



**COMMUNITY DEVELOPMENT BLOCK GRANT – DISASTER RECOVERY
DISASTER RECOVERY – MULTIFAMILY HOUSING PROGRAM**

**NOTICE OF FUNDING AVAILABILITY
AFFORDABLE HOUSING
SANTA ROSA HOUSING TRUST**

Issue Date: November 3, 2020 – Due Date: December 3, 2020 at 11:59 p.m.

The Santa Rosa Housing Trust is issuing this Notice of Funding Availability (NOFA) for affordable housing in Santa Rosa on behalf of the Housing Authority of the City of Santa Rosa.

The Housing Authority has up to \$38,353,107 available of Community Development Block Grant – Disaster Recovery (CDBG-DR) funds through the California Department of Housing and Community Development’s (HCD) Disaster Recovery – Multifamily Housing Program (DR-MHP). Applications will be considered for a portion of the funds, in accordance with the DR-MHP Policies and Procedures.

The Housing Authority reserves the right to request that Applicants submit additional information as requested by staff. The Housing Authority also reserves the right to suspend, amend or modify the provisions of this NOFA, to reject all proposals, to negotiate modifications of proposals, or to award less than the available funding.

DISASTER RECOVERY – MULTIFAMILY HOUSING PROGRAM BACKGROUND

In response to the 2017 wildfires, the United States Department of Housing & Urban Development (HUD) allocated CDBG-DR funds to the HCD to be distributed statewide to disaster-affected areas. Under Public Law 115-123, through their Action Plan with HUD, HCD appropriated funding for new program called DR-MHP. The City of Santa Rosa was identified as a subrecipient of these funds. Of the total appropriation, up to \$38,469,772 is available to the Housing Authority of the City of Santa Rosa, by delegation of the Santa Rosa City Council. The Policies and Procedures for the DR-MHP program are available on HCD’s website, at <https://www.hcd.ca.gov/community-development/disaster-recovery-programs/cdbg-dr/cdbg-dr-2017/index.shtml>.

FUNDING

The form of assistance to Developers shall be a loan. Projects recommended for funding by the Santa Rosa Housing Authority, and approved by HCD to receive a funding award, will be funded to address a financial gap, not to exceed forty percent (40%) of the total Project cost, up to the amount of funding available. Sixty percent (60%) of the Project cost must be covered by other funding sources and recognized in the Sources and Uses Statement and Project Pro Forma as either identified or committed. The maximum per-unit subsidy award shall be consistent with annual HOME limits established by HUD, up to 240% of the HOME subsidy limit if a regional per-unit subsidy increase has been issued to the jurisdiction and are included in the table below. The minimum award amount is \$200,000.

Bedrooms	HOME Funding Limit/Unit National (June 2020)	HOME Funding Limit/Unit California (June 2020)	CDBG-DR Per Unit Limit
0	\$63,881	\$153,314	\$153,314
1	\$73,230	\$175,752	\$175,752
2	\$89,049	\$213,718	\$213,718
3	\$115,201	\$276,482	\$276,482
4+	\$126,454	\$303,490	\$303,490

