
<input type="checkbox"/>	All Other Required Approvals (Please List)		

**Certification** I certify, on behalf of the entities I represent, that the information presented on the attached Local Approvals form is true and correct to the best of my knowledge.

Name of Local Official (print): \_\_\_\_\_  
 Signature: \_\_\_\_\_  
 Agency or Department: \_\_\_\_\_  
 Title \_\_\_\_\_ Date: \_\_\_\_\_

Developer Name (print): \_\_\_\_\_  
 Signature \_\_\_\_\_  
 Title \_\_\_\_\_ Date: \_\_\_\_\_

**Department of Housing and Community Development**  
**HOME PROGRAM**  
**Verification of Local Development Impact Fees**  
**Rental New Construction**

**Itemize all local impact fees to be paid.**

Pursuant to TCAC Regulation Section 10302(x), Local Development Impact Fees are defined as: the amount of impact fees, mitigation fees, or capital facilities fees imposed by municipalities, county agencies, or other jurisdictions such as public utility districts, school districts, water agencies, resource conservation districts, etc. **Permit processing fees, building permit fees, and plan check fees are NOT considered Local Development Impact Fees.**

TYPE OF FEES TO BE PAID	AMOUNT OF FEE
Community Development Fees	\$
Drainage Facilities	\$
Facilities Assessment	\$
Fire Facilities	\$
General Facilities	\$
Governmental/Environmental	\$
Law Enforcement Facilities	\$
Library Facilities	\$
Parks & Recreation	\$
Public Facilities	\$
Schools	\$
Streets & Signals	\$
Traffic Fees	\$
Waste Water Collection	\$
Waste Water Treatment	\$
Water Facilities	\$
Other (specify):	\$
Other (specify):	\$
Other (specify):	\$
Other (specify):	\$
Other (specify):	\$
<b>Total Estimated Local Development Impact Fees</b>	<b>\$</b>

**Certification** I certify, on behalf of the entities I represent, that the information presented on the attached Local Approvals form is true and correct to the best of my knowledge.

Name of Local Official (print): \_\_\_\_\_  
 Signature: \_\_\_\_\_  
 Agency or Department: \_\_\_\_\_  
 Title \_\_\_\_\_ Date: \_\_\_\_\_

Developer Name (print): \_\_\_\_\_  
 Signature \_\_\_\_\_  
 Title \_\_\_\_\_ Date: \_\_\_\_\_

**Department of Housing and Community Development**  
**HOME PROGRAM**  
**Verification of Required Local Approvals**  
**Rental Rehabilitation**

**To the applicant:** Complete **only** the project information portion then submit this form to the local government department having knowledge and authority to provide this verification. The local official is to complete the local approvals section.

Applicant Name: \_\_\_\_\_  
 Project Name: \_\_\_\_\_  
 Address /Site: \_\_\_\_\_  
 City & County: \_\_\_\_\_  
 Assessor Parcel Number(s): \_\_\_\_\_

**To the jurisdiction completing this verification:** The applicant named above has applied for project funding under the state HOME Program, a competitive lending program. Project Readiness is an important factor in the Departments' project rating process. To assist in this review, please provide the information requested in the local approvals section (chart).

Check All Required Items		Actual Approval Date or Expected Approval Date	Check if the Item is Not Required and explain on separate page.
<input type="checkbox"/>	Planning Department Approval		
<input type="checkbox"/>	Design Review Approval		
<input type="checkbox"/>	All Other Required Approvals (Please List)		
<input type="checkbox"/>			
<input type="checkbox"/>			
<input type="checkbox"/>			
<input type="checkbox"/>			

**Certification** I certify, on behalf of the entities I represent, that the information presented on the attached Local Approvals form is true and correct to the best of my knowledge.

Name of Local Official (print): \_\_\_\_\_  
 Signature: \_\_\_\_\_  
 Agency or Department: \_\_\_\_\_  
 Title \_\_\_\_\_ Date: \_\_\_\_\_

Developer Name (print): \_\_\_\_\_  
 Signature \_\_\_\_\_  
 Title \_\_\_\_\_ Date: \_\_\_\_\_

**Department of Housing and Community Development**  
**HOME PROGRAM**  
**Verification of Water and Sewer Availability**  
**Rental New Construction**

**To the applicant:** Complete only the project information portion, then submit this form to the local government department having knowledge and authority to provide this verification. The utility service provider is to complete Section I.

