

**State of California 2020-2024
Federal Consolidated Plan
2023-2024 Annual Action Plan
Second Amendment – Substantial**



**Gavin Newsom, Governor
State of California**

**Tomiquia Moss, Secretary
Business, Consumer Services and Housing Agency**

**Gustavo Velasquez, Director
California Department of Housing and Community Development**

Division of Federal Financial Assistance
2020 W. El Camino Avenue, Suite 200
Sacramento, CA 95833

Website: <https://www.hcd.ca.gov/>

Consolidated Plan email: ConsolidatedPlan@hcd.ca.gov

DRAFT

April 5, 2024

State of California
2023-2024 Annual Action Plan
Second Amendment – Substantial

The purpose of the proposed substantial amendment is to modify the methods of distribution and timelines for the Community Development Block Grant (CDBG) and the National Housing Trust Fund (NHTF) programs for the specified fiscal years. Below is a breakdown of the proposed substantial changes:

1. CDBG Changes:

- The release date of the 2023 CDBG Notice of Funding Availability (NOFA) will be moved from June 2023 to September 2023.
- The CDBG Competitive Method of Distribution (MOD) for 2023 will be removed.

2. Modification of CDBG Over-the-Counter (OTC) Method for 2023:

- \$19 million will be made available only for 2019-2020 waitlisted OTC projects in September 2023.
- \$19 million will be made available only for new Community Development, Economic Development, and Housing projects through a NOFA amendment in January 2024.
- Housing programs and Economic Development programs will be eliminated as eligible application types for 2023 only.

3. NHTF Changes:

- The combined fiscal years 2022 and 2023 NOFA will include a Federally Declared Disaster Area Target, which will consist of 20 percent of the \$172 million available funds.

These amendments reflect adjustments in funding availability, application types, and distribution methods for both CDBG and NHTF programs for the specified years.

The full text of the original 2023-2024 AAP and all amendments may be found at [Plans & Reports | California Department of Housing and Community Development](#).

AP-05 Executive Summary - 24 CFR 91.200(c), 91.220(b)

Introduction

The proposed substantial amendment to the 2023-2024 Annual Action Plan (AAP) seeks to amend the Method of Distribution (MOD) for the Community Development Block Grant (CDBG) and the National Housing Trust Fund (NHTF) program funds. For the CDBG program, the amendment entails shifting the release date of the 2023 CDBG Notice of Funding Availability (NOFA) to September 2023, eliminating the Competitive MOD for 2023, and modifying the Over-the-Counter (OTC) MOD for the same year. Specifically, \$19 million will be allocated for 2019-2020 waitlisted OTC projects in September 2023, while an additional \$19 million will be earmarked for new Community Development, Economic Development, and Housing projects through a NOFA amendment in January 2024. Notably, Housing and Economic Development programs will be excluded as eligible application types for 2023 only. For the NHTF program, the amendment proposes to incorporate a Federally Declared Disaster Area (FDDA) Target, constituting 20 percent of the \$172 million available funds for the combined fiscal years 2022 and 2023. These adjustments aim to optimize the distribution and utilization of CDBG and NHTF resources in alignment with evolving community development and housing needs. Language being removed is indicated by ~~strikethrough~~ while new language being added is underlined and highlighted in red font.

AP-12 Citizen Participation

Summary of Citizen Participation Process and consultation process

This amendment will be available for a public comment period of 30 days, per the California Department of Housing and Community Development's (HCD) Citizen Participation Plan.

This amendment will be available for public comments from all interested members of the public from **April 8, 2024**, to **May 8, 2024**.

A virtual public hearing about this AAP amendment will be held on **April 11, 2024**.

This amendment and the public notice document are available for review on HCD's website at <https://www.hcd.ca.gov/policy-and-research/plans-and-reports>, under "Federal Plans and Reports."

Please submit written comments to ConsolidatedPlan@hcd.ca.gov.

Comments may also be mailed to:

California Department of Housing and Community Development
Division of Federal Financial Assistance
2020 W. El Camino Ave. Suite 200
Sacramento, CA 95833

AP-30 Methods of Distribution – 91.320(d)&(k)

CDBG (Community Development Block Grant) Program

Summary:

HCD's CDBG program partners with rural cities and counties to improve the lives of low- and moderate-income residents through the creation and expansion of community and economic development opportunities in support of livable communities.

The state CDBG program uses a Notice of Funding Availability (NOFA) application process in which eligible cities and counties apply for funding awards both competitively and Over-the-Counter (OTC) for a variety of programs and projects intended to align with the goals and priorities identified in the 2020-2024 Consolidated Plan (Con Plan) as outlined in the Allocation Priorities.

Typically, there are four different Methods of Distribution (MOD) used within the CDBG program that are outlined in the annual NOFA:

- CDBG Competitive
- CDBG OTC
- CDBG Colonias Set-Aside
- CDBG non-federally recognized Native American Communities or Tribes Set-Aside

The third MOD listed is to comply with federal requirements which mandate an AAP set aside for Colonias, for which the state sets aside 5 percent of its allocation each year.

The fourth MOD listed is to comply with state statute that requires 1.25 percent of the total amount of funds shall be used for eligible activities benefiting non-federally recognized Native American communities or Tribes.

State statute [HSC 50828] requires that not less than 51 percent of HCD's CDBG annual allocation from the U.S. Department of Housing and Urban Development (HUD), less Department administrative funds, be made available for activities providing or improving housing opportunities for low- and moderate-income households, including but not limited to the construction of infrastructure.

State statute [HSC 50827] also requires that not less than 30 percent of HCD's CDBG annual allocation from HUD, less Department administrative funds, shall be set aside for Economic Development (ED) projects and programs.

All four methods of distribution contribute to the above noted housing and economic development activities percentages required by state statute. Available funding may be

used across the various MODs based on demand and to meet state statutory requirements.

For 2023 funding, the CDBG program is temporarily suspending the availability of funds under the Competitive MOD and is limiting the other methods to CDBG eligible projects only, not funding any programs with 2023 funds. This change was made for three major reasons:

1. To prioritize waitlisted 2019-2020 OTC projects for funding under the Fiscal Year 2023-2024 AAP, allowing the retirement of the waitlist.
2. To prioritize the backlog of shovel ready projects after limiting their eligibility in 2021 and 2022.
3. To allow HCD to focus on release of a full 2024 NOFA with new equity centered scoring criteria and a streamlined application and contracting process prior to or early in the 2024 program year with all MOD types eligible.

Future special allocations of CDBG funding may have different criteria than those above, which are for the standard CDBG program. Future special allocations of CDBG funding may reflect specific goals or priorities intended to provide response to the reason for the special allocation such as a pandemic, economic recession or other event (s) requiring a federal response.

Applications for future special allocations may be in addition to other applications submitted by an eligible jurisdiction. Applications submitted under this section will be independently evaluated and ranked against other applications for these respective special allocations, without regard to the ranking of an application submitted pursuant to another section of the NOFA. Applications for these allocations will not be included in the per-jurisdiction grant award maximums.

Unallocated or uncommitted current or prior year CDBG funds can be used in the circumstances listed below:

- To increase awarded allocations to grantees that demonstrate fast spending and a need for additional resources.
- To meet unforeseen emergency needs, including but not limited to projects or programs qualifying under the Urgent Need National Objective.
- For other eligible activities for which applications were submitted to the state for funding that provide the ability to spend funds by regulatory expenditure deadlines.

Funding awarded in these circumstances will not require issuance of a separate NOFA but may have a supplementary application.

Applications will be submitted in the eCivis Grants Network, with an expedited review process to ensure that the need is met.

For the CDBG and HOME program, the state will be directly carrying out both administrative and activity delivery related activities across all activities where activity delivery is appropriate.

