

Building a Better Miami Beach

An Overview of RFA Requirements for CDBG and HOME Applicants

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MIAMIBEACH

Your Housing Team

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The Take Away: The Housing Team is available to offer support and guidance.

Introduction

The City is an entitlement community designated by the U.S. Department of Housing and Urban Development (HUD) and receives an annual allocation under HUD funding through the:

- **Community Development Block Grant (CDBG) program**
- **HOME Investments Partnership (HOME) program**

On March 11, 2021, President Biden signed the American Rescue Plan Act of 2021 for the HOME Investment Partnerships Program (“HOME-ARP”) into law. The City was notified of its HOME-ARP allocation in September 2021. The funds must be expended by September 30, 2030, on eligible activities.

The programs are administered by the City’s Office of Housing and Community Services.

Estimated Amount of Funding Available

CDBG Funds (estimated)	
CDBG Entitlement	\$941,433.00
City Administration (20%)	\$188,286.00
Public Services Cap (15%)	\$141,214.00
<i>PS Set-Aside for Elderly Grocery Program</i>	\$40,000.00
Public Services Funds Available	\$101,214.00
Funding Available for other projects	\$611,933.00

HOME Funds (estimated)	
HOME Entitlement	\$676,153.00
City Administration (10%)	\$67,615.00
Funding Available	\$608,538.00

HOME- ARP Funds (Unallocated)	
Non-Profit (CHDO)	\$112,269.00
Supportive Services	\$115,643.00
Total	\$227,912.00

APPLICATION DISCLAIMER

This solicitation is subject to the award of funds from the United States Department of Housing and Urban Development (HUD).

Timeline

Date	Event/Expected Outcome
February 23, 2023	RFA Release Date
March 8, 2023	RFA Workshop
March 15, 2023	Deadline for questions
March 23, 2023	RFA Deadline
April 18, 2023	Meeting of Affordable Housing Advisory Committee to review staff recommendations and make funding recommendations to the Mayor and Commission.
June 28, 2023	Submit funding recommendations to Mayor & Commission for award
August 2023 - October 2023	Contract negotiation
October 1, 2023	Commencement of 2023 Program Year

Eligible Activities/ Priority Needs

The City's current *Consolidated Plan* was adopted July 25, 2018 and expires on September 30, 2023. This Five-Year Plan encompasses housing and non-housing community development activities, resources and projects to be undertaken to address the identified community needs for the fiscal years of 2018 through 2022. The Plan also includes a prioritization of needs as listed below:

- **Public Services**
 - Youth Services
 - Senior Services
 - Childcare Services
 - Homeless Services
 - Services for people with HIV/AIDS
- **Affordable Housing**

The City is currently in the planning process for its 2023 – 2027 Consolidated Plan and 2023 Action Plan. The Plans will be developed collaboratively by obtaining input from local and community-based agencies, City staff and elected officials, as well as local residents.

Additional eligible activities may include:

- Public Facilities and Improvements
- Economic Development

Eligible Activities/ Priority Needs

On March 11, 2021, President Biden signed the American Rescue Plan Act of 2021 for the HOME Investment Partnerships Program (“HOME-ARP”) into law, which provides funding to address the continued impact of the COVID-19 pandemic and provide assistance to households experiencing homelessness, at-risk of homelessness, or other vulnerable populations.

HUD published CPD Notice 21-10, which establishes requirements for HOME-ARP funds.

HOME-ARP Eligible Activities

- Development and support of affordable housing;
- Tenant-Based Rental Assistance;
- Provision of supportive services; and
- Acquisition and development of affordable housing.

CDBG National Objectives

All CDBG activities must result in one of the following:

- Benefit low/moderate- income (LMI) persons
- Prevent or eliminate slums and blight
- Meet an urgent need

For this RFA, the City is seeking applications that will benefit low/moderate income persons.

CDBG LMI Area Benefit

- Activities that benefit all residents of area
- Typical activities: water/sewer lines, parks, community centers
- Must determine service area of activity
 - Based on reasonable assumptions as to the area that will be serviced by the facility
- Area must be primarily residential
- Area must be at least 51% LMI persons

CDBG LMI Limited Clientele

- Activities that benefit specific populations (e.g., services for seniors; homeless shelter)
- Options for meeting limited clientele:
 - 51% of participants are documented as LMI
 - Presumed clientele:
 - Activity must exclusively serve: elderly, severely disabled adults, homeless persons, illiterate adults, migrant farm workers, abused children, persons with AIDS or battered spouses.