LOAN TERMS, CONDITIONS, AND LEGAL DOCUMENTS

- Projects must target Low- to Moderate-Income households earning eighty percent (80%) of the Area Median Income level established by HUD, or less. Tenants may be families, seniors, veterans, special needs, or homeless (or at-risk), and/or other eligible groups.
- The borrower shall enter into loan documents with the Housing Authority, including but not limited to: (1) Loan Agreement; (2) Promissory Note, secured by (3) Deed of Trust with the Housing Authority’s Deed of Trust Rider, (4) HCD’s DR-MHP Development Agreement Rider, (5) Regulatory Agreements, (6) Hazardous Substances Indemnity Agreement, (7) Assignment of Architects’ and Engineers’ Agreements, Plans and Specifications and Consent, (8) Assignment of Construction Contracts & Agreements and Consent, and (9) any other necessary documents.
- The borrower must accept the Housing Authority standard loan terms: three percent (3%) simple interest per annum, principal and interest deferred for the fifty-five (55) year loan term. Interest shall commence with the recordation of the deed of trust. The term of affordability will be fifty-five (55) years from the date of HCD’s approval of the Project Completion Report.
- Projects must have reasonable acquisition, construction and operating costs, as reviewed and determined by staff based on local recent comparable developments.
- Applicants must leverage other financing sources such as, but not limited to, state, federal and other local sources and private equity.
- Applicants must demonstrate readiness.
- Applications recommended for funding to HCD must enter into a Pre-Commitment agreement with the Housing Authority.
- Applicants must have site control demonstrated by fee title ownership, an executed long-term lease or option to execute a long-term lease, signed option or purchase agreement, or equivalent legally enforceable instrument.
- Projects must comply with the requirements of the California Environmental Quality Act (CEQA) and the National Environmental Policy Act (NEPA). Compliance with CEQA and NEPA must be completed prior to finalization of the funding commitment.
- Applicants must comply with all funding source requirements, including but not limited to California prevailing wage requirements and federal Davis Bacon federal labor standards; Section 504 of the Rehabilitation Act of 1973; Americans with Disabilities Act (ADA);

Affirmatively Furthering Fair Housing Act; Section 3 of the U.S. Housing Act of 1968, Equal Opportunity and related requirements in 24 CFR Section 982.53, as amended; Architectural Barriers Act of 1968; federal and state requirements related to Minority Business and Women Business Enterprises (M/WBE), Duplication of Benefits, the Uniform Relocation Assistance and Real Property Acquisition Act, prohibition against Eminent Domain, Building Standards (CalGREEN, WUI, Broadband Infrastructure), Article XXXIV, and the National Objective of Demonstrating Benefit to LMI Persons; federal labor standards regulations under 29 CFR Part 5 and other regulations; and state and federal regulations pertaining to remediation of lead, asbestos and other hazards.

- Projects must comply with Housing Authority policies; plans and ordinances of the City of Santa Rosa; HCD DR-MHP Policies and Procedures; state and federal regulations; and any other funding source guidelines and regulations.
- The Applicant shall pay any and all fees to the Housing Authority, including a loan application fee, loan document processing fee, compliance monitoring fee, subordination fee and other applicable fees, all of which are updated annually. If applicable, the applicant must pay all fees and costs associated with a tax-exempt bond issuance.
- Applicants understands that under the California Public Records Act all documents that they submit in response to this NOFA are considered public records and will be made available to the public upon request.

HCD Approval of Recommended Projects: Any Projects recommended for funding by the Housing Authority from DR-MHP funds are subject to final approval by HCD in accordance with the DR-MHP Policies and Procedures.

Projects will be subject to the DR-MHP Underwriting Criteria, as carried out by Housing Authority staff and is available on HCD's website here: <https://www.hcd.ca.gov/community-development/disaster-recovery-programs/cdbg-dr/cdbg-dr-2017/index.shtml>.

The ability to satisfy these terms and conditions is not a guarantee of project funding.

AFFIRMATIVE MARKETING PLAN

Project applications must include an Affirmative Marketing Plan using the [Affirmative Fair Housing Marketing Plan Form HUD-935.2A](#). Affirmative Marketing involves outreach and advertising efforts aimed to engage individuals and groups who might otherwise be unlikely to apply. Affirmative marketing efforts must begin at least ninety (90) days prior to initial renewed occupancy for new construction and substantial rehabilitation projects. In addition to the required demographic analysis, individuals who were impacted by the 2017 disasters (including the 2017 Tubbs fire) and Section 8 Housing Choice Voucher holders have been determined by HCD to be included with those who are least likely to apply. Examples of people impacted by the 2017 disasters include renters that have lost rental units or have been displaced due to the impacts of the 2017 disasters (FEMA disasters DR-4344 and DR-4353).

Instructions for completing the Affirmative Marketing Plan can be found in Section 2.12 of the [DR-MHP Policies & Procedures](#). To reach out to individuals and families that were impacted by the disasters and to Section 8 Housing Choice Voucher holders, the plan shall, to the extent

feasible, identify non-profit caseworkers who were on the ground during the disaster, contact area public housing agencies, advertise through TV/Radio/Newspapers/Billboards/211 system. Within the interest list and application, data shall be collected to determine if a prospective applicant was impacted by the disasters or is a Section 8 Housing Choice Voucher holder.

