



Community Development Block Grant and Affordable Housing Trust Fund

2023-24 SUBRECIPIENT/GRANTEE TRAINING
January 25, 2023 at 10 A.M.

AGENDA

- **WELCOME and INTRODUCTIONS**
- **CONFLICT OF INTEREST**
- **CONTRACTING, PROCUREMENT, FINANCIAL SYSTEMS, RECORD-KEEPING and INVOICING**
- **REPORTING and MONITORING**
- **RFAs and APPLICATION PROCESS**
- **COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)**
- **AFFORDABLE HOUSING TRUST FUND (AHTF)**

OFFICE OF AFFORDABLE HOUSING

- **LEAN AND (not so) MEAN** = Four staff people (Roberta, Toni, Cody, Alexandra)
- **PROVIDE FUNDING THROUGH THESE RFAS**
- **CONDUCT PLANNING, REPORTING, ACCOUNTING, MONITORING** FUNCTIONS FOR FUNDING CONTRACTS AS REQUIRED BY **HUD** AND THE **STATE OF NM**
- **ADMINISTER SANTA FE HOMES PROGRAM** (INCLUSIONARY REQ'M), ENSURE **COMPLIANCE**, MEMBER OF **DRT**
- **REFERRAL** TO SERVICE AND HOUSING PROVIDERS IN THE COMMUNITY
- **RESEARCH, POLICY DEVELOPMENT, COMMUNITY ENGAGEMENT, AND OUTREACH** RELATED TO HOUSING

Office of Affordable Housing Roles

Contracting, invoicing, payments:

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Quarterly reporting, monitoring, general assistance:

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Director of Office of Affordable Housing

Alexandra Ladd, Email: agladd@santafenm.gov

CONFLICT OF INTEREST

- [24 CFR § 570.611](#) – CDBG
- CC Sections [1-7.5](#) and [1-7.7](#) – AHTF and CDBG
- Applies to employees, agents, consultants, officers of the board, or elected/appointed officials of your organization who
 - Exercise any functions or responsibilities related to CDBG/AHTF-funded activities
 - Participate in decision-making processes
- Results in obtaining inside information, a financial interest or benefit as a result of a CDBG or AHTF activity for themselves or someone with immediate business or family ties, or any group the employee or their family is an officer or director (including social or charitable organizations).

CONTRACTING WITH THE CITY

- Once a funding amount is recommended by the CDC, a draft **scope of work + amount** is approved to form by CAO (includes CRS# + CoSF business license#);
 - Register as **vendor** in City's upgraded **Munis System**
 - **ALL ORGS NEED TO RE-REGISTER as a VENDOR!**
- <https://santafenm.munisselfservice.com/Vendors/default.aspx>
- City requires **evidence of insurance** (\$1,000,000): general liability, professional liability, workers' comp
 - Contract is approved by **Quality of Life (QOL) Committee**, **Finance Committee** and **City Council**
 - **Executed contract** and **copy of PO** will be sent to you which is your **"notice to proceed"**

FINANCIAL SYSTEMS

- City requires compliance with audit (or fiscal agent) with **standard accounting systems** with ability to create sources/uses reports;
- Must have organizational **financial policies**, procedures and **organizational chart** that shows **fiscal internal control**;
- Files should contain **documentation of all expenses**, invoices and procurement method;
- Files should show **matching/leveraged sources of funds** and system for **tracking their uses**.

PROCUREMENT

- Follow a **free and open competitive process** in securing products or services (CDBG funding must be used in compliance with [2 CFR 200](#))
- Properly **document** your purchasing activities and decisions
- Observe the special **rules for particular kinds of purchases** (small purchases, competitive sealed bids, competitive proposals, and sole source procurements)
- **Properly bond and insure** work involving large construction contracts and/or subcontracts
- Use **local businesses** and contract **with small, minority and/or women-owned businesses** to the maximum extent feasible

RECORD KEEPING

- **Administrative records:** personnel files; property management files; general program files (the subrecipient's application, the AHTF/CDBG Agreement, program policies and guidelines, correspondence with grantee and reports, etc.); Legal files (articles of incorporation, bylaws of the organization, tax status, board minutes, contracts, leases and other agreements);
- **Financial records:** described on previous slide
- **Project/case files:** Documentation of funded activities, individual beneficiaries, property owners, and/or properties, including income verification and determination of eligibility.
- **Other records as required by the City**

