

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF STATE FINANCIAL ASSISTANCE**

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February 26, 2021

MEMORANDUM FOR: ALL POTENTIAL APPLICANTS

FROM: Jennifer Seeger, Deputy Director
Division of State Financial Assistance

SUBJECT: **Affordable Housing and Sustainable Communities Program
Notice of Funding Availability**

The California Strategic Growth Council (SGC) and the California Department of Housing and Community Development (Department) are pleased to announce the release of this Notice of Funding Availability (NOFA) with approximately \$405 million in funds for the Affordable Housing and Sustainable Communities (AHSC) program. This funding provides loans and grants to developers, non-profits, cities, counties, transit agencies, and Native American Tribes. The AHSC program furthers the purposes of [AB 32](#) (Chapter 488, Statutes of 2006), [SB 375](#) (Chapter 728, Statutes of 2008), and [SB 32](#) (Chapter 249, Statutes of 2016) in that the purpose of the AHSC program is to reduce greenhouse gas (GHG) emissions through projects implementing land-use, housing, transportation, and agricultural land preservation practices to support infill and compact development, while supporting related and coordinated public policy objectives. Funding for the AHSC program is provided from the Greenhouse Gas Reduction Fund (GGRF), an account established to receive Cap-and-Trade auction proceeds.

The AHSC program is part of California Climate Investments (CCI), a statewide program funded through the GGRF that puts billions of Cap-and-Trade dollars to work reducing GHG emissions, strengthening the economy, and improving public health and the environment – particularly in disadvantaged communities.

Application materials must be submitted electronically via the Financial Assistance Application Submittal Tool (FAAST) system no later than 5:00 p.m. Pacific Daylight Time on Tuesday, June 8, 2021. The Department will no longer accept hardcopy submittals.

AHSC program application forms, webinar details, and related program information is available at <http://sgc.ca.gov/programs/ahsc/> and <http://www.hcd.ca.gov/grants-funding/active-funding/ahsc.shtml>. To receive information on workshops and other updates, please [subscribe](#) to the Department's listserv for the AHSC program. If you have questions, please contact the SGC's AHSC team at ahsc@sgc.ca.gov.

Attachment

AFFORDABLE HOUSING AND SUSTAINABLE COMMUNITIES PROGRAM

Notice of Funding Availability Round 6



**CALIFORNIA STRATEGIC
GROWTH COUNCIL**



**Gavin Newsom, Governor
State of California**

**Lourdes Castro Ramírez, Secretary
Business, Consumer Services and Housing Agency**

**Louise Bedsworth, PhD, Executive Director
California Strategic Growth Council**

**Gustavo Velasquez, Director
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February 26, 2021

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I. Overview

A. Notice of Funding Availability

The Strategic Growth Council (SGC) and the California Department of Housing and Community Development (Department) hereby announce the availability of approximately \$405 million in funding for the Affordable Housing and Sustainable Communities (AHSC) program. The AHSC program is administered by SGC and implemented by the Department. The California Air Resources Board (CARB) provides the quantification methodology for determining the greenhouse gas (GHG) emissions reductions for the AHSC program.

These AHSC program funds will be used for loans or grants, or a combination thereof, to projects that will achieve GHG emissions reductions to benefit all California communities, particularly through increasing accessibility to affordable housing, and key destinations via low-carbon transportation resulting in fewer vehicle miles traveled through shortened or reduced trip length or mode shift from single occupancy vehicle use to transit, bicycling, or walking.

B. Timeline

NOFA Release	February 26, 2021
Application Due Date	June 8, 2021
Award Announcement	October 28, 2021

C. Authorizing Legislation and Regulations (Regulatory Authority)

The AHSC program furthers the purposes of [AB 32](#) (Chapter 488, Statutes of 2006), [SB 375](#) (Chapter 728, Statutes of 2008), and [SB 32](#) (Chapter 249, Statutes of 2016). Available funds are subject to the AHSC program Guidelines approved by the SGC February 24, 2021, or as amended (Guidelines). The Guidelines include detailed information on eligibility requirements, application selection criteria, established terms, conditions, and procedures for funds awarded under AHSC. The Guidelines are available at <http://www.sgc.ca.gov/programs/ahsc/resources/>.

