

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

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May 12, 2021

MEMORANDUM FOR: All Potential Applicants

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

A handwritten signature in blue ink that reads "Jennifer Seeger".

SUBJECT: **Infill Infrastructure Grant Program**
Round 7 Notice of Funding Availability

The California Department of Housing and Community Development (HCD) is pleased to announce the initial release of Veterans and Affordable Housing Bond Act of 2018 (Proposition 1) Infill Infrastructure Grant program (IIG) funding for approximately \$160 million.

This Notice of Funding Availability (NOFA) will provide grants to for-profit or nonprofit developers, localities, or public agencies for Capital Improvement Projects in support of QIPs or Qualifying Infill Areas.

Application materials must be submitted electronically via the Financial Assistance Application Submittal Tool (FAAST) system, available online at <https://faast.waterboards.ca.gov/>, no later than **5:00 p.m. Pacific Daylight Time on July 12, 2021**. HCD will no longer accept hardcopy submittals.

The IIG Application, online workshop details, and guidelines will be posted on HCD's website <https://www.hcd.ca.gov/grants-funding/active-funding/iigp.shtml>. To receive information regarding online workshops and other updates, please subscribe to the IIG listserv http://www.hcd.ca.gov/HCD_SSI/subscribe-form.html

If you have further questions, please contact infill@hcd.ca.gov

Infill Infrastructure Grant Program

Round 7 Notice of Funding Availability



**Gavin Newsom, Governor
State of California**

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

**Gustavo Velasquez, Director
California Department of Housing and Community Development**

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May 12, 2021

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I. Overview

A. Notice of Funding Availability (NOFA)

The California Department of Housing and Community Development (HCD) is pleased to announce the initial release of Veterans and Affordable Housing Bond Act of 2018 (Proposition 1) Infill Infrastructure Grant program (IIG) funding for approximately \$160 million. This Notice of Funding Availability (NOFA) will provide grants to for-profit or nonprofit developers, localities, or public agencies for Capital Improvement Projects in support of Qualifying Infill Projects (QIPs) or Qualifying Infill Areas (QIAs).

The primary objective of the IIG program is to promote infill housing development by providing financial assistance for Capital Improvement Projects that are an integral part of or necessary to facilitate the development of infill housing.

B. Timeline

Description	Date
NOFA Release	May 12, 2021
Application Due Date	July 12, 2021
Award Announcements	Early October 2021

C. What's new in this NOFA and Guidelines

Applications submitted under this NOFA are subject to the May 12, 2021 IIG program Guidelines (Guidelines). In this NOFA, policies and definitions are clarified to better align with legislative updates to the Health and Safety Code (HSC) and clarify programmatic goals, improve alignment with other state affordable housing and infrastructure funding programs, and respond to stakeholder feedback.

Noteworthy changes include:

1. NOFA

- To ensure the equitable use of Program funds, applicants seeking to substitute previously awarded funds must forfeit their prior award, in writing, prior to the Application due date without assurance of receiving a new award. This prohibition applies to funds awarded under any HCD program, including a prior IIG award.
- Geographic Targets have been updated to identify a percentage of program funds from this NOFA for communities in counties with a population of less than 250,000.

- Qualifying Infill Projects located in High or Highest Resource Areas (as specified on the TCAC/HCD Opportunity Area Maps <https://belonging.berkeley.edu/tcac-opportunity-map-2020>) will receive the maximum allowable 20 points (Access to Opportunity and Proximity to Amenities).

2. Section 302. Definitions

- Definitions of Bus Hub and Major Transit Stop were modified to make allowances for temporary schedule changes in response to COVID-19 related ridership reductions.
- Definition of Eligible Applicant no longer requires an Application for a QIP to include a Locality as an applicant.
- Definition of Enforceable Funding Commitment now allows for inclusion of both 4 and 9 percent tax credits.
- Only commitments for permanent financing are considered in the Application Selection Criteria.
- Definition of Locality is updated to include “the duly constituted governing body of an Indian reservation or rancheria that has jurisdiction over a QIA or a Tribally Designated Housing Entity.

