



California
Housing
Accelerator

Tier I Solicitation Webinar

September 24, 2021



Today's Presenters

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Presentation Overview

- 1. Program Purpose and Implementation**
- 2. Review Timeline**
- 3. Review Project Solicitation and Guidelines**
- 4. Discuss Tier 1 Eligibility**
- 5. Review Application and Requirements**
- 6. Receive Questions for Posting to Website**



California Housing Accelerator Program Purpose and Implementation

Clear

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



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.



Accelerate

development of housing for those most in need.





California Housing Accelerator Program Purpose and Implementation

Funding Goals

- Reduce backlog of projects “stuck” in funding pipeline.
- Accelerate development of housing for those most in need.



Programmatic Requirements

- Start construction within 180 days.
- Equity funding to be replaced will be based off most recent application with justification of any increases to be approved at discretion of HCD.



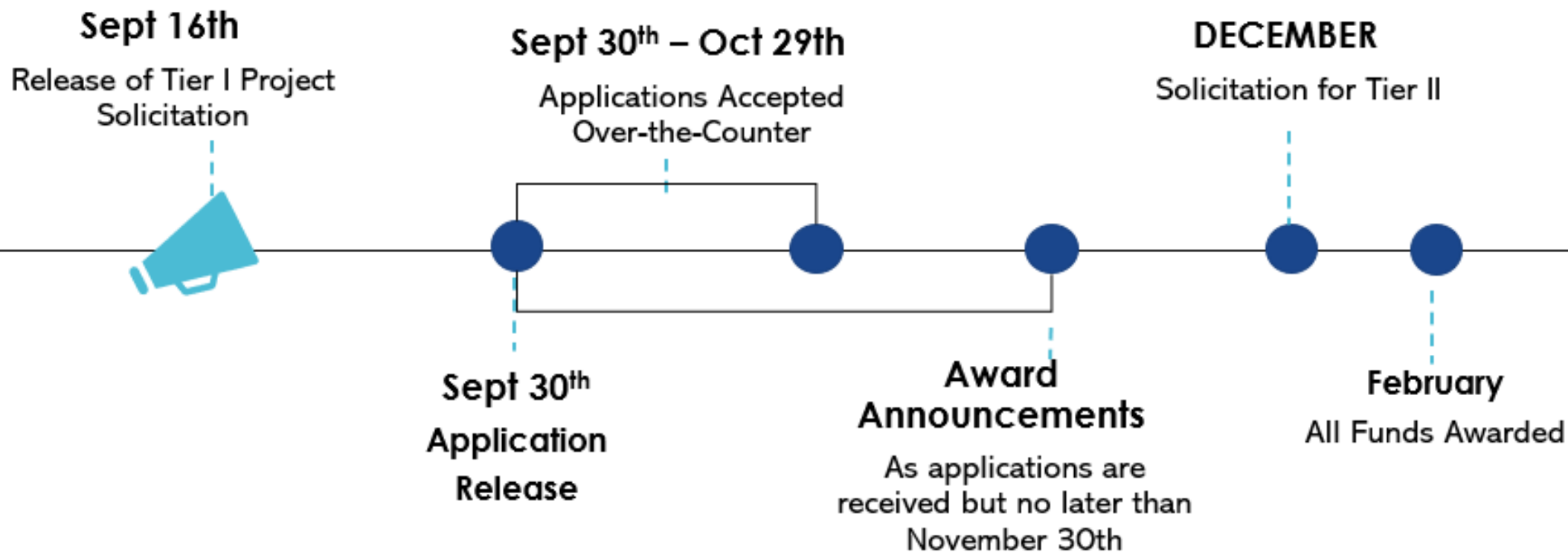
Streamlined Implementation

- Dedicated strike team for outreach and application reviews.
- Streamlined application with focus on updating information in prior applications – no need to repeat underwriting, etc.
- Amended standard agreement vs. new standard agreement.





