



**County of San Mateo  
Department of Housing**

**NOTICE OF FUNDING AVAILABILITY (NOFA)  
AFFORDABLE HOUSING FUND 7.0**

***Applications Due by  
4:00 p.m. Thursday, July 18, 2019***

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This NOFA is available online at: [housing.smcgov.org/ahf7.0-nofa](http://housing.smcgov.org/ahf7.0-nofa)

Applications must be submitted online through City Data Services:

[www.citydataservices.net](http://www.citydataservices.net)

Login for new users: AHF2019 for ID & Password

Questions regarding the content of the online application or NOFA content must be emailed to [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

**June 13, 2019**

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***Please note: the AHF 7.0 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 7.0

#### NOFA OVERVIEW & FUNDING REQUIREMENTS

#### I. INTRODUCTION AND BACKGROUND

The County of San Mateo Department of Housing (“DOH” or “Department”) is made up of two 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 County funds 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 yearly for housing assistance, housing development, and public services in support of housing programs in the 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 nearly \$20 million in Measure K, other County, and Federal sources through its AHF 6.0 NOFA, the funding awards of which will support the development or rehabilitation of nearly 1,200 units of affordable housing, including more than 600 units in first-time funding applications.

To date, the Affordable Housing Fund, together with its Preservation sub-fund, has allocated approximately \$91.2 million to assist 2,116 units in San Mateo County—supporting development of 1,828 new affordable rental and homeownership units, and preservation as affordable housing of 288 multifamily rental units.

## II. PURPOSE

The County's seventh Affordable Housing Fund NOFA ("AHF 7.0 NOFA," or "NOFA") includes funding from 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 rental housing opportunities for extremely low-, very low-, and low-income San Mateo County residents, and projects that provide affordable homeownership opportunities for low- to moderate-income San Mateo County residents, through the development of new affordable multifamily rental housing and homeownership units, and through 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 very low- and extremely low-income affordable housing units;
- Create more extremely low-income and/or supportive housing for 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, and other clients of County services in need of affordable housing; 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") 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; and
- Build system capacity among affordable housing providers and supportive services providers.

DOH's strategic priorities for the AHF 7.0 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: [housing.smcgov.org/assessment-fair-housing](http://housing.smcgov.org/assessment-fair-housing).

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

#### A. Notice of Funding Availability Overview

On June 13, 2019, the County of San Mateo Department of Housing released this AHF 7.0 NOFA in the combined amount of approximately \$27.6 in Measure K Funds, State HCD No Place Like Home funds, and California Emergency Solutions and Housing funds. Sources for this AHF 7.0 NOFA consist of the following:

- Approximately \$25 Million of County Measure K funding, subject to County’s Board of Supervisors’ approval (expected to be secured in June 2019)
- Approximately \$1.7 Million from California HCD “noncompetitive” County allocation from the No Place Like Home 2018 NOFA (NPLH)
- \$931,302 from California Emergency Solutions and Housing (CESH) program available as grant funds prioritized for capitalized operating reserves

For more information on the NPLH funds included in this NOFA, please read [Exhibit A](#). Interested applicants should also review the [State’s NPLH Program Details webpage](#), and the [NPLH 2018 NOFA](#). In addition, on May 16, 2019, DOH staff hosted a technical assistance training on the County’s expectations for leveraging NPLH funding in San Mateo County. The materials from this workshop are posted on the DOH website at: <https://housing.smcgov.org/no-place-home>

For more information on the CESH funds included in this NOFA, please read Exhibit B, the [State’s CESH Program webpage](#), and the [CESH 2019 NOFA](#).