1	State Program Name:	CDBG Competitive TEMPORARILY SUSPENDED FOR 2023 ONLY
	Funding Sources:	CDBG
	Describe the state program addressed by the Method of Distribution.	CDBG planning and public services. Applications will be submitted, and contracts will be managed in the eCivis Grants Network. -
	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	The 2023 NOFA offers competitive programs under the planning and public services categories. Applicants are allowed to submit up to two competitive applications or one competitive and one OTC application. Competitive application criteria will focus on need, readiness, capacity, and past performance. Specific details about the criteria and their relative importance will be published in the 2023 NOFA in June 2023 here: Community Development Block Grant Program (CDBG) California Department of Housing and Community Development
	If only summary criteria were described, how can potential applicants access application manuals or other state publications describe the application criteria? (CDBG only)	CDBG – The specific scoring breakdowns for all application types are included in the Appendices of the NOFA. The NOFA will be made available on HCD's CDBG webpage at Community Development Block Grant Program (CDBG) California Department of Housing and Community Development however, the Appendices will be kept within HCD's grants management system. Applicants can access the grants management system at https://gn.ecivis.com/GO/gn_redir/T/vyjsqf2kekyy. The state's CDBG Final Guidelines effective in 2019

		<p>also describe how evaluation criteria are established. All of these documents are available at Community Development Block Grant Program (CDBG) California Department of Housing and Community Development.</p>
	<p>Describe how resources will be allocated among funding categories.</p>	<p>The state's goals for the CDBG program are to partner with rural cities and counties to improve the lives of their low- and moderate-income residents through the creation and expansion of community and economic development opportunities in support of livable communities.</p> <p>Pursuant to the state's CDBG Program Guidelines, funding allocations are based on demand once state administration funding amounts and state and federal set-aside amounts have been accounted for.</p> <p>Locally generated Program Income (PI) is not currently allowed to be used for public services or planning activities and grantees may not include Program Income in planning or public services budgets submitted under the 2023 NOFA.</p> <p>Public service activities will be funded under the competitive method of distribution and will not exceed 15 percent of the CDBG annual allocation from HUD, pursuant to federal regulation.</p>
	<p>Describe the threshold factors and grant size limits.</p>	<p>Applicants must meet the state and federal CDBG-regulation threshold requirements at time of application submittal. These threshold requirements are detailed in the 2023 NOFA and in the application. That can be accessed at the CDBG webpage linked above when available.</p> <p>Grant size limits: Under the CDBG 2023 NOFA, the maximum total grant award for all activities combined will be approximately \$3.3 million per jurisdiction *with the exception of applications approved to meet urgent need and to respond to unforeseen emergencies or events as determined by the HCD Community Development Branch Chief. This maximum does not include Program Income.</p>

		<p>(PI). Jurisdictions that commit PI to an activity may exceed the maximum grant award total, including PI. Note that PI may be used only for Program Income Only applications or in OTC Applications. PI may not be used for public services or planning activities under the 2023 NOFA.</p> <p>Per jurisdiction limits do not include Colonia and Native American set-asides.</p>
	<p>What are the outcome measures expected as a result of the method of distribution?</p>	<p>With the FY23 competitively awarded funds, CDBG expects to assist eligible households and persons with housing costs and support eligible communities with needed public services. The specific goals and goal outcome indicators associated with CDBG public services activities are:</p> <p>Addressing and preventing homelessness (Goal Outcome Indicators: Households Assisted, Persons Assisted)</p> <p>Maintain or improve access to public services (Goal Outcome Indicators: Area Benefit (total people assisted), Persons Assisted, Households Assisted)</p> <p>Note that planning activities are not required to meet a National Objective but must plan for a CDBG-eligible activity that will meet a National Objective if and when the project is completed.</p>
2	<p>State Program Name:</p>	<p>CDBG Over-the-Counter (OTC)</p>
	<p>Funding Sources:</p>	<p>CDBG</p>
	<p>Describe the state program addressed by the Method of Distribution.</p>	<p>CDBG housing and economic development projects and programs, and <u>Housing, Community Development, and Economic Development.</u></p> <p>Applications will be submitted, and contracts will be managed in the eCivis Grants Network.</p>
	<p>Describe all of the criteria that will be used to select applications and the relative importance of</p>	<p><u>A first round of funding of \$19 million will be made available for previously waitlisted projects under the 2019-2020 NOFA. Adequate funding is available for all previously waitlisted projects that meet threshold criteria. A second round of funding of \$19 million will</u></p>

<p>these criteria.</p>	<p><u>be made available under a January 2024 amendment to the previously released NOFA for new shovel ready Housing, Community Development, and Economic Development projects.</u></p> <p>Applications for this second round will be reviewed for eligibility on a first-come, first-served basis.</p> <p>OTC applications must meet threshold criteria to be eligible. Threshold criteria will be listed in the NOFA found at: <u>Community Development Block Grant Program (CDBG) California Department of Housing and Community Development.</u></p>
<p>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</p>	<p>The NOFA and its appendices will be available <u>September 30, 2023</u>, on HCD’s CDBG webpage at <u>Community Development Block Grant Program (CDBG) California Department of Housing and Community Development.</u> Applicants can access the grants management system at <u>https://gn.ecivis.com/GO/gn_redir/T/vyjsqf2kekyx</u>.</p> <p>The state’s CDBG Final Guidelines effective in 2019 also describe how evaluation criteria are established. All of these documents are available at <u>Community Development Block Grant Program (CDBG) California Department of Housing and Community Development.</u></p>
<p>Describe how resources will be allocated among funding categories.</p>	<p>Pursuant to the state’s CDBG Program Guidelines, funding allocations are based on demand once state administration funding amounts and state and federal set-aside amounts have been accounted for.</p> <p>Locally generated Program Income (PI) is a key resource for meeting community needs and under federal regulations must be spent before formula allocations are spent. To ensure timely expenditure, any PI not obligated in an eligible activity by June 30, 2024, will be subject to recapture. This will not include PI receipts received after January 1, 2024, however this will include all PI receipts received prior to January 1, 2024.</p>
<p>Describe the threshold</p>	<p>Applicants must meet the state and federal CDBG</p>

<p>factors and grant size limits.</p>	<p>regulation threshold requirements at time of application submittal. These threshold requirements will be detailed in the 2023 NOFA and in the application. The NOFA will be accessed at Community Development Block Grant Program (CDBG) California Department of Housing and Community Development.</p> <p>Grant size limits: Under the CDBG 2023 NOFA, the maximum total grant award for previously waitlisted projects will be the amount previously applied for, or for new applications, the maximum total grant will be approximately \$3.3 million per jurisdiction, limit one new application per jurisdiction *with the exception of applications approved to meet urgent need and to respond to unforeseen emergencies or events as determined by the HCD Community Development Branch Chief. This maximum does not include Program Income (PI). Jurisdictions that commit PI to an activity may exceed the maximum grant award total, including PI.</p> <p>Per jurisdiction limits do not include Colonias and Native American set-asides.</p>
<p>What are the outcome measures expected as a result of the method of distribution?</p>	<p>With the FY23 OTC funds, CDBG expects to assist eligible households and persons with housing costs and support eligible communities with needed public services, while improving economic opportunities. The specific goals and goal outcome indicators associated with CDBG OTC activities are:</p> <p>Increase housing affordability (Goal Outcome Indicators: Households Assisted, Household Housing Units Added)</p> <p>Addressing and preventing homelessness (Goal Outcome Indicators: Households Assisted, Persons Assisted, Overnight/ES/TH Housing Beds Added, Household Housing Units Added)</p> <p>Economic Development (Goal Outcome Indicators: Jobs Created/Retained, Businesses Assisted, Persons Assisted)</p>

		Maintain or improve public facilities and infrastructure (Goal Outcome Indicators: Persons assisted, Households Assisted)
3	State Program Name:	CDBG Colonias set-aside. See AP-48 for this Method of Distribution.
	Funding Sources:	
	Describe the state program addressed by the Method of Distribution.	
	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	
	If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)	
	Describe how resources will be allocated among funding categories.	
	Describe the threshold factors and grant size limits.	
	What are the outcome measures expected as a result of the method	

	of distribution?	
4	State Program Name:	CDBG non-federally recognized Native American Communities or Tribes
	Funding Sources:	CDBG
	Describe the state program addressed by the Method of Distribution.	<p>HCD’s CDBG program partners with rural cities and counties to improve the lives of low- and moderate-income residents through the creation and expansion of community and economic development opportunities in support of livable communities. The state sets aside at least 1.25 percent of the total amount of funds to be used for eligible activities benefiting non-federally recognized Native American communities or Tribes.</p> <p>The state CDBG program uses a Notice of Funding Availability (NOFA) application process in which eligible cities and counties apply for funding awards competitively for a variety of programs and projects intended to align with the goals and priorities identified in the 2020-2024 Con Plan as outlined in the Allocation Priorities. These cities and counties are eligible to apply on behalf of non-federally recognized Native American communities or Tribes.</p> <p>Note: For CDBG Program Year 2023 no funding for programs will be offered. Only funding for projects will be offered. See Over-the-Counter Method of Distribution for details on OTC eligibility.</p> <p>No competitive funding will be offered for CDBG Program Year 2023. Competitive applications will be accepted again for Program Year 2024.</p>
Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	<p>The criteria for the non-federally recognized Tribe’s set-aside applications are the same as the criteria for the state CDBG competitive and Over-the-Counter applications. Competitive application criteria will focus on need, readiness, capacity, and past performance. For specific details about the criteria, see the NOFA, available here: Community Development Block Grant Program (CDBG) </p>	

