

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

2020 W. El Camino Avenue, Suite 500, 95833
P. O. Box 952054
Sacramento, CA 94252-2054
(916) 263-2771 / FAX (916) 263-2763
www.hcd.ca.gov



October 2, 2017

MEMORANDUM FOR: POTENTIAL APPLICANTS

FROM: Lisa Bates, Deputy Director
Division of Financial Assistance

A handwritten signature in blue ink that reads "Lisa Bates".

**SUBJECT: NOTICE OF FUNDING AVAILABILITY (NOFA)
INFILL INFRASTRUCTURE GRANT (IIG) PROGRAM**

The Department of Housing and Community Development (Department) is pleased to announce the availability of approximately \$50 million in funding for the Infill Infrastructure Grant (IIG) Program. The purpose of the IIG Program is to provide grants for Capital Improvement Projects (CIP), in support of Qualifying Infill Projects (QIP). Funding for this NOFA and Program requirements are provided under the Housing and Emergency Shelter Trust Fund Act of 2006 (Proposition 1C) pursuant to Sections 53545(b), 53545.12 and 53545.13 of Chapter 2 of Part 12 of Division 31 of the Health and Safety Code. Additional funds may be added to the NOFA up to a maximum of \$50.8 million.

A complete original application, and electronic copies on CD or flash drive with all applicable information must be received by the Department no later than 5:00 p.m. Pacific Standard Time on **January 16, 2018** (Tuesday) delivered by a mail carrier service such as U.S. Postal Service, UPS, FedEx, or other carrier services that provide date stamp postmarked verification to the address below:

INFILL INFRASTRUCTURE GRANT (IIG) PROGRAM

Department of Housing and Community Development
Division of Financial Assistance, NOFA Section
2020 W. El Camino Avenue, Suite 500
Sacramento, CA 95833

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

The IIG Program application forms, guidelines, and related Program information is available at <http://www.hcd.ca.gov/grants-funding/active-funding/iigp.shtml>. To receive information on workshops and other updates, please [subscribe](#) to the Department's IIG mailing list. Questions may be directed to the IIG Program at (916) 263-2771 or DFAINfill@hcd.ca.gov.

Attachment

INFILL INFRASTRUCTURE GRANT PROGRAM

FUNDING ROUND 5 Notice of Funding Availability

October 2, 2017



**Edmund G. Brown Jr., Governor
State of California**

**Alexis Podesta, Secretary
Business, Consumer Services and Housing Agency**

**Ben Metcalf, Director
Department of Housing and Community Development**

2020 W El Camino Avenue, Suite 500, Sacramento, CA 95833
Phone: (916) 263-2771

Website: <http://www.hcd.ca.gov/grants-funding/active-funding/iigp.shtml>.
E-mail address: DFAINfill@hcd.ca.gov

Table of Contents

| | |
|--|----------|
| I. Overview | 1 |
| A. Program Summary | 1 |
| B. Timeline | 1 |
| C. What is New in the NOFA..... | 1 |
| II. Program Requirements..... | 1 |
| A. Eligible Applicants | 2 |
| B. Eligible Activities | 2 |
| C. Grant Amounts and Limits | 2 |
| D. Threshold Requirements | 4 |
| E. Application Scoring..... | 5 |
| F. State Requirements..... | 6 |
| III. Application Procedures and Deadline..... | 6 |
| A. Application Packaging and Submittal | 6 |
| B. Application Workshop..... | 7 |
| C. State Prevailing Wages | 8 |
| D. Disclosure of Application | 8 |
| IV. Award Announcements and Contracts..... | 8 |
| A. Award Announcement | 8 |
| B. Contracts | 8 |
| V. Other Terms and Conditions | 8 |
| A. Right to Modify or Suspend | 8 |
| B. Conflicts..... | 9 |

INFILL INFRASTRUCTURE GRANT PROGRAM NOTICE OF FUNDING AVAILABILITY

I. Overview

A. Program Summary

The Department of Housing and Community Development (Department) hereby announces the availability of approximately \$50 million in funding for the Infill Infrastructure Grant (IIG) Program. Additional funds may be added to the Notice of Funding Availability (NOFA) up to a maximum of \$50.8 million. IIG Program funds being offered through this NOFA are available as grant funds for Capital Improvement Projects (CIP), in support of Qualifying Infill Projects (QIP) as gap funding of infrastructure improvements that are an integral part of or are necessary to facilitate the development of new infill housing for specific residential or mixed use projects. Funding for this NOFA and Program requirements are provided under the Housing and Emergency Shelter Trust Fund Act of 2006 (Proposition 1C) pursuant to Sections 53545(b), 53545.12 and 53545.13 of Chapter 2 of Part 12 of Division 31 of the Health and Safety Code. Available funds are subject to the Guidelines issued by the Department and dated October 2, 2017. These Guidelines include detailed information on eligibility requirements and application selection criteria, and may be accessed at <http://www.hcd.ca.gov/fa/iig>.