This AHF 7.0 NOFA is posted on the DOH website, under “NOFAs, Bids & Proposals” at: [housing.smcgov.org/ahf7.0-nofa](https://housing.smcgov.org/ahf7.0-nofa)

#### B. Tentative Schedule of Events

EVENT	TARGET DATE *
NOFA Published & Posted on DOH website	June 13, 2019
Technical Assistance Session for Applicants	July 2, 2019 – 2:30PM to 4PM
Final Day for Emailed Questions	<b>July 12, 2019</b>
Application Submission Due Date	<b>July 18, 2019 (by 4:00 p.m.)</b>
HCDC Public Hearing	September 10, 2019 – 10AM-Noon (est)
Board of Supervisors Meeting (for Funding Allocations)	September 24, 2019 (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 **July 2, 2019 from 2:30 to 4:00**. The session will be held in the Jupiter Room at 264 Harbor Blvd, Building A, Belmont. Attendance by applicants is not mandatory but is strongly recommended.

Instruction on the use of the City Data Services application process will be provided, as well as an introduction to new CDS functionality for monitoring and quarterly reporting.

D. Application Submission

- 1) **Application Due Date.** *Applications for this NOFA must be submitted to DOH through City Data Services online by no later than 4:00 p.m. on Friday, July 18, 2019.* Project applications must be complete by the deadline date to ensure consideration for funding eligibility. Applications that do not include all required information, or 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 under AHF 7.0, Applicants must meet with DOH staff to introduce and discuss the project, its fit with County affordable housing goals, any possible challenges, any projected need for County subsidy, and other topics as necessary. Please contact Ray Hodges ([rhodges@smchousing.org](mailto:rhodges@smchousing.org)) if you expect to submit a funding application under AHF 7.0 and have not yet introduced the project to DOH staff.
- 3) **Application Includes All Materials.** Application submittals must include:
  - Application form, completely filled in, completed online in CDS;
  - Any required attachments and any additional attachments as available or applicable; and
  - Any supplementary materials, if relevant and necessary.
- 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 "Affordable Housing Fund 2019/20 Applications," and the login for new applicants is AHF2019 for ID and password. Instruction in the use of the online system will be provided at the technical assistance workshop scheduled for July 2, 2019 from 2:30 to 4:00 at the DOH offices. Applicants are encouraged to attend.
- 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.
- 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.
- 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 by emailing [housing@smchousing.org](mailto: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 July 12, 2019. Questions regarding functionality of the application in CDS should be directed to Steve

Crouse at CDS - [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 (and BHRS staff, for applications requesting NPLH funding) 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.
- 2) The HCDC will assume responsibility for reviewing all applications after staff has 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 September 10, 2019 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, and conditions to be satisfied prior to funding, if any. The HCDC is unlikely to recommend funding for any project unless a representative of the Applicant is present at the hearing to answer questions about the proposed project.
- 4) DOH (and BHRS, for applications that request NPLH funds) 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.
- 5) Final approval of projects that will receive AHF funding, and funding amounts, will be made by the 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 funding, and the funding amount for each Project, 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.

#### IV. DEFINITIONS

- A. The following definitions are provided with respect to this Affordable Housing Fund 7.0 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 7.0 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 7.0 NOFA" or "NOFA": The current County Affordable Housing Fund NOFA offering approximately \$27.6 Million in funding assistance, which is comprised of:
  - Approximately \$25 Million from County's Measure K, subject to County's Board of Supervisors' approval
  - Approximately \$1.7 Million from the California HCD "noncompetitive" County allocation from the No Place Like Home 2018 NOFA
  - \$931,302 from California Emergency Solutions and Housing program available as grant funds prioritized for capitalized operating reserves
  
- 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 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 tenants may not also be designated to meet the requirements of [Section VI\(A\)\(1\)\(i\)](#) for homeless tenants. 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 10% 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 35% 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, NPLH-eligible tenants or other clients of County service agencies;
- (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 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 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, 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, NPLH-eligible households, FFY households, households with a person(s) with I/DD, 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.
- 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 7.0 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) "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).

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 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.

- 15) "FFY Unit": For the purposes of this NOFA, FFY Units are Units designated for Former Foster Youth for a minimum period of 55 years, as long as the County can continue to refer Former Foster 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.
- 16) "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.
- 17) "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, 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 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, 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 and NPLH 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.

