Notice of Funding Availability (NOFA)
HOME & HOME-ARP
Affordable Rental Housing Development

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VERSION CONTROL

VERSION	POSTED	NOTES
1	September 17, 2026	Original NOFA

EQUAL HOUSING OPPORTUNITY

Contents

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1. Notice of Funding Availability

The City of Irvine is pleased to announce the availability of HOME Investment Partnerships (HOME) and HOME-American Rescue Plan (HOME-ARP) funds for development of new multifamily affordable rental housing. These funds are provided by the U.S. Department of Housing and Urban Development (HUD) and are administered locally by the City to support the development of new affordable multifamily rental housing developments to be occupied by low- and very low-income households and HOME-ARP Qualifying Populations. A portion of the funds available are reserved for Community Housing Development Organizations (CHDOs).

The Notice of Funding Availability (NOFA) application period opens on September 17, 2026 and **the application due date is 4:00 p.m. Pacific Daylight Time on October 15, 2026**.

Application materials must be submitted electronically via the City's Neighborly Application Portal. Personal deliveries will not be accepted. No facsimiles, incomplete applications, application revisions, or walk-in application packages will be accepted. After the published application due date, the City reserves the right to reopen this NOFA at any time if funds are available.

2. HOME Program

The Cranston-Gonzalez National Affordable Housing Act of 1990 created the HOME program to expand the supply of decent, safe, sanitary and affordable housing for low-income households. Often used in partnership with private for-profit and nonprofit housing developers, the HOME program supports a wide range of affordable housing activities, including development of new affordable multifamily rental housing. HOME funds are administered in accordance with the HOME program regulations at 24 CFR Part 92, as amended, and all applicable HUD guidance.

HOME funds made available through this NOFA may be used to provide gap financing for the development of new multifamily affordable rental housing. HOME-assisted rental housing must primarily serve low-income households whose annual incomes do not exceed the applicable HOME income limits established by HUD. Projects must ensure that HOME-assisted units are occupied by income-eligible households at initial occupancy and throughout the affordability period in accordance with the requirements of 24 CFR Part 92.

Applicants requesting HOME funds should be aware that projects receiving HOME assistance are subject to HUD underwriting and subsidy layering requirements designed to ensure that HOME funds do not exceed the amount necessary to provide affordable housing. The City will evaluate each project for financial feasibility, development and operating viability, reasonableness of costs, market demand, and the minimum amount of HOME assistance necessary to make the project financially feasible. Projects must also satisfy all applicable requirements relating to project completion, long-term financial sustainability, and ongoing compliance.

Applicants are reminded that the HOME regulations emphasize long-term project viability, enhanced underwriting and subsidy layering, stronger property standards, tenant protections, and sustained compliance throughout the affordability period. The City will evaluate all applications for consistency with the current HOME regulations, this NOFA, the City's underwriting guidelines, and any additional policies adopted for the administration of HOME funds.

3. HOME CHDO Funds

As a set-aside within the HOME program, HOME CHDO funds are reserved for qualified nonprofit organizations that meet HUD’s regulatory requirements to be designated as CHDOs and demonstrate capacity to develop, own, or sponsor affordable housing. HOME CHDO funds may be used by certified CHDOs for eligible affordable housing activities, including the development of new multifamily rental housing.

Applicants requesting HOME CHDO funds under this NOFA must be certified by the City of Irvine as a CHDO prior to execution of a HOME written agreement and commitment of CHDO funds. Certification is separate from the funding application process and shall be conducted in accordance with HUD regulations. Information and documentation to facilitate CHDO certification will be collected with the application if the Applicant requests HOME-CHDO funds.

The City reserves the right to determine whether an organization qualifies as a CHDO and whether the proposed project satisfies the applicable CHDO role requirements.

A. CHDO Eligibility

To be certified as a CHDO, an organization shall satisfy the requirements of 24 CFR 92.2 and 24 CFR 92.300, including, but not limited to, the following:

- Be organized as a private nonprofit corporation organized under state or local law.
- Maintain tax-exempt status under Section 501(c)(3) or Section 501(c)(4) of the Internal Revenue Code.
- Have among its purposes the provision of decent affordable housing to low-income households.
- Maintain accountability to the low-income community through its governing board and organizational structure.
- Demonstrate financial accountability and sound management practices.
- Demonstrate the capacity and experience necessary to successfully undertake affordable housing development activities.

Certification as a CHDO for one project or funding cycle does not guarantee future certification. The City may require updated documentation at any time.

B. CHDO Eligible Roles

HOME CHDO funds may only be awarded when the CHDO performs one of the following eligible roles authorized under 24 CFR § 92.300.

CHDO as Owner

Under the Owner model, the CHDO owns the project throughout the affordability period and is legally responsible for development, ownership, operation, and long-term compliance with HOME requirements. Ownership may be held directly by the CHDO or through a wholly owned single-purpose entity permitted under HUD regulations. The CHDO Owner is responsible for:

- Developing and constructing the project;
- Maintaining ownership during the affordability period;
- Ensuring compliance with all HOME affordability requirements;
- Operating the project or contracting for professional property management;
- Maintaining all required financial and compliance records.

CHDO as Developer

Under the Developer model, the CHDO is responsible for directing and controlling all phases of project development and assumes the primary responsibility for successful completion of the development. A CHDO acting as Developer shall demonstrate meaningful control over development decisions, including, as applicable:

- Site acquisition;
- Selection and supervision of consultants;
- Design development;
- Procurement of the general contractor;

- Construction oversight;
- Financing coordination;
- Cost control; and
- Project completion.

The CHDO may engage consultants or professional service providers; however, the CHDO must retain effective decision-making authority throughout the development process and may not merely serve as a conduit for another developer.

CHDO as Sponsor

Under the Sponsor model, the CHDO undertakes the initial development responsibilities and subsequently transfers ownership of the completed project to another eligible nonprofit organization or retains ownership through a legal entity permitted under HUD regulations. Where permitted by HUD, the CHDO may sponsor the project by creating or owning a subsidiary or partnership that will own the completed development, provided all HOME and CHDO regulatory requirements are satisfied.

Applicants proposing the Sponsor model shall clearly describe:

- The proposed ownership structure;
- The legal relationship between all ownership entities;
- The CHDO's continuing responsibilities; and
- Compliance with the applicable provisions of 24 CFR § 92.300.

