

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF FINANCIAL ASSISTANCE**

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October 30, 2015

MEMORANDUM FOR: POTENTIAL APPLICANTS

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

**FALL 2015 NOTICE OF FUNDING AVAILABILITY - \$30 MILLION
AFFORDABLE HOUSING AND SUSTAINABLE COMMUNITIES (AHSC) PROGRAM**

The Department of Housing and Community Development (HCD) is pleased to announce the availability of approximately \$30 million in funding for the Affordable Housing and Sustainable Communities Program (AHSC Program). The AHSC Program was established by SB 862, Statutes of 2014, and is administered by the Strategic Growth Council (SGC, or Council). 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 and is awarded by the Strategic Growth Council (Council or SGC).

In Fiscal Year (FY) 2014/2015, approximately \$130 million was available from the GGRF for the AHSC Program. The Council issued a Notice of Funding Availability (NOFA) on January 30, 2015 and awarded those funds at the Council Meeting on June 30, 2015. For FY 2015/2016, the funding available from the GGRF for the AHSC Program has substantially increased to approximately \$400 million. Accordingly, in light of the high quality of applications and substantial effort to prepare and review the applications, the Council has authorized awarding approximately \$30 million of AHSC Program funds for FY 2015/2016 to certain eligible project applications submitted pursuant to the AHSC Program NOFA dated January 30, 2015, that were not awarded any grant funds, or only received an award for partial funding, at the June 2015 Council Meeting. The balance of the FY 2015/2016 AHSC Program funds (approximately \$370 million) will be awarded by the Council in 2016 pursuant to a

subsequent NOFA that will be issued following revision of the AHSC Program Guidelines.

The funds available pursuant to this NOFA may only be awarded to:

- 1) projects proposed in applications submitted in response to the AHSC Program NOFA dated January 30, 2015; and
- 2) that received a recommended Final Score greater than 60%, but were not awarded any grant funds, or only received an award for partial funding, from the SGC at the June 30, 2015 Council Meeting.

A Statement of Continued Interest and Supplemental Information (Statement) must be submitted to HCD by electronic mail to AHSC@hcd.ca.gov by the eligible applicants no later than **5:00 p.m. on Friday, November 13, 2015**. **No facsimiles, late statements, incomplete statements, statement revisions, mailed statements, or walk in statements will be accepted.**

Responses provided in the Statement will verify if AHSC funding for the project is still requested, if the amount requested has been reduced, and if there are any substantial changes to the scope of the project. **If there are substantial changes to the scope of a project, it is not eligible to receive an award of funds pursuant to this NOFA.**

The AHSC Program's Statement of Continued Interest and Supplemental Information form is attached as an Exhibit to the NOFA and will also 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 emailed to ahsc@hcd.ca.gov.

Attachment

AFFORDABLE HOUSING AND SUSTAINABLE COMMUNITIES PROGRAM

FY 2015-16 FALL FUNDING ROUND Notice of Funding Availability

California
Strategic Growth Council



**State of California
Governor Edmund G. Brown Jr.**

**Susan Riggs, Acting Director
Department of Housing and Community Development
Division of Financial Assistance**

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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 \$30 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 implements the transportation, housing and infrastructure component of the AHSC Program. SGC coordinates 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.

The funds available pursuant to this NOFA 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 applicants and project areas shall include the following:

1. The project area applications submitted in response to the AHSC Program NOFA dated January 30, 2015 that either 1) received a recommended score higher than 60% and that were not awarded any grant funds, or 2) only received an award for partial funding, from the Council at the meeting on June 30, 2015. The recommended scores are shown on Agenda Item 8, Attachment A, for the June 30, 2015 Council Meeting.
2. The eligible project areas for this NOFA are noted in **Exhibit A**.

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 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 and Recommendations

The eligible applications were evaluated based on the criteria set forth in Sections 102 through 107 of the AHSC Program Guidelines and recommended scores were previously reviewed and evaluated during the full application phase in Round One of the AHSC Program. The recommended scores are shown on Agenda Item 8, Attachment A, for the June 30, 2015 Council Meeting.

The final score as identified in Attachment A will serve as the baseline in evaluating applications under this Fall NOFA.