Applicants are responsible for complying with the AHSC program requirements set forth in the Guidelines, this NOFA, and the application materials. Applicants are encouraged to carefully review the Guidelines and information contained in this NOFA before submitting applications.

II. Program requirements

The following is provided as a summary and is not to be considered a complete representation of the entirety of the eligibility, threshold, or other requirements or terms and conditions of the AHSC program. Please note that capitalized words may be defined terms and can be found in the program Guidelines. Please refer to the Guidelines for complete information.

A. Eligible Applicants

Applicants must be eligible pursuant to Guidelines Section 105, Eligible Applicants.

Please note: A special purpose entity, which is formed and controlled by the Developer, and which will serve as the ultimate borrower of AHSC loan funds, is not an Eligible Applicant, but may be named in the portion of the application that requests the name of the ultimate borrower.

B. Eligible Projects

Eligible projects must fall into one of the following three eligible Project Area types:

- Transit Oriented Development (TOD) Project Area type
- Integrated Connectivity (ICP) Project Area type
- Rural Innovation Project Area (RIPA) type

For a detailed list of all eligible costs, please refer to Guidelines Section 103, Eligible costs.

C. Program funding amounts and terms

1. **AHSC program funding award maximum:** The maximum AHSC program loan or grant award, or combination thereof, is \$30 million with a minimum award of \$1 million.
2. **AHSC program funding developer maximum:** A single Developer may receive no more than \$60 million per NOFA funding cycle. This limitation may be waived by SGC if necessary, to meet statutory requirements referenced in Guidelines Section 108.
3. **Terms of assistance:** Assistance terms and limits are set forth in Guidelines Section 104, Assistance terms and limits. Loans for rental Affordable Housing Developments are subject to requirements set forth in Guidelines Section 104(b). Grants are subject to the terms and requirements set forth in Guidelines Section 104(c).

D. Threshold

In addition to meeting the requirements of the Guidelines as described in paragraphs A, B, and C above, Applicants and projects are also required to meet the program threshold requirements found in Section 106 of the Guidelines.

E. Rating and ranking

Applications will be scored according to Guidelines Section 107, Scoring Criteria. AHSC program funds will be allocated through a competitive process, based on the merits of the application, as detailed in Section 108.

III. Application submission and review procedures

Applications must meet eligibility requirements upon submission. Modification of the application forms by the Applicant is prohibited. It is the Applicant's responsibility to ensure the application is clear, complete, and accurate. After the application deadline, Department staff may request clarifying information, provided such information does not affect the competitive rating of the application. No information, whether written or oral, will be solicited or accepted if this information would result in a competitive advantage to an Applicant or a disadvantage to other Applicants. No Applicant may appeal the evaluation of another Applicant's application.

The AHSC program application forms, workshop details, and related program information will be available at <http://sgc.ca.gov/programs/ahsc/resources/> or <http://www.hcd.ca.gov/grants-funding/active-funding/ahsc.shtml>. To receive information on workshops and other updates, please subscribe to the Department's listserv for the AHSC program. Application materials will be posted at <http://www.hcd.ca.gov/grants-funding/active-funding/ahsc.shtml> prior to NOFA workshops. Questions may be directed to the AHSC program at ahsc@hcd.ca.gov or ahsc@sgc.ca.gov

A. Financial Assistance Application Submittal Tool (FAAST) Application Components

Complete applications must include the following components:

1. AHSC Application Workbook

All applicants must complete and submit the AHSC Application Workbook.

2. AHSC Benefits Calculator Tool

All applicants must complete and submit the AHSC Benefits Calculator Tool to meet requirements referenced in Guidelines Section 106 and Estimated GHG Emissions Reductions Scoring in Section 107.

3. Electronic FFAST submission

Application materials will be submitted electronically via the FFAST system. Requirements for uploading the AHSC Application Workbook and required supporting documentation and identified naming conventions are described in the application instructions available at <http://www.hcd.ca.gov/grants-funding/nofas.shtml>. Applicants must upload all application materials to the FFAST system.