C. Development Capacity

Applicants requesting HOME CHDO funds shall demonstrate that the CHDO possesses the development capacity necessary to complete the proposed project successfully. The City will evaluate, among other factors:

- Experience completing affordable multifamily housing developments;
- Experience administering federal housing funds;
- Qualifications of key development personnel;
- Financial capacity;
- Organizational stability; and
- Experience with long-term asset management and regulatory compliance.

The City may require additional documentation to verify organizational capacity.

D. CHDO Operating Independence

A CHDO must exercise independent judgment in carrying out its development responsibilities. The City will evaluate proposed organizational structures, development agreements, consultant agreements, and partnership arrangements to ensure the CHDO maintains the degree of control required by HUD regulations. HOME CHDO funds shall not be awarded where the City determines that another entity, rather than the CHDO, exercises primary control over the development or where the CHDO serves solely as a pass-through entity.

E. CHDO Documentation

Applicants requesting HOME CHDO funds shall submit documentation sufficient for the City to determine CHDO eligibility and compliance with 24 CFR 92.300, including, as applicable:

- Articles of Incorporation and Bylaws;
- IRS determination letter confirming tax-exempt status;
- Current Board of Directors list identifying low-income community representation;
- Organizational chart;
- Most recent audited financial statements;
- Evidence of affordable housing development experience;
- Resumes of key personnel;
- Description of the proposed CHDO role (Owner, Developer, or Sponsor);
- Draft ownership structure, including all affiliated entities; and
- Any additional documentation requested by the City to support CHDO certification.

4. HOME-ARP

The American Rescue Plan Act of 2021 (ARPA) appropriated supplemental funding to the HOME program to reduce homelessness and increase housing stability among individuals and families experiencing homelessness and other vulnerable populations. HOME-ARP funds are administered in accordance with the HOME-ARP Notice CPD-21-10, as amended, and all applicable HUD guidance.

HOME-ARP funds made available through this NOFA may be used to provide gap financing for the development of new multifamily affordable rental housing. Unlike the HOME Program, HOME-ARP assisted rental housing must primarily serve households that meet HUD's definition of a Qualifying Population. Eligible Qualifying Populations include:

- Persons experiencing homelessness;
- Persons at risk of homelessness;
- Persons fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking;
- Other populations for whom providing supportive services or assistance would prevent homelessness or would serve those at greatest risk of housing instability; and

- Veterans and families meeting one of the above categories.

Applicants requesting HOME-ARP funds should note that projects receiving HOME-ARP funds must comply with all applicable HOME-ARP occupancy requirements, including initial occupancy by Qualifying Populations, ongoing compliance with the HOME-ARP Notice, and any referral, documentation, or certification procedures required by the City. For more information, please refer to the Appendix.

Projects assisted with HOME-ARP funds must comply with all applicable requirements of the HOME-ARP Notice CPD-21-10, including but not limited to environmental review, property standards, affordability, tenant protections, nondiscrimination requirements, and long-term compliance monitoring.

5. Funds Available

The funds available in this NOFA include:

HOME:	$2,202,739.11
HOME CHDO:	$306,780.30
HOME-ARP:	$3,000,148.95
Total Funds Available:	**$5,509,668.36**

The City reserves the right to award funds in whole or in part, reject any or all applications, waive minor irregularities, negotiate award amounts, and select the funding source(s) used for any project. Applicants may request HOME, HOME CHDO, or HOME-ARP funds; however, the City shall determine the funding source(s) awarded in its sole and absolute discretion.

Should key components of a project application change such that the project is no longer eligible for the type of funding assigned to the project, the City does not guarantee availability of an alternate compatible source of funding.

Funding availability is contingent upon HUD authorization and continued availability of federal funds.

6. Eligible Projects

Eligible projects include new construction of affordable multifamily rental housing developments. Eligible projects must be 100% affordable and shall be subject to a minimum 55-year affordability period. Projects containing unrestricted market-rate units (other than an on-site manager’s unit) are not eligible. The application must demonstrate that the proposed project has a minimum of five total units.

Projects requesting HOME-ARP funds shall identify the proposed HOME-ARP-assisted units. By submitting the application, the Applicant acknowledges that HOME-ARP units must be marketed and initially occupied by households meeting the definition of a Qualifying Population under the HOME-ARP Notice CPD-21-10. Within the tenant selection plan prepared by the applicant and uploaded to the application, the Applicant shall also describe the proposed tenant referral process, if applicable, and demonstrate the project's ability to maintain ongoing compliance with HOME-ARP occupancy requirements throughout the affordability period.

Projects that include both HOME and HOME-ARP funding sources shall clearly identify which units will be designated as HOME-assisted units and which units will be designated as HOME-ARP-assisted units. Initially, this designation will be made within the unit mix table of the application form under the heading “Unit Designation”.

Income-restricted affordable housing units shall be targeted to households with incomes at or below 60% of Area Median Income (AMI) as published by HUD, except that:

- Of the HOME-assisted units in a project containing five or more HOME-assisted units, 20% of the HOME-assisted units must be rented to households with incomes at or below 50% of AMI at the HUD-published Low HOME rents; and
- HOME-ARP assisted units shall be rented to Qualifying Populations (as defined in Appendix I of this NOFA) at Low HOME rents, except that up to 30% of HOME-ARP assisted units may be rented to low-income households with incomes at or below 60% of AMI at the HUD-published High HOME rents.

For additional information on income targeting and rent requirements, see 24 CFR 92.252(a) and Section VI.B.13 of HOME-ARP Notice CPD-21-10.

Through this NOFA, the City will be providing financial assistance to developers of low-income housing projects and monitoring construction and operations of the projects for compliance with conditions of the City's financial assistance, which constitutes carrying out routine governmental functions, performing conventional activities of a lender, and imposing constitutionally-mandated or statutorily authorized conditions accepted by a grantee or borrower of assistance, all as set forth in Health and Safety Code section 37001.5(e). In undertaking the foregoing activities, the City is not developing, constructing or acquiring a low-rent housing project.