- 18) "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 7.0 loan.
- 19) "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 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 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.
- 20) "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 Area 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.
- 21) "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.
- 22) "NPLH Unit": For the purposes of this NOFA, NPLH Units are Units designated for NPLH-eligible households which are households including one or more persons with serious mental illness who are chronically homeless, homeless, or at-risk of being chronically homeless. NPLH Units will be restricted for a minimum period of 55 years, as long as the County can continue to refer NPLH-eligible households and are permitted to be floating Units. NPLH Units will be filled through referral of households from the CES. BHRS shall participate in the initial and ongoing resident screening and tenant selection for NPLH Units, along with the Borrower, property manager, and resident services provider.
  - 23) "Note": The promissory note executed by Borrower in favor of DOH describing the terms and repayment provisions of an AHF loan.
  - 24) "Project": A multifamily affordable housing project that is the subject of an application for this AHF 7.0 NOFA.
  - 25) "Rental Project(s)": Project(s) funded under this AHF 7.0 NOFA with rental occupancy standards. Two project categories are considered Rental Projects: Multifamily New-Construction Affordable Rental Housing projects, and Multifamily Resyndication-Rehabilitation projects.
  - 26) "Site Control": The Applicant (or project 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.
  - 27) "Supportive Housing Units": For purposes of this NOFA, Supportive Housing Units are specifically targeted to persons needing supportive services in order to remain successfully housed, where the supportive services assist the person to stabilize, maintain housing, and live independently. Persons needing Supportive Housing Units may include homeless persons; persons with serious mental illness or other serious health conditions; persons with developmental or other disabilities; frail elders; former foster youth; victims of domestic violence; persons recovering from substance use; and persons recently released from incarceration.
  - 28) "Unit": A residential dwelling Unit containing a kitchen and bathroom(s). Units may be studio/efficiency Units but will not include Single Room Occupancy (SRO) 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.

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

### A. Funding Availability Overview

DOH invites developers of deed-restricted affordable new-construction multifamily rental and homeownership housing projects located within San Mateo County, and owners 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 \$27.6 Million of funding assistance is available under this NOFA for the types of affordable housing projects and specific Supportive Housing Unit typologies described below.

### B. Eligible Applicants

- 1) 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) 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) 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 nine-county 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 nine-county 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 7.0 NOFA, aside from grants of CESH Funds which may also be made to Projects acquired using DOH Affordable Rental Acquisition and Preservation Program (ARAPP) funds as described in Section V(E)(1), below. In addition, deed restricted affordable multifamily first-time home buyer projects are also eligible for funding as a third Project type.

- 1) New Construction Multifamily Rental Projects
  - (a) 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 requires review of 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).

- (b) Eligible Projects must provide permanent affordable housing rather than transitional housing.
  - (c) 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.
- 2) Eligible Multifamily Resyndication-Rehabilitation Projects
- (a) 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.
  - (b) Eligible projects must provide permanent affordable housing rather than transitional housing.
- 3) 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) 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 three housing categories described above in Section V(C)(1), (2), and (3). The population-specific NPLH funds and CESH funding may be added to other AHF funding awarded to Projects seeking funding under any Rental Housing category.

**Please note** that DOH and the HCDC reserve the right to reallocate funds between housing categories prior to sending final funding recommendations to the Board of Supervisors, which may increase or decrease the amount of funds in either category. Therefore, funds not awarded from one category may be applied to the 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 7.0 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.** Approximately **\$25 Million** in aggregate will be available for Projects in this category. [**Note:** NPLH Funds and CESH funding may be awarded to Projects in addition to the funds available 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. [**Note:** NPLH Funds and CESH funding may be awarded to Projects 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. [**Note:** NPLH Funds and CESH funds are not eligible for placement in Projects in this homeownership category.]