INVOICING

- Invoice submitted monthly; due **NO LATER** than 15th of the following month;
- Cover invoice, titled “Invoice,” referencing PO#, name of project, name/address of payee, contact person, shows use of funds to date and balance remaining;
- Provide brief narrative or reference to SOW as appropriate.
- Record expense (supporting documentation such as copies of invoices, payroll, timesheets, etc.) and provide proof of payment (canceled checks, bank statement);
- 10 days – 2 weeks to process payment — delayed if not all supporting documentation is received.

REPORTING

- Complete **CDBG** or **AHTF** reporting form (**separate from invoice summary**) and **submit** to City
- Submit **quarterly report** with **description of progress** to date according to scope of work, # of people served by AMI% and type of service provided, \$ amount of assistance (no names, SSNs or any confidential info);
- Reporting **due on the 15th** of the following month:
 - October 15, 2023
 - January 15, 2024
 - April 15, 2024
 - July 15, 2024
- Provide **success stories**, copies of **media coverage**, event **materials** and the City will broadcast through its **Public Information Office**, Facebook, TV/radio/podcasts.

MONITORING

- Following end of program year, you will receive **monitoring/site visit notification** that describes area to be monitored;
- A **self-reporting form** will be filled out and submitted to City which will be used as **basis for site visit**;
- Areas monitored include: **participant eligibility**, financial systems, program/project **outcomes**, proposed program improvements for future funding, and compliance with **federal regulations** (CDBG only) including: fair housing policies, lead-based paint, Section 3, other federal regulations;
- **Follow up letter** sent within **30 days** after site visit;
- Grantee/subrecipient has **30 days** to respond.

REQUEST FOR APPLICATION

- **Request for Application (RFA)** requires the submittal of **several documents** + the **Application for funds** which is specific **per funding source**.
- **Responses** will be evaluated according to **specific criteria** (also specific to funding source).
- RFAs are **available** on the [City's website](#) and [OAH website](#).
- **Questions** may be submitted to cjminnich@santafenm.gov.
- **Answers** will be made available on the [OAH website](#). All interested applicants who have submitted a nonbinding **letter of intent** will be notified when **information is updated** or if **amendments to the RFA** are made.

RFA Important Dates

- **January 25:** Subrecipient/Grantee **training**
- **February 13:** Last day to submit **written questions** (cjminnich@santafenm.gov)
- **February 17:** Submittals **DUE @ 5pm**
- **ELECTRONIC SUBMITTAL ONLY to:**
cjminnich@santafenm.gov (25MB LIMIT!)
- **March 1, 8:30am – 3:30pm:** Applicant Presentations (15 min/project) to the **Community Development Commission** via Zoom (Schedule TBD)

QUESTIONS?

CDBG OVERVIEW

- The **City of Santa Fe** is one of five “**entitlement**” communities in New Mexico as classified by **Department of Housing and Urban Development (HUD)**.
- **Entitlement communities** can develop their own programs and **funding priorities** as long as their programs conform to HUD’s **CDBG statutory standards** and **program regulations**.
- ALL **CDBG subrecipients** are held to the same level of **oversight and regulation** as the **entitlement grantee** (the City of Santa Fe) as enforced through agreement with City.
- Funded activities must support the objectives of the five-year **Consolidated Plan** which is updated annually through the **Annual Action Plan** which informs the public about the use of federal funds. Available on the [OAH webpage](#).

NATIONAL OBJECTIVES

- **Use of funds** must be eligible and meet at least **one national objective**:
 - Benefit to **low- and moderate-income** (LMI) persons;
 - Aid in the **prevention or elimination** of slums or blight;
 - Meet a need having a particular urgency (referred to as **urgent need**).
- Santa Fe uses its funds **exclusively for LMI** benefit.
- **Amount of grant** averages **\$600,000** per year
 - **20%** reserved for **administrative** costs (approx. \$120,000)
 - **15%** cap for **public services** (approx. \$90,000)