7. Eligible Applicants

An Applicant is the entity or entities applying to the City for HOME or HOME-ARP funds. Eligible applicants include nonprofit housing developers, for-profit housing developers, joint ventures, limited partnerships, and limited liability companies, provided they are not debarred, suspended, or otherwise excluded from participation in federal programs, as verified through the System for Award Management (sam.gov). Applicants seeking CHDO funds must be certified by the City as a nonprofit CHDO.

8. NOFA Timeline

Milestone	Date*
Irvine World News public notice NOFA posted to website	September 17, 2026
Neighborly Application Portal opens	September 17, 2026
Application Due Date	October 15, 2026
Threshold Review	October 22, 2026
Appeals Deadline (for any denials)	October 29, 2026
Scoring (if necessary)	November 6, 2026
Library and Community Services Commission	November 18, 2026
City Council Meeting - Awards	December 8, 2026

*Dates are subject to change.

9. Accessibility and Reasonable Accommodation

Publications and notifications associated with this NOFA shall be available on the City website at: cityofirvine.gov/cdbg

The applicant portal is available at:
https://portal.neighborlysoftware.com/mdg-irvineca/Participant

It is the intention of the City of Irvine to comply with the Americans with Disabilities Act of 1990 (ADA) (42 U.S.C. 12131–12134), as amended by the ADA Amendments Act of 2008 (ADA Amendments Act) (Pub. L. 110–325, 122 Stat. 3553 (2008)), which prohibits discrimination on the basis of disability by public entities (28 CFR Part 35), and Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C 794), to the end that no otherwise qualified individual with a disability shall, solely by reason of their disability, be excluded from participation in, be denied the benefits of, or be subjected to discrimination. If, as a prospective applicant for funds under this NOFA, you require assistance to apply, the City of Irvine will attempt to accommodate you in every reasonable manner. Language interpretation services are available upon request. Assisted listening devices are available upon request at in-person meetings for individuals with hearing impairments. To request a reasonable accommodation, please contact the Office of Health and Wellness at 949-724-6550. Notification 72 hours prior to a meeting will enable the City to make reasonable arrangements to ensure accessibility.

10. Application Process

Applicants shall visit https://portal.neighborlysoftware.com/MDG-IRVINECA/participant and create a login. Then, applicants shall select the Affordable Housing NOFA application and complete each section of the application with uploads of all required support documents necessary for the City to fully evaluate the application to determine compliance with the threshold requirements.

11. Appeal of Threshold Denial

Should an application be denied because it does not meet threshold requirements, is substantially incomplete, contains false claims, or material errors, or otherwise demonstrates that the project does not meet the requirements of this NOFA, the applicant may appeal the City's denial in writing to Hitta Mosesman, Housing Manager at PO Box 19575, Irvine, CA 92623-9575 or via email to hmosesman@cityofirvine.gov no later than 11:59 p.m. Pacific Daylight Time on October 29, 2026. Appeals and decisions on appeal shall be based upon the applicant's original submission. Appeals will be limited to addressing the proposal as originally submitted. Applicants may not use the appeal process to introduce new information and/or make changes to the proposal. The decision of the Housing Manager shall be final. The applicant will be notified in writing of the decision within 5 business days.

12. Terms and Conditions

The City reserves the right to retain all submitted applications and the applications shall become the property of the City. Applications are subject to disclosure under the Public Records Act. Any Department of the City shall have the right to use any or all ideas presented in applications submitted in response to this NOFA without any change or limitation. Selection or rejection of an application does not alter these rights.

The City reserves the right to communicate with lenders, providers, grantors and other participants associated with the application to obtain additional clarification on design of program, or organization fiscal and programmatic capacities, and to utilize this information in the evaluation process. The City reserves the right to conduct site visits of an applicant's proposed project site.

The City reserves the right to reject any or all applications received in answer to this NOFA for any reason, including situations where an application fails to meet City underwriting guidelines, is deemed inappropriate or incomplete, or is not in the best interest of the City.

The City reserves the right to withdraw this NOFA at any time without prior notice. Further, the City of Irvine makes no representation that any funding will be awarded to any applicant responding to this NOFA.

An applicant may not be recommended for funding, regardless of the merits of the application submitted, if it has a history of (a) contract non-compliance with the City of Irvine or any other public agency, (b) a termination for cause by any other public funding source, (c) or disallowed costs with the City or any other funding source.

The City of Irvine reserves the right to independently verify information submitted in the application.

If tax credit or bond financing is part of the proposed project funding, Applicant shall have until December 31, 2027, to secure an award from CTCAC/CDLAC before the City award expires.

13. Disclosures

The Applicant shall notify the City within thirty (30) days of substantial changes to the development including but not limited to:

- Changes to the terms and conditions of the purchase and sale agreement or other site control documents;
- Changes to the property title report;
- Changes in the funding sources or amounts that reflect a different financial scenario than represented in the application;
- Requirements imposed by other funding sources that conflict with this NOFA;
- Changes to the ownership/partnership structure;
- Changes in the development team, including the architect, engineer, general contractor, and/or property management company;
- Disclosure of an actual or potential bankruptcy, default or foreclosure of the owner, parent company, architect, engineer, general contractor, and/or property management company; or
- Misrepresentation of the proposed project.

Material changes made to the project’s configuration, financial structure or future operation that occur subsequent to the application and award by the City Council must receive written approval from the Housing Manager, or designee if authorized or by the City Council, depending on the nature of the change. Failure to disclose any of the aforementioned events after award may result in the withdrawal of City financial commitment to the project or may result in a loan default.

14. Application Threshold Requirements

Applications that do not meet each of the threshold requirements listed below will be deemed ineligible.

A. Site Control

Applicants shall demonstrate current legal site control through one of the following:

- Grant Deed and preliminary title report showing that the applicant holds fee title.
- An executed conveyance agreement.
- A current, enforceable purchase agreement or option agreement between the applicant and the owner of the subject property.
- An executed disposition and development agreement between the applicant and a public agency.
- An executed lease or lease option for a minimum of 55 years between the applicant and the owner of the property.
- Other written evidence that constitutes a contract.

If an Applicant's site control documentation (e.g., option) will or may expire prior to the anticipated date of the City award, the Applicant will satisfy the threshold site control requirement if a legally valid extension is submitted to the City for review. For purposes of this paragraph, "evidence of a legally valid extension" means an option (and/or other applicable site control documentation) that is fully executed prior to the expiration of the site control documentation submitted with the Application, and that extends the term of the site control documentation through the actual date of the City award.

