

AHF 13 NOFA

Questions and Answers

Posted June 6, 2025

Q1 Can each of the funding sources listed as available under AHF 13.0 be used as a predevelopment source?

A1 Predevelopment expenses are eligible uses of each of the four funding sources listed in the AHF 13.0 NOFA. However, of the four sources, only Measure K and County impact Fees are available to draw under a predevelopment loan agreement in advance of the close of escrow for construction financing.

Q2 Please confirm that AHF 13.0 awards will not be finalized until October, after the September 9th CDLAC third round application date? Is there a possibility that documentation would be available for the September CDLAC round?

A2 An award letter that constitutes an enforceable financing commitment will not be available until after the October 7 Board of Supervisors meeting. Before that date, the Department of Housing is able write a letter of support that describes the project's progress toward securing an AHF 13.0 award, but the letter would not constitute an enforceable financing commitment.

Q3 Will the recording of this meeting be shared?

A3 The recording is available at <https://www.smcgov.org/housing/ahf13-nofa>

Posted June 11, 2025

Q4. Under NOFA Section IV.H Leveraging Threshold, may a city funding commitment that depends on receipt of city linkage fees in a subsequent year be counted in determining whether a funding commitment satisfies the Threshold Requirement of at least \$ 1 million from a city or other third party?

A4. No. City funds that are committed subject to the city's receipt of sufficient linkage fees in a subsequent year are not "currently available to satisfy the amount of the staff recommendation" and thus, in the absence of additional information, would not count towards the \$1 million Leveraging Threshold requirement.

Q5 What is the maximum County award for a project which is (a) in an incorporated city and (b) is not a "Priority Needs project?"

A5 Please see two answers below with respect to Threshold Requirements and competitive points.

THRESHOLD:

Please see page 9 of the NOFA which states: "Any project in an incorporated city, which does not qualify as a Priority Needs Project for purposes of competitive scoring, is subject to a maximum award of Measure K funds requested under this NOFA, as well as prior and anticipated future Measure K awards, equal to 15% of the Project's TDC."

COMPETITIVE POINTS:

Please see page 22 of the NOFA, which provides that a project that is (a) in an incorporated city and (b) not a Priority Needs project, can qualify for up to 10 competitive points if the total Measure K ask is not more than 10% of TDC.

Q6 Instead of submitting Schematic Design plans, may an application satisfy this Threshold Requirement by submitting Conceptual Design plans?

A6 Schematic Design is the general Threshold Requirement because it provides sufficient detail to show how the use of the site will align with the basic definition of the project for which funding is sought, including the number and type of units, parking and amenities. An exception may be appropriate to request when (a) the project is seeking a smaller predevelopment loan to advance the design process and (b) the drawings that are submitted in lieu of Schematic Design have been prepared by an architect and are clearly annotated to show how the expected number and type of units, the parking, and the amenities align with other information presented in the application.

Q7 When a project parcel exceeds the size needed for the planned affordable housing project and will be subdivided into additional parcels for sale to third parties, with the proceeds used to help fund the purchase price of the portion of the site needed for the affordable housing development, can such proceeds count towards the Leveraging Threshold Requirement of at least \$1 million?

A7 The Threshold Requirement for Leveraging on page 14 of the NOFA specifically allows for demonstrating a commitment of \$1 million to the project through certain below market commitments of land for a site, as well as allowing for "other" forms of third party written commitments of \$1 million or more. Depending on the facts and circumstances that are presented with your application, it may be reasonable to determine that the planned sale of the subdivided parcels will generate \$1 million or more to write down the land cost of the affordable housing development.

Posted June 17, 2025

Q8 The application doesn't specifically state that org docs such as By Laws, Articles of Inc., Initial LP are required to be uploaded but we wanted to double check this was the case.

A8: On page #10 under "Financial Capacity and Organization Good Standing", we ask that you demonstrate organizational good standing with the California Secretary of State and Franchise Tax Board. Please include articles, bylaws, limited partnership agreement so that we may align the requested certificates of good standing with the actual entity.

Q9 Within the application there is no specific area to upload said documents so if they are required where should they be uploaded within the application?

A9: Please "name" your document appropriately and upload it as "other" document towards the end of CDS application.

Q10 In terms of the appraisal, on the application information document it states that "The amount by which a purchase price, ground lease terms, or other in-kind contribution exceeds the fair market value as evidenced by an independent appraisal completed within six months of the application for AHF funding" However, on the actual application it states the appraisal must be dated within "12 months" Can you please clarify the timeline requirements?

