



Department of Housing and Community Development

**Affordable Housing Innovation Fund (SB 586 Dutton)
Affordable Housing Revolving Development and Acquisition Program**

November 3, 2010

**NOTICE OF DRAFT GUIDELINES AVAILABLE FOR
REVIEW**

The Practitioner Fund

**Request for Comments - 45 Day Comment Period
And
Notice of Meeting**

The Department of Housing and Community Development (Department) is developing a loan fund to be used by a select group of non-profit affordable housing developers (Practitioners) for the acquisition of real property for the development or preservation of affordable housing for California households.

The Department will select up to five Practitioners and provide them with a line of credit to be used for property acquisition.

The Department has drafted a set of Guidelines (per Health and Safety Code § 50707(d)) to be used for the selection of the Practitioners and for the operation of the Practitioner Fund. The draft guidelines are posted on the Department's website at:

<http://www.hcd.ca.gov/fa/ahif/ahip-p.html>

The Department will be accepting comments on these Guidelines until December 17, 2010.

The Department will host a meeting for the purpose of answering questions and receiving comments on the Practitioner Fund and the draft Guidelines. The meeting will be held on;

**Wednesday, December 8, 2010 from 10:00 – 1:00 at
HCD headquarters
1800 – 3rd Street
Sacramento, CA 95811**

Comments can be addressed to:

Peter Solomon, Program Manager
Department of Housing and Community Development
Affordable Housing Innovation Programs
1800 – 3rd Street, MS 460
Sacramento, CA 95811
Or via email at:
psolomon@hcd.ca.gov

Questions can be directed to Peter Solomon at 916-324-1484.

The Scope and Purpose of
“The Practitioner Fund”

One of the major impediments to the development and preservation of affordable housing in California is the lack of ready access to capital by affordable housing developers for the acquisition of property. There is a need for accessible loan funds in amounts sufficient to purchase sites as they become available, with a speedy process from application to loan close.

The Practitioner Fund is intended to respond to this need.

Within the affordable housing development industry in California there is a group of non-profit housing developers with significant experience, organizational capacity and track records representing many years of successful affordable housing development. They have created both rental and homeownership housing opportunities for thousands of low- and moderate-income households. Their approach to solving the often complicated puzzle required to plan, finance, and develop affordable housing projects is characterized by innovative financing, and collaborations with local government. This is the group that has been designated by SB 586 as “Practitioners.” From this seasoned group of non-profit developers, up to five will be selected for financing from the Practitioner Fund through the application selection process.

One of the significant selection requirements for “Practitioners” is a commitment to provide funds from resources that are “Nonstate Funds” to leverage the Practitioner Fund resources at three-to-one (3:1).

Once selected, the five “Practitioners” will have access to a line of credit of up to four million seven hundred fifty thousand dollars (\$4,750,000) to be used for acquisition of real property for the development or preservation of affordable housing for low- or moderate-income households.

These funds will be lent to the “Practitioner” at the rate of 2% per year. Draws on this line of credit will be repaid to the Department within five years.

These Guidelines will be used to define the process for the selection of the Practitioners and to operate the Practitioner Fund.