		<p>California Department of Housing and Community Development.</p> <p>Note: No competitive funding will be offered for CDBG Program Year 2023. Competitive applications will be accepted again for Program Year 2024.</p>
	<p>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</p>	<p>Applicants will have access to the NOFA: Community Development Block Grant Program (CDBG) California Department of Housing and Community Development and a link to a unique online application form. For details on the competitive process, please see the CDBG competitive method of distribution. For details on the OTC process, please see the CDBG OTC method of distribution. Only cities and counties applying on behalf of a non-federally recognized Tribe are eligible for the non-federally recognized tribal set-aside through the state CDBG program.</p> <p>Note: No competitive funding will be offered for CDBG Program Year 2023. Competitive funding will be offered. Competitive applications will be accepted again for Program Year 2024.</p>
	<p>Describe how resources will be allocated among funding categories.</p>	<p>Pursuant to state statute, at least 1.25 percent of the total amount of funds shall be used for eligible activities benefiting non-federally recognized Native American communities or Tribes. The set-aside is allocated from the CDBG annual allocation and may be used to support any CDBG eligible activity.</p>
	<p>Describe the threshold factors and grant size limits.</p>	<p>Applications may be in addition to other applications submitted by an eligible jurisdiction. Applications submitted under this section will be independently evaluated and ranked against other applications for this set-aside, without regard to the ranking of an application submitted pursuant to another section of this NOFA. Applications for these allocations are not included in the per-jurisdiction grant award maximums.</p> <p>All applications must meet federal and state</p>

	<p>thresholds and overlays to be eligible for funding. Please see the CDBG NOFA for the CDBG threshold and overlays. The tribal set-aside is subject to the same thresholds and overlays as the other set-asides and allocations in the state CDBG program.</p> <p>Grant size limits: The following grant limits apply to the tribal set-aside only:</p> <p>The FY23 NOFA maximum application limit for tribal funding will be no less than 1.25 percent of the CDBG allocation. Tribal applicants may apply for the full amount of set-aside for an eligible activity. If a tribal applicant wishes to apply for more than the set-aside, it should apply under the competitive or OTC funding for evaluation along with all other applicants. Grant size limits will be in the applicable NOFA and may change as the size of the CDBG allocation changes.</p>
<p>What are the outcome measures expected as a result of the method of distribution?</p>	<p>With the FY23 tribal set-aside, CDBG expects to assist eligible households and persons with housing costs and support eligible communities with needed public services, while improving economic opportunities.</p> <p>The specific goals and goal outcome indicators associated with CDBG activities are:</p> <p>Increase housing affordability (Goal Outcome Indicators: Households Assisted, Housing Units Added)</p> <p>Addressing and preventing homelessness (Goal Outcome Indicators: Households Assisted, Persons Assisted)</p> <p>Economic Development (Goal Outcome Indicators: Jobs Created/Retained, Businesses Assisted, Persons Assisted)</p> <p>Maintain or improve access to public services (Goal Outcome Indicators: Area Benefit (total people assisted), Persons Assisted)</p>

NHTF Program

1	State Program Name:	Housing Trust Fund (HTF) / National Housing Trust Fund (NHTF)
	Funding Sources:	HTF
	Describe the state program addressed by the Method of Distribution.	<p>The NHTF Program is a federal formula grant that provides annual allocations to states to increase and preserve the supply of decent, safe, and sanitary affordable housing specifically for extremely low-income households.</p> <p>The California Department of Housing and Community Development (HCD) will distribute NHTF funds to eligible multifamily rental projects in California through a competitive and/or Over-the-Counter (OTC) application process, as specified in the Notice of Funding Availability (NOFA).</p>
	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	<p>Eligible applicants/recipients of NHTF funds include organizations, agencies, or other entities such as PHAs, Tribal Entities, and for-profit and nonprofit entities. Recipients must:</p> <ol style="list-style-type: none"> 1. Meet the definition of a Recipient under 24 C.F.R. § 93.2, specifically, <ol style="list-style-type: none"> a. Make acceptable assurance they will comply with all NHTF requirements during the entire affordability period; b. Demonstrate the ability and financial capacity to undertake, comply, and manage the eligible activity; c. Demonstrate familiarity with requirements of federal, state, and any other housing programs used in conjunction with NHTF funds to ensure compliance; and d. Demonstrate experience and capacity to conduct the eligible NHTF activity in question as evidenced by relevant history. 2. Have site control under 25 C.C.R. § 8303 of the project they apply to HCD for an award of NHTF funds, including but not limited to, demonstrating site control by one of the following:

		<ul style="list-style-type: none"> a. Fee Title evidenced by a current title report showing the Applicant holds fee title; b. For tribal trust land, a title status report (TSR) or an attorney’s opinion regarding chain of title and current title status; c. A leasehold interest on the Project property with provisions that enable the lessee to make improvements on and encumber the property provided that the terms and conditions of any proposed lease must permit, prior to loan closing, compliance with all Program requirements, including compliance with 25 C.C.R. § 8316; or d. A leasehold estate held by a Native American Entity in federal tribal trust lands property, or a valid sublease thereof that has been or will be approved by the Bureau of Indian Affairs. <p>3. Have resolved any open audit finding(s) for any state or federally funded housing or community development projects or programs to the satisfaction of HCD or the federal agency by which the finding was made.</p> <p>4. Are not debarred or suspended from participation in federal or state housing or community development projects or programs.</p> <p>5. Cities, counties, and local public housing authorities must comply with the submittal requirements of cost principles and audit requirements at 2 C.F.R. Part 200.</p> <p>Competitive applications will initially be reviewed for meeting the minimum requirements in the NOFA. Applications that pass minimum requirements will then be rated and ranked according to the selection criteria outlined in the NOFA. In the event of a tie amongst applications, HCD must assign a higher rank to applications with a greater readiness to proceed with their Project’s milestones. If any tied applications have equal readiness to proceed with their Project’s</p>
--	--	--

		<p>milestones, then HCD must assign a higher rank to the applications that have secured firmer written financial commitments for its Project’s funding. If any tied applications have equal readiness to proceed with their Project’s milestones and have secured an equal amount of firm written financial commitments for their Projects’ funding, then HCD must assign a higher rank to any of the applications with Projects providing greater affordability for households at or below 30 percent (30%) of Area Median Income (AMI).</p>
	<p>Describe how resources will be allocated among funding categories.</p>	<p>NHTF funding will be available to all jurisdictions in California, including Native American Lands. HCD will target at least 20 percent of the funding for projects located in Rural Areas as defined by §50199.21 of the California Health and Safety Code (HSC), <u>and 20 percent of the funding for projects located in federally declared disaster areas</u>. In addition, HCD shall target 10 percent of available funds for projects developed by, or in partnership with, Tribal Entities (defined below).</p> <p>“Tribal Entity(ies)” means an Applicant that is any of the following:</p> <ul style="list-style-type: none"> a. Applicant meets the definition of Indian Tribe under United States Code (U.S.C.) Title 25 U.S.C. § 4103(13)(B); b. Applicant meets the definition of Tribally Designated Housing Entity under Title 25 U.S.C. § 4103(22); c. If not a federally recognized Tribe, either: <ul style="list-style-type: none"> i. Applicant is listed in the Bureau of Indian Affairs Office of Federal Acknowledgement petitioner list pursuant to Title 25 CFR § 83.1. ii. Applicant is an Indian Tribe located in California that is on the contact list maintained by the Native American Heritage

Commission for the purposes of consultation pursuant to § 65352.3 of the Government Code.

~~For calculation purposes, applications for the 10 percent (10%) Native American Entities Target and the 20 percent (20%) Federally Declared Disaster Areas Target will not be counted towards the 20 percent (20%) Rural Areas Target, even if the Project is located in a Rural Area — unless the funds for the Native American Entities Target or Federally Declared Disaster Areas Target are over-subscribed, in which case Native American Entity or Federally Declared Disaster Areas Projects located in Rural Areas will be counted towards the Rural Areas Target.~~

~~If the funds for the Rural Areas Target are not fully used, any unused funds will be re-allocated to the Native American Entities Target. If the funds for the Native American Entities Target are not fully used (including any carry over funds from the Rural Areas Target and general pool of funds), unused funds will be re-allocated to the general pool of NHTF Program funds.~~

~~If the funds for the Native American Entities Target are not fully used, any unused funds will be re-allocated for the Rural Areas Target. If the funds for the Rural Areas Target are not fully used (including any carry over from the Native American Entities Target and general pool of funds), unused funds will be re-allocated to the general pool of NHTF Program funds.~~

~~If funds for the Federally Declared Disaster Areas Target are not fully used, any unused funds will be re-allocated to the general pool of NHTF Program funds.~~

~~If funds for the general pool of NHTF Program funds are not fully used, any unused funds will be re-allocated to the Rural Areas Target first, Native American Entities Target second, and Federally Declared Disaster Areas Target third.~~

NHTF funding will be available to all jurisdictions in California, including Native American Lands. HCD

