January 30, 2015

MEMORANDUM FOR:  ALL POTENTIAL APPLICANTS

FROM:  Laura A. Whittall-Scherfee, Deputy Director
Division of Financial Assistance

SUBJECT:  NOTICE OF FUNDING AVAILABILITY - $120 MILLION
AFFORDABLE HOUSING AND SUSTAINABLE
COMMUNITIES (AHSC) PROGRAM

The Department of Housing and Community Development (HCD) is pleased to announce the availability of approximately $120 million in funding for the Affordable Housing and Sustainable Communities (AHSC) Program (Program). The AHSC Program furthers the purposes of AB 32 (Chapter 488, Statutes 2006) and SB 375 (Chapter 728, Statutes, 2008) by investing in projects that reduce GHG emissions by supporting more compact, infill development patterns, encouraging active transportation and transit usage, and protecting agricultural land from sprawl development. Funding for the AHSC Program is provided from the Greenhouse Gas Reduction Fund (GGRF), an account established to receive Cap-and-Trade auction proceeds.

A complete original concept proposal must be submitted to HCD using the Financial Assistance Application Submittal Tool (FAAST) system no later than 5:00 p.m. on Thursday, February 19, 2015. Invited applicants must submit a complete original full application, plus one copy, to HCD no later than 5:00 p.m. on Wednesday, April 15, 2015.

No facsimiles, late applications, incomplete applications, application revisions, electronically transmitted, or walk in application packages will be accepted.

The AHSC Program’s full application forms, workshop details, and related program information, will be posted on its website at http://www.hcd.ca.gov/fa/ahsc. Questions may be directed to the AHSC Program at (916) 263-2771 or emailed to ahsc@hcd.ca.gov.

Attachment
AFFORDABLE HOUSING AND SUSTAINABLE COMMUNITIES PROGRAM

FY 2014-15 FUNDING ROUND
Notice of Funding Availability

State of California
Governor Edmund G. Brown Jr.

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AFFORDABLE HOUSING AND SUSTAINABLE COMMUNITIES PROGRAM
NOTICE OF FUNDING AVAILABILITY

PROGRAM DESCRIPTION

A. Introduction

The Strategic Growth Council (Council or SGC) and the Department of Housing and Community Development (HCD) are announcing the availability of approximately $120 million in funding for the Affordable Housing and Sustainable Communities (AHSC) Program. The AHSC Program furthers the purposes of AB 32 (Chapter 488, Statutes 2006) and SB 375 (Chapter 728, Statutes, 2008) by investing in projects that reduce GHG emissions by supporting more compact, infill development patterns, encouraging active transportation and transit usage, and protecting agricultural land from sprawl development. Funding for the AHSC Program is provided from the Greenhouse Gas Reduction Fund (GGRF), an account established to receive Cap-and-Trade auction proceeds.

The AHSC Program is administered by SGC. HCD will implement the transportation, housing and infrastructure component of the AHSC Program. SGC will coordinate efforts with HCD, working with the California Air Resources Board (ARB), to administer the broader AHSC Program, which includes the Sustainable Agricultural Land Conservation (SALC) Program.

B. Program Summary

The AHSC Program will assist Project Areas, as defined, by providing loans or grants, or any combination thereof, to projects that will achieve GHG emissions reductions and benefit Disadvantaged Communities through increasing accessibility of affordable housing, employment centers and key destinations via low-carbon transportation resulting in fewer vehicle miles traveled (VMT) through shortened or reduced trip length or mode shift from Single Occupancy Vehicle (SOV) use to transit, bicycling or walking. Two Project Area types have been identified to implement this strategy:

- Transit Oriented Development (TOD) Project Areas, or
- Integrated Connectivity Project (ICP) Project Areas.

Available funds are subject to the AHSC Program Guidelines issued by SGC and dated January 20, 2015 (Guidelines). These Guidelines include detailed information on eligibility requirements and application selection criteria, and may be accessed at http://www.hcd.ca.gov/fa/ahsc.

C. Eligible Applicants

Eligible applicant entities shall include any of the following:

1. A Locality, public housing authority, redevelopment successor agency, transit agency or transit operator, Regional Transportation Planning Agency (RTPA), local Transportation Commissions, Congestion Management Agencies, Joint Powers
2. A Developer or Program Operator.

Where a Public Agency has a financial or real property interest in the proposed Project, the application will be required to either include the Public Agency as a co-applicant or otherwise include a commitment to enter into a contractual agreement to develop the Project, if it is awarded.

D. Loan and Grant Amounts

The assistance terms and limits are set forth in Section 104 of the Guidelines. They include, but are not limited to, the following requirements:

1. The maximum AHSC Program loan or grant award, or combination thereof, for a TOD Project Area is $15 million with a minimum award of at least $1 million.

2. The maximum AHSC Program award for an ICP Project Area is $8 million with a minimum award of at least $500,000.

3. The maximum AHSC Program award(s) within the geographic boundary of a Locality is limited to $15 million per NOFA funding cycle.

