

HOME INVESTMENT PARTNERSHIP GRANT (HOME)

Annual Action Plan 2019-20
HOME Regulations 24 CFR Part 92

The intent of the HOME Program is to:

Increase the supply of decent affordable housing for low-income and very low-income households

- Expand the capacity of nonprofit housing providers
- Strengthen the ability of state and local governments to provide housing
- Leverage private sector participation

PROJECTED 2019-2020 HOME ALLOCATION

HOME	<u>\$700,000*</u>
• Planning and Admin (10%)	\$ 70,000
• CHDO-Development (15%)	\$105,000
• Available HOME Funds	<u>\$525,000</u>
<u>Total NOFA</u>	<u>\$630,000</u>

*Final Adjustments to be done when City receives final FY 2019-20 HUD allocation

HOME ADMINISTRATIVE & MATCH REQUIREMENTS

- **Eligible administrative and planning costs include expenditures for:**
 - Salaries, wages, and related costs of PJ responsible for HOME program administration
 - Public Information
 - Fair Housing (24 CFR part 91)
 - Preparation of consolidated plan
 - Preserving affordable housing already assisted with HOME funds
 - Other Federal requirements
- **Required match:**
 - HOME program requires PJs to contribute an amount equal to no less than 25% of the total HOME funds draw down for project costs

Key partners:

- Participating Jurisdiction (“PJ” – the City of Oxnard)
- Sub-recipients of HOME funding
- Community-Housing Development Organizations (CHDOs)
- Third-Party Contractors
- Private Lenders
- Developers, owners, and sponsors of housing for low- and moderate- income families

ELIGIBLE HOME ACTIVITIES AND COSTS

HOME funds can be used to support four general affordable housing activities:

- Homeowner rehabilitation
- Homebuyer activities
- Rental Housing
- Tenant-based rental assistance (TBRA)

Eligible Costs- Depend on nature of program activity. Generally funds can be used:

- Hard and Soft costs for:
 - New construction
 - Rehabilitation
 - Reconstruction
 - Conversion
- Improvements on HOME project site
- Acquisition (construction must begin within 12 months of Commitment)
 - Vacant land
 - Improved land
- Demolition
- Relocation Costs
- Refinancing
- Capitalization of Project reserves (limited to 18 months)
- Project-related soft costs

HOME PROGRAM REQUIREMENTS

- **Income Eligibility and Verification**
 - Timeframe for income source documentation is 2 months
- **Maximum per-unit subsidy amount**
 - The maximum HOME per-unit subsidy may not be increased above 240% of the base limits authorized by section 221(d)(3)(ii) of the National Housing Act.
- **Underwriting & subsidy layering**
 - Before committing funds to a project, the PJ will evaluate a program to determine that there is a reasonable level of profit.
 - A review will be conducted of funding sources, use of funds, current market demand of the neighborhood where the project will be located, experience of the developer, financial capacity of the developer, and firm financial commitments for the project.
 - If a project involves rehab of owner occupied housing: an underwriting analysis will be conducted only if the HOME funded rehab loan is an amortizing loan. Market analysis/evaluation of developer capacity not required
 - If a project involves HOME funded down payment assistance & does not include a HOME funded development activity, a market analysis/evaluation of developer capacity is not required

HOME PROGRAM REQUIREMENTS (CONT.)

- **Gap Financing**
- **Affordability Periods**
- **Maximum Property Value**
 - 95% of the median purchase price for the area, as published by HUD or in accordance with the Final Rule
- **Environmental Review**
 - Environmental effects of each activity carried out with HOME funds must be assessed in accordance with the provisions of NEPA
 - PJ shall not commit to funds to a project prior to completion of the environmental review. A “conditional commitment” is possible.
- **Property Standards**
 - Property must meet State or Local residential/building codes as applicable
 - The unit must meet all applicable requirements upon project completion
 - Current inspection of a unit must be no earlier than 90 days before commitment of HOME assistance