		<p><u>will target at least 20 percent of the funding for projects located in rural areas as defined by §50199.21 of the California Health and Safety Code (HSC), and 20 percent of the funding for projects located in federally declared disaster areas. In addition, HCD shall target 10 percent of available funds for projects developed by, or in partnership with, Tribal Entities (defined below).</u></p> <p><u>“Tribal Entity(ies)” means an Applicant that is any of the following:</u></p> <p><u>a. Applicant meets the definition of Indian Tribe under United States Code (U.S.C.) Title 25 U.S.C. § 4103(13)(B);</u></p> <p><u>b. Applicant meets the definition of Tribally Designated Housing Entity under Title 25 U.S.C. § 4103(22);</u></p> <p><u>c. If not a federally recognized Tribe, either:</u></p> <p><u>i. Applicant is listed in the Bureau of Indian Affairs Office of Federal Acknowledgement petitioner list pursuant to Title 25 CFR § 83.1.</u></p> <p><u>ii. Applicant is an Indian Tribe located in California that is on the contact list maintained by the Native American Heritage Commission for the purposes of consultation pursuant to § 65352.3 of the Government Code.</u></p> <p><u>For calculation purposes, applications for the 10 percent Native American Entities Target and the 20 percent (20%) Federally Declared Disaster Areas Target will not be counted towards the 20 percent Rural Areas Target, even if the project is located in a rural area – unless the funds for the Native American Entities Target or Federally Declared Disaster Areas Target are over-subscribed, in which case Native American Entity or federally declared disaster areas projects</u></p>
--	--	---

		<p><u>located in rural areas will be counted towards the Rural Areas Target.</u></p> <p><u>If the funds for the Rural Areas Target are not fully used, any unused funds will be re-allocated to the Native American Entities Target. If the funds for the Native American Entities Target are not fully used (including any carry-over funds from the Rural Areas Target and general pool of funds), unused funds will be re-allocated to the general pool of NHTF program funds.</u></p> <p><u>If the funds for the Native American Entities Target are not fully used, any unused funds will be re-allocated for the Rural Areas Target. If the funds for the Rural Areas Target are not fully used (including any carry-over from the Native American Entities Target and general pool of funds), unused funds will be re-allocated to the general pool of NHTF program funds.</u></p> <p><u>If funds for the Federally Declared Disaster Areas Target are not fully used, any unused funds will be re-allocated to the general pool of NHTF program funds.</u></p> <p><u>If funds for the general pool of NHTF program funds are not fully used, any unused funds will be re-allocated to the Rural Areas Target first, Native American Entities Target second, and Federally Declared Disaster Areas Target third.</u></p>
	<p>Describe the threshold factors and grant size limits.</p>	<p>NHTF funding will be awarded on a competitive basis through a Notice of Fund Availability (NOFA). HCD may issue more than one NOFA during a funding cycle. The NOFA shall specify the maximum amount of project funds available, including whether funds have been targeted for a specific purpose; any restrictions on uses of funds; general terms and conditions of funding allocations; threshold requirements; timeframe for</p>

		<p>submittal of applications; application requirements and rating metrics.</p> <p>An Applicant must electronically submit its application in a format made available by HCD that requests the information required by the NHTF Guidelines.</p> <p>An Applicant must submit its application by the deadline specified in the NOFA.</p> <p>Application requirements include, but are not limited to the following:</p> <ul style="list-style-type: none"> • Project Narrative/Details, Construction Scope of Work, and Financing. • Detailed information of the borrower Applicant adequate to determine the experience of the Applicant with other federal, state, or local housing or community development programs. • Site Information. • Property management plan. • Resident services plan. • Supportive Services plan (for permanent supportive housing developments). • Environmental Provisions documentation. • Consultants/Third Party Reports (i.e., appraisal, market study and physical needs assessments). • Relocation Plan, if applicable. • Article XXXIV Authority.
--	--	---

What are the outcome measures expected as a result of the method of distribution?

The expected outcome measure is the increase in supply of affordable rental housing by providing NHTF assistance to units for tenants at or below 30 percent of AMI or below the poverty line; whichever is greater.

The charts below summarize the known FY22 and FY23 allocations available for project financing, as well as the anticipated production of units. Details with respect to the FY22-FY23 calculations follow the charts.

FY2022-FY2023 NOFA

Fiscal Year	General Allocation (million)	Rural Area Target (million)	Tribal Target (million)	FDDA¹ Target
FY2022	\$ <u>58</u> 83.1	\$23.8 <u>23.2</u>	\$11.9 <u>11.6</u>	<u>\$23.2</u>
FY2023	\$ <u>28</u> 39.2	\$11.2	\$5.6	<u>\$11.2</u>
Subtotal Amount	\$ <u>86</u> 122.3	\$ <u>34.4</u> 35.0	\$ <u>17.2</u> 17.5	<u>\$34.4</u>
Aggregate	\$<u>172</u> 174.8 million			

Anticipated Unit Production

Fiscal Year	General Allocation	Rural Area Target	Tribal Target	FDDA¹ Target
FY2022	<u>195</u> 270	<u>94</u> 90	<u>47</u> 39	<u>71</u>
FY2023	<u>94</u> 127	<u>45</u> 43	<u>23</u> 18	<u>34</u>
Subtotal Units	<u>289</u> 397	<u>139</u> 133	<u>70</u> 57	<u>105</u>
Aggregate	<u>603</u> 587 units			

¹FDDA: Federally Declared Disaster Areas.

For the Fiscal Year 2022-23 (FY22), over \$132 million of NHTF has been allocated to HCD, inclusive of an estimated \$116 148.8 million available to finance affordable multifamily developments. \$58 83.1 million of the \$116 million will be in the general allocation fund. Based on the per unit assistance provided with the FY2020-FY2021 NHTF general allocation fund, approximately 195 270 units for households with incomes at or below 30 percent of AMI (or below the poverty

		<p>line, whichever is greater) will be created using the FY22 general allocation fund.</p> <p>Based on the same assumptions for FY22, \$23.2 23.8 million of the \$116 118.8 million will be in the Rural Area Target and approximately 94 90 units for households with incomes at or below 30 percent of AMI (or below the poverty line, whichever is greater) will be created using the FY22 Rural Area Target fund.</p> <p>Based on the same assumptions for FY22, \$11.6 11.9 million of the \$116 118.8 million will be in the Tribal Target and approximately 47 39 units for households with incomes at or below 30 percent of AMI (or below the poverty line, whichever is greater) will be created using the FY22 Tribal Target fund.</p> <p><u>Continuing the same assumptions for FY22, \$23.2 million of the \$116 million will be in the FDDA Target and approximately 71 units for households with incomes at or below 30 percent of AMI (or below the poverty line, whichever is greater) will be created using the FY22 FDDA Target fund.</u></p> <p>For the Fiscal Year 2023-24 (FY23), over \$62.2 million of NHTF has been allocated to HCD, inclusive of an estimated \$56 million available to finance affordable multifamily developments. \$28 39.2 million of the \$56 million will be in the general allocation fund. Based on the per unit assistance provided with the FY2020-FY2021 NHTF general allocation fund, approximately 94 127-units for households with incomes at or below 30 percent of AMI (or below the poverty line, whichever is greater) will be created using the FY23 general allocation fund.</p> <p>Based on the same assumptions for FY23, \$11.2 million of the \$56 million will be in the Rural Area Target and approximately 45 43 units for households with incomes at or below 30 percent of AMI (or below the poverty line, whichever is greater) will be created using the FY23 Rural Area Target fund.</p> <p>Based on the same assumptions for FY23, \$5.6 million of the \$56 million will be in the Tribal Target and approximately 23 18-units for households with incomes at or below 30 percent of AMI (or below the poverty line, whichever is greater) will be created using the FY23 Tribal Target fund.</p>
--	--	---

		<u>Continuing the same assumptions for FY23, \$11.2 million of the \$56 million will be in the FDDA Target and approximately 34 units for households with incomes at or below 30 percent of AMI (or below the poverty line, whichever is greater) will be created using the FY23 FDDA Target fund.</u>
2	State Program Name:	Housing Trust Fund/ National Housing Trust Fund- Rural Area Target
	Funding Sources:	HTF
	Describe the state program addressed by the Method of Distribution.	<p>The NHTF Program is a federal formula grant that provides annual allocations to states to increase and preserve the supply of decent, safe, and sanitary affordable housing specifically for extremely low-income households.</p> <p>HCD will distribute NHTF funds to eligible multifamily rental projects in California through a competitive and/or over-the-counter application process, as specified in the NOFA.</p>
	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	<p>Eligible applicants/recipients of NHTF funds include organizations, agencies, or other entities such as PHAs, Tribal Entities, and for-profit and nonprofit entities. Recipients must:</p> <ol style="list-style-type: none"> 1. Meet the definition of a Recipient under 24 C.F.R. § 93.2, specifically, <ol style="list-style-type: none"> a. Make acceptable assurance they will comply with all NHTF requirements during the entire affordability period; b. Demonstrate ability and financial capacity to undertake, comply, and manage the eligible activity; c. Demonstrate familiarity with requirements of federal, state, and any other housing programs used in conjunction with NHTF funds to ensure compliance; and d. Demonstrate experience and capacity to conduct the eligible NHTF activity in question as evidenced by relevant history. 2. Have site control under 25 C.C.R. § 8303 of the project they apply to HCD for an award of NHTF funds, including but not limited to, demonstrating site control by one of the