Applicant Name: \_\_\_\_\_  
Project Name: \_\_\_\_\_  
Address /Site: \_\_\_\_\_  
City & County: \_\_\_\_\_  
Assessor Parcel Number(s): \_\_\_\_\_

**To the jurisdiction/service provider completing this verification:** The applicant named above has applied for project funding under the state HOME Program, a competitive lending program. Project Readiness is an important factor in the Departments' project rating process. To assist in this review, please provide the information requested in Section I below.

**Section I: Water and Sewer Availability**

Circle all appropriate answers:

- |    |   |
|----|---|
| 1) | Yes/No – A public water supply is currently available with sufficient capacity to serve the multifamily project as proposed.  |
| 2) | Yes/No – A public sewer service is currently available with sufficient capacity to serve the multifamily project as proposed. |

**Certification** I certify, on behalf of the entities I represent, that the information presented on the attached Verification of Water and Sewer Availability form is true and correct to the best of my knowledge.

Name of Local Official (print): \_\_\_\_\_

Signature: \_\_\_\_\_

Agency or Department: \_\_\_\_\_

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

Developer Name (print): \_\_\_\_\_

Signature \_\_\_\_\_

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



## **Design Progress**

Submit the following for the proposed activity:

### **Rental New Construction (10 points)**

1. Submit an executed agreement with the architectural firm identified on the Contacts Worksheet of the UA for the design (through working drawings) of this project and attach as Exhibit 23.

☐ Check if attached

2. Check below the status of plans and specifications on which the cost estimates reflected in the Sources and Uses are based. Submit a letter from the architect identified on the Contacts Worksheet of the UA which gives the status of plans and specifications on which these costs were based, and attach as Exhibit 24.

☐ Plans and specifications ready to be submitted to the building department (10 points)

☐ Preliminary plans and specifications (at least 35% completed) (7 points)

☐ Conceptual (elevations and floor plans) (5 points)

☐ Other (Describe, and include an estimated percentage of completion here): \_\_\_\_\_% (0) points)

### **Rental Rehabilitation with or without Acquisition (5 points)**

1. Submit either (a) or (b) below and attach as Exhibit 23.

☐ (a) An executed agreement with the architectural firm identified on the Contacts Worksheet of the UA for the design (through working drawings) of this project;

OR

☐ (b) Evidence that the construction specialist identified on the Contacts Worksheet of the UA has been retained, or is on the applicant's or administrative subcontractor's staff. Identify the person, include his or her resume, and a list of comparable projects for which that person has provided construction services similar to those required for this project.

2. Submit a letter from the architect or construction specialist identified in Section II of the application which gives the status of plans and specifications on which these costs are based and attach as Exhibit 24.

☐ Plans and specifications ready to be submitted to the building department

## **Permanent Financing Commitments (Up to 25 points)**

Total Development Cost: \$ \_\_\_\_\_

Requested HOME project funds: \$ \_\_\_\_\_

Other permanent financing required: \$ \_\_\_\_\_

For each of the non-HOME Permanent Financing Source listed on the "Development Sources" worksheet of the UA, submit financing commitment letters, as evidenced by letters or resolutions from the funding sources, evidence of fee waivers, etc.

Permanent financing commitment letters should be labeled as Exhibit 9. Note: if you would like the value of waived local fees, deferred developer fee, or land donations to count toward the percentage of permanent financing committed, you must include the value of these items on your Development Sources Worksheet.

Financing commitments conditioned on the award of bond or tax credit authority from a public agency, including but not limited to TCAC/CDLAC, will not be accepted without the public agency approval letter, a letter estimating public agency syndication proceeds, and a financing commitment letter meeting the requirements identified in this section.

**NOTE: for projects reporting RDA financing as “committed” the Applicant must provide evidence that the funds are available and that the Successor Agency has assumed the financial obligation.**

Documentation of Financing Commitments must contain the following:

1. The borrower's name;
2. The project name;
3. The project site address, assessor's parcel number, or legal description;
4. The amount, interest rate, and terms of the financing being committed. Permanent financing commitment letters must state what the interest rate is for the entire term of the loan. If there is an adjustment of the interest rate at some point during the loan term, there must be a ceiling rate, and the adjustment and the ceiling rate must be identified in the financing commitment letter.
5. The Permanent loan must be fully amortized; and
6. Assumable public financing must indicate that all significant underwriting assumptions have been approved, including but not limited to:
  - a) Purchase price

- b) Disposition of reserves
- c) Scope of work
- d) Operating costs
- e) Proposed rents
- f) Availability of subsidies
- g) Proposed annual reserves deposits, term/amount

Federal Loans – Some federal lenders (HUD, RD, and others) may not show the project location/address on their commitment letters. Therefore, for federal loans only, the letters need not show the project location/address provided that other third-party documentation demonstrates that the federal commitment letter is for the proposed project site. Federal loan letters must still meet all other requirements for commitment letters.

