



Tier 2 Solicitation Webinar March 15, 2022



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 Webinar will be recorded and posted on web
 Questions in chat OK – we'll respond to most questions later in FAQ



Today's Agenda

- 1. Introduction/Housekeeping
- 2. Program Purpose and Timelines
- 3. Funds Available
- 4. Geographic Distribution of Funds
- 5. Eligible Project/Applicants
- 6. Threshold Requirements
- 7. Funding Amounts
- 8. Scoring
- 9. Application Portal/Workbook
- **10. Other Considerations**



California Housing Accelerator Program Purpose and Implementation

Clear

a backlog of pending developments waiting for bond allocations for 4% tax credits.

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Maximize

investments made into HCD-awarded projects that are currently awaiting tax credits.

Reduce

the amount of time and money spent on producing new affordable housing.

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Accelerate

development of housing for those most in need.





California Housing Accelerator Program Purpose and Implementation





California Housing Accelerator Program Timeline

Tier 2 Timeline					
Project Solicitation Release	28-Feb-22				
Application Release	On or before March 8, 2022				
Application Due Date	8-Apr-22				
Award Announcements	On or before June 30, 2022				
Funds encumbered through an executed Standard Agreement	No later than June 30, 2024				
Permanent Loan Conversion	No later than November 30, 2026				



- Funds made available through the Coronavirus State Fiscal Recovery Fund and the American Rescue Plan Act of 2021
- 2. Total of \$1.75 billion allocated to the Accelerator program through the 21-22 State Budget
- 3. Net of \$1.6 billion available for local assistance
- 4. Tier 2 approx. \$800 million



Geographic Distribution

- Tier 2 Geographic allocations take into consideration the funds previously awarded in Tier 1
- Regions underrepresented in the distribution of Tier 1 funds have priority in the allocations for Tier 2.



Geographic Distribution

Region	CDLAC Regional %	Overall Target assuming \$1.6 billion available		% of total funds (\$1.6 billion) awarded in Tier 1	Tier 2 allocations	Tier 1 awarded & Tier 2 allocated total % of funds
Coastal Region	20%	\$320 million	\$93,396,811	6%	\$160 million	16%
Los Angeles City						
and County	33%	\$528 million	\$40,221,773	3%	\$352 million	25%
Bay Area	21%	\$336 million	\$544,132,269	34%	-	34%
Inland	16%	\$256 million	\$20,160,014	1%	\$168 million	12%
Northern	10%	\$160 million	\$186,432,810	12%	-	12%
Other	-	-	\$38,656,617	2%	-	2%
Unallocated	-	-	-	-	\$120 million	7%

* Includes any applications submitted from counties without a direct regional allocation PLUS any unfunded applications from the regional allocation.



- Project Sponsors who Received an award from a qualifying HCD Multifamily Housing Program prior to April 8, 2022.
- Award has not expired, terminated or been disencumbered
- Evidence the project will be ready to begin Construction within 180 days of the Accelerator Award



Eligible Project cont.

- Qualifying HCD Funding Programs
- HCD application must have included both bonds and 4% credits in funding stack
- Changing from a 4% to a 9% project, typically resulting in a resizing of the Existing HCD award, Project is ineligible.
- See Project Solicitation Link for more information: <u>Project Solicitation | California Housing Accelerator</u>



Eligible Project cont.

- Special Conditions
- Infill Infrastructure Grant (IIG) awards
- No Place Like Home (NPLH) awards
- CDBG-Disaster Recovery Multifamily awards



- Project Sponsors who were awarded HCD funding for an Affordable Housing Project but were unable to secure Tax Credits
- All applications must include all original applicants from the Existing HCD Commitment(s)



Eligible Use of Funds

- Funds shall be used exclusively for eligible costs categorized under the federal low-income housing tax credit program
 - Department reserves the right to disallow costs determined unreasonable by the Department
 - Department may also require written approval for reserve withdrawals



Threshold Requirements

- Application must document and demonstrate readiness to start construction within 180 days of award
 - a) Application includes certification of Sponsor affirming readiness
- 2. Complete Tier 2 Accelerator application, using unaltered application forms and including all required attachments.