		<p>following:</p> <ul style="list-style-type: none"> a. Fee Title evidenced by a current title report showing the Applicant holds fee title; b. For tribal trust land, a title status report (“TSR”) or an attorney’s opinion regarding chain of title and current title status; c. A leasehold interest on the Project property with provisions that enable the lessee to make improvements on and encumber the property provided that the terms and conditions of any proposed lease must permit, prior to loan closing, compliance with all Program requirements, including compliance with 25 C.C.R. § 8316; or d. A leasehold estate held by a Native American Entity in federal tribal trust lands property, or a valid sublease thereof that has been or will be approved by the Bureau of Indian Affairs. <ol style="list-style-type: none"> 3. Have resolved any open audit finding(s) for any state or federally funded housing or community development projects or programs to the satisfaction of HCD or the federal agency by which the finding was made. 4. Are not debarred or suspended from participation in federal or state housing or community development projects or programs. 5. Cities, counties, and local public housing authorities must comply with the submittal requirements of cost principles and audit requirements at 2 C.F.R. Part 200. <p>Competitive applications will initially be reviewed for meeting the minimum requirements in the NOFA. Applications that pass minimum requirements will then be rated and ranked according to the selection criteria outlined in the NOFA. In the event of a tie amongst applications, HCD must assign a higher rank to applications with a greater readiness to proceed with their Project’s milestones. If any tied applications have equal readiness to proceed with their Project’s milestones, then HCD must assign a higher rank to the applications that have secured firmer written financial commitments for its Project’s funding. If any tied applications have equal readiness to proceed with their Project’s milestones and have secured an equal amount of firm written financial commitments for their Projects’ funding, then HCD must assign a higher rank to any of the applications with</p>
--	--	--

		<p>Projects providing greater affordability for households at or below 30 percent of AMI.</p>
	<p>Describe how resources will be allocated among funding categories.</p>	<p>NHTF funding will be available to all jurisdictions in California, including Native American Lands. HCD will target at least 20 percent of the funding for projects located in Rural Areas as defined by §50199.21 of the California Health and Safety Code (HSC), <u>and 20 percent of the funding for projects located in federally declared disaster areas.</u> In addition, HCD shall target 10 percent of available funds for projects developed by, or in partnership with, Tribal Entities (defined below).</p> <p>“Tribal Entity(ies)” means an Applicant that is any of the following:</p> <ol style="list-style-type: none"> a. Applicant meets the definition of Indian Tribe under United States Code (U.S.C.) Title 25 U.S.C. § 4103(13)(B); b. Applicant meets the definition of Tribally Designated Housing Entity under Title 25 U.S.C. § 4103(22); c. If not a federally recognized Tribe, either: <ol style="list-style-type: none"> i. Applicant is listed in the Bureau of Indian Affairs Office of Federal Acknowledgement petitioner list pursuant to Title 25 CFR § 83.1. ii. Applicant is an Indian Tribe located in California that is on the contact list maintained by the Native American Heritage Commission for the purposes of consultation pursuant to § 65352.3 of the Government Code. <p><u>For calculation purposes, applications for the 10 percent Tribal Target will not be counted towards the 20 percent Rural Area Target, even if the project is located in a Rural Area — unless the funds for the Tribal Target are fully utilized, in which case a Tribal project in a Rural Area will be counted towards the Rural Area Target.</u></p> <p><u>If the funds for the Rural Area Target are not fully utilized, any unused funds will be re-allocated to the Tribal Target. If the funds for the Tribal Target are not fully utilized (including</u></p>

		<p><u>any carry-over funds from the Rural Area Target), unused funds will be re-allocated to the general NHTF fund.</u></p> <p><u>If the funds for the Tribal Target are not fully utilized, any unused funds will be re-allocated for the Rural Area Target. If the funds for the Rural Area Target are not fully utilized (including any carry-over from the Tribal Target), unused funds will be re-allocated to the general NHTF fund.</u></p> <p><u>For calculation purposes, applications for the 10 percent Tribal Target and the 20 percent Federally Declared Disaster Areas Target will not be counted towards the 20 percent Rural Areas Target, even if the project is located in a rural area – unless the funds for the Tribal Target or Federally Declared Disaster Areas Target are over-subscribed, in which case Tribal or federally declared disaster areas projects located in rural areas will be counted towards the Rural Areas Target.</u></p> <p><u>If the funds for the Rural Areas Target are not fully used, any unused funds will be re-allocated to the Tribal Target. If the funds for the Tribal Target are not fully used (including any carry-over funds from the Rural Areas Target and general pool of funds), unused funds will be re-allocated to the general pool of NHTF program funds.</u></p> <p><u>If the funds for the Tribal Target are not fully used, any unused funds will be re-allocated for the Rural Areas Target. If the funds for the Rural Areas Target are not fully used (including any carry-over from the Tribal Target and general pool of funds), unused funds will be re-allocated to the general pool of NHTF program funds.</u></p> <p><u>If funds for the Federally Declared Disaster Areas Target are not fully used, any unused funds will be re-allocated to the general pool of NHTF program funds.</u></p> <p><u>If funds for the general pool of NHTF program funds are not fully used, any unused funds will be re-allocated to the Rural Areas Target first, Tribal Target second, and Federally Declared Disaster Areas Target third.</u></p>
	<p>Describe the threshold factors and grant size limits.</p>	<p>NHTF funding will be awarded on a competitive basis through a Notice of Funding Availability (NOFA). HCD may issue more than one NOFA during a funding cycle. The NOFA shall specify the maximum amount of project funds available, including whether funds have been set aside for a</p>

		<p>specific purpose; any restrictions on uses of funds; general terms and conditions of funding allocations; threshold requirements; timeframe for submittal of applications; application requirements and rating metrics.</p> <p>An Applicant must electronically submit its application in a format made available by HCD that requests the information required by these Guidelines.</p> <p>An Applicant must submit its application by the deadline specified in the NOFA.</p> <p>Application requirements include, but are not limited to the following:</p> <ul style="list-style-type: none"> • Project Narrative/Details, Construction Scope of Work and Financing. • Detailed information of the borrower Applicant adequate to determine the experience of the Applicant with other federal, state, or local housing or community development programs. • Site Information. • Property management plan. • Resident services plan. • Supportive Services plan (for permanent supportive housing developments). • Environmental Site Assessment Documentation (i.e., Phase I, asbestos, mold, lead-based paint assessments). • Consultants/Third Party Reports (i.e., appraisal, market study and physical needs assessments). • Relocation Plan. • Article XXXIV Authority.
--	--	---

What are the outcome measures expected as a result of the method of distribution?

The expected outcome measure is the increase in supply of affordable rental housing by providing NHTF assistance to units for tenants at or below 30 percent of AMI or below the poverty line; whichever is greater.

The charts below summarize the known FY22 and conservatively estimated FY23 allocations available for project financing, as well as the anticipated production of units. Details with respect to the FY22-FY23 calculations follow the charts.

FY2022-FY2023 NOFA

Fiscal Year	General Allocation (million)	Rural Area Target (million)	Tribal Target (million)	FDDA¹ Target
FY2022	\$ <u>58</u> 83.1	\$ <u>23.2</u> 23.8	\$ <u>11.6</u> 11.9	\$ <u>23.2</u>
FY2023	\$ <u>28</u> 39.2	\$11.2	\$5.6	\$ <u>11.2</u>
Subtotal Amount	\$ <u>86</u> 122.3	\$ <u>34.4</u> 35.0	\$ <u>17.2</u> 17.5	\$ <u>34.4</u>
Aggregate	\$ <u>172</u> 174.8 million			

Anticipated Unit Production

Fiscal Year	General Allocation	Rural Area Target	Tribal Target	FDDA¹ Target
FY2022	<u>195</u> 270	<u>94</u> 90	<u>47</u> 39	<u>71</u>
FY2023	<u>94</u> 127	<u>45</u> 43	<u>23</u> 18	<u>34</u>
Subtotal Units	<u>289</u> 397	<u>139</u> 133	<u>70</u> 57	<u>105</u>
Aggregate	<u>603</u> 587 units			

¹FDDA: Federally Declared Disaster Areas.