B. Timeline

| | |
|-----------------------------|-------------------------|
| NOFA Release | October 2, 2017 |
| Application Due Date | January 16, 2018 |
| Award Announcements | June 2018 |

C. What is New in the NOFA

- Per the Infill Infrastructure Grant Program Guidelines (Guidelines), grant limits have been increased from \$4 million to a maximum of \$5 million for QIPs.
- A funding commitment for the Affordable Housing and Sustainable Communities (AHSC) Program will be considered an enforceable funding commitment if the IIG application includes an AHSC award letter or if the Round 3 AHSC and Round 5 IIG applications are awarded simultaneously.

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 IIG Program.

A. Eligible Applicants (IIG Guidelines Section 307)

The non- or for-profit developer of the QIP is required to be the Applicant, either by itself or as a joint Applicant with a locality or public housing authority with jurisdiction over the area in which the QIP is located. Public agencies are not eligible as sole Applicants for QIPs. Transit districts, regional planning agencies, and joint powers authorities are not eligible joint Applicants, except that joint powers authorities comprised entirely of eligible Applicants are eligible, jointly with the developer of the QIP, where the authority granted to the joint powers authority encompasses the activities necessary to comply with the requirements of the Program.

B. Eligible Activities (IIG Guidelines Section 303)

A QIP is a residential or mixed-use residential development project that meets all of the criteria as set forth in Guidelines Sections 303 and 308. Under the program, grants are available for CIP as gap funding for infrastructure improvements. Program grant funds must be used for reasonable and necessary costs of a CIP required as a condition of, or approved by, the local jurisdiction in connection with its approval of entitlements for the eligible QIP.

C. Grant Amounts and Limits

Except as set forth in the table below, the minimum program grant for a QIP is \$500,000 in urban areas and \$250,000 in rural areas. The maximum program grant for a QIP is \$5 million.

Pursuant to Section 305(a) of the IIG Guidelines, the total maximum grant amount per application shall be limited based on the number of units in the QIP, the bedroom count of these units, and the density and affordability of the housing to be developed. The following tables outline the values used in calculating the maximum grant amount allowed in this NOFA. The maximum grant limit equals the basic grant limit multiplied by the net density adjustment factor. The total actual grant amount shall be based upon the lesser of the gap funding amount necessary to fund the CIP or the maximum amount calculated from the tables. The Department will fund only one application for each CIP or portion thereof.

Basic Grant Limits

| Income Level & Tenure | 0-Bdrm | 1-Bdrm | 2-Bdrm | 3-Bdrm | 4-Bdrm |
|--|----------|----------|----------|----------|----------|
| 200%+ FMR ¹ or Exceeds CALHFA Sales Prices ^{2,3} | \$3,000 | \$6,000 | \$9,000 | \$12,000 | \$15,000 |
| IIG Unrestricted ⁴ | \$20,000 | \$23,000 | \$27,000 | \$33,000 | \$36,000 |
| Moderate-Income Owner | \$23,000 | \$26,000 | \$31,000 | \$37,000 | \$40,000 |
| Low-Income Owner | \$26,000 | \$29,000 | \$35,000 | \$41,000 | \$45,000 |
| 60% AMI Rental | \$26,000 | \$29,000 | \$35,000 | \$41,000 | \$45,000 |
| 50% AMI Rental | \$30,000 | \$34,000 | \$39,000 | \$47,000 | \$50,000 |
| 30% AMI Rental | \$35,000 | \$37,000 | \$42,000 | \$54,000 | \$57,000 |

To determine if a project is a “target area”, utilize the CalHFA tools found at <http://www.calhfa.ca.gov/homebuyer/information/fdta.htm>.

¹ **200% Fair Market Rent (FMR) Unit:** A 200 percent FMR Unit is a rental unit with a proposed monthly rent which is equal to or greater than 200 percent of its county’s FMR as defined by HUD.