Threshold Requirement (continued)

- Organization documents and authorizing resolutions that meet Department and program requirements
 - a) Must be submitted for each private entity applicant that is a party to the Existing HCD Commitment
 - 4. Application Fee \$40,000 refundable more on this later

Important: Department will *NOT* execute a Standard Agreement until all org docs (including amendments) and signed resolutions are received.



Threshold Requirement (continued)

Resolution Requirements: (Hint – Use HCD templates on our website under Program Forms)

- a) Entity name, project name, name and title of signatory(ies)
- b) Solicitation date, total \$ amount
- c) Verbiage that signers are authorized to sign SA
- d) Meeting date authorizing resolution, votes taken
- e) Attestation of validity of resolution and vote



General Considerations

Recent updates to Project Eligibility List – on our website under Multifamily Pipeline Tracker

- ➢ includes AHSC Round 6. More awards possible soon.
- HCD Awards prior to April 8, 2022 eligible but MUST be able to meet 180-day commencement of construction requirement.
- Feasibility Review standard HCD underwriting (UMRs)



General Considerations

1. Application includes comparison to original HCD award

2. Supplanting of local funds or private perm debt is not allowed.

 Small reductions of funds OK; significant reductions require written justification, needs Dept. approval

3. Application Fees – refundable, NOT part of the development budget. Source: applicant's own funds

4. No maximum application \$ amount – But Efficiency of funds is scoring criteria i.e. \$/unit requested determines the project's point score



Funding Amounts - Application Fee

1. Application Fee per HSC 50672.2(d)(1)

- a) A refundable application fee \$40,000 is required
 at application
- b) Will be refunded after project commences construction within 180-day requirement <u>or</u> 1) if credits or bonds subsequently secured or 2) an Accelerator application that passed threshold but unsuccessful in securing an award.
- c) Should not be included in the development budget tab of the application.



Application fee (continued): Check

Mail to:

Department of Housing & Community Development Attn: Accounts Receivable California Housing Accelerator Fee [Project Name] 2020 W. El Camino Avenue, Suite 300, Sacramento, CA 95833

Include on the check:

- Project name
- HCD contract number for the very first awarded HCD funding



Funding Amounts - Assistance Type

- 1. Forgivable 20-year, 0% loan, no residual receipts or other payments to HCD:
- 2. Requirements to forgive loan:
 - a) Sponsor remains in good standing
 - b) Project not in default
 - c) No negative points assessed to the Sponsor in previous 5 years.



Funding Amounts - Assistance Type (continued)

- 3. Loan shall be repaid during 20-year term if:
 - a) Project converted to market rate housing, OR;
 - b) Project sold or refinanced with a distribution of net equity
 - c) Accelerator application and award will be terminated OR no longer eligible if an awardee thereafter receives a recommendation for bonds and/or credits OR withdraw their pending CDLAC and/or TCAC application prior to or after receiving an Accelerator award.



Funding Amounts - Developer Fee

- 1. The developer fee for the project should not exceed the lesser of:
 - a) \$2,200,000 **OR**
 - b) Sum of 15 percent of project's unadjusted residential construction eligible basis, 5 percent of the unadjusted acquisition basis, and 15 percent eligible basis for nonresidential costs **OR**
 - c) Amount approved by HCD as payable from development funding sources under the existing HCD Loan Commitment



Funding Amounts -Tax Credit Considerations

- Accelerator awards shall be returned if a pending CDLAC and/or TCAC applications are successful or TCAC/CDLAC application is withdrawn prior to award (e.g. disaster tax credits)
- 2. Project Sponsors cannot apply for tax credits during the 20-year term of the loan.
 - a) 9/10th recapture required if Sponsor sells interest in the project to a partner for tax losses, with some exceptions



Projects will be rated based on four primary policy objectives as further defined below:

- Efficient use of Accelerator funds
- Age of Existing HCD Loan Commitment(s) award
- Targeting of special needs populations
- Climate change mitigation