FISCAL YEAR 2018 INCOME LIMIT SUMMARY FOR VENTURA COUNTY

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Median Income \$96,000

Income Limit Category	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
Extremely Low Income (30%)	21,300	24,350	27,400	30,400	32,850	35,300	38,060	42,380
Very Low Income (50%)	35,500	40,600	45,650	50,700	54,800	58,850	62,900	66,950
Low Income (80%)	56,800	64,900	73,000	81,100	87,600	94,100	100,600	107,100

Source: US Department of Housing and Urban Development
Income Limit areas are based on FY 2018 Fair Market Rent (FMR) areas

HOME-FUNDED HOMEBUYER AND REHABILITATION PROGRAM REQUIREMENTS

- **Written underwriting standards are required**
 - The standards must establish policies for homeownership assistance that evaluate housing debt & overall debt of the family, amount of assistance requested, monthly expenses, assets, and financial resources for long-term sustainability
 - Adopted Homebuyer program policies and procedures must be consistent with 2013 HOME Regulation requirements related to homeownership (to ensure the sustainability of homeownership for the low-income homebuyer over time)
 - Adopted Rehabilitation program policies and procedures must be consistent with 2013 HOME Regulation requirements regarding property standards (progress inspections and completion inspections).

CHDO CAPACITY REQUIREMENTS

- **Under the 2013 HOME Final Rule**, *in order to be certified as a CHDO by the PJ, the CHDO must demonstrate capacity and must have experienced paid full-time or part-time staff (independent contractors and/or consultants are permitted only during the first year as CHDO).*
- **The 2013 HOME Final Rule** also establishes defined roles and requirements for CHDO acting as owners, developers and sponsors of housing units.

The 2013 HOME Final Rule made three major changes to the definition of commitment:

- Elimination of non-project-specific reservations of funds to CHDOs.
- Clarification of the definition of commitment: PJ can only commit funds to a specific project when the CHDO “has secured all necessary financing to complete the project, when it has established a budget and a schedule for construction, and when it has completed the underwriting and the subsidy layering.”
- Agreements between PJ and related sub-recipients are not considered as commitments for the purpose of meeting the commitment deadline.

Expenditures Deadlines: Four deadlines are established by the 2013 HOME Final Rule

- HOME projects must be completed within 4 years of commitment
- Assessment of project underwriting, developer capacity and market needs within 6 months after the initial occupancy date.
- Conversion of any unsold homebuyer units to rental units within 9 months after the completion of the project (CHDO must repay the HOME funds invested in the unsold units if conversion not completed).
- CHDO set-aside funds must be expended within 5 years of when the PJ receives its allocation. (Beginning January 1, 2015)

HOME funded programs are monitored to ensure timeliness, adherence to objectives, and that funding criteria is met for each activity:

Different types of review/monitoring:

- Desk review: administrative and financial monitoring
- Field Monitoring: project monitoring
- HUD Monitoring: program performance monitoring

Corrective Action, Training, and Technical Assistance is available to cure identified deficiencies

REPORTING

- Quarterly reports must be submitted to City
 - Due Oct. 15, Jan. 15, April 15, June 15
- Annual Report must also be submitted to City
 - Due July 30
- Consolidated Annual Performance and Evaluation Report (CAPER)

Annual Reports are used to meet 3 basic purposes:

- Provide HUD with necessary information to assess each grantee's ability to carry out its programs in compliance with applicable regulations and requirements,
- Provide information necessary for HUD to report to Congress, and
- Provide grantees with an opportunity to describe program achievements for their citizens.

GRANT COMPLIANCE REQUIREMENTS

Environmental review must be completed by the grantee for all project activities prior to obligating HOME funds. No HUD money may be used to fund projects that cannot receive National Environmental Protection Act (NEPA) clearance. This report must be completed for every HOME funded activity to show that there is no impact on the environment or, if there is, that there is no negative impact on the environment. (24 CFR Part 58)

There are 3 types of determination:

(Determine level of review, based on project description)

- Exempt
- Categorically Excluded
- Environmental Assessment (EA) Review required

