



## County of San Mateo Department of Housing

### NOTICE OF FUNDING AVAILABILITY (NOFA) AFFORDABLE HOUSING FUND 109.0

Applications Due by  
4:00 p.m. ~~Friday~~ ~~Friday~~, ~~August~~ ~~July~~ ~~19~~ ~~22~~ ~~3~~, ~~2021~~ 2022

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This NOFA is available online at: <https://www.smcgov.org/ahf10-nofa>  
<https://housing.smcgov.org/ahf9-nofa>

Applications must be submitted online through City Data Services:  
[www.citydataservices.net](http://www.citydataservices.net)  
Login for new users: ~~AHF20221~~ for ID & Password

Questions regarding the content of the online application or NOFA content  
must be emailed to ~~hcd@smchousing.org~~ [housing@smchousing.org](mailto:housing@smchousing.org).

For technical assistance with the online application, contact Steve Crouse  
[citydataservices@yahoo.com](mailto:citydataservices@yahoo.com) or (650) 533-5933

TABLE OF CONTENTS

**NOFA OVERVIEW & FUNDING REQUIREMENTS ..... 4**

I. INTRODUCTION AND BACKGROUND ..... 4

II. PURPOSE ..... 6

III. APPLICATION SUBMISSION, REVIEW AND APPROVAL PROCESS ..... 8

    A. Notice of Funding Availability Overview ..... 8

    B. Tentative Schedule of Events ..... 8

    C. Technical Assistance Session ..... 9

    D. Application Submission ..... 9

    E. Review and Approval Process ..... 10

    F. Reprogrammed AHF10.0 Funds ..... 11

IV. DEFINITIONS ..... 12

V. FUNDING AVAILABILITY; ELIGIBLE APPLICANTS; ELIGIBLE PROJECTS ..... 20

    A. Funding Availability Overview ..... 20

    B. Eligible Applicants ..... 21

    C. Eligible Project Types ..... 21

    D. Funding Availability by Housing Category and Unit Type ..... 23

    E. OTC NOFA Eligible Projects ..... 25

VI. QUALIFICATION AND PREFERENCE CRITERIA ..... 26

VII. ELIGIBLE USES OF AHF LOAN FUNDS ..... 38

VIII. LOAN TERMS ..... 40

IX. SPECIAL TERMS AND CONDITIONS ..... 46

X. COMPLIANCE MONITORING AND LOAN SERVICING ..... 50

XI. SECTION 8 PROJECT-BASED VOUCHERS ..... 51

**SCORING FACTORS / PROJECT EVALUATION ..... 52**

**EXHIBIT A Mental Health Services Act (MHSA) Housing Units ..... 62**

**EXHIBIT B CHECKLIST OF APPLICATION ATTACHMENTS ..... 1**

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**Error! Hyperlink reference not valid. I. INTRODUCTION AND**  
**BACKGROUND ..... Error! Bookmark not defined.**

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<del><a href="#">Error! Hyperlink reference not valid.III.APPLICATION SUBMISSION, REVIEW AND APPROVAL PROCESS</a></del>	<del>.....</del>	<del>Error! Bookmark not defined.</del>
<del><a href="#">Error! Hyperlink reference not valid.A.Notice of Funding Availability Overview</a></del>	<del>.....</del>	<del>Error! Bookmark not defined.</del>
<del><a href="#">Error! Hyperlink reference not valid.B.Tentative Schedule of Events</a></del>	<del>.....</del>	<del>Error! Bookmark not defined.</del>
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<del><a href="#">Error! Hyperlink reference not valid.E.Review and Approval Process</a></del>	<del>.....</del>	<del>Error! Bookmark not defined.</del>
<del><a href="#">Error! Hyperlink reference not valid.F.Reprogrammed AHF 9.0 Funds</a></del>	<del>.....</del>	<del>Error! Bookmark not defined.</del>
<del><a href="#">Error! Hyperlink reference not valid.IV. DEFINITIONS</a></del>	<del>.....</del>	<del>Error! Bookmark not defined.</del>
<del><a href="#">Error! Hyperlink reference not valid.V.FUNDING AVAILABILITY; ELIGIBLE APPLICANTS; ELIGIBLE PROJECTS</a></del>	<del>.....</del>	<del>Error! Bookmark not defined.</del>
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<del><a href="#">Error! Hyperlink reference not valid.C. Eligible Project Types</a></del>	<del>.....</del>	<del>Error! Bookmark not defined.</del>
<del><a href="#">Error! Hyperlink reference not valid.D.Funding Availability by Housing Category and Unit Type</a></del>	<del>.....</del>	<del>Error! Bookmark not defined.</del>
<del><a href="#">Error! Hyperlink reference not valid.E.OTC NOFA Eligible Projects</a></del>	<del>.....</del>	<del>Error! Bookmark not defined.</del>
<del><a href="#">Error! Hyperlink reference not valid.VI.QUALIFICATION AND PREFERENCE CRITERIA</a></del>	<del>.....</del>	<del>Error! Bookmark not defined.</del>
<del><a href="#">Error! Hyperlink reference not valid.VII.ELIGIBLE USES OF AHF LOAN FUNDS</a></del>	<del>.....</del>	<del>Error! Bookmark not defined.</del>
<del><a href="#">Error! Hyperlink reference not valid.VIII. LOAN TERMS</a></del>	<del>.....</del>	<del>Error! Bookmark not defined.</del>
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~~Error! Hyperlink reference not valid. EXHIBIT B Mental Health Services Act (MHSA) Housing Units~~ .....Error! Bookmark not defined.

The AHF [910.0](#) Application is available online at [www.citydataservices.net](http://www.citydataservices.net). You MUST submit a completed Application to be considered for funding.

## COUNTY OF SAN MATEO — DEPARTMENT OF HOUSING

### NOTICE OF FUNDING AVAILABILITY (NOFA) FOR THE COUNTY'S AFFORDABLE HOUSING FUND [109.0](#)

#### NOFA OVERVIEW & FUNDING REQUIREMENTS

##### I. INTRODUCTION AND BACKGROUND

The County of San Mateo Department of Housing (“DOH” or “Department”) is made up of two ~~u~~units, the Housing Authority of the County of San Mateo (“HACSM” or “Housing Authority”) and the Housing and Community Development division (“HCD”). HACSM is a “Moving to Work” agency, providing Section 8 rental assistance and administering innovative programs that target vulnerable populations, promoting housing stability and family self-sufficiency. The HCD division manages ~~the following programs funds allocated for affordable housing purposes: –federal Department of Housing and Urban Development’s (“HUD”) Community Development Block Grant (“CDBG”), HUD HOME Investment Partnership Programs (“HOME”) County funds, other federal program funds, State Department of Housing and Community Development (“State HCD”) funds, and local Measure K funds. HCD allocated for affordable housing purposes as well as federal grant programs funded through the U.S. Department of Housing and Urban Development’s (“HUD”) Community Development Block Grant (“CDBG”) and HOME Investment Partnership Programs (“HOME”).~~ HCD also fosters strategic partnerships, policies and programs designed to catalyze the creation of affordable housing ~~options~~. Together, HACSM and HCD provide millions of dollars ~~annually~~yearly for housing assistance, housing development, and public services in support of housing programs in the ~~C~~county.

This NOFA is part of an ongoing allocation of funds from the County’s Affordable Housing Fund (“AHF”) which began in April 2013, ~~with the allocation by the San Mateo County Board of Supervisors of approximately \$13.4 Million of unrestricted General Funds for affordable housing~~

~~purposes. These funds were derived from a one-time distribution of Housing Trust Funds held by former redevelopment agencies in San Mateo County. The County has continued to distribute funds annually for affordable housing purposes through the Affordable Housing Fund, awarding \$91.2 million across the first six AHF NOFA rounds. Nearly \$60 million of this funding came from Measure A, the ½ cent sales tax approved by San Mateo County voters in 2012, and Measure K, which extended the tax for 20 years in 2016. Last year, DOH allocated over \$33 million in Measure K, State HCD Permanent Local Housing Allocation, and State HCD Housing for a Healthy California funds through its AHF 8.0 NOFA, the funding awards of which will support the development or rehabilitation of over 1,000 units of affordable housing.~~

~~To date, the Affordable Housing Fund, together with its Preservation sub-fund, has allocated over nearly \$120052 million to assist the construction, rehabilitation, and preservation of –over 32,230834 units in San Mateo County, —supporting development of 2,476 new affordable rental and homeownership units, and preservation as affordable housing of 358 multifamily rental units.~~

~~The Board has been made aware of existing permanent multifamily rental housing whose Units are occupied by households with incomes at or below 80% of AMI; that is eligible to convert to market rate; and, that is known to be at imminent risk of rent increases which are likely to result in the eviction of the existing tenants due to one or more of the following conditions: a change in ownership, termination of a rent subsidy contract, prepayment of a subsidized mortgage, or expiration of rental and/or deed restrictions.~~

~~In furtherance of the County's With the goal toof preserveing these "Naturally-Occurring Affordable Housing ("NOAH," or "Preservation")" Units" pursuant to its 6<sup>th</sup> cycle Housing Element and, due to the high cost of this type of acquisition and the need to respondreact quickly to compete with private actors seeking speculators willing to evict low income tenants to increase rental income, the CountyBoard shall considerreview and fund proposals under a Preservation category for the systematic consideration of these proposals of this NOFA.~~

## II. PURPOSE

The County's ~~tenth~~<sup>ninth</sup> Affordable Housing Fund NOFA ("AHF ~~109.0~~ NOFA," or "NOFA") includes funding from ~~the County and the state of California, the County and California Department of Housing and Community Development ("State HCD"),~~ detailed in [Section III\(A\)](#). ~~This funding will be targeted to projects that provide or help preserve affordable permanent supportive rental housing for individuals who are recipients of, or eligible for, health care provided through Medi-Cal, Chronically Homeless, or Homeless and a High-cost health user, through the development of new affordable multifamily rental housing units and the re-syndication and rehabilitation of existing deed-restricted affordable multifamily rental housing stock.~~

DOH's strategic priorities for this funding assistance include the following:

- Expand housing opportunities through construction of new affordable multifamily housing developments;
- Leverage local, state, federal, philanthropic, private, and other subsidy funding for affordable housing;
- Target AHF funds to Supportive Housing Projects, as defined in [Section IV](#) of this NOFA, that serve homeless households and those at imminent risk of homelessness, including housing opportunities for at-risk former foster youth, persons with mental illnesses who are homeless or at-risk of homelessness, ~~clients of the County's Whole Person Care program,~~ and other clients of County services in need of affordable and supportive housing;
- Target AHF funds to very low- and extremely low-income affordable housing units;
- Encourage the creation of affordable multifamily projects containing larger units (2- and 3-bedroom);
- Create more housing within close proximity of services, amenities, employment opportunities, and transit – particularly where doing so leverages ~~Affordable Housing and Sustainable Communities ("AHSC")-state~~ funding;
- Maintain existing deed-restricted affordable rental housing in conjunction with re-syndication of Low Income Housing Tax Credits ("LIHTC"), to support the Project, for health and safety reasons and/or to extend the useful life of the improvements when such repairs are beyond the Project's capital improvement budget;
- Encourage minority- and women-owned businesses and economically disadvantaged workers residing in San Mateo County to participate in County-funded affordable housing projects;
- Support the development of affordable housing in High-Opportunity, Jobs-Rich areas, as defined in Section IV of this NOFA, through the provision of local and federal loan funds; ~~and~~
- ~~Build system capacity among affordable housing providers and supportive services providers;~~
- Prevent displacement of low-income residents living in NOAH properties by preserving units at-risk of conversion to market rates through the provision of local and federal loan funds to acquire and rehabilitate properties in order to ensure long-term affordability;
- Preserving rental housing known to be at imminent risk of rent increases that are likely to result in the eviction of Existing Tenants; and
- Preserving rental housing that currently serves County Clientsclients of County services, children, elderly, or disabled tenants.

~~DOH's strategic priorities for the AHF 9.0 funding assistance serve to further San Mateo County's Fair Housing Goals set forth in the San Mateo County Regional Assessment of Fair Housing, approved by HUD in November 2017. The 2017 Assessment of Fair Housing, including its goals, metrics, and milestones, can be found at: <https://housing.smcgov.org/assessment-fair-housing>. DOH's strategic priorities for the AHF 10.0 funding assistance serve to further the 6<sup>th</sup> cycle of the County's Housing Element, the draft of which will be available at - <https://www.smcgov.org/planning/san-mateo-county-housing-element-update-2023-2031>.~~

### III. APPLICATION SUBMISSION, REVIEW AND APPROVAL PROCESS

#### A. Notice of Funding Availability Overview

On ~~July 25~~<sup>21</sup>, 202~~21~~<sup>24</sup>, the County of San Mateo Department of Housing released this AHF ~~109.0~~ NOFA in the combined amount of approximately \$~~27.557~~ Million in Measure K Funds, ~~HCD Housing for a Healthy California program funds, HCD Permanent Local Housing Allocation Program funds, potential HCD Local Housing Trust Fund funds,~~ and Mental Health Services Act funds. Sources for this AHF ~~109.0~~ NOFA consist of the following:

- Approximately \$~~22.530~~ Million of County Measure K funding, approximately \$~~2.510~~ Million of which is recycled from ~~previous AHF awards~~<sup>AHF 8.0 awards</sup> due to Project cost savings ~~and conditional award returns~~
- ~~Approximately \$16 Million of State HCD Housing for a Healthy California (“HHC”) program funds awarded to County~~
- ~~Approximately \$1.4 Million of State HCD Permanent Local Housing Allocation Program, Entitlement Local Government Formula Component (“PLHA”)~~
- Up to \$5 Million of Mental Health Services Act (MHSA) funds designated for Projects serving persons with serious mental illness who are homeless or at-risk of homelessness, ~~pending MHSA Commission approval~~
- ~~\$4,750,000 in HCD Local Housing Trust Fund (“LHTF”) funds, pending successful DOH LHTF application~~

~~Should additional funding sources for affordable housing become available, such as Permanent Local Housing Allocation funds, Local Housing Trust Fund funds, and/or American Rescue Plan funds, while this NOFA is open or shortly after it closes, DOH will use this competitive NOFA process to allocate those funds.~~

~~For more information on the HHC funds included in this NOFA, please read Exhibit A. Interested applicants should also review the State’s HHC Program Details webpage, and the HHC Final Amended Guidelines. Applicants interested in applying for HHC funds available in this NOFA should contact DOH staff prior to application submission.~~

This AHF ~~109.0~~ NOFA is posted on the DOH website, under “NOFAs, Bids & Proposals” at: <https://www.smcgov.org/ahf10-nofa> ~~<https://housing.smcgov.org/ahf9-nofa>~~

#### B. Tentative Schedule of Events

EVENT	TARGET DATE *
NOFA Published & Posted on DOH website	<del>July 25</del> <sup>21</sup> , 202 <del>21</del> <sup>24</sup>
Technical Assistance Session for Applicants	<del>August 4</del> <sup>July 8</sup> , 202 <del>21</del> <sup>24</sup> – <del>10am-3pm</del> <sup>noon-3pm</sup>
Final Day for Emailed Questions	<del>August 11</del> <sup>July 16</sup> , 202 <del>21</del> <sup>24</sup>
Application Submission Due Date	<del>August</del> <sup>July</sup> <del>19</del> <sup>23</sup> , 202 <del>21</del> <sup>24</sup> (by 4:00 p.m.)



<u>HCDC Listening Session</u>	<u>September 29, 2022 – 1pm to 3pm</u>
HCDC Public Hearing	<u>October 6</u> <del>September 14</del> , 202 <u>21</u> – 1 <u>0</u> <del>0</del> am to <u>3pm</u> <del>noon</del> (est.)
Board of Supervisors Meeting (for Funding Allocations)	<u>October 18</u> , <del>September 28</del> , 202 <u>21</u> (est.)

**\*Please check the DOH website to confirm all dates**

C. Technical Assistance Session

DOH will hold a technical assistance session for prospective applicants on ~~August 4~~**July 8, 2021-2022** from ~~10am to noon~~**10am to 3pm**. The session will be held remotely on Zoom. Please visit DOH’s website at under “NOFAs, Bids & Proposals” at <https://www.smcgov.org/ahf10-nofa> for the link to the technical assistance session. Attendance by applicants is not mandatory but is strongly recommended. Instruction on the ~~complete the application on use the of the~~ City Data Services ~~platform application process~~ will be provided.

D. Application Submission

1) **Application Due Date.** *Applications for this NOFA must be submitted to DOH through the City Data Services online platform by no later than 4:00 p.m. on Friday, August 19~~Friday, July 23~~, 20221.* Project applications must be complete by the deadline date to ensure consideration for funding eligibility. ~~Applications that do not include all required information, or that do not have complete answers to all applicable questions, may, at DOH’s sole discretion, be deemed ineligible for funding.~~

2) **Pre-Application Meeting.** Prior to submitting an application ~~for under~~ AHF 109.0 funding, Applicants must meet with DOH staff to introduce and discuss the ~~P~~project, its fit with County affordable housing goals, any possible challenges, ~~the any~~ projected need for County subsidy, and other topics, as necessary. Please contact Babs Deffenderfer (bdeffenderfer@smchousing.org) if you expect to submit a funding application under AHF 109.0 and have not yet introduced the project to DOH staff.

- If Applicant’s Project is a component of - or meets requirements for a commercial or other non-residential project for - an inclusionary housing requirement implemented by the local jurisdiction, Project eligibility will be discussed at the pre-application meeting. In advance of the pre-application meeting, Applicant shall deliver to County a letter from the local jurisdiction regarding the inclusionary requirements applicable to the Project and if/how the Project proposes to exceed the inclusionary requirement of the local jurisdiction.

2)3) **Application Includes All Materials.** Application submittals must include:

- Application form, completely filled in, completed online in CDS; and
- ~~R~~Any required attachments and any additional attachments as available or applicable; and

- Any supplementary materials, if relevant and necessary.

~~3)4)~~ **Submission online.** All applicants must submit applications online through [www.citydataservices.net](http://www.citydataservices.net) (“CDS”) with all attachments included. The AHF applications will be listed under “202~~24~~ AHF ~~910.0~~ Applications,” and the login for new applicants is AHF202~~24~~ for ID and password. Instruction in the use of the online system will be provided at the technical assistance workshop scheduled for ~~August 4~~ ~~July 8, 2022~~ from ~~10am-1pm~~ to ~~noon-3pm~~. The session will be held remotely on ~~Microsoft TeamsZoom~~. Please visit DOH’s website at under “NOFAs, Bids & Proposals” at ~~https://housing.smcgov.org/ahf10-nofa~~<https://housing.smcgov.org/ahf9-nofa> for the link to the technical assistance session. Applicants are encouraged to attend.

~~4)5)~~ **No Material Changes.** Applications, including any attachments, may not be materially revised and/or submitted after the deadline date. In addition, once a proposal is awarded funding by DOH, it cannot be materially revised prior to execution of loan agreement and closing of escrow. DOH has sole discretion to determine what constitutes a material revision to an application.

~~5)6)~~ **Application Becomes DOH Property.** All materials submitted in response to this NOFA, or in response to staff requests to an Applicant for clarification or additional information related to the Applicant’s application, shall become property of DOH.

~~6)7)~~ **Questions and Response Process.** ~~Please do not call DOH with questions regarding this NOFA or the CDS application.~~ Submit all questions relating to this NOFA or content of the application ~~viaby~~ emailing ~~at~~ [hcd@smchousing.org](mailto:hcd@smchousing.org) ~~housing@smchousing.org~~. ~~Applicants will receive responses via email.~~ All questions and responses from the Department will ~~also~~ be posted periodically on the DOH website until shortly before the application due date. The final day to email questions to the Department is ~~August 11~~ ~~July 16, 2022~~. ~~Questions regarding functionality of the application in CDS should be directed to Steve Crounse at CDS at-~~ [citydataservices@yahoo.com](mailto:citydataservices@yahoo.com) or 650-533-5933. Applicants will receive responses via email.

#### E. Review and Approval Process

- 1) DOH staff will review the application and forward a staff report and funding recommendation to the Applicant and the San Mateo County Housing and Community Development Committee (“HCDC”). ~~-~~ ~~-~~ During the review, staff will ~~likely~~ reach out to Applicants to clarify ~~questions regarding the submissions~~ application responses and/or attachments.
- 2) The HCDC will assume responsibility for reviewing all applications after staff ~~has~~ ves assessed compliance with threshold eligibility criteria and summarized their analysis of each application and funding recommendations in a staff report intended to assist the HCDC in their review and recommendation process.
- 3) The HCDC will conduct a public hearing tentatively scheduled for ~~October~~ ~~September~~ 614, 2021-2022 from 1pm-3pm to receive testimony regarding proposals submitted for AHF funding in response to this NOFA. The HCDC will formulate a funding

recommendation to the Board of Supervisors, including a list of projects recommended for funding, the level of funding recommended, the source of funding recommended, and conditions to be satisfied prior to funding, ~~if any.~~ The HCDC is unlikely to recommend funding for any Projects unless a representatives of the he Applicants areis available during the public hearing to answer questions about the proposed project.

- 4) DOH reserves the right to make a funding recommendation that is more than, equal to, or less than the requested amount of funding for any Project, regardless of the point score received by the Project ~~on the Project Evaluation Sheet~~based on the PREFERENCE CRITERIA AND SCORING section of this NOFA.
- 5) Final approval of ~~P~~projects that will receive AHF ~~109.0~~ funding, funding sources, and amounts, will be made by the County's Board of Supervisors. ~~—~~The HCDC recommendations, together with DOH staff comments and recommendations, will be submitted to the Board of Supervisors for approval. The Board is the final decision-maker for determining AHF awards.
- 6) ~~Selection of one or more Projects to receive AHF 9.0 funding, and T~~the funding amount for each Project ~~that receives an AHF 10.0 funding award,~~ will be memorialized in the form of a Loan Agreement between the Borrower and DOH, authorized by a resolution of the County Board of Supervisors, and signed by both parties.

F. Reprogrammed AHF ~~9.0~~10.0 Funds

DOH's procedure for redistributing Reprogrammed Funds is described below. Reprogrammed Funds are defined as (1) AHF funds awarded through this AHF 109.0 NOFA process that are recaptured by DOH as a result of AHF award conditions and/ or Project cost savings; and (2) AHF funds that are made available through this AHF 109.0 NOFA but are not awarded to Projects (collectively, "Reprogramming Funds" or "Reprogrammed Funds").

- 1) Reprogrammed Funds will be distributed by an over the counter NOFA ("OTC NOFA") that will open upon DOH's receipt of Reprogrammed Funds from AHF 109.0 and close the earlier of (1) Reprogrammed Funds being fully awarded, or (2) one month before the release of the next AHF NOFA. ("OTC NOFA Noticing Period").
- 2) DOH staff will accept, review, and award OTC NOFA applications throughout the OTC NOFA Noticing Period.
- 3) Eligible Projects for the OTC NOFA are described in [Section V. E.](#)
- 4) OTC NOFA applications will be evaluated on a narrow set of leveraging and timeliness criteria, set forth in [Section VI.](#)
- 5) Tentative schedule of events for OTC NOFA:

DATE	OTC Process Step
<del>June</del> <del>July</del> <u>July</u> 202 <u>2</u> <u>4</u>	Annual AHF NOFA released describing OTC Process to potential applicants
<del>Est.</del> <del>September</del> <u>October</u> 202 <u>2</u> <u>4</u>	AHF awards are approved by the Board of Supervisors, including conditional funding award amounts and anticipated recapture dates
<del>September</del> <del>October</del> <u>November</u> 202 <u>2</u> <u>4</u>	Award letters are drafted and executed by developer and include conditional funding amounts
<del>October</del> <u>November</u> – May 202 <u>3</u> <u>2</u>	Reprogrammed Funds are recaptured, if applicable
<del>October</del> <u>November</u> – May 202 <u>3</u> <u>2</u>	DOH announces to previously awarded Applicants the availability of recaptured funds, if applicable
<del>October</del> <u>November</u> – May 202 <u>3</u> <u>2</u>	Window of OTC NOFA where Projects apply for and are evaluated and awarded Reprogrammed Funds on a rolling basis
May 31, 202 <u>3</u> <u>2</u>	OTC NOFA closes

~~6)~~ Reprogrammed Funds that remain after the close of the OTC NOFA Noticing Period will be incorporated in the following NOFA cycle (AHF ~~119~~.0).

~~7)~~

~~8)~~

~~9)~~ 6)

#### IV. DEFINITIONS

A. The following definitions are provided with respect to this Affordable Housing Fund ~~109~~.0 NOFA and refer to terms referenced both prior to and subsequent to this [Section IV](#).

- 1) “Affordability Covenant”: The recorded regulatory agreement executed by Borrower in favor of DOH as a condition of an AHF ~~910~~.0 award by which Borrower agrees to be bound by certain affordability requirements.
- 2) “AHF”: The County’s Affordable Housing Fund, created in 2013 with funds derived from a one-time distribution of Housing Trust Funds held by former redevelopment agencies in San Mateo County. Since that time, the AHF has been annually funded by the County’s Board of Supervisors using a variety of sources including, but not limited to, County Measure K, Housing Authority Moving to Work Reserves, and former redevelopment agency funds reallocated to the County.
- 3) “AHF NOFA,” “AHF ~~109~~.0 NOFA” or “NOFA”: The current County Affordable Housing Fund NOFA offering approximately \$~~257~~ Million in funding assistance, which is comprised of:

- Approximately ~~\$22.530~~ Million of County Measure K funding, approximately \$~~2.542~~ Million of which is recycled from previous AHF ~~8-0~~ awards due to Project cost savings ~~and conditional award returns~~  
~~Approximately \$16 Million of State HCD Housing for a Healthy California (“HHC”) program funds awarded to County~~  
~~Approximately \$1.4 Million of State HCD Permanent Local Housing Allocation Program, Entitlement Local Government Formula Component (“PLHA”)~~
- ~~Up to~~ Approximately \$5 Million of Mental Health Services Act (MHSA) funds designated for Projects serving persons with serious mental illness who are homeless or at-risk of homelessness
- ~~\$4,750,000 in HCD Local Housing Trust Fund (“LHTF”) funds, pending successful DOH LHTF application~~

- 4) “AHF-Restricted Unit”: A residential Unit that is subject to income and occupancy restrictions as a condition of the financial assistance provided by AHF funding, as specified in the Loan Agreement and Affordability Covenant. The number of AHF-Restricted Units is determined as described in this section.

**Rental Multifamily New-Construction Affordable Rental Housing Projects and Multifamily Re-Syndication-Rehabilitation Projects:-**

The number of AHF-Restricted Units shall be the greater of [(a) + (b) + (c)] or (d), as described below, but shall not exceed 49% of the Units. The number of Units restricted by (a), (b) and (c) below shall not be permitted to overlap: i.e., a Unit restricted to meet the requirements of [Section VI\(A\)\(1\)\(h\)](#) for 30% AMI Unittenants may not also be designated to meet the requirements of [Section VI\(A\)\(1\)\(i\)](#) for Hhomeless Unittenants. However, any Units restricted to meet requirements of (d) below may also be Units restricted by (a), (b) or (c).

- (a) ELI Units subject to [Section VI\(A\)\(1\)\(h\)](#) requiring 15% of the Units restricted to households with incomes at/below 80% of AMI be rented to tenants earning at or below 30% AMI;
- (b) Homeless Units subject to [Section VI\(A\)\(1\)\(i\)](#) requiring the greater of 5% of the Units restricted to households with incomes at/below 80% of AMI, or 2 Units, whichever is greater, be set aside for homeless County Clients, as defined in section IV.A(9);
- (c) Units which generate additional competitive points under this NOFA as described in [Section VI\(A\)\(2\)\(g\)](#) for restricting additional Units for tenants earning at or below ~~305~~% AMI, tenants who are homeless or at risk of homelessness, frail elders leaving nursing or long-term care facilities, households including a person or persons with an I/DD, HHC-Eligible Population tenants, MHSA-Eligible Population tenants, or other County Clients;
- (d) The number of Units derived by dividing the AHF loan amount by \$100,000.

**Preservation Projects:**

The number of AHF-Restricted Units shall be the greater of [(a) + (b) +(c)] or (d), as described below, but shall not exceed 49% of the Units. Any Units restricted to meet requirements of (d) below may also be Units restricted by (a), (b), and (c).

- (a) ELI Units subject to Section VI(C)(1) requiring 15% of the Units restricted to households with incomes at/below 80% of AMI be rented to tenants earning at or below 30% AMI;
- (b) Homeless Units subject to Section VI(C)(1) requiring the greater of 5% of the Units restricted to households with incomes at/below 80% of AMI, or 2 Units, whichever is greater, be set aside for homeless County Clients, as defined in Section IV.A(9);
- (c) Units which generate additional competitive points under this NOFA as described in Section VI(C)(2) for restricting additional Units for tenants earning at or below 30% AMI, tenants who are homeless or at risk of homelessness, frail elders leaving nursing or long-term care facilities, households including a person or persons with an I/DD, HHC-Eligible Population tenants, MHSA-Eligible Population tenants, or other County Clients;
- (d) The number of Units derived by dividing the AHF loan amount by \$100,000.

**New Construction Affordable Homeownership Projects:**

The number of AHF-restricted Units shall be the number of Units derived by dividing the AHF loan amount by \$100,000.

- 5) “Applicant”: The entity submitting an application for this NOFA. Eligible ~~A~~ applicants include non-profit and mission-driven for-profit developers, other non-profit sponsoring agencies, tax credit limited partnerships and limited liability companies, and joint ventures among any of these entities. Governmental bodies are not eligible ~~A~~ applicants.
- 6) “Borrower”: A Borrower is the entity which shall execute the Loan Agreement, Deed of Trust, and Note memorializing the funding awarded through this NOFA. Borrower may be different from Applicant but must be controlled with at least 51% ownership by the Applicant or a wholly-owned subsidiary of the Applicant.
- 7) “Behavioral Health and Recovery Services” or “BHRS”: A division of the County Health System which provides a broad spectrum of services for children, youth, families, adults and older adults for the prevention, early intervention and treatment of mental illness and/or substance use conditions.
- 8) “Coordinated Entry System” or “CES”: San Mateo County’s coordinated process for homeless participant intake, assessment, and provision of referrals to the most appropriate housing solutions. HSA’s Center on Homelessness is the lead agency for administration of the CES.
- 9) “County Clients”: Individuals or households who are homeless or at-risk of homelessness and are linked to County services, including but not limited to services provided by one or more of the following agencies or third-party service providers contracted with these agencies: ~~the~~ County Health System (Health System), including BHRS, County ~~Human Services Agency~~ (HSA), the Health Plan of San Mateo (HPSM), and HACSM. County Clients may include, but are not limited to: households who are homeless or at imminent risk of homelessness (as defined by DOH in this NOFA), frail

elderly leaving nursing or long-term care facilities or needing specialized services in order to remain in an independent living situation, HHC-eligible households, FFY households, households with a person(s) with I/DD who is/are linked to County services, and high users of County medical services.

- 10) “DD” or I/DD Unit”: For purposes of this NOFA, is a Unit targeted to households with one or more persons with intellectual or developmental disabilities, as defined in 17 CCR § 54000, and who are referred to the Project by the County or Golden Gate Regional Center. Persons with I/DD may fall under the definition of County Clients provided under this NOFA if they are linked to County services.
- 11) “Deed of Trust”: The recorded deed of trust executed by Borrower in favor of DOH which describes the property interest against which an AHF 109.0 loan is secured and DOH’s remedies in the case of Borrower’s breach of the Loan Agreement and/or Note.
- 12) “DOH” or the “Department:” The County of San Mateo Department of Housing. DOH seeks to increase access to affordable housing, increase the supply of housing for all household types in the County, and support related community development, including administering the County’s Affordable Housing Fund.
- 13) “Developer” or “Project Developer:” The entity listed in the application for this NOFA as the entity responsible for completing the Project.
- 14) “Economically Disadvantaged Worker”: For the purposes of this NOFA, Economically Disadvantaged Worker as someone who (i) resides in a census tract within the County with an unemployment rate in excess of 150% of the County unemployment rate; or (ii) household income of less than 80% of AMI; or (iii) faces or has overcome at least one of the following barriers to employment: being homeless; being a custodial single parent; receiving public assistance; lacking a General Education Degree or high school diploma; participating in a vocational English as a second language program; or having a criminal record or other involvement in the criminal justice system.
- 15) “ELI Unit”: -For purposes of this NOFA, an ELI Unit is a Unit targeted to a household earning an extremely low income defined as up to 30% of the Area Median Income (AMI) and published annually by CTCAC and HUD. ELI Units funded in part by HUD are subject to HUD’s published income limits. Non-HUD funded CTCAC ELI Units are subject CTCAC’s published income limits. Units not funded by CTCAC or HUD are subject to either HUD’s or CTAC’s income limits – whichever is more restrictive. An ELI Unit rented to a household earning up to 30% AMI shall always qualify as an ELI Unit unless the household renting an ELI Unit increases its income to 50% AMI. Should an ELI household reach an income of 50% AMI or higher, the ELI Unit shall lose its ELI Unit designation, and the next vacant Unit with an equivalent bedroom count shall be rented to a household earning up to 30% AMI, and that Unit shall become an ELI Unit.
- 16) “Existing Tenants”: For the purposed of this NOFA, Existing Tenants are individuals who occupy Preservation Projects at the time of Applicant’s acquisition of the Preservation Project.

~~16)~~17)

FFY Unit”:- For the purposes of this NOFA, FFY Units are Units designated for ~~f~~Former

~~f~~Foster ~~y~~Youth for a minimum period of 55 years, as long as the County can continue to refer ~~f~~Former ~~f~~Foster ~~y~~Youth with a HUD Family Unification Program (“FUP”) voucher. FFY Units are floating Units restricted and affordable to households at or below 80% of AMI for San Mateo County as published annually by HUD. HSA shall participate in the initial and ongoing resident screening and tenant selection for FFY Units, along with the Borrower, property manager, and resident services provider. HACSM will provide all occupants of an FFY Unit with a FUP voucher, which is necessary in order to be considered eligible for placement into an FFY Unit. FFY vouchers are limited to a term of 36 or 60 months, depending upon the FFY’s participation in HACSM’s family self-sufficiency program.

17)18)

High Opportunity, Jobs Rich Area”: For the purposes of this NOFA, High Opportunity, Jobs Rich Areas are defined as tracts that rank above the regional average in at least four of the following indicators: share of the population above 200% of the poverty line; share of the population (25 years+) with a Bachelor’s degree or higher; employment-to-population ratio for the population 20 to 60 years old; 4th grade reading proficiency in three closest elementary schools; share of students not on free and reduced rice meals programs in the three closest elementary schools; and/or high school graduation rate in the three closest high schools; and where the number of all jobs within 3 miles of the tract, or jobs that pay less than \$40,000/year within 3 miles are above the regional median. High Opportunity, Jobs Rich Areas are mapped at this website: <https://mappingopportunityca.org/#>.

18)19)

HHC-Eligible Population:” For the purposes of this NOFA, Housing for a Healthy California (“HHC”)-Eligible Population consists of persons who meet all of the following requirements:

- (a) Is experiencing chronic homelessness or experiencing homelessness and a High-cost health user upon initial eligibility; and
- (b) Is a Medi-Cal beneficiary or is eligible for Medi-Cal; and
- ~~(e)~~—Is eligible to receive services under a program providing services promoting housing stability for persons with disabilities, including, but not limited to, the following:

~~(d)~~(c)

- i. The Whole Person Care—~~(“WPC”)~~ pilot program, or successor program; or
- ii. Other appropriate Health System program.

~~(e)~~(d) Is likely to improve his or her health conditions with supportive housing.

~~19)~~—“HHC Unit”: For the purposes of this NOFA, HHC Units are Units designated for HHC-Eligible Population. HHC Units will be restricted for a minimum period of 55 years, as long as the County can continue to refer persons from the HHC-Eligible Population for the Project. HHC Units are permitted to be floating Units. HHC Units will be filled through referral of households from the CES. The Health System shall participate in the initial and ongoing resident screening and tenant selection for HHC Units, along with the Borrower, property manager, and resident services provider. No State HCD HHC funding is available in AHF 10.0. See Exhibit A for more information in HHC Units.

20)



- 21) "HSA": The County of San Mateo Human Services Agency. HSA coordinates the County's safety net programs. HSA's Center on Homelessness coordinates homeless services through San Mateo County, heads the County's Continuum of Care and is the lead agency for establishment of the County's CES.
- 22) "Homeless Unit": For purposes of this NOFA, a Homeless Unit is a Unit targeted to a household (one or more persons residing together) that meets one of the following criteria:
- (a) An individual or family with a primary nighttime residence that is a public or private place not designed for or ordinarily used as a regular sleeping accommodation for human beings, including a car, park, abandoned building, bus or train station, airport, or camping ground; or
  - (b) An individual or family living in a supervised publicly- or privately-operated shelter designated to provide temporary living arrangements (including congregate shelters, ~~interim transitional~~ housing, and hotels and motels paid for by charitable organizations or by federal, state, or local government programs for low-income individuals); or
  - (c) An individual who is exiting an institution where ~~they~~ ~~he or she~~ resided for 90 days or less and who resided in an emergency shelter or place not meant for human habitation immediately before entering that institution; or
  - (d) Is fleeing, or is attempting to flee, domestic violence, dating violence, sexual assault, stalking, or other dangerous or life-threatening conditions that relate to violence against the individual or a family member, including a child, that has either taken place within the individual's or family's primary nighttime residence or has made the individual or family afraid to return to their primary nighttime residence; and
    - i. Has no other residence; and
    - ii. Lacks the resources or support networks, e.g. family, friends, and faith-based or other social networks, to obtain other permanent housing.
  - (e) Is homeless or at-risk of homelessness ~~and~~; is a County Client, ~~and~~ who is referred by the CES, HSA Center on Homelessness, or HACSM. This definition shall include tenants of FFY Units, HHC Units, and MHSA Units.

\*In the case of veterans, DOH will accept the definition of homelessness used by the U.S. Department of Veterans Affairs' programs (for VA-funded programs) or definition of homelessness used by the State of California (for State-funded programs).

A Homeless Unit rented to a homeless household shall always qualify as a Homeless Unit unless the household renting a Homeless Unit increases its income to more than 50% AMI. When a homeless household increases its income to more than 50% AMI, the Homeless Unit shall lose its homeless designation, and the next vacant Unit with

an equivalent bedroom count shall be rented to a new homeless household, and that Unit shall become a Homeless Unit.

~~23) “Impact Fees”: The San Mateo County Board of Supervisors adopted an Affordable Housing Impact Fee in order to offset the impact of new development on the need for affordable housing in the Unincorporated County. Impact Fees are collected from residential and non-residential developments of certain types and sizes located in the Unincorporated County. \$150,000 in County Impact Fees are incorporated into this NOFA.~~

~~24)23)~~

~~Loan Agreement” or “Loan Contract”: -The contract between Borrower and DOH, executed by both parties, describing the duties, conditions, and obligations of each party in connection with an AHF 109.0 loan.~~

24) “Marketing Plan”: For the purposes of this NOFA, a Marketing Plan is the Borrower’s plan for marketing the Project, to ensure that target populations, countywide and local residents and workforce populations will be aware of the housing opportunities in the Project. The Marketing Plan should include information on Borrower’s plan to: (i) affirmatively market the Development to income-eligible households, and (ii) comply with fair housing laws.

25) “Mental Health Service Act-Eligible Population” or “MHSA-Eligible Population”: For the purposes of this NOFA, MHSA-Eligible Population are persons who qualify under the MHSA Project Based Housing Program who are seriously mentally ill and homeless or at risk of homelessness.

26) “Mental Health Services Act Unit” or “MHSA Unit”: For the purposes of this NOFA, MHSA Units are Units designated for MHSA-Eligible Population. MHSA Units will be restricted for a minimum period of 55 years, so long as the County can continue to refer persons from the MHSA-Eligible Population. MHSA Units are permitted to be floating Units. MHSA Units will be filled through referral of households from BHRS. BHRS shall participate in the initial and ongoing resident screening and tenant selection for MHSA Units, along with the Borrower, property manager, and resident services provider. See ~~Exhibit B~~Exhibit A for more information in MHSA Units. Up to \$5 Million in MHSA funds are available through this NOFA for MHSA Units.

27) “Minority-Owned Business Enterprise” or “MBE”: For the purposes of this NOFA, ownership by minority individuals means the business is at least 51% owned by such individuals or, in the case of a publicly owned business, at least 51% of the stock is owned by one or more such individuals. Minority group members are United States citizens or permanent residents who are Asian-Indian, Asian-Pacific, Black, Hispanic and Native American.

28) “Multifamily New-Construction Affordable Rental Housing” Projects: -For purposes of this NOFA, this refers to new-construction deed-restricted permanent multifamily rental housing projects in which at least 50% of the residential Units (excluding the manager’s unit) are targeted to households with incomes at or below 80% of AMI~~Area Median Income~~, where the term of occupancy is not time-limited, and where any other residential Units (excluding the manager’s unit) are restricted to households with incomes not higher than 120% of AMI~~Area Median Income~~. Note that AHF awards

will be based only upon the portion of a Project with Units restricted to 80% AMI or below.

- 29) “Multifamily Re-Syndication-Rehabilitation” Projects: For purposes of this NOFA, this refers to existing deed-restricted permanent multifamily rental housing previously financed with Low Income Housing Tax Credits (LIHTC), serving households with incomes at or below 80% of ~~AMI~~~~rea Median Income~~, where the term of occupancy is not time-limited, and where the owner is proposing necessary rehabilitation in conjunction with a new allocation of LIHTC.
- 30) “Multifamily New Construction Affordable First-Time Homeownership” Projects: For purposes of this NOFA, this refers to multifamily new-construction deed-restricted permanent homeownership housing projects in which all residential Units are targeted to first-time homebuyers with household incomes at or below 120% AMI, where the term of occupancy is not time-limited and where the affordability of each Unit is maintained through homebuyer’s execution of a restrictive covenant.
- 31) “Note”: The promissory note executed by Borrower in favor of DOH describing the terms and repayment provisions of an AHF loan.
- 32) “Project”: A multifamily affordable housing project that is the subject of an application for this AHF 109.0 NOFA.
- 33) “Predevelopment Activities”: —For the purposes of this AHF 910.0 NOFA, Predevelopment Activities include, but are not limited to, obtaining an appraisal; undertaking a market study; undertaking environmental reviews including a Phase I report, Phase II report, and NEPA report; undertaking soils and topographic surveys; undertaking a traffic study; applying for and submitting funding applications; obtaining preliminary construction cost estimates; obtaining design development documents; and obtaining construction documents.
- 34) “Preservation” Projects: For purposes of this NOFA, this refers to Projects that are existing permanent multifamily rental housing with Units that are occupied by households with incomes at or below 80% of AMI; that are eligible to convert to market rate; that are known to be at imminent risk of rent increases which are likely to result in the eviction of the Existing Tenants; and, that are subject to one or more of the following conditions: a change in ownership, termination of a rent subsidy contract, prepayment of a subsidized mortgage, or expiration of rental and/or deed restrictions.

34)35) “Rental Project(s)”: Project(s) funded under this AHF 109.0 NOFA with rental occupancy standards. ~~Three~~ Pproject categories are considered Rental Projects: Multifamily New-Construction Affordable Rental Housing Pprojects, ~~and~~ Multifamily Resyndication-Rehabilitation Pprojects, and Preservation Projects.

35)36) “Site Control”: The Applicant (or Pproject Developer, if Developer is not the Applicant) has legally-defensible control of the land and other real property necessary for the Project. Acceptable evidence of Site Control is a document that has a complete and accurate legal description and is one of the following: (a) a recorded deed or conveyance showing the Applicant has fee or leasehold ownership; (b) a valid

purchase and sale agreement; (c) a valid option to purchase; (d) a valid option for a long-term lease; or (e) other evidence satisfactory to DOH.

~~36)~~37)

Supportive Housing” Projects: For the purposes of this NOFA, Supportive Housing Projects are Multifamily New-Construction Affordable Rental Housing Projects or Multifamily Re-Syndication-Rehabilitation Projects that designate at least 20% of total Project Units as Homeless Units.

38) “Tenant Selection Plan”: For the purposes of this NOFA, the Tenant Selection Plan contains the Borrower’s policies and criteria for selecting tenants for the Project to ensure that the leasing of the Project will be conducted in a manner that provides fair and equal access under the law. The Tenant Selection Plan may be part of the Marketing Plan and should include information on Borrower’s plan to: (i) limit occupancy to income-eligible households, (ii) give notice to applicants of rejection and grounds for rejection, (iii) manage applicants on a wait list for occupancy in the Project, and (iv) comply with fair housing laws.

~~37)~~39)

Unincorporated San Mateo County” or “Unincorporated County”: All areas in San Mateo County that are not incorporated within city boundaries.

~~38)~~40)

Unit”: A residential dwelling Unit containing a kitchen and bathroom(s). Units may be studio/efficiency Units but ~~do not~~will not include Single Room Occupancy (SRO) ~~u~~Units lacking a kitchen or bathroom unless otherwise approved by DOH. In all Units, the resident is required to pay some, or all of the Unit rent or purchase price.

~~39) “Whole Person Care pilot program” or “WPC program”~~: ~~The County’s Whole Person Care Pilot Program leverages existing successful initiatives to coordinate care, giving enrollees access to integrated physical and behavioral health care provided by existing County services and other key partners, linkage to appropriate social supports, peer support and mentoring, and additional services provided based on needs.~~

40) “Women-Owned Business Enterprise” or “WBE”: For the purposes of this NOFA, WBE is a business enterprise in which at least fifty-one percent (51%) is owned, operated and controlled by citizens or permanent residents who are women.

41)

## V. FUNDING AVAILABILITY; ELIGIBLE APPLICANTS; ELIGIBLE PROJECTS

### A. Funding Availability Overview

DOH invites developers of Multifamily New-Construction Affordable Rental Housing Projects and Multifamily New Construction Affordable First-Time Homeownership Projects ~~deed-restricted affordable new construction multifamily rental and homeownership housing projects~~ located within San Mateo County, and owners/ interested owners of Multifamily Re-Syndication-Rehabilitation” Projects and Preservation Projects ~~of existing deed-restricted~~

~~affordable multifamily projects~~ located within San Mateo County undergoing resyndication of LIHTC and rehabilitation, to submit applications for funding assistance under this NOFA. A total of approximately \$~~27.5~~ 57 Million of funding assistance is available under this NOFA for the types of affordable housing ~~p~~ projects ~~and specific Supportive Housing Unit typologies~~ described below.

## B. Eligible Applicants

- 1) ~~An Applicant, as defined in DEFINITIONS above; and Non-profit or mission-driven for-profit developers, other non-profit sponsoring agencies, tax credit limited partnerships and limited liability companies, and joint ventures among any of these entities. Governmental bodies are not eligible applicants.~~
- 2) ~~Has Applicants must have~~ affordable housing experience in the nine-county Bay Area (San Mateo, San Francisco, Marin, Sonoma, Napa, Solano, Contra Costa, Alameda, and Santa Clara) (“Bay Area”) and a successful track record of at least two (2) years of ownership\* and management\*\* of at least two (2) affordable housing projects within the Bay Area in which 100% of the Units, except for the manager(s) Unit(s), are targeted to tenants at or below 80% of the Area Median Income. Applicants applying for projects which include homeownership Units must have equivalent experience and track-record creating deed-restricted homeownership housing in the Bay Area.

\*Ownership by an affiliated entity, limited partnership or limited liability corporation for tax credit purposes will qualify as ownership of the project, at the Department’s discretion.

\*\*Management by an affiliated or contracted property management entity will qualify as management of the Project, at the Department’s discretion.

## C. Eligible Project Types

~~Two types of Rental Projects are eligible for funding under this AHF 9.0 NOFA. In addition, deed restricted affordable multifamily first-time home buyer projects are also eligible for funding as a third Project type.~~

### 1) Eligible Rental Projects

#### (a) New Construction Multifamily Rental Projects

- i. Eligible New Construction Multifamily Rental Projects must be affordable housing projects in which at least 50% of the Units are restricted to households with incomes at or below 80% of the Area Median Income. Note that while DOH allocates funding based only upon that portion of a Project restricted for households earning up to 80% AMI, for underwriting purposes, scoring, and determining the need for AHF subsidy, DOH must review the financial considerations (costs, sources, uses, income, expenses, cash flow, etc.) of all Units to be developed by the Developer or an affiliate of the Developer within one planned development, whether these are financed as one or more residential project(s).

- ii. Eligible Projects must provide permanent affordable housing rather than transitional housing.
- iii. Eligible Projects may not be the affordable component of a market rate development project subject to an inclusionary housing requirement by the applicable jurisdiction. However, DOH will consider funding projects partially financed with in-lieu fees paid to meet an inclusionary requirement and projects that are constructed on land donated by a developer, in consultation with the applicable jurisdiction, rather than paying an in-lieu fee, for a market rate project.

(b) ~~Eligible~~ Multifamily Resyndication-Rehabilitation Projects

- i. Eligible Multifamily Resyndication-Rehabilitation Projects must be affordable rental housing projects previously financed with LIHTC in which 100% of the Units, except for the manager(s) Unit(s), are deed-restricted to households with incomes at or below 80% of the Area Median Income, and which are preparing to resyndicate LIHTC in order to renovate and recapitalize the project.
- ii. Eligible projects must provide permanent affordable housing rather than transitional housing.

(c) Supportive Housing Projects

- i. Eligible Supportive Housing Projects are new Construction Multifamily Rental Projects and Multifamily Resyndication-Rehabilitation Projects that designate at least 20% of total Project Units as Homeless Units.

(d) Preservation Projects

- i. Eligible Preservation Projects must be permanent multifamily rental housing Projects with Units that are occupied by households with incomes at or below 80% of AMI; that are eligible to convert to market rate; that are known to be at imminent risk of rent increases which are likely to result in the eviction of the Existing Tenants; and, that are subject to one or more of the following conditions: a change in ownership, termination of a rent subsidy contract, prepayment of a subsidized mortgage, or expiration of rental and/or deed restrictions.
- ii. Eligible projects must provide permanent affordable housing rather than transitional housing.

2) Eligible Multifamily New Construction Affordable First-Time Homeownership Projects

- (a) The Project must be a multifamily new-construction affordable homeownership housing project in which 100% of the Units are sold to and restricted for households with incomes at or below 120% of the Area Median Income. Project must be financed as a separate and independent deed-restricted affordable housing project.

~~(b) DOH will consider funding Multifamily New Construction Affordable First Time Homeownership Projects that are part of a mixed use development, but which are not subject to an inclusionary housing requirement by the applicable jurisdiction.~~

- ~~(c)~~(b) The Project must provide affordable homeownership housing restricted to first-time homebuyers and must retain affordability of the Units through homebuyer's execution of a restrictive covenant, and through subsequent resales of the Unit to first-time homebuyers earning up to 120% AMI.

D. Funding Availability by Housing Category and Unit Type

The following funding amounts will be available for the ~~five~~three housing categories described above in [Section V\(C\)\(1\)](#) ~~(a), (b), (c), (d), (e), and (2), and (3).~~ ~~The population- and Project-specific Measure K Incentive Pool Funds, HHC funds, and MHSA funds may be added to other AHF 9.0 funding sources for Projects seeking funding under any Rental Housing category.~~

**Please note** that DOH and the HCDC reserve the right to reallocate funds amongbetween housing categories prior to sending final funding recommendations to the Board of Supervisors, which may increase or decrease the amount of funds in eachither category. Additionally, fTherefore, funds not awarded from one category may be applied to the an other category ~~as long as the total amount for both categories does not exceed the amount available in this NOFA.~~ DOH and the HCDC may also recommend AHF ~~9~~10.0 awards in an amount totaling less than the amount available and reserve funding for a later AHF round or other affordable housing purposes.

1) Housing Category:

- (a) **Multifamily New-Construction Affordable Rental Housing Projects.** A maximum of approximately ~~\$13.7527~~ **\$13.7527 Million**, including population specific HHC funds and MHSA funds, will be available for Projects in this category. While there is no maximum per-Unit or per-Project loan cap, Applicants are directed to review the scoring criteria for Multifamily New Construction Affordable Rental Housing Projects in Scoring Factors/ Project Evaluation Section, with special attention to those sections describing leverage considerations.

- (b) **Multifamily Re-Syndication-Rehabilitation Projects:** Up to a total of **\$2,000,000** will be available for Projects in this category. Submission of an application under this category does not guarantee funding under this NOFA. Please see qualification and preference criteria set forth in [Section VI](#). Population specific ~~HHC funds are not eligible for placement in projects of this Re-Syndication-Rehabilitation Project category. However,~~ MHSA funds may be

awarded to Projects in this category in addition to the funds available in this category. The maximum award for such Projects will be \$100,000 per Unit.

- (c) **Multifamily New Construction Affordable Homeownership Projects:** Up to a total of **\$1,000,000** will be available for projects in this category. Submission of an application under this category does not guarantee funding under this NOFA. Please see qualification and preference criteria in [Section VI](#). Population specific ~~MHSA~~~~HHC~~ funds are not eligible for placement in Projects in this homeownership category.
- (d) **Supportive Housing Projects.** Up to the total amount of funding made available in this NOFA, approximately **\$257.5 Million**, is available to support Multifamily New-Construction Affordable Rental Housing Projects and Multifamily Re-Syndication-Rehabilitation Projects that designate at least 20% of total Project Units as Homeless Units (Supportive Housing Projects). Project that proposed at least 20% of total Project Units for I/DD households are considered Supportive Housing Projects for the purposes of this NOFA. Supportive Housing Projects must qualify under the Multifamily New Construction Affordable Rental Housing Category or the Multifamily Re-Syndication-Rehabilitation category listed above and described in greater detail in [Section V\(C\)](#).
  - i. Supportive Housing Projects are subject to modified qualification and preference criteria set forth in Section VI and Scoring Factors / Project Evaluation.
  - ii. Applications for Supportive Housing Projects must incorporate Homeless Units at a level of at least 20% of total Project Units.
  - iii. DOH permits Supportive Housing Project Applicants to apply some portion of funding provided through this NOFA towards operating costs in the form of a capitalized operating subsidy reserve (“COSR”), see [Section VII\(A\)\(4\)](#), and strongly recommends that Applicants do not rely upon commitments of project-based rental assistance from HACSM to cover projected operating deficits. Funding identified to support reasonable operating costs in Applicant’s AHF 109.0 funding application will not be counted against Project’s leveraging criterion set forth in Section VI and **SCORING FACTORS / PROJECT EVALUATION**~~Scoring Factors / Project Evaluation~~.
- (e) **Preservation Projects.** Up to a total of \$3,000,000 in Measure K funding is available in this category. Submission of an application under this category does not guarantee funding under this NOFA. Please see qualification and preference criteria in Section VI. Population specific MHSA funds are not eligible for placement in Projects in this housing category.

2) Units Serving Specific Special Needs Populations:

- ~~(a) **HHC Units.** An additional approximately \$16 Million is available to support development of HHC Units. The Units must be provided in Projects eligible for AHF 9.0 funding under the Multifamily~~



~~New Construction Affordable Rental Housing Category, including Supportive Housing Projects, listed above and described in greater detail in [Section V\(C\)\(1\)](#). [Note: please see [Exhibit A](#) for a more detailed description of HHC funds and the Whole Person Care Pilot Program.]~~

~~An award of HHC funds for HHC Units may be made in addition to other AHF funds awarded to a Project.~~

~~Projects applying for HHC funds should incorporate HHC Units at a level of at least 10% of total Project Units, or 15 Units, whichever is greater, but no greater than 49% of total Project Units. This limitation shall not be interpreted to preclude occupancy of any Project Units by persons with disabilities, or restrictions by other funding sources, including but not limited to California Tax Credit Allocation Committee (CTCAC), that result in more than 49% of the total Project Units being restricted to persons with disabilities.~~

~~HHC Units provided in a Project will be counted toward meeting the Project's requirement for Homeless and ELI Units.~~

~~The number of HHC Units proposed in a Project will determine the amount of HHC funding provided to the Project. See HHC 2019 Per Unit Limits table in [Exhibit A](#) for maximum per unit HHC funding.~~

~~(b)(a) **Mental Health Services Act (MHSA) Units.** An additional \$5 Million is available to support development of MHSA Units, ~~pending MHSA Commission approval anticipated July 2021~~. The Units must be provided in Projects eligible for AHF ~~109.0~~ funding under the Multifamily New Construction Affordable Rental Housing category or the Multifamily Resyndication-Rehabilitation Housing category listed above and described in greater detail in [Section V\(C\)\(1\)](#) and (2). [Note: please see [Exhibit A](#) ~~Exhibit B~~ for a more detailed description of the MHSA housing program administered by the BHRS unit of the San Mateo County Health System.~~

~~i. An award of MHSA funds for MHSA Units may be made in addition to Measure K ~~other AHF~~ funds awarded to a Project through this NOFA.~~

~~ii. MHSA Units provided in a Project will be counted toward meeting the Project's requirement for Homeless and ELI Units.~~

~~iii. ii.~~

#### E. OTC NOFA Eligible Projects

Projects eligible to participate in the OTC NOFA must meet the following criteria:

- 1) Project is eligible for funding under this NOFA, see [Section V\(C\)](#); and
- 2) Project has previously received a funding award from DOH within the last 3 NOFA cycles, including DOH's federal funding NOFA released December 202~~10~~, DOH's AHF ~~98.0~~ NOFA released June 202~~10~~, and DOH's federal funding NOFA released December 20~~2019~~; or

- ~~3)~~ Project is less than six months from construction close.
  - ~~4)~~
  - ~~5)3)~~
- 

## VI. QUALIFICATION AND PREFERENCE CRITERIA

Following are the qualification and preference criteria used by DOH when evaluating funding applications. For both qualification and preference criteria, the criteria must have been met by the application due date stated in this NOFA.

Qualification criteria are the minimum qualifications that projects must meet to be eligible for funding. Projects meeting one or more preference criteria will have a competitive advantage over Projects meeting only the qualification criteria. Other considerations affecting funding decisions may include availability of funds in a funding category, total amount of funding requests in that funding category, and the goal to assist a variety of worthy projects.

**PLEASE NOTE:** Projects receiving funding commitments in this NOFA must comply with the terms and conditions of this NOFA which may not necessarily conform to the terms and conditions set forth in previous AHF NOFA rounds.

### A. Multifamily New-Construction Affordable Rental Housing Projects

#### 1) Qualification Criteria (***must meet all to be eligible for funding***):

- (a) Project Eligibility Criteria, as stated in Section V(C)
- (b) Project Developer Experience Criteria, as stated in Section V(B)
- (c) The application must present a fully developed Project concept including use of the housing, parties responsible for project development and operations, and financial feasibility.
- (d) The Applicant must have Site Control of the land and other real property necessary for the Project and must have submitted acceptable evidence of that control (see Definition of Site Control in [Section IV\(A\)\(35\)](#)). The name on the evidence of Site Control must be exactly the same as the Applicant, or if not the same, the Applicant must provide a narrative description and supporting documentation satisfactory to DOH to clarify the relationship between the entities and process for obtaining ownership. The site control document must also specify exactly the same area as the Project site listed in the application and exactly the same cost for the land and/or existing buildings for the Project referenced in the development budget provided with the Application. If the site description or acquisition cost in the Application and the site control document do not match, the Applicant must provide a narrative description and supporting documentation satisfactory to DOH to clarify how the area and cost for the Project were established.

- (e) The Project must be a new-construction project and not an acquisition, acquisition-rehab, or rehabilitation of an existing multifamily housing development.
- (f) The Project must be ready for occupancy within 4 years from the due date for NOFA application submission. Readiness will be gauged by the status of land use entitlements as well as the degree to which other funding commitments have been secured.
- (g) AHF funding must leverage other public and private sources to the greatest reasonable extent possible, as demonstrated in the project financial proforma.
- (h) At least fifteen percent (15%) of the Units in the Project that are restricted to households with incomes at/below 80% of AMI (excluding the manager 's Unit) must be ELI Units as defined in [Section IV\(A\)\(154\)](#) targeted to households with extremely-low incomes at or below 30% of Area Median Income (AMI). Applicants shall round any fractions up when determining the targeted number of ELI Units.

This criterion is not cumulative with those from previous AHF NOFAs but instead represents a net increase over previous Unit targeting requirements. For example, if a Project is required, in connection with a previous AHF award, to provide ten ELI Units, and this AHF [910.0](#) NOFA criterion equates to a Project requirement of fifteen ELI Units, the total ELI Unit requirement for the Project is fifteen, rather than twenty-five ELI Units.

- (i) At least five percent (5%) (with a minimum of two Units) of the Units in the Project that are restricted to households with incomes at/below 80% of AMI (excluding the manager's unit) must be Homeless Units as defined in [Section IV\(A\)\(224\)](#) targeted to homeless County Clients. Applicants shall round any fractions up when determining the targeted number of Homeless Units. These targeted Units shall be in addition to the ELI Unit requirement described in [Section VI\(A\)\(1\)\(h\)](#) above. See also [Section IX\(D\)](#) for additional information on recruitment and occupancy of targeted Homeless Units.

This criterion is not cumulative with those from previous AHF NOFAs but instead represents a net increase over previous Unit targeting requirements. For example, if a Project is required, in connection with a previous AHF award, to provide two Homeless Units, and this AHF [910.0](#) NOFA criterion equates to a Project requirement of five Homeless Units, the total Homeless Unit requirement for the Project is five, rather than seven Homeless Units.

- i. For Supportive Housing Projects, at least twenty percent (20%) of the Units in the Project that are restricted to households with incomes at/below 80% of AMI (excluding the manager's unit) must be Homeless Units as defined in [Section IV\(A\)\(224\)](#) targeted to homeless County Clients. Applicants shall round any fractions up when determining the targeted number of Homeless Units. These targeted Units shall be in addition to the ELI Unit requirement described in [Section VI\(A\)\(1\)\(h\)](#) above. See also [Section IX\(D\)](#) for

additional information on recruitment and occupancy of targeted Homeless Units.

- (j) The Project's 30-year operating cash flow must include a Services budget of at least **\$500 per Unit per annum** (PUPA) and the application must include a services plan summary describing, at a minimum, the services to be offered to tenants, on- and off-site, how tenants will be linked to and access necessary services not provided by the Developer or its affiliates or contracts, who will provide the services, and how they will be funded.
  - i. For Supportive Housing Projects, the Project's 30-year operating cash flow must include a Services budget of at least **\$1,000 per Unit per annum** (PUPA) for Homeless Units and the application must include a services plan summary describing, at a minimum, the services to be offered to tenants, on- and off-site, how tenants will be linked to and access necessary services not provided by the Developer or its affiliates or contracts, who will provide the services, and how they will be funded.
- (k) Projects which target seniors and/or residents who are homeless or at imminent risk of homelessness (as defined by DOH in this NOFA), including County Clients who are referred by HACSM with tenant-based rental assistance; frail elderly leaving nursing or long-term care facilities or needing specialized services in order to remain in an independent living situation; HHC-Eligible Population; FFY households; MHSA-Eligible Population; other County Clients; or households with a person(s) with I/DD referred by the County or Golden Gate Regional Center, must utilize an experienced, Bay Area-based service provider currently operating at two or more affordable housing projects within the Bay Area.
- (l) Applicants must comply with the Section 3 requirements of the Housing & Urban Development Act of 1968 (12 U.S.C. 1701u) (Section 3) by having a Section 3 plan. Section 3 requires contractors to give preference to low- and very low-income persons residing in the community where the project is located.

2) Preference Criteria:

- (a) The Project will be ready for occupancy sooner than four (4) years from the due date for NOFA application submission. Projects that could otherwise begin construction but for a small gap funding award provided under this NOFA will garner additional preference consideration. Readiness will be gauged by the status of planning and land use entitlements and permits, the degree to which other funding commitments have been secured, completion of architectural drawings, the anticipated date for 9% tax credit financing applications or 4% tax credit/tax-exempt bond applications (if applicable), the anticipated development schedule submitted as part of the application, and other factors.
- (b) The city (if the Project is located in an incorporated city or town) or County (if the Project is located in the Unincorporated County) has provided a commitment to:

- i. Provide city's allocation of State Local or Regional Housing Trust Fund program funds; or
  - ii. Provide city funds (if the Project is located in an incorporated city or town); or
  - iii. Grant the Project one or more cost-saving incentives, such as fee reductions or waivers, by-right zoning, density bonus, parking requirement reduction, or other such cost-saving incentives. Note that DOH is unlikely to fund an application that includes large fees payable to a local jurisdiction.
- (c) Provision of city-, County-, or other Publicly- or Privately-owned land for the Project at a below-market-rate or at zero cost to Developer.
- (d) The Developer uses all reasonable efforts to submit applications, working with a local jurisdiction or transit agency as needed, for State program funds, including, but not limited to: Infill Infrastructure Grant; No Place Like Home; Multifamily Housing Program; Affordable Housing and Sustainable Communities; Transit Oriented Development, and; Veterans Housing and Homelessness Prevention. If an Applicant does not plan to apply for State funding, the Applicant must provide a statement describing its reasoning for not submitting an application. Applicants that plan to apply will have the opportunity to describe the current status of State funding applications, discussions with their local jurisdiction/transit agency partner(s), the amenities planned for inclusion in the application, and the timeline and status of the application.

~~(e) Applicant proposes to develop at least 10% of its Project Units, or 15 Units, whichever is less, for HHC-Eligible Population households utilizing HHC funds in a Project suitable to serve the HHC-Eligible Population. See Exhibit A for details. [Note: Applicants must consult with DOH staff before submitting and AHF 109.0 application for HHC funds.]~~

~~(f)~~(e) The Project provides strong leverage for County funds and limits the amount of County subsidy required by attracting additional non-County funding sources, including donation or below-market-rate sale of land from other quasi- or nongovernmental entities, and by controlling costs.

~~i.~~ For Supportive Housing Projects, AHF 109.0 NOFA funding proposed by Applicant to fund a 15-year COSR that supports general operating costs including additional supportive services and, in some cases, rents, does not negatively impact Applicant's score under this criterion. Instead, only AHF 910.0 NOFA funding proposed for Predevelopment Activities and construction costs will be considered under this criterion.

~~ii.~~

~~(g)~~(f) A proportion (percentage) of Units greater than the 20% (or greater than 35% for Multifamily New-Construction Affordable Rental Housing Projects that are Supportive Housing Projects) required in this AHF 109.0 is targeted to any of the following groups: households with incomes at or below 305% of AMI; residents who are homeless or at imminent risk of homelessness (as defined by DOH in this NOFA), including County Clients who are referred by HACSM with tenant-

based rental assistance; frail elderly leaving nursing or long-term care facilities or needing specialized services in order to remain in an independent living situation; HHC-eligible households; FFY households; other County Clients; or households with a person(s) with I/DD referred by the County or Golden Gate Regional Center.

An Applicant proposing a Supportive Housing Project or any such Project that targets additional Units to any of the targeted population groups listed here must describe in the application how they intend to:

- i. seek and manage referrals for said group(s) in cooperation with CES, the Health System, or an appropriate County agency. For any proposed targeted populations that are not County Clients, the County is not obligated to seek or manage referrals. [Please note that with respect to this list of targeted populations, DOH will give greater scoring preference to applications that propose referring populations that are County Clients, ~~including HHC-eligible households~~.]; and
- ii. underwrite any Units targeted to said groups.

~~(+)(g)~~ Project is within close proximity to services, amenities, employment opportunities, and transit.

~~(+)(h)~~ The Project's 30-year operating cash flow indicates a services budget greater than \$500 per Unit per annum (PUPA) (or greater than \$1,000 PUPA for Supportive Housing Projects), and the Project provides high-quality services appropriate for the needs of the tenant population served, in connection with the more robust budget; physical space for service amenities is available within the development; and service amenities will be of a regular and ongoing nature and provided to tenants free of charge (except for day care services or any charges required by law).

~~(+)(i)~~ The Project includes a greater proportion of Units for larger families (two- and three- bedroom Units, or larger).

~~(+)(j)~~ The Project will serve a greater number of households (greater Unit count).

~~(+)(k)~~ Funding provided under this NOFA will allow the Project to close within one year of the application deadline for this NOFA, and Applicant has made best efforts to obtain all other sources of gap financing.

~~(l)~~ The Project is located within a High-Opportunity, Jobs-Rich Area.

~~(m)~~ Project proposes features and fixtures that encourage water and energy efficiency into Project design, and other green building practices.

~~(+)(m)~~

## B. Multifamily Resyndication-Rehabilitation Projects

### 1) Qualification Criteria (**must meet all to be eligible for funding**):

- (a) Project Eligibility Criteria, as stated in Section V(C)

- (b) Project Owner Experience Criteria, as stated in Section V(B)
- (c) Application presents a fully developed Project concept including: a resyndication financing proforma identifying all committed and projected sources, plans for existing/outstanding loans on the property, and a reasonable timeline for obtaining anticipated but uncommitted sources; a preliminary scope of work and estimated cost breakdown prepared by a qualified party; and a project schedule or timeline showing all project milestones.
- (d) Applicant must own or otherwise have the authority to carry out the work on the multifamily property under consideration.
- (e) Project must involve LIHTC resyndication with rehabilitation of an existing deed-restricted multifamily housing development, where the rehabilitation consists of essential repairs and rehabilitation needed for health and safety reasons and/or to extend the useful life of the improvements, and when such repairs and rehabilitation work are in excess of the Project's capital improvement budget. At a minimum, Project shall demonstrate a rehabilitation need of at least \$10,000 per Unit. Note: this per Unit amount may be greater than CTCAC regulations.
- (f) At least fifteen percent (15%) of the Units in the Project that are restricted to households with incomes at/below 80% of AMI (excluding the manager's Unit) must be ELI Units as defined in [Section IV\(A\)\(154\)\(a\)](#) targeted to households with extremely-low incomes at or below 30% of Area Median Income (AMI). Applicants shall round any fractions up when determining the targeted number of ELI Units. The requirement for ELI Units in Multifamily Resyndication-Rehabilitation Projects may be met by renting vacant Units over time. See also [Section IX\(B\)\(4\)](#) for details on this process.
- (g) At least five percent (5%) (with a minimum of two Units) of the Units in the Project that are restricted to households with incomes at/below 80% of AMI (excluding the manager's unit) must be Homeless Units as defined in [Section IV\(A\)\(224\)](#) targeted to homeless County Clients. Applicants shall round any fractions up when determining the targeted number of Homeless Units. These targeted Units shall be in addition to the ELI Units described in [Section VI\(B\)\(1\)\(f\)](#) above. The requirement for Homeless Units in Multifamily Resyndication-Rehabilitation Projects may be met by renting vacant Units over time. See also [Section IX\(B\)\(4\)](#) for details on this process. Also see [Section IX\(D\)](#) for additional information on recruitment and occupancy of targeted Homeless Units.
  - i. For Supportive Housing Projects, at least twenty percent (20%) of the Units in the Project that are restricted to households with incomes at/below 80% of AMI (excluding the manager's unit) must be Homeless Units as defined in [Section IV\(A\)\(224\)](#) targeted to homeless County Clients. Applicants shall round any fractions up when determining the targeted number of Homeless Units. These targeted Units shall be in addition to the ELI Unit requirement described in [Section VI\(A\)\(1\)\(h\)](#) above. See also [Section IX\(D\)](#) for additional information on recruitment and occupancy of targeted Homeless Units

- (h) The Project's 30-year operating cash flow must include a services budget of at least **\$500 per Unit per annum** (PUPA) and the application must include a services plan summary describing, at a minimum, the services to be offered to tenants on- and off-site, how tenants will be linked to and access necessary services not provided by the Developer or its affiliates or contracts, who will provide the services, and how they will be funded.
  - i. For Supportive Housing Projects, the Project's 30-year operating cash flow must include a Services budget of at least **\$1,000 per Unit per annum** (PUPA) for Homeless Units and the application must include a services plan summary describing, at a minimum, the services to be offered to tenants, on- and off-site, how tenants will be linked to and access necessary services not provided by the Developer or its affiliates or contracts, who will provide the services, and how they will be funded.
- (i) Project repairs and/or rehabilitation work will be completed within three (3) years of the AHF funding commitment date.
- (j) Projects which target seniors and/or residents who are homeless or at imminent risk of homelessness (as defined by DOH in this NOFA), including County Clients who are referred by HACSM with tenant-based rental assistance; frail elderly leaving nursing or long-term care facilities or needing specialized services in order to remain in an independent living situation; FFY households; MHSA-Eligible Population; other County Clients; or households with a person(s) with I/DD referred by the County or Golden Gate Regional Center, must utilize an experienced, Bay Area-based service provider currently operating at two or more affordable housing projects within the Bay Area.
- (k) Applicants must comply with the Section 3 requirements of the Housing & Urban Development Act of 1968 (12 U.S.C. 1701u) (Section 3) by having a Section 3 plan. Section 3 requires contractors to give preference to low- and very low-income persons residing in the community where the project is located.

2) Preference Criteria

Preference criteria used in evaluating Multifamily Re-Syndication-Rehabilitation Projects will be the same as those used to evaluate Multifamily New-Construction Affordable Rental Housing Projects, as described in Section VI(A)(2), to the extent such criteria are reasonably applicable, with the exception of aside from giving preference points to Projects with predevelopment periods shorter than three (3) years, rather than four (4) years.

C. Preservation Projects

1) Qualification Criteria (must meet all to be eligible for funding):

(a) Project Eligibility Criteria, as stated in Section V(C)



- (b) Project Owner Experience Criteria, as stated in Section V(B)
- (c) Application presents a fully developed Project concept including: a financing proforma identifying all committed and projected sources, plans for existing/outstanding loans on the property, and a reasonable timeline for obtaining anticipated but uncommitted sources; a preliminary scope of work and estimated cost breakdown prepared by a qualified party; and a project schedule or timeline showing all project milestones.
- (d) Applicant must own or otherwise have the authority to carry out the work on the multifamily property under consideration.
- (e) At least fifteen percent (15%) of the Units in the Project that are restricted to households with incomes at/below 80% of AMI (excluding the manager 's Unit) must be ELI Units as defined in Section IV(A)(4)(a) targeted to households with extremely-low incomes at or below 30% of Area Median Income (AMI). Applicants shall round any fractions up when determining the targeted number of ELI Units. The requirement for ELI Units in Preservation Projects may be met by renting vacant Units over time. See also Section IX(B)(4) for details on this process.
- (f) At least five percent (5%) (with a minimum of two Units) of the Units in the Project that are restricted to households with incomes at/below 80% of AMI (excluding the manager's unit) must be Homeless Units as defined in Section IV(A)(22) targeted to homeless County Clients. Applicants shall round any fractions up when determining the targeted number of Homeless Units. These targeted Units shall be in addition to the ELI Units described in Section VI(C)(1)(e) above. The requirement for Homeless Units in Preservation Projects may be met by renting vacant Units over time. See also Section IX(B)(4) for details on this process. Referred households for Homeless Units will be connected to tenant based rental assistance and will be linked to County services. See Section IX(D) for additional information on recruitment and occupancy of targeted Homeless Units.
- (g) The property must contain an existing multifamily rental apartment building or complex of buildings with a minimum of 20 Units. DOH may consider proposals with fewer Units on a case-by-case basis.
- (h) All Units must be presently vacant or rented at or below the current 80% of median income level maximum rents published annually by CTCAC. As of the date of this NOFA release, the rates were those shown in the table below. DOH may consider limited exceptions.

<u>Apartment Size</u>	<u>Studio</u>	<u>1BR</u>	<u>2BR</u>	<u>3BR</u>	<u>4BR</u>	<u>5BR</u>
<u>Maximum Rent (at 80% AMI)</u>	<u>\$2,610</u>	<u>\$2,797</u>	<u>\$3,356</u>	<u>\$3,878</u>	<u>\$4,326</u>	<u>\$4,773</u>

- (i) The Project's 30-year operating cash flow must include a services budget of at least **\$500 per Unit per annum** (PUPA) and the application must include a services plan summary describing, at a minimum, the services to be offered to tenants on- and off-site, how tenants will be linked to and access necessary

services not provided by the Developer or its affiliates or contracts, who will provide the services, and how they will be funded.

- (j) Fire, life, and safety-related Project repairs and/or rehabilitation work will be completed within eighteen (18) months of the Project acquisition date.
- (k) Projects which target seniors and/or residents who are homeless or at imminent risk of homelessness (as defined by DOH in this NOFA), including County Clients who are referred by HACSM with tenant-based rental assistance; frail elderly leaving nursing or long-term care facilities or needing specialized services in order to remain in an independent living situation;; FFY households; MHSA-Eligible Population; other County Clients; or households with a person(s) with I/DD referred by the County or Golden Gate Regional Center, must utilize an experienced, Bay Area-based service provider currently operating at two or more affordable housing projects within the Bay Area.
- (l) Applicants must comply with the Section 3 requirements of the Housing & Urban Development Act of 1968 (12 U.S.C. 1701u) (Section 3) by having a Section 3 plan. Section 3 requires contractors to give preference to low- and very low-income persons residing in the community where the Project is located.
- (m) Upon Project acquisition and from that point forward, Applicant will continue to honor the leases of all Existing Tenants. Subject to the provisions of any local rent control ordinances and the rules and regulations of any rent subsidies utilized by Existing Tenants, the leases of Existing Tenants may be adjusted annually, corresponding to, at most, the percentage difference between the current and previous year's 80% AMI rent for a Unit of corresponding size, as set by CTCAC.
- (n) In the case of Existing Tenants who upon acquisition pay more than 30% of income toward rent, to the greatest extent possible, Applicants must work with DOH to structure refinancing scenarios or other means which will allow the Owner to reduce the Existing Tenants' share of rent payments at the earliest possible time, with a goal of setting such tenant's share of rent payments at approximately 30% of income or the amount required under any applicable rental subsidy program.

Nothing herein shall be construed to prevent the Owner from collecting total rent payments that equate to more than 30% of the income of an Existing Tenant or future tenant for a Unit where a tenant-based or project-based rental subsidy is applied and authorized to pay the rent requested by Owner up to the amount approved by the agency issuing such rental subsidies.

## 2) Preference Criteria

- (a) The Project will complete rehabilitation activities, if applicable, within (18) months from the due date for NOFA application submission.
- (b) The city (if the Project is located in an incorporated city or town) or County (if the Project is located in the Unincorporated County) has provided a commitment of city funds.

- (c) Existing owner(s) has committed to transfer the Project at a below-market-rate.
- (d) The Developer uses all reasonable efforts to submit applications, working with a local jurisdiction or transit agency as needed, for non-County funding programs.
- (e) The Project provides strong leverage for County funds and limits the amount of County subsidy required by attracting additional non-County funding sources, including below-market-rate sale of Project from existing owner and by controlling costs.
- (f) A proportion (percentage) of Units greater than the 20% required in this AHF 10.0 is targeted to any of the following groups: households with incomes at or below 30% of AMI; residents who are homeless or at imminent risk of homelessness (as defined by DOH in this NOFA), including County Clients who are referred by HACSM with tenant-based rental assistance; frail elderly leaving nursing or long-term care facilities or needing specialized services in order to remain in an independent living situation; HHC-eligible households; FFY households; other County Clients; or households with a person(s) with I/DD referred by the County or Golden Gate Regional Center.
- (g) Project is within close proximity to services, amenities, employment opportunities, and transit.
- (h) The Project includes a greater proportion of Units for larger families (two- and three- bedroom Units, or larger).
- (i) The Project will serve a greater number of households (greater Unit count).
- (j) Funding provided under this NOFA will allow the Project to close within one year of the application deadline for this NOFA, and Applicant has made best efforts to obtain all other sources of gap financing.
- (k) The Project is located within a High-Opportunity, Jobs-Rich Area.
- (l) Project proposes features and fixtures that encourage water and energy efficiency into Project design, and other green building practices.

G.D. Multifamily New Construction Affordable First-Time Homeownership Projects

- 1) Qualification Criteria **(must meet all to be eligible for funding):**
  - (a) Project Eligibility Criteria, as stated in [Section V\(C\)](#)
  - (b) Project Developer Experience Criteria, as stated in [Section V\(B\)](#)
  - (c) The application must present a fully developed Project concept including use of the housing, parties responsible for project development and operations, and financial feasibility.

- (d) The Applicant must have Site Control of the land and other real property necessary for the Project and have submitted acceptable evidence of that control (see Definition of Site Control in [Section IV\(A\)\(35\)](#)). The name on the evidence of Site Control must be exactly the same as the Applicant, or if not the same, the Applicant must provide a narrative description and supporting documentation satisfactory to DOH to clarify the relationship between the entities and process for obtaining ownership. The site control document must also specify exactly the same area as the Project site listed in the application and exactly the same cost for the land and/or existing buildings for the Project referenced in the development budget provided with the Application. If the site description or acquisition cost in the application and the site control document do not match, the Applicant must provide a narrative description and supporting documentation satisfactory to DOH to clarify how the area and cost for the Project were established.
- (e) The Project must be a new-construction project and not an acquisition, acquisition-rehab, or rehabilitation of an existing multifamily housing development.
- (f) The Project must be ready for occupancy within 4 years from the due date for NOFA application submission. Readiness will be gauged by the status of land use entitlements as well as the degree to which other funding commitments have been secured.
- (g) AHF funding must leverage other public and private sources to the greatest reasonable extent possible, as demonstrated in the project financial proforma.
- (h) Application must include a services plan summary describing the services to be offered to homeowners on- and off-site. At a minimum, Project must offer a homeownership training program to all homeowners.
- (i) Application must include the proposed acquisition terms and affordability covenant to be used with individual homebuyers, or a detailed narrative describing in depth the intended terms and requirements of the acquisitions and associated affordability covenants. Draft homebuyer documents must be approved by DOH before any DOH loan contract is signed.
- ~~(j)~~ Applicants must comply with the Section 3 requirements of the Housing & Urban Development Act of 1968 (12 U.S.C. 1701u) (Section 3) by having a Section 3 plan. Section 3 requires contractors to give preference to low- and very low-income persons residing in the community where the project is located.

## 2) Preference Criteria

- (a) The Project will be ready for occupancy sooner than four (4) years from the due date for NOFA application submission. Projects that could otherwise close but for a small gap funding award provided under this NOFA will garner additional preference consideration. Readiness will be gauged by the status of planning and land use entitlements and permits, the degree to which other funding commitments have been secured, completion of architectural drawings,

completion of homebuyer acquisition documents and affordability covenants, and the anticipated development schedule submitted as part of the application.

- (b) The city (if the Project is located in an incorporated city or town) or County (if the Project is located in Unincorporated San Mateo County) has provided a commitment to:
- i. Provide city's allocation of State Local or Regional Housing Trust Fund program funds; or
  - ii. Provide city funds (if the Project is located in an incorporated city or town); or
  - iii. Grant the Project one or more cost-saving incentives, such as fee reductions or waivers, by-right zoning, density bonus, parking requirement reduction, or other such cost-saving incentives.

The County seeks to leverage Measure K funding to create affordable housing through the AHF and is unlikely to fund an application that includes large fees payable to a local jurisdiction.

- (c) Provision of city-, County-, or other Publicly- or Privately-owned land for the Project at a below-market-rate or at zero cost to Developer.
- (d) The Developer uses all reasonable efforts to submit applications, working with a local jurisdiction or transit agency as needed, for State program funds available to Multifamily New Construction Affordable First-Time Homeownership Projects. If an Applicant does not plan to apply for State funding, the Applicant must provide a statement describing its reasoning for not submitting an application. Applicants that plan to apply will have the opportunity to describe the current status of State funding applications, discussions with their local jurisdiction/transit agency partner(s), the amenities planned for inclusion in the application, and the timeline and status of the application.
- (e) The Project provides strong leverage for County funds and limits the amount of County subsidy required by attracting additional non-County funding sources, including donation or below-market-rate sale of land from other quasi- or nongovernmental entities, and by controlling costs.
- (f) Project provides a reasonable plan for targeting Units to households below 120% AMI and/or to Section 8 Homeownership participants.
- (g) Project is within close proximity to services, amenities, employment opportunities, and transit.
- (h) The Project includes a greater proportion of Units for larger families (two- and three- bedroom Units, or larger).
- (i) The Project will serve a greater number of households (greater Unit count).

- (j) Applicant's proposed loan terms and affordability covenant to be executed by individual homebuyers indicate greatest possible term of affordability, including through subsequent sales of homeownership Units to additional first-time homebuyers earning up to 120% AMI. Draft homebuyer documents must be approved by DOH before any DOH loan contract is signed.
- (k) Applicant's proposed loan terms and affordability covenant to be executed by individual homebuyers allow for homebuyers to accrue a portion of the home's equity while also ensuring the long-term affordability of the home through subsequent sales.
- (l) Funding provided under this NOFA will allow Project to begin construction within one year of the application deadline for this AHF 109.0 NOFA, and Applicant has made best efforts to obtain all other sources of gap financing.

D-E. OTC NOFA Projects

1) Qualification Criteria *(must meet all to be eligible for funding)*:

- (a) Project must meet qualification criteria as set forth under Section VI(A)(1), VI(B)(1), ~~or VI(C)(1), or VI(D)~~ as applicable for Project type.
- (b) Project must (1) have received a previous funding award from DOH within the last 3 NOFA cycles, including DOH's federal funding NOFA released December 20219, DOH's AHF 98.0 NOFA released in June 20219, and DOH's federal funds NOFA released December 202019, or (2) be less than six months from construction close.
- (c) Project application demonstrates an urgent funding need by (i) identifying a funding or LIHTC application deadline that falls within the same year as the OTC application, and (ii) providing explanation of how an OTC award would make the project more competitive for said funding or LIHTC application.
- (d) Project application demonstrates that an OTC award would result in a lower amount funded by the County than would be required if the applicant waited until a future AHF funding round.
- ~~(e)~~—Project qualifies for a least one preference criterion set forth under Sections VI(A)(2), not including the readiness criterion (Section VI(A)(2)(a)), VI(B)(2), ~~or VI(C)(2), not including the readiness criterion (Section VI(C)(2)(b)) or VI(D)(2)~~ ~~not including the readiness criterion (Section VI(C)(2)(b)), not including VI(D)(2)(a).~~ as applicable for Project type.

(f)(e)

**VII. ELIGIBLE USES OF AHF LOAN FUNDS**

A. The following eligible costs apply to Multifamily New Construction Affordable Rental Housing, ~~and~~ New Construction Affordable Homeownership, and Preservation Projects.

1) Predevelopment

- (a) Eligible predevelopment costs may include, but are not limited to, costs of local, state- and federally-mandated tenant and business relocation, site plan and other site design studies, architecture and engineering fees, soils testing and other environmental review costs, legal fees, costs of other eligible consultants, planning fees, and other project management expenses.
- (b) DOH funds are available to reimburse predevelopment costs once the Project receives entitlement approval.
- (c) DOH funds are not available to pay for Applicant's staffing, overhead and general costs of operation or site search costs.
- (d) Eligible costs initially paid with Applicant's own or borrowed funds may be reimbursed with DOH loan proceeds within a reasonable period of time at the Department's discretion.

2) Site Acquisition

- (a) The Applicant may request funds to apply toward site acquisition costs such as appraisals, purchase agreement deposits, option payments, other site control costs, the purchase price of the site, repayment of the loan(s) that originally financed the purchase of the site (i.e., take- out financing), and other acquisition costs such as buyer's share of closing costs. DOH will not disburse funds for acquisition costs for the land and improvements in excess of the value of the property appraised within six months of disbursement.
- (b) Eligible site acquisition costs also include site clearance, environmental remediation costs associated with environmental hazards, and preliminary site grading in preparation for construction of the Units.
- ~~(c)~~ Eligible site acquisition costs may be reimbursed with DOH loan proceeds within a reasonable period of time at the Department's discretion, as long as the costs were incurred by the Applicant or Project Developer as part of acquiring the property.

~~(d)~~(c)

3) Construction

- (a) Eligible construction costs include: demolition; on- and off-site improvements; construction of new residential Units and non-commercial common areas that are an integral part of a residential development and that are LIHTC basis eligible costs; and other direct construction costs. Should the Project include the construction or rehabilitation of commercial spaces, the Project proforma which is submitted with the application must indicate how the construction or rehabilitation of the commercial spaces will be financed.
- (b) Certain indirect or soft costs are also eligible, including architectural and engineering fees, local permit and impact fees, legal fees, eligible consultant and professional fees, and property taxes and insurance.

- (c) Costs of local-, state-, and federally-mandated tenant or business relocation, to the extent such relocation is required but not funded by other funding sources.
  - (d) DOH loan proceeds may not be used to pay late or penalty fees or the Applicant's or Project Developer's staffing, overhead and general costs of operation.
  - (e) Eligible costs may be reimbursed with DOH loan proceeds within a reasonable period of time at the Department's discretion.
- 4) Operating Costs
- (a) Eligible operating costs include a 15-year COSR to support general operating costs including supportive services in Projects. For Projects that will serve incomes below 30%, COSR may be used to support rents.
  - (b) DOH encourages Applicants to budget for on-site supportive services beyond case management services for Supportive Housing Projects, Projects serving the HHC-Eligible Population, and Projects serving the MHSA-Eligible Population.

**Note** that MHSA funding is not available to fund operating costs. Should a Project receive an AHF 109.0 funding award that includes a combination of MHSA funds and other funds provided through this NOFA, only the MHSA funds will be ineligible for operating costs.

- B. The following eligible costs apply to Resyndication-Rehabilitation Projects:

The eligible costs for Multifamily New Construction Affordable Rental Housing and New Construction Affordable Homeownership Projects described in Section VII(A) above are also considered eligible costs for Multifamily Re-Syndication-Rehabilitation Projects, except for acquisition costs, which DOH will not finance for Projects in this category.

## VIII. LOAN TERMS

- A. DOH Loan Amount

DOH will provide low-interest loans to eligible projects. **The minimum loan amount for any Project will be \$100,000.** Loan limits are described below.

- 1) Multifamily New-Construction Affordable Rental Housing Projects
  - a) The maximum loan amount for a Multifamily New Construction Affordable Rental Housing Project shall be the lesser of: the AHF 910.0 NOFA funding allocation for the Project category, or the amount needed for Project financial viability.



- b) Regardless of the loan amount awarded to a Project, the maximum number of Units in a Project that can be restricted by DOH funding, including AHF funds, is 49% of the Units.
- 2) Multifamily Resyndication Rehabilitation Housing Projects
- a) The maximum loan amount for Multifamily Resyndication Rehabilitation Projects is \$100,000 per AHF-restricted Unit, but not to exceed the lesser of the AHF [910.0](#) NOFA funding allocation for the Project category (\$2,000,000) or the amount needed for Project financial feasibility.
  - b) Regardless of the loan amount awarded to a Project, the maximum number of Units in a Project that can be restricted by DOH funding, including AHF funds, is 49% of the Units.
- 3) Multifamily New Construction Affordable First-Time Homeownership Housing Projects
- a) The maximum loan amount for Multifamily New Construction Affordable First-Time Homeownership Housing Projects shall be the lesser of the AHF [910.0](#) NOFA funding allocation for the project category (\$1,000,000), or the amount needed for project financial viability.
- 4) Preservation Projects
- a) The maximum loan amount for Preservation Projects is \$100,000 per AHF-restricted Unit, but not to exceed the lesser of the AHF [10.0](#) NOFA funding allocation for the Project category (\$3,000,000) or the amount needed for Project financial feasibility.
  - b) Regardless of the loan amount awarded to a Project, the maximum number of Units in a Project that can be restricted by DOH funding, including AHF funds, is [49%](#) of the Units.

**B. Interest Rate and Repayment through Residual Receipts**

The interest rate and loan repayment terms for all AHF loans shall be subject to the Department of Housing loan policies. DOH loans for affordable housing are typically structured as non-recourse, 3% simple, residual-receipts loans.

DOH requires that half of net cash flow after payment of annual operating expenses, required reserve deposits, and debt service payments be used to repay the DOH loans. When DOH is not the sole subsidy lender requiring residual receipt payments, DOH expects the subsidy lenders will share the lenders' 50% allocation of residual receipts in proportion to the size of the various residual receipt loans. The remaining 50% of cash flow may be kept by the developer for payment of deferred developer fees and incentive fees.

For more detailed information on Department of Housing loan policies, please see the DOH Loan Policies and Underwriting Guidelines on the Department’s website or contact the staff member listed in the AHF NOFA announcement.

C. Term

The term of the AHF loans may initially be up to six years. If satisfactory progress is being made toward completing the milestones listed in the Loan Contract, the term of the loan may be extended upon approval by Borrower and DOH. Assuming successful completion of site acquisition, predevelopment activities, construction closing, and building construction, at conversion from construction to permanent financing, the AHF loan will convert to long-term permanent loans. The typical permanent term is 55 years from project completion in line with CTCAC requirements.

D. Loan Terms

A brief summary of pertinent AHF loan terms is below. Please also see [the DOH Loan Policies and Underwriting Guidelines document, to which all loans executed in connection with this NOFA will be subject,](#) -on the Department’s website for additional terms, guidelines, and policies.

~~HHC funds included in this AHF 109.0 NOFA are subject to State HCD requirements, in addition to the loan terms below. Please review the [HHC Program Guidelines](#) and other resources provided by State HCD.~~

Loan Amount	See (A) above.
Predevelopment Funding	<p>An AHF <a href="#">109.0</a> award may be used to reimburse for Predevelopment Activities up to a maximum of 3% of Project's total development costs.</p> <p>Any Predevelopment Activities beyond the maximum 3% of Project’s total development costs are available for reimbursement (as approved by DOH) once the Project receives full entitlement approval.</p> <p>Predevelopment funding will be memorialized through a predevelopment loan agreement executed by DOH and Applicant or Borrower.</p>
Interest Rate and Repayment	3% simple interest repaid through subsidy lenders’ proportional share of Residual Receipts. See (B.), above, for details.
Term	Typically 6 years, converting to 55 years. See Section VIII(C), above.

Eligible Borrower	Nonprofit organizations and mission-driven for-profit individuals & entities with appropriate experience.
Housing Type	<p><u>Multifamily Affordable New Construction Rental Housing Projects:</u> Permanent deed-restricted new construction multifamily rental housing.</p> <p><u>Multifamily Resyndication-Rehabilitation Projects:</u> Existing deed-restricted affordable multifamily rental housing undergoing resyndication of LIHTC and rehabilitation.</p> <p><u>Multifamily New Construction Affordable First-Time Homeownership Housing Projects:</u> Permanent new construction multifamily housing with homes sold to income-qualified first-time homebuyers.</p> <p><u>Preservation Projects: Projects that are existing permanent multifamily rental housing with Units that are occupied by households with incomes at or below 80% of AMI; that are eligible to convert to market rate; that are known to be at imminent risk of rent increases which are likely to result in the eviction of the Existing Tenants; and, that are subject to one or more of the following conditions: a change in ownership, termination of a rent subsidy contract, prepayment of a subsidized mortgage, or expiration of rental and/or deed restrictions.</u></p>
Affordability / Unit Targeting	<p><u>Multifamily Affordable New Construction Rental Housing Projects:</u></p> <ul style="list-style-type: none"> <li>a) All Units receiving AHF funding, except a manager's unit, must be restricted to households with incomes at or below 80% of Area Median Income (AMI).</li> <li>b) Excluding the manager's unit, at least 15% of all Units in the Project must be targeted to households at or below 30% of AMI.</li> <li>c) Excluding the manager's unit, at least 5% of all Units in the Project, with a minimum of two Units per Project, must be targeted to homeless households as described in this NOFA. These Units are in addition to Units targeted in b) above.</li> </ul> <p><u>Multifamily Re-Syndication-Rehabilitation Projects:</u> All Units in the Project, except for a manager's unit must be restricted to households with incomes at or below 80% of <del>AMI</del><u>Area Median Income (AMI)</u> or lower incomes as specified by the LIHTC program or other County loans.</p> <ul style="list-style-type: none"> <li>a) Excluding the manager's unit, at least 15% of all Units in the Project must be targeted to households at or below 30% of AMI.</li> <li>b) Excluding the manager's unit, at least 5% of all Units in the Project, with a minimum of two Units per Project, must be targeted to homeless households as described in this NOFA. These Units are in addition to Units targeted in <del>a</del><u>b</u>) above.</li> </ul> <p><u>Multifamily New Construction Affordable First-Time Homeownership Housing Projects:</u> All Units in the Project must be restricted to</p>

	<p>households with incomes at or below 120% of <del>Area Median Income (AMI)</del>.</p> <p><u>Preservation Projects: All Units in the Project must be restricted to households with incomes at or below 80% of AMI.</u></p> <p><u>a) Excluding the manager's unit, at least 15% of all Units in the Project must be targeted to households at or below 30% of AMI.</u></p> <p><u>a)b) Excluding the manager's unit, at least 5% of all Units in the Project, with a minimum of two Units per Project, must be targeted to homeless households as described in this NOFA. These Units are in addition to Units targeted in a) above.</u></p>
Loan Review	All applications are reviewed by DOH staff and the Housing & Community Development Committee (HCDC)
Loan Approval	All staff and HCDC recommendations for funding will be forwarded to the County Board of Supervisors. The Board must approve all AHF loans.
DOH Fees	<p>Origination fee: 1.5% of the loan amount</p> <p>Loan Servicing and Monitoring Fee: \$250 per AHF-Restricted Unit, capped at \$5,000 per Project, per year, beginning at completion of the Project.</p>
Security	Secured by a deed-of-trust interest in real property. DOH may on occasion provide early predevelopment loans prior to acquisition, secured through Borrower guarantees and/or pledge of work products.
Lien Position	DOH may subordinate its AHF <a href="#">910.0</a> Deed of Trust to leverage private financing. Priority among subsidy lenders is typically established based upon size of the various subsidy loans.
Loan to Value	Loan proceeds for site acquisition shall not exceed 100% of appraised value as determined within six months of disbursement of funds.
Affordability Covenant	See details in Section VIII(G) below. Affordability Covenant shall be required, recorded, and shall extend for the same period as the permanent loan, typically 55 years from completion.
Non-Recourse	All AHF loans shall be non-recourse loans secured by real estate pursuant to the provisions of Department of Housing loan policies.

E. Proceeds from AHF Loans

Proceeds from the repayment of AHF loans shall be deposited in DOH accounts. DOH retains the discretion to use such proceeds to assist with affordable housing provision in the future.

F. Loan Closing and Disbursement of Funds

- 1) DOH and Borrower will close escrow on the AHF Affordability Covenant and the AHF loan in the same escrow, with the AHF Affordability Covenant in superior position to the AHF loan.
- 2) Upon receipt of satisfactory documentation from the applicant, DOH will disburse AHF loan proceeds either to escrow to pay site acquisition costs, or to the applicant to reimburse the applicant for site acquisition, predevelopment, and/or construction costs. In special cases warranting such action, and at the Department's discretion, DOH may, upon written instructions from borrower, pay Borrower's vendors directly upon submission of invoices for completed work in excess of \$5,000 for predevelopment and/or construction costs.
- 3) For construction costs, DOH will disburse AHF loan proceeds for construction progress payments that the Borrower's appointed construction representative has approved as an accurate statement of work completed.

G. Affordability Covenant

- 1) Concurrent with executing the Loan Agreement and recording the Deed of Trust, Borrower will execute an Affordability Covenant to be recorded in the official public records of San Mateo County. The Affordability Covenant will memorialize the affordability restrictions and other requirements that accompany the Loan Agreement. The Affordability Covenant will typically remain in force for fifty-five (55) years from project completion.
- ~~2)~~ If the Department Director determines, after consultation with County Counsel, that one or more federal, state and/or local financing programs available to a Project will achieve results that are equivalent to, or more effective than, the affordability or other public purpose of DOH, and that such financing programs are otherwise compatible with the DOH and applicable County and Department policies and objectives, the Director is authorized to modify AHF loan terms, policies and/or the Loan Agreement, to the degree necessary for the Project to utilize those financing sources.

3)2)

## IX. SPECIAL TERMS AND CONDITIONS

### A. Determination and Location of AHF-Restricted Units

- 1) "AHF-Restricted Unit" means a residential Unit that is subject to rent and occupancy restrictions as a result of the financial assistance provided by DOH, as specified in this AHF NOFA, the Loan Agreement, the Note, the Deed of Trust, and the Affordability Covenant. The process for determining the number of AHF-Restricted Units in a Project is described in Section IV (A)(4) of this NOFA.
- ~~2) AHF-Restricted Units should be distributed by Unit size and amenity mix throughout the entire development.~~
- ~~3) —~~

### B. Affordability Requirements / Income Limits for AHF-Restricted Units in Rental Projects

- 1) All AHF-Restricted Units in Rental Projects utilizing tax credits must remain affordable for a minimum of fifty-five (55) years from completion of construction or rehabilitation. AHF-Restricted Units in non-LIHTC Projects must remain affordable for a minimum of thirty (30) years, though the Department expects that in most cases, longer terms will be possible and required in connection with AHF funding.
- 2) At rent-up, all AHF-Restricted Units must be restricted for and affordable to households with incomes at or below 80% of Area Median Income (AMI) for San Mateo County, as published annually by the United States Department of Housing and Urban Development (HUD).
- 3) Excluding the manager's unit, at least 15% of all Units in a Rental Project must be restricted for and affordable to households at or below 30% of AMI (the "ELI Units" as defined in Section IV(A)(14)). In addition to the ELI Units, at least 5% of all Units in a Rental Project, with a minimum of two Units, must be targeted to County Clients, (the "Homeless Units" as defined in Section IV(A)(19)). All ELI Units and Homeless Units shall be considered AHF-Restricted Units.
- 4) In the case of Multifamily Resyndication-Rehabilitation Projects and Preservation Projects, the AHF Homeless and ELI Unit requirements will be met by filling vacant Units with the targeted homeless or ELI populations as turnover allows.

The AHF Homeless Unit requirement may be met by existing equivalent requirements of DOH or other lenders, at the Department's discretion. For example, if an existing regulatory agreement of DOH or another lender requires at least 5% of Units in the Project to be filled with formerly homeless households or County Clients, and the households currently occupying those Units meet AHF requirements for tenants of Homeless Units, the AHF Homeless Unit requirement may be satisfied by the Units occupied by the existing formerly homeless tenants.

The AHF ELI Unit requirement may be fulfilled by current households that meet the income requirements of ELI Units, regardless of whether any existing regulatory

agreements of DOH or other lenders restrict the household income of any Units to 30% AMI.

The Affordability Covenant will be executed and recorded requiring a minimum of 5% Homeless Units and 15% ELI Units, regardless of whether another existing regulatory agreement requires the same.

5) In the case of Multifamily New Construction Projects that involve demolition of existing deed-restricted affordable housing where the existing tenants will return after construction completion, the entire Unit count of the Project will be subject to the AHF Homeless and ELI Unit requirements. Similar to allowances of Multifamily Resyndication-Rehabilitation Projects described above, AHF Homeless and ELI Unit requirements may be met by existing qualifying tenants. However, the AHF Homeless Unit requirement may only be met if those Units were subject to an existing regulatory agreement with DOH or other lenders, requiring that the Units be leased to homeless households.

6) In the case of Preservation Projects, the AHF ELI Unit requirements will be met by filling vacant Units with the targeted ELI populations as turnover allows.

The AHF ELI Unit requirement may be fulfilled by current households that meet the income requirements of ELI Units, regardless of whether any existing regulatory agreements of DOH or other lenders restrict the household income of any Units to 30% AMI.

The Affordability Covenant will be executed and recorded requiring a minimum of 15% ELI Units, regardless of whether another existing regulatory agreement requires the same.

5)7) After initial qualification and upon recertification of household income, a household occupying an AHF-Restricted Unit may have its rent increased as a result of increases in household income, consistent with DOH policy and CTCAC requirements, as applicable.

6)8) The income of a formerly-homeless household occupying a Homeless Unit may increase without the Unit losing its status as a required Homeless Unit unless the tenant's income increases to or beyond 50% AMI. In such a scenario, the Unit would no longer be considered a Homeless Unit, and when the next vacancy of a Unit of similar size occurs, it must be filled with a homeless household through the process described in Section IX(D) below, qualifying that Unit as a Homeless Unit under AHF guidelines.

7)9) If the income of a household occupying an ELI Unit increases to or beyond 50% of the AMI, the Unit will no longer qualify as an ELI Unit for purposes of AHF compliance.- In that scenario, the next vacancy in a Unit of similar size shall be filled with a household earning up to 30% AMI, qualifying that Unit as an ELI Unit for purposes of AHF compliance.

C. Affordability Requirements / Income Limits for AHF-Restricted Units in Multifamily New Construction Affordable First-Time Homeownership Housing Projects

1) All AHF-Restricted Units in homeownership projects must be sold to first-time homebuyers earning up to 120% of the Area Median Income. While DOH encourages creative strategies to allow the first-time homeowners to build equity through homeownership, the Department's primary goal in these Projects is long term affordability through subsequent sales for at least 30 years from Project completion, if not 55 years or more. Please see additional guidance on this issue in Section V(C)(3) of this NOFA. This AHF NOFA does not require Units for homeless or ELI households in homeownership Projects.

~~2)~~ The income of a first-time homebuyer that has acquired an AHF-Restricted Unit in a Multifamily New Construction Affordable First-Time Homeownership Project may increase without regard to the status of the Unit as an AHF-Restricted Unit.

~~3)2)~~

#### D. Recruitment and Occupancy of Targeted Homeless Units

DOH requires that a minimum of 5% of Units in AHF-funded Projects be rented to homeless households who are County Clients with various service needs, linked to County services, and who are referred to AHF-funded Projects with tenant-based rental assistance. This process is described below. DOH also gives preference to Projects that go beyond the 5% requirement for referral of homeless County Clients.

1) HACSM maintains on-going wait lists for all of its subsidized housing programs, and through its partnership with the CES and Center on Homelessness, is actively involved with the Homeless Outreach Teams, Emergency Shelters and Core Service Agencies as they reach out, connect with, and provide services to homeless households. Through the San Mateo County Continuum of Care (CoC), HACSM handles all referrals to the subsidized housing programs and coordination with supportive service providers for each household. HACSM has contracts with numerous supportive service agencies which provide services to individuals and families in HACSM's subsidized housing programs, including BHRS, County Department of Alcohol and other Drug (AOD), Mental Health Association (MHA), LifeMoves, and Samaritan House.

2) Rent Up and Tenant Screening: Both during initial rent-up and when Homeless Units subsequently become available, HACSM will promptly provide a list of names of homeless households who are currently receiving supportive services from one of the supportive services providers, to the property owner. All of these households will have been pre-determined to be eligible for rental assistance programs administered by HACSM and will be referred to the Project with a tenant-based rental assistance voucher. Examples of some of these programs are: Permanent Supportive Housing Program, Housing Readiness Program (a time-limited voucher program with case management services which help non-chronic homeless households obtain housing and increase their income over time to afford unsubsidized rent upon program graduation), the Veteran's Affairs Supportive Housing (VASH) Program, FUP, the Mainstream Program, and other rental assistance programs that HACSM uses to provide housing opportunities for homeless households.

The owner will then have the opportunity to meet the referred households and determine whether or not they meet the property owner's eligibility criteria, including reviewing for criminal background and/or other occupancy standards, as they would



with any pre-application process. However, HACSM requires owners allow the following caveat: since these Units are targeted to homeless individuals and families under a housing first model, many may have issues with current credit score, a limited or no rental history, prior evictions, etc. HACSM stresses that, as clients of County service agencies, these tenants will also be provided with supportive services to help with transitioning to and maintaining stable housing. The owner is expected to modify its pre-screening standards for these Units, recognizing that these individuals and families will have supportive services already established and supporting them.

Once the property owner has met with all of the referred households, the property owner will return the list to HACSM, along with the households who were approved/denied for occupancy at their property. Applicants who are denied for occupancy must be notified in writing and a copy of the denial letter sent to HACSM with reasons indicated for denial of the application.

#### E. Funding for On-Site Resident Services and Service Coordination

- 1) DOH and HACSM expect that, in addition to the case management services provided to homeless households by the County and its subcontractors, each Rental Housing Project will feature an onsite resident services coordinator funded with at least \$500 PUPA, which may come from operations or other sources, to organize and deliver resident services, in addition to helping to coordinate supportive services for any tenant that would like to take advantage of the services offered by the County and other area sources. DOH expects that Projects that propose larger percentages of homeless or ELI households will propose greater budget amounts for these services. Supportive Housing Projects must propose a minimum of \$1,000 per Supportive Housing Unit per year.
- 2) As described above, all homeless County Clients referred to Rental Projects by HACSM come with tenant-based rental assistance where rents are based on HUD rent reasonableness criteria. -In cases where a portion of the income generated by the voucher is not underwritten to leverage private financing, DOH recommends that the excess income “overhang” generated by the voucher be used to provide additional services for residents or to cover rent losses suffered by the owner caused by a tenant who had a time-limited voucher and is unable to continue paying the underwritten rent in full upon expiration of the voucher.

#### F. Physical Distribution of the Rental Units

- 1) The AHF-Restricted Units should be distributed by Unit size and amenity mix throughout the entire development.
- 2) AHF-Restricted Units will be floating Units. Upon recertification of household income, if a household no longer qualifies to occupy its AHF-restricted Unit at the initially targeted affordability level for that Unit, then the next available comparable AHF-restricted Unit shall become designated to target households at the same initially targeted affordability level as the recertified household’s Unit. The objective is to ensure the development maintains the initial affordability-mix of the AHF-restricted Units over time. -Please also refer to Section IX(B)(6) and (7), above, and the definitions of Homeless Unit and ELI Unit in Section IV for more details on this issue.

G. Rent Limit Compliance for Rental Units

The Department will periodically monitor the development to ensure that the AHF-restricted Units are in compliance with these affordability requirements, and that procedures used to calculate the maximum tenant-paid rent for AHF-restricted Units are consistent with the project's policies and requirements.

X. **COMPLIANCE MONITORING AND LOAN SERVICING**

A. Construction / Rehabilitation

1) The County reserves the right to undertake periodic monitoring of the Project during the construction/rehabilitation period for AHF program compliance, including site visits. Borrower shall be given adequate notice of any monitoring.

2) In furtherance of DOH's goals to promote the hiring of (1) MBE and WBE contractors, sub-contractors, and suppliers participating in the development of County-owned property and properties that benefit from County funding; and, (2) Economically Disadvantaged Workers, DOH will monitor efforts undertaken by Borrower to broaden the invitation(s) to contractors, subcontractors, and suppliers to submit bids for the Project so that invitation(s) are inclusive of MBEs, WBEs, and Economically Disadvantaged Workers (such as by advertisement of available job contracts at trade unions, non-profit organizations, public sites, including County public sites, job training sites, community colleges, etc.).

2)3) Borrower shall submit quarterly progress reports from the announcement of award under this AHF 910.0 NOFA until the completion of the new -construction/rehabilitation work. The County shall supply the reporting forms for such quarterly progress reports, which are expected to be completed in CDS.

B. Lease-Up

1) Borrower will be required to submit for County's approval a Marketing Plan and Tenant Selection Plan no later than six (6) months prior to the projected date of the completion of the Project.

2) Should a unified listings and application portal or single wait list or point of entry be created by County or regional agency for affordable housing units and/or other subsidized housing units in the County, all Units, except Homeless Units and Units targeted to County Clients, that are funded through this AHF NOFA will utilize and participate in that portal, list or entry point to list Project and gather tenant applications for Project.

B.C. Operations

- 1) DOH will undertake periodic monitoring of the Project for AHF program compliance. Such monitoring may consist of reviewing documents and records related to tenant income, occupancy of targeted Units, funding for on-site resident services and service coordination, and information relevant to the financial condition of the Project to ensure long-term viability. The submitted documentation must be sufficiently detailed for DOH to confirm whether the AHF-Restricted development or Units are in compliance with the AHF program requirements.
- 2) The annual compliance report that Borrower submits to DOH will include a tenant roster listing household size, income, and rent for each tenant in an AHF-Restricted Unit. DOH shall review reports for compliance with the AHF program requirements, shall require the developer to correct violations of those requirements, and may request additional documentation from the Borrower, as the situation dictates.
- 3) DOH may conduct periodic site visits to AHF Projects. During visits to rental housing projects, DOH representatives may interview the resident manager, review a sample of the on-site tenant files, inspect a sample of the Units of varying size and affordability, and tour the common areas and grounds of the development.
- 4) DOH will service AHF loans, assuming all related loan servicing tasks on behalf of the County. DOH charges an annual loan servicing and monitoring fee of \$250 per AHF-Restricted Unit, capped at \$5,000 annually, for the provision of these services. In order to undertake loan servicing tasks, Developer or Owner must supply DOH with annual Project audits which calculate and clearly present the amount of residual receipt payments due to each lender. Failing to do so will represent noncompliance with the terms of the Loan.

## XI. SECTION 8 PROJECT-BASED VOUCHERS

- A. At the time of this NOFA's release, HACSM does not have ~~There will be no commitment of~~ Section 8 Project-Based Vouchers or other forms of project-based rental assistance (collectively, "PBV's") to commit as part of this NOFA.
- B. In cases where Applicants have previously received an award of PBVs for a Project, the Applicant should factor such PBV's into the Project financial proforma. However, if an Applicant indicates the use of any uncommitted PBV's as part of the Project financing, the Applicant should do so only with the understanding that HACSM has made no commitment for such additional PBV's and cannot be held to such use of PBV's.
- C. **Applicants who submit a development proforma indicating the use of uncommitted PBV's must also submit a "no-PBV" or "no-additional-PBV" development financial proforma, as applicable, as part of the required attachments.** Applications which include an uncommitted PBV scenario and a no- or no-additional-PBV scenario, should describe any differences between the two scenarios in the application, where applicable.

## SCORING FACTORS / PROJECT EVALUATION

All Projects must meet the Qualification Criteria, set forth in [Section VI](#), to be considered for funding. Further, all Projects will be evaluated for cost efficiency and success in leveraging other funding sources to limit the total County funding required. Applications will be compared to one another and to current development standards and will ~~also~~ be evaluated on additional ~~in terms of the additional~~ factors described below. DOH reserves the right to make awards in an amount less than requested by an Applicant, or to reject applications altogether based upon cost and funding considerations ~~or submission of grossly incomplete or inaccurate projections.~~ ~~Note that while DOH considers total development costs per Unit and County funding per Unit to be significant metrics, DOH also gives strong consideration to other aspects of the applications and budgets, including but not limited to the number of bedrooms in each Unit, the number of persons to be housed, the amenities to be provided, etc., and will not consider costs independent of quality.~~

~~Please note that County resources are limited, and as result, DOH will not necessarily prioritize speed and ability to close through infusion of additional County gap funding when other highly-accessible sources could instead be obtained in the coming year. DOH will also look to fund development costs in need of payment in the following 12-month period and will look to fill remaining gaps as possible.~~

### I. PREFERENCE CRITERIA AND SCORING

The following **preference criteria** also described in [Section VI](#) will be used to help evaluate Project applications:

A. Scoring Factors and Points for ~~Rental Projects~~ (Multifamily New Construction Affordable Rental Housing Projects and Multifamily Re-Syndication-Rehabilitation Projects)

~~Note: subsection (5) below is only applicable to Multifamily New Construction Affordable Rental Projects. As a result, there is a maximum possible of 100 points for Multifamily Re-Syndication-Rehabilitation Projects and a maximum possible of 115 points for Multifamily New Construction Affordable Rental Projects is 115.~~ Project scores will be considered against total available points by Project category.

- 1) The Project will be ready for occupancy sooner than four (4) years for Multifamily New Construction Affordable Rental Projects, and three (3) years for Multifamily Re-Syndication-Rehabilitation Projects, from the due date for NOFA application submission. Projects that could otherwise close but for a small gap funding award provided under this NOFA will garner additional preference consideration. Readiness will be gauged by the status of planning and land use entitlements and permits, the degree to which other funding commitments have been secured, completion of architectural drawings, the anticipated date for 9% tax credit financing applications or 4% tax credit/tax-exempt bond applications (if applicable), and the anticipated development schedule submitted as part of the application. [Note: Staff may refer to previous funding applications submitted to DOH for the Project to check for discrepancies between previous applications and this current application in information presented regarding readiness.] **(15 points)**

- 2) The City (if the Project is located in an incorporated city or town) or County (if the Project is located in the Unincorporated County) has provided a commitment to:
  - (a) Provide city's allocation of State Local or Regional Housing Trust Fund program funds; or
  - (b) Provide City funds (if the Project is located in an incorporated city or town);
  - (c) Grant the Project one or more cost-saving incentives, such as fee reductions or waivers, by-right zoning, density bonus, parking requirement reduction, or other such cost-saving incentives. **(10 points)**
  
- 3) Provision of city-, County-, or other publicly- or privately-owned land for the Project at a below-market-rate or at zero cost to Developer. **(10 points)**
  
- ~~4)~~ The Developer uses all reasonable efforts to submit applications, working with partner with a local jurisdiction or transit agency as needed, to State program funds, including, but not limited to: Infill Infrastructure Grant; No Place Like Home; Multifamily Housing Program; Affordable Housing and Sustainable Communities; Transit Oriented Development, and; Veterans Housing and Homelessness Prevention. Applicants that plan to apply will have the opportunity to describe the current status of State funding applications, discussions with their local jurisdiction/transit agency partner(s), the amenities planned for inclusion in the application, and the timeline and status of the application. **(5 points)**
  
- ~~5)~~
- ~~6)4)~~ ~~The Developer proposes to develop at least 10% of its Project Units, or 15 Units, whichever is greater, for HHC-Eligible Population households utilizing HHC funds in a Project suitable to serve the HHC-Eligible Population. See Exhibit A for details. [Note: Applicants must consult with DOH staff before submitting and AHF 109.0 application for HHC funds.] (15 points).~~

~~Note that since Projects may not access both HHC funds and other State program funds, Projects may receive points from either this section or Section I.A(4) above. However, if Applicant applies for HHC funding made available by the State, in addition to HHC funds available in this NOFA, Applicant is eligible to receive points from this section and Section I.A(4) above.~~
  
- ~~7)5)~~ The Project provides strong leverage for County funds and limits the amount of County subsidy required by attracting additional non-County funding sources, including donation or below-market-rate sale of land from other quasi- or nongovernmental entities, and by controlling costs. For Supportive Housing Projects, AHF 109.0 NOFA funding proposed to fund a 15-year COSR to support general operating costs including additional supportive services, and in some cases, rents, does not negatively impact Applicant's score under this criterion. Instead, only AHF 109.0 NOFA funding proposed for Predevelopment Activities and construction costs will be considered under this criterion. **(15 points)**
  
- ~~8)6)~~ A larger proportion (percentage) of Units greater than the 20% (or greater than 35% for Supportive Housing Projects) required in this AHF 910.0 is targeted to *any* of the following groups with an appropriate plan for referral and underwriting the applicable Units: households with incomes at or below 305% of AMI; residents who are homeless or at imminent risk of homelessness (as described by DOH in this NOFA), including

County Clients who are referred by HACSM with tenant-based rental assistance; frail elderly leaving nursing or long-term care facilities or needing specialized services in order to remain in an independent living situation; HHC-Eligible Population; FFY households; MHTSA-Eligible Population; other County Clients; or households with a person(s) with I/DD referred by the County or Golden Gate Regional Center. Note that with respect to this list of targeted populations, DOH will give greater priority to applications that propose referring populations that are County Clients. **(150 points)**

~~9)7)~~ Project is within close proximity to services, amenities, employment opportunities, and transit, and is infill development, meaning Project site is unused or underutilized land within existing urban areas. (10 points)

~~10)8)~~ The Project's 30-year operating cash flow indicates a Services budget greater than \$500 per Unit per annum (PUPA) (or greater than \$1,000 PUPA for Supportive Housing Projects), and the Project provides high-quality services appropriate for the needs of the tenant population served, in connection with the more robust budget; physical space for service amenities is available within the development; and service amenities will be of a regular and ongoing nature and provided to tenants free of charge (except for day care services or any charges required by law). **(5 points)**

~~11)9)~~ The Project includes a greater proportion of Units for larger families (two- and three-bedroom Units, or larger). **(5 points)**

~~12)10)~~ The Project will serve a greater number of households (i.e. larger Unit count). (5 points)

11) Funding provided under this NOFA will allow Project to close within one year from the date of this NOFA close and Applicant has made best efforts to obtain all other sources of gap financing.- (10 points)

12) The Project is located within a High-Opportunity, Jobs-Rich Area. (5 points)

13) Project proposes features and fixtures that encourage water and energy efficiency into Project design, and other green building practices. (5 points)

**B. Scoring Factors and Points for New Construction Affordable Homeownership Projects**

**The maximum possible points for New Construction Affordable Homeownership Projects is 115. Project scores will be considered against total available points by Project category.**

***(See below for the maximum points for each factor; there is a maximum possible of 100 points)***

~~14)1)~~ The Project will be ready for occupancy sooner than four (4) years from the due date for NOFA application submission. Projects that could otherwise close but for a small gap funding award provided under this NOFA will garner additional preference consideration. Readiness will be gauged by the status of planning and land use entitlements and permits, the degree to which other funding commitments have been secured, completion of architectural drawings, and the anticipated development schedule submitted as part of the application. [Note: Staff may refer to previous funding applications submitted to DOH for the Project to check for discrepancies

between previous applications and this current application in information presented regarding readiness.] **-(15 points)**

~~15~~2) The City (if the Project is located in an incorporated city or town) or County (if the Project is located in the Unincorporated County) has provided a commitment to:

- (a) Provide city's allocation of State Local or Regional Housing Trust Fund program funds; or
- (b) Provide City funds (if the Project is located in an incorporated city or town); and/or
- (c) Grant the Project one or more cost-saving incentives, such as fee reductions or waivers, by-right zoning, density bonus, parking requirement reduction, or other such cost-saving incentives. **-(10 points)**

The County seeks to leverage Measure K funding to create affordable housing through the AHF and is unlikely to fund an application that includes large fees payable to a local jurisdiction.

~~16~~3) Provision of city-, County-, or other publicly- or privately-owned land for the Project at a below-market-rate or at zero cost to Developer. **(10 points)**

~~17~~4) The Developer uses all reasonable efforts to submit applications, working with a local jurisdiction or transit agency as needed, for State program funds available to Multifamily New Construction Affordable First-Time Homeownership Projects. Applicants that plan to apply will have the opportunity to describe the current status of State funding applications, discussions with their local jurisdiction/transit agency partner(s), the amenities planned for inclusion in the application, and the timeline and status of the application. **(5 points)**

~~18~~5) The Project provides strong leverage for County funds and limits the amount of County subsidy required by attracting additional non-County funding sources, including donation or below-market-rate sale of land from other quasi- or nongovernmental entities, and by controlling costs. **-(15 points)**

~~19~~6) Project targets Units to households below 120% AMI and/or to Section 8 Homeownership participants. **-(150 points)**

~~20~~7) Project is within close proximity to services, amenities, employment opportunities, transit, and is infill development, meaning Project site is unused or underutilized land within existing urban areas. Project is within close proximity to services, amenities, employment opportunities, and transit. **(10 points)**

~~21~~8) The Project will serve a greater number of households (greater Unit count). **(5 points)**

~~22~~9) Applicant's proposed loan terms and affordability covenant to be executed by individual first-time homebuyers indicate greatest possible term of affordability, including through subsequent sales of homeownership Units. Draft homebuyer documents must be approved by DOH before any DOH loan contract is signed. **(5 points)**

23)10)

A

pplicant's proposed loan terms and affordability covenant to be executed by individual homebuyers allow for homebuyers to accrue a portion of the home's equity while also ensuring the long-term affordability of the home, through subsequent sales. **(5 points)**

11) Funding provided under this NOFA will allow Project to close within one year from the date of this NOFA close and Applicant has made best efforts to obtain all other sources of gap financing. (10 points)

12) The Project is located within a High-Opportunity, Jobs-Rich Area. (5 points)

13) Project proposes features and fixtures that encourage water and energy efficiency and./or incorporates seismic retrofits into Project design. (5 points)

### C. Scoring Factors and Points for Preservation Projects

**The maximum possible points for Preservation Projects is 105. Project scores will be considered against total available points by Project category.**

1) The Project will complete rehabilitation activities, if applicable, within (18) months from the due date for NOFA application submission. (10 points)

2) The city (if the Project is located in an incorporated city or town) or County (if the Project is located in the Unincorporated County) has provided a commitment of city funds. (10 points)

3) Existing owner(s) has committed to sell or otherwise transfer the Project at a below-market-rate. (15 points)

4) The Developer uses all reasonable efforts to submit applications, working with a local jurisdiction or transit agency as needed, for non-County funding programs. (5 points)

5) The Project provides strong leverage for County funds and limits the amount of County subsidy required by attracting additional non-County funding sources, including below-market-rate sale of Project from existing owner and by controlling costs. (15 points)

6) A proportion (percentage) of Units greater than the 20% required in this AHF 10.0 is targeted to any of the following groups: households with incomes at or below 30% of AMI; residents who are homeless or at imminent risk of homelessness (as defined by DOH in this NOFA), including County Clients who are referred by HACSM with tenant-based rental assistance; frail elderly leaving nursing or long-term care facilities or needing specialized services in order to remain in an independent living situation; HHC-eligible households; FFY households; other County Clients; or households with a person(s) with I/DD referred by the County or Golden Gate Regional Center. (10 points)

7) Project is within close proximity to services, amenities, employment opportunities, and transit. (10 points)



- 8) The Project includes a greater proportion of Units for larger families (two- and three-bedroom Units, or larger). (5 points)
- 9) The Project will serve a greater number of households (greater Unit count). (5 points)
- 10) Funding provided under this NOFA will allow the Project to close within one year of the application deadline for this NOFA, and Applicant has made best efforts to obtain all other sources of gap financing. (10 points)
- 11) The Project is located within a High-Opportunity, Jobs-Rich Area. (5 points)
- 12) Project proposes features and fixtures that encourage water and energy efficiency into Project design, and other green building practices. (5 points)

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## Housing for a Healthy California (HHC) Program

### Overview

On May 13, 2019, the California Department of Housing and Community Development (“State HCD”) promulgated the Amended Final Guidelines for its Housing for a Healthy California program (“HHC”). On that same date, State HCD made available \$60 Million in Building Homes and Jobs Act Allocation funds for its HHC Article II program to Counties for the provision of permanent Supportive housing for individuals who are recipients of or eligible for health care provided through Medi-Cal, and who experience chronic homelessness or experience homelessness, and who are a High-cost health user. On March 6, 2020, San Mateo County was awarded approximately \$19.9 Million to support Projects proposing to serve individuals who experience chronic homelessness or experience homelessness, and who are a High-cost health user. Services for these individuals will be provided through the Health System’s Whole Person Care pilot program or a successor program. The entire HHC funding award of approximately \$19.9 Million has been incorporated into this NOFA.

Applicants who apply for HHC funds under this NOFA will be obligated to comply with HHC Program Guidelines and the guidelines set forth in this NOFA, including this exhibit.

**Applicants interested in applying for HHC Funds must consult with DOH staff before submitting an AHF 9.0 application.**

### Requirements

Project must meet the following conditions in order to be awarded HHC Funds:

- (1) All or a portion of Project Units must serve persons (“HHC-Eligible Population”) who meet all of the following requirements:
  - a. Is Experiencing chronic homelessness or Experiencing homelessness and a High-cost health user upon initial eligibility; and
  - b. Is a Medi-Cal beneficiary or is eligible for Medi-Cal; and
  - c. Is eligible to receive services under a program providing services promoting housing stability for persons with disabilities, including, but not limited to, the following:
    - i. The Whole Person Care (“WPC”) pilot program, or successor program; or
    - ii. Other appropriate Health System program.
  - d. Is likely to improve his or her health conditions with Supportive housing.
- (2) Incorporates Housing First principles for HHC-Eligible Population
- (3) Incorporates integration of HHC-Eligible Population with general population

### Recommended Number of HHC Units per Project

Applicants requesting HHC funding must propose at least 10% of total Project Units, or 15 Units, whichever is less, as HHC Units. However, for Projects that consist of 20 units or fewer, DOH and Health System recommend that Applicants propose up to 100% of total Project units as HHC Units. Additionally, for Projects larger than 20 units that consist primarily of studio and one-bedroom units, DOH and Health System recommend that Applicants propose up to 49% of total Project units as HHC Units.

### Award Limits

Applicants will be asked to indicate the number of HHC Units intended for the Project in the NOFA application, which will determine the Project's maximum eligible amount of HHC funds. The total amount of HHC funds shall not exceed the maximum per-unit development subsidy amount established by State HCD in accordance with 2021 Multifamily Housing Program (MHP) per-unit limits, as follows:

Unit Income Level	MHP 2021 Per Unit Loan Limits				
	0-BR	1-BR	2-BR	3-BR	4-BR
30% AMI	\$288,141	\$298,081	\$327,754	\$355,267	\$379,035
25% AMI	\$311,189	\$322,713	\$357,284	\$389,551	\$417,208
20% AMI	\$334,237	\$347,345	\$386,958	\$423,690	\$455,380
15% AMI	\$357,284	\$372,121	\$416,632	\$457,973	\$493,553

### Definitions

DOH will rely upon State HCD's definitions of terms, including "Experiencing chronic homelessness," "Experiencing homelessness," "High-cost health user," "Supportive housing," and all other terms, all of which can be found in Section 201 of HHC Program Guidelines.

### Eligible Uses

HHC funds are for the purpose of financing the production of Multifamily New Construction Affordable Rental Housing Projects with suitable amenities. The following list is a summary of the eligible uses of HHC funds. (See HHC Program Guidelines for complete list of eligible uses):

- (1) real property acquisition;
- (2) site improvements, conversion, demolition;
- (3) financing costs;
- (4) relocation expenses of any displaced persons, families, businesses, or organizations;
- (5) a Capitalized Operating Subsidy Reserve (COSR) to pay for certain operating costs of Rental Project with HHC units; and
- (6) reasonable administrative and planning costs.

HHC funds may be used for operating cost assistance and operating cost assistance reserves. Funding for a COSR is available at a minimum rate of \$1,000/PUPA. Funding for a COSR is provided in addition to MHP 2021 per unit limits described in the table above. A COSR may pay for the following operating expenses:

- (1) insurance
- (2) utilities
- (3) real property taxes
- (4) maintenance
- (5) supportive services costs

Projects involving new construction and requiring the demolition of existing residential units are eligible only if the number of bedrooms in the new project is at least equal to the total number of bedrooms in the demolished structures. The new units may exist on separate parcels provided that all parcels are part of the same project.

### Supportive Services

~~Supportive services are a critical component of the HHC program and are provided through the WPC program. WPC program services are voluntary and individualized to provide the HHC-Eligible Population with what they need in order to adequately maintain housing.~~

~~Using evidence-based models, the following supportive services shall be made available to HHC-Eligible Population through the WPC pilot program, based on tenant need. Such services shall be detailed in an individualized supportive services plan, which is developed by the Health System in collaboration with the Project's property management staff. The following required services shall be provided on-site at the Projects or offsite at another location easily accessible to tenants, with the majority of case management services offered on-site:~~

~~Assistance accessing and linking tenants to Medi-Cal enrollment and enrollment in other benefits the tenant may be eligible for;~~

~~Case management;~~

~~Peer/family support activities;~~

~~Support in linking to and accessing health care services including behavioral health care, primary care and specialty care designed to meet individualized needs to support positive health outcomes. Benefits counseling and advocacy, including assistance in accessing Supplementary Security Income/State Supplemental Payment (SSI/SSP); and Basic housing retention skills (such as unit maintenance and upkeep, cooking, laundry, working with a landlord, getting along with neighbors, and money management).~~

~~Applicants applying for HHC funds must demonstrate a willingness to coordinate with the Health System and WPC program administrators to fulfill the supportive services plan for HHC-Eligible Population, including, but not limited to providing office space for services on-site.~~

#### ~~Tenant Referral Process~~

~~A client eligible for an HHC-Unit will be referred by CES with HHC certification and comprehensive services provided by the Health System.~~

#### ~~Important Notes~~

~~A Project awarded with HHC funds must demonstrate the ability to incur costs of HHC-eligible uses before March 30, 2024~~

~~The HHC-Eligible Population may require units that are designed and constructed to be readily accessible to and usable by persons with disabilities at a higher frequency than the non HHC-Eligible Population.~~

~~A Project with HHC-Units that is terminated before completion, either voluntarily or otherwise, constitutes an ineligible activity and the Borrower must repay any HHC funds invested in the project to DOH.~~

~~Loans for HHC funding awards under this NOFA shall be secured by Project's real property and improvements and subject only to liens, encumbrances and other matters of record approved by the State HCD, consistent with 25 CCR Section 8315. Projects with ground leases shall be subject to 25 CCR Section 8316.~~

~~Notwithstanding anything incorporated in this HHC Exhibit, Project applications for HHC funds must comply with all AHF 9.0 requirements included in this NOFA.~~

~~Approximately six months before lease-up, an MOU will be negotiated and executed between developer and WPC program administrator that includes expectations around service coordination, roles/responsibilities, plans for integration of HHC-Eligible Population, etc.~~

~~Project's property management plan shall include policies and procedures to incorporate Housing First principles for the HHC-Eligible Population.~~

\* \* \* \* \*

## EXHIBIT **AB**

### Mental Health Services Act (MHSA) Housing Units

#### Overview

The San Mateo County Behavioral Health and Recovery Services (BHRS) and the County of San Mateo Department of Housing (DOH) have jointly agreed to collaborate in the creation of affordable housing units targeted to serve persons who are seriously mentally ill and homeless or at risk of homelessness. BHRS has agreed to contribute to the Affordable Housing Fund [107.0](#) (AHF [107.0](#)) administered by DOH five million dollars (\$5,000,000) to in one-time Mental Health Services Act funds for this purpose (“MHSA funds”). Such contributed funds are for the purpose of financing the acquisition, development, and/or rehabilitation of up to thirty (30) units of permanent affordable supportive housing in the County for persons who are seriously mentally ill and homeless or at risk of homelessness with a minimum of 6 units per development

Pursuant to California Welfare and Institutions (“W&I”) Code section 5892.5(a) BHRS has \$5,000,000 in one-time MHSA General System Development funds that were allocated by the California Department of Health Care Services (DHCS) and may be used for a variety of housing development as described in W&I Code section CCR 3630.05 [Project Based Housing Program](#) and as specified in the County's approved Fiscal Year 2021-22 MHSA Annual Update . BHRS is allocating these funds to AHF [107.0](#) in order for DOH to lend the funds to one or more interested developers. The MHSA funds may be used as capital funding to acquire, rehabilitate, and/or construct affordable rental housing in the County for persons who are seriously mentally ill and homeless or at risk of homelessness, which is an authorized purpose pursuant to W&I Code section 5892.5(a) and CCR 3630.5, 3630.10,3630.1.

Conditions of MHSA Funding: A borrower must satisfy the following conditions in order to be awarded a loan comprised in whole or in part of MHSA funds:

- a. A demonstrated interest in and commitment to the acquisition, rehabilitation and/or construction of housing in the County for persons who are seriously mentally ill and homeless or at risk of homelessness (“BHRS clients”);
- b. An understanding that a certain number of Units must be restricted to persons who qualify under the MHSA Project Based Housing Program (“MHSA Units”) for a minimum period of 55 years, but MHSA Units of all sizes will be acceptable;
- c. An understanding that the MHSA Units will be floating units in order to ensure that the development maintains the initial number of the MHSA Units over time;
- d. A willingness to impose an affordability restriction on the MHSA Units for a minimum period of 55 years from the date of construction completion for Multifamily New-Construction Affordable Rental Housing Projects and Multifamily Re-Syndication-Rehabilitation

Projects with MHSA Units restricted and affordable to households at or below 30% of Area Median Income (AMI) for San Mateo County as published annually by the United States Department of Housing and Urban Development (HUD);

e. An agreement to the following loan terms: 55-year term; 0%-3% simple interest, accrued and deferred; annual payments consisting of the lesser of: (a) 50% of residual receipts, or (b) equal annual payments amortized to pay the loan in full by Note maturity; subject to the affordability and occupancy restrictions identified above;

f. A willingness to apply for rental and or operating subsidies from all other applicable and appropriate sources including project-based Section 8 and HUD McKinney programs and local rental subsidy programs when available;

g. A willingness to maintain, tenant payment records, leasing records and/or financial information for audit by the California DCHS.

Use of MHSA Funds: The following are eligible uses of MHSA funds:

- a. New construction projects
- b. Preservation projects
- c. Acquisition costs
- d. Pre-development costs
- ~~e. Construction soft and hard costs~~
- f.e.

Other Terms and Conditions:

a. It is recommended that the Applicant consult with BHRS prior to submitting funding application to review the following:

b. MOU with Developer: BHRS will execute a separate memorandum of understanding with the selected Borrower(s) regarding each party's role and responsibilities vis a vis support services, tenant selection, tenant referrals, etc. including and/or subject to the following provisions:

i. Timeline for Execution: —BHRS will ensure that in the case of new construction and rehabilitation projects that this memorandum of understanding is executed within six months following the commencement of construction/rehabilitation work.

ii. Tenant Selection: BHRS has developed a universal tenant referral and certification process and maintains a referral wait list of eligible clients. Once a prospective tenant is referred by BHRS for an available unit, BHRS agrees that the borrower, the property manager for the development with MHSA-restricted units, and the primary service provider will conduct the resident screening and selection for the MHSA-restricted units.

iii. Unit Vacancy: BHRs agrees that when a BHRs client occupying an MHSA-restricted unit notifies the borrower that he/she is moving out, the borrower will then notify BHRs within seven days of notification. BHRs will then provide the name of at least three BHRs clients from the referral wait list, and the housing provider will screen the applicant using their usual screening selection criteria and notify BHRs of the outcome. If there is no viable BHRs client from the initial referrals, the next three appropriate referrals off the wait list will be provided. BHRs agrees to recertify BHRs clients on the wait list periodically to ensure that the referral list is current, candidates for housing can be located and those on the referral list remain eligible to enable the borrower to fill a vacancy and continue to collect rent for that MHSA-restricted unit.

iv. Continuation of Services: BHRs agrees to provide mental health and substance use services and arrange with the selected borrower for the provision of additional housing-related support services (service coordination, transportation, development of skills to maintain housing, support on wellness, and recovery goals, etc.), to BHRs clients who are residents for a period of at least 20 years upon referral and acceptance of housing. BHRs further agrees that it will engage in good faith, reasonable efforts to continue providing services or arranging for the provision of services to BHRs clients who are residents through the remainder of the 55-year period of the Restrictive Covenant.

\* \* \* \* \*



## EXHIBIT B

### CHECKLIST OF APPLICATION ATTACHMENTS

Below is a table of Project application attachments. Please use the name of the attachment listed below when uploading Project application attachments into the CDS application. Note that not all attachments are required for all project types.

<u>Submittal Requirement</u>	<u>Attachment</u>
<u>Proposed Homebuyer Loan Terms</u>	<u>I.A1</u>
<u>Applicant IRS Determination Letter</u>	<u>I.B1</u>
<u>Borrower IRS Determination Letter</u>	<u>I.B2</u>
<u>Federal EIN/TIM Number IRS Letter</u>	<u>I.B3</u>
<u>Development Team Information</u>	<u>II.A1</u>
<u>Corporate Borrowing Resolution Authorizing Submission of this Funding Application</u>	<u>II.A2</u>
<u>Borrowers Financial Statement for Last Two Years</u>	<u>II.A3</u>
<u>Borrower's Most Recent Completed Final Audit Report</u>	<u>II.A4</u>
<u>Borrower's IRS Form 990 for Most Recent Tax Year</u>	<u>II.A5</u>
<u>Evidence of Developer Experience</u>	<u>II.C1</u>
<u>Ownership Structure Chart</u>	<u>II.C2</u>
<u>Applicant Reference</u>	<u>II.C3</u>
<u>Ownership Structure Chart</u>	<u>II.D</u>
<u>Project Schedule/Timeline</u>	<u>III.A4</u>
<u>Architectural, Site Plan and Elevations, Schematic Drawing</u>	<u>III.D</u>
<u>Relocation Plan</u>	<u>III.E</u>
<u>Transit and Services Map</u>	<u>III.F</u>
<u>Rent Roll (Preservation only)</u>	<u>III.H</u>
<u>Income Survey (Preservation only)</u>	<u>III.I</u>
<u>Quality of Proposed Services</u>	<u>IV.B1</u>
<u>Commitment for Provision of Supportive Services</u>	<u>IV.B4</u>
<u>HUD Section 3 Plan</u>	<u>IV.B4</u>
<u>Site Location Map</u>	<u>V.A</u>
<u>Evidence of Site Control</u>	<u>V.D1</u>
<u>Preliminary title Report</u>	<u>V.D2</u>
<u>NEPA Environmental Assessment</u>	<u>V.E1</u>
<u>Phase I Environmental Assessment</u>	<u>V.E3</u>
<u>Phase II Environmental Assessment</u>	<u>V.E4</u>
<u>Remedial Action Plan</u>	<u>V.E5</u>
<u>Appraisal, Obtained Within the Last 12 Months</u>	<u>V.F1</u>
<u>Recent Comparable Sales</u>	<u>V.F2</u>
<u>Proof of Committed Funding</u>	<u>VI.A1(a.,b.c.d., etc.)</u>
<u>Construction Bids/estimates, if available</u>	<u>VI.A3</u>
<u>Evidence of Land Donation or Provision of Below-Market-Rate Land</u>	<u>VI.A8</u>
<u>Financial Proforma, Uploaded as an Unlocked Excel File</u>	<u>VI.B2</u>
<u>30-Year Cash Flow Projection, Uploaded as an Unlocked Excel File</u>	<u>VI.B3</u>
<u>Letter Regarding Inclusionary Project Requirements (must be on applicable jurisdiction letterhead)</u>	<u>VI.B4</u>