4. A single Developer may receive no more than $15 million per NOFA funding cycle.

The limitations set forth in (3) and (4) above may be waived by HCD if necessary to meet statutorily required Affordable Housing and Disadvantaged Community set-asides as detailed in Section 105(d)(3)(A) and (B).

AHSC Loan Summary

Loans for rental Affordable Housing Developments, or the rental portions of an Affordable Housing Development, are subject to the following terms:

1. AHSC Program funds will be provided as a loan for permanent financing by HCD to the owner of the Affordable Housing Development, with the same terms as HCD’s Multifamily Housing (MHP) Program financing as set forth in 25 CCR 7308.

2. The base loan amount shall be calculated pursuant to 25 CCR 7307 based on the number of Restricted Units in the Affordable Housing Development, affordability, unit sizes, and location according to the 2014 MHP HERA and non-HERA loan limits posted on the HCD website http://www.hcd.ca.gov/hpd/hrc/rep/state/incNote.html.

3. For Affordable Housing Developments receiving 4% low-income housing tax credits, $30,000 per Restricted Unit may be added to the base amount for loan limit calculation purposes.
AHSC Grant Summary

1. The total Housing-Related Infrastructure Capital Project grant amount is $35,000 per residential unit in the proposed Affordable Housing Development, and $50,000 per Restricted Unit as defined in the Guidelines.

2. The total Transportation-Related Infrastructure Capital Project grant amount is based on the award limits set forth in Section 104(a) through (d).

3. The total grant amount for Planning Costs within a Project Area shall not exceed 15 percent of the funding request for the for the overall Project up to $250,000.

4. The total grant amount for Program Costs within a Project Area shall not exceed 30 percent of the funding request for the overall Project up to $500,000.

5. The total grant amount for homeownership Affordable Housing Developments shall be calculated pursuant to the provisions of the BEGIN Guidelines dated April 21, 2009 located at http://www.hcd.ca.gov/fa/begin/2009_BEGIN_Guidelines.pdf.

E. Application Scoring

Applications shall be evaluated based on the criteria set forth in Sections 102 through 107 of the AHSC Program Guidelines.

Applications are ineligible if construction has commenced as of the application due date set forth in this NOFA.

Applicants invited to submit a full application must complete an AHSC Self-Scoring Worksheet and provide documentation acceptable to HCD that adequately supports the self-score provided. **Full applications that do not include a Self-Scoring Worksheet will not be considered for funding.** Self-Scoring Worksheets must be included within the application at the time of submittal to HCD. No additional information may be added to a full application after it has been submitted.

The highest scoring applications that meet all threshold requirements shall be recommended to the Council for funding. Applications will be funded in descending order. SGC may make adjustments in this procedure to meet the following distribution objectives specified in Section 105(d)(3):

1. At least fifty (50) percent of AHSC Program expenditure for Projects benefitting Disadvantaged Communities (Refer to Appendix E of the Program Guidelines for additional information).

2. At least fifty (50) percent of the annual proceeds appropriated for the AHSC Program shall be expended for affordable housing.¹ For the purposes of this set-aside, expenditures

¹ The requirements detailed in items 1 and 2 are not mutually exclusive.
related to Affordable Housing Development and Housing-Related Infrastructure Capital Projects shall count toward this requirement.

3. No less than forty (40) percent of funds available as designated in the NOFA will be allocated to TOD Project Area applications.

4. No less than thirty (30) percent of funds available as designated in the NOFA will be allocated to ICP Project Area applications.

5. To the extent applications received are not sufficient to meet TOD Project Area or ICP Project Area set-aside detailed in (3) and (4) above, the SGC reserves the right to waive these requirements and recommend funding a greater percentage of applications in either of the two identified Project Area types.

Tie Breaker Criteria

In the event two or more applications have the same rating and ranking scores, the following bonus points will be awarded pursuant to Section 105 (d)(7) in this order of priority until there is no longer a tie:

(1) 5 bonus points will be awarded to the application with the highest value (rounded to three decimal places) resulting from the following formula:

\[
\text{Value} = \frac{\text{Total Restricted Units}}{\text{Total Residential Units}} \times \frac{\text{Average AMI of the Total Restricted Units}}{\text{Total Restricted Units}}
\]

(2) 3 bonus points will be awarded to the application located within a Disadvantaged Community with the highest percentage range as represented in CalEnviroscreen 2.0.
(3) 1 bonus point will be awarded to the application with the highest score in Section 107(b) through (d).

APPLICATION PROCEDURES AND DEADLINE

A. Application Process

1. Concept Proposals

All applicants must submit a concept proposal by no later than 5:00 p.m. on February 19, 2015 for review and evaluation by HCD which contains the required contents as stated in Figure 5 of Section 105(c) of the Guidelines. HCD will notify and invite applicants by no later than March 11, 2015 to submit a full application based on the ranking of concept proposals, the cumulative amount of requested funds from all applicants, and its consideration in satisfying the statutorily required Affordable Housing and Disadvantaged Community set-asides and TOD/ICP set-asides stated in Section 105(d)(3)(A) through (D) of the Guidelines.