CDBG LMI Housing

- This is the only LMI national objective for housing activities
- To meet the housing national objectives, structures must be occupied by low/moderate-income **households**
- Typical activities: homeowner rehabilitation, rental acquisition & rehab
 - 51% of multifamily units occupied by LMI

CDBG Income Documentation

- Annual income definitions
 - Section 8 Annual Income (24 CFR Part 5)
 - IRS 1040 Series (Long Form)
- Same definition must be used within programs or activities
- Income is that of all family or household members for upcoming 12-month period

CDBG LMI Income Documentation (cont'd)

- Several options for documentation:
 - Full 3rd party documentation, e.g., an employer
 - Evidence under another program at least as restrictive as CDBG (e.g., public housing, SNAP)
 - Evidence that assisted person is homeless
 - Referral from state, county or local employment agency or other entity that agrees to determine income and maintain documentation for grantee
 - Collect information on family size and income so that it is evident that at least 51 percent of the clientele are persons whose family income does not exceed the low- and moderate-income limit.

CDBG Eligible Public Service Activities

- Wide range of public services are possible
- Includes services related to:
 - Employment
 - Job training
 - Crime prevention/public safety
 - Childcare
 - Health
 - Health services
 - Substance abuse services

CDBG Eligible Public Service Activities (cont'd)

- Also includes services related to:
 - Housing
 - Housing counseling
 - Fair Housing counseling
 - Energy conservation
 - Services for homeless persons
 - Education
 - Services for seniors
 - Recreational services

CDBG Allowable Public Service Costs

- Labor, supplies and materials
- Operation and maintenance costs of facility where service occurs
- Payments must be directly related to the provision of eligible services

CDBG Public Service Restrictions

- The service must be:
 - *A new service* OR
 - *A quantifiable increase* in the level of an existing service that has been provided by the grantee or another entity on its behalf with local government funding (or funding from the state to the local government) in the preceding 12 months
 - Note: This does not mean that a currently funded service organization needs to do more each year

CDBG Ineligible Public Service Activities

- **Income payments**
 - Except emergency grant payments
 - Not to exceed three consecutive months
 - Payments made directly to provider
- **No ongoing operations as a stand-alone public service**
 - For example: operating rental housing
 - Different than paying to offer a service within the housing development, such as counseling
- **Political activities ineligible**

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CDBG Public Services & Religious Entities

- Generally, funds may not be used for religious activities
 - No religious events or requirements to pray before public service is provided
- However, eligible public services may be provided through a religious entity if formal agreement in place stipulating:
 - No discrimination (employment or participants)
 - No religious instruction or counseling

CDBG Approaches to Rental Housing

- Many possible approaches:
 - Acquisition
 - Rehabilitation
 - New Construction
- Acquisition only activities:
 - Grantees subsidize the purchase
 - In return are rented to LMI households at affordable rents
 - Must be public or non-profit purchaser

CDBG Approaches to Rental Housing

- Rehabilitation
 - Can be combined with acquisition
 - CDBG mandates no required standard
 - Can do historic preservation
 - Conversion = changing something into affordable housing
 - Reconstruction = re-building same size structure on same site

CDBG Eligible Rental Projects

- Project ownership can be public or private
- Mixed-use buildings are allowed
 - Can pay for both commercial and residential
- Mixed-income units are also possible

CDBG Rental Housing Eligible Costs

- Expenditures may include:
 - Labor & materials
 - Energy efficiency improvements
 - Lead-based paint activities
 - Rehabilitation services (loan processing, specs, etc.)
 - Handicapped accessibility improvements

CDBG New Housing Construction

- CDBG cannot generally be used to construct housing
 - Exception for housing of last resort under URA
 - Exception for CBDOs (§105(a)(15) for states)
 - Exception for special needs facilities (considered public facilities)
- CDBG can be used to support new construction
 - Acquisition by public or private nonprofit entities;
 - Site clearance and assemblage; and
 - Site improvements (if in public ownership).

CDBG Ineligible Housing Activities

- New construction, unless by CBDO
- Direct mortgage guarantees – ex: mortgage insurance
- Purchase of construction equipment
- Mortgage or utility payments, except:
 - In an emergency, grantee can provide up to 3 consecutive months, with payments made to service provider
 - When provided as a loan
 - When provided by CBDO as part of CBDO project

CDBG Housing National Objectives

- Most common national objective is LMI housing
 - Only L/M national objective that can be used
- To meet the housing national objective, structures *must be occupied* by low/mod households
 - One-unit structures occupied by LMI
 - One of two duplex units occupied by LMI
 - More than two units require 51% units occupied by LMI

CDBG Additional Eligible Activities

- Public facilities
 - The acquisition, construction, reconstruction, rehabilitation, or installation of public facilities and improvements
 - Infrastructure improvements
 - Handicapped accessibility improvement

CDBG Additional Eligible Activities

Economic Development Activities

- Commercial or industrial improvements carried out by a nonprofit, including:
 - Acquisition
 - construction,
 - Rehabilitation,
 - Reconstruction, or
 - Installation of commercial or industrial buildings or structures and other related real property equipment and improvements.
- Assistance to private for-profit entities, including:
 - Grants,
 - Loans,
 - Technical assistance; and
 - Any other form except for those described as ineligible in §570.207(a), such as political activities.