B. Timing

The timing requirements listed below shall apply to all awards.

- The application must demonstrate that the proposed project has not closed on construction financing or started construction at the time of application.
- The minimum milestones to be included are:
  - Final non-City funding commitment received;
  - NEPA Environmental Assessment completed and submitted to City;
  - Planning approval – permit-ready;
  - Construction loan closing;
  - Groundbreaking;
  - Construction complete;
  - Begin implementation of Marketing Plan;
  - Final Certificate of Occupancy; and
  - Full lease-up.
- The application must demonstrate that the proposed project will be completed and occupied by low-income, very-low income, or Qualifying Population tenants **no**

later than March 31, 2030.

C. Development Experience

The development team shall demonstrate successful completion of at least one regulated affordable multifamily housing development containing twenty (20) or more affordable units within the previous five years.

D. Financial Capacity

The Applicant shall demonstrate sufficient financial capacity to undertake the proposed development. Applicants who are non-profits must attach their most recent IRS Form 990 and audited financial statements. Applicants who are for-profits must attach their most recent audited financial statements.

E. Good Standing

The Applicant shall not be suspended, debarred, or otherwise prohibited from participation in federally assisted programs. For each entity that is part of the organizational structure that will comprise the Developer/Borrower, upload a current SAM.gov printout showing no debarment. Also upload a California Secretary of State Certificate of Status. Additionally, the Applicant will be required to complete a Legal Status Questionnaire as part of the application form.

F. Zoning

The Project shall be appropriately zoned or demonstrate a reasonable path to obtaining all required land use approvals.

G. Sources and Uses

The application shall identify all sources and uses of funding required to complete the proposed project, including the status of the funds (e.g., applied for funds – pending decision, applying for funds, or funds secured and fully committed to the project) and the proposed uses by source, so the City may understand how each funding source within the funding stack will be used for specific line-item costs within the development budget.

H. Operating Proforma

The application shall include an operating proforma. The operating proforma shall provide all applicable residential income, operating expense, and hard and soft debt service information as may be reasonably required for the City to conclude the project will operate with sufficient cash flow for the minimum 55-year affordability period.

I. Funding Commitments

The application must identify all anticipated sources of development financing. For funds that are firmly committed, the application must supply a copy of the funding commitment letter, or similar.

J. Cost Reasonableness

The application must demonstrate that the proposed project is cost reasonable, which is what a reasonable person would pay in the same or similar circumstances for the same or similar item or service. To address this threshold requirement, applicant shall submit third party source documentation of market comparable data including per-unit development costs for recently completed projects of similar size and character in Orange County (e.g., LIHTC staff report or similar).

Subsequent to the application deadline and during the City's underwriting of any application, the City shall evaluate all development costs for reasonableness and may require cost reductions. Prior to completion of City underwriting, an Independent Cost Estimate will be required, at Applicant's expense, to be submitted to City underwriters.

K. Other NOFA Requirements

The Applicant must certify that the project will comply with all requirements of this NOFA, applicable local codes and ordinances, 24 CFR Part 92, and the HOME-ARP Notice CPD-21-10, as applicable.

15. City Financing Terms

A. Loan Structure

City assistance shall be provided as a permanent residual receipts loan.

B. Interest Rate

Three percent (3%) simple interest.

C. Repayment

Loans shall be repaid from available residual receipts pursuant to loan documents approved by the City.

D. Term

Fifty-five (55) years.

E. Disbursement

Funds shall be disbursed during construction for eligible costs incurred, based on the budget established in the agreement between developer and City. Funds shall not be disbursed in advance of actual documented need (i.e., no advances to developer or to an escrow).

16. Subsidy Limits / Loan Limits

For HOME and HOME-CHDO projects, the minimum level of project assistance is $1,000 times the number of HOME-assisted units.

HOME and HOME-CHDO loans shall not exceed the following per-unit subsidy limits:

Efficiency:	$187,658
One Bedroom:	$215,122
Two Bedroom:	$261,595
Three Bedroom:	$338,419
Four Bedroom:	$371,477

Pursuant to HOME-ARP Notice CPD-21-10 Section VI.B.9, the maximum per-unit subsidy established for the HOME program does not apply to HOME-ARP units. The City may subsidize up to 100% of the eligible and reasonable HOME-ARP costs allocated to a HOME-ARP unit.

The City may reduce requested assistance as necessary to comply with HUD subsidy layering requirements.

The maximum award to any project/application is $3,000,000, inclusive of any prior City funds awarded to a project.

17. Developer Fee

The developer fee shall be limited to the amount permitted by the California Tax Credit Allocation Committee (CTCAC) and California Debt Limit Allocation Committee (CDLAC) regulations in effect at the time of application. For applications not applying for or receiving an award from CTCAC or CDLAC, the CTCAC 9% rules in effect at the time of this application shall apply.

18. Underwriting Standards

The City shall evaluate all applications for financial feasibility and long-term viability. The following outline the City's basic underwriting standards. The City reserves the right to modify or suspend one or more of these standards to address critical affordable housing needs or unique project attributes.

A. Debt Coverage Ratio

Permanent financing shall be underwritten to achieve an initial stabilized debt service coverage ratio between 1.15 (minimum) and 1.20 (maximum).

B. Cash Flow

The operating proforma shall demonstrate positive cash flow for the duration of the affordability period (55-years).

C. Vacancy Assumptions

Five percent (5%) vacancy shall be used for standard multifamily rental developments. Seven percent (7%) vacancy shall be used for SRO housing and special needs housing developments. Where significant project-based rental assistance exists, up to 7% vacancy may be used for assisted units.

D. Revenue Inflation

Rental income projections shall be projected to increase by no more than 2.5% annually.

E. Expense Inflation

Operating expenses shall be projected to increase by no more than 3.5% annually.

F. Reserves

All reserve accounts shall be used to maintain the property (which does not include repayment of loans) and/or benefit its residents, and shall remain with the project except when a public lender funds rent subsidy and/or service reserves and requires repayment of unused rent subsidy and/or service reserves.