B. Electronic document submittal

Application materials must be submitted electronically via the FFAST system no later than 5:00 p.m. Pacific Daylight Time on **June 8, 2021**. The Department will no longer accept hardcopy submittals.

Personal deliveries will not be accepted. No facsimiles, incomplete applications, application revisions, or walk-in application packages will be accepted.

C. Application review

1. Phase One

Application completeness and satisfaction of threshold criteria described in the Guidelines will be confirmed. Please note, the threshold review for financial feasibility criteria in this phase consists of only verification of documentation completeness, not an evaluation of the material facts. The complete financial feasibility review will take place in Phase Three. Phase One is a pass/fail stage and Applicants will receive notification of their status upon completion of threshold reviews with a five-day opportunity to appeal the findings of the reviews.

2. Phase Two

Quantitative policy criteria and AHSC Greenhouse Gas Quantification Methodology (GHG QM) will be evaluated for proposals that have met the requirements of Phase One. An initial score letter will be provided to applicants with a five-day opportunity to appeal the findings of the reviews. AHSC staff will review appeal responses and revise scores where appropriate. Applicants who score less than 50 percent of the total Quantitative Policy criteria and GHG QM points will not be eligible to move forward. The final score letter will include notification of application status.

3. Phase Three

An interagency team will review the narrative section of applications, which have scored 50 percent or higher in Phase Two. During Phase Three, an in-depth evaluation of the project's financial feasibility will be performed.

D. Application Workshops

AHSC program staff will conduct application webinars and pre-application virtual consultations for the Round 6 application submissions. AHSC webinar details and related program information will be posted on the SGC [website](#). Appointments are required for pre-application consultations. Appointment requests and questions should be directed to ahsc@sgc.ca.gov.

E. Disclosure of Application

Information provided in the application will become a public record available for review by the public, pursuant to the California Public Records Act (Chapter 1473, Statutes of 1968). As such, any materials provided will be disclosable to any person making a request under this Act. The Department cautions applicants to use discretion in providing information not specifically requested, including but not limited to, bank account numbers, personal phone numbers, and home addresses. By providing this information to the Department, the applicant is waiving any claim of confidentiality and consents to the disclosure of submitted material upon request.

IV. Appeals

A. Basis of appeals

1. Upon receipt of the Department's notice that an application has been determined to be incomplete, ineligible, fail threshold review, or have a reduction to the initial point score, Applicants under this NOFA may appeal such decision(s) to the Department pursuant to this section.
2. No Applicant shall have the right to appeal a decision of the Department relating to another Applicant's eligibility, point score, award, denial of award, or any other matter related thereto.
3. The appeal process provided herein applies solely to decision of the Department made in this program NOFA and does not apply to any decisions made with respect to any previously issued NOFAs or decisions to be made pursuant to future program NOFAs.

B. Appeal process and deadlines

1. Process: To file an appeal, Applicants must submit to the Department, by the deadline set forth below, a written appeal, which states all relevant facts, arguments, and evidence upon which the appeal is based. Furthermore, the Applicant must provide a detailed reference to the area or areas of the application that provide clarification and substantiation for the basis of the appeal. No new or additional information will be considered if this information would result in a competitive advantage to an Applicant. Once the written appeal is submitted to the Department, no further information of materials will be accepted or considered thereafter. Appeals are to be

submitted to the Department at ahsc@hcd.ca.gov according to the deadline set forth in Department review letters.

2. Filing deadline: Appeals must be received by the Department no later than five business days from the date of the Department's threshold review letters, or initial score letters, representing the Department's decision made in response to the application.

C. Decision

Any request to appeal the Department's decision regarding an application shall be reviewed for compliance with the AHSC Guidelines <https://sgc.ca.gov/programs/ahsc/resources/guidelines.html> and this NOFA. All decisions rendered shall be final, binding, and conclusive, and shall constitute the final action of the Department.

V. Award Announcements and Contracts

A. Award Announcements

Award recommendations will be posted with SGC Meeting materials at <http://www.sgc.ca.gov/meetings> ten days prior to the SGC public meeting.

B. Contracts

Successful Applicants (awardee(s)) will enter into one or more Standard Agreements with the Department. The Standard Agreement contains all the relevant state and federal requirements, as well as specific information about the award and the work to be performed. The Standard Agreements will expressly cross-default all components of the award to one another.