California Housing Accelerator Program Timeline





Project Solicitation & Guidelines

- 1. Funds Available**
- 2. Eligible Project**
- 3. Eligible Applicants**
- 4. Threshold Requirements**
- 5. Funding Amounts**
- 6. Critical Milestones**



Funds Available

- 1. 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. \$1.6 million available for local assistance**
- 4. Funds to be awarded in two Tiers**



Eligible Project – Tier I

- 1. Received award from HCD multifamily housing program January 1, 2018 or later**
 - a) Award not expired, terminated, disencumbered**
- 2. Applied for and denied a CDLAC-TCAC no later than July 1, 2021**
 - a) Applicant must not have received, then later returned allocation, or withdrew an application recommended for allocation**



Eligible Project – Tier I

Special Note re: IIG, NPLH and CDBG-DR

- 1. Infill Infrastructure Grant (IIG) awards**
 - a) Identified QIP must also have an HCD award**
- 2. No Place Like Home (NPLH) awards**
 - a) Projects with NPLH awards from Alternative Process Counties (APC) do not qualify unless project has other HCD award**
- 3. CDBG-Disaster Recovery Multifamily awards**
 - a) Projects must have a Notice to Proceed or Conditional Approval from HCD**



Eligible Applicants – Tier I

- 1. All applications must include all original applicants in the Existing HCD Commitment***
 - a) Existing HCD Commitment = existing award of HCD funds to the housing development**



Eligible Use of Funds – Tier I

- 1. Funds shall only be used for costs eligible under the federal low-income housing tax credit program**
 - a) Department reserves the right to disallow costs determined unreasonable by the Department**
 - b) Department may also require written approval for reserve withdrawals**



Threshold Requirements – Tier I

- 1. Application must document and demonstrate readiness to proceed within 180 days of award**
 - a) Application includes certification of Sponsor affirming readiness**
- 2. CDLAC-TCAC joint application submitted prior to July 1, 2021**



Threshold Requirement (continued)

- 3. 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**
 - b) Unsigned resolutions acceptable for application**

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



Threshold Requirement (continued)

Resolution Requirements

All resolutions and loan authorizations require the following:

- 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**



Maximum Award Amount

- 1. Loan amount based on requested tax equity, then adjusted to reflect the following:**
 - a) Increases in construction costs based on DGS index**
 - b) Changes in financing costs as result of switching equity for debt financing**
 - c) Department's estimate of cost change due to prevailing wage and developer fee limit**



Application Review and Fee

- 1. Project review limited to threshold requirements only**
- 2. 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 or if credits or bonds subsequently secured.**



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.**



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**



Developer Fee Limits

- 1. Maximum Developer Fee allowable is \$2.2 million**
 - a) Dev fee paid from sources limited to the per-unit calculation in UMR 8312(a)**
 - b) Remaining dev fee paid from priority cash flow**



Tax Credit Application Limits

- 1. Accelerator awards shall be returned if pending CDLAC and/or TCAC applications are successful (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**



Legal Documents

- 1. HCD Standard Agreement**
- 2. Regulatory restrictions, loan documentation**
- 3. Reporting requirements**
- 4. Defaults (in case of)**



Regulatory Restrictions

- 1. Loan terms and restrictions will be incorporated into Existing HCD Commitment loan docs**
- 2. Regulatory agreement recorded**
 - a) Same income, occupancy, and rent restrictions as CDLAC-TCAC application and HCD Commitment**
 - b) Existing HCD Commitment will govern**
- 3. Promissory note, deed of trust**
- 4. Cross-default**



Other State/Federal Requirements

- 1. Article XXXIV – statutory exemption for ARPA funding programs**
- 2. Prevailing Wages – if Accelerator funds are sole trigger for PW, it would be an eligible cost under this funding source.**
- 3. Environmental Review**
- 4. Relocation**
- 5. Accessibility and Non-Discrimination**
- 6. Insurance Requirements**