Applications are ineligible for an award pursuant to this NOFA if any of the following have occurred since the June 30, 2014 Council meeting:

- Construction of any component of the proposed Project has commenced as of the due date for the Statement of Continued Interest and Supplemental Information set forth in this NOFA
- Changes to the scope of the project have been made which impact any of the scoring criteria outlined in Section 107 of the adopted Program Guidelines, with the exception of a reduced request of AHSC Program funds resulting from an increase in secured Enforceable Funding Commitments since June 30, 2015.

AHSC Program staff will review the Statement of Continued Interest and Supplemental Information to determine eligibility under the Fall NOFA. To the extent eligible applicants have reduced their request for AHSC Program funds, staff may re-evaluate and re-score the following impacted two criteria:

- Estimated Greenhouse Gas Emissions Reductions (Section 107(a))
- Capital Project Funds Leveraged (Section 107(d))

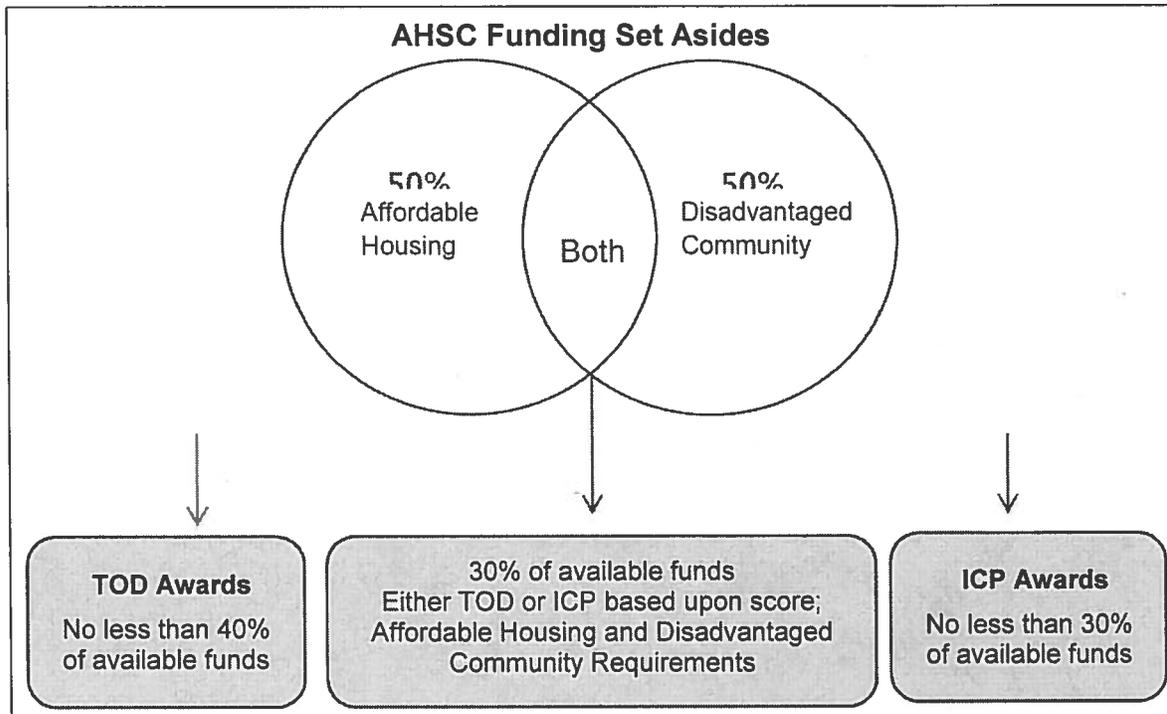
Results of the re-scoring of these criteria will be combined with the results of all other, non-impacted, criteria scores to determine revised Final Score, as necessary.

After any necessary Final Score revisions, the highest scoring applications that meet all threshold requirements shall be recommended to the Council for funding, subject to adjustments authorized in the Guidelines. 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 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.

¹ The requirements detailed in items 1 and 2 are not mutually exclusive.
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AHSC Program FY 2015-16 Fall NOFA



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, AHSC staff reserves the right to waive these requirements and recommend funding a greater percentage of applications in either of the two identified Project Area types.

Since it is in the interest of State to fund a variety of project types and scales in a variety of locations to demonstrate the many ways GHG may be reduced, AHSC staff reserves the right to waive any of the requirements in D. or E. above, to make adjustments in the award of funds, except for the requirements of E.1.