² **Exceeds CalHFA Maximum Sales Price Unit:** A For-Sale Unit with a proposed sales price which exceeds its county’s maximum allowable sales price for a new construction unit as published by CalHFA.

³ The current CalHFA sales price chart can be viewed at <http://www.calhfa.ca.gov/homeownership/limits/salesprice/salesprice.pdf>.

⁴ **IIG Unrestricted:** An Unrestricted Unit for the purposes of calculating grant amounts in the IIG Program is any unit not restricted at the other levels identified in Section 302(a) but also not meeting any of the above definitions.

Net Density Adjustments to Basic Grant Limits

| Net Density (housing units per acre) | Adjustment Factor |
|---|------------------------------|
| Less than 30 | 1 |
| 30 – 34.9 | 1.04 |
| 35 – 39.9 | 1.08 |
| 40 – 44.9 | 1.12 |
| 45 – 49.9 | 1.16 |
| 50 – 54.9 | 1.2 |
| 55 – 59.9 | 1.24 |
| 60 – 64.9 | 1.28 |
| 65 – 69.9 | 1.32 |
| 70 – 74.9 | 1.36 |
| 75 – 79.9 | 1.4 |
| 80 – 89.9 | 1.44 |
| 90 – 99.9 | 1.48 |
| 100 and above | 1.52 |

D. Threshold Requirements

To be considered for IIG funding, applications must include an eligible Applicant and an eligible CIP and QIP, and meet all of the following threshold requirements pursuant to Section 308:

- 1) The application must be for a CIP eligible pursuant to Section 303 and the Applicant must be eligible pursuant to Section 307(c).
- 2) All proposed uses of IIG funds must be eligible pursuant to Section 304.
- 3) The application must be sufficiently complete to assess the feasibility of the application and its compliance with IIG requirements.
- 4) Construction of the CIP has not commenced as of the deadline for submittal of applications set forth in the NOFA.
- 5) The CIP is infeasible without Program funds, and other available funds are not being supplanted by IIG funds. For purposes of this requirement, Applicants are not required to apply for Housing Related Infrastructure funding pursuant to the October 2017 Affordable Housing and Sustainable Communities NOFA.
- 6) The Applicant or developer of the CIP must have site control sufficient to ensure the timely commencement of the CIP as determined by the Department.

E. Application Scoring

Qualifying Infill Project applications shall be evaluated based on the criteria set forth in Sections 303, 305, 307, 308, and 309 of the IIG Guidelines.

In order to be considered for funding, pursuant to Section 307(e), project applications must receive a minimum score of 210, excluding bonus points. Applications must contain a completed IIG Self-Scoring Worksheet along with documentation acceptable to the Department that adequately supports the Self-Score provided. **Applications that do not include a Self-Scoring Worksheet will not be considered for funding.** Self-Scoring Worksheets must be included within the application at the time of submittal to the Department. No additional information may be added to an application after it has been submitted.

The highest scoring applications that meet all threshold requirements will be selected for funding under each allocation in this NOFA. Applications will be funded in descending order. The Department may make adjustments in this procedure to meet approximately the following geographic distribution objectives:

- (a) Target 45 percent of total funds to projects located in Southern California (Imperial, Kern, Los Angeles, Orange, Riverside, San Bernardino, San Diego, San Luis Obispo, Santa Barbara, or Ventura counties);
- (b) Target 10 percent of total funds to projects located in the Central Valley (Fresno, Kings, Madera, Merced, San Joaquin, Stanislaus, and Tulare counties); and
- (c) Target 45 percent of total funds to projects located in Northern California (those counties not specified in paragraphs (a) and (b) above).

In the event two or more applications have the same rating and ranking scores, the following tie breaking points will be awarded, as authorized in Section 307(f.) in this order of priority until there is no longer a tie:

- (1) 10 bonus points will be awarded to the QIP having the lowest ratio between the requested grant amount to the total allowable maximum grant amount in accordance with the maximum calculated through the respective program guideline (i.e. as that maximum is calculated pursuant to Section 305(a)). All such ratios will be rounded to the nearest second decimal point.
- (2) An additional 3 bonus points will be awarded to the QIP for each prior awarded QIP developed by the Applicant Entity that has received a certificate of occupancy by the deadline for submittal of applications set forth in the NOFA.

To be considered for funding, pursuant to IIG Guidelines Section 305(e), the Department must determine that the housing to be developed is financially feasible as proposed in the application.

Pursuant to IIG Guidelines Section 305(d), the Applicant must evidence IIG funds are necessary for feasibility and no other source of compatible funding is reasonably available, except as provided under [Program Requirements Section D5](#) of this NOFA.

