

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

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**NOTICE OF FUNDING AVAILABILITY****Predevelopment Loan Program****November 15, 2010**

The California Department of Housing and Community Development (hereinafter "HCD" or "Department") is pleased to announce that it is accepting applications for funds from the Predevelopment Loan Program (PDLP). PDLP historically revolves between **\$2 to \$7 million annually, subject to loans being made and repayments being returned to the fund. The amount available at the time of issue of this Notice of Funding Availability (NOFA) is approximately \$3 million.** This NOFA will be in effect from November 15, 2010 through December 30, 2011 (unless amended or replaced by the Department), and will expire on that latter date.

Eligible Applicants

Local governmental agencies, nonprofit corporations, limited liability companies where all of the members are nonprofit public benefit corporations or limited partnerships where all of the general partners are nonprofit public benefit corporations are eligible to receive loans.

Eligible Expenditures

The purposes for which predevelopment loans may be made include, but are not limited to, the costs of, or the costs associated with, land purchase or options to buy land; options or deposits to buy or preserve existing government-assisted rental housing for the purpose of preserving the affordability of the units; closing costs; holding costs which can include, but are not limited to taxes, insurance, and interest; professional services such as architectural, engineering, or legal services; permit or application fees; and bonding, site preparation, related water or sewer development, or material expenses. A full list of eligible expenditures may be found at California Code of Regulations, Title 25, Section 7005.

Eligible Projects

PDLP loans shall be for "assisted housing for occupancy primarily by persons of low income." (Health and Safety Code 50531(b)). For a project to be eligible, at least 51 percent of the dwelling units must be available to, and affordable to, lower income households. "Lower income" is defined by California Code of Regulations, Title 25,

Section 6928. The Income Limits are available in hard copy on request, or from the Department's website at <http://www.hcd.ca.gov/hpd/hrc/rep/state/incNote.html>.

Unauthorized Costs

The loan may not be used for administrative or construction financing expenses. See California Code of Regulations, Title 25, Section 7005(e).

Special Conditions

HCD has set a minimum funding target for rural areas based on 20 percent of available funds at the time of this NOFA. This minimum target is \$600,000. If, by April 1, 2011, valid rural applications have not been received for at least this amount, the unused portion will be made available to all applicants for the remainder of the fiscal year.

Borrowers will be required to abide by all local, state or federal regulations that are applicable to the proposed housing developments. These may include but are not limited to: zoning ordinances, building codes, planning, historic preservation, environmental and relocation regulations, and Article XXXIV of the California Constitution. See California Code of Regulations, Title 25, Section 7008.

Construction activities may require the payment of prevailing wages pursuant to Labor Code commencing with Section 1720 (the law regarding prevailing wages, which is administered by the California Department of Industrial Relations). Construction includes work performed during the design and preconstruction phases of construction including, but not limited to, inspection and land surveying work. See Labor Code Section 1720 (a)(1).

Limitations, Rates and Terms:

Unless a waiver pursuant to California Code of Regulations, Title 25, Section 7005(f)(15) is requested and approved by the Department, the aggregate amount to be loaned for purposes other than for purchase or refinance of real property or site development shall not exceed \$100,000.

Without exception, no more than \$800,000 shall be committed to any single borrower at any one point in time during the term of this NOFA. Funds committed to a single borrower under prior NOFA(s) do not count towards the \$800,000 in total commitments allowed. In the case where the applicant is a limited partnership, total funding commitments to the general partner(s) will be counted when determining whether the \$800,000 cap has been reached. In the case where the applicant is a limited liability company, total funding commitments to a corporate member will be counted when determining whether the \$800,000 cap has been reached.

Loans are made for a term of one to two years and bear simple interest at a rate of 3 percent per annum on the outstanding balance. Payment is deferred during the term of the loan. Borrowers must provide adequate security for loan funds advanced by the Department.

Additional requirements regarding use of funds, and rates and terms are contained in California Code of Regulations, Title 25, Sections 7005 and 7006.

Authority and Purpose of Program

PDLP is subject to the requirements of Health and Safety Code Section 50530 et seq. ("Program Statutes"), and California Code of Regulations, Title 25, Section 7000 et seq. ("Program Regulations"). These regulations are accessible at the same website location as this NOFA. Other regulations cited in this NOFA are accessible at www.oal.ca.gov. The statutes are accessible at www.leginfo.ca.gov.