3. Section 303. Eligible projects

- All Applications must include a QIP.

4. Section 303. Eligible costs

Internet infrastructure is identified as an Eligible Cost.

- Guidelines clarify that Eligible Costs for parking must meet the requirements set forth in the definition of Structured Parking.

5. Section 306. Performance requirements

- Recipients shall begin construction of the housing units not more than two years from the date of the Program award.
- Recipients shall complete construction of the housing units not more than three years from the date of the Program award.
- Program funds must be disbursed by the Program liquidation date of June 30, 2025. The Recipient must submit final disbursement requests no later than March 31, 2025.

Recipients may request an extension of performance requirements set forth in Section 306 by addressing a letter to the IIG Program Manager detailing the circumstances surrounding the extension request and detailing a plan for meeting the extended performance deadline. An extension may be granted if the Recipient adequately demonstrates probability of adherence to the proposed plan. However, any proposed extension must fall within the Program's legislatively set disbursement deadlines.

6. Section 307. Application process

- The Universal Application and IIG Supplemental Application have been consolidated into a single IIG application to streamline the Application process and reduce applicant burden.
- Original “wet signature” documents are no longer required or accepted. The entire Application, including supporting documentation, will be submitted electronically.

7. Sections 309 and 310. Selection criteria

- Selection Criteria is based on commitments for permanent financing.
- Applications proposing 4 percent and 9 percent tax credits will be considered equally, allowing Applicants to choose the path that is most likely to fulfill project financing.
- The Selection Criteria for QIAs was brought into better alignment with Selection Criteria for QIPs to ensure a consistent approach to evaluating Applications.
- To incentivize larger scale residential developments, the Multiple QIPs criterion allows full points for QIAs that exceed 250 units.

D. Authorizing Legislation and Guidelines

The IIG program was established by Chapter 2 of Part 12 of Division 31 commencing with HSC section 53545.12.

Senate Bill 3 (SB 3) (Chapter 365, Statutes of 2017), which authorized the Veterans and Affordable Housing Bond Act of 2018 was adopted by voters on November 6, 2018, (Proposition 1) and authorizes the issuance of bonds in the amount of \$4 billion under the State General Obligation Bond Law. SB 3 allocates \$2.85 billion of the bond proceeds to fund housing programs administered by HCD. Specifically, SB 3 authorizes for the allocation of \$300 million of bond proceeds for IIG to promote infill housing development by providing financial assistance for Capital Improvement Projects that are an integral part of or necessary to facilitate the development of infill housing. This NOFA makes available the first round of IIG Proposition 1 funding.

Applications submitted under this NOFA are subject to the Guidelines, all applicable statutory requirements, and this NOFA. Section references in this NOFA refer to the Guidelines unless otherwise noted. Capitalized terms in this NOFA are either defined herein or in the Guidelines. The Guidelines and NOFA are available at HCD's www.hcd.ca.gov/grants-funding/active-funding/iigp.shtml.

II. Program requirements

A. Eligible Applicants are defined in Section 302 of the Guidelines.

B. Eligible Projects

To be eligible for funding, a Capital Improvement Project must be an integral part of, or necessary to facilitate the development of the QIP(s).

Eligible projects must meet the requirements set forth in Section 303 of the Guidelines.

C. Eligible Costs

Eligible Costs are described in Section 304 of the Guidelines.

D. Program funding amounts and terms

For a QIP, the minimum program grant award is \$1 million in urban areas and \$500,000 in Rural Areas. The total program grant award to any QIP is limited to \$7.5 million under this NOFA.

For QIAs, the minimum program grant award is \$2 million in urban areas and \$1 million in Rural Areas. The total program grant award to any eligible QIA is limited to \$30 million under this NOFA.

Over the life of the Program, to include IIG of 2007 program, IIG of 2019 program, and any future iterations of the program, the total of all program funds awarded to any single QIP or QIA shall not exceed \$60 million.