For the Fiscal Year 2022, over \$132 million of NHTF has been allocated to HCD, inclusive of an estimated \$116 418.8 million available to finance affordable multifamily developments. \$58 53-million of the \$116 418.8 million will be in the general allocation fund. Based on the per unit assistance provided with the FY2020-FY2021 NHTF general allocation fund, approximately 195 270 units for households

		<p>with incomes at or below 30 percent of AMI (or below the poverty line, whichever is greater) will be created using the FY22 general allocation fund.</p> <p>Based on the same assumptions for FY22, \$23.2 23.8 million of the \$116 118.8 million will be in the Rural Area Target and approximately 94 90 units for households with incomes at or below 30 percent of AMI (or below the poverty line, whichever is greater) will be created using the FY22 Rural Area Target fund.</p> <p>Based on the same assumptions for FY22, \$11.6 11.9 million of the \$116 118.8 million will be in the Tribal Target and approximately 47 39 units for households with incomes at or below 30 percent of AMI (or below the poverty line, whichever is greater) will be created using the FY22 Tribal Target fund.</p> <p><u>Continuing the same assumptions for FY22, \$23.2 million of the \$116 million will be in the FDDA Target and approximately 71 units for households with incomes at or below 30 percent of AMI (or below the poverty line, whichever is greater) will be created using the FY22 FDDA Target fund.</u></p> <p>For the Fiscal Year 2023, over \$62.2 million of NHTF has been allocated to HCD, inclusive of an estimated \$56 million available to finance affordable multifamily developments. \$28 39.2 million of the \$56 million will be in the general allocation fund. Based on the per unit assistance provided with the FY2020-FY2021 NHTF general allocation fund, approximately 94 127 units for households with incomes at or below 30 percent of AMI (or below the poverty line, whichever is greater) will be created using the FY23 general allocation fund.</p> <p>Based on the same assumptions for FY23, \$11.2 million of the \$56 million will be in the Rural Area Target and approximately 45 43 units for households with incomes at or below 30 percent of AMI (or below the poverty line, whichever is greater) will be created using the FY23 Rural Area Target fund.</p> <p>Based on the same assumptions for FY23, \$5.6 million of the \$56 million will be in the Tribal Target and approximately 23 18 units for households with incomes at or below 30 percent of AMI (or below the poverty line, whichever is greater) will be created using FY23 Tribal Target fund.</p>
--	--	--

		<u>Continuing the same assumptions for FY23, \$11.2 million of the \$56 million will be in the FDDA Target and approximately 34 units for households with incomes at or below 30 percent of AMI (or below the poverty line, whichever is greater) will be created using FY23 FDDA Target fund.</u>
3	State Program Name:	Housing Trust Fund/ National Housing Trust Fund- Tribal Target
	Funding Sources:	HTF
	Describe the state program addressed by the Method of Distribution.	<p>The NHTF Program is a federal formula grant that provides annual allocations to states to increase and preserve the supply of decent, safe, and sanitary affordable housing specifically for extremely low-income households.</p> <p>HCD will distribute NHTF funds to eligible multifamily rental projects in California through a competitive and/or Over-the-Counter application process, as specified in the NOFA.</p>
	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	<p>Eligible applicants/recipients of NHTF funds include organizations, agencies, or other entities such as PHAs, Tribal Entities, and for-profit and nonprofit entities. Recipients must:</p> <ol style="list-style-type: none"> 1. Meet the definition of a Recipient under 24 C.F.R. § 93.2, specifically, <ol style="list-style-type: none"> a. Make acceptable assurance they will comply with all NHTF requirements during the entire affordability period; b. Demonstrate the ability and financial capacity to undertake, comply, and manage the eligible activity; c. Demonstrate familiarity with requirements of federal, state, and any other housing programs used in conjunction with NHTF funds to ensure compliance; and d. Demonstrate experience and capacity to conduct the eligible NHTF activity in question as evidenced by relevant history. 2. Have site control under 25 C.C.R. § 8303 of the project they apply to HCD for an award of NHTF funds, including but not limited to, demonstrating site control by one of the following:

		<ul style="list-style-type: none"> a. Fee Title evidenced by a current title report showing the Applicant holds fee title; b. For tribal trust land, a title status report (“TSR”) or an attorney’s opinion regarding chain of title and current title status; c. A leasehold interest on the project property with provisions that enable the lessee to make improvements on and encumber the property provided that the terms and conditions of any proposed lease must permit, prior to loan closing, compliance with all Program requirements, including compliance with 25 C.C.R. § 8316; or d. A leasehold estate held by a Native American Entity in federal tribal trust lands property, or a valid sublease thereof that has been or will be approved by the Bureau of Indian Affairs. <p>3. Have resolved any open audit finding(s), for any state or federally funded housing or community development projects or programs to the satisfaction of HCD or the federal agency by which the finding was made.</p> <p>4. Are not debarred or suspended from participation in federal or state housing or community development projects or programs.</p> <p>5. Cities, counties, and local public housing authorities must comply with the submittal requirements of cost principles and audit requirements at 2 C.F.R. Part 200.</p> <p>Competitive applications will initially be reviewed for meeting the minimum requirements in the NOFA. Applications that pass minimum requirements will then be rated and ranked according to the selection criteria outlined in the NOFA. In the event of a tie amongst applications, HCD must assign a higher rank to applications with a greater readiness to proceed with their Project’s milestones. If any tied applications have equal readiness to proceed with their Project’s milestones, then HCD must assign a higher rank to the applications that have secured more firm written financial commitments for its project’s funding. If any tied applications have equal readiness to proceed with their project’s milestones and have secured an equal amount of firm written financial commitments for their projects’ funding, then HCD must assign a higher rank to any of the applications with</p>
--	--	---

		<p>projects providing greater affordability for households at or below 30 percent of AMI.</p>
	<p>Describe how resources will be allocated among funding categories.</p>	<p>NHTF funding will be available to all jurisdictions in California, including Native American Lands. HCD will target at least 20 percent of the funding for projects located in Rural Areas as defined by §50199.21 of the California Health and Safety Code (HSC), <u>and 20 percent of the funding for projects located in federally declared disaster areas.</u> In addition, HCD shall target 10 percent of available funds for projects developed by, or in partnership with, Tribal Entities (defined below).</p> <p>“Tribal Entity(ies)” means an Applicant that is any of the following:</p> <ol style="list-style-type: none"> a. Applicant meets the definition of Indian Tribe under United States Code (U.S.C.) Title 25 U.S.C. § 4103(13)(B); b. Applicant meets the definition of Tribally Designated Housing Entity under Title 25 U.S.C. § 4103(22); c. If not a federally recognized Tribe, either: <ol style="list-style-type: none"> i. Applicant is listed in the Bureau of Indian Affairs Office of Federal Acknowledgement petitioner list pursuant to Title 25 CFR § 83.1. ii. Applicant is an Indian Tribe located in California that is on the contact list maintained by the Native American Heritage Commission for the purposes of consultation pursuant to § 65352.3 of the Government Code. <p><u>For calculation purposes, applications for the 10 percent Tribal Target will not be counted towards the 20 percent Rural Area Target, even if the project is located in a Rural Area unless the funds for the Tribal Target are fully utilized, in which case a Tribal project in a Rural Area will be counted towards the Rural Area Target.</u></p> <p><u>If the funds for the Rural Area Target are not fully utilized, any unused funds will be re-allocated to the Tribal Target. If the funds for the Tribal Target are not fully utilized (including</u></p>

		<p>any carry over funds from the Rural Area Target), unused funds will be re-allocated to the general NHTF fund.</p> <p>If the funds for the Tribal Target are not fully utilized, any unused funds will be re-allocated for the Rural Area Target. If the funds for the Rural Area Target are not fully utilized (including any carry over from the Tribal Target), unused funds will be re-allocated to the general NHTF fund.</p> <p><u>For calculation purposes, applications for the 10 percent Tribal Target and the 20 percent Federally Declared Disaster Areas Target will not be counted towards the 20 percent Rural Areas Target, even if the project is located in a rural area – unless the funds for the Tribal Target or Federally Declared Disaster Areas Target are over-subscribed, in which case Tribal or federally declared disaster areas projects located in rural areas will be counted towards the Rural Areas Target.</u></p> <p><u>If the funds for the Rural Areas Target are not fully used, any unused funds will be re-allocated to the Tribal Target. If the funds for the Tribal Target are not fully used (including any carry-over funds from the Rural Areas Target and general pool of funds), unused funds will be re-allocated to the general pool of NHTF program funds.</u></p> <p><u>If the funds for the Tribal Target are not fully used, any unused funds will be re-allocated for the Rural Areas Target. If the funds for the Rural Areas Target are not fully used (including any carry-over from the Tribal Target and general pool of funds), unused funds will be re-allocated to the general pool of NHTF program funds.</u></p> <p><u>If funds for the Federally Declared Disaster Areas Target are not fully used, any unused funds will be re-allocated to the general pool of NHTF program funds.</u></p> <p><u>If funds for the general pool of NHTF program funds are not fully used, any unused funds will be re-allocated to the Rural Areas Target first, Tribal Target second, and Federally Declared Disaster Areas Target third.</u></p>
	<p>Describe the threshold factors and grant size limits.</p>	<p>NHTF funding will be awarded on a competitive basis through a Notice of Funding Availability (NOFA). HCD may issue more than one NOFA during a funding cycle. The NOFA shall specify the maximum amount of project funds available, including whether funds have been set aside for a specific purpose; any restrictions on uses of funds; general</p>