The ultimate awarding of IIG funds is subject to the approval of the Department. The decision of the Department is final.

F. State Requirements

1. Housing Element Compliance

Pursuant to Section 303(a)(2), the QIP must be located in a Locality which has an adopted (per Government Code Section 65588) a housing element that has been found by the Department to be in substantial compliance with the requirements of Article 10.6 (commencing with Section 65580) of Chapter 3 of Division 1 of Title 7 of the Government Code, pursuant to Section 65585 of the Government Code. Housing element compliance must be established as of the NOFA application deadline date. To obtain housing element status, access this link - <http://www.hcd.ca.gov/community-development/housing-element/index.shtml>.

2. Climate Adaptation

Executive Order B-30-15 addressing the need for climate adaptation and ordered that:

- a. All state agencies with jurisdiction over sources of greenhouse gas emissions shall implement measures, pursuant to statutory authority, to achieve reductions of greenhouse gas emissions to meet the 2030 and 2050 greenhouse gas emissions reductions targets.
- b. State agencies shall take climate change into account in their planning and investment decisions, and employ full life-cycle cost accounting to evaluate and compare infrastructure investments and alternatives.

In response to the Governor's Executive Order, the Department strongly encourages IIG Recipients, as defined in Section 302(t), to implement the CIP and QIP in a manner that reduces greenhouse gas emissions and adapts to climate change.

III. Application Procedures and Deadline

A. Application Packaging and Submittal

A complete original application, and electronic copies on CD or flash drive with all applicable information must be received by the Department no later than **5:00 p.m. Pacific Standard Time on January 16, 2018**. The Department will only accept applications delivered through a postal carrier service such as U.S. Postal Service, UPS, Fed Ex, or other carrier services that provide date stamp verification confirming delivery to the Department. Please contact

the Department if delivery is not completed by fault of the private courier/U.S. Mail. **Personal deliveries are not accepted.** The delivery address is:

INFILL INFRASTRUCTURE GRANT (IIG) PROGRAM

Department of Housing and Community Development
 Division of Financial Assistance, NOFA Section
 2020 W. El Camino Avenue, Suite 500
 Sacramento, CA 95833

Applications that do not meet the filing deadline requirements will not be eligible for funding. Applications must be on Department forms and cannot be altered or modified by the Applicant.

The application forms are available on the Department’s [IIG website](#). Applications must meet all eligibility requirements upon submission. Applications having material internal inconsistencies will not be rated and ranked. It is the Applicant’s responsibility to ensure that the application is clear, complete and accurate. After the application deadline, IIG staff may request clarifying information and/or inquire as to where in the application specific information is located provided that 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 competitive disadvantage to other Applicants. No Applicant may appeal the Department’s evaluation of another Applicant’s application.

B. Application Workshop

The Department will conduct application workshops as follows:

| Date | Location | Time |
|------------------|--|---------------|
| October 16, 2017 | <u>Workshop Location:</u> Point Loma Library Marla Haas Community Room 3701 Voltaire Street San Diego, CA 92107 Register Now - San Diego | 10:00 – 12:00 |
| October 17, 2017 | <u>Workshop Location:</u> Santa Ana City Council Chambers 22 Civic Center Plaza Santa Ana, CA 92701 Register Now – Santa Ana | 10:00 – 12:00 |
| October 20, 2017 | <u>Workshop Location:</u> Elihu Harris State Building Auditorium 1515 Clay Street Oakland, CA 94612 Register Now - Oakland | 10:00 – 12:00 |
| October 24, 2017 | <u>Webinar – Phone-In Only</u> Call-In Information will be provided at a future date | 10:00 – 12:00 |

C. State Prevailing Wages

IIG 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.**

D. 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. Award Announcements and Contracts

A. Award Announcement

The Department anticipates announcing IIG awards in June 2018.

B. Contracts

Successful Applicants (Awardee(s)) will enter into a Standard Agreement 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.

A condition of award will be that a Standard Agreement must be executed by the Awardee(s) within 90 days (Contracting Period) of the Department's issuance of the award letter. Failure to execute the Standard Agreement(s) within the Contracting Period may result in award cancellation. The Awardee(s) shall remain a party to the Standard Agreement for the entire term of the Standard Agreement; removal of the Awardee(s) shall be prohibited.

V. 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 IIG website. Please be sure and subscribe at the listserv link.

B. 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.