The minimum replacement reserve deposit for projects shall be at least two hundred fifty dollars ($250) per unit per year. The on-going funding of the replacement reserve in this amount shall be a requirement of the regulatory agreement during the term of the agreement, and the owner shall maintain these reserves in a segregated account. Funds in the replacement reserve shall only be used for capital improvements or repairs.

An operating reserve shall be funded in an amount equal to three months of estimated operating expenses and debt service under stabilized occupancy.

Replacement reserves and operating reserves shall comply with current CTCAC requirements.

G. Cost Reasonableness

The City shall evaluate all development costs for reasonableness and may require cost reductions. Prior to completion of City underwriting, an Independent Cost Estimate will be required, at Applicant's expense, to be submitted to City underwriters.

During construction, the City will require Developer to submit the G702/G703 construction schedule of values with each monthly draw request, even if the monthly draw request does not include a request for HOME, HOME-CHDO, or HOME-ARP funds.

After project completion, Developer shall supply to the City a certification of costs performed by a certified public accountant. The CPA audited cost certification shall meet CTCAC standards.

H. Subsidy Layering Review

All projects shall be subject to a comprehensive subsidy layering review consistent with 24 CFR Part 92. The subsidy layering review will commence after the threshold review is completed by City staff and shall be completed before execution of the written agreement for HOME, HOME-CHDO, or HOME-ARP funds.

The results of the subsidy layering review may necessitate changes to the project, including but not limited to cost reductions.

19. Security and Subordination

A. Regulatory Agreement

The City shall record a Regulatory Agreement and Declaration of Restrictive Covenants imposing City of Irvine affordability restrictions for a minimum of fifty-five (55) years. For property held by a Community Land Trust, the City of Irvine Regulatory Agreement and Declaration of Restrictive Covenants shall be in perpetuity.

For projects receiving HOME or HOME-CHDO funds, a separate HOME Regulatory Agreement and Declaration of Restrictive Covenants containing the relevant federal provisions shall be recorded and run concurrent to the City of Irvine Regulatory Agreement and Declaration of Restrictive Covenants for a period of 20 years beginning after project completion pursuant to 24 CFR 92.252(d).

For projects receiving HOME-ARP funds, a separate HOME-ARP Regulatory Agreement and Declaration of Restrictive Covenants containing the relevant federal provisions shall be recorded and run concurrent to the City of Irvine Regulatory Agreement and Declaration of Restrictive Covenants for a period of 15 years beginning from project completion pursuant to Notice CPD-21-10 Section VI.B.

The HOME/HOME-CHDO or HOME-ARP Regulatory Agreement and Declaration of Restrictive Covenants shall be recorded senior to all financing except where a bond issuer or State agency requires otherwise.

B. Security Instruments

Lien priority shall be determined based upon the amount of City assistance and overall financing structure. The recording order for financing shall be negotiated among project lenders and finalized prior to construction loan closing and HOME commitment.

C. Other Public Financing

Security instruments and affordability covenants securing financial assistance from other public agencies shall generally be subordinated to the City's loan documents and Regulatory Agreement. Exceptions may be approved if another public agency's financial contribution significantly exceeds the City's contribution.

20. Federal Requirements

Projects shall comply with all applicable federal requirements including:

- HOME regulations at 24 CFR Part 92;
- HOME-ARP regulations pursuant to the Notice CPD-21-10 Requirements for the Use of Funds in the HOME -ARP Program;
- Environmental Review requirements Pursuant to 24 CFR Part 58, with the City acting as the Responsible Entity;
- HOME rules concerning displacement, relocation, and acquisition at 24 CFR 92.353;
- HOME property standards at 24 CFR 92.251;
- Uniform Relocation Act at 49 CFR Part 24;
- Davis-Bacon and Related Acts pursuant to 24 CFR 92.354 and 29 CFR Part 5, for projects with 12 or more HOME-assisted or HOME-ARP assisted units;
- Section 3 of the Housing and Urban Development Act of 1968 at 24 CFR Part 75;
- Contracting with small businesses, minority businesses, women's business enterprises, veteran-owned businesses, and labor surplus area firms pursuant to 24 CFR 92.351(b) and 2 CFR 200.321;
- Lead-Based Paint requirements pursuant to 24 CFR 92.355 and 24 CFR Part 35;
- Section 504 of the Rehabilitation Act of 1973 at 24 CFR Part 8;
- Nondiscrimination Requirements at 24 CFR 92.350 and 24 CFR Part 5, Subpart A
- Affirmatively Furthering Fair Housing pursuant to 24 CFR 5.150;
- Affirmative Marketing pursuant to 24 CFR 92.351;
- Violence Against Women Act pursuant to 24 CFR 92.359 and 24 CFR Part 5, Subpart L;
- Conflict of Interest – Owners and Developers pursuant to 24 CFR 92.356(f); and

- HOME and HOME-ARP requirements for written agreements with for-profit or nonprofit housing owner/developer pursuant to 24 CFR 92.504(c)(3).

21. Environmental Review

An environmental review must be performed on the Project prior to entering into a HOME or HOME-ARP written agreement that commits funds to the project or federal funds being disbursed. The Developer shall fund and assemble supporting studies and documentation for the required environmental review and submit the environmental review document, complete with appropriate citations and supporting analysis and studies, to the City for review. For new construction of multifamily rental housing, an Environmental Assessment level of review is minimally required.

The environmental review shall document compliance with 24 CFR Part 58, NEPA, and all related laws, authorities, and executive orders. For HOME and HOME-ARP, the City is the Responsible Entity and will review Developer-submitted Environmental Review Records (ERR) for compliance with 24 CFR Part 58 requirements prior to submitting a Request for Release Of Funds (RROF) to HUD. HUD shall grant the authority to use funds to the City.

Developers are also responsible for working with the City's planning unit to ensure compliance with CEQA, including the submission or designation of applicable waivers to the CEQA Clearinghouse. The City will not provide funding for Projects that have a significant effect requiring an Environmental Impact Report.

No work may start on a proposed Project, or proposed site acquisition, if applicable, before both the federal and state environmental review processes are completed, even if that work/acquisition is being done using non-federal funds. Subsequent to submission of an application by a Developer to the City for the use of HOME or HOME-ARP funds, there can be no choice-limiting actions on the part of the Developer/owner until environmental clearance is received in the form of an Authority to Use Grant Funds (AUGF) issued by HUD.