CON PLAN GOALS - DRAFT

- **Goal 1:** Chronic **homelessness** is ended or made temporary
- **Goal 2:** Housing **stability** for **all residents** of Santa Fe
- **Goal 3:** Expanded choices for **affordable** rental opportunities to meet a **diversity of needs**
- **Goal 4:** Expanded choices for **affordable** home buying opportunities for a **low- and moderate income households**
- **Goal 5:** Homeownership is **affordable** in the long term and **economically/ecologically sustainable**
- **Goal 6:** Social determinants of **health** are **improved**

ELIGIBILITY OF USES

- **Acquisition, disposition, remediation** of property for public uses for **LMI populations**
- **Public facilities** and **improvements**
- **Public services** (15% cap) directly related to **housing needs**, particularly those who are **precariously housed**, experiencing **homelessness** or **at risk** of homelessness
- **Infrastructure** (water/sewer lines, streets and sidewalks) in a **low/mod census tract** or for new **affordable** housing
- **Housing rehabilitation** for rental properties and LMI areas
- **Construction** of new units is generally **NOT** allowed
- **Homeownership assistance** (mortgage principal buydown loans, home repair assistance)

EVALUATION CRITERIA

- **Funding feasibility** (weighted value = **40%**):
 - Does the proposed use address a **demonstrated need**? Is a **special needs population** served? Does project/programming demonstrate compliance with local plans, priorities, codes, collaboration with other agencies, programs, etc. as necessary
- **Performance measurement/work plan** (weighted value = **25%**):
 - Are performance measurements, outcomes, and proposed outcomes well presented? Realistic? Well-supported in the application?
- **Organizational Capability & Mgt** (weighted value = **35%**):
 - Does the applicant demonstrate adequate organizational experience, expertise in the proposed type(s) of housing or assistance? Is applicant financially sound? Does it have experience with federal awards? Other housing funds?

DAVIS-BACON KEY POINTS

- **Davis-Bacon** is triggered when **construction work** over **\$2,000** is financed **in whole or in part** with **CDBG funds**.
- All bid documents, contracts, and subcontracts should reference **Federal Labor Standards** and **Davis-Bacon** wage decision.
- CDBG subrecipient **must have a contract** with their **contractor**.
- You must ensure **contractor is eligible** (not debarred) for federal work. <http://www.sam.gov> and select **“Search Records”**.
- The most recent **Davis-Bacon Wage Decision** & Notice to All Employees must be posted at the **job site**.
- The City will conduct **onsite inspections and interviews** with employees of the contractor/subcontractor to ensure that **prevailing rates are paid**.
- Contractor must submit **payroll reports** to the **Subrecipient** on a **weekly basis** which is then **submitted to the City** with invoices.

FAIR HOUSING

- **U.S. Fair Housing Act**, Title VIII of the Civil Rights act of 1968, as amended, which **prohibits discrimination** because of membership in a “**protected class**” - race, color, religion, national origin, sex, familial status and disability
- Santa Fe’s city code also has a **Fair Housing** section, which includes **sexual orientation** as a protected class: [SFCC 26-4](#)
- Applies to **all housing-related transactions**, including purchase, rent, appraisal, insurance, and advertisement
- HUD **Fair Housing Equal Opportunity** (FHEO) resource list available:
https://www.hud.gov/program_offices/fair_housing_equal_op/fair_housing_resources

SECTION 3 - 24 CFR Part 135

- The **Section 3 regulations** apply to projects receiving **federal financial assistance** in excess of **\$200,000** expended for: (1) **housing rehabilitation** (including abatement of lead-based paint hazards); (2) **housing construction**; or (3) other **public construction** projects.
- **Section 3 residents** include **public housing residents** and low and very low income residents **who live in the area** where **HUD-assisted** activities are located.
- **Section 3 businesses** are defined: **51% ownership** are Section 3 residents; or whose **full-time employees (30%)** are Section 3 residents; or is committed to subcontracting **at least 25% of federal award** to Section 3 businesses.