ELIGIBLE USE OF FUNDS

Pursuant to 42 USC 5305(a)(4), authorized activities under this statute include the clearance, demolition, removal, Reconstruction, and Rehabilitation of buildings and improvements (including interim assistance, and financing public or private acquisition for reconstruction or rehabilitation, and Reconstruction or Rehabilitation, of privately owned properties). New housing construction is also eligible as established in 83 FR 5844, paragraph B.32 of Section VI. *Rehabilitation and reconstruction activities must increase the supply of affordable housing units to be considered.*

Eligible costs include:

- Architectural and engineering design;
- Permitting fees;
- Developer fees;
- Mobilization, site prep, and clean up; and
- Construction, Reconstruction or Rehabilitation costs.

APPLICANT ELIGIBILITY

Qualified affordable housing developers/project sponsors (“Applicants”) that meet the NOFA requirements are encouraged to submit proposals. Eligible Applicants include for-profit or non-profit corporations, individuals, general or limited partnerships, or limited liability companies. Applicants without the necessary experience must enter into joint venture agreements with experienced developers in order to be considered.

PROJECT ELIGIBILITY

Proposed Projects may include both market rate and affordable units, but DR-MHP funds may only be applied to affordable units. The proposed Project must have a minimum of eight (8) total units, and minimum of four (4) affordable units or thirty percent (30%) of the units must be affordable units, whichever is greater.

The proposed project must meet one of the HCD Project types defined in the [“2019 Multifamily Housing Program Guidelines”](#) Article 2, Section 7302 (e) (1-5) including, 1) Large Family, 2) Special Needs, 3) Seniors, 4) Supportive Housing, and/or 5) At High Risk.

Proposed Projects must be located within the Santa Rosa city limits. This area has been identified as a Most Impacted and Distressed (MID) area impacted by the 2017 wildfires per the Federal Emergency Management Agency’s Disaster Declaration DR-4344.

The proposed Project must meet the following affordable rent requirements and tenant income limits through the duration of the affordability period. At a minimum, the following thresholds must be adhered to in all Projects:

1. Maximum Affordable Rents (inclusive of all utility costs) shall not exceed the High HOME rents as designated for the Project area. DR-MHP Assisted Units may only be leased to Households with an annual income that is less than 80% of the Area Median Income.
2. Multifamily developments must meet the following affordability requirement: a minimum affordability period of 55 years for the rehabilitation, reconstruction, or new construction of multifamily rental Projects.
3. Sale of a Project during the affordability period is acceptable; however, affordability periods must still be adhered to and included as a deed restriction.

PRIORITIZATION CRITERIA

Projects must meet one of the following criteria:

- Projects providing a greater ratio of affordable rent units to total units (i.e. a project where 51% or more of the total units are affordable).
- Project accommodating “Deep Affordability” with at least ten percent (10%) of units targeted to households below thirty (30%) of Area Median Income levels established by HUD.
- Projects providing permanent Supportive Housing (PSH) units. The 2019 Multifamily Housing Program Guidelines define supportive housing as a housing type that meets the requirements of Article 2, Section 7302(e)(4).
- Projects which are providing residential units for Elderly Persons.
- Projects providing residential units for people with at least one Disability. Disabled people are among the groups considered as being most vulnerable and at risk of suffering negative effects from natural disasters.
- Projects which are providing residential units for Low-Income Immigrants. Post disaster Low-Income Immigrants face additional barriers to disaster relief based on immigration status, Limited English Proficiency, and fear of compromising future efforts for permanent legal status.

APPLICATION PROCESS

Application: Please visit [Affordable Housing Loan Application Information](#) to obtain the *current* loan application information. Submit a completed Housing Authority Loan Application Form, including its attachments.