The concept of prohibiting "choice-limiting" actions is to prevent the Developer/owner from investing in a Project before all necessary environmental clearances are obtained. Market studies, environmental studies, plan development, engineering or design costs, inspections and tests are not considered "choice-limiting" actions. "Choice-limiting actions" are defined as any activity that would have an adverse environmental impact or limit the choice of reasonable alternatives, such as acquisition of the Project property by the Developer/owner (or any subsidiary of the Developer/owner), construction, demolition of buildings, or rehabilitation or reconstruction of buildings. Per 24 CFR Part 58.22, failure to comply with the prohibition against committing funds or taking physical action (using either HUD funds or non-HUD funds) before the completion of the environmental review process could result in loss of HUD assistance, cancellation of the Project, reimbursement by the Sponsor/owner to HUD for the amount expended, or suspension of the disbursement of funds for the affected activity.

Developer will be required to submit all Environmental Review Records (ERRs) and request for release of funds (RROF), if applicable, to the City for review at submission of the Project application (if available) or following award by the City Council. HUD provides guidance on preparation of ERRs on its website.

Upon receipt, review and approval of a completed ERR, the City will publish the Notice of Intent – Request for Release Of Funds (NOI-RROF) and process the RROF to HUD.

The City and the Developer may not enter into a written agreement committing HOME or HOME-ARP funds until the AUGF is received from HUD and all of the other conditions precedent to commitment pursuant to the definition of that term in 24 CFR 92.2 are met.

22. Residential Anti-Displacement and Relocation Assistance Plan

If the proposed Project involves acquisition of occupied building(s), the Applicant / Developer shall make every effort to minimize displacement of families from their home and/or neighborhood. Projects shall be designed with the established community in mind to lessen the displacement of families and must commit to the affordability period.

It is the policy of the City of Irvine to minimize, to the greatest extent feasible, the displacement, whether permanent or temporary, of persons (families, individuals, businesses, nonprofit organizations, or farms) from projects funded with HOME or HOME-ARP funds.

Projects that the City deems beneficial, but that may cause displacement, may be recommended for award only if the Applicant / Developer demonstrates that such displacement is necessary and vital to the project and that efforts are taken to reduce the number of persons displaced. Further, the Applicant / Developer must clearly demonstrate that the goals and anticipated accomplishments of a project outweigh the adverse effects of displacement imposed on persons who must relocate.

The City will consider if displacement is likely to occur as part of funding decisions and project feasibility determinations.

The Applicant / Developer shall provide relocation assistance for low- and moderate-income tenants who, in connection with an activity assisted with HOME or HOME-ARP funds are directly, involuntarily, and permanently displaced in accordance with the requirements of 24 CFR 92.353. A displaced person who is not a low- or moderate-income tenant, will be provided relocation assistance in accordance with the Uniform Relocation

Assistance and Real Property Acquisition Policies Act of 1970, as amended, and implementing regulations at 49 CFR Part 24.

23. Eligible Development Costs

Eligible project soft costs that may be paid with HOME, HOME-CHDO, and HOME-ARP funds include those listed below.

- Architectural, engineering, or related professional services required to prepare plans, drawings, specifications, work write-ups; for HUD environmental reviews or other environmental studies, assessments, or fees; and for certain costs to process and settle the financing for a project, such as private lender origination fees, credit reports, fees for title evidence, legal fees, accounting fees, filing fees for zoning or planning review and approval, private appraisal fees, fees for independent cost estimates, and other lender required third-party reporting fees. The costs may be paid if they were incurred not more than 24 months before the date that HOME, HOME-CHDO, or HOME-ARP funds are committed to the project and the City expressly permits HOME, HOME-CHDO, or HOME-ARP funds to be used to pay the costs in the written agreement committing the funds.
- Fees for recordation and filing of legal documents and building permits.
- Costs for the payment of impact fees that are charged for all projects within a jurisdiction.
- The cost of relocation payments and other relocation assistance to persons displaced by the project are eligible costs. Relocation payments include replacement housing payments, payments for moving expenses, and payments for reasonable out-of-pocket costs incurred in the temporary relocation of persons. Other relocation assistance means staff and overhead costs directly related to providing advisory and other relocation services to persons displaced by the project, including timely written notices to occupants, referrals to comparable and suitable replacement property, property inspections, counseling, and other assistance necessary to minimize hardship.
- Developer fee, subject to the limits in the Developer Fee section of this NOFA.
- Cost of property insurance during development.
- Costs of a project audit, including certification of costs performed by a certified public accountant.
- Costs to provide information services such as affirmative marketing and fair housing information to prospective homeowners and tenants as required by 24 CFR 92.351.

Eligible project hard costs that may be paid with HOME, HOME-CHDO, and HOME-ARP funds include those listed below.

- Costs to construct the housing in compliance with the HOME construction standards for new construction projects as specified in 24 CFR 92.251(a) and all state and local codes.
- Demolition of existing structures.
- Construction of utility connections including off-site connections from the property line to the adjacent street.
- Construction of laundry and community facilities that are located within the same building as the housing and which are for the use of the project residents and their guests.
- Construction of improvements to the project site that are in keeping with improvements of surrounding, standard projects. Site improvements may include on-site roads and sewer and water lines necessary to the development of the project. The project site is the property, owned by the project owner, upon which the project is located.

The City reserves the right in its sole and absolute discretion to approve or deny the applicability and eligibility of costs on a per-application basis. The City requires that construction costs are reasonable and consistent with current market costs.

24. Ineligible Costs

Ineligible project costs incurred by the Developer include:

- Any cost not specifically listed as eligible pursuant to the Eligible Development Costs section of this NOFA.
- Any cost not included in the project budget written agreement.
- Costs incurred between the date of application and environmental clearance (e.g., Authority to Use Grant Funds) that constitute an adverse environmental impact or that limit the choice of reasonable alternatives pursuant to 24 CFR 58.22(a).
- Application development costs.
- Advances of any type, including construction.
- Facility operating or maintenance expenses.
- Any type of Reserves.
- Furnishings.
- Offsite improvements other than making utility connections from the property line to the adjacent street.
- Construction or any other costs related to any non-residential component of the Project.
- Reimbursement of Developer’s capital investment or prepaid expenses.