Build America, Buy America

- Enacted as part of the **Infrastructure Investment and Jobs Act** on Nov 15, 2021, BABA establishes a domestic content **procurement preference** for all federal financially assisted infrastructure projects - **\$250,000+**.
- All iron, steel, manufactured **products** and **construction materials** need to be **produced in the US**.
- **Waive the domestic procurement** preference if:
 - A waiver is in the public interest
 - The types of products are not produced in the US in sufficient, reasonably available, or satisfactory quality
 - Domestic preference would increase the cost of overall project by more than 25 percent

ENVIRONMENTAL REVIEWS

- Conducted **prior to work** being performed to **assess potential environmental impacts** and establish that **no adverse effects** on end users (applies to **program income funded activities**)
- City is “**Responsible Entity**” (RE) and determines level of review
- “**Exempt**” projects (**public services**) have a limited level of review
- “**Tiered Assessments**” are required for **public facilities** and when a **repetitive activity** is carried out in variety of locations (**Down Payment and Home Repair**)
- **Public Notice** of 15-17 Day Review Period Required for projects subject to **site specific reviews** prior to City requesting **Release of Funds (RROF)** from HUD.

ENVIRONMENTAL REVIEWS

- **Mortgage Principal Reduction –**

Request for review must be sent in **at least 2 weeks** (3 weeks is better!) prior to closing:

- SSR Checklist
- Appraisal
- Flood Certification
- Income Certification
- Location (w/date of construction)
- Cover Form w/Requested Amount

- **Home Repair Projects**

Tier II – Must obtain approval from **NM Historic Preservation Division** (can add **2 weeks+** to the process)

- SSR Checklist
- Income Certification
- Lead Paint Non-Disturbance
- Location map
- Quotes Submitted with Before Pictures
- Before/After pictures

****ERRs must be approved by the City before invoices are submitted****

AHTF OVERVIEW

- **NM Affordable Housing Act** provides exemption to the **Anti-Donation Clause** to allow the provision of **public resources** (land, infrastructure, buildings, direct financial assistance) for the purposes of providing **affordable housing** to income- eligible recipients
- **NM Mortgage Finance Authority** provides oversight of public donations **to ensure compliance** with the Act.
- Codified in **City of Santa Fe Code** = SFCC 26-3
- **Funded activities** must support the **objectives** of the five-year *Affordable Housing Plan* which provides an in-depth analysis of **housing needs** by type, income, and location. Available on the **OAH webpage**.

ELIGIBILITY OF USES

- **NOT ALLOWED – Admin, organizational, or services costs**
- **Rental vouchers** – Provide rental assistance vouchers to renters earning less than 80% AMI (60% is target) and must be in City limits
- **Emergency shelter facilities** – Development, construction, improvement, preservation of shelter facilities, and operational costs
- **Provision of rental units for Low Income (up to 60 % AMI) and Extremely Low Income Renters (less than 30% AMI)** – acquisition, conversion, preservation and new construction of multi-income supported rental units; including infrastructure

ELIGIBILITY OF USES

- **Down payment assistance** – DPA in the form of soft-second mortgage that “buys down” principal amount of loan to lower monthly payment; acquisition, conversion, preservation and new construction of homeownership housing;
- **Homeowner Rehabilitation Programs, Energy Efficiency Upgrades, Accessibility Retrofits** – Acquisition, conversion, and preservation of affordable housing that accommodates needs of current homeowners with incomes that do not exceed 120% AMI.

ELIGIBLE APPLICANTS

- All **regional housing authorities**, **tribal governments**, **tribal housing agencies**, and any **governmental housing agencies**;
- All **for-profit organizations**, including any corporation, limited liability company, partnership, joint venture, syndicate, or association **with a mission to provide affordable housing**; or,
- **Nonprofit organizations** with a **mission to provide affordable housing & related services**.

EVALUATION CRITERIA

- **Funding Feasibility** – weighted value = **20%**
 - Budget Narrative demonstrates leverage amounts from other sources, operating budget shows evidence of sufficient revenue to administer the proposed program, matching resources are secured.
- **Need/Benefit & Project Feasibility** – weighted value = **50%**
 - The proposal is responsive to current and future market demand, Income mix, if applicable, Site control, if applicable, Realistic time frame for completion of proposed project/program activities, Proposed use of funds addresses underlying/systemic challenges in the community
- **Organizational Capability/Mgt** – weighted value = **30%**
 - The proposal demonstrates staff capacity and expertise, organizational experience, expertise in type(s) of housing or service(s) proposed, demonstrated financial soundness

LEVERAGE VS. MATCH

For every **\$1 of AHTF**, applicant must demonstrate **\$3** from **matching** or **leveraged** sources.