2) Units Serving Specific Special Needs Populations:

- (a) **No Place Like Home (NPLH) Units.** An additional approximately **\$1.7 Million** is available to support development of NPLH Units, see Exhibit A for details. The Units must be provided in Projects eligible for AHF 7.0 funding under any of the Rental Housing Categories listed above and described in greater detail in Section V(C). [**Note:** please see Exhibit A for a more detailed description of NPLH funds and housing program.]
  - i. An award of NPLH Funds for NPLH Units may be made in addition to other AHF funds awarded to a Project.
  - ii. At a minimum the Project will serve five or more NPLH Units, 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.

- iii. NPLH Units provided in a Project will be counted toward meeting the Project's requirement for Homeless Units.

E. Grant Funding Availability

- 1) CESH Funds. An additional \$931,302 in grant funds is available for operating subsidies in the form of a 15-year capitalized operating reserve to pay for additional supportive services in projects that provide greater percentages of affordable Units for homeless and/or disabled households referred to the Project by the County through its Coordinated Entry System (CES).

CESH Funds are not subject to the terms of Section VIII. Loan Terms of this NOFA.

To be eligible to apply for CESH funds, the Project must meet the following criteria:

- (a) The Project must be eligible to participate in the CESH Program as per State guidelines;
- (b) The Project must target at least 30% of Units for homeless/disabled populations referred by the County;
- (c) The Project must have an estimated or actual construction closing prior to June 30, 2020; and
- (d) The Project must have received a capital funding award from the County under one or more AHF or Affordable Rental Acquisition and Preservation Program (ARAPP) NOFAs which may include AHF 7.0. (Unlike awards of AHF 7.0 loans, CESH grants may be made to buildings acquired with the County ARAPP funds.)

Preference for CESH grants will be given to projects which target higher percentages of affordable Units and greater counts of affordable Units for homeless and disabled households. Projects that provide affordable Units for greater numbers of households referred by CES without a specific program acknowledged by the County for providing supportive services for those Units will also receive preference for CESH funds.

## 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 or "threshold" qualifications that projects must meet to be eligible for funding. Projects MUST meet all qualification criteria to receive AHF funds. 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. It should be noted that the Homeless and ELI Unit targeting requirements of this NOFA are not cumulative with those from previous AHF NOFAs but may represent a net increase over previous Unit targeting requirements. For example, if a



Project, in connection with a previous AHF award, was required to provide two Homeless Units, and the requirements of this AHF 7.0 NOFA equate to a requirement of five Homeless Units, the total Homeless Unit requirement for the Project would be five, rather than seven Units.

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)(26). 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 ten percent (10%) 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.

- (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)(4)(b) 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.
- (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:

- (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 funds (if the Project is located in an incorporated city or town); or
  - ii. 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 the majority of AHF funding comes from Measure K, a half-cent sales tax collected County-wide, and using Measure K funds to support the operations of any one jurisdiction would therefore be inappropriate. 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 partner with a local jurisdiction or transit agency and submit an application for Affordable Housing and Sustainable Communities (AHSC) funds to support development of the Project, enhance walkability, increase access for biking, and improve linkages to public transportation. Note that DOH staff are aware that some sites may not be competitive for AHSC funds. If an Applicant does not plan to apply for AHSC 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 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. Applicants who make a convincing case for why the Project is not applying for AHSC funds, but nonetheless seek to enhance area walkability, increase bicycle access or improve linkages to public transportation, will also receive scoring preference for such amenities.
- (e) The Developer proposes a reasonable plan to partner with the County to submit an application for NPLH funds.
- (f) 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.
- (g) A proportion (percentage) of Units greater than the 15% required in this AHF 7.0 is targeted to *any* of the following groups: households with incomes at or below 35% 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; NPLH-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 to target 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 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.]; and
  - ii. underwrite any Units targeted to said groups.
- (h) Project is within close proximity to services, amenities, employment opportunities, and transit.