25. Timing of Disbursement of HOME or HOME-ARP Funds

Pursuant to 24 CFR 92.504(c)(3)(viii), the Developer may not request disbursement of funds under the HOME written agreement until the funds are needed for payment of eligible costs. The amount of each request must be limited to the amount needed.

City's disbursement of HOME or HOME-ARP funds shall only occur upon receipt, review, and City acceptance of a fully documented draw package showing eligible costs incurred by the Developer in accord with the approved project budget that is incorporated into the HOME or HOME-ARP written agreement.

26. Scoring Criteria

If the NOFA receives insufficient applications to fully account for the total amount of funds available (i.e., the NOFA is under-subscribed), no scoring will take place. If the NOFA is over-subscribed, City staff will score the applications. Application scores will be presented to the Library and Community Services Commission to inform their funding recommendation to the City Council.

Maximum Score: 100 points

Affordable Unit Production (40 points maximum)

5-19 Units: 5 points
20–39 Units: 10 points
40–59 Units: 20 points
60–79 Units: 30 points
80+ Units: 40 points

Leveraging of Non-City Funds (35 points maximum)

Ratio of Non-City Sources to Requested City Funds

Less than 2:1 = 5 points
2:1–3.99:1 = 15 points
4:1–5.99:1 = 25 points
6:1 or Greater = 35 points

Project Readiness (15 points)

Entitlement Applications Submitted = 8 points
Fully Entitled and Financing Applications Submitted = 15 points

Depth of Affordability (10 points)

10% or more units at or below 30% AMI = 10 points
5% or more units at or below 30% AMI = 5 points

Tiebreakers, applied one at a time, in order, until the tie is broken

Highest number of affordable units
Highest number of affordable units targeted below 50% AMI
Highest number of affordable units targeted below 30% AMI
Highest ratio of non-city sources to requested city funds

27. Application Requirements

Applications shall be completed using the Neighborly application portal at:
https://portal.neighborlysoftware.com/MDG-IRVINECA/participant

All required sections of the application must be completed. The application must be digitally signed and submitted through Neighborly. Mailed, hand-delivered, faxed, or emailed submissions will not be accepted.

In addition to completing the application forms online, Applicants shall be prepared to upload project documents including those listed below.

1. Financing commitment letters, such as award letters or loan approvals
2. Evidence of site control
3. Project schedule
4. Development experience documents
5. Audited financial statements
6. IRS 990 (for nonprofits)
7. Zoning and entitlement documents
8. Development budget sources and uses by source
9. Operating budget and 55-year operating proforma
10. Cost reasonableness documentation
11. Developer corporate profile and resumes of the principals of the ultimate borrower
12. Organizational documents
13. Resumes and profiles for the development team including project manager, construction manager, architect, engineer, general contractor, and property management company
14. Universal certifications and identity of interest disclosures for developer, general contractor, property management, and architect relationships
15. Preliminary site plans and elevations
16. Relocation Plan or Certification of No Relocation Form
17. Market Study
18. Appraisal
19. Phase I ESA (if available)
20. Environmental Assessment (if available)
21. Draft marketing plan

22. Draft tenant selection plan

28. Selection Process

The selection process for HOME, HOME-CHDO, and HOME-ARP funds made available under this NOFA will follow the process outlined below. Should changes to this process become necessary, applicants will be notified.

1. Applications shall be reviewed by City staff for threshold compliance. Threshold acceptance or denial letters will be sent. Applicants shall have the opportunity to appeal threshold denials pursuant to Section 11 of this NOFA addressing Appeal of Threshold Denial.
2. As necessary, eligible applications will be scored and ranked based on the Scoring Criteria in this NOFA.
3. City staff will present eligible applications and scores/rankings to the Library and Community Services Commission for consideration.
4. The Library and Community Services Commission will make its funding recommendations to the City Council.
5. City staff will present eligible applications recommended for funding by the Library and Community Services Commission for concurrence.
6. City staff will present the funding recommendations of the Library and Community Services Commission to the City Council.
7. The City Council shall determine awards to projects, if any.
8. The City reserves the right to negotiate award amounts and funding conditions at any time.

Appendix I – Summary of HOME-ARP Qualifying Population Requirements

This Appendix summarizes selected requirements applicable to rental housing assisted with HOME-American Rescue Plan (HOME-ARP) funds. This summary is provided solely for the convenience of Applicants and does not replace or supersede the HOME-ARP Notice CPD-21-10, applicable HUD guidance, or federal regulations. Applicants are responsible for ensuring compliance with all applicable HOME-ARP requirements.

A. HOME-ARP Qualifying Populations

HOME-ARP-assisted rental housing must be occupied initially by households that qualify under one of the following Qualifying Population (QP) categories established by HUD.

1. Homeless

Individuals and families meeting HUD's definition of homelessness under Section 103(a) of the McKinney-Vento Homeless Assistance Act, including persons residing in emergency shelters, places not meant for human habitation, safe havens, or transitional housing.

2. At Risk of Homelessness

Individuals and families meeting HUD's definition of "at risk of homelessness" under Section 401 of the McKinney-Vento Homeless Assistance Act, including households with extremely-low incomes and significant housing instability.

3. Fleeing or Attempting to Flee Domestic Violence

Individuals and families fleeing or attempting to flee:

- Domestic violence
- Dating violence
- Sexual assault
- Stalking
- Human trafficking

who have no other safe residence and lack the resources to obtain permanent housing.

4. Other Populations

Individuals and families identified in the City's HUD-approved HOME-ARP Allocation Plan who require housing assistance or supportive services to prevent homelessness or who otherwise have the greatest risk of housing instability. The Allocation Plan identifies households currently housed and at risk of repeat homelessness; households at or below 30% AMI experiencing severe cost burden;

and households above 30% and at or below 50% AMI meeting the at-risk definition at 24 CFR 91.5.

5. Veterans and Their Families

Veterans and their families who satisfy one of the four Qualifying Population categories listed above. Veteran status alone does not establish eligibility.

B. Documentation of Qualifying Population Status

Prior to initial occupancy of a HOME-ARP-assisted unit, the Owner shall obtain and retain documentation demonstrating the household qualifies under one of the HOME-ARP Qualifying Population categories.