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:

$$\frac{(\text{Total Restricted Units}/\text{Total Residential Units})}{(\text{Average AMI of the Total Restricted Units})}$$

- (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) under the AHSC Program NOFA dated January 30, 2015.

APPLICATION PROCEDURES AND DEADLINE

A. Application Process

1. Submittal of Statement

All applicants must submit a Statement of Continued Interest and Supplemental Information (Statement) for review and evaluation by AHSC staff, using the form attached to this NOFA as Exhibit B. The Statement must be submitted by the same applicant that submitted the application in response to the AHSC Program NOFA dated January 30, 2015.

2. Supplemental information shall only be submitted to address the following:

- a) Any substantial changes in the scope of the project;
- b) Any technical correction to information contained in the previously submitted concept proposal or full application;
- c) Any reduction in the amount of requested funds; and
- d) Authorizing resolution from the governing board for submittal of a Statement.

Applicants may not increase the amount of requested funds. Supplemental information may include attachments.

3. Governing Board Resolution

Submit a resolution authorizing submittal of the Statement to HCD for the FY 2015-16 Fall Funding Round AHSC NOFA. There must be a quorum and the vote count must be included on the resolution. The person attesting to the signing of the resolution, (e.g. the secretary) cannot be the same person who is authorized by the resolution to execute documents. Public agency applicants have an additional one month after the application deadline, to submit a resolution ratifying the submittal of the Statement.

4. The Statement must be received by HCD no later than 5:00 p.m. on November 13, 2015. The Statement must be sent to HCD by electronic mail at: AHSC@hcd.ca.gov. **Facsimiles, late statements, incomplete statements,**

statement revisions, mailed statements or walk in statements will NOT be accepted.

It is the applicant's responsibility to ensure that the Statement is clear, complete and accurate. After the submittal 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.

The anticipated date of Program awards is no later than December 17, 2015.

The ultimate awarding of Program funds is subject to the approval of the Council. The Council may award all, some, or none of the funds available pursuant to this NOFA. Approximately \$30 million may be awarded pursuant to this NOFA, and the SGC has discretion to award more or less than this amount. The decision of the Council is final.

B. 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.

C. Disclosure of Statement

Information provided in the Statement 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.

D. Other Information

The AHSC Program's application forms 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) 263-2715 or ahsc@hcd.ca.gov.

It is highly encouraged that potential applicants participate in a conference call on Tuesday, November 3, 2015 at 1:30 pm. 1-877-336-1831, participant password: 335319#.

EXHIBIT A

**Affordable Housing and Sustainable Communities Program
Eligible Projects for Fall 2015 Notice of Funding Availability (NOFA)**

Project Name	Developer	City	Project Type	Affordable Housing Set-Aside	Disadvantaged Community Set-Aside	Final % Score 2014-15 AHSC	Total Fall 2015 Funding Request Possible *
MacArthur Park Apartments Phase B*	McCormack Baron Salazar	Los Angeles	TOD	X	X	87.755%	\$2,014,560
1st and Soto TOD Apartments, Phase 2	East LA Community Corporation	Los Angeles	TOD	X	X	85.969%	\$4,072,843
Eddy & Taylor Family Housing*	Tenderloin Neighborhood Development Corporation (TNDC)	San Francisco	TOD	X	X	83.929%	\$2,284,965
222 Beale Street	Mercy Housing	San Francisco	TOD	X		75.255%	\$6,500,000
Jordan Downs, Phase 1	BRIDGE Housing Corporation	Los Angeles	ICP	X	X	69.474%	\$7,000,000
Rolland Curtis East	Abode Communities	Los Angeles	TOD	X	X	66.000%	\$6,682,431
Riviera Family Apartments*	Resources for Community Development	Walnut Creek	TOD	X		63.776%	\$678,706
94th and International	City of Oakland	Oakland	TOD	X	X	63.250%	\$4,490,251
San Leandro Senior	BRIDGE Housing Corporation	San Leandro	TOD	X	X	63.010%	\$7,997,808
Fancher Creek Town Center - Senior	Chelsea Investment Corporation	Fresno	ICP	X	X	62.857%	\$7,908,525

* Because partial funding was awarded for some projects through the 2014-15 NOFA, only the unfunded request is eligible for the Fall 2015 NOFA.