OTHER FEDERAL REQUIREMENTS

- Labor Standards Requirements: 29 CFR Parts 1, 3, 5, 6 and 7
- OMB Circular- Uniform Guidance or Federal Award 2 CFR Part 200
- Section 3: HUD-60002 – Annual Section 3 Hiring and Contracting Summary Report
- Procurement 24 CFR 570.502, 570.610 and 85.36
- Environmental Review 24 CFR Part 58
- Lead Safe Housing Rule: 24 CFR Part 35, 570.608
- Uniform Relocation Act: 24 CFR Part 42, 49 CFR Part 24 and HUD Handbook 1378
- Fair Housing and Equal Opportunity Laws: Section 109 and 570.602.
www.hud.gov/offices/fheo/index.cfm
- Desk procedure
- Program policies and procedures
 - Notice CPD 15-09, Requirements for committing HOME funds

CITY OF OXNARD

CITIZEN PARTICIPATION PLAN

The Oxnard Citizens Participation Plan , originally adopted by the City Council on October 18, 1994, and modified on July 10, 2018, consists of:

- Public Outreach and Access
- Public Hearings
- Technical Assistance
- Comments and complaints
- Amendments

24 CFR 91.200(c) and 91.215 (I)

CONSOLIDATED PLAN AND ANNUAL ACTION PLAN

- Prepared by the grantee in accordance with 24 CFR Part 91
- Describes needs, resources, priorities and proposed activities to be undertaken with respect to HUD's CPD formula programs (CDBG, HOME, and HESG).
- Currently in first year of PY 2018-2019 Consolidated Plan 2-Year Extension of 2013-2017 Con Plan
- Information related to the preparation for the Annual Action Plan (FY 2019-20) at <https://www.oxnard.org/city-department/housing/grants-management/>

CONSOLIDATED ANNUAL PERFORMANCE AND EVALUATION REPORT (CAPER)

CAPER

- Annual report to HUD
- Due within 90 days of the end of the fiscal year
- Summarizes the City's performance for the fiscal year
- Includes a description of the resources made available, investment of available resources, geographic distribution and location of investments, families and persons assisted (including the racial and ethnic status of persons assisted), and other actions indicated in the Con Plan and the Action Plan.

APPLICATION PROCESS

- Application Workshops (January 31st)
- Applications to be submitted online no later than February 28th
- Submissions reviewed by Application Review Panel
- Interviews conducted by Review Panel (March 13-14, 2019)
- Proposed funding allocations expected to be published by April 30, 2019 (tentative date)
- Recommended projects to City Council June 4, 2019 for City Council approval (tentative date)

APPLICATION PROCESS CONT'D

- Technical assistance is available to applicants
- Upon submission of the applications:
 - Reviewed for completeness and eligibility by Grants Division
 - Review panel convened to evaluate and interview eligible submissions
 - Six (6) member review panel will be made up of delegates from three citizen advisory groups and three members of City staff

All applications will be evaluated on specific criteria:

- Compliance with the HOME administrative requirements
- Eligibility as a HOME activity
- Ability to receive NEPA clearance
- Overall impact in addressing community needs as identified in the City's Consolidated Plan
- Compliance and consistency with local policies, plans and goals as identified in the City's Consolidated Plan
- Financial feasibility and timeliness
- Extended benefit to persons of low and moderate income
- Clarity of the application narrative
- Completeness of the application

Review Panel will rank the applications based upon pre-established criteria including:

- Experience in providing the services
- Experience with CDBG/HOME/ESG programs
- Consistency with priorities and objectives established in the City's Consolidated Plan
- Experience in the community
- Administrative and financial capacity to carry out the proposed activity

Panel's recommendations provided to staff for formal recommendation to the City Council at the 2nd Public Hearing

ONLINE APPLICATION

Online Application must include the following:

- Application (On-Line)
 - Documents- uploaded

(Technical assistance is available to applicants)

**The due date of the online application is
February 28, 2019**

Important Dates:

- **1/15/19:** First Public Hearing – Assessment of unmet needs
- **1/31/19:** Pre-Application Workshops
- **2/28/19:** Applications Due
- **3/13/19-3/14/19:** Review panel presentations & evaluations
- **5/3/19-6/3/19:** 30-day Public review of FY 2019-20 Annual Action Plan (tentative date)
- **6/4/19** - Second Public Hearing, Council considers the recommendations for the use of funds and approves the FY 2019-20 Annual Action Plan-AAP (tentative date)

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QUESTIONS?

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