Pursuant to Section 305 of the Guidelines, the total grant amount shall be determined by the number of units in the QIP or QIA, the bedroom count of these units, and the density and affordability of the housing to be developed. (See the Grant Amount Calculation table below.) Additional requirements are set forth in Section 305 of the Guidelines.

Grant Amount Calculation (amounts are represented on a per unit basis)					
Income Level & Tenure	0-Bdrm	1-Bdrm	2-Bdrm	3-Bdrm	4-Bdrm
200%+ FMR ¹ or Exceeds CalHFA Sales Prices	\$3,700	\$7,400	\$11,100	\$14,800	\$18,500
Program Unrestricted ²	\$24,700	\$28,400	\$33,000	\$40,800	\$44,500
Moderate-Income Owner	\$28,400	\$32,100	\$38,300	\$45,700	\$49,400
Low-Income Owner	\$32,100	\$35,800	\$43,200	\$50,600	\$55,600
60% AMI Rental	\$32,100	\$35,800	\$43,200	\$50,600	\$55,600
50% AMI Rental	\$37,100	\$42,000	\$48,200	\$58,000	\$61,800
30% AMI Rental	\$43,200	\$45,700	\$51,900	\$66,700	\$70,400

Grant amounts established by the Grant Amount Calculation table may be increased based on proposed housing units per acre, as represented in the following Net Density Adjustment Factor chart below.

Net Density Adjustment Factor	
Net Density (housing units per acre)	Adjustment Factor
Fewer 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	1.20
55 – 59.9	1.24
60 – 64.9	1.28
65 – 69.9	1.32
70 – 74.9	1.36
75 – 79.9	1.40
80 – 89.9	1.44
90 – 99.9	1.48
100 and above	1.52

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 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. *Increase based on December Consumer Price Index per U.S. Bureau of Labor Statistics

https://data.bls.gov/pdq/SurveyOutputServlet?data_tool=dropmap&series_id=CUUR0400SA0,CUU S0400SA0

E. Threshold

In addition to meeting the requirements described herein and set forth in Section 308 of the Guidelines, Applicants must meet the program threshold and eligibility requirements throughout the Guidelines and Application.

Please Note: Applicants seeking to substitute previously awarded funds must forfeit their prior award, in writing, prior to the Application due date without assurance of receiving a new award, including funds awarded under any HCD program, or prior IIG award.

F. Selection criteria (rating and ranking)

QIP Applications shall be rated based on the criteria set forth in Section 309 of the Guidelines.

QIA Applications shall be rated based on the criteria set forth in Section 310 of the Guidelines.

In the event two or more Applications have the same score, the following tie-breaker points will be awarded, in the following order of priority, until there is no longer a tie:

- Ten tie-breaker points will be awarded to the QIP or QIA having the lowest ratio between the requested grant amount to the total allowable maximum grant amount in accordance with the maximum calculated grant amount through the respective program Guidelines. All such ratios will be rounded to the nearest second decimal place.
- An additional three tie-breaker points will be awarded to the QIP or QIA for each previously awarded QIP developed by the Eligible Applicant that has received a certificate of occupancy by the deadline for submittal of Applications set forth in this NOFA.

To be considered for funding, project Applications must receive a **minimum score of 210**, excluding tie-breaker points.

Applications must include a completed IIG self-scoring worksheet along with documentation acceptable to HCD that adequately supports the self-score provided. Applications that do not include a completed self-scoring worksheet will not be considered for funding. No additional information may be added to an Application after it has been submitted (except where expressly allowed in the Guidelines).