HOME American Rescue Plan (HOME ARP)

- All funds must be expended by September 30, 2030
- Funds must be expended on eligible activities for qualifying populations defined in Section IV of [CPD Notice 21-10](#)
- City met with various providers in order to conduct a needs assessment in order to develop an Allocation Plan:

City of Miami Beach HOME-ARP Allocation Plan		
Program Administration	\$336,808.05	15%
Rental Housing (acquisition, construction and rehabilitation)	\$1,400,000	62%
Supportive Services	\$396,309.60	18%
Non-Profit Capacity Building	\$112,269.35	5%
TOTAL	\$2,245,387.00	100%

(HOME ARP) Qualifying Populations

Qualifying Populations:

- 1) Homeless, as defined in [24 CFR 91.5](#);
- 2) At-risk of Homelessness, as defined in [24 CFR 91.5](#);
- 3) Fleeing or Attempting to flee, Domestic Violence, Dating Violence, Sexual Assault, Stalking, or Human Trafficking, as defined in [24 CFR 5.2003](#); and
- 4) Other vulnerable populations.

Please see [CPD Notice 21-10](#) for more information.

(HOME ARP) Eligible Activities

Supportive Services Categories

- a. McKinney-Vento Supportive Services
- b. HOME-ARP Homelessness Prevention Services
- c. Housing Counseling Services

Eligible Costs

The City will specify in the program agreement the authorized service category and the eligible documentation.

A list of eligible costs can be found in [Section VI.D.4.c](#) of [Notice CPD 21-10](#)

(HOME ARP) Eligible Activities

Non-Profit Capacity Building

Operating Expense Assistance-

- a. employee salaries, wages and other employee compensation and benefits; employee education, training, and travel; rent; utilities; communication costs; taxes; insurance; equipment, materials, and supplies.

Capacity Building Assistance: reasonable and necessary general operating costs that will result in expansion or improvement of an organization's ability to successfully carry out eligible HOME-ARP activities-

- a. salaries for new hires including wages and other employee compensation and benefits; costs related to employee training or other staff development that enhances an employee's skill set and expertise; equipment (e.g., computer software or programs that improve organizational processes), upgrades to materials and equipment, and supplies; and contracts for technical assistance or for consultants with expertise related to the HOME-ARP qualifying populations.

(HOME ARP) Eligible Activities

Non-Profit Capacity Building- Eligible Costs

- Operating expenses must be used for the “general operating costs” of the nonprofit organization;
- Must not have a particular final cost objective, such as a project or activity; or
- Must not be directly assignable to a HOME-ARP activity or project.

HOME Investment Partnerships Program

Purpose

- Provide decent affordable housing to lower income households;
- Expand the capacity of nonprofit housing providers;
- Strengthen the ability of state and local governments to provide housing; and
- Leverage private sector participation.

HOME Investment Partnerships Program

Housing Needs Identified in *Consolidated Plan*:

- Affordable Housing
- ADA accessible housing

Eligible Activities:

- Multi-family rehabilitation
- Acquisition
- Homebuyer Assistance
- Homebuyer Rehabilitation

Affordability Period:

- 30 years for Multi-Family
- 15 years for Homeowner Assistance

HOME Investment Partnerships Program

Eligible Beneficiaries:

- At least 90 percent of benefitting families must have incomes that are no more than 60 percent of the HUD-adjust AMI for that area; and
- In rental projects with 5 or more units, at least 20% of the units must be occupied by families with incomes that do not exceed 50% of the HUD-adjusted median; and
- The incomes of households receiving HUD assistance must not exceed 80 percent of AMI.

Community Housing Development Organization (CHDO) Qualification

What is a CHDO?

- ❑ A private nonprofit, community-based, service organization that has, or intends to obtain, staff with the capacity to develop affordable housing for the community it serves.
- ❑ Must complete the certification process annually.
- ❑ Eligible CHDOs can receive 15% of a participating jurisdiction's annual HOME allocation.