- (i) The Project's 30-year operating cash flow indicates a Services budget greater than \$500 per Unit per annum (PUPA), 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).
- (j) The Project includes a greater proportion of Units for larger families (two- and three- bedroom Units, or larger).
- (k) The Project will serve a greater number of households (greater Unit count).
- (l) 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.

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 ten percent (10%) 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 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)(4)(b) 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.
- (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 contractors, 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) 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, aside from giving preference points to Projects with predevelopment periods shorter than three (3) years, rather than four (4) years.

C. 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)(26). 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 funds (if the Project is located in an incorporated city or town); or
- ii. 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 the majority of AHF funding comes from Measure K, a half-cent sales tax collected County-wide, and using Measure K funds to support the operations of any one jurisdiction would therefore be inappropriate. 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 partner with a local jurisdiction or transit agency and submit an application for Affordable Housing and Sustainable Communities (AHSC) funds to support development of the Project, enhance walkability, increase access for biking, and improve linkages to public transportation. Note that DOH staff are aware that some sites may not be competitive for AHSC funds. If an Applicant does not plan to apply for AHSC funding, the Applicant must provide a statement describing its reasoning for not submitting an application. Those that do plan to apply will have the opportunity to describe the current status of 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. Applicants who make a convincing case for why the Project is not applying for AHSC funds, but nonetheless seek to enhance area walkability, increase bicycle access or improve linkages to public transportation, will also receive scoring preference for such amenities.
- (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% AML. 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 7.0 NOFA, and Applicant has made best efforts to obtain all other sources of gap financing.

## **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 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 not available to pay for Applicant's staffing, overhead and general costs of operation or site search costs.
- (c) 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.

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) Operating costs are NOT eligible costs in any form, except to pay for capitalized operating or services reserves where DOH determines such reserves necessary.
- (b) CESH grant funds provided under this NOFA are available for operating subsidies in the form of a 15-year capitalized operating reserve to pay for additional supportive services in projects that provide affordable Units for homeless and/or disabled households referred to the Project by the County through its CES. Please refer to Section V(E)(1) and Exhibit B for details.

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 7.0 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 7.0 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 7.0 NOFA funding allocation for the project category (\$1,000,000), or the amount needed for project financial viability.

### 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 swept 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](#) on the Department’s website for additional terms, guidelines, and policies.

CESH funds included in this AHF 7.0 NOFA are provided as grant funds and are not subject to the loan terms below.

NPLH funds included in this AHF 7.0 NOFA are subject to State HCD requirements, in addition to the loan terms below. Please review the [NPLH Program Guidelines](#) and other resources provided by State HCD.

Loan Amount	<u>See (A) above.</u>
Interest Rate and Repayment	<u>3% simple interest repaid through subsidy lenders’ proportional share of Residual Receipts. See (B.), above, for details.</u>
Term	<u>Typically 6 years, converting to 55 years. See Section VIII(C), above.</u>
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>Affordability / Unit Targeting</p>	<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 10% 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 Area Median Income (AMI) 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 10% 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 b) above.</li> </ul> <p><u>Multifamily New Construction Affordable First-Time Homeownership Housing Projects:</u> All Units in the Project must be restricted to households with incomes at or below 120% of Area Median Income (AMI).</p>
<p>Loan Review</p>	<p>All applications are reviewed by DOH staff and the Housing &amp; Community Development Committee (HCDC)</p>
<p>Loan Approval</p>	<p>All staff and HCDC recommendations for funding will be forwarded to the County Board of Supervisors. The Board must approve all AHF loans.</p>
<p>DOH Fees</p>	<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>
<p>Security</p>	<p>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.</p>

Lien Position	DOH may subordinate its AHF 7.0 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.

## **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.

### **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 10% 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). 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.(17)). All ELI Units and Homeless Units shall be considered AHF-Restricted Units.
- 4) In the case of Multifamily Resyndication-Rehabilitation 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 10% 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) 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.
- 7) 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.
- 8) 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.