IIG's enabling statute requires HCD to "ensure a reasonable geographic distribution of funds" (HSC section 53545.13). To the extent possible, the highest-ranking projects will be selected for award from each of the following targets:

- Target 45 percent of total funds to projects located in Southern California (Kern, Los Angeles, Orange, Riverside, San Bernardino, San Diego, San Luis Obispo, Santa Barbara, and Ventura counties);
- Target 10 percent of total funds to projects located in the Central Valley (Fresno, Merced, San Joaquin, Stanislaus, and Tulare counties);
- Target 25 percent of total funds to projects located in Northern California (Alameda, Contra Costa, Marin, Monterey, Placer, Sacramento, San Francisco, San Mateo, Santa Clara, Santa Cruz, Solano, Sonoma, and Sutter counties)
- Target 10 percent of total funds to projects located in counties having fewer than 250,000 residents (Alpine, Amador, Butte, Calaveras, Colusa, Del Norte, El Dorado, Glenn, Humboldt, Imperial, Inyo, Kings, Lake, Lassen, Madera, Mariposa, Mendocino, Modoc, Mono, Napa, Nevada, Plumas, San Benito, Shasta, Sierra, Siskiyou, Tehama, Trinity, Tuolumne, Yolo, and Yuba counties).

The highest scoring Applications that meet all eligibility and threshold requirements will be funded in descending order within each of the geographic targets.

Of the total funds available under the NOFA, HCD shall target 10 percent of total funds, to the extent there are eligible applications, to the following:

- Emerging Developers: An Applicant where the ownership structure consists of a majority of persons that have been historically disadvantaged due to express or implicit systemic bias or prejudice which may be demonstrated by meeting definition of “BIPOC” and “BIPOC Project” as set forth in Chapter 2, Article 1, Section 5170 of the California Debt Limit Allocation Regulations (adopted April 28, 2021).
- Federally Recognized and Special Government Entities and Properties: An Applicant that is any of the following:
 - (i) It meets the definition of Indian tribe under Section 4103 of Title 25 of the United State Code (means any Indian tribe, band, nation, or other organized group or community of Indians that is recognized as eligible for the special programs and services provided by the United States to Indians because of their status as Indians pursuant to the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450 et seq.). 25 USC 4103(13)(B);
 - (ii) If not a federally recognized tribe, either
 - a. It is listed in the Bureau of Indian Affairs Office of Federal Acknowledgement petitioner list pursuant to Section 82.1 of Title 25 of the Federal Code of Regulations. ([Office of Federal Acknowledgment \(OFA\) | Indian Affairs \(bia.gov\)](#))
 - b. It is a Indian tribe located in California that is on the contact list maintained by the Native American Heritage Commission for the purposes of consultation pursuant to Section 65352.3 of the

Government Code; and proposes a project on land that satisfies the following:

- (1) Located in Indian country as defined by 18 USC 1151, or
- (2) Located on fee land.

G. State requirements

Compliance with California's Housing Element Law

The QIP/QIA must be located in a Locality that has an adopted Housing Element that has been found by HCD 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. Housing Element compliance must be established as of the NOFA Application submittal deadline date.

Housing Element compliance status is available on HCD's website at <https://www.hcd.ca.gov/community-development/housing-element/docs/status.pdf>.

III. Application submission and review procedures

A. Application submission process

Application materials must be submitted electronically via the Financial Assistance Application Submittal Tool (FAAST) system <https://faast.waterboards.ca.gov/>.

Original "wet signature" documents are no longer required or accepted.

Applicants must submit all Application materials to the FAAST system no later than 5:00 p.m. Pacific Daylight Time on, July 12, 2021. Applications that do not meet the filing deadline requirements will not be eligible for funding.

Applications must be on HCD's forms and cannot be altered or modified by the Applicant. Excel forms must be in Excel format, not a PDF document. Applications must meet all eligibility requirements upon submission (except as expressly indicated in the Guidelines). Applications with 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. Program staff may request clarifying information.

B. Application workshops/webinar

HCD will conduct two Application webinars. Please visit <https://www.hcd.ca.gov/grants-funding/active-funding/iigp.shtml> on the program website for the dates and registration information.