		<p>terms and conditions of funding allocations; threshold requirements; timeframe for submittal of applications; application requirements and rating metrics.</p> <p>An Applicant must electronically submit its application in a format made available by HCD that requests the information required by the NHTF Guidelines.</p> <p>An Applicant must submit its application by the deadline specified in the NOFA.</p> <p>Application requirements include, but are not limited to the following:</p> <ul style="list-style-type: none"> • Project Narrative/Details, Construction Scope of Work and Financing. • Detailed information of the borrower Applicant adequate to determine the experience of the Applicant with other federal, state, or local housing or community development programs. • Site Information. • Property management plan. • Resident services plan. • Supportive Services plan (for permanent supportive housing developments). • Environmental Site Assessment Documentation (i.e., Phase I, asbestos, mold, lead-based paint assessments). • Consultants/Third Party Reports (i.e., appraisal, market study and physical needs assessments). • Relocation Plan, if applicable. • Article XXXIV Authority.
	<p>What are the outcome measures expected as a result of the method of distribution?</p>	<p>The expected outcome measure is the increase in supply of affordable rental housing by providing NHTF assistance to units for tenants at or below 30 percent of AMI or below the poverty line; whichever is greater:</p> <p>The charts below summarize the known FY22 and conservatively estimated FY23 allocations available for project financing, as well as the anticipated production of units. Details with respect to the FY22-FY23 calculations follow the charts.</p>

FY2022-FY2023 NOFA

Fiscal Year	General Allocation (million)	Rural Area Target (million)	Tribal Target (million)	FDDA¹ Target
FY2022	\$ <u>58</u> 83.4	\$ <u>23.2</u> 23.8	\$ <u>11.6</u> 11.9	\$ <u>23.2</u>
FY2023	\$ <u>28</u> 39.2	\$11.2	\$5.6	\$ <u>11.2</u>
Subtotal Amount	\$ <u>86</u> 122.3	\$ <u>34.4</u> 35.0	\$ <u>17.2</u> 17.5	\$ <u>34.4</u>
Aggregate	\$ <u>172</u> 174.8 million			

Anticipated Unit Production

Fiscal Year	General Allocation	Rural Area Target	Tribal Target	FDDA¹ Target
FY2022	<u>195</u> 270	<u>94</u> 90	<u>47</u> 39	<u>71</u>
FY2023	<u>94</u> 127	<u>45</u> 43	<u>23</u> 18	<u>34</u>
Subtotal Units	<u>289</u> 397	<u>139</u> 133	<u>70</u> 57	<u>105</u>
Aggregate	603 587 units			

¹FDDA: Federally Declared Disaster Areas.

For the Fiscal Year 2022, over \$132 million of NHTF has been allocated to HCD, inclusive of an estimated \$116 418.8 million available to finance affordable multifamily developments. \$58 83.4 million of the \$116 418.8 million will be in the general allocation fund. Based on the per unit assistance provided with the FY2020-FY2021 NHTF general allocation fund, approximately 195 270 units for households with incomes at or below 30 percent of AMI (or below the poverty line, whichever is greater) will be created using the FY22 general allocation fund.

Based on the same assumptions for FY22, \$23.2 million of the \$116 418.8 million will be in the Rural Area Target and approximately 94 90-units for households with incomes at or below 30 percent of AMI (or below the poverty line,

		<p>whichever is greater) will be created using the FY22 Rural Area Target fund.</p> <p>Based on the same assumptions for FY22, \$11.6 44.9 million of the \$116 448.8 million will be in the Tribal Target and approximately 47 units for households with incomes at or below 30 percent of AMI (or below the poverty line, whichever is greater) will be created using FY22 Tribal Target fund.</p> <p><u>Continuing the same assumptions for FY22, \$23.2 million of the \$116 million will be in the FDDA Target and approximately 71 units for households with incomes at or below 30 percent of AMI (or below the poverty line, whichever is greater) will be created using the FY22 FDDA Target fund.</u></p> <p>For the Fiscal Year 2023, over \$62.2 million of NHTF has been allocated to HCD, inclusive of an estimated \$56 million available to finance affordable multifamily developments. \$28 39.2 million of the \$56 million will be in the general allocation fund. Based on the per unit assistance provided with the FY2020-FY2021 NHTF general allocation fund, approximately 94 427 units for households with incomes at or below 30 percent of AMI (or below the poverty line, whichever is greater) will be created using the FY23 general allocation fund.</p> <p>Based on the same assumptions for FY23, \$11.2 million of the \$56 million will be in the Rural Area Target and approximately 45 43 units for households with incomes at or below 30 percent of AMI (or below the poverty line, whichever is greater) will be created using the FY23 Rural Area Target fund.</p> <p>Based on the same assumptions for FY23, \$5.6 million of the \$56 million will be in the Tribal Target and approximately 23 48 units for households with incomes at or below 30 percent of AMI (or below the poverty line, whichever is greater) will be created using FY23 Tribal Target fund.</p> <p><u>Continuing the same assumptions for FY23, \$11.2 million of the \$56 million will be in the FDDA Target and approximately 34 units for households with incomes at or below 30 percent of AMI (or below the poverty line, whichever is greater) will be created using FY23 FDDA Target fund.</u></p>
--	--	---

4	<u>State Program Name:</u>	<u>Housing Trust Fund/ National Housing Trust Fund- Federally Declared Disaster Areas Target for Federal Fiscal Years 2022 and 2023</u>
	<u>Funding Sources:</u>	<u>HTF</u>
	<u>Describe the state program addressed by the Method of Distribution.</u>	<p><u>The NHTF program is a federal formula grant that provides annual allocations to states to increase and preserve the supply of decent, safe, and sanitary affordable housing specifically for extremely low-income households.</u></p> <p><u>HCD will distribute NHTF funds to eligible multifamily rental projects in California through a competitive and/or over-the-counter application process, as specified in the NOFA.</u></p>
	<u>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</u>	<p><u>Eligible applicants/recipients of NHTF funds include organizations, agencies, or other entities such as PHAs, Tribal Entities, and for-profit and nonprofit entities. Recipients must:</u></p> <ol style="list-style-type: none"> <u>1. Meet the definition of a recipient under 24 C.F.R. § 93.2, specifically,</u> <ol style="list-style-type: none"> <u>a. Make acceptable assurance they will comply with all NHTF requirements during the entire affordability period;</u> <u>b. Demonstrate the ability and financial capacity to undertake, comply, and manage the eligible activity;</u> <u>c. Demonstrate familiarity with requirements of federal, state, and any other housing programs used in conjunction with NHTF funds to ensure compliance; and</u> <u>d. Demonstrate experience and capacity to conduct the eligible NHTF activity in question as evidenced by relevant history.</u> <u>2. Have site control under 25 C.C.R. § 8303 of the project they apply to HCD for an award of NHTF funds, including but not limited to, demonstrating site control by one of the following:</u> <ol style="list-style-type: none"> <u>a. Fee Title evidenced by a current title report showing the Applicant holds fee title;</u> <u>b. For tribal trust land, a title status report (“TSR”) or an attorney’s opinion regarding chain of title and</u>

		<p><u>current title status;</u></p> <p>c. <u>A leasehold interest on the project property with provisions that enable the lessee to make improvements on and encumber the property provided that the terms and conditions of any proposed lease must permit, prior to loan closing, compliance with all program requirements, including compliance with 25 C.C.R. § 8316; or</u></p> <p>d. <u>A leasehold estate held by a Native American Entity in federal tribal trust lands property, or a valid sublease thereof that has been or will be approved by the Bureau of Indian Affairs.</u></p> <p>3. <u>Have resolved any open audit finding(s), for any state or federally funded housing or community development projects or programs to the satisfaction of HCD or the federal agency by which the finding was made.</u></p> <p>4. <u>Are not debarred or suspended from participation in federal or state housing or community development projects or programs.</u></p> <p>5. <u>Cities, counties, and local public housing authorities must comply with the submittal requirements of cost principles and audit requirements at 2 C.F.R. Part 200.</u></p> <p><u>Competitive applications will initially be reviewed for meeting the minimum requirements in the NOFA. Applications that pass minimum requirements will then be rated and ranked according to the selection criteria outlined in the NOFA. In the event of a tie amongst applications, HCD must assign a higher rank to applications with a greater readiness to proceed with their project's milestones. If any tied applications have equal readiness to proceed with their project's milestones, then HCD must assign a higher rank to the applications that have secured firmer written financial commitments for its project's funding. If any tied applications have equal readiness to proceed with their project's milestones and have secured an equal amount of firm written financial commitments for their projects' funding, then HCD must assign a higher rank to any of the applications with projects providing greater affordability for households at or below 30 percent of AMI.</u></p>
	<p><u>Describe how resources will be allocated among</u></p>	<p><u>NHTF funding will be available to all jurisdictions in California, including Native American Lands. HCD will target at least 20 percent of the funding for projects located in Rural</u></p>