- F. Funding Amounts and Terms Scoring tab of application
- 4. (a.) (i. & ii) Data is auto calculated
- 4. (b.) 2020 is cutoff for the 20 points for any date prior to 2020 of the HCD award.
 - Ex. Year 2019 = points, Year 2020 no points.
- 4. (c.) (i. & ii. & iii.) data is auto calculated
- 4. (d.) (i.) data is auto calculated with one exception for IIG.



d. Climate change mitigation (20 Points)

Points will be awarded to projects as follows:

i. 20 points to projects that are located within one-quarter (¹/₄) mile from a Transit Station/Stop served by High Quality Transit.

 Is Project located within one-quarter (¼) mile from a Transit Station/Stop served by High Quality Transit measured from the nearest boarding point of the Transit Station/Stop to the entrance of the residential structure in the Project furthest from the Transit Station/Stop along a walkable route.

The walkable route, after completion of the proposed Project, shall be free of negative environmental conditions that deter pedestrian circulation such as barriers, stretches without sidewalks or walking paths, noisy vehicular tunnels, streets, arterials or highways without regulated crossings that facilitate pedestrian movement, minimize stretches without shade or cover, or stretches without lighted streets.

ii. 10 points will be awarded to projects that:

- Is Project located within one-half (½) mile from a Transit Station/Stop served by High Quality Transit, measured from the nearest boarding point of the Transit Station/Stop to the entrance of the residential structure in the Project furthest from the Transit Station/Stop along a walkable route; or
- Is the Project located within one-quarter (¼) mile of a Transit Station or Major Transit Stop, as defined by IIG Program Guidelines, measured by a Walkable Route from the nearest boundary of the Project to the outer boundary of the site of the Transit Station or Major Transit Stop?



- From the AHSC FY 2019-20 Program Guidelines
 - (bb) "High Quality Transit" means a Qualifying Transit line with high frequencies AND permanent infrastructure as follows:
 - (1) Frequency: High Quality Transit must have Peak Period headway frequency on the same route of every 15 minutes or less and service seven days a week. This level of service must have been publicly posted by the provider at some point between January 2020 and the time of application.
 - (2) Permanent Infrastructure: High Quality Transit must operate on a railway or be transit service with Bus Rapid Transit features that either fully or partially operate on a dedicated bus-only lane, or uses High Occupancy Vehicle (HOV) or High Occupancy Toll (HOT) lanes.
 - If you claim High Quality Transit you must submit an upload clearly showing the stop and schedule meeting the requirement.



• From IIG Program Guidelines May 2021

(q) "Major Transit Stop" means a site containing any of the following: (1) An existing rail or bus rapid transit station. (2) A ferry terminal served by either a bus or rail transit service. (3) The intersection of two or more major bus routes with a frequency of service interval of 15 minutes or less during peak hours. Peak hours are limited to the time between 7 a.m. to 10 a.m., inclusive, and 3 p.m. to 7 p.m., inclusive, Monday through Friday, or the alternative peak hours designated for the transportation corridor by the transit agency. This level of service must have been publicly posted by the provider at some point between January 2020 and the time of application.



- "Enable Editing" and "Enable Macros"
- Do not use Apple Mac Computers
- Hidden Cells
- Complete the application before skipping the Document Checklist Tab