2. Full Applications

Applicants who have submitted a concept proposal and have been invited to submit a full application must submit a full and complete application by no later than 5:00 PM on April 15, 2015. HCD will evaluate competitive applications for compliance with all requirements in Sections 105 and 106 of the Guidelines, and will score eligible applications based on the criteria in Section 107. HCD will contact applicants recommended for funding.

The full application will be released no later than March 11, 2015 and will be available on HCD’s website.

The anticipated date of Program awards is no later than July 15, 2015.

The ultimate awarding of Program funds is subject to the approval of the Council. The decision of the Council is final.

B. Application Packaging and Submittal

1. Concept Proposals

Applicants must complete and submit the proposal using the Financial Assistance Application Submittal Tool (FAAST) system according to the following instructions:

- Access the FAAST online application tool at: https://faast.waterboards.ca.gov/User_Registration/SignUpOrgSearch.aspx.
- You will be prompted to develop a login name and password to use the FAAST tool. Application information will be entered into FAAST by typing information into text boxes, selecting choices from preset lists, and uploading attachments.
• Sign up for and explore the FAAST tool before beginning work on your application. Then prepare answers in an unformatted text document for editing. Finally, cut and paste information into the online application and ensure that your content is displaying correctly and responses are not cut off.

• Review Concept Proposal instructions to submit all required attachments and documentation.

• Be sure to save your work often. The FAAST tool starts a 90-minute timer each time a user logs into their account. The timer resets to 90 minutes each time a user saves their work to the system. When working in FAAST, you can save work-in-progress at any point, and you can then return to your application at another time.

• Use only basic formatting. Extra symbols or layout designs can interfere with completion of the online application.

• Concept Proposals must be submitted via the FAAST system by no later than 5:00 p.m. on February 19, 2015.

2. Full Applications

Unlike the Concept Proposals, HCD will only accept hard copy full applications through a mail carrier service such as U.S. Postal Service, UPS, Fed Ex or other carrier services that provide date stamp verification confirming delivery to HCD’s offices at:

AFFORDABLE HOUSING AND SUSTAINABLE COMMUNITIES PROGRAM
Department of Housing and Community Development
Division of Financial Assistance
2020 W. El Camino Avenue, Suite 650
Sacramento, CA 95833

A complete original application, plus one copy, must be received by HCD no later than 5:00 p.m. on the April 15, 2015.

Facsimiles, late applications, incomplete applications, application revisions, electronically transmitted, or walk in application packages will NOT be accepted.

Applications must meet all eligibility requirements upon submission. Applications having material internal inconsistencies will not be rated and ranked.

The AHSC Program will utilize an application with attachments. The application forms and instructions will be available on HCD’s website. Modification of the application forms by the applicant is prohibited.

It is the applicant’s responsibility to ensure that the application is clear, complete and accurate. After the application deadline, HCD staff may request clarifying information or inquire as to where in the application specific information is located provided that such information does not affect the competitive rating of the application. No information, whether written or oral, will be solicited or accepted if this information would result in a competitive
advantage to an applicant or a competitive disadvantage to other applicants. No applicant may appeal the evaluation of another applicant's application.

C. Application Workshop

To assist applicants in preparation of concept proposals, HCD will conduct Application Workshops. Detailed information regarding workshop dates and locations as well as an RSVP form will be available on SGC’s website at http://www.sgc.ca.gov/s_ahscprogram.php. HCD may provide full application technical assistance upon request.

D. State Prevailing Wages

AHSC Program funds will be considered to be public funds pursuant to State Prevailing Wage Law: Chapter 1 of Part 7 of Division 2 of the Labor Code, commencing with Section 1720, unless exempt by the terms of that statute. See Labor Code Section 1720, subdivisions (c) and (d).

The nature and extent of prevailing wage obligations will depend on the financial structure of each project receiving or supported by AHSC Program assistance. Applicants are urged to seek professional advice as to how this law may affect their application.

E. Disclosure of Application

Information provided in the application will become a public record available for review by the public pursuant to the Public Records Act. As such, any materials provided will be disclosable to any person making a public records request. HCD cautions applicants to use discretion in providing information that is not specifically requested, including but not limited to, bank account numbers, personal phone numbers and home addresses. By providing this information to HCD, the Applicant is waiving any claim of confidentiality and consents to the disclosure of all submitted material upon request.

F. Other Information

The AHSC Program’s application forms, workshop details, and related program information, will be posted on HCD’s website at http://www.hcd.ca.gov/fa/ahsc.

Questions may be directed to the AHSC Program at (916) 263-2771 or ahsc@hcd.ca.gov.