	<p><u>funding categories.</u></p>	<p><u>Areas as defined by §50199.21 of the California Health and Safety Code (HSC), and 20 percent of the funding for projects located in federally declared disaster areas. In addition, HCD shall target 10 percent of available funds for projects developed by, or in partnership with, Tribal Entities (defined below).</u></p> <p><u>“Tribal Entity(ies)” means an Applicant that is any of the following:</u></p> <ul style="list-style-type: none"> a. <u>Applicant meets the definition of Indian Tribe under United States Code (U.S.C.) Title 25 U.S.C. § 4103(13)(B);</u> b. <u>Applicant meets the definition of Tribally Designated Housing Entity under Title 25 U.S.C. § 4103(22);</u> c. <u>If not a federally recognized Tribe, either:</u> <ul style="list-style-type: none"> i. <u>Applicant is listed in the Bureau of Indian Affairs Office of Federal Acknowledgement petitioner list pursuant to Title 25 CFR § 83.1.</u> ii. <u>Applicant is an Indian Tribe located in California that is on the contact list maintained by the Native American Heritage Commission for the purposes of consultation pursuant to § 65352.3 of the Government Code.</u> <p><u>For calculation purposes, applications for the 10 percent Tribal Target and the 20 percent Federally Declared Disaster Areas Target will not be counted towards the 20 percent Rural Areas Target, even if the project is located in a rural area – unless the funds for the Tribal Target or Federally Declared Disaster Areas Target are over-subscribed, in which case Tribal or federally declared disaster areas projects located in rural areas will be counted towards the Rural Areas Target.</u></p> <p><u>If the funds for the Rural Areas Target are not fully used, any unused funds will be re-allocated to the Tribal Target. If the funds for the Tribal Target are not fully used (including any carry-over funds from the Rural Areas Target and general pool of funds), unused funds will be re-allocated to the general pool of NHTF program funds.</u></p>
--	-----------------------------------	---

		<p><u>If the funds for the Tribal Target are not fully used, any unused funds will be re-allocated for the Rural Areas Target. If the funds for the Rural Areas Target are not fully used (including any carry-over from the Tribal Target and general pool of funds), unused funds will be re-allocated to the general pool of NHTF program funds.</u></p> <p><u>If funds for the Federally Declared Disaster Areas Target are not fully used, any unused funds will be re-allocated to the general pool of NHTF program funds.</u></p> <p><u>If funds for the general pool of NHTF program funds are not fully used, any unused funds will be re-allocated to the Rural Areas Target first, Tribal Target second, and Federally Declared Disaster Areas Target third.</u></p>
	<p><u>Describe the threshold factors and grant size limits.</u></p>	<p><u>NHTF funding will be awarded on a competitive basis through a Notice of Funding Availability (NOFA). HCD may issue more than one NOFA during a funding cycle. The NOFA shall specify the maximum amount of project funds available, including whether funds have been set aside for a specific purpose; any restrictions on uses of funds; general terms and conditions of funding allocations; threshold requirements; timeframe for submittal of applications; application requirements and rating metrics.</u></p> <p><u>An applicant must electronically submit its application in a format made available by HCD that requests the information required by the NHTF Guidelines.</u></p> <p><u>An applicant must submit its application by the deadline specified in the NOFA.</u></p> <p><u>Application requirements include, but are not limited to the following:</u></p> <ul style="list-style-type: none"> • <u>Project Narrative/Details, Construction Scope of Work and Financing.</u> • <u>Detailed information of the borrower Applicant adequate to determine the experience of the Applicant with other federal, state, or local housing or community development programs.</u> • <u>Site Information.</u> • <u>Property management plan.</u> • <u>Resident services plan.</u>

- Supportive Services plan (for permanent supportive housing developments).
- Environmental Site Assessment Documentation (i.e., Phase I, asbestos, mold, lead-based paint assessments).
- Consultants/Third Party Reports (i.e., appraisal, market study and physical needs assessments).
- Relocation Plan, if applicable.

What are the outcome measures expected as a result of the method of distribution?

The expected outcome measure is the increase in supply of affordable rental housing by providing NHTF assistance to units for tenants at or below 30 percent of AMI or below the poverty line; whichever is greater:

The charts below summarize the known FY22 and FY23 allocations available for project financing, as well as the anticipated production of units. Details with respect to the FY22 and FY23 calculations follow the charts.

FY2022-FY2023 NOFA

<u>Fiscal Year</u>	<u>General Allocation (million)</u>	<u>Rural Area Target (million)</u>	<u>Tribal Target (million)</u>	<u>FDPA¹ Target</u>
<u>FY2022</u>	<u>\$58</u>	<u>\$23.2</u>	<u>\$11.6</u>	<u>\$23.2</u>
<u>FY2023</u>	<u>\$28</u>	<u>\$11.2</u>	<u>\$5.6</u>	<u>\$11.2</u>
<u>Subtotal Amount</u>	<u>\$86</u>	<u>\$34.4</u>	<u>\$17.2</u>	<u>\$34.4</u>
<u>Aggregate</u>	<u>\$172 million</u>			

Anticipated Unit Production

<u>Fiscal Year</u>	<u>General Allocation</u>	<u>Rural Area Target</u>	<u>Tribal Target</u>	<u>FDPA¹ Target</u>
<u>FY2022</u>	<u>195</u>	<u>94</u>	<u>47</u>	<u>71</u>
<u>FY2023</u>	<u>94</u>	<u>45</u>	<u>23</u>	<u>34</u>
<u>Subtotal Units</u>	<u>289</u>	<u>139</u>	<u>70</u>	<u>105</u>
<u>Aggregate</u>	<u>603 units</u>			

		<p><u>¹FDDA: Federally Declared Disaster Areas.</u></p> <p><u>For the Fiscal Year 2022, over \$132 million of NHTF has been allocated to HCD, inclusive of an estimated \$116 million available to finance affordable multifamily developments. \$58 million of the \$116 million will be in the general allocation fund. Based on the per unit assistance provided with the FY2020-FY2021 NHTF general allocation fund, approximately 195 units for households with incomes at or below 30 percent of AMI (or below the poverty line, whichever is greater) will be created using the FY22 general allocation fund.</u></p> <p><u>Based on the same assumptions for FY22, \$23.2 million of the \$116 448.8 million will be in the Rural Area Target and approximately 94 90 units for households with incomes at or below 30 percent of AMI (or below the poverty line, whichever is greater) will be created using the FY22 Rural Area Target fund.</u></p> <p><u>Based on the same assumptions for FY22, \$11.6 million of the \$116 448.8 million will be in the Tribal Target and approximately 47 units for households with incomes at or below 30 percent of AMI (or below the poverty line, whichever is greater) will be created using the FY22 Tribal Target fund.</u></p> <p><u>Continuing the same assumptions for FY22, \$23.2 million of the \$116 million will be in the FDDA Target and approximately 71 units for households with incomes at or below 30 percent of AMI (or below the poverty line, whichever is greater) will be created using the FY22 FDDA Target fund.</u></p> <p><u>For the Fiscal Year 2023, over \$62.2 million of NHTF has been allocated to HCD, inclusive of an estimated \$56 million available to finance affordable multifamily developments. \$28 million of the \$56 million will be in the general allocation fund. Based on the per unit assistance provided with the FY2020-FY2021 NHTF general allocation fund, approximately 94 units for households with incomes at or below 30 percent of AMI (or below the poverty line, whichever is greater) will be created using the FY23 general allocation fund.</u></p> <p><u>Based on the same assumptions for FY23, \$11.2 million of the \$56 million will be in the Rural Area Target and approximately 45 units for households with incomes at or below 30 percent of AMI (or below the poverty line,</u></p>
--	--	--

		<p><u>whichever is greater) will be created using the FY23 Rural Area Target fund.</u></p> <p><u>Based on the same assumptions for FY23, \$5.6 million of the \$56 million will be in the Tribal Target and approximately 23 units for households with incomes at or below 30 percent of AMI (or below the poverty line, whichever is greater) will be created using FY23 Tribal Target fund.</u></p> <p><u>Continuing the same assumptions for FY23, \$11.2 million of the \$56 million will be in the FDDA Target and approximately 34 units for households with incomes at or below 30 percent of AMI (or below the poverty line, whichever is greater) will be created using the FY23 FDDA fund.</u></p>
--	--	--