Things to Consider:

- ❑ The Consolidated Appropriations Act of 2019 included suspension of the 24-month commitment requirement of the CHDO, through 2023. However, the City of Miami Beach continues to accept applications for CHDO designation, depending on funding availability.

Community Housing Development Organization (CHDO) Qualification

Key CHDO Qualifying Requirements

- ❖ Legal and tax-exempt status;
- ❖ Financial management capacity and accountability;
- ❖ Staff capacity to carry out HOME-funded activities;
- ❖ Experience serving the community; and
- ❖ Board representation by community members, with at least one-third of its members from low-income households.

Underwriting & Subsidy Layering Review

FOR REHABILITATION PROJECTS ONLY:

- HOME underwriting is the analysis of project assumptions and risks to ensure the project will meet affordability requirements
- Subsidy Layering is completed to determine the level of HOME assistance is necessary and reasonable
- Analysis of Market assessment and developer capacity ensure viable and sustainable projects
- Applies to all projects using HOME funds

Underwriting & Subsidy Layering Review

The Subsidy Layering Review (SLR) must include:

- **Maximum per unit subsidy limits;**
- **Cost Allocation (must include the minimum number of HOME units and maximum amount of HOME funding);**
- **Cost Reasonableness;**
- **Rents/utility allowance;**
- **Operating Proforma;**
- **Development Budget;**
- **Sources and Uses Statement;**
- **Market Assessment;**
- **Developer Experience/Developer Capacity;**
- **Physical Needs Assessment; and**
- **Property Standards.**

SLR: Market Assessment

- Assessment and Documentation of current neighborhood market demand for projects
- Type of assessment based on project type (comparable properties)
- Do proposed rents compare to market rents?

SLR: Developer Experience/Developer Capacity

- Must assess team's financial ability to complete project development and support project operations
- Available capital
- Need sufficient reserves to complete project
- Ensure stability for this project through period of affordability
- Sources and Uses statement must describe all funds and costs to complete the project
- Provide supporting documentation

SLR: Pro-Forma and Development Budget

Pro-Forma should include:

- Projected income and vacancies
- Operating Expenses
- Contributions to Reserves
- Debt Service
- Cash Flow and Payments of Deferred Fees
- Rents should be in compliance with HOME limits

SLR: Physical Needs Assessment

FOR REHABILITATION PROJECTS ONLY:

- Energy Efficiency Improvements that promote conservation, economic stability and greater community resilience
- Multi-Family Rental Rehabilitation to maximize housing opportunities in our land-locked community with limited development opportunities
- Documentation of current property standards

SLR: Resources

- **HUD Exchange has reference material that will address all requirements for all components of the SLR**
- **HUD Notice CPD-15-11**

Application Submittal

- Applications submitted online through Neighborly.
- Access applications:
 - Directly at:
<https://portal.neighborlysoftware.com/MIAMIBEACHFL/Participant>
- Access Application Information & Guidance document via City website: <https://www.miamibeachfl.gov/city-hall/housing-and-community-development/community-development/home-and-cdbg-2022-rfp/>

The Application

Once you login, you will be asked to enter your agency name. Click submit and you will be directed to section for General Information.

Completing Each Section

- At the bottom of each screen you have the option to Save or Complete & Continue to the next section.
 - Complete & Continue will allow you to move onto the next section
 - Staff can reopen a section that was accidentally completed
 - Answers are not automatically saved. You must click on the Save button at the bottom of each screen.



Project Overview

Project Synopsis:

- Who is planning to do what, where, over what timeframe and for how much?
- Remember to be succinct and run Spellcheck

The Take Away: Include all back-up demonstrating expense incurred.

Project Impact

- Summary of project in terms of clients impacted and modality and frequency of service
- Include a description of the target population, the number of clients/beneficiaries and units of service.
- Impact on neighborhood
- Number of jobs created, if applicable (Section 3 and local area benefit)
- Is URA (Tenant Relocation) triggered (affordable housing projects)?
- Project timeline
- Include program hours of operation, if applicable

The Take Away: Convince us your project is worthwhile.

Organization Capacity

- Applicant experience as a developer of affordable housing
 - Number of units developed
 - Types of funding sources worked with
 - Specific project examples (including address and scope of work)
 - Experience developing other kinds of housing
- Applicant fiscal capacity
 - Current fiscal health
 - Experience with HUD-funded projects
 - Access to capital

The Take Away: Demonstrate that you have the experience and capacity to do the job proposed.

Questions & Answers

The Take Away: We are here to ensure your successful application.