#### 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), Life Moves (formerly InnVision Shelter Network), 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/Unit/year, 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. The Department expects that Projects that propose larger percentages of homeless or ELI households will propose greater budget amounts for these services. Applicants shall work with DOH to identify an appropriate services budget should the Project include greater percentages of homeless or ELI households.
- 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) Borrower shall submit quarterly progress reports from the announcement of award under this AHF 7.0 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. 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. There will be no commitment of Section 8 Project-Based Vouchers or other forms of project-based rental assistance (collectively, "PBV's") as part of this NOFA. However, HACSM does expect to release a RFP for project-based rental assistance in the months following release of this AHF 7.0 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 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, Qualification and Preference Criteria, 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) **(See below for the maximum points for each factor; there is a maximum possible of 100 points)**

- 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 funds (if the Project is located in an incorporated city or town);

- (b) 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)**

\*\*Note that the majority of AHF funding comes from Measure K, a half-cent sales tax collected County-wide, and using Measure K funds to support the operations of any one jurisdiction would therefore be inappropriate. 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.\*\*

- 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 partner with a local jurisdiction or transit agency and submit an application for Affordable Housing and Sustainable Communities (AHSC) funds to support development of the Project, enhance walkability, increase access for biking, and improve linkages to public transportation.

Note that DOH staff are aware that some sites may not be competitive for AHSC funds. If an Applicant does not plan to apply for AHSC funding, the Applicant must provide a statement describing its reasoning for not submitting an application. Those that do plan to apply will have the opportunity to describe the current status of 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. Projects that do not compete for AHSC funds but nonetheless seek to enhance area walkability, increase bicycle access or improve linkages to public transportation will also receive scoring preference for such amenities. **(5 points)**

- 5) The Developer proposes a reasonable plan to partner with the County to submit an application for NPLH funds. **(5 points)**

Note that since Projects may not access both AHSC and NPLH funds through State HCD, Projects may receive up to 5 points from either this section or Section I.A(4) above.

- 6) 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)**
- 7) A larger proportion (percentage) of Units greater than the 15% required in this AHF 7.0 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 35% 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; NPLH-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. 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. **(10 points)**

- 8) Project is within close proximity to services, amenities, employment opportunities, and transit. **(10 points)**
- 9) The Project's 30-year operating cash flow indicates a Services budget greater than \$500 per Unit per annum (PUPA), 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)**
- 10) The Project includes a greater proportion of Units for larger families (two- and three-bedroom Units, or larger). **(5 points)**
- 11) The Project will serve a greater number of households (i.e. larger Unit count). **(5 points)**
- 12) 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)**

**B. Scoring Factors and Points for New Construction Affordable Homeownership Projects (See below for the maximum points for each factor; there is a maximum possible of 100 points)**

- 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)**
- 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 funds (if the Project is located in an incorporated city or town); and/or
  - (b) 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)**

**\*\*Note that the majority of AHF funding comes from Measure K, a half-cent sales tax collected County-wide, and using Measure K funds to support the operations of any one jurisdiction would therefore be inappropriate. 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.\*\*

- 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 partner with a local jurisdiction or transit agency and submit an application for Affordable Housing and Sustainable Communities (AHSC) funds to support development of the Project, enhance walkability, increase access for biking, and improve linkages to public transportation. Note that DOH staff are aware that some sites may not be competitive for AHSC funds. If an Applicant does not plan to apply for AHSC funding, the Applicant must provide a statement describing its reasoning for not submitting an application. Those that do plan to apply will have the opportunity to describe the current status of 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. Projects that do not compete for AHSC funds but nonetheless seek to enhance area walkability, increase bicycle access or improve linkages to public transportation will also receive scoring preference for such amenities. **(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 donation or below-market-rate sale of land from other quasi- or nongovernmental entities, and by controlling costs. **(15 points)**
- 6) Project targets Units to households below 120% AMI and/or to Section 8 Homeownership participants. **(10 points)**
- 7) Project is within close proximity to services, amenities, employment opportunities, and transit. **(10 points)**
- 8) The Project will serve a greater number of households (greater Unit count). **(5 points)**
- 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)**
- 10) 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. **(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)**

\* \* \* \* \*

## EXHIBIT A

### No Place Like Home (NPLH) Units

#### Overview

The California Housing and Community Development Department (“State HCD”) promulgated the 2018 NOFA for its No Place Like Home Program (NPLH) which provides funding and tools to create housing Units that are specifically set aside for persons with serious mental illness who are chronically homeless, homeless, or at-risk of being chronically homeless (the “NPLH Target Population”).