VI. Other State Requirements

A. Article XXXIV

All projects shall comply with Article XXXIV, Section 1 of the California Constitution, as clarified by the Public Housing Election Implementation Law (HSC Section 37000 - 37002). Article XXXIV documentation for loans underwritten by the Department shall be subject to review and approval by the Department prior to the announcement of award recommendations.

Article XXXIV requires local voter approval before any state public body can develop, construct, or acquire a low-rent housing project in any manner. However, the Public Housing Election Implementation Law (HSC Section 37000 – 37002) provides clarification as to when Article XXXIV is applicable. Health & Safety Code (HSC) Section 37001, for example, lists a number of project types that are not considered “low-rent housing projects.”

Applicants must submit documentation that shows the project's compliance with or exemption from Article XXXIV. If a project is subject to Article XXXIV, the Department requires an allocation letter from the locality that shows that there is Article XXXIV authority for the project. A local government official with authority should prepare the allocation letter, and it should include the following:

1. The name and date of the proposition and the number of units that were approved;
2. A copy of the referendum and a certified vote tally;
3. The number of units that remain in the locality's "bank" of Article XXXIV authority (i.e., the number of units that are still available for allocation); and
4. The number of units that the locality will commit to this project, including the manager unit.

If a project is statutorily exempt from Article XXXIV, the Department requires an Article XXXIV opinion letter from the Applicant's legal counsel. The Article XXXIV opinion letter must demonstrate that the Applicant has considered both the legal requirements of Article XXXIV and the relevant facts of the project (e.g., all funding provided by public bodies, including state, county, or city sources, the number of low-income restricted units, and the general content of any regulatory restrictions). Any conclusion that a project is exempt from Article XXXIV must be supported by facts and a specific legal theory for exemption that itself is supported by the Constitution, statute, and/or case law.

B. Relocation

The Applicant must comply with Government Code Section 7260 et seq., the California Code of Regulations, title 25, Section 6000 et seq., and, if applicable, 49 CFR Part 24 of the Uniform Relocation Assistance and Real Property Acquisition for Federal and Federally Assisted Programs (URA) (collectively referred to herein as Relocation or Relocation Law).

Failure to comply with applicable Relocation requirements will result in rejection of the application and disencumbrance of any awards made to the Project.

C. Pet Friendly Housing Act of 2017

Housing funded through the AHSC program is subject to the Pet Friendly Housing Act of 2017 (HSC §50466). Each Awardee is required to submit a signed and dated certification that residents of the AHSC funded housing development will be authorized to own or otherwise maintain one or more common household pets.

D. State Prevailing Wages

Program funds awarded under this NOFA are subject to State prevailing wage law, as set forth in Labor Code Section 1720 et seq., and require the payment of prevailing wages unless the project meets one of the exceptions of Labor Code 1720 (c) as determined by the Department of Industrial Relations.

Applicants are urged to seek professional advice as to how to comply with State prevailing wage law.

VII. Other Terms and Conditions

A. Right to Modify or Suspend

The Department reserves the right, at its sole discretion, to suspend, amend, or modify the provisions of this NOFA at any time, including without limitation, the amount of funds available hereunder. If such an action occurs, the Department will notify all interested parties [via listserv](#) and will post the revisions to the AHSC website. Please be sure and subscribe at the listserv link.

B. Operating Subsidies

Must be committed, as evidenced by letters of intent, commitment letters, grant awards or subsidy contracts, or, if commitments are not available, other documentation such as a reservation or third-party letter stating the following: total subsidy and estimated first year allocation, date or expected date of award, and term (in years).

C. Project-based Rental Assistance

Project-based rental assistance does not need to be committed at time of application, but a fully executed contract will be required prior to loan closing. Projects having or proposing project-based rental assistance must provide documentation of current contract rents. Projects having or proposing project-based rental assistance shall fund a Transition Reserve in accordance with MHP Guidelines Section 7312(f)(2).

D. Conflicts

In the event of any conflict between the terms of this NOFA and either applicable state or federal law or regulation, the terms of the applicable state or federal law or regulation shall control.