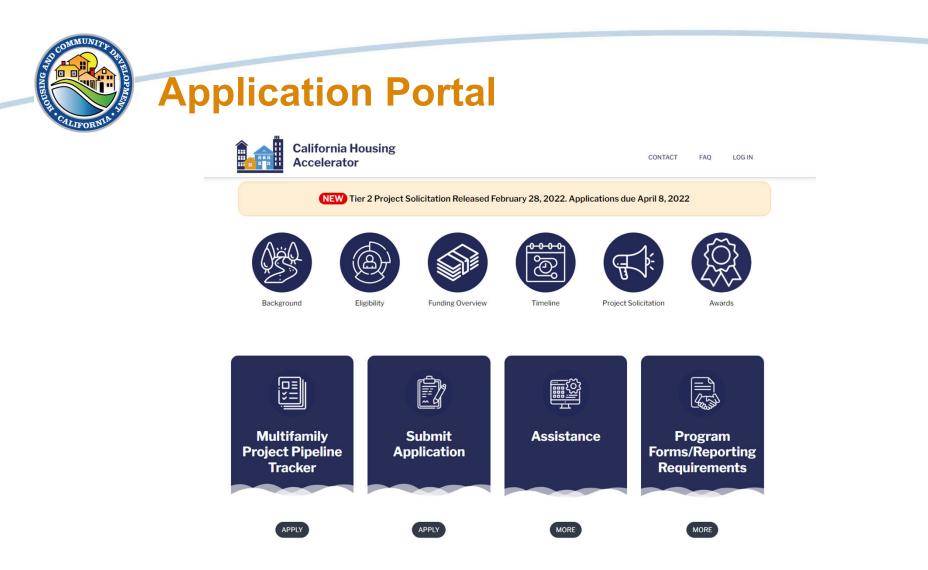


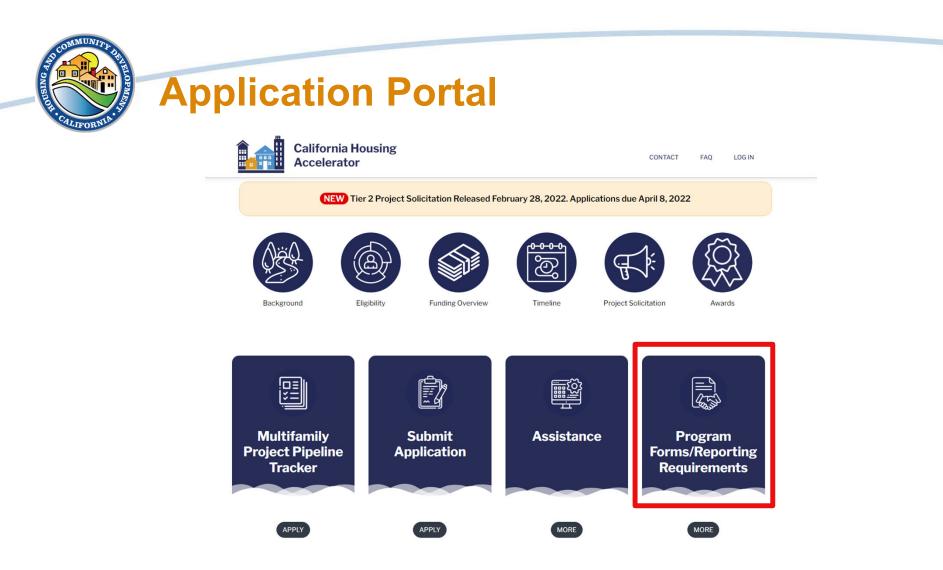
California Housing Accelerator

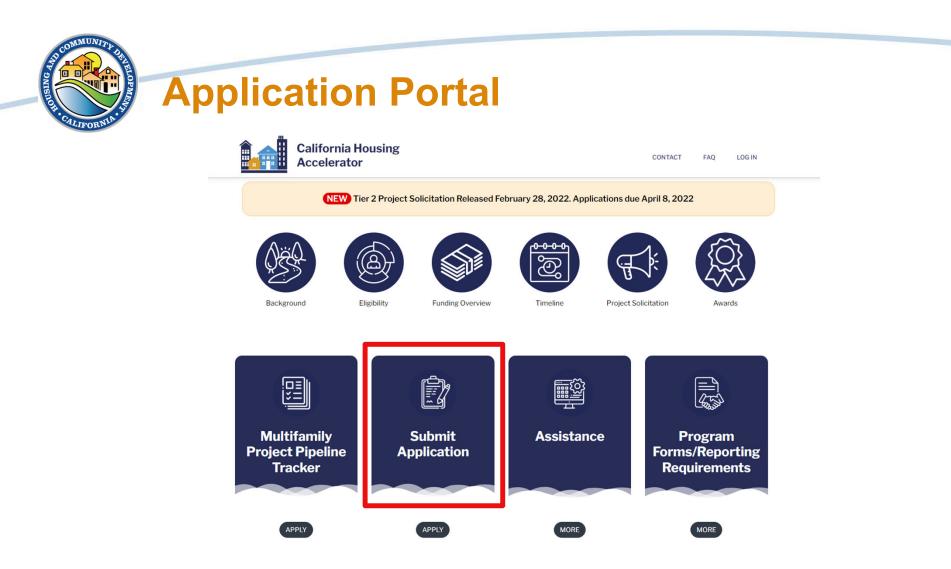
Project Solicitation (Tier 2 - February 28, 2022)