- Acceptable documentation may include, as applicable:
- Documentation generated through the Continuum of Care Coordinated Entry System;
- Homeless Management Information System (HMIS) records;
- Written certification from a qualified service provider;
- Documentation from a victim services provider;
- Third-party verification from governmental agencies;
- Income documentation where required;
- Self-certification only when specifically permitted under HUD guidance and when third-party documentation cannot reasonably be obtained.

The City reserves the right to require additional documentation necessary to verify eligibility.

C. Initial Occupancy Requirements

Each HOME-ARP-assisted unit must be initially occupied by an income-eligible household that also qualifies as a HOME-ARP Qualifying Population.

The Owner shall verify and document:

- Household income;
- Qualifying Population status;
- Household composition;
- Compliance with all applicable HOME-ARP tenant eligibility requirements.

No HOME-ARP-assisted unit may be leased until all required eligibility documentation has been reviewed and accepted by the Owner.

D. Continued Occupancy

A household that qualified at initial occupancy does not become ineligible solely because it subsequently no longer meets the definition of a Qualifying Population.

Once admitted, households may continue occupying HOME-ARP-assisted units provided they:

- Continue to occupy the unit as their principal residence;
- Comply with the lease;
- Continue to satisfy applicable HOME-ARP and City program requirements.

Owners shall follow all HOME-ARP requirements governing over-income households, annual income determinations, and continued occupancy.

Nothing in this Appendix authorizes termination of tenancy solely because a household no longer qualifies as a HOME-ARP Qualifying Population.

E. Annual Compliance and Recordkeeping

Throughout the affordability period, the Owner shall maintain complete records demonstrating compliance with HOME-ARP requirements. At a minimum, records shall include:

- Initial household eligibility documentation;
- Income determinations;
- Qualifying Population documentation;
- Tenant files;
- Lease documentation;
- Rent records;
- Utility allowance documentation;
- Annual compliance certifications;
- Records demonstrating compliance with affirmative marketing, fair housing, nondiscrimination, Section 504, and Violence Against Women Act (VAWA) requirements.

All records shall be maintained for the period required by HUD and shall be made available to the City, HUD, or other authorized governmental agencies upon request. The City may conduct periodic monitoring reviews, including desk reviews and on-site file reviews, to verify continued compliance.

F. Tenant Referral and Selection Procedures

1. City Determination of Referral Method. Pursuant to Notice CPD-21-10, the City is required to determine, on a project-by-project basis, whether the Owner of HOME-

ARP-assisted units restricted for occupancy by Qualifying Populations shall select tenants through (i) the Continuum of Care Coordinated Entry (CE) system, (ii) the CE system in combination with referrals from other sources, or (iii) a project-specific waiting list. The City will designate the applicable method for each awarded project, and the designated method shall be specified in the written agreement between the City and the Owner. Applicants shall not propose or presume a referral method.

2. No Preferences. The City's HUD-approved HOME-ARP Allocation Plan establishes no preferences for any Qualifying Population or subpopulation, and provides that not less than seventy percent (70%) of HOME-ARP-assisted rental units shall be available to all Qualifying Populations. Accordingly:
    - Owners shall not establish, apply, or advertise any preference, prioritization, or limitation among or within the Qualifying Populations.
    - Eligible applicants shall be admitted in chronological order of application, insofar as practicable.
    - Establishing a preference would require a substantial amendment to the City's HOME-ARP Allocation Plan and prior HUD acceptance. No preference proposed in an application will be approved through this NOFA.

3. Units Not Restricted to Qualifying Populations. HOME-ARP-assisted units designated for occupancy by low-income households (earning at or below 60% of AMI per this NOFA’s policy) that are not restricted for Qualifying Populations shall be filled exclusively from a project-specific waiting list. Coordinated Entry and other QP referral sources shall not be used to fill these units. The Owner shall maintain this waiting list separately from any Qualifying Population referral process.

4. Waiting List Requirements. Where a project-specific waiting list is used for any category of HOME-ARP unit, the Owner shall ensure that all eligible individuals and families have access to apply for placement on the list, shall maintain the list in a manner that documents date and time of application, and shall admit applicants in chronological order consistent with Paragraph 3 above.

5. Owner Obligations. The Owner shall:
    - Execute any referral agreement or memorandum of understanding required by the City, the Continuum of Care, or a designated referral agency prior to initial lease-up;
    - Accept and process referrals in accordance with the Fair Housing Act, Title VI, Section 504, the Americans with Disabilities Act, and all applicable civil rights authorities;

- Not deny admission to an applicant on the basis of the applicant's receipt of, or eligibility for, a Housing Choice Voucher or other rental assistance, or on the basis of the applicant's source of income;
- Independently verify Qualifying Population status, household income, and all other eligibility criteria before occupancy; a referral does not establish eligibility and does not relieve the Owner of its verification obligations;
- Make the final tenant eligibility and admission determination; and
- Document all referrals received, accepted, and declined, including the specific basis for any denial of admission, and provide prompt written notice to any rejected applicant stating the grounds for rejection.

6. Confidentiality for Survivors. Referral and documentation procedures for households fleeing or attempting to flee domestic violence, dating violence, sexual assault, stalking, or human trafficking shall comply with the confidentiality requirements of the Violence Against Women Act and Notice CPD-21-10. The Owner shall not require, as a condition of referral or admission, that such a household be entered into the Homeless Management Information System or a Coordinated Entry system that does not meet applicable confidentiality protections. Victim service provider certification shall be accepted where permitted.

7. Tenant Selection Plan. Applicants shall submit a draft tenant selection plan with the application. The tenant selection plan shall address initial lease-up procedures, ongoing vacancy referral and refill procedures, waiting list administration, verification of Qualifying Population status, reasonable accommodation procedures, and applicant notification and rejection procedures. The tenant selection plan is subject to City review and written approval prior to initial lease-up, and no material amendment to the approved plan shall take effect without prior written City approval.

8. Ongoing Compliance. The referral method designated in the written agreement shall apply throughout the fifteen (15) year HOME-ARP compliance period, including for turnover units. The Owner shall report on referrals, admissions, and denials in the form and frequency required by the City, and referral records shall be subject to City and HUD monitoring.