C. 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 (Act) (Chapter 1473, Statutes 1968). As such, any materials provided will be disclosable

to any person making a request under this Act and will be made publicly available through the FFAAST electronic portal. HCD 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 HCD, 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 HCD's notice that an Application has been determined to be incomplete, ineligible, has fail threshold review, or has a reduction to the self-score, Applicants under this NOFA may appeal such decision(s) to HCD pursuant to this section.
2. No Applicant shall have the right to appeal a decision of HCD 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 the decision of HCD 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. To file an appeal, Applicants must submit to HCD a written request, 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 HCD, no further information or materials will be accepted or considered thereafter. Appeals are to be submitted to HCD at infill@hcd.ca.gov according to the deadline set forth in HCD review letters.
2. Appeals must be received by HCD no later than five (5) business days from the date of HCD's threshold review, or initial score letters, representing HCD's decision made in response to the Application.

C. Decision

Any request to appeal HCD's decision regarding an Application shall be reviewed for compliance with this NOFA and the Guidelines. All decisions rendered shall be final, binding, and conclusive, and shall constitute the final action of HCD.

V. Award announcements and contracts

A. Award announcements

HCD will announce program awards on the IIG website: www.hcd.ca.gov/grants-funding/active-funding/iigp.shtml#awarded

B. Contracts

Successful Applicants (Recipient) will enter into one or more Standard Agreements with HCD. The Standard Agreement contains relevant terms and conditions for funding of the award.

VI. Other state requirements

A. Relocation

Both the Applicant and HCD must comply with applicable Relocation Law, which is detailed pursuant to Government Code section 7260 et seq., the California Code of Regulations, title 25, section 6000 et seq., federal law, if applicable (depending on project financing), 49 Code of Federal Regulations Part 24 of the Uniform Relocation Assistance and Real Property Acquisition for Federal and Federally Assisted Programs (URA) (collectively referred to herein forth as "Relocation" or "Relocation Law").

Relocation Law provides important protections and assistance for displaced persons and entities affected by the acquisition, rehabilitation, or demolition of real property for government-funded projects. Relocation Law ensures that those displaced individuals and entities whose real property is acquired, or who move (even if temporarily) as a direct result of projects receiving government funds, are treated fairly and equitably and receive assistance in moving from the property they occupy. HCD seeks to ensure that displaced persons, which includes tenants, businesses, and homeowners, do not suffer disproportionately as a result of programs designed for the benefit of the public as a whole.

At the NOFA Application stage, it is too premature to conduct a detailed Relocation review. At this stage, HCD only confirms that Relocation expenses are properly budgeted. Due to the importance of satisfying Relocation Law, the Applicant is encouraged to employ the services of a Relocation consultant to procure a good faith estimate of the potential Relocation cost, which may, or may not, necessitate a Relocation plan. HCD has found that the services of a professional Relocation consultant may save a Recipient money and time in the loan process.

The importance of satisfying Relocation Law cannot be understated. Failure to follow the Relocation Law requirements will result in the project not being funded by HCD. Applicants cannot circumvent Relocation Law to avoid Relocation payment assistance by simply not renewing leases, which is not permissible under Relocation Law. At the construction loan close stage, HCD will notify all lenders that failure to satisfy Relocation Law, particularly the improper displacement of individuals or entities, could jeopardize HCD funding.

B. 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 section 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.

C. Article XXXIV

IIG program funds are not subject to Article XXXIV, section 1 of the California Constitution, as clarified by the Public Housing Election Implementation Law (HSC sections 37000 - 37002). The IIG program funds do not directly fund the housing units, but rather fund the infrastructure that supports the housing units. Other HCD funding sources may require Article XXXIV compliance.

VII. Other terms and conditions

A. Right to modify or suspend

HCD 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, HCD will notify interested parties and will post the revisions to HCD's website. Subscriptions to HCD's email list are available at: www.hcd.ca.gov/hcd_ssi/subscribe-form.html

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. Applicants are deemed to have fully read and understand all applicable state and federal laws, regulations, and guidelines pertaining to the IIG program, and understand and agree that HCD shall not be responsible for any errors or omissions in the preparation of this NOFA.