- A match is the amount **the applicant** will **contribute** in **cash** or **in-kind goods** and **services** to the project
- Leverage is the **additional financial support** from **outside resources** that the applicant brings to the project; this can be **cash, government, private funds,** or **in-kind services** provided by **an outside entity**.

Example #1

Sample Calculation #1 – Homeownership Project.

Applicant proposes to use AHTF funds (\$100,000) to buy down mortgage amounts for ten (10) homebuyer households @ \$10,000/household.

Sources of funding		Source/ Amount	Source/ Amount	Totals
AHTF Amount Applied for:				\$ 100,000.00
1	Grantee Match (includes cash or in-kind value)	Grantee-funded amortizing second mortgage (10 homebuyers @\$40,000/household X 10 households)		\$ 400,000.00
2	Private funds (includes out of pocket costs of beneficiary)	Buyer's Out of pocket expenses (closing costs, etc.) = \$6500/household X 10 households = \$65,000	Amortizing First Mortgage = \$175,000/household X 10 households = \$1,750,000	\$ 1,815,000.00
Total of all funding sources (not including AHTF)				\$ 2,315,000.00

Table 1-A: Sources of Funding – Sample #1

Calculating the Ratio

Calculation of Ratio. In this example, the match resources represent a \$4 match for every \$1 of AHTF; leveraged resources represent \$18 for every \$1 of AHTF; the total leverage/match ratio is \$22.15 for every \$1 of AHTF.

A:	AHTF Amount Applied for:	\$ 100,000	Ratio
	<u>Subrecipient Match</u> (enter total amount in Row 1)	\$ 400,000	\$1:\$4
	Total Leveraged (Row 2)	\$ 1,815,000	\$1:\$18
B:	Total Match + Leverage	\$ 2,215,000	\$1:\$22.15

Table 1-B: Leverage/Match Ratio – Sample #1

Example #2

Sample Calculation #2 – Rental Assistance.

Applicant proposes to use AHTF funds (\$66,000) to provide tenant-based rental assistance to ten (10) very low income renter households who also require supportive services to attain housing and maintain their housing stability. The assumption is that each household will contribute 30% of their monthly income toward rent (average \$200/month) and AHTF funds will be used to cover the remaining amount of rent (average \$550/month).

Sources of funding		Source/ Amount	Source/ Amount	Totals
AHTF Amount Applied for:				\$ 66,000.00
1	Grantee Match (includes cash or in-kind value)	Rent for facility paid by grantee @\$5000/mo; 50% used for program = \$2500/mo X 12 months = \$30,000/year	40 hrs staff time/mo to administer program (@20/hr) = \$800/mo X 12 months = \$9,600	\$ 39,600.00
2	Other private resources (includes in-kind services from other orgs), philanthropic support	Foundation grant to purchase supplies and other materials for outreach, counseling services		\$ 100,000.00
3	City Funding (i.e. Youth and Family, Human Services Divisions)	Support services = 200 hrs. counseling & case mgt. (@20/hr) = \$4,000/mo X 12 mo. = \$48,000		\$ 48,000.00
4	Average Renter's Cash Contribution (based on 1/3 monthly income)	\$200/month X 10 renters = \$2,000 X 12mo = \$24,000		\$ 24,000.00
Total of all funding sources (not including AHTF)				\$ 211,600.00

Table 1-A: Sources of Funding – Sample #2

Calculating the Ratio

Calculation of Ratio. In this example, the match resources represent a \$1.5 match for every \$1 of AHTF; leveraged resources represent \$2.6 for every \$1 of AHTF; the total leverage/match ratio is \$3.2 for every \$1 of AHTF.

A:	AHTF Amount Applied for:	\$ 66,000.00	Ratio
	<u>Subrecipient Match</u> (enter total amount in Row 1)	\$ 39,600.00	\$1:\$1.5
	Total Leveraged (Row 2+3+4)	\$ 172,000.00	\$1:\$2.6
B:	Total Match + Leverage	\$ 211,600.00	\$1:\$3.2

Table 1-B: Leverage/Match Ratio – Sample #2

QUESTIONS?

THANK YOU!

Contracting, invoicing, payments:

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