The County of San Mateo Behavioral Health and Recovery Services (BHRS) is eligible to receive its “noncompetitive” allocation of NPLH Program funds (“NPLH Funds”) through State HCD’s 2018 NPLH NOFA in an amount of approximately one million seven hundred thousand dollars (\$1,700,000) and has agreed to make these funds available to the Affordable Housing Fund 7.0 (AHF 7.0) administered by San Mateo County Department of Housing (DOH). BHRS wishes to contribute its NPLH Funds to AHF 7.0 to allow for DOH to coordinate the selection to one or more developers committed to creating housing opportunities for the NPLH Target Population, and interested in receiving the “noncompetitive” funds to support development of an affordable housing Project in active predevelopment.

In addition, DOH and BHRS expect State HCD to release a second “competitive” NOFA for NPLH Funds in the fall of 2019 and seek similarly committed developers interested in partnering with the County to apply for these “competitive” NPLH Funds later this year.

Applicants who apply for “noncompetitive” or “competitive” NPLH Funds in partnership with the County will be obligated to comply with [NPLH Program Guidelines](#) and the guidelines set forth in this NOFA, including this exhibit. Applicants selected by DOH through AHF 7.0 to receive “noncompetitive” NPLH Funds must submit a separate (noncompetitive) application to State HCD in partnership with BHRS in order to access the funds. Developers wishing to apply for “competitive” NPLH Funds must express interest for consideration by the County through this AHF 7.0 NOFA, or, for developers not applying for AHF 7.0 funding, through a separate process described on the DOH website. The County will rely upon State HCD’s definitions for chronically homeless and homeless as they relate to NPLH Funds.

NPLH Funds are for the purpose of financing the acquisition, construction, and/or rehabilitation of housing, and/or funding capitalized operating subsidy reserves, in order to create affordable Units for the NPLH Target Population. The following list is a summary of the eligible uses of NPLH Funds. (See State HCD’s [NPLH Program Guidelines](#) for a complete list of eligible costs.)

- 1) New Construction Projects
- 2) Preservation Projects
- 3) Capitalized Operating Reserves
- 4) Acquisition costs [State HCD’s Program Guidelines allow for NPLH Funds to be used for acquisition of non-deed restricted residential buildings. This is not an eligible use for Measure K or CESH funds provided in AHF 7.0; however, in the absence of other requests for NPLH funding, DOH may consider applications for NPLH funds for the purposes of building acquisition.]



- 5) Most pre-development costs
- 6) Construction hard costs
- 7) Most soft costs

Conditions of NPLH Funding: A borrower must satisfy the following conditions in order to be awarded a loan of NPLH Funds:

- 1) A demonstrated interest in and commitment to the acquisition, development, and/or rehabilitation of permanent affordable housing in San Mateo County for the NPLH Target Population;
- 2) Meet qualification criteria set forth in Section VI of the AHF 7.0 NOFA to which this exhibit is attached;
- 3) Demonstrate that NPLH Funds will be used to support Units which prioritize the NPLH Target Population (“NPLH Units”);
- 4) Commit to supporting five or more NPLH Units; and
- 5) Demonstrate integration of the NPLH Target Population with the general public. In order to demonstrate compliance with this requirement, the following conditions must all be met:
  - (a) NPLH Units must be integrated with other Units in the Project rather than being located on separate floors or areas of the building;
  - (b) Applicants must certify that they will facilitate or provide regular community building activities and architectural design features that promote tenant interaction, (for example, indoor and outdoor community space within the Project, wide hallways), as feasible depending on the scope of the construction or rehabilitation activity; and
  - (c) The service plan and property management plan submitted with the application must document policies that promote participation by tenants in community activities and impose no restrictions on guests that are not otherwise required by other project funding sources or would not be common in other unsubsidized rental housing in the community.