In addition to these general statutes and regulations, affordable rents shall be limited by the provisions of Health and Safety Code Section 50053 and California Code of Regulations, Title 25, Section 6918. Affordable housing costs (for ownership projects) shall be limited by Health and Safety Code Section 50052.5 and California Code of Regulations, Title 25, Section 6920. Applicants are advised to fully familiarize themselves with the foregoing statutes and regulations.

The purpose of PDLP is to provide short-term predevelopment loans (one to two years) for required expenses, other than administration and construction, which are incurred by eligible sponsors in the process of, or prior to, securing financing for construction, preservation or rehabilitation of assisted housing, and which are recoverable once the construction or long-term financing is obtained.

Application Process

Those eligible sponsors seeking loans must submit a Predevelopment Loan Program application on the forms provided by the Program, which must not be modified. **The latest application has a revision date of November 2005.** Loan applications may be obtained and downloaded from the website listed below and returned to the Predevelopment Loan Program at the address listed below. A copy of the completed application should also be e-mailed to PDLP as outlined in the application cover letter.

Applications will be received on an over-the-counter basis. **It is highly recommended that the applicant contact the PDLP staff before submitting an application to confirm funding availability.** Applications will be reviewed for completeness, eligibility of applicant and compliance with this NOFA, Health and Safety Code Sections 50052.5, 50053, 50093.5 and 50530 et seq. and California Code of Regulations, Title 25, Sections 6918, 6920 and 7000 et seq. Should PDLP receive complete and eligible applications for more than the available amount of funds, priority will be given to (1) the rural set-aside; (2) projects located in public transit corridors as defined in Health and Safety Code Section 50093.5, or projects used for the preservation and acquisition of existing government-assisted rental housing at risk of conversion to market-rate use. Within this category, the Department shall give priority to those applications that include matching financing from local government agencies or federal programs.

Regarding applications from local governmental agencies, if the Department receives multiple valid applications requesting more funds in total than are available from PDLF, HCD shall give priority to projects located in cities or counties which have adopted housing elements that HCD has determined to be in substantial compliance with State Housing Element Law (Government Code Sections 65580, et seq.). Next priority for local governmental agencies shall be given to projects located in cities or counties with draft housing elements that HCD has determined to be in substantial compliance with Housing Element Law.

Applications will also be evaluated by the Department for such factors as past achievements and relevant experience, prospects for obtaining construction or permanent financing at terms as proposed in the application, the need for and the proposed cost of the land or housing, and other factors listed in California Code of Regulations Title 25, Section 7004 (d). Applications having material internal inconsistencies or lacking essential information will be considered incomplete and will be held pending clarification, correction or completion. Staff will provide ongoing technical assistance to those applicants who have submitted eligible, but incomplete applications.

Completed loan applications and the staff recommendations will be considered either by the Deputy Director of the Division of Financial Assistance or HCD's Local Assistance Loan and Grant Committee (Committee). Committee meetings are usually held the last week of most months. To the extent feasible, eligible applications received not less than 30 working days prior to a Committee meeting may be presented at that meeting for consideration of recommendations for funding. Because of staffing constraints, however, this cannot be guaranteed.

Right to Modify or Suspend

HCD reserves the right, at its sole discretion, to suspend, amend, or modify the provisions of this NOFA. If such an action occurs, HCD will notify all interested parties.

Disclosure of Application

Information provided in this application will become a public record available for review by the public pursuant to the Public Records Act. As such, any materials provided will be disclosable to any person making a public records request. As such, we caution you to use discretion in providing us with information that is 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 sponsor is waiving any claim of confidentiality and consents to the disclosure of all submitted material upon request.

Please direct your requests for applications or more information about this announcement to:

Department of Housing and Community Development
Predevelopment Loan Program
P.O. Box 952054, MS 460
Sacramento, CA 94252-2054
Staff contact for the Predevelopment Loan Program:

Lorraine French
Phone: (916) 327-3579
Fax: (916) 445-0117
E-mail: lfrench@hcd.ca.gov or bstolk@hcd.ca.gov
website: <http://www.hcd.ca.gov/ca/pdip/>

Express Address:
1800 Third Street, MS 460
Sacramento, CA 95811

Thank you for your interest in the Predevelopment Loan Program

Sincerely,



Chris Westlake, Deputy Director
Division of Financial Assistance