If any elements are missing from the commitment letters, full points cannot be awarded. The letter may be conditioned on certain standard underwriting criteria, such as appraisals, but may not be generally conditional. Examples of unacceptable general conditions include phrases such as "subject to senior management approval", or a statement that omits the word "commitment" but instead indicates the lender's "willingness to process an application" or indicates that financing is subject to loan committee approval of the project.

Financing commitments must clearly show that the lender is committing financing to the project. The Department will evaluate the conditions of the financing letter to determine if they qualify the commitment to such a degree that a valid commitment does not exist.

Make sure that you have enough permanent financing sources identified on the Development Sources Worksheet to cover the costs listed in the Development Budget and Permanent Sources and Uses Worksheets. Make sure that the dollar amounts in any permanent financing commitment letters correspond with the total amounts listed on these worksheets.

- [ ] Check here if your permanent financing commitment letters have been included with your application.

## **State Objectives**

Up to 200 points may be earned by meeting one or more of the State Objectives outlined below. Applicants must submit the State Objectives Worksheet for Rental Projects with their application package to receive these points.

a) 100 Percent Financing Committed: 85 points will be awarded for projects that have 100 percent of their non-State HOME permanent financing committed by the application due date. Projects receiving 4 percent tax credits qualify for these points, if all commitments other than tax-exempt bonds, 4 percent proceeds, AHP and deferred developer fees are in place.

b) Overcoming Impediments to Fair Housing - 35 points will be awarded to rental projects proposed in census tracts where total minorities are not overrepresented by more than 20 percentage points compared to the percentage of total minorities in the county. Follow the instructions below to retrieve the necessary documentation, and determine whether you qualify for points.

1. Go to <https://data.census.gov/cedsci>.
2. In the search box, type "DP05: ACS DEMOGRAPHIC AND HOUSING ESTIMATES", then click the "Search" button.
3. At the top of the page, there is a menu that lists the options "All, Tables, Maps, Pages". Click on "Tables".
4. The table "ACS Demographic and Housing Estimates" should appear. In the drop-down menu "Product", select "2017: ACS 5-Year Estimates Data Profiles".
5. Click on the "Customize Table" button (next to the "Product" drop-down menu).
6. Click on the "Transpose Table" button in the table menu (the button with the arrow between the two blocks).
7. Click on the "Geographies" button in the table menu (the button with the map markers).
8. Select the Census tract where your project is located:  
  
Under the "Geography" list, click "Tract". Under the "Within State" list, click "California". Under the "California" list, click on the county where your project is located. Under the list of Census tracts, select the Census tract where your project is located. The table will add a filter for your Census tract.
9. Select the county where your project is located:  
  
Under the "Geography" list, click "County". Under the "County" list, click "California". Under the "California" list, select the county where your project is located. The table will add a filter for your county.
10. Minimize the Geography menu by clicking on the "Hide" arrows to the upper right.
11. Click on the "Hide" button in the table menu (the button with the line through the eye).
12. Find the percentage of total non-minorities in the Census tract and county:

Unselect the “All columns” button to uncheck all of the boxes in the list. Scroll down to the buttons under the category “Hispanic or Latino and Race”. Select the button “White alone” under “Not Hispanic or Latino”.

13. Minimize the Filter/Sort menu by clicking on the “Hide” arrows to the upper right.
14. The resulting table shows the population estimate, and the percent of the population, in the county and in the project Census tract, that is “Not Hispanic or Latino, White alone”.
15. Print this table using your Web browser’s Print function.
16. In the Minority Concentration Score Sheet, enter the “Not Hispanic or Latino, White alone” percentages for the project Census tract and County. If the “% point under or over-representation” is 20.0 or less, you qualify for points subject to verification by the Department. Enter “Yes” in the “Project Selection” worksheet.
- 17. Include the printout of the data.census.gov DP05 table as Attachment 26c, along with the completed Excel chart.**

c) Policy Objectives – up to 80 points will be awarded to FTHB projects pursuant to projects that serve Special Needs or Homeless populations as follows:

<b>State Objectives: Special Needs/Homelessness Populations</b>	
Percent of Units Designated by the <u>Funding Source as Special Needs/Homelessness Units</u>	<u>Points</u>
30% or more	80
25%	65
20%	52
15%	39
10%	26
5%	13

**-- or --**

Access to Opportunity: 80 points will be awarded for projects located in areas of opportunity within the TCAC Opportunity Map. <http://www.treasurer.ca.gov/ctcac/opportunity.asp>

For more information see Section IV.B. of the HOME NOFA.