Due Date: Applications are due no later than **December 3, 2020**, at 11:59 pm. Applications will be reviewed on a continuous basis until all funds are committed to eligible projects. Please send one (1) binder including a hard copy and thumb drive of the application and attachments by US Mail* and one (1) electronic version by Drobox to NRathbun@SRCity.org. The hard copy must be tabbed, and the electronic files must be individually named.

Hard Copy by US Mail to:

Attn: Nicole Rathbun
City of Santa Rosa
Department of Housing and Community Services
First Floor
90 Santa Rosa Avenue
Santa Rosa, CA 95404

Please note: The City of Santa Rosa has closed most of its public counters until further notice to help curb a resurgence of coronavirus infections occurring in Sonoma County and statewide.

Timeline: Applications are due on **December 3, 2020**. The targeted meeting for the initial funding recommendations by the Housing Authority will be scheduled in **January 2021**. Subsequent recommendations may be made by the Housing Authority at future meetings. The Housing Authority's regularly scheduled meetings are generally held on the fourth Monday of every month. Agendas are posted online at: <https://santa-rosa.legistar.com/Calendar.aspx>. Final Project funding award decisions will be made by HCD, generally within sixty (60) days of submission.

SELECTION CRITERIA AND PROCESS

Project Applications will be reviewed by staff for application completeness, eligibility, long-term Project viability, verification of financial feasibility, and cost reasonableness, Project timeliness and schedule, and Developer capacity. Other factors for evaluation include competitiveness in the State funding programs and secured financial commitments; project readiness; qualifications, capability and expertise of the development team to finance, design, build/rehabilitate and manage affordable housing; affordability levels; number of units; unit mix (number of bedrooms); any information requested in the Loan Application; Housing Authority policies and preferences; HCD prioritization; and completeness, accuracy, and quality of the proposal/application. The Housing Authority reserves the right to weigh certain selection criteria over others.

Complete Project Applications will be reviewed by staff and referred to an ad-hoc Joint Review Committee comprised of Santa Rosa City Councilmembers and Housing Authority Commissioners. The Joint Review Committee will provide funding recommendations to the Housing Authority board who will make recommendations for any selected Project Applications to be forwarded to HCD for final approval. Final Project funding award decisions are made by HCD, generally within sixty (60) days of submission. The HCD review process ensures compliance with regulatory requirements and broader recovery goals. For more information about HCD's Project Application review, please refer to the [DR-MHP Policies & Procedures](#). Once HCD approves a Project Application to receive a funding award, HCD will issue a Notice to Proceed (NTP) to the Housing Authority, who will in turn, notify the Developer applicant. HCD may also issue Conditional Approvals, which may result in a NTP once the conditional factors identified by HCD have been satisfied.

APPEALS

Project Applications not approved by HCD to receive funding may be appealed by the Housing Authority. In order to request an appeal after HCD rejection, Developer must notify the Housing Authority in writing within fifteen (15) days from the HCD award announcement date, via mail to the Housing Authority at:

City of Santa Rosa
Department of Housing and Community Services
First Floor
90 Santa Rosa Avenue
Santa Rosa, CA 95404

The Housing Authority may request additional information from Developer after the initial request for appeal is received. The Housing Authority will make a decision to appeal or to not appeal HCD's funding decision within sixty (60) days of the award announcement date. The Housing Authority's decision to appeal or to not appeal shall be final.

RECAPTURE OF FUNDS

A Developer may be required to repay all, or a portion of the funds received. The reasons for recapture include, but are not limited to the following:

- A Developer withdraws from the Program prior to completion of the Project and fails to meet a national objective;
- A Developer does not meet the affordability requirements for the term of affordability;
- A Developer is found to have used program funds for an ineligible activity or cost; and/or,
- A Developer does not report the receipt of additional insurance, SBA, FEMA, non-profit assistance and/or any other Duplication of Benefits received after award.
- Funds remaining after the Project is completed.

The method of recapturing funds and the timeframe for doing so are determined on an individual Project basis. However, the recapture method and timeframe will be consistent with 2 CFR part 200 or other applicable cost principles. Complete recapture provisions will be included in the agreements between the Housing Authority and Developer.

For additional information: Please contact Nicole Rathbun at NRathbun@SRCity.org.