Application





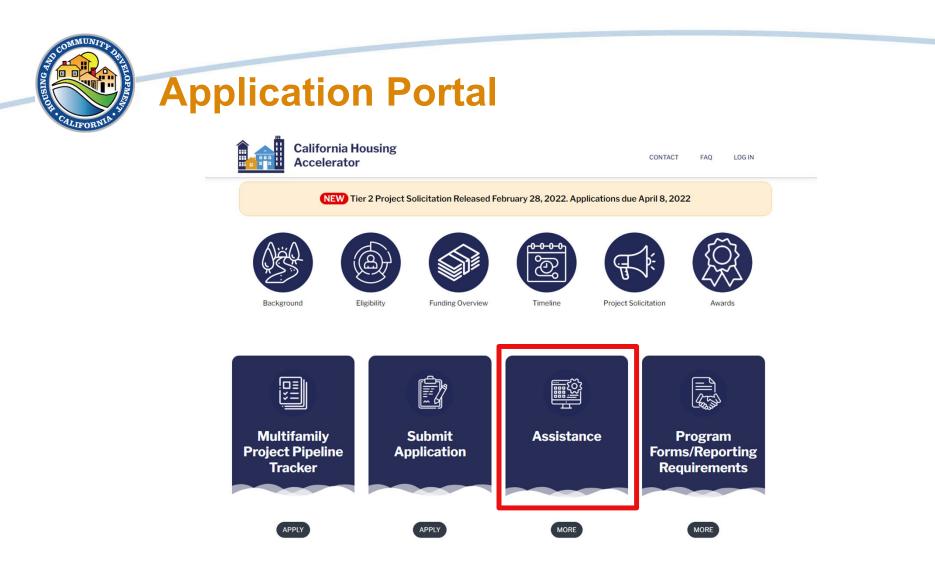






Application Portal

- Web browser requirements for the California Housing and Accelerator Application:
- Browser -- Supported version
- Chrome -- Latest
- Firefox -- Latest and extended support release (ESR)
- Edge -- 2 most recent major versions
- IE -- 11, 10*, 9* ("compatibility view" mode not supported) *deprecated in v10, see deprecations guide.
- IE Mobile* -- 11 *deprecated in v10, see deprecations guide.
- Safari -- 2 most recent major versions
- IOS -- 2 most recent major versions
- Android -- X (10.0), Pie (9.0), Oreo (8.0), Nougat (7.0)





Other Considerations - Legal Documents

- 1. HCD Standard Agreement
- 2. Regulatory restrictions, loan documentation
- 3. Reporting requirements



Other Considerations- Regulatory Restrictions

- 1. Loan terms and restrictions will be incorporated into a new Standard Agreement
- 2. Regulatory agreement recorded
 - a) Same income, occupancy, and rent restrictions as CDLAC-TCAC application and HCD Commitment
 - b) Existing HCD Commitment will govern



- 1. Article XXXIV statutory exemption for ARPA funding programs
- 2. Prevailing Wages
- 3. Environmental Review
- 4. Relocation
- 5. Accessibility and Non-Discrimination
- 6. Insurance Requirements



- 1. Thank you for attending!!
- 2. Questions Accelerator Inbox:

accelerator@hcd.ca.gov