Other Terms and Conditions:

- 1) Permanent loan for NPLH is held by State HCD and subject to State HCD requirements. Please review the [NPLH Program Guidelines](#) and other resources provided by State HCD.
- 2) 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 services, tenant selection, tenant referrals, etc., including and/or subject to the following provisions:
  - (a) Tenant Selection and Rental Assistance: All referrals for NPLH Units will come through CES. BHRS agrees that the Borrower, the property manager, and the service provider will participate in the initial and ongoing resident screening and tenant selection for NPLH Units.
  - (b) Supportive Services Plan: A Project-specific supportive services plan is required to be developed in partnership with the County, supportive service providers, and the property manager.

- (c) The following supportive services shall be made available to NPLH Unit tenants based on tenant need. BHRS shall coordinate the provision of or referral to services needed by individual tenants. Services are defined as:
- i. Case management;
  - ii. Peer support activities;
  - iii. Mental health care, such as assessment, crisis counseling, individual and group therapy, and peer support groups;
  - iv. Substance use services, such as treatment, relapse prevention, and peer support groups;
  - v. Support in linking to physical health care, including access to routine and preventive health and dental care, medication management, and wellness services;
  - vi. Benefits counseling and advocacy, including assistance in accessing SSI/SSP, enrolling in Medi-Cal; and
  - vii. Basic housing retention skills (such as Unit maintenance and upkeep, cooking, laundry, and money management).

\* \* \* \* \*

## EXHIBIT B

### California Emergency Solutions and Housing (CESH)

#### Overview

In August 2018, the California State Housing and Community Development Department (“State HCD”) promulgated the first round of funding availability of approximately \$53 million of the California Emergency Solutions and Housing (CESH) program, which provides grants to eligible Administrative Entities to assist persons who are experiencing homelessness or who are at risk of homelessness. The Department of Housing (DOH) is the Administrative Entity (AE) for the County of San Mateo. On January 11, 2019, the County was awarded \$596,075 in CESH funding available for distribution. In April 2019, State HCD promulgated the second round of funding availability of approximately \$29 million of CESH funds, of which an estimated \$335,227 has been allocated for distribution to the County. A combined amount of \$931,302 in CESH funds will be made available through this Affordable Housing Fund 7.0 (AHF 7.0). The County intends to award CESH funds to one or more eligible applicants who indicate interest in their AHF 7.0 application.

#### Use of CESH funds:

1. Housing relocation and stabilization services, including rental assistance
2. Operating subsidies for permanent housing, flexible housing subsidy funds
3. Operating support for emergency housing interventions
4. Systems support for homelessness services and housing delivery systems

DOH will prioritize applications for CESH funds that propose using the funds to establish capitalized operating reserves to pay for additional supportive services in projects that provide affordable Units for homeless and/or disabled households referred by the County through its Coordinated Entry System (CES) over and above the 5% requirement for homeless County Clients required by the County’s AHF program. In addition, DOH will give further preference to Projects providing housing for these additional households with special needs if the Units are not specifically linked to a subsidy program that includes or requires a programmatic connection to case management and supportive services (i.e., VASH, NPLH, Permanent Supportive Housing).

To be eligible to apply for CESH funds, the Project must meet the following criteria:

5. The Project must be eligible to participate in the CESH Program;
6. The Project must target at least 30% of Units for Homeless/Disabled populations referred by the County;
7. The Project must have an estimated construction closing earlier than 12 months of AHF release date; and
8. The Project must have received a capital funding award from DOH under one or more NOFAs, which may include AHF 7.0 or ARAPP.