A10 In general, an appraisal should be dated within 12 months of the application. However, if the application will rely on a below market purchase to demonstrate a third party commitment of \$1 million or more, then the appraisal should not be more than six months old.

Q11 Will abbreviated appraisals be accepted?

A11: The appraisal must be sufficiently detailed to enable application of the following underwriting guideline in Attachment D of the NOFA (page 56):

“Loan to Value Ratio: Loan proceeds from all sources shall not exceed 75% of current appraised value assuming completion of planned improvements”.

Posted June 23, 2025

Q12 Is there a form of corporate borrowing resolution required to be uploaded?

A12 The applicant must upload an attachment for the borrower’s corporate borrowing resolution. There is no required form for this attachment.

Q13 When an appraisal is more than twelve months old, what additional documentation is needed?

A13: If the appraisal is more than 12 months old, you have the option of (b) asking the appraiser to verify in a signed letter that the fair market value stated in the original appraisal has not declined from the date of the original appraisal, or (b) you can submit evidence of “recent comparable sales”, consisting of a description of sales within the past twelve months of at least 3 properties in the project’s market area of comparable size, land use and development condition.

Q14: May a project with a reservation of tax credits apply for AHF for additional funds that would address the funding gap that would result from an unsuccessful AHP application submitted after the start of construction?

A14: No, a project with an award of tax credits should only apply for additional County funding after receiving a reservation of tax credits, when the project for reasons beyond its control experiences a loss of an expected funding source or an unexpected cost increase that would jeopardize the project’s ability to achieve construction close of escrow by the tax credit reservation deadline. AHP applications are typically submitted after the start of construction with no certainty of an award by the time of construction loan closing, so this is not an unexpected event that was beyond the borrower’s control.

Posted June 27, 2025

Q15: For the site control threshold, our team plans to use option #5, an Exclusive Right to Negotiate. If the ENA is executed by the public agency and the development team, and the ENA is still in effect (and remains in effect at least 180 calendar days after the NOFA) is that sufficient? If that is not sufficient, can you outline what needs to be submitted in addition to an ENA? In the NOFA it states that the public or quasi-public agency needs to confirm in writing that there are no unmet conditions, performance deadlines or events of default under the ENA.

A15: As stated in Section IV F(5) of the NOFA, an Exclusive Right to Negotiate (ERN) will suffice as evidence of site control when

1. It is with a public or quasi-public agency that owns the real property;
2. The applicant was selected for the ERN following a competitive process;
3. The public agency confirms in writing that there are no unmet conditions, performance deadlines or events of default under the ERN.
4. The ERN will remain in effect at least 180 days after the NOFA application deadline of July 3, 2025.

Q16: The NOFA also states that the site control must be accompanied by a legal description... can you clarify what exactly needs to be submitted. Would this be a letter from a lawyer?

A16: As stated in Section IV F(5) of the NOFA at the bottom of page 13, an applicant can use a preliminary or final title report as the source of the project's legal description.

Q18: For Community Engagement Plan Threshold, can you confirm that if the development team already has entitlements, then a community engagement plan is not required to be submitted?

A18: As stated in Section IV O of the NOFA, a community engagement plan is required for a project that is not yet entitled. If you provide evidence that your project is already entitled, then you do not need to provide the Community Engagement Plan.

Q19: For Supportive Services Plan threshold, can you elaborate on the request for a "written commitment from a supportive services provider"?

A19: As stated in Section IV N of the NOFA, the application must upload both a plan of supportive services and a letter signed by the intended service provider showing a commitment to provide the services described in the plan and describing the provider's experience serving the proposed resident population. This section of the NOFA also includes a detailed description of the contents of the required Supportive Services Plan.

Q20: For the Local Tenant Preference Threshold, please see below of the language in our COA and attached for a letter from our legal counsel addressed to HCD regarding the legality of implementation. We plan to further refine this requirement over the next six months with the City

of Half Moon Bay and the City Council. We believe we will need a waiver for this threshold requirement. Can you please advise?

A20: As required by Section IV.P the NOFA, the applicant should upload an attachment labeled Local Tenant Preferences, “explaining how the Project will meet the following Threshold requirements for local Live-Work preferences, including a description of any city live-work preference that may conflict with the County policy set forth below”. You do not need to resolve any potential conflict by the application deadline, but you do need to upload an attachment showing that you have investigated and can describe any possible conflict between the